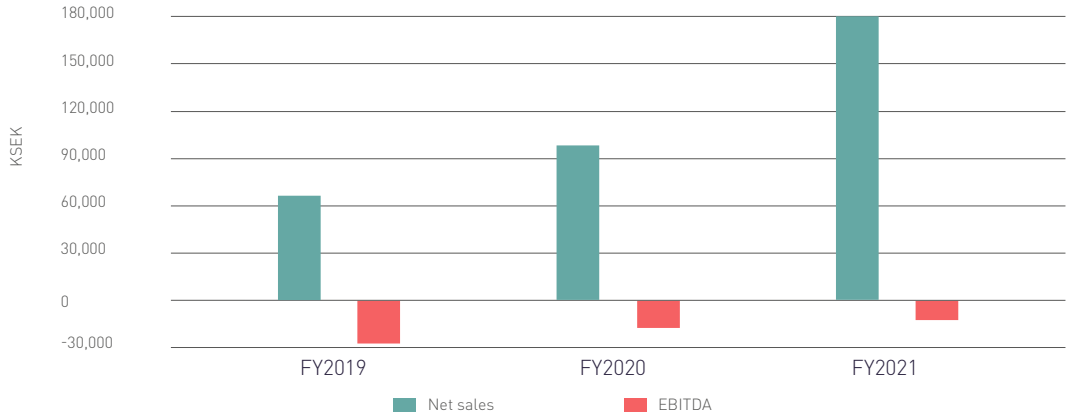
AAC CLYDE SPACE

ANNUAL REPORT AND ACCOUNTS
2021

NAVIGATING WHAT'S NEXT

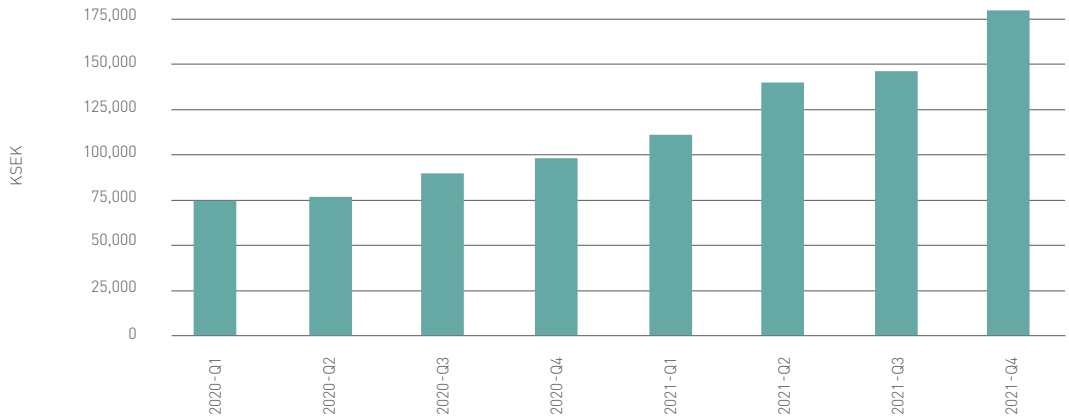
2021 HIGHLIGHTS

NET SALES AND EBITDA*

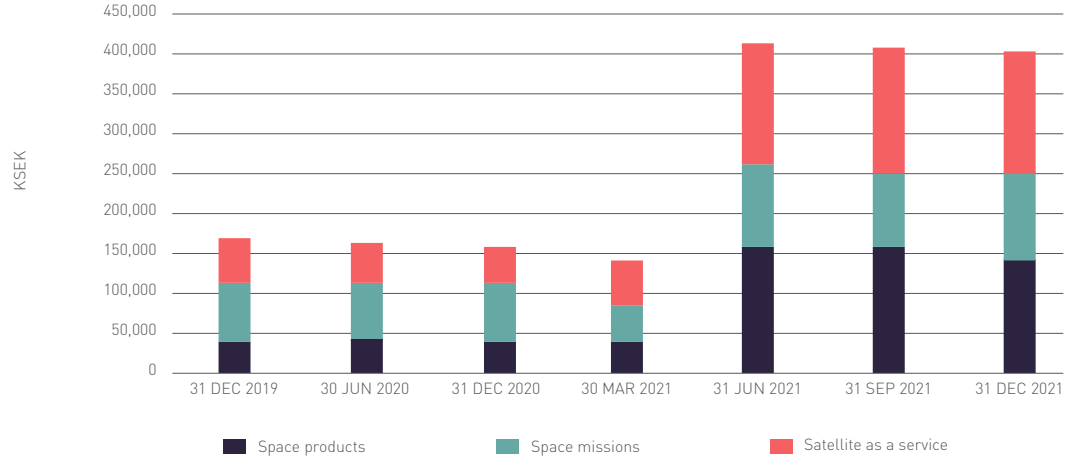


*Excluding one-off costs

NET SALES – ROLLING 12 MONTHS



ORDER BACKLOG



ROBUST FINANCIAL PERFORMANCE 2021
(2020 comparison)

Net sales increased 83% to

SEK 180.0M

(SEK 98.4M)

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

SEK -14.9M

(SEK -26.8M)

and to

SEK -12.3M

(SEK -17.5M)
excluding non-recurring personnel costs and acquisition costs

The order backlog increased 161% to

SEK 407.2M

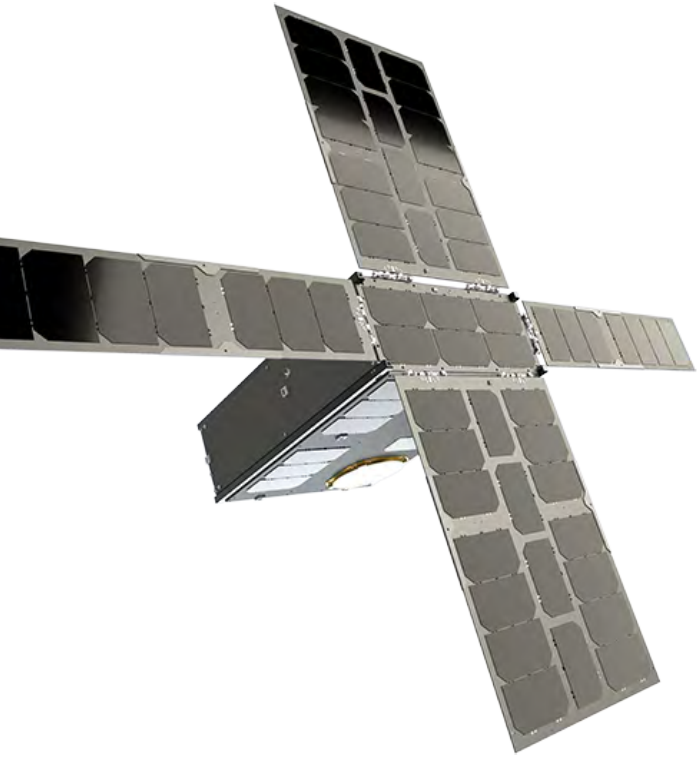
(SEK 156.3M)

CONTENTS

Annual General Meeting
The general meeting will be held on 19 May 2022 at 10.00 CET, shareholders may not attend in person or by proxy. Physical presence at the meeting will be limited to persons that are required in order to carry out the general meeting (e.g. chairman of the meeting, keeper of the minutes and someone to attest the minutes). The board of directors has appointed attorney Marcus Nivinger to open the general meeting.

The English version of the annual report is a translation from the Swedish version of the annual report. If there are any differences between the version, the Swedish version should prevail since it has been subject to audit.

A PATH TO PROFITABILITY

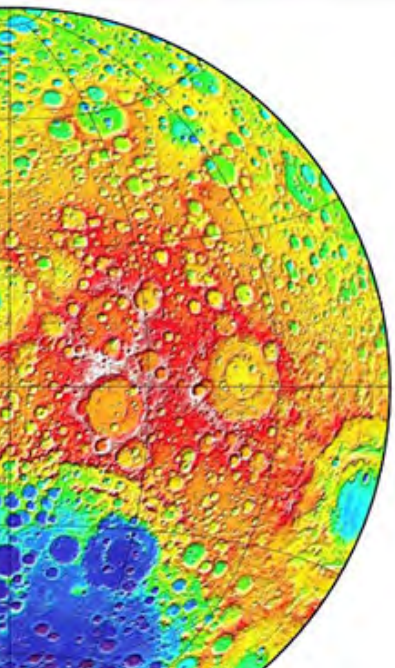


BROADENING HORIZONS

We secured a GBP 4,6 M order for a full turn-key solution from Horizon Space Technologies, including two new satellites, launches, operations and data delivery. The satellites will become part of a constellation dedicated to delivering Maritime Domain Awareness (MDA) intelligence data. The two EPIC-6U 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 trans-shipments, illegal fishing, and refugee smuggling, but can also be used for other purposes such as detecting and tracking a variety of RF emitters.

STRONGER PARTNERSHIPS

As well as securing new contracts, our existing partnerships are moving from strength to strength, including the completion of the first phase of the xSPANCION project with the European Space Agency (ESA). This 3-year project will develop an innovative satellite constellation service co-funded by the UK Space Agency, through ESA's Pioneer Partnership Projects.



WYVERN INC CONTRACT WIN

Our GBP 8,4 M (SEK 100M) contract with Canada-headquartered earth observation Wyvern Inc, our largest Space Data as a Service (SDaaS) contract. The satellites will use hyperspectral sensors that provide data for agriculture and forestry management. This marks an important stage in the development of our SDaaS business. Under the agreement, we are designing, manufacturing and owning three satellites, providing Wyvern Inc. with hyperspectral images of Earth.

INTEGRATING ACQUISITIONS

A priority during this reporting period was integrating acquisitions and restructuring at a corporate level. As part of these changes we restructured the management, created a new management group, and made three appointments to the management team to bolster our skills and capabilities.

GROWING OUR FOOTPRINT AND PORTFOLIO

AAC SPACE AFRICA

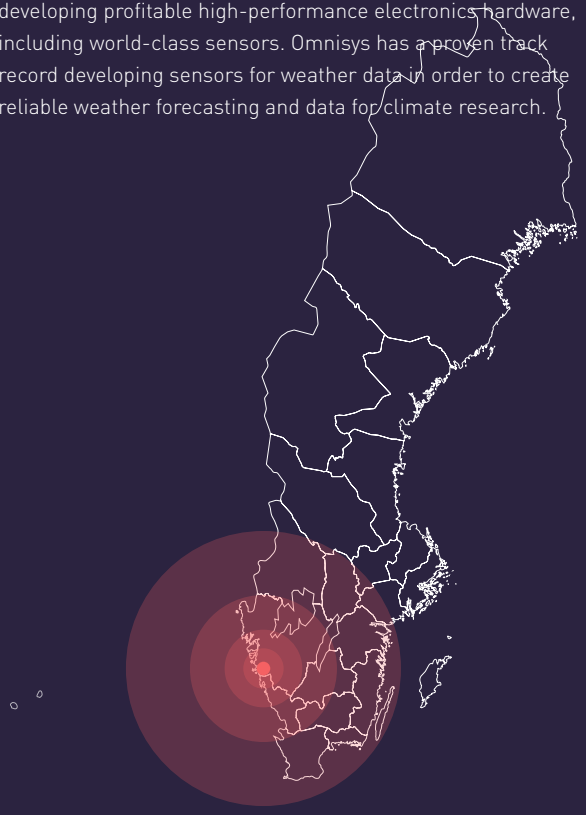
Gaining a foothold in the ideal continent for space growth

AAC established AAC Space Africa in South Africa to join Africa's fast growing space sector. This new subsidiary has started to gain a foothold in this important market for satellites and space services in Africa. The African space industry is expected to generate over USD 10 billion in revenue annually by 2024, according to the New Space Africa Industry report. We will be in a prime position as governments, companies and communities seek efficient ways to support development and build out crucial infrastructure. Our new Cape Town base in South Africa positions us to capitalise on this growing market for space data. AAC Space Africa now designs, builds and delivers space missions to the African continent. The new subsidiary is the Group's skills hub for advanced radio communication and machine-to-machine systems.

OMNISYS INSTRUMENTS

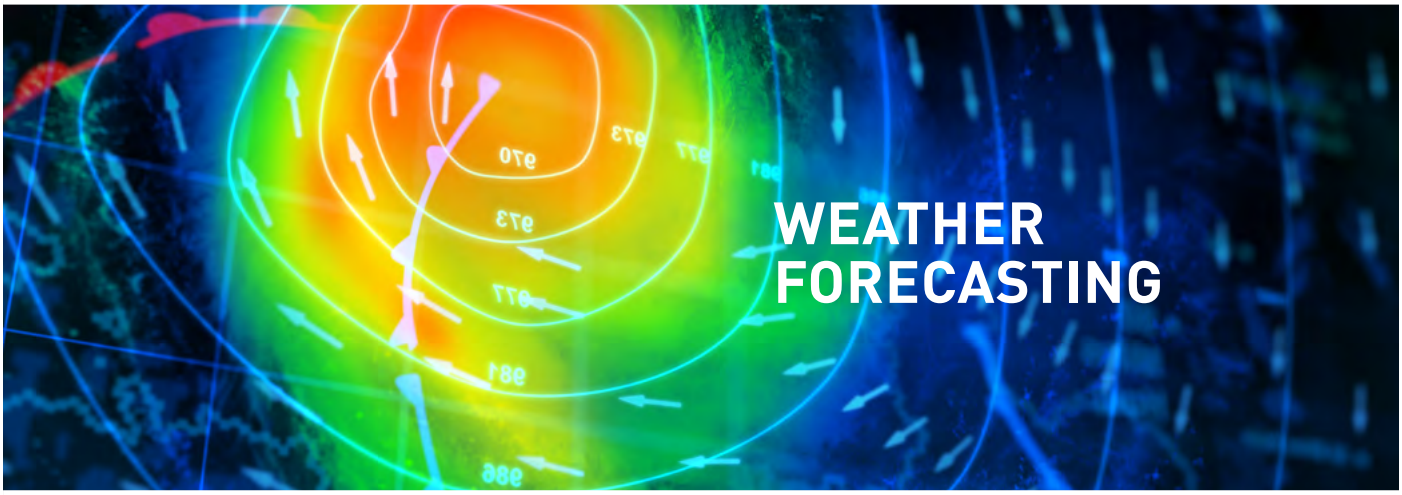
Finalising our acquisition of Omnisys

We completed our acquisition of Gothenburg-based Omnisys, which develops and manufactures measuring instruments for advanced space projects. Omnisys has 20 years of experience developing profitable high-performance electronics hardware, including world-class sensors. Omnisys has a proven track record developing sensors for weather data in order to create reliable weather forecasting and data for climate research.



HIGH QUALITY, TIMELY DATA FROM SPACE FOR A BETTER LIFE ON EARTH.


PRECISION
FARMING


WEATHER
FORECASTING


MARITIME
SAFETY


MARINE
EFFICIENCY

AT A GLANCE

>25

years' operational experience

>180

employees across UK, Sweden, Netherlands, the US and South Africa

29

satellites designed, manufactured and launched to date

40

countries receive our satellite products

WHAT WE DO

AAC Clyde Space is investing in technology to address urgent challenges on earth.

We are developing technology to serve sectors where we can make the biggest impact to help society. By doing so, we are changing the economics and applications of space data.

AAC Clyde Space is a market leader in micro satellites technologies (satellites up to 50 kg) and services that enable a growing number of commercial, government and educational organisations to access high-quality, timely data from space. This data has a vast range of applications, from weather forecasting to precision farming to environmental monitoring, and is essential to creating more resilient processes and industries, which improves life on Earth.

We are trusted by an increasing array of prestigious clients to deliver cutting edge satellite technology. Our clients include ORBCOMM, Eutelsat, OHB, Intuitive Machines, Orbital Micro Systems, the United States Airforce Academy, UK Space Agency, European Space Agency, and we've delivered solutions and platforms for multiple NASA programmes and MRIC-Sat for a UNOOSA (United Nations Office for Outer Space Affairs) Kibocube mission.

The global small satellite market is expanding rapidly, driven by technological advances, falling costs and an insatiable demand for data. Our pedigree means we are best placed to capitalise on unprecedented interest in using data from a space perspective. AAC Clyde Space is backed by over 25 years' operational experience and our in-house expertise spans from subsystems through to advanced sensors and data delivery. Our combined workforce brings expertise to bear across three core areas (see our divisions).

OUR OPERATIONS

AAC CLYDE SPACE SWEDEN

AAC CLYDE SPACE SCOTLAND

AAC OMNISYS SWEDEN

AAC SPACEQUEST USA

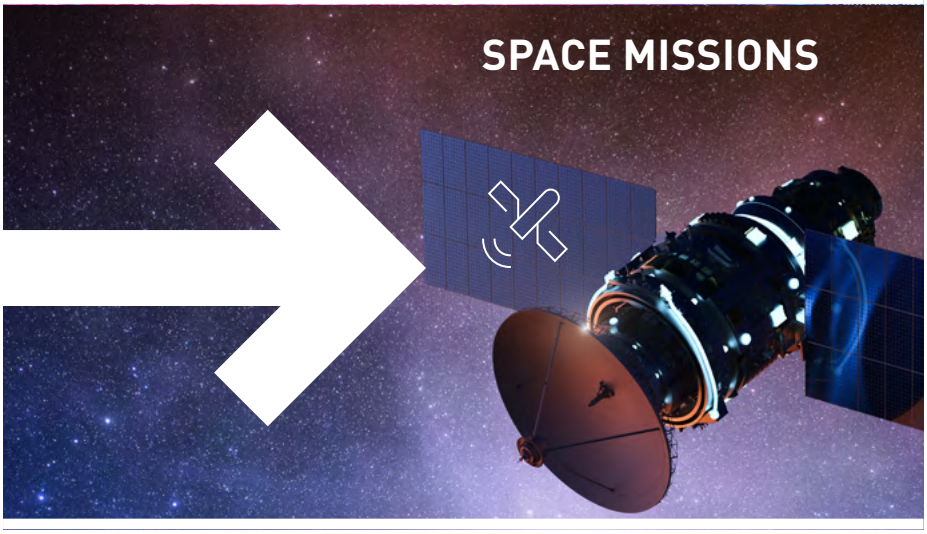
AAC HYPERION NETHERLANDS

AAC SPACE AFRICA SOUTH AFRICA

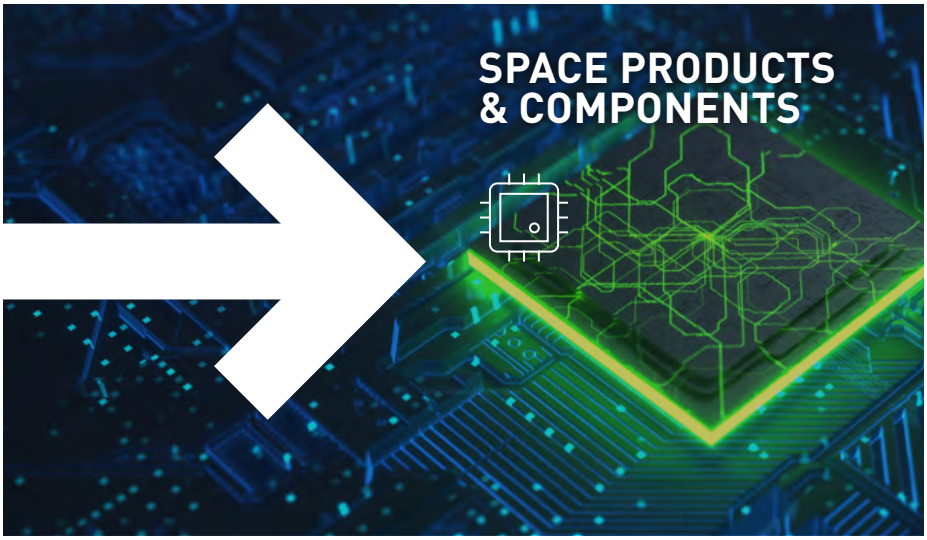
Our operations and structure
The Group's main operations are located in Sweden, the United Kingdom, the Netherlands, the USA and South Africa, with partner networks in Japan and South Korea. Shares of the Group's Swedish parent company, AAC Clyde Space AB, are traded on Nasdaq First North Premier Growth Market in Stockholm and on the OTCQX Market in the US.

WHAT WE DO

Timely, high-quality data from space delivered directly to clients. We take care of the space part – from design through to build, launch, operation and data delivery – so clients can focus on their core business without needing to own or manage space assets themselves.
Read more on page 24



Fully assembled micro and nano satellite platforms (1-50kg) and customisable mission services, available for direct sale or as a comprehensive package including: mission design, manufacturing and integration of components, launch and ground services. Our turnkey offering empowers clients to both customise and streamline their space missions.
Read more on page 26



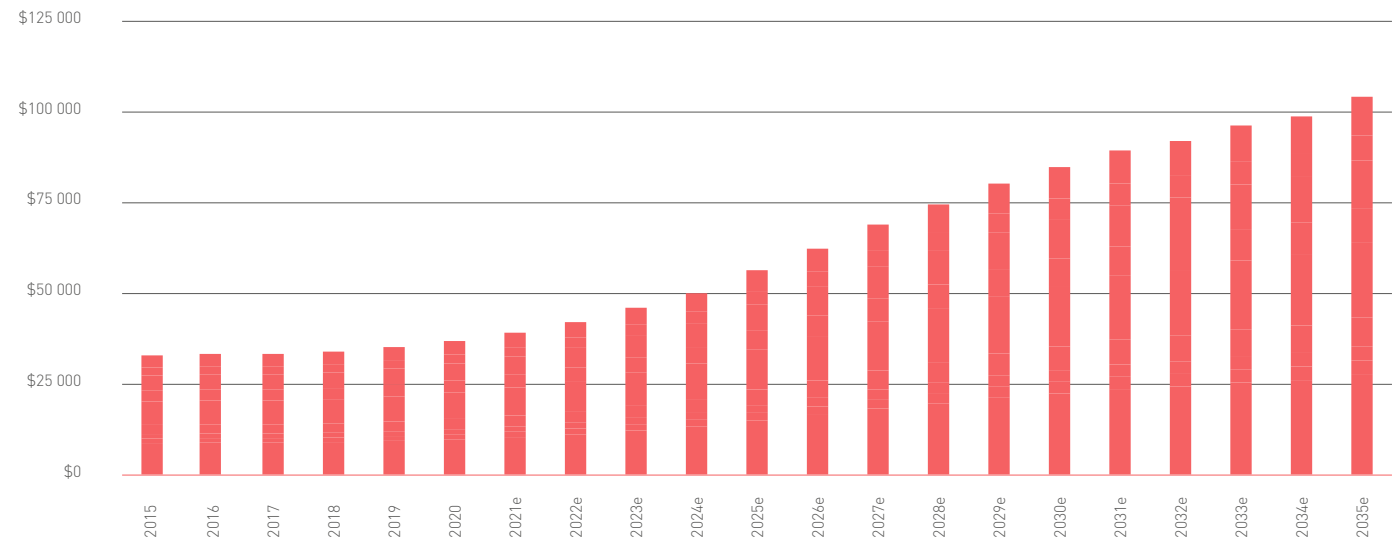
A full range of off-the-shelf and tailor-made subsystems and sensors for cube and small satellites (approximately 500kg), for use in our own platforms and by third parties.
Read more on page 28

MARKET CONTEXT: THE SPACE MARKET

A NEW ERA IN SPACE

We're living in an era of unprecedented interest in space but our ability to harness the view from space on a massive scale is only just beginning.

THE GLOBAL SPACE ECONOMY (USD 10 M)



Source: Haver Analytics, Morgan Stanley Research forecasts

"BEYOND THE HYPE AND HEADLINES, SPACE IS MORE THAN A PLAYGROUND FOR BILLIONAIRES. IT'S THE KEY TO A BETTER LIFE ON EARTH."

*Morgan Stanley, Space: Investing in the Final Frontier, July 2020

We continue to witness unprecedented interest in space, and we believe the long term outlook for the global space industry is favourable. Morgan Stanley estimates that the revenue generated by the global space industry may increase to more than USD 1 trillion by 2040 – almost equal to Mexico's GDP with its 140 million inhabitants.

But beyond the hype and the headlines, space is more than a playground for billionaires, it's the key to a better life on Earth. Harnessing the power of satellite data will help us to monitor and combat the impact of droughts on crops, spot damage and disease, track deforestation and fish depletion will increasingly be valued for a sustainable life on our planet.

Satellites are already supporting life here on Earth. From precision farming to weather forecasting, tracking commercial shipping and driverless cars, satellites are already enabling an ever-growing range of applications at a standard and scale far beyond those delivered by terrestrial solutions alone. As satellite data becomes more granular and accessible, it will increasingly transform entire industries, allowing companies to access unparalleled insights that will drive better decision making across sectors. We believe our data will prove invaluable to tomorrow's successful companies.

The changing economics of space

While satellites are nothing new, the technology, economics and market drivers are. Historically, widespread adoption was stifled by prohibitively high costs – in the hundreds of millions of dollars for a single mission – which restricted access to space mainly to governments and a handful of large multinational companies. Now, advances in small satellite technology, new smart payloads and sensors, are making a much wider range of commercial applications possible – and economically viable. Space is evolving from a government dominated domain into a commercial one.

Big impacts from small satellites

Firstly, small satellites are cheaper to build and easier to deploy than traditional models. CubeSats, in particular, are standardised, meaning they can be mass-produced using off-the-shelf components and launched more easily than their customised counterparts.

At the same time, launch costs per kg are falling dramatically while launch capacity is increasing as specialist providers enter the market. This makes it easier and cheaper to launch individual satellites and constellations of satellites, making it economically viable to launch large networks of satellites.

Thanks to advances in technology, small satellites can perform many of the same tasks as larger spacecraft at a lower altitude and a fraction of the weight. This has important repercussions for many industries, including weather forecasting. For example, our IOD-1 GEMS, which weighs just 4kg, captured images of super typhoon Hagibis and numerous other weather systems over oceans and land that were not observed concurrently by other orbiting radiometers. The data it transmitted is being validated by numerous organisations enabling Orbital Micro Systems to demonstrate its commercial business model with sales to the US Air Force and other customers.

"WE BELIEVE OUR DATA WILL PROVE INVALUABLE TO TOMORROW'S SUCCESSFUL COMPANIES."

THE SPACE MARKET

A new era for constellations

Small satellites let operators develop large constellations. These constellations, which see groups of artificial satellites working together as a system, provide a much higher sampling frequency than previously possible. This, in turn, lets them deliver close to real-time data, critical in many areas such as weather forecasting.

This timeliness of data has great value and creates opportunities for optimisation and prediction across a vast range of applications, such as: fighting wildfires, cargo monitoring and tracking and tackling illegal fishing, to name just a few.

Furthermore, emerging data needs can be satisfied at a totally new pace. The nature of small satellite technology, especially CubeSats, means that the lead-time for these constellations, from concept to data delivery, is a fraction of what it is for large satellites. This means that satellites can effectively be launched on demand, for example, to collect information in response to a catastrophe or to monitor a conflict zone.

Going for growth

The global small satellite market is projected to grow at a compound annual growth rate of 20.5% over the coming years – outpacing most other sectors, including IT and finance. It's an exciting time in the industry, with fast innovation cycles and a rapidly expanding range of space applications. As a result, we're seeing an unprecedented number of companies eager to tap into this lucrative space-based data-driven market and we are in pole position.

The number of small satellite launches is expected to explode into the thousands over the next decade, driven by the deployment of mega-constellations (networks of a hundred satellites or more) such as Amazon's Project Kuiper and SpaceX's Starlink – but also smaller constellations. Communications applications, including 'internet-in-the-sky' proposals, are expected to dominate, followed by those related to earth observation.

As demand for data continues to grow, the industry is already working to deliver the next generation of constellation services to even more businesses through projects like xSPANCION: from scaled, responsive manufacturing to satellite multitasking, in-orbit data processing and storage, inter-satellite communications and end-user interfaces. And new sensors are providing data that wasn't available before. So, watch this space.

THREE CORE AREAS OF GROWTH FOR SPACE DATA AS A SERVICE*

Agriculture & Forestry

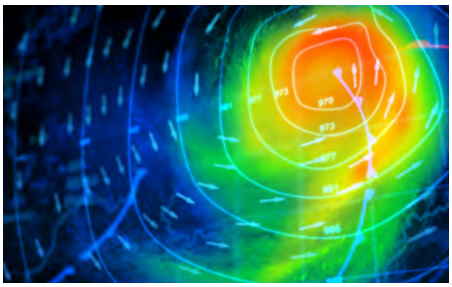
High-quality optical data for the farming and forestry sectors.

> USD 1 BILLION*

Maritime Services

Data and services for the maritime sector – safety at sea, maritime situational awareness, autonomous shipping, fisheries control.

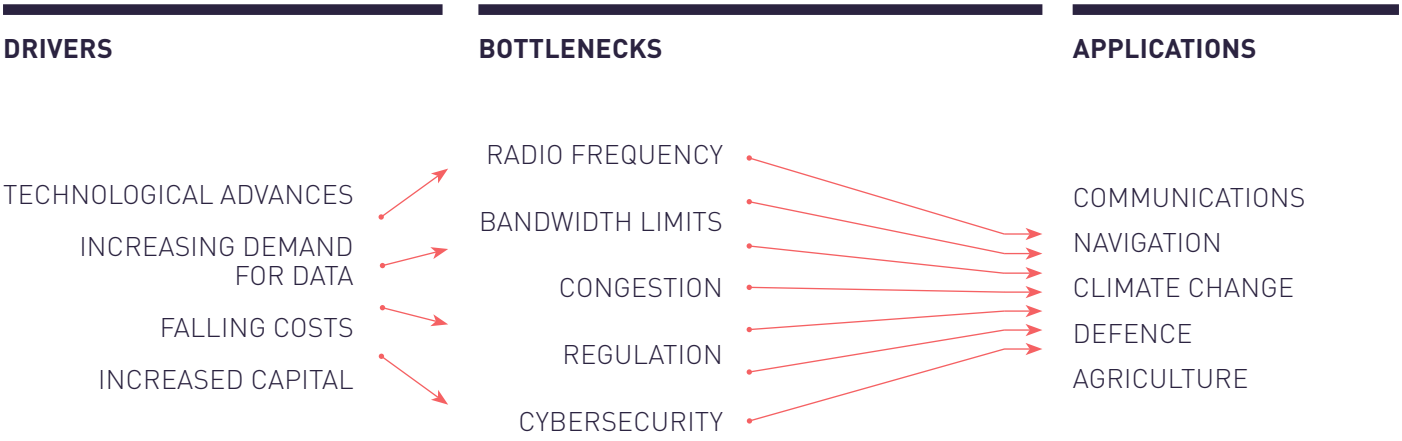
USD 250 MILLION*



Weather & Climate

Advanced data to improve weather prediction and monitor climate changes in the atmosphere.

USD 200 MILLION*



"AS DEMAND FOR DATA CONTINUES TO GROW, THE INDUSTRY IS WORKING TO DELIVER THE NEXT GENERATION OF CONSTELLATION SERVICES TO EVEN MORE BUSINESSES."

SATELLITES: A PARADIGM SHIFT

WYVERN

A GROWING ROLE IN AGRICULTURE: HIGH RESOLUTION HYPERSPECTRAL IMAGING

Food security is one of the greatest challenges facing humanity and the agricultural sector will face increasing demands in order to meet the needs of a growing population and a less predictable climate here on Earth.

Currently, huge quantities of food are lost every year. The Food and Agricultural Organisation of the United Nations (FAO) estimates that between 20 to 40 percent of global crop production is lost to pests annually. Moreover, plant diseases cost the global economy around USD 220 billion each year, and invasive insects around USD 70 billion. Many of the losses could be reduced if farmers had improved monitoring systems. Hyperspectral imaging, in particular, offers the chance to detect issues that could affect crop yields, earlier.

This is why we have invested in developing a service that uses hyperspectral imaging to enable precision farming. The hyperspectral image provides detailed information about the crops to know when and where a field needs to be irrigated, determine the need for fertilizer, the best time to harvest, and more. All this information will be crucial not least to be able to optimize large and industrial farms and ultimately also get a higher quality of our food.

In June 2021, we finalised our largest Space Data as a Service contract to date. A GBP 8.4 million (approx. SEK 100 million) contract to deliver Space Data as a Service to Canadian Earth observation company Wyvern Inc.

As part of this agreement, AAC Clyde Space is designing, manufacturing and owning three 6U EPIC satellites equipped with hyperspectral payloads, providing Wyvern Inc. with hyperspectral images of Earth. Hyperspectral imaging (HSI) is a technique that analyses a wide spectrum of light instead of just assigning primary colours (red, green, blue) to each pixel. This data will be processed with a view to supporting farms in the mid-West USA.

WHAT'S NEXT?
AGRICULTURE

The agriculture industry is facing challenges like never before. From declining soil fertility to more unpredictable weather events. It must become increasingly sophisticated if it is to meet the rising demands being placed on it.

In 2017 the World Bank estimated that feeding a planet of nine billion people by 2050 would require a 60% increase in agricultural production and a 15% increase in water withdrawals. It also predicted that by 2030, 40% of water demands are unlikely to be met.

In this context, it's no surprise then that the global precision farming sector is booming. Precision farming is currently experiencing a compound annual growth rate (CAGR) of 12.7% and is anticipated to reach around USD 12,84 billion by 2026.

Precision farming leverages data and insights to run farms in a more efficient and targeted way. As such, it can generate improvements to yield of up to 15%. Furthermore, precision farming can reduce water use and the need for pesticides and produce healthier crops, benefitting farmers' bottom lines and conserving resources while reducing chemical runoff. Moreover, it allows farmers the ability to harvest, irrigate, and apply pesticides and fertiliser—based on real time data, as opposed to historical data.

Employing satellite imagery in the agriculture sector is not new. But the new improved hyperspectral information from satellites provides a better resolution and sampling rate that gives farmers better knowledge for an improved and more resource-efficient agriculture. The new knowledge provides new conditions to meet our planet's needs to increase the supply of food for a growing population and at the same time optimize resource use.

CEO LETTER
LUIS GOMES

A NEW VISION FROM SPACE

We are poised to make our ambitious goals a reality. At AAC Clyde Space, we firmly believe our business has a key role to play in tackling some of the biggest challenges facing humanity.

The past 12 months have seen us undergo significant changes across our business. AAC now spans three continents. We have expanded into new, rapidly growing markets and we now manufacture satellites across three of our locations. In April, we acquired Omnisys Instruments, gaining nearly three decades of experience in developing profitable, high-performance electronics hardware, including world-class atmospheric sensors. And 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.

We have also made progress in integrating our prior acquisitions and we have worked hard to build on momentum and improve efficiency. Our management structure has been refreshed to ensure that we remain agile. As well as adding three new key members to the team to bolster our skills and capabilities, we have created a new management group and integrated our capabilities to win larger, more complex contracts in areas of strategic focus.

In terms of our financials, net sales in 2021 increased 83% year on year to SEK 180.0M (98.4) and we remain on track to achieve target revenues of SEK 500M by 2024 and are working towards the target of being operational cash flow positive in 2022.

Growing recognition for our technology

As well as securing new contracts, our existing partnerships are moving from strength to strength – a testament to the AAC client experience. We have secured new projects and new customers in order to become a market leader in Space Data as a Service (SDaaS). We have secured our biggest space data as a service contract to date (GBP 8.4 million) with Wyvern Inc. Moreover, we secured a GBP 4.6 million order for a full turn-key solution from Horizon Space Technologies, including two new satellite launches, operations and data delivery. The satellites will become part of a constellation dedicated to delivering Maritime Domain Awareness (MDA) intelligence data.

We also completed the first phase of the xSPANCION project with a successful Preliminary Design Review. As part of this project, we are developing an innovative satellite constellation service, including the manufacturing of 10 spacecraft as part of our initial deployment as part of the European Space Agency (ESA) ARTES Pioneer programme. This project will revolutionise our Space Data as a Service offering with technology that will allow us to share significantly lower costs for space-based data with customers.

Our high performance power systems, battery systems and onboard computers continue to be in-demand for Lunar missions. While this is not a core business for us, it is a sign that customers trust our equipment to go to some of the most challenging conditions in space.

Expanding role in the sustainability agenda

We have also doubled down on our efforts to make the space industry more sustainable and we are delighted to be collaborating with others in the industry who think similarly. In 2021, we were selected by Astroscale to co-engineer their satellite platform for a UK-based space debris removal programme known as End-of-Life Services by Astroscale (ELSA-M). The contract, valued at GBP 260,000 will help minimise space debris. We secured a 441 kEUR (SEK 4.5M) follow-on order for production in-orbit from Space Forge, a UK company that's developing fully reusable satellites.

In 2021, we joined COP26 for the KTN Space and Geospatial Virtual Pavilion and we are a member of Space4Climate, a network uniting UK space-enabled climate expertise and services to facilitate climate services development.

On the technology side, we have made good progress with our weather monitoring instrument. We completed the preliminary design of a WeatherCube for Space Data as a Service weather constellations. We are progressing our bigger and heavier platforms and have made great strides forward with our new generation high powered computers, including a new type of processor called the LEON4.

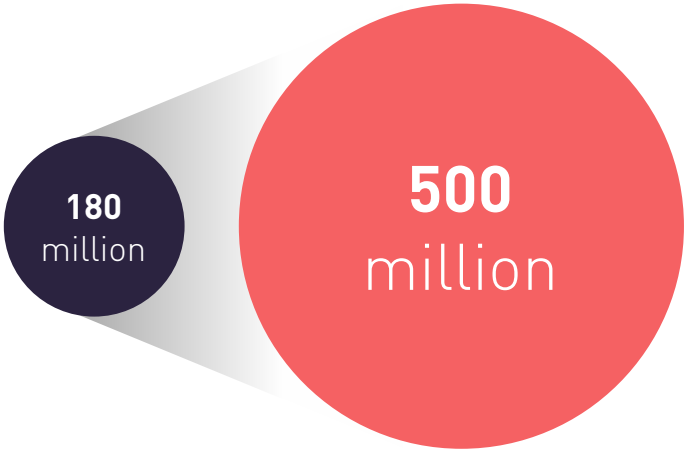
Looking forward

We plan to have our own constellation fully operational and delivering data in the second half of the decade. This will provide VDES services, hyperspectral data for farming and forestry, and weather data. We also want to expand our AIS constellation. We already have four satellites delivering AIS data and we plan to expand that by another four satellites during 2022 and into 2023. In total, we are set to launch 10 satellites this year for our own constellations.

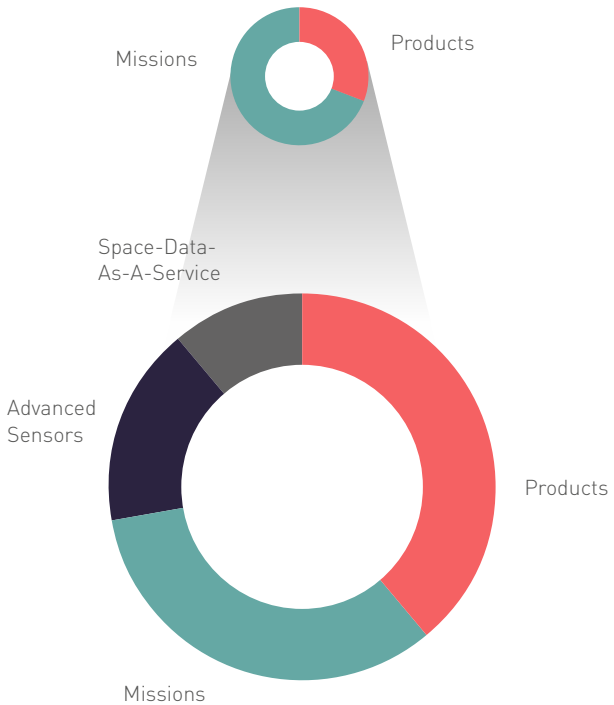
We welcome the unprecedented interest in our sector and we remain committed to solving big problems on Earth. This means helping farmers grow the food we eat, ensuring ships can move essential supplies around the world and building weather warning systems fit for a more unpredictable future.

Luis Gomes
CEO

REVENUE GROWTH FROM SEK 180M IN 2021 TO SEK 500M IN 2024



REVENUE GROWTH FROM SEK 180M IN 2021 TO SEK 500M IN 2024



BECOMING A WORLD LEADER IN COMMERCIAL SMALL SATELLITES AND SERVICES FROM SPACE

STRATEGIC PRIORITIES

GROWTH

STRATEGIC PRIORITIES
• Increase production capacity • Develop Space Data as a Service to appeal to and attract a wider range of clients • Focus on constellation clients and operating satellite networks • Develop valuable partners across the supply chain
STRATEGIC AGENDA
• Further develop the Space Data as a Service offering. Refine our full service offering, to design, manufacture, launch and operate satellites that deliver data to clients. Several clients can be serviced from one satellite with more advanced payload management, and will increasingly be able to offer more advanced financial solutions • Strong growth in our current markets, as well as growing manufacturing in the US. Local manufacturing is an important step towards attracting more US clients, and a requirement for certain defence contracts • Start to significantly increase manufacturing capacity from 10s of satellites into the 100s. This will be enabled by faster manufacturing and assembly
PROGRESS TO DATE
• Secured our biggest space data as a service contract to date (GBP 8,4 million) with Canadian Earth observation company Wyvern Inc • Broadened our manufacturing operations out to six locations • Working with Horizon Technologies to expand its Amber constellation, a system dedicated to delivering Maritime Domain Awareness intelligence data • AAC SpaceQuest operates its own constellation and ground station network to deliver a highly successful satellite data service. ACC SpaceQuest also gives us a valuable foothold in the North American market and a client base, including NASA, US Navy, US AirForce, and corporates such as LeoStella, Orbcomm, Northrop Grumman • Our xSPANCION contract with the European Space Agency to design and develop an innovative constellation of 10 satellites will revolutionise our SDaaS offering by giving us a blueprint for building and deploying constellations. This will allow us to shrink the cost of every message collected and every image captured – and support those business cases that to date have not been able to justify the expense of having hundreds of sensors in orbit • Omnisys acquisition brings 28 years of experience in developing profitable, high- performance electronics hardware, including world-class sensors. This is allowing us to build constellations that provide high-quality, timely data. This will be critical in extending our SDaaS offering to new areas. Omnisys microwave sounding sensors give us a leading position in space-based weather data
MEASURING FUTURE PROGRESS
• Secure more Space Data as a Service contracts (grow to SEK 100M revenue by 2024)

EFFICIENCY

STRATEGIC PRIORITIES
• Significantly reduce costs through standardised platforms and subsystems • Improve system versatility
STRATEGIC AGENDA
• Develop a standardised and integrated platform design to drive down costs even further while maintaining high performance, quality and reliability. Introduce more software defined that increases flexibility and changes in data needs • Integrate companies acquired and use combined capabilities to accelerate development
PROGRESS TO DATE
• Organised and streamlined production, ensuring we are more demanding of our supply chain • Improved vertical integration, bringing in knowledge in house via our acquisition of AAC Space Africa • Strengthening our operations and delivery capability through the appointment of a new Chief Operating Officer • Our financials show clear progress, with net sales growing by 83% year on year to SEK 180M, and order backlog by 161% • Hyperion acquisition brings in-house products widely used in our satellites, giving us greater control over our supply chain and further reducing costs through economies of scale • Phase 1 of xSPANCION contract to build 10-satellite constellation successfully completed. Phase 2 initiated in November, with constellation expected to be operational by 2024
MEASURING FUTURE PROGRESS
• Continue to integrate our acquisitions • Continue to drive improvements to EBITDA

LEADERSHIP

STRATEGIC PRIORITIES
• Dominate the market for small satellites in the 1-50kg range • Develop core products and technologies to ensure continued leadership • Maintain the high reliability, quality and performance of the product range
STRATEGIC AGENDA
• Design, manufacture and launch constellations with new types of sensors where we provide data as a service • Continued investment in our highly integrated, next-generation core avionics with a focus on increased capability and versatility, to enhance our platforms and stand-alone subsystems
PROGRESS TO DATE
• Hyperion acquisition extends our product offering and access to key technologies, for example propulsion, adding substantial capability to our missions • Phase 1 of xSPANCION contract to build 10-satellite constellation successfully completed. Phase 2 initiated in November, with constellation expected to be operational by 2024 • Omnisys' innovative microwave-based sensors offer leading capabilities in space-based weather data, a field set to grow strongly as new technology enables huge improvements in forecasting • Continued development of the Starbuck range, our most powerful and efficient power system for advanced space missions, supports an ever-expanding range of applications, from cutting-edge science to earth observation
MEASURING FUTURE PROGRESS
• Continue to use both internal innovation and strategic acquisitions to enhance capabilities and advance our growth plan

BUSINESS MODEL

MARKET-LEADING ACCESS TO SPACE

SPACE-DATA-AS-A-SERVICE

SPACE MISSIONS

SPACE PRODUCTS AND COMPONENTS

DESIGN

Our highly skilled team combines expertise from the aerospace, defence and commercial industries to deliver market-leading solutions and services. From design to delivery, we draw on decades of on-orbit heritage acquired over multiple successful missions. Our off-the-shelf products are designed to meet the needs of most clients, but they have built-in flexibility, which enables us to address custom requirements. Our design-for-manufacture ethos extends beyond subsystems to our platforms, which are designed with efficient, scalable AIT (assembly, integration and testing) in mind. Our techniques enable rapid iterations in the design of highly capable satellite platforms, enabling quick turnaround for agile timelines.

BUILD

AAC Clyde Space has six production facilities: Cape Town (South Africa), Delft (Netherlands), Fairfax (Virginia, US), Glasgow (UK), Cape Town (South Africa), Gothenburg and Uppsala (Sweden). Satellites and their subsystems are assembled by specially trained flight technicians and Assembly Integration and Test (AIT) engineers. Our extensive range of best-in-class manufacturing, testing and assembly equipment coupled with streamlined production techniques enable us to fulfil high volume requirements quickly while maintaining high standards of quality.

TEST

Our in-house automated test facilities and experienced team of test engineers rigorously verify product performance, supported by our strict quality management system. All hardware testing is performed in ESD-controlled laboratories or cleanrooms, where we can recreate the harsh conditions of launch and space environments.

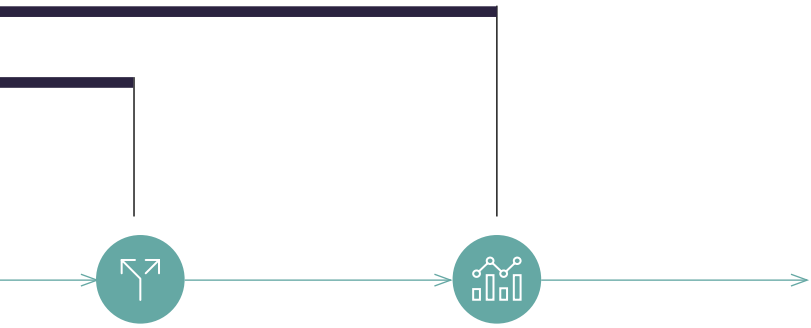
Our facilities include a large area solar simulator, Helmholtz cage, multiple thermal cycle chambers, large thermal vacuum chambers, and a vibration testing rig capable of achieving NASA GEVS (General Environmental Verification Standard) levels.

LAUNCH

We offer a suite of satellite mission services, including launch, insurance, licensing and ground services. Every mission is carefully analysed, from the technical aspects, to schedule and cost, fully utilising our world leading partnerships and supply chain. When combined with our high-volume production capability and market leading regulatory management, we offer our clients unrivalled access to space.

STRENGTHS WE RELY ON

- PEOPLE AND EXPERTISE
- ON-ORBIT HERITAGE
- GLOBAL FOOTPRINT
- CUSTOMER RELATIONSHIPS
- VERTICAL INTEGRATION
- MANAGED GROWTH



OPERATE

Through own ground stations and agreements with multiple ground network operators, we are able to facilitate command and control of space assets globally, regardless of their orbits or communications frequency. With the acquisition of SpaceQuest, our ground station network now spans Sweden, the UK and US (Alaska, Hawaii and Virginia).

DELIVER DATA

In addition to delivering data from space on a mission-by-mission basis, we also own and operate a constellation of satellites, which enables us to offer a pure data service to clients. This is where we take care of everything, from spacecraft design to satellite operations, providing clients only with the high-quality, timely data they need. This Space Data as a Service model is a key avenue of growth for AAC Clyde Space and, through projects such as xSPANCION, we are developing new technologies that will revolutionise our offering in this area: for example, intersatellite link capability, to optimise data capture, and a new cloud-based, application-focused customer interface.

CREATING LONG-TERM VALUE FOR...

SHAREHOLDERS
Long-term value development and improved results.

CLIENTS
Enabling a growing range of businesses to access data from space, flexibly, affordably and reliably. Our order backlog has increased 161% year on year.

PEOPLE
Creating challenging roles and development opportunities to attract and retain talent. We are committed to improve inclusiveness and equality in the space industry and across our Group.

COMMUNITIES
Fostering an understanding of our business and commitment through local community and STEM initiatives.

ENVIRONMENT
Ensuring that space technology works to the benefit of the Earth and space environment.

SUPPLIERS AND PARTNERS
Generating growth and development opportunities for the businesses that support and work with us.

LIVING BY OUR VALUES

Excellence
We believe that excellence happens by making the right choices over and over again

Innovation
We are continuously moving forward, anticipating market needs and pioneering new ideas

Team
We treat each other fairly and with respect. We want everyone to be part of the team

Client focus
We recognise that a client's perception is their reality – and that strong relationships with our clients are vital to our business

Integrity
We act openly and with honesty. We stand behind our promises

SPACE DATA AS A SERVICE

SEK 12,840K

+318 %
Revenue 2021 (vs 2020):
SEK 12,840k (3,068)

SEK 157,824K

+254 %
Order backlog 2021 (vs 2020):
SEK 157,825k (44,560)

DATA DELIVERY

CUSTOMER PORTAL

PROTECTED DATA

Space Data as a Service (SDaaS) will be AAC Clyde Space's top growth engine over the coming years, helping us to reach target revenues of SEK 500 million by 2024.

This service allows us to build, own and operate the satellites, delivering to clients only the data or communications they need, leaving them free to focus on enhancing their core business. In 2021, we made significant progress in accelerating the growth potential of SDaaS, including our biggest Space Data as a Service customer in the form of Wyvern Inc. Our acquisition of SpaceQuest continues to bring us clients and profitable revenues, and we expect the xSPANCION contract to design and develop an innovative constellation, to anchor the development of SDaaS to our clients. We are also working with leading organisations, such as ORBCOMM, to provide Space Data as a Service to various industries but, over time, we plan to deliver proprietary data services that can serve multiple clients.

Together with Saab and ORBCOMM (and backed by a grant from the Swedish Transport Administration), we formalised our partnership through a Memorandum of Understanding and formed AOS, the brand behind the creation of the world's first dedicated, global maritime communication system. 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. The launch of the first VDES satellite (a 3U CubeSat) will be the first satellite assembled at AAC Clyde Space's new integration facility in Uppsala. It will carry a VDES payload from Saab, and the data it captures will be integrated by ORBCOMM in its distribution centre. Once it has demonstrated its capabilities, the satellite is expected to be followed by a larger constellation that will revolutionise global maritime communications.

"THIS IS A NATURAL EVOLUTION FOR ORBCOMM, FROM PIONEERING SATELLITE AIS AND NOW LEADING THE WAY WITH TWO WORLD-CLASS ORGANISATIONS SUCH AS AAC CLYDE SPACE AND SAAB INTO SPACE-BASED VDES. WE ESPECIALLY LOOK FORWARD TO WORKING WITH OUR SOLUTIONS PARTNERS IN OUR LONG-ESTABLISHED MARITIME INFORMATION ECOSYSTEM TO DEVELOP VALUE-DRIVEN COMMERCIAL AND GOVERNMENT APPLICATIONS AND USE CASES FOR VDES."

Greg Flessate, ORBCOMM's SVP & GM, Government and AIS

AAC SPACEQUEST: BRINGING EXPERTISE IN HOUSE

In 2020 we acquired SpaceQuest, a satellite technology developer based in the US, the world's largest and most dynamic market for small satellites. SpaceQuest already operates its own satellite constellation and ground station network to deliver a highly successful satellite data service.

Through our global reach, this offering will now be marketed to a global audience in need of mission critical data from space, allowing us to rapidly grow our SDaaS business line. Importantly, SpaceQuest has allowed us to extend our manufacturing operations to the US and brings valuable longstanding business relations with US clients, including government organisations.

XSPANCION: MAKING SPACE DATA MORE ACCESSIBLE

The xSPANCION project which includes the development of a 10-CubeSat communications and earth-observation constellation is 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. Having successfully completed phase one of the project in November 2021, we kicked off phase two, which includes detailed design of constellation-ready spacecraft as well as licensing and launch coordination.

The project, valued at EUR 19,7 M (ca SEK 202 M) across all phases, is being co-funded by public and private partners, including the UK Space Agency via the European Space Agency (ESA). Outside the project, we intend to enter into customer service agreements for data delivery from the constellation.

xSPANCION is transformational: it lays the groundwork for us to provide space data and services quickly and at low cost to organisations who are eager to harness the power of satellites to tackle on-earth problems – from climate change to maritime communications – without investing in space-based architecture or expertise themselves. As part of the three-year project, we will collaborate with partners to optimise the process for satellite design, manufacturing, licensing and launch co-ordination at scale, as well as to develop new technologies for the future constellation, including in the areas of propulsion, intersatellite communications, safe and secure transmission of data and client interface.

"THE BOTTOM LINE IS THAT SDAAS PRESENTS A HUGE OPPORTUNITY FOR AAC TO CHANGE THE WAY WE ALL USE AND BENEFIT FROM SPACE TECHNOLOGY. FROM WEATHER FORECASTING TO MARITIME COMMUNICATIONS, I HOPE YOU ARE AS PROUD AS I AM THAT THE WORK WE ARE DOING ACROSS THE GROUP IS HELPING TO BUILD A SAFER, HEALTHIER, MORE EFFICIENT PLANET AND IMPROVE OUR QUALITY OF LIFE ON EARTH."

Luis Gomes, CEO

SPACE MISSIONS

SEK 57,510K

+12%
Revenue 2021 (vs 2020):
SEK 57,510k (51,574)

SEK 105,196K

+28%
Order backlog 2021 (vs 2020):
SEK 105,196k (75,588)

LAUNCH SERVICES

BROKERAGE

LICENSING

INSURANCE

INTEGRATION

GROUND SERVICES

FREQUENCY FILING

DAILY TMTC

PLANNING

EPIC SPACECRAFT

EPIC-1U

EPIC-3U

EPIC-6U

EPIC-12U

We offer turnkey solutions that empower customers to streamline their space missions. We operate in the premium segment of the 1-50kg satellite market, manufacturing fully assembled satellite platforms for direct sale or as a comprehensive mission package, including: mission design, manufacturing and integration of components, launch and ground services.

AAC Clyde Space's standardised satellite platform range, EPIC spacecraft, is designed with satellite constellation users in mind. These platforms are CubeSats and come in a range of standard sizes. For sizes bigger than 16U we can build customised structures using the same components. Our flight proven EPIC spacecraft can be used in a wide range of applications and can be supplied to the client either for integration with their payload, or as a fully integrated platform. Underpinned by next-generation technology and flight-proven avionics, the EPIC range offers unparalleled reliability for customer missions. Through AAC Omnisys, we've expanded our ability to develop pioneering payloads to meet customers needs.

EPIC spacecraft are supplied to our customers as a fully integrated platform, with optional services available, including launch, operations, and data delivery.

EPIC MISSIONS AND SERVICES
Comprehensive mission & services programme. Launch & operation services available.

GET ON ORBIT FAST
Designed for manufacture. Multi Launch vehicle compatible.

FLEXIBLE FORM FACTOR
Available 1-16U

OPTIMISED OPERATIONS
Powerful performance for a 5-year lifetime.

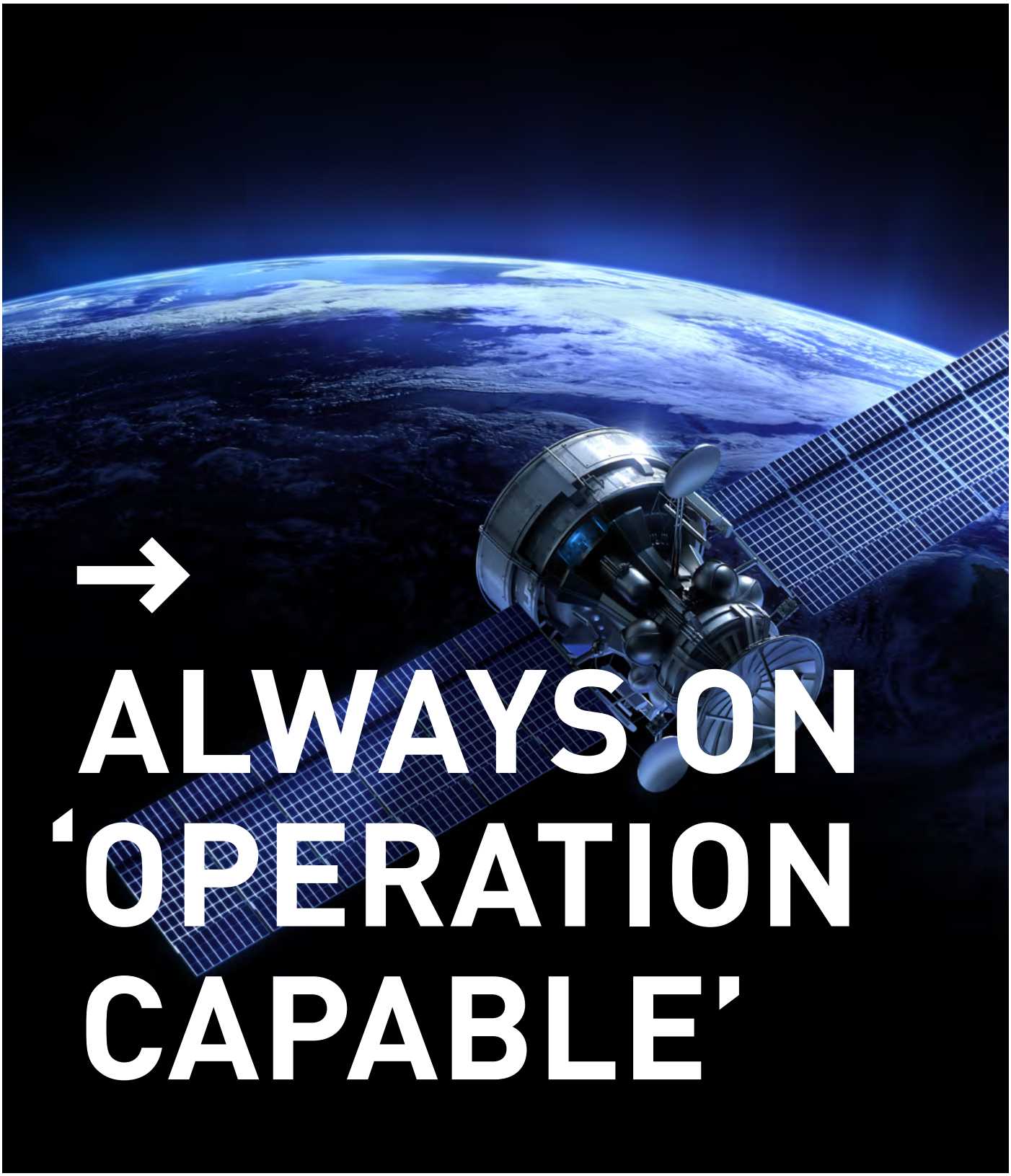
MULTI-MISSION
Application and orbit configurable

EPIC-SAFE
Always on 'operation capable'

EUTELSAT: BEYOND TERRESTRIAL INFRASTRUCTURE
From constellations to a global internet of things (IoT), transmitting business-critical information from tens of millions of objects, all over the world. AAC Clyde Space is supporting global satellite operator Eutelsat to construct its own low Earth Orbit (LEO) constellation, ELO (Eutelsat LEO for Objects), to deliver global IoT coverage, enabling objects to transmit data, irrespective of their location.

"AAC CLYDE SPACE'S TECHNOLOGY AND MANUFACTURING CAPABILITY IS TRUSTED TO SUPPLY COMPLEX, OPERATIONAL SATELLITES FOR THE CONSTELLATIONS OF THE FUTURE. WE ARE HONOURED TO BE CHOSEN BY EUTELSAT AND LOOK FORWARD TO DELIVERING THESE SATELLITES AND SUPPORTING EUTELSAT IN THEIR FUTURE IOT CONSTELLATION PLANS."

Luis Gomes, CEO



ALWAYS ON 'OPERATION CAPABLE'

SPACE PRODUCTS & COMPONENTS

SEK 108,219K

+147%
Revenue 2021 (vs 2020): kSEK 108,219 (43,742)

SEK 144,193K

+299%
Order backlog 2021 (vs 2020): kSEK 144,193 (36,169)

CUBESAT TECHNOLOGY

- BATTERIES
- POWER SYSTEMS
- COMMUNICATIONS
- SOLAR ARRAYS
- STRUCTURES
- PAYLOADS
- ADCS
- PROPULSION
- COMMAND & DATA HANDLING

SMALLSAT TECHNOLOGY

Market-leading technology is the bedrock of our business. We manufacture standardised, miniaturised, advanced subsystems and components for cube and small satellites (up to 500kg), for use in our own platforms and missions and for direct sale.

We have supplied thousands of subsystems for a range of successful space missions. Our off-the-shelf subsystem range includes power, ADCS and on-board data handling solutions, which can be customised to meet the demands of specific missions. We also supply communication systems both traditional radio frequency based systems and cutting edge laser communication terminals.

INTUITIVE MACHINES: LUNAR MISSION

AAC Clyde Space is supplying the power systems, battery solutions and engineering services for Lunar missions, including the Nova-C lunar lander mission, led by Intuitive Machines.

Nova-C can carry up to five NASA-provided and other commercial payloads. It will land on a dark region on the Moon, called Oceanus Procellarum, and transmit scientific data back to Earth during 13.5 days of activity on the moon.

Intuitive Machines will be using the Starbuck Mini, our most powerful and cost-efficient power system for advanced space missions. It has a strong flight heritage, excellent performance, and, thanks to its modular design, it is easy to scale and integrate on different types of mission, from lunar exploratory and deep space scientific missions to commercial constellation applications.

A NEW FRONTIER IN SPACE

Our engineers are currently developing a new type of processor compatible with a LEON4, a synthesisable VHDL model of a 32-bit processor compliant with the SPARC V8 architecture. This model will be highly configurable, and particularly suitable for system-on-a-chip (SOC) designs.

"AAC IS PROUD TO BE PART OF THIS REVOLUTIONARY PROJECT THAT TRULY LEVERAGES THE UNIQUE CONDITIONS IN SPACE FOR THE BENEFIT OF HUMANITY. THE WHOLE TEAM LOOKS FORWARD TO MAKING SPACE-BASED PRODUCTION A REALITY IN THE FORESEEABLE FUTURE."

Luis Gomes, CEO

FOLLOW-ON ORDER FOR IN-SPACE PRODUCTION

We secured a 441 kEUR (approx. SEK 4.5M) order from UK-based Space Forge to provide space products for a demonstration spacecraft designed to leverage the space environment for production and experiments. The spacecraft will be capable of performing multiple trips to space and will leverage the space environment or production in-orbit. The satellite is intended to stay in-orbit for six months and then descend to Earth for the product to be delivered to customers.

The satellite design is based on our standard platforms, which is adjusted for re-entry into the atmosphere and landing on Earth. Normally, small satellites burn as they enter the atmosphere, but Space Forge is developing technologies to enable the return of satellites from space to Earth for recovery, refurbishment and eventual re-launch.

Among the space products that AAC will provide to the project in this second phase are an integrated attitude determination and control system from AAC Hyperion in Delft, a Kryten Command & Data Handling unit and communications components from AAC Clyde Space in Glasgow. The project is supported by the European Space Agency's Commercial Space Transportation Services and Support programme.

"WE ARE PLEASED TO BE PARTNERING WITH AAC CLYDE SPACE ON THIS WORLD-FIRST MISSION. THEIR SPACECRAFT HERITAGE IS A SIGNIFICANT ASSET TO ACHIEVING OUR OBJECTIVES AT SPACE FORGE IN BUILDING THE FIRST RETURNABLE SATELLITE PLATFORM, THE FORGESTAR."

Space Forge CEO & Co-Founder Joshua Western

SOLUTIONS

COMMAND & DATA HANDLING

- KRYTEN series: a powerful computer, popular for CubeSat missions
- SIRIUS series: on-board computers and data storage subsystems, ideal for advanced missions

BATTERIES

- CubeSat battery

POWER SYSTEMS

- STARBUCK electrical power systems

COMMUNICATIONS

- Hyperion CubeCAT lasercomm module
- Hyperion gigabit detector
- PULSAR-DATA series: compact transmitter solutions designed for
- advanced missions
- PULSAR-TMTC series: compact telemetry and command radio solutions
- SpaceQuest AIS receiver
- SpaceQuest & Hyperion satellite GNSS receivers

SOLAR ARRAYS

- Photon CubeSat Solar Arrays

STRUCTURES

- LIGHTWEIGHT, ROBUST & ADAPTABLE CubeSat Structures (ZAPHOD structure range)

PAYLOADS

- Payload Processor module
- Hyperion Optical Imager
- Spacequest AIS receiver/decoder (Ship Tracking System)

ADCS

- Hyperion propulsion module
- Hyperion Integrated ADCS
- Hyperion Star Tracker
- Hyperion Sun Sensor
- SpaceQuest Horizon sensor
- Reaction wheels
- GNSS Receiver

PROPULSION

- PM200

SMALLSAT TECHNOLOGY

- PCDU
- ACDS
- Command & data handling
- Payloads
- Communications

FINANCIAL REVIEW

DELIVERY ON GROWTH AND EFFICIENCY

2021 was characterised by strong growth, improved efficiency and higher revenues thanks to our new acquisitions, expanded geographical footprint and growing portfolio of data and services.

In view of this, we continue to target being cash flow positive in 2022. Delays from subcontractors in major projects meant revenues were higher in the fourth quarter of 2021. Overall, our financials for the last quarter of 2021 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 44% for the full year compared to 2020 and we remain on track to be EBITDA positive in 2022 and achieve target revenues of SEK 500M by 2024. Net sales in 2021 increased 83% year on year to SEK 180.0 M (98.4).

We have expanded our capabilities to win larger, more complex contracts in areas of strategic focus and we have improved the standardisation of products and streamlined our operations which is driving efficiency.

ORDER BACKLOG

SEK 407.2M

(SEK 156.3M)
The order backlog increased by 161%. Omnisys Instruments' order backlog, which was acquired in April 2021, amounted to SEK 90 million.

FULL-YEAR 2021: SALES AND EARNINGS

SEK 180.0M

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

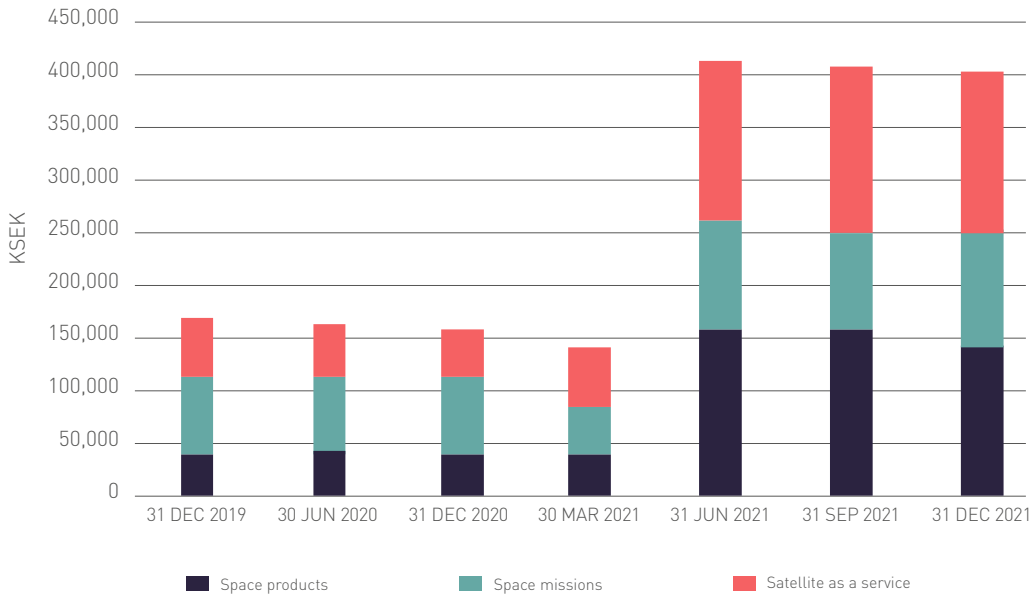
SEK 210.8M

(SEK 119.4M)
Total revenue. Gross margin improved to 54% (49%). Costs for Raw materials and subcontractors increased by 65% to 83.2 M (50.3M). Personnel costs increased and other operating costs increased by 70% to SEK 137.3 M (80.6M) including acquired companies and the Group's preparations to be able to generate and manage larger business volumes.

SEK -14.9M

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

ORDER BACKLOG

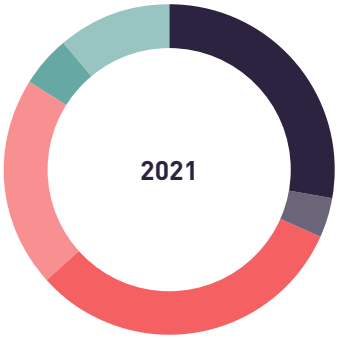


FINANCIAL REVIEW

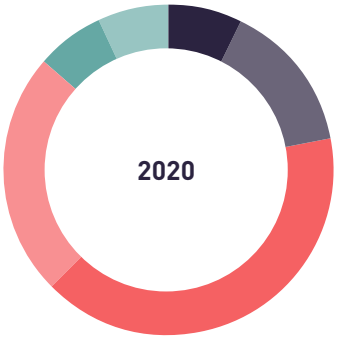
YEAR-ON-YEAR COMPARISON

kSEK	full-year 2021	full-year 2020
Net sales	179,950	98,384
EBITDA	-14,942	-26,819
EBIT	-38,606	-37,532
Basic and diluted earnings per share. SEK	-0,23	-0,37
Equity ratio	77%	88%
Cash flow from operating activities	-35,461	-14,463
Cash flow for the period	32,399	10,771
Cash and cash equivalents	96,110	62,434
Order backlog	407,215	156,317

NET SALES BY GEOGRAPHY

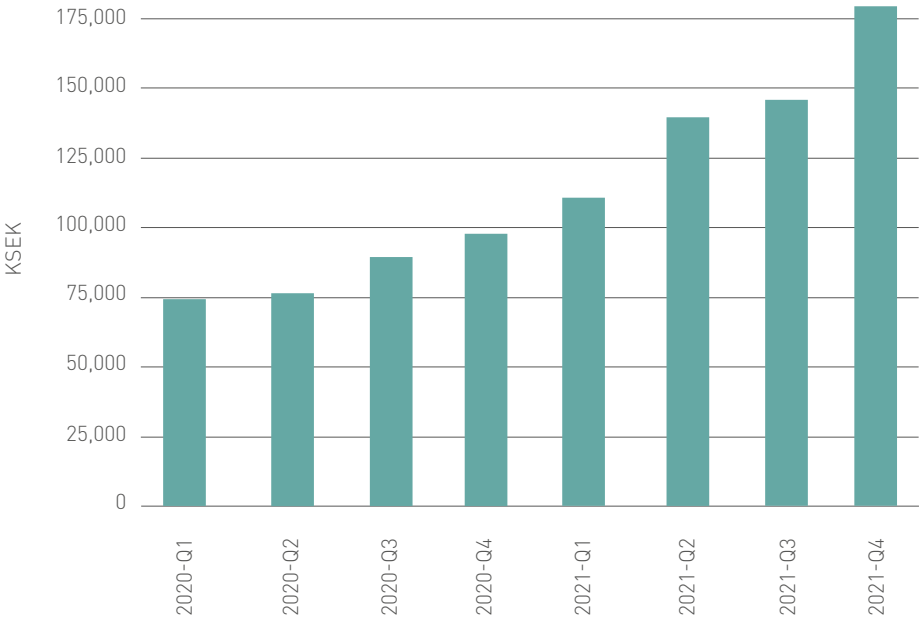


SWEDEN	50,572
UK	6,700
OTHER EUROPE	57,098
US	37,632
ASIA	8,753
REST OF THE WORLD	19,195
TOTAL	**179,950**

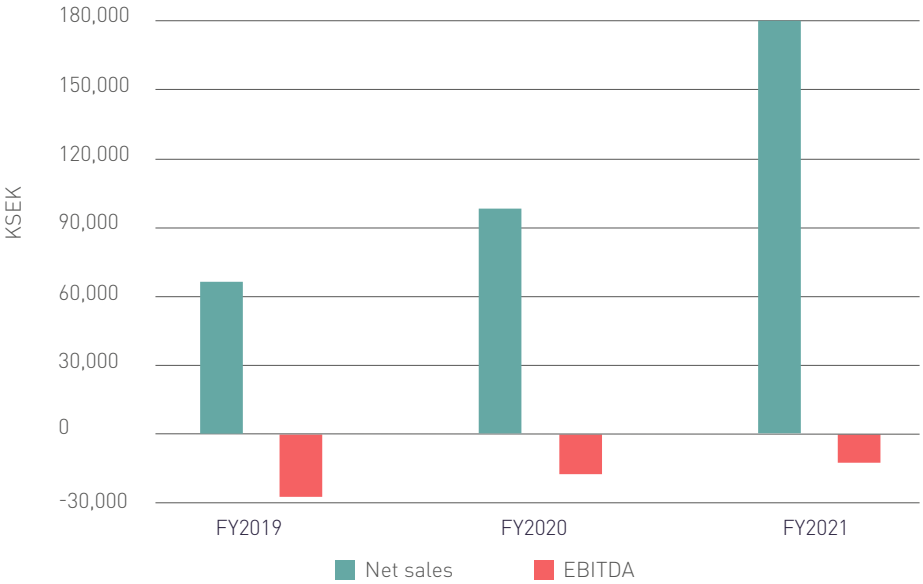


SWEDEN	7,320
UK	14,391
OTHER EUROPE	39,195
US	23,930
ASIA	6,961
REST OF THE WORLD	6,587
TOTAL	**98,384**

NET SALES – ROLLING 12 MONTHS



NET SALES AND EBITDA*



*Excluding one-off costs

ORBCOMM | SAAB

CUTTING MARITIME EMISSIONS, IMPROVING SAFETY AND EFFICIENCY

Shipping is the most cost-effective way to transport goods around the world – that's why 90% of everything we consume is moved by sea. And the sector is growing, powered by rising global trade and the shift towards e-commerce.

But the oceans can be an unforgiving environment and every year there are accidents, spills and fatalities. Moreover, the environmental implications of such a vast sector are significant. The shipping industry is responsible for around 940 million tonnes of carbon dioxide emissions annually and the European Environment Agency reports that ships produce 13.5 % of all greenhouse gas emissions from transport in the EU. In view of this, the International Maritime Organisation, part of the United Nations, has set a target to reduce greenhouse gases from international shipping by at least 50 per cent by 2050.

AAC Clyde Space entered a Memorandum of Understanding with ORBCOMM and Saab to collaborate on developing the next generation of a new space-powered communications system for the shipping industry that will help to cut fuel consumption and, in turn, emissions.

Together with Saab and ORBCOMM, we are developing the first satellite of a future constellation that will provide a space-based VDES (Very High Frequency Data Exchange System) for two-way communication between satellite and ground. 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. The added space capability will increase VDES' range from the shoreline to anywhere in the world.

WHAT'S NEXT?

THE NEXT GENERATION OF MARITIME COMMUNICATIONS

The maritime industry is a critical part of our global supply chain infrastructure, transporting food, medicine and consumer goods around the world. In the US alone, the USD 1,5 trillion shipping and logistics industry is expected to be valued at over USD 2 trillion by 2023. But it is not without its challenges, many of which will become more pressing as the sector grows, placing increasing demands on existing infrastructure.

Improving the accuracy of data and technology used by the industry will be increasingly important. At AAC Clyde Space, we see this as an opportunity. We believe the need to drive efficiency, decarbonise and improve safety will be key drivers of growth in SDaaS in the maritime industry. Indeed, many in the sector are looking to upgrade their systems in order to take advantage of the latest technological innovations to improve fleet operations.

Enhanced data and analytics technologies have the potential opportunity to improve overall shipping operations, increase ship safety, and protect the environment.

Our efforts to drive progress in accelerating SDaaS are being supported by a grant from the Swedish Transport Administration. We are confident our offerings for the maritime industry will be increasingly in-demand as the sector places a greater focus on using data to drive efficiency, improve safety and reduce emissions.

OUR PEOPLE

DOING THE BEST FOR OUR PEOPLE

2021 saw big changes at AAC Clyde Space. Our geographic footprint has widened, our headcount has increased and we made several key appointments. A priority during this reporting period was integrating acquisitions and restructuring at a corporate level. As part of these changes we restructured the management, created a new management group, and made four appointments to the management team to bolster our skills and capabilities.

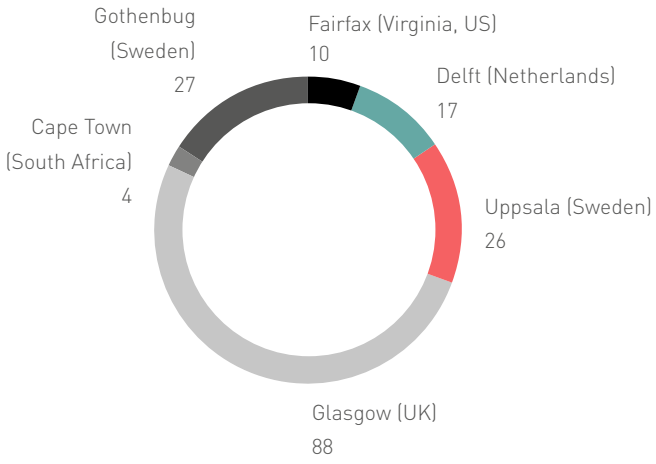
The distributed management structure was implemented, with Group-level sales and strategic leadership in Group management, and geographical operations management for each country.

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. He will be responsible for the xSPANCION programme and for leading the development of new Space Data as a Service offerings.

Dr. Dino Lorenzini, founder of SpaceQuest, became Group Chief Science Officer and we appointed Chris Fauquier, previously COO at AAC SpaceQuest, as CEO for the US subsidiary. 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 Kulwinder Bhumbra as HR Director and Stefania Mandirola as Chief Operating Officer. Formerly at Rolls-Royce, Stefania brings wide experience of building robust and efficient manufacturing operations. Together, these colleagues bring years of valuable experience that will be key to supporting our future ambitions and improve our future operating performance. Following these key additions, the executive management team has been reshaped with Peter Anderson appointed the Chief Commercial Officer of the group.

The executive management team now consists of CEO Luis Gomes, CFO & Deputy CEO Mats Thideman, COO Stefania Mandirola, CTO Andrew Strain, CCO Peter Andersson, President of Data & Services Andrew Carrel, HR Director Kulwinder Bhumbra as well as the Chief Scientific Officer, Dino Lorenzini.

EMPLOYEES



+42%

increase in employees in 2021

5

internships and apprenticeships

172

employees

60 SECONDS WITH

DINO LORENZINI

AAC SPACEQUEST

What first drew you to space?
I was commissioned by the U.S. Air Force Academy in the 1960s at the height of the space race with the former Soviet Union. After earning a master's degree and PhD in Astronautical Engineering at MIT, space became part of my permanent future.

While in the Air Force I tested the Apollo Lunar Module Navigation System, worked on the development of the NAVSTAR GPS satellite system, managed the High Energy Space-Based Chemical Laser at DARPA (US Defense Advanced Research Projects Agency) – and went on to direct the pilot architecture study for the U.S. Strategic Defense Initiative.

After retiring as a Colonel, I directed a team of engineers providing technical support for Strategic Defense. I realised that the future of satellite development was moving from military to commercial space activity, and I founded SpaceQuest in 1994 to commercialise the microsatellite technologies that were being developed by the Amateur Radio Satellite Organisation.

Why is AAC x SpaceQuest a powerful combination from your perspective?
The nature of the commercial space community has changed significantly during the 26 years since SpaceQuest was founded. Although our satellite components are still sought by small satellite developers, the company was too small and undercapitalised to compete for the large-scale space programs being funded by governments and private equity investors.

In combination with AAC, SpaceQuest has access to new components, capital and intellectual property to advance its strategic objectives. As AAC transitions from the construction and sale of spacecraft buses to the delivery of space data, SpaceQuest can contribute its infrastructure and operational experience in delivering satellite data to clients.

What do you see as the biggest challenges for the space industry?
The last big challenge was the availability of piggyback launch opportunities, which has been largely addressed by the entrance of the SpaceX Transporter and other small satellite launch providers. Current challenges include space station licensing, orbital debris mitigation and ground station infrastructure to download imaging data. On the business side, the real test will be whether we can sell sufficient satellite data at a reasonable price in the face of stiff competition and cover the cost of replacement satellites.

What technologies or projects are you most excited about at the moment?
One of our near-term objectives is to develop and flight test a novel satellite AIS antenna technology to demonstrate high performance using a small, low-cost spacecraft. But most interestingly of all, we are working on developing and flight testing a Doppler Winds and Temperature Sensor. This has the potential to significantly improve long range weather forecasting that is driven by winds in the upper atmosphere.

"AAC CLYDE SPACE HAS GROWN AGGRESSIVELY DURING THE PAST YEAR AND AIMS TO CONTINUE TO DO SO. BY ADDING FURTHER EXPERTISE FROM SUCCESSFUL HIGH-TECH COMPANIES, WE STRENGTHEN OUR PROSPECTS FOR SUCCESS AND CAN AIM EVEN HIGHER. I LOOK FORWARD TO WORKING TOGETHER WITH THE NEW EXECUTIVE MANAGEMENT TEAM TO REACH AMBITIOUS GOALS."

LUIS GOMES, CEO

OUR PEOPLE

60 SECONDS WITH

DR ROBERT VAN ZYL

AAC SPACE AFRICA

Why did you decide to join AAC?
What I like about AAC Space Africa is that with all the support from the Group to us and us to the Group we can make an impact here in Africa and benefit our shareholders at the same time. I see it as a win-win. That's why I'm here.

Why is it an exciting time for the African space industry?
Africa is good at exploiting disruptive technologies. For example, we don't have a lot of wired telephones in Africa, but almost everybody has a cell phone. So, we almost skipped a step. In a similar sense, I think we are skipping Old Space and now the New Space era is here for Africa to capitalise on.

Right now, everything is still on a small scale, but we are at an inflection point where things are going to take off. You can see that in the numbers from the African Space Industry annual report. It's exactly the right time for all parties, with outside investment from the likes of AAC Clyde Space and all the investment Africa is making into national space programmes.

If we can get the planets to align, all of a sudden, the whole African continent is going to jump up as a group, resulting in new scalability in the business that you can do here. It's a huge opportunity for us to get involved.

Why South Africa?
South Africa's space industry is relatively advanced – we don't have that many companies, but we have core upstream space capabilities, advanced technologies, and highly skilled engineers and data scientists. For example, we have a strong position in communication systems. We want to build on that experience. Also don't forget that here, AAC Clyde Space is a household name with stakeholders who appreciate the role it has played in the space industry you now see in South Africa. AAC Clyde Space was much more than a distributor for CPUT; it was a strategic partner, instrumental to our success. AAC Clyde Space would tell us what the market required and we would implement it. It was synergetic – a true partnership.

What are your goals as Managing Director AAC Space Africa?
I've developed a vast network across Africa which I want to leverage to develop business for the company. But I am also very passionate about the continent. I'm from Africa. I live here and I want to make a difference by leveraging international partnerships and providing value to the Group at the same time. I see opportunities to help grow an industry that we can do business with. But before people will buy data from us, there must be an appreciation at large of what space can do. This is why I was very involved in STEM and going to communities in Africa and showing them how these little satellites can be of practical value.

60 SECONDS WITH

DR ANDERS EMRICH

AAC OMNISYS

The co-founder of AAC Omnisys explains why combining microwave sounders with small satellites is a game changer for weather prediction – and why the end user is king.

Why did you decide to join the AAC Group?
Our vision is to provide the world with better weather forecasts, and as part of the AAC Group, we can see a clear path to realising this. AAC has the knowhow to build constellations and we have the expertise and the end-user knowledge to build a new generation of weather sensors – it's a perfect match.

How is the weather forecasted today?
Most weather forecasting is done by computers. The models they run require a lot of source data, which is captured by a variety of sensors located on the ground, on aeroplanes, but most importantly, satellites.

We've heard that AAC Omnisys microwave sounders will give us a leading position in space-based weather data. But what are microwave sounders and what do they do?
Of all the different types of sensors on satellites, from infrared to microwave, the most valuable for weather prediction are microwave sounders. They measure on different frequencies to gauge key components of weather, like temperature and pressure of the atmosphere. In fact, they are the baseline for weather prediction today.

What are the most important factors for weather prediction that microwave sounders measure?
For a long time, oxygen emission was considered the most important factor - it's actually from this that we derive temperature and pressure of the atmosphere. But over the last decade it has become clear that water emission data is at least if not more valuable. This is where combining AAC's small satellite technology with AAC Omnisys microwave sounders is a game changer.

What is game changing about this combination?
When measuring oxygen emission, the models can cope with a two- to four-hour time gap between measurements – and up to 50km resolution over Earth. So, you just need a few satellites to get enough data points for the models to work. But water emission is different because changes in water and humidity in the atmosphere occur on a much smaller scale and faster timeframe. We're talking five to 10km, not 50km – and every 10 to 30 minutes. If you measure water emission with two- to four-hour time gaps, you're blind to much of what's happening. This is what's known as 'under sampling' and it is a big problem for accurate weather prediction.

So, our plan is to build and launch our own constellation of smaller, lower-cost satellites to significantly reduce the time gap between each water emission measurement.

It sounds good, but aren't microwave sounders very expensive?
Traditionally, microwave sounders are extremely expensive, developed by large companies for millions of Euros each. Where we are different is that we have asked the end users – what do you need? What are the most important parameters that we must meet? By understanding their requirements, we can ensure the right assumptions are made – and optimise the instrument to reduce costs while providing high-quality, pertinent data.

Does this mean we will be able to predict the weather exactly?
Weather prediction is extremely tricky – it's Chaos theory. So, it's not that we'll suddenly know exactly what the weather will be next Saturday. But we are addressing the most important instrument there is for weather prediction and improving the measurements it takes considerably. I'm confident we will see a big improvement in near-term and short-term forecasting using our data. That means little to no surprises in the weather on the same day, and recognisable improvements in forecasting up to 72 hours.

SUSTAINABILITY

A UNIQUE VANTAGE POINT FROM SPACE

We can keep a closer eye on Earth from space. From environmental disasters, to extreme weather, our technology addresses the urgent need for better earth monitoring. The world needs more data, better data and more timely data. Whether to detect extreme weather patterns, manage crop irrigation, monitor ocean health – or make driverless cars a reality, the demand for real-time, high-quality data is insatiable. And terrestrial solutions alone cannot fulfil it, which is where we come in.

Small satellites are critical for understanding the planet better. From deforestation and monitoring the spread of wildfires to crop disease and measuring the size of the polar ice caps, they give us the ability to observe key climate change indicators in real time. In fact, earth observation – the monitoring of Earth's ecosystems from space – is one of the biggest drivers of growth in the small satellite market. We're involved with a range of exciting projects that use space data to improve decision-making, manage our planet's resources more efficiently and help us all to live more sustainably.

At AAC Clyde Space, we believe the future of our industry hinges on sustainability. Both in terms of how we help our customers operate in a more uncertain world and how we operate ourselves as a business. As a business, we are carefully monitoring our impact. On Earth, we are working to audit and reduce our footprint, in terms of how we procure materials and produce our products. In space, we are working to reduce the footprint of our satellites in space.

We are also collaborating with partners to address major sustainability challenges for the industry, such as the growing amount 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.

AAC Clyde Space is 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.

Our work includes the development of the first 3D printed propulsion system in space (AAC Hyperion). The solution, which launched in 2020, was the first ECSS compliant 3D printed bi-propellant propulsion system to be allowed to be launched to space. It enables prolonged mission lifetime, and de-orbit safely at the end of mission, reducing space debris.

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.

MAKING SPACE FOR OUR FUTURE

SPACE-POWERED SUSTAINABLE DEVELOPMENT

AAC Clyde Space established AAC Space Africa in South Africa to join Africa's fast growing space sector. This new subsidiary was started to gain a foothold in this important market for satellites and space services in Africa. The new subsidiary is the Group's skills hub for advanced radio communication and machine-to-machine systems. 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.

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.

WHAT'S NEXT?

GAINING A FOOTHOLD IN THE IDEAL CONTINENT FOR NEWSPACE

Africa's newspace industry is going from strength to strength. The African space industry is expected to generate over USD 10 billion in revenue annually by 2024, according to the New Space Africa Industry report. Our new Cape Town base positions us to capitalise on this growing role for space data. AAC Space Africa now designs, builds and delivers space missions to the African continent from its base in Cape Town, South Africa. We will be in a prime position as governments, companies and communities seek efficient ways to support development and build out crucial infrastructure.

AAC Space Africa was established to capitalise on the rapidly growing market for satellites and space services in Africa. We see great potential for small satellites to provide timely, accurate and targeted data for sectors such as weather forecasting, ocean monitoring, agricultural planning, and land management.

The ability to provide data from space and monitor key issues across the continent will help Africa develop at a far more rapid pace over the next decade. Adding local presence and expert knowledge to our existing commercial offering will put AAC Clyde Space in an excellent position to address these growing needs.

We have previously been active in the African market through our European hubs, most recently by supporting Mauritius in its efforts to become a space nation and to track ocean currents with earth observation technologies.

GOVERNANCE

LIVING BY OUR VALUES

CLEAR DIVISION OF RESPONSIBILITIES

Our Board is responsible for ensuring the sound running of the Group for all our stakeholders, including our shareholders, in accordance with best practice corporate governance. It monitors and reviews all significant aspects of the Group's activities, including overall internal control and risk management systems and succession planning, and oversees the executive management to ensure the Group's long-term success.

The Board's key responsibilities include:

- setting the strategic direction and governance framework of the Group.
- ensuring that the necessary financial, technical and human resources are in place.
- establishing and embedding our culture, values and ethics.
- reporting to shareholders on its stewardship of the Group.

Responsibility for developing and implementing our strategy and commercial objectives is delegated to the chief executive who is supported by the finance director and deputy CEO. They, in turn, are supported in the day-to-day management of the Group by a wider Group management team which meets regularly to consider operational matters affecting the Group as a whole.

In line with the Swedish Corporate Governance Code, the Board delegates certain responsibilities to committees, who make recommendations and report back to the Board on decisions and actions taken. Based on its size and composition, the Board has appointed a Remuneration Committee (Rolf Hallencreutz and Will Whitehorn) and an Audit Committee (Per Aniansson, Per Danielsson and Rolf Hallencreutz).

The Nomination Committee evaluates the characteristics and performance of Board members and is responsible for selecting the best candidates for each seat on the Board. AAC Clyde Space's Nomination Committee for the 2022 Annual General Meeting consists of:

- Dino Lorenzini, representing himself as single largest shareholder in AAC Clyde Space
- John Wardlaw, appointed by Coralinn LLP
- Mathias Dittrich, appointed by Soltorpet AB
- Rolf Hallencreutz, Chairman of the Board of AAC Clyde Space AB

KEY RESPONSIBILITIES

Chairman of the Board

- leads the Board and is responsible for its effectiveness
- sets the agendas for Board meetings
- ensures effective communication with our shareholders

Chief Executive Officer

- is responsible for the Group strategic objectives
- develops and implements Group strategy as approved by the Board

Finance director & deputy CEO

- manages the Group's financial affairs
- supports the chief executive in the implementation and delivery of Group strategy

Board members

- support the chairman in the delivery of their objectives
- constructively challenge the executive directors in all areas and
- help develop proposals on strategy
- monitor delivery of the strategy within the risk and control
- framework set by the Board
- satisfy themselves on the integrity of the financial information
- and the effectiveness of financial controls and risk management
- systems
- determine appropriate levels of remuneration for the executive directors.

14

Board meetings in 2021

SWEDISH COMPANIES ACT

AAC Clyde Space complies with the Swedish Companies Act's rules on corporate governance. In doing so, the Board has drawn up rules of procedure for its work, instructions regarding the division of work between the Board and the CEO, which deals with its duties and reporting obligations, and has established instructions for the financial reporting. The rules of procedure are reviewed annually.

AUDITOR

Öhrlings PricewaterhouseCoopers is the elected auditor with the Chief Auditor Lars Kylberg.

2022 CALENDAR OF EVENTS

28 APR	Annual report 2021
19 MAY	Interim report Q1 2022 Annual general meeting
14 JUN	Investor Presentation - Aktiespararna
25 AUG	Interim report Q2 2022
17 NOV	NEDS 2022
24 NOV	Interim report Q3 2022

ADVANCE VOTING

The shareholders may exercise their voting rights at the general meeting by voting in advance, so called postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. Be advised that this is the only possible way to attend and vote at the general meeting held on Thursday 19 May 2022. A special form shall be used for advance voting. The form is available on the Company's website, www.aac-clyde.space. A shareholder who is exercising its voting right through advance voting do not need to notify the Company of its attendance to the general meeting.

The advance voting form is considered as the notification of attendance to the general meeting. The completed voting form must be submitted to the Company no later than on Wednesday 18 May 2022. The completed and signed form shall be sent to the address AAC Clyde Space AB, Attn: Ann-Christin Lejman, Uppsala Science Park, SE-751 83 Uppsala, Sweden. A completed form may also be submitted electronically and is to be sent to: ann-christin.lejman@aac-clydespace.com. If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed to the form. The same apply for shareholders voting in advance by proxy. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote is invalid.

To be able to vote in advance shareholders must be entered in the shareholders' register, kept by Euroclear Sweden AB (the Swedish Central Securities Depository & Clearing Organisation), on the record day which is Wednesday 11 May 2022. Shareholders who have their shares registered in the name of a nominee must request temporary entry in the transcription of the register of shareholders kept by Euroclear Sweden AB in order to be entitled to participate and vote for their shares at the meeting. The shareholder must inform the nominee well in advance of Wednesday 11 May 2022, at which time the register entry must have been made. Voting rights registration that has have been requested by the shareholder at such time that the registration has been completed by the nominee no later than Wednesday 11 May 2022, will, however, be taken into account in the preparation of the share register. Personal data collected from the register of shareholders kept by Euroclear Sweden AB will be used for registration, preparation of register of voters for the meeting and, where applicable, minutes of the meeting.

The advance voting form (postal ballot) gives shareholders the opportunity to vote for an agenda item to be raised at a future shareholders' meeting instead. In order for a resolution (item on the proposed agenda) to be postponed to a future shareholders' meeting, it is required that shareholders of at least one tenth of all shares in the Company request it. In such cases, the board of directors shall determine the date of the future shareholders' meeting, at which shareholders shall be allowed to participate in person and by proxy. Further instructions and conditions is included in the form for advance voting.

BOARD AND EXECUTIVE MANAGEMENT

EXPERIENCED LEADERSHIP WITH PROVEN CAPABILITES

Our Board and executive management team brings a wide range of business and sector-specific expertise to support the long term success of the group.

According to the Articles of Association, AAC Clyde Space's Board of Directors shall consist of at least three and no more than seven Board members with no more than three deputies.

The assignment for all Board members is valid until the end of the next Annual General Meeting.

As of March 2022, AAC Clyde Space is operating under a new management structure, designed to increase agility and underpin continued growth and geographical operations management for each country.

Group management will consist of CEO Luis Gomes, CFO & Deputy CEO Mats Thideman, CCO Peter Andersson, CTO Andrew Strain, COO Stefania Mandirola, President Data & Services Dr Andrew Carrel, CSO Dr Dino Lorenzini and HR Director Kulwinder Bhumbra.

The Group management combines entrepreneurial leadership experience with solid engineering expertise.

BOARD OF DIRECTORS

ROLF HALLENCREUTZ
Chairman of the Board since 2014

M.Sc., Logistics and Finance, Chalmers University of Technology, Gothenburg

Rolf Hallencreutz has experience from start-up and major multinational companies within IT, industrial companies, life science and shipping. Rolf's experiences among other fast-growing companies range from Chairman of the Board, CEO to Sales Manager. As well as an extensive experience from M&A and financing.

PER DANIELSSON
Board member since 2014

M.Sc., Chalmers University of Technology.

Per Danielsson, expert in evaluating EU applications, carries out assignments for the EU as a business coach for small businesses. His business experience encapsulates everything from organizational development, strategy, international business and financing, through to executing company sales to large global groups.

PER ANIANSSON
Board member since 2014

M.Sc., Technical Physics, Chalmers University of Technology in Gothenburg; and MBA, Finance and Entrepreneurship, INSEAD Business School, France

Per Aniansson is CFO and Investment Director at Karolinska Development and has previously held leading roles within venture capital-owned companies, most recently as Investment Director for state-owned Fouriertransform, CEO and Financial Management roles within leading venture capital-owned companies.

ANITA BERNIE
Board member since 2019

Bachelor's degree, Aerospace Engineering; Master of Business Administration

Anita Bernie was appointed as the Managing Director of MDA Space and Robotics Limited in March 2022. She previously worked at KISPE Space Systems Limited as Strategic Business Manager since 2018. Prior to this, she worked at Surrey Satellite Technology Limited since 2009, lastly as a member of the Group Management.

WILL WHITEHORN
Board member since 2018

Master's degree, History, University of Aberdeen

Will Whitehorn was formerly a Director of Virgin Group and President of Virgin Galactic until 2010. He has since pursued a private equity and non executive career. He is currently Chair of Seraphim Space Investment Trust PLC, Good Energy PLC, Scottish Event Campus Ltd and Craneware PLC. In addition he is President of UKSpace, the UK industry trade body, and he will retire from that role during 2022.
He has recently been appointed to the UK Government's Space Exploration Advisory Committee.

NICOLE ROBINSON
Board member since 2021

MBA, Master of Business Administration Senior Executives in National and International Security Program

Nicole is the President at Ursa Space Systems, a U.S.-based satellite intelligence company that provides business and government decision-makers access to on-demand analytic solutions. Prior to Ursa Space, Robinson held senior positions at SES Satellite, a world leader in global content connectivity solutions. She is currently President of the Space and Satellite Professionals International (SSPI).

BOARD AND EXECUTIVE MANAGEMENT

The Group management combines entrepreneurial leadership experience with solid engineering expertise.

EXECUTIVE MANAGEMENT

LUIS GOMES
CEO since 2019

M.Sc., Satellite Technology, University of Surrey; Bachelor of Science in Applied Physics, University of Lisbon

Luis has 25 years of experience in the space industry, specialising in the small satellite field. He joined AAC Clyde Space in 2019 from the British SSTL, where he was CTO and Executive Director with responsibility for defining and implementing both technical and commercial strategies.

MATS THIDEMAN
CFO and Deputy CEO since 2014

M.Sc., Industrial Economics, Linköping Institute of Technology

Mats is responsible for finance, IT and staff. Mats has a long experience as CFO within growing industrial companies, as well as public and venture capital owners, such as Åkerströms, Image Systems (publ.), TracTechnology (publ.), and most recently, Cortus Energy AB (publ.).

ANDREW STRAIN
CTO, employed since 2006

M.Eng., Electrical and Electronic Engineering with Business Studies, University of Strathclyde

In his time at Clyde Space, including as Chief Engineer, Andrew has built over a decade of experience in developing and delivering small satellites. In his role as CTO, he contributes a wide range of relevant skills such as systems engineering knowledge, product development, manufacturing, project management, quality and business development.

PETER ANDERSSON
CCO, employed since 2015

B.Sc., Engineering, University of Glasgow; Post Graduate Diploma, Computer Aided Engineering, University of West Scotland

Peter is responsible for the commercial strategy and development of the business through marketing, sales, product development and customer service activities to drive business growth and market share. Peter brings over 15 years' experience across a variety of engineering and management roles.

STEFANIA MANDIROLA
COO since 2021

MSc Mechanical Engineering, Politecnico di Milano

Stef brings 15 years' experience of strategic and operational leadership in the aerospace sector, with a track record of building high performing cross-cultural teams to turn around underperforming operations and drive long term growth.

DR. ANDREW CARREL
President Data & Services since 2021

BA, MSci Natural Sciences, University of Cambridge; MSc Astronautics & Space Engineering, Cranfield University; PhD Electronic Engineering, University of Surrey Space Centre

Andrew is responsible for delivering new solutions for the company's users of data and services from space. He has worked in the space industry for over 20 years, previously CTO at Rezatec providing geospatial analytics using satellite data, and prior to that managing mission programmes at SSTL. Andrew has a technical background in GNC and Artificial Intelligence.

DR. DINO LORENZINI
CSO since 2021

B.Sci, USAF Academy; S.M, Astronautical Engineering, MIT; SC.D, Astronautical Enginering, MIT; MBA, Auburn University

Dino, a retired US Air Force Colonel, brings a wealth of space program know-how and industry experience spanning over six decades. He tested the Apollo Lunal Module navigation system, early GPS development, DARPA Space-Based Laser, and the Strategic Defense Initiative. An entrepreneurial at heart, Dino founded the Eyetel IoT system, Ellipso Mobile Satellite System, Aprize Satellite and SpaceQuest (now AAC SpaceQuest), where he served as CEO for the past 25 years

KULWINDER BHUMBRA
HR Director since 2021

M.Sc., Human Resource Management University of Strathclyde, Glasgow Scotland

Kulwinder has more 10 years experience working with both private and not-for profit-sectors with a broad portfolio of HR generalist experience. She brings her experience of partnering with business leaders at strategic, operational and tactical levels to improve people processes, drive excellence and focus on values. She is responsible for working with the Executive Management Team to develop our People Strategy to support our long-term business plan.

RISK

EXPERIENCED LEADERSHIP WITH PROVEN CAPABILITES

An account of the Group's material financial and business risks can be found in the administration report and under Note 3.

COVID-19 affected operations in the form of lower income recognition than planned in projects, since deliveries. The ongoing war in Ukraine has not so far affected operations. It remains difficult to estimate the final impact of COVID-19 and the war on the Group. No further significant risks are deemed to have arisen during the period.

RISK
Regulation The regulatory framework of the New Space economy is still unknown and could impact our licence to operate.
Funding A lack of liquidity could impact our ability to achieve our growth targets
Supplier insolvency/delays Disruptions to our supply chains could have knock-on effects on our production lines and our ability to delivery contracts
Congestion The growing number of small satellites orbiting Earth, as well as space junk and debris, pose risk of interference and collision

CHANGE IN REPORTING PERIOD	MITIGATING ACTIVITY
	• AAC Clyde Space complies with all licensing regulations.
• Covid-19 could create funding challenges due to economic uncertainty and immediate public health concerns	• SpaceQuest, Hyperion and Omnisys acquisitions provide immediate profitable revenues.
	• SpaceQuest, Hyperion and Omnisys acquisitions help to secure our supply chain. • Vertical integration brings more subsystem capabilities in house and should help to mitigate some of the project delays seen this year.
	• Proactive innovation, e.g. propulsion systems for in-orbit manoeuvres and collision avoidance – this is one of the major technology capabilities gained through the Hyperion acquisition

THE FUTURE OF WEATHER FORECASTING

Our technology supports the monitoring of areas of scientific interest that are hard to access for humankind. AAC Omnisys is delivering the microwave radiometer for the European Space Agency's Arctic Weather Satellite (AWS), a prototype that aims to demonstrate the usefulness of radiometric measurements to improve weather forecasts in the Arctic region and globally.

Omnisys was awarded a EUR 12.2 million (SEK 124 million) contract to supply Microwave sounding sensors to the ESA project. We were also the chosen supplier by OHB Sweden to deliver core avionics worth approximately 797 kEUR (approx. SEK 8.2M) to ESA's Arctic Weather Satellite as part of the same contract. This is the pilot project, laying the path to a potential constellation of 16 satellites.

A constellation of satellites would supply an almost constant stream of temperature and humidity data from every location on Earth – allowing, for the first time, for very short-range weather forecasting, or 'nowcasting', in the Arctic. Meteorologists will also use the mission to improve weather forecasts around the world.

By providing global measurements of atmospheric temperature and humidity with frequent revisit times, the polar-orbiting Arctic Weather Satellite mission will complement MetOp and its counterpart US NOAA Joint Polar Satellite System. This will improve weather forecasts specifically in the Arctic, which has so far been lacking the data needed for short-term forecasts.

WHAT'S NEXT?

RISING DEMANDS FOR ACCURATE FORECASTING

Accurate weather forecasts are an essential part of everyday life, used from simply deciding what clothes to wear to planning crop harvesting, ship routing and managing renewable energy resources.

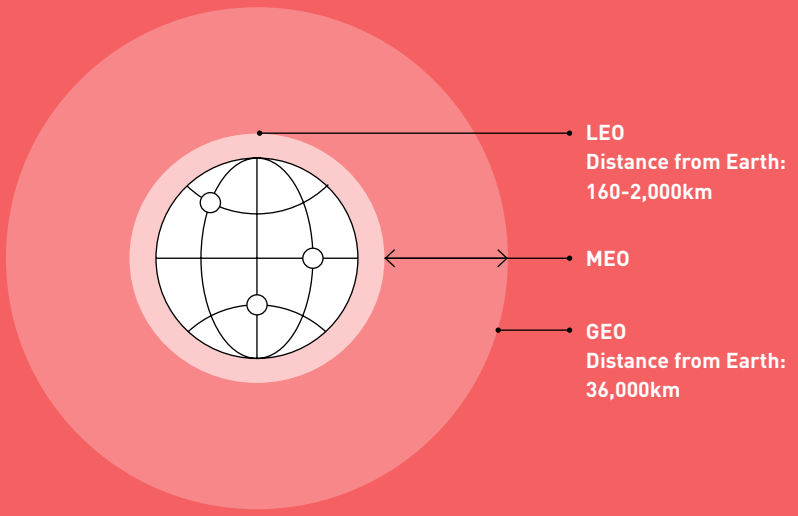
Modern satellite technology allows us to forecast the weather with more precision, allowing us to identify weather events with greater accuracy than ever before. This could literally be the difference between life and death, where powerful storms are concerned. Better weather data also helps industries drive efficiency and improve their bottom line.

Weather data is also increasingly in-demand across sectors. The weather forecasting services market size is projected to grow from an estimated USD 1,7 billion in 2021 to USD 2,7 billion by 2026, at a CAGR of 9.9% during the forecast period. The insurance segment accounts for the largest market size during the forecast period

Other sectors that prioritise accurate satellite data include aviation, transport and logistics, media, insurance, retail, construction & mining, marine, agriculture, energy and utilities, and oil and gas.

This is why we believe that our high performance technology will increasingly be utilised by an increasing array of companies in the future.

FACTOIDS



LOWER-EARTH ORBIT (LEO)

LEO satellites operate closer to Earth, so their coverage per satellite is much smaller. But unlike GEO satellites, which must always orbit along Earth's equator, LEO satellites can orbit along a range of routes. When operated as a constellation, LEO satellites can work together to offer continuous global coverage, even of the most remote areas on Earth.

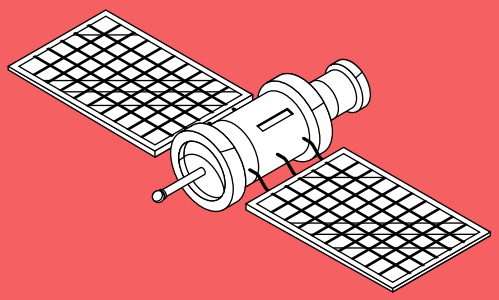
Today, many communications, navigations, space mission, and observation satellites are in low-earth orbits. Among these are the International Space Station, which orbits at an altitude of around 350km.

MEDIUM EARTH ORBIT (MEO)

MEO is the region of space around Earth above lower-Earth orbit and below geostationary orbit. The most common use for satellites in this region is navigation, such as the Global Positioning System (GPS).

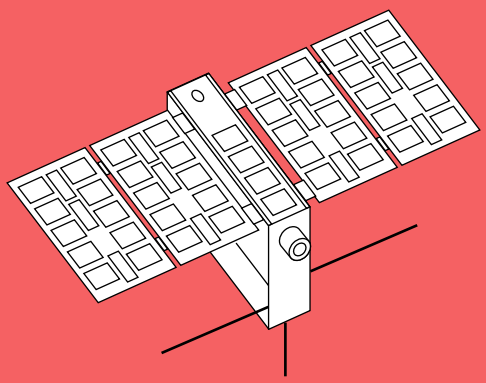
GEOSTATIONARY ORBIT (GEO)

GEO satellites circle Earth above the equator. They follow the Earth's rotation exactly so that, from the ground, they appear to be stationary. GEO satellites can provide coverage over large, fixed areas, but due to the Earth's curvature they cannot provide continuous service above or below certain latitudes.



WHAT IS A SATELLITE?

By 'satellite', we mean man-made machines that are launched into space and orbit the Earth. Satellites are designed for different applications such as navigation, communication and earth observation. They're launched into various orbits, such as low Earth orbit (LEO and geostationary orbit (GEO), with the help of propelling rockets.

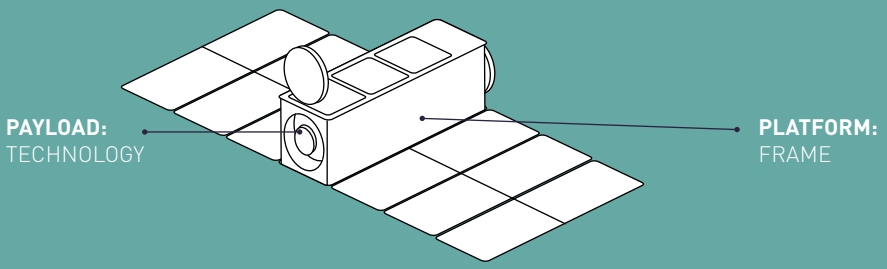


WHAT IS A CUBESAT?

A CubeSat is a miniaturized satellite, made up of standard units (U). Each unit is 10cm x 10cm x 10cm (small enough to hold in your hand) and usually weighs just over 1kg. These units can be stacked, like building blocks, to build CubeSats of different sizes.

CubeSats are enabling a growing range of businesses to access space services. Unlike customized satellites, they conform to specific standards, which makes them lower cost: their products and components can be mass-produced and bought off-the-shelf, and they are easier to transport and deploy. As technology improves, CubeSats are replacing larger satellites in scientific and commercial missions, taking on increasingly advanced tasks and offering new types of data.

FACTOIDS

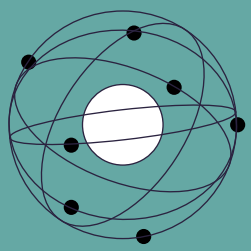


WHAT'S THE DIFFERENCE BETWEEN A PLATFORM AND A PAYLOAD?

Satellites can be notionally separated into two parts: a platform and payload.

The platform is the physical infrastructure of the spacecraft, including the equipment needed for the satellite to work, like the antennas, battery, computer etc...

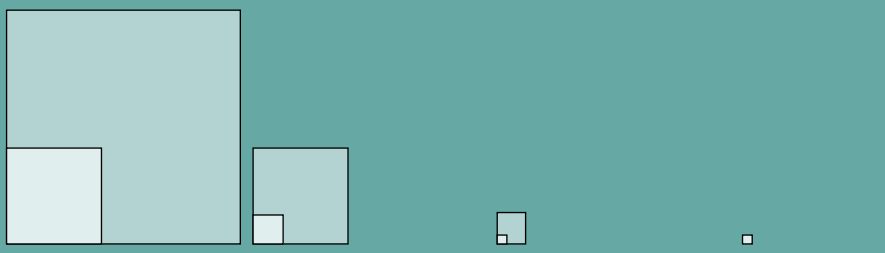
The platform carries the payload, which is the instrument that enables specific applications. For example, the camera is the payload for an earth observation satellite.



WHAT IS A CONSTELLATION?

Due to their lower (and falling) cost and much shorter build times, small satellites can be deployed in large numbers – allowing them to cover any place on Earth – much more economically than their expensive, larger ancestors. Hence, operators are increasingly choosing to use 'constellations' of small satellites to deliver their services.

In a constellation, many small satellites work together as a system to accomplish a mission – imagine a net around the Earth. In large enough numbers, they have the potential to deliver continuous, real-time global coverage, such that at any time, everywhere on Earth, at least one satellite is visible. This uniquely positions them to assess and address challenges, such as poverty, connectivity, resource management, urbanization, water security, climate change, and health, on a truly global scale.



Mini satellite:
100-500kg

Micro satellite:
10-100kg

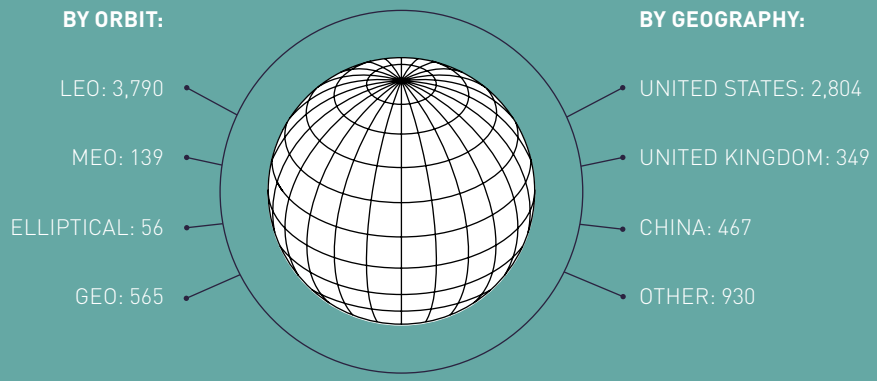
Nano satellite:
1-10kg

Pico satellite:
<1kg

HOW SMALL IS A SMALL SATELLITE?

Small satellites can weigh up to 500kg.

CubeSats are a subset of small satellites; many fall into the nano satellite range.



TOTAL NUMBER OF OPERATING SATELLITES BY END OF SEPTEMBER 2021: 4,550

HOW MANY SATELLITES ARE ORBITING EARTH?

Source: www.dewesoft.com/daq

ADMINISTRATION REPORT

The Board and CEO of AAC Clyde Space AB (publ), corporate registration number 556677-0599, hereby publish the Annual Report and consolidated financial statements for the financial year from 1 January 2021 to 31 December 2021.

The results from operations are presented in the following financial reports, to be adopted by the AGM.

Operations

The business idea is to design and manufacture standardised, advanced satellite platforms, subsystems and sensors. Moreover, to utilise these technologies to supply satellite services ranging from launch and operations to a fully-fledged Space Data as a Service offering that provides customers with data.

Parent Company's registered office

AAC Clyde Space AB (publ)'s registered office is in Uppsala, Sweden, at Uppsala Science Park, SE-751 83, which is also the company's head office.

Significant events during the year

AAC Clyde Space completed one acquisition during the year. On 30 April, AAC Clyde Space acquired all of the shares in the Swedish space company Omnisys Instruments AB for approximately SEK 75 M, of which SEK 25 M was paid in cash and approximately SEK 50 M paid through 17,340,100 newly issued consideration warrants in AAC Clyde Space. Gothenburg-based Omnisys develops and manufactures measuring instruments primarily for advanced space projects and has extensive experience of developing sensors for weather data. Omnisys Instruments was consolidated into the financial reporting from 1 May 2021, refer to Note 35 for more information.

In August, AAC Clyde Space founded the Cape Town-based company AAC Space Africa to capitalize on the rapidly growing market for satellites and space services in Africa. The new subsidiary will also be the Group's centre of competence for areas including advanced radio communication.

AAC Clyde Space won multiple orders in the segments Space Data as a Service, Space Missions and Space Products. The order backlog was about SEK 407 M at year end.

In the Space Data as a Service segment, AAC Clyde Space closed a contract of about SEK 100 M (GBP 8.4 M) to deliver high-resolution, multi-band, hyperspectral data from space to Canadian Earth observation company Wyvern Inc. over an initial four-year period. Under the agreement, AAC Clyde Space will design, manufacture, operate and own three 6U EPIC satellites equipped with hyperspectral payloads.

The Space Missions segment includes an order valued at around SEK 54 M (GBP 4.6 M) from Horizon Space Technologies Ltd. for a full turn-key solution, including two new satellite launches, operations and data delivery. The satellites will become part of the Horizon Space Technologies' Amber™ constellation dedicated to delivering Maritime Domain Awareness (MDA) intelligence data. Following the conclusion of Phase 1, the design phase, Phase 2 of the xSPANCION project started. The project is being conducted jointly with the European Space Agency (ESA), and the UK Space Agency is contributing approximately SEK 28.9 M (EUR 2.8 M). The xSPANCION project aims to strengthen AAC Clyde Space's capacity to deliver a larger number of satellites. In Phase 2, the satellites are prepared for manufacturing and launch. The final phase, Phase 3, will see the manufacture of ten satellites of which four will be launched. The company intends to enter agreements with one or more customers for data delivery from the satellites prior to the start of Phase 3.

Orders won by AAC Clyde Space include orders for Space Products such as avionics and power systems for the ESA's Arctic Weather Satellite; avionics systems to the Rashid lunar rover; power systems and batteries to Intuitive Machine's ice-drilling mission on the moon; power systems and battery solutions for a mission on behalf of the U.S. Department of Defense and led by Aegis Aerospace; and avionics and power systems to Astroscale's space debris removal mission.

Group structure

On 31 December 2021, the Group consisted of the Parent Company AAC Clyde Space AB, with its registered office in Uppsala, and five operational subsidiaries, refer to Note 14.

Earnings and financial position

The Group

Sales and earnings

Net sales increased 83% to SEK 180.0 M (98.4). Total revenue amounted to SEK 210.8 M (119.4).

Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to SEK -12.3 M (-17.5), excluding acquisition costs of SEK 1.7 M (7.6) and non-recurring personnel costs of SEK 1.0 M (1.7). EBITDA totalled SEK -14.9 M (-26.8). Earnings before interest and tax (EBIT) totalled SEK -38.6 M (-37.5) and the loss after tax was SEK -39.5 M (-38.3).

Investments

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).

Cash flow, liquidity and financial position

Available cash and cash equivalents as of 31 December 2021 totalled SEK 96.1 M (62.4) and an unutilised bank overdraft facility of SEK 5 M. The Board decided to conduct a directed share issue in conjunction with the acquisition of Omnisys Instruments AB in April 2021. The net issue proceeds of SEK 94.1 M is being used to finance the cash component of the purchase price in the acquisition, to enable investments in the company's Space Data as a Service opportunities that have been negotiated with identified customers and to enable weather satellite investments. The Board's assessment is therefore that operations have been financed for the next twelve months.

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

On 31 December 2021, the equity ratio was 77% (88).

Employees

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

Parent Company

Parent Company net sales totalled SEK 55.1 M (32.6), and the loss after tax was SEK -13.4 M (-59.4). Earnings after tax for the preceding year included an SEK 45.0 M impairment of shares in the subsidiary Clyde Space Ltd. The impairment corresponded to the amount of the shareholders' contribution from the Parent Company to Clyde Space in December 2020. Investments in non-current assets totalled SEK 25.8 M (0.6), of which the cash component in the acquisition of Omnisys Instruments AB accounted for SEK 24.8 M. The equity ratio amounted to 90% (97).

Significant events after the end of the year

A EUR 441 k (approx. SEK 4.5 M) order was received 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.

AAC Hyperion acquired a contract to develop an onboard artificial intelligence (AI) capability for small satellites in collaboration with the Royal Netherlands Aerospace Centre (NLR). The European Space Agency (ESA) will fund the project with EUR 0.41 M (approx. SEK 4.2 M) sponsored by the Netherlands Space Office (NSO), with means from ESA's General Support Technology Programme (GSTP).

AAC Space Africa was selected to deliver a ground station to a client in Africa. The order at approx. SEK 3.4 M will be delivered in 2022.

On two occasions, AAC Clyde Space issued 525 457 shares to the previous owners of Omnisys Instrument AB as earn-out payments, the first following completion of the preliminary design of the weather instrument to the ESA project Artic Weather Satellite (AWS) and the second following the completion of the preliminary design of a weather instrument for WeatherCube, a new satellite for a Space Data as a Service weather constellation. The two share issues increased the total number of shares in AAC Clyde Space to 193 250 943.

Responsible business

None of the Group's operations require permits. For more information about the Group's sustainability initiatives, see pages 40.

Risks and uncertainties in the operations

The Board determines the level of risk-taking in the operations, taking its final decision based on proposals from the CEO.

The COVID-19 pandemic affected operations during the year in the form of lower income recognition than planned in projects, since deliveries from subcontractors were delayed. The company collaborates continuously with suppliers to ensure deliveries to the greatest extent possible. The management team is continuously updating an internal Business Continuity Plan to ensure that products and services are delivered as per expectations. The ongoing war in Ukraine has not so far affected operations. It remains difficult to estimate the final impact of COVID-19 and the war on the Group.

The Group has substantially reduced its travel, not participated physically at trade fairs and instead met customers and business partners digitally.

Guidelines for remuneration of senior executives

The guidelines adopted by the Annual General Meeting (AGM) on 27 May 2021 can be found in Note 8.

The guidelines for remuneration of senior executives for 2022 can be found in the notice of the 2022 AGM and entail no material changes to the guidelines adopted for 2021.

The share

AAC Clyde Space's share is traded on Nasdaq First North Premier Growth Market under the symbol AAC. Since 21 August 2020, AAC Clyde Space's share has also been 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. The single largest owner as of 31 December 2021 was SpaceQuest's founder Dino Lorenzini and his wife Lucille Lorenzini, with 24,000,000 shares corresponding to 12.5% of the capital and votes. More information about AAC Clyde Space's shares and shareholders are in the section The share on page 124.

Incentive scheme

The Annual General Meeting 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 from 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.

Proposed distribution of earnings

Funds at the AGM's disposal (SEK):

Share premium reserve 888,919,412

Retained earnings -278,978,411

Loss for the year -13,488,930

Total 596,452,071

The Board proposes that no dividend be distributed and that the retained earnings of SEK 596,452,071 be carried forward.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

kSEK	Note	Full-year 2021	Full-year 2020
Net sales	6	179,950	98,384
Work performed by the company for its own use and capitalised		13,630	8,334
Other operating income	9	17,245	12,732
TOTAL		**210,825**	**119,450**
Raw materials and subcontractors		-83,234	-50,262
Personnel costs	8	-106,946	-61,146
Other external expenses	7, 29	-30,454	-19,504
Other operating expenses	10	-5,216	-15,357
EBITDA		**-14,942**	**-26,819**
Depreciation/amortisation and impairment of tangible and intangible assets	15, 16, 29	-23,583	-10,713
EBIT		**-38,606**	**-37,532**
Financial income	11	764	262
Financial expenses	11	-4,927	-1,536
Net financial items		**-4,163**	**-1,274**
Income tax	13	3,282	511
PROFIT/LOSS FOR THE PERIOD		**-39,483**	**-38,295**
Other comprehensive income:			
Items that may be transferred to profit or loss			
Exchange-rate differences		38,336	-27,093
Other comprehensive income for the period		**38,336**	**-27,093**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-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	Full-year 2021	Full-year 2020
Basic and diluted earnings per share	-0.23	-0.37

CONSOLIDATED BALANCE SHEET

kSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	16		
Goodwill		489,667	426,338
Brands		22,056	17,603
Customer relationships		9,698	8,558
Technology		73,581	13,670
Capitalised expenditure for development		44,512	27,445
Other intangible assets		–	638
Total intangible assets		**639,515**	**494,251**
Tangible assets			
Plant and equipment	15	26,402	16,055
Inventories	15	–	134
Right-of-use assets	29	15,073	12,526
Total tangible assets		**41,475**	**28,715**
Financial assets			
Other long-term securities holdings		90	110
Total financial assets		**90**	**110**
Total non-current assets		**681,080**	**523,076**
Current assets			
Inventories			
Raw materials and consumables	20	13,201	12,848
Current receivables			
Accounts receivable	19	23,023	9,459
Current tax assets	21	–	10,683
Contract assets	27	32,067	12,287
Other receivables	21	21,891	1,017
Prepaid expenses and accrued income	22	7,034	4,446
Cash and cash equivalents	23	96,110	62,434
Total current assets		**193,327**	**113,174**
TOTAL ASSETS		**874,407**	**636,250**

kSEK	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders			
Share capital	24	7,688	4,928
Ongoing new issue		–	87,973
Other contributed capital		889,723	682,297
Reserves		39,478	1,184
Retained earnings (including earnings for the year)		-258,077	-218,612
Total equity attributable to Parent Company shareholders		**678,812**	**557,770**
Non-current liabilities			
Liabilities to credit institutions	25	–	280
Additional purchase consideration		28,931	–
Lease liability		9,989	9,266
Deferred tax liabilities	26	22,410	9,277
Total non-current liabilities		**61,330**	**18,823**
Current liabilities			
Accounts payable	17	26,473	15,502
Liabilities to credit institutions	25	630	–
Lease liability	29	5,095	3,602
Other liabilities		9,608	7,154
Contract liabilities	27	70,252	21,226
Additional purchase consideration		8,548	–
Accrued expenses and deferred income	28	13,660	12,173
Total current liabilities		**134,266**	**59,657**
Total liabilities		**195,597**	**78,480**
TOTAL EQUITY AND LIABILITIES		**874,407**	**636,250**

CONSOLIDATED 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	–	–	–	–	-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**	**-218,612**	**557,770**
Opening balance, 1 January 2021	**4,928**	**87,973**	**682,295**	**1,184**	**-218,612**	**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						
Correction of conversion differences OB	–	–	5	-42	19	**-18**
Reclassification of additional purchase consideration, SpaceQuest	–	–	-14,487	–	–	**-14,487**
Directed share issue	1,569	–	98,431	–	–	**100,000**
Warrants TO2020/2023	–	–	802	–	–	**802**
Warrants Omnisys	231	–	-231	–	–	**0**
Issue expenses	–	–	-5,895	–	–	**-5,915**
Non-cash issue – acquisition of Omnisys	–	–	41,790	–	–	**41,790**
Non-cash issue – acquisition of SpaceQuest	960	-87,973	87,013	–	–	**0**
Closing balance, 31 December 2021	**7,688**	**0**	**889,723**	**39,478**	**-258,080**	**678,809**

Equity is attributable in its entirety to Parent Company shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS

kSEK	Note	2021	2020
Cash flow from operating activities			
EBIT		-38,605	-37,532
Adjustments for non-cash items	34	24,466	10,713
Interest received		384	262
Interest paid		-1,254	-1,536
Income taxes paid		-180	-8
Cash flow from operating activities before changes in working capital		**-15,189**	**-28,101**
Cash flow from changes in working capital			
Change in inventory		593	1,423
Change in operating receivables		-37,142	11,393
Change in operating liabilities		16,277	-2,164
Total changes in working capital		**-20,272**	**10,652**
Cash flow from operating activities		**-35,461**	**-17,449**
Cash flow from investing activities			
Acquisition of shares in subsidiaries, after decuctions for acquired cash and cash equivalents	35	7,437	-255
Investments in tangible assets		-13,295	-952
Investments in intangible assets		-15,922	-16,227
Cash flow from investing activities		**-21,779**	**-18,196**
Cash flow from financing activities			
New share issue		100,001	51,952
Issue expenses		-5,895	-2,754
Outgoing repayments of lease liabilities	33	-4,170	-3,008
Repayments of borrowings		-298	-434
Cash flow from financing activities		**89,639**	**45,756**
Cash flow of the year		**32,399**	**10,783**
Decrease/increase in cash and cash equivalents			
Cash and cash equivalents at start of period		62,434	52,381
Exchange-rate differences in cash and cash equivalents		1,278	-820
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**96,110**	**62,434**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 General information

AAC Clyde Space AB (publ) ("AAC") 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.

The financial statements were authorised for issue by the Board of Directors on 28 April 2022.

Unless otherwise stated, all amounts are in thousands of SEK (kSEK). Data in parentheses pertain to the comparative year.

Note 2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements pertain to the Parent Company AAC Clyde Space AB (publ) and its subsidiaries.

Basis of preparation

The consolidated financial statements of the AAC Clyde Space AB have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary accounting rules for corporate groups, International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. They have been prepared under the historical cost convention, as modified by the revaluation of financial liabilities measured at fair value through the statement of comprehensive income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

New and amended standards not yet adopted by the Group

A number of new accounting standards and interpretations have been published by the IASB that do not enter force until financial years starting 1 January 2021 or later and were not applied in advance by the Group. These standards are not expected to have any material impact on the Group's financial reporting in current or future reporting periods nor on predictable future transactions.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its influence over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the carrying amount of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred and are reported in the item "Other operating expenses" in the consolidated statement of comprehensive income.

The excess of the consideration transferred and the fair value of any existing equity interest in the acquiree on the date of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit for the period.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated, including gains and losses from inter-company transactions reported as assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.1 Foreign currency translation

(i) Functional and presentation currency

Entities in the Group use the local currency as their functional currency, where the local currency is defined as the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Swedish kronor (SEK), which is the Parent Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are recognised in the statement of comprehensive income as financial income or expenses. All other foreign exchange gains and losses are presented in the item "Other operating expenses" and "Other operating income" in the statement of comprehensive income.

(iii) Foreign subsidiary translation

The results and financial positions of foreign operations that have a functional currency different from the presentation currency are translated into the Group's presentation currency. Assets and liabilities for each statement of financial position presented are translated from the foreign operations' functional currency to the Group's presentation currency, SEK, at the closing rate at the balance sheet date. Income and expenses for each statement of profit or loss are translated into SEK at the average rate per each transaction date.

All resulting exchange differences from foreign currency translation are recognised in other comprehensive income.

2.2 Revenue recognition

Revenue is measured at the fair value of what has been or will be received, and is equivalent to the amount received for goods and services sold less discounts and VAT.

The Group recognises revenue when the amount can be reliably measured, when it is likely to lead to financial advantages for the company in the future and when the below criteria have been met for each of the Group's operations.

(i) Sale of goods

The Group develops, manufactures and sells satellite platforms and subsystems. Product sales are reported as revenue when control of the goods is transferred, which happens when they are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Income from the sale of customised satellite platforms and subsystems is recognised based on the price in the contract and degree of completion. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made.

(ii) Sales of services

The Group provides services at fixed and variable prices in the form of consulting and project fees for launching and operating satellites in orbit. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the financial year as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in the statement of comprehensive income in the period in which the circumstances that gave rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by AAC Clyde Space exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised based on the hours expended. Customers are invoiced on a monthly basis and the consideration is payable when invoiced.

(iii) Sales of data

The Group delivers data from its own satellites to customers. The scale of the revenue depends on the quantity of data delivered and is normallu recognised in the delivery month.

(iv) Sales of licences

The Group licences IP rights (technology and manufacturing licences) for components of AAC Clyde Space's technology to help customers manufacture products they can then sell to external customers. Compensation covers the licence as well as consulting services related to adapting technology for customers. The transaction price includes fixed portions and portions dependent on future events. The portion of compensation dependent on future events is recognised as variable under revenue recognition and only when AAC Clyde Space deems it likely that the compensation will be received and the conditions for receiving remuneration have been met.

The Group decides if a licence is distinct from the consulting services that will be rendered and thereby constitutes a separate performance obligation in the contract. A licence is considered a separate performance obligation when it can be used without additional consulting services from AAC Clyde Space. If a licence is considered distinct, this means that the contract includes two obligations: a licence and consulting services. These are recognised separately.

The transaction price is allocated to the licence and to the consulting services at an amount that reflects the compensation the Group expects to have a right to in exchange for transferring the licence and consulting services to the customer. This is added to an allocated transaction price for the undertaking recognised as revenue either at a specific date or over time.

Licences identified as separate performance obligations are either "right-to-access" or "right-to-use." A "right-to-access" licence includes access to AAC Clyde Spaces IP rights over the term of the licence, meaning the IP rights in question change over time as AAC Clyde Space conducts operations that significantly affect the value of the intangible asset the customer has a right to. A "right-to-use" licence includes the right to use AAC Clyde Space's IP rights as they stood at the time the licence was granted. Right-to-access licences are recognised over the period when the customer has right to exercise the licence, while right-to-use licences are recognised at a specific point in time (that is, when the customer is given control over the licence).

If consulting services are considered a separate and distinct commitment, their revenue is recognised over the period according to the accounting policies given above in "Sales of services."

If the licence is not distinct from the consulting services provided to the customer, the two items are recognised as a single performance commitment. An assessment is made of whether income for the combined performance commitment is reported at a certain date or over time, depending on when control of both the licence and the consulting services were transferred to the customer.

(v) Sales-based royalties

Revenue from sales-based royalties pledged in exchange for a licence for an intangible fixed asset is only recognised after the later of the following events:

- subsequent sale
- the performance commitment pertaining to the sales-based royalty has been fulfilled.

(vi) Interest income

Interest income is recognised as income using the effective interest method.

2.3 Leases

The Group's leases consist largely of premises and vehicles. Leases are normally signed for fixed periods of one to five years, but may have extension options, as described below. The terms are negotiated separately for each lease, and contain a large number of differing conditions.

Leases are recognised as right-of-use assets, and a corresponding liability is recognised on the day the leased asset becomes available for use by the Group. Every lease payment is distributed between repayment of the liability and financial expenses. The financial expense is allocated across the lease term so that each reporting period is charged an amount equivalent to a fixed interest rate for the liabilities recognised in each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life of the asset and the term of the lease.

Assets and liabilities arising from leases are initially recognised at present value.

The lease liabilities include the present value of the following lease payments:

- fixed fees
- variable lease payments dependent on an index or an interest.

The lease payments are discounted using the incremental borrowing rate.

Right-of-use assets are measured at cost and include the following:

- the initial measurement of the lease liability; and
- payments made on or before the point in time when the leased asset is made available to the lessee.

For low-value leases, the practical exemption in IFRS 16 applies, which means that lease payments are expensed on a straight-line basis in profit or loss over the term of the lease and no right-of-use asset or lease liability is recognised in the statement of financial position.

Options for extending and cancelling leases

Options for extending or cancelling leases are included in the asset and the liability where it is judged reasonably certain that they will be utilised.

2.4 Employee benefits

a) Current benefits

Liabilities for wages and salaries, including non-monetary benefits and paid absence that are expected to be settled wholly within 12 months after the end of the financial year are recognised as current liabilities at the undiscounted amounts expected to be paid when the liabilities are settled. The cost is recognised at the pace at which the employees render the related services. The liabilities are presented as current employee benefit obligations in the statement of financial position.

b) Post-employment benefit plans

Group companies only have defined contribution pension plans. In a defined-contribution pension plan, the Group makes fixed payments to a separate legal entity.

The Group does not have any legal or informal obligations to pay additional fees if the legal entity does not have sufficient assets to pay the entire vested benefit accrued during the current or previous periods. Payments are recognised as a cost in profit or loss for the period as vested through services performed for the company by employees during the period.

c) Share-based payments

The Group has one employee warrant programme. The fair value of the service that entitles employees to allotment of warrants through the Group's employee warrant programme is recognized as a personnel cost with a corresponding increase in equity.

The total sum expensed is based on the fair value of the warrants allotted: including all market-related terms and conditions (e.g., share target price), excluding any impact from terms of employment and non-market-related vesting conditions (e.g., profitability targets for sales increases and the employee remaining in the company's employ for a set period of time) and including the impact of non-vesting conditions (e.g., any requirement for employees to save or retain the shares for a set period of time).

The total expense is recognised over the vesting period, that is the period in which all the specified vesting terms and conditions are to be fulfilled. At the end of each reporting period, the Group reviews its assessments of the number of shares expected to vest based on the non-market-related vesting conditions and the terms of employment. Any deviation compared with the initial assessments that results from the review is recognised in the income statement and corresponding adjustments are made in equity.

Social security contributions that arise from the allotment of warrants are considered an integral component of the allotment and the cost is treated as a cash-regulated share-based payment.

2.5 Current and deferred income tax

Tax expenses for the period include current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or in equity, respectively.

The current tax is based on taxable earnings for the period according to the prevailing tax rate. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the parent Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable surpluses will be available against which to utilise those temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.6 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration, any non-controlling interest in the acquiree and the fair value at the acquisition date of pre-existing equity interests in the acquiree over the fair value of identifiable acquired net assets.

For the purpose of testing for any impairment requirement, acquired goodwill is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition synergies. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Capitalised expenditure for development

Costs associated with maintenance are recognised as an expense as incurred. Development expenses that are directly attributable to the design of satellite platforms and subsystems controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete them so that they will be available for use;
- the company intends to complete them and use or sell them;
- there is an ability to use or sell them;
- it can be demonstrated how they will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell them are available; and
- the expenditure attributable to them during their development can be reliably measured.

Directly attributable costs that are capitalised as part of development include employee and external consultant costs. Other development expenses that do

not meet these criteria are recognised as an expense as incurred. Development expenses previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenses are recognised as intangible assets and amortised from the point at which the asset is ready for use.

Customer relationships

Customer relationships acquired as part of a business combination (see Note 35 Business combinations for details) are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment. The estimated useful life amounts to five years, which reflects the estimated time it will generate cash flow.

Brand

Trademarks/brands acquired in a business combination (see Note 35 Business combinations for details) are recognised at fair value at the acquisition date. As long as brands are used, maintained and invested, they are deemed to have an indefinite useful life and are carried at cost and tested annually for impairment according to the method described for goodwill above.

Other intangible assets

Other intangible assets include patents, software and technology. Accounting policies for these items are described below.

(i) Patents

Separately acquired patents are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The estimated useful life amounts to ten years, which reflects the estimated time they will generate cash flow.

(ii) Software

Software acquired as part of a business combination (see Note 35 Business combinations for details) is recognised at its fair value at the date of acquisition and is subsequently amortised on a straight-line basis over its estimated useful life. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment. The estimated useful life amounts to three years, which reflects the estimated time it will generate cash flow.

(iii) Technology

Technology acquired as part of a business combination (see Note 35 Business combinations for details) is recognised at its fair value at the date of acquisition and is subsequently amortised on a straight-line basis over its estimated useful life. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment. The estimated useful life amounts to five years, which reflects the estimated time it will generate cash flow.

Useful lives for the Group's intangible assets

Capitalised expenditure for development	3–5 years
Patents	10 years
Customer relationships	5 years
Technology	5 years
Software	3 years

2.7 Tangible assets

The accounting policies below pertain to owned assets.

Tangible assets are recognised at cost less depreciation and any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the item and bringing it to the location and condition necessary for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Useful lives are as follows:

Plant and equipment	3–5 years
Inventories	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of a tangible asset are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating income" and "Other operating expenses," respectively, in the statement of comprehensive income.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life (goodwill and brands) or intangible assets not ready to use (capitalised expenditure for development) are not subject to amortisation and are tested annually for impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Financial instruments – general

Financial instruments occur in several balances and are described below.

Initial recognition

Financial assets and financial liabilities are recognised when the Group becomes party to the commercial terms and conditions of the instrument. Purchases and sales of financial assets are recognised on the transaction date, the date on which the Group commits to purchase or sell the asset.

Financial instruments are initially recognised at fair value plus, for an asset or financial liability not recognised at fair value in profit or loss, transaction expenses that are directly attributable to acquiring or issuing financial assets or financial liabilities, such as fees and commissions. Transaction costs for financial assets and financial liabilities measured at fair value through profit or loss are recognised in the statement of total comprehensive income.

Classification

The Group classifies its financial assets and liabilities in the category amortised cost and financial liabilities measured at fair value through profit or loss. The classification depends on the purpose for which the financial assets or liabilities were acquired.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses recognised (see impairment below). Interest income from these financial assets is included in financial income using the effective interest method. The Group's financial assets at amortised cost include the items accounts receivable, other receivables, and cash and cash equivalents.

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading or contingent considerations for business combinations. Derivatives are also categorised as held for trading unless they are designated as hedges. The Group has financial liabilities in the form of foreign currency forwards and contingent additional purchase considerations. Financial liabilities measured at fair value through profit or loss are also recognised in subsequent periods at fair value and the change in value is recognised in the statement of comprehensive income.

Financial liabilities measured at fair value through the statement of comprehensive income are classified as current liabilities if they fall due within 12 months of the balance sheet date. If they fall due after 12 months from the balance sheet date, they are classified as non-current liabilities.

Financial liabilities at amortised cost

The Group's other financial liabilities are subsequently classified as carried at amortised cost using the effective interest method. Other financial liabilities consists of liabilities to credit institutions, accounts payable and current liabilities.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets or a portion of them are derecognised from the statement of financial position when the contractual rights to receive cash flows from the assets have expired or are transferred and either (i) the Group transfers essentially all of the material risks and advantages associated with ownership or (ii) the Group does not transfer or retain essentially all material risks and advantages associated with ownership and the Group does not retain control over the asset.

Derecognition of financial liabilities

Financial liabilities are derecognised statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

When the terms for a financial liability are renegotiated and not derecognised from the statement of financial position, a gain or loss is reported in the statement of comprehensive income. The gain or loss is estimated as the difference between the original contractual cash flows and the modified cash flows discounted by the original effective interest rate.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legal right cannot be dependent on future events and it must be legally binding for the company and the counterparty, both in normal business operations and in the case of suspension of payments, insolvency or bankruptcy.

Impairment of financial assets

Assets carried at amortised cost

The Group assesses the future expected credit losses (ECLs) pertaining to assets carried at amortised cost. The Group recognises a loss allowance for ECLs at every reporting date. For accounts receivable, the Group applies the simplified approach to measuring loss allowances, meaning that the allowance will reflect the expected loss across the entire life of the receivable.

To measure ECLs, accounts receivable are categorised based on credit risk and days past due. The Group uses forward-looking variables for ECLs. ECLs are recognised in the item Other external expenses in the consolidated statement of comprehensive income.

2.10 Inventories

Inventory is stated at the lower of cost and net realisable value using the average-price principle. Net realisable value is the estimated selling price in operating activities less selling expenses.

2.11 Accounts receivable

Accounts receivable are amounts due from customers for goods sold or services performed in operating activities.

Accounts receivable are classified as current assets. They are recognised initially at the transaction price. The Group holds the accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of financial position and cash-flow statement, cash and cash equivalents includes cash on hand and bank deposits.

2.13 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

2.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the asset's cost.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Capitalisation ceases when all activities required to prepare the asset for its intended use are essentially complete. Other borrowing costs are expensed in the period in which they are incurred.

2.16 Accounts payable

Accounts payable are financial instruments and represent liabilities for goods or services acquired in the operating activities from suppliers. Accounts payable are presented as current liabilities if payment falls due within 12 months after the reporting period. Otherwise they are reported as non-current liabilities.

2.17 Government grants

Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants accepted before the terms for recognition as revenue have been fulfilled are recognised as liabilities. This also applies to grants in the form of tax deductions.

Government assistance related to development that is capitalised as an intangible asset is recognised through the asset's carrying amount less the

grant, which is recognised in profit or loss for the year under the depreciable asset's useful life in the form of lower depreciation.

During the year, the Group did not received any Covid-19-related government grants.

2.18 Cash-flow statement

The cash-flow statement has been prepared using the indirect method. Recognised cash flow only encompasses transactions that entailed payments to or from the company.

2.19 Earnings per share

Earnings per share before dilution

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Parent Company, excluding any dividends attributable to preference shares
- by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Earnings per share after dilution

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Note 3 Financial risk management

3.1 Financial risk factors

The goals of the Group's financial activities are to:

- ensure that the Group can fulfil its payment obligations;
- manage financial risks;
- ensure access to sufficient funding; and
- optimise the Group's net finances.

Credit risk is managed by the Group management. For banks and financial institutions, only independently rated parties with a minimum credit rating of 'A' are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. Compliance with credit limits is regularly monitored by the Group management.

(a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, primarily the US dollar (USD), the British pound (GBP) and the euro (EUR).

Foreign exchange risks arise from future commercial transactions or recognised assets or liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The Group encounters foreign exchange risk in payment flows in foreign currency ("transaction exposure"), in restating balances in foreign currencies and in restating foreign subsidiaries' statements of profit or loss and statements of financial position in the Group's presentation currency (Swedish kronor, SEK) ("balance exposure").

The Group has no external borrowing in any currencies other than each entity's functional currency. However, there is inter-company borrowing in currencies other than the functional currency, which exposes the Group to a certain amount of foreign exchange risk in inter-company eliminations.

Sensitivity analysis – transaction exposure

Sensitivity in earnings pertaining to currency changes is primarily in EUR, USD and GBP and the risk primarily occurs through cross-boundary transactions where purchasing and invoicing are conducted in these currencies.

Accounts payable and receivable include significant balances in foreign currencies.

Accounts receivable in foreign currencies amounted to kSEK 12,298 on 31 December 2021 (31 December 2020: kSEK 3,196). Accounts payable in foreign currencies amounted to kSEK 11,748 on 31 December 2021 (31 December 2020: kSEK 8,282).

The Group uses derivatives such as foreign currency forwards to hedge large future cash flows. The Group does not meet the requirements for applying hedge accounting in accordance with IFRS 9. Change in fair value is thus recognised in other operating income or other operating expenses.

If the Swedish krona had grown weaker/stronger by 10% in relation to the euro, with all other variables remaining the same, the restated earnings after tax for the 2021 financial year would have been kSEK 43 (2020: kSEK 292) lower/higher.

If the Swedish krona had grown weaker/stronger by 10% in relation to the US dollar, with all other variables remaining the same, the restated earnings after tax for the 2021 financial year would have been kSEK 27 (2020: kSEK 95) lower/higher.

If the Swedish krona had grown weaker/stronger by 10% in relation to the British pound, with all other variables remaining the same, the restated earnings after tax for the 2021 financial year would have been kSEK 116 (2020: kSEK 10) lower/higher.

This is primarily the result of gains/losses when translating accounts receivable and payable.

Sensitivity analysis – translation exposure

The Group is also exposed to foreign exchange risk on consolidation of subsidiaries abroad with a functional currency other than SEK. This applies primarily to GBP and USD. The Group's policy is not to hedge translation exposure attributable to net assets abroad to mitigate translation risk in the financial statements.

Interest rate risk

The Group only has one smaller loan from credit institutions, which will be repaid in full in 2021.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and credit institutions, as well as credit exposures, including outstanding receivables.

The Group's operations are exposed to several financial risks related to accounts receivable and payable, loans and derivatives such as market risk (including primarily foreign exchange risk but also interest-rate risk), credit risk, liquidity risk and refinancing risk. The Group strives to minimise potentially unfavourable effects on the Group's financial earnings.

Historically, the Group has had low credit losses since customers are, to a great extent, public bodies or authorities, or otherwise major and well-known.

(c) Liquidity risk

Through prudent liquidity risk management the Group maintains sufficient cash and marketable securities to meet the needs of operating activities and the Group also ensures the availability of sufficient cash and cash equivalents to meet obligations when due.

The Group management actively works with continuously preparing funding and cash flow forecasts. The Group management monitors rolling forecasts of the Group's liquidity reserve to ensure that the company has the necessary cash for operating activities.

The tables below analyse the Group's non-derivative financial liabilities and derivatives (foreign currency forwards), including financial liabilities, allocated by relevant maturity groupings based on their contractual maturities. The amounts included in the maturity tables are the contractual undiscounted cash flows, excluding foreign currency forwards.

Future cash flows in foreign currencies or pertaining to variable interest rates have been calculated based on the exchange and interest rates on the balance sheet date.

Foreign currency forwards that include financial liabilities are included in the interval with their fair value because the contractual maturities are not essential for an understanding of the timing of the cash flows.

As of 31 December 2020 Financial liabilities (excluding derivatives)	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contracted cash flows	Carrying amount
Liabilities to credit institutions	81	217	–	–	–	298	280
Lease liability	653	3,263	4,824	5,838	1,327	15,906	12,868
Additional purchase consideration	–	–	1,017	18,372	–	19,389	15,234
Accounts payable	15,502	–	–	–	–	15,502	15,502
Other liabilities	–	–	–	–	–	–	–
Total Financial liabilities (excluding derivatives)	**16,236**	**3,480**	**5,841**	**24,210**	**1,327**	**51,085**	**43,884**
Foreign currency forwards	–	280	-	-	-	280	280
Total	**16,236**	**3,760**	**5,841**	**24,210**	**1,327**	**51,375**	**44,164**

As of 31 December 2021 Financial liabilities (excluding derivatives)	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contracted cash flows	Carrying amount
Liabilities to credit institutions	–	630	–	–	–	–	630
Lease liability	1,236	4,465	5,500	5,055	–	16,256	15,084
Additional purchase consideration	–	8,548	14,970	14,798	–	38,317	38,317
Accounts payable	26,473	–	–	–	–	26,473	26,473
Other liabilities	–	–	–	–	–	–	–
Total Financial liabilities (excluding derivatives)	**27,709**	**13,643**	**20,470**	**19,853**	**0**	**81,046**	**80,504**
Foreign currency forwards	–	–	–	–	–	–	–
Total	**27,709**	**13,643**	**20,470**	**19,853**	**0**	**81,046**	**80,504**

3.2 Capital management

The Group's goal for capital structure is to secure the Group's ability to continue its operations so it can generate returns for shareholders and maintain an optimal capital structure that keeps capital expenses to a minimum.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends distributed to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the equity ratio, which is a key performance indicator equal to equity in relation to total assets. During 2021, the Group's strategy, which was unchanged from 2020, was to maintain an equity ratio within 60% to 95%. The equity ratio for each accounting year was as follows:

31 Dec 2021	77%
31 Dec 2020	88%

Fair value measurements

The different levels of financial instruments measured at fair value have been defined as follows:

(a) Level 1 financial instruments

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

(b) Level 2 financial instruments

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).

(c) Level 3 financial instruments

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group has no financial assets measured at fair value. The Group had no financial liabilities measured at fair value prior to 31 December 2020.

As of 31 December 2021, the Group had financial liabilities measured at fair value in the form of contingent additional purchase considerations. On 31 December 2021, the fair value for foreign currency forwards amounted to negative kSEK 0 (31 December 2020: negative kSEK 280) and was recognised in other current liabilities in the balance sheet. 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.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

On 31 December 2021, the fair value for contingent purchase considerations amounted to kSEK 38,317 and was recognised under intangible assets in the balance sheet. Changes in value were recognised in other operating expenses in the statement of comprehensive income. Fair values for contingent purchase considerations are found in level 3 of the fair value hierarchy. The fair values of contingent purchase considerations are based on management's assessment of the likelihood of the payment being disbursed pursuant to the conditions in the share transfer agreement. The management's assessment is that the amount stated will be disbursed in full.

There were no transfers between levels for recurring fair value measurements during the year.

The following table illustrates that changes for level 3 instruments in 2021:

Contingent purchase considerations in conjunction with business combinations	
Opening balance, 1 Jan 2021	**15,324**
Acquisition of Omnisys	19,483
Closing balance	**34,807**
Total gains and losses during period are recognised in the statement of comprehensive income for liabilities held at the end of the reporting period.	3,510
Closing balance 31 Dec 2021	**38,317**

Note 4 Disclosures regarding significant estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment tests for goodwill and brands with indefinite useful lives

The Group tests annually whether goodwill and brands with indefinite useful lives have suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see Note 16).

(b) Measurement of loss carry-forwards

Taxable loss carry-forwards have no final exercise date. The group have not reported any value for loss carry-forwards. Deferred tax assets are recognised only for loss carry-forwards that are likely to be recoverable using trough offsetting against future taxable surpluses and against taxable temporary differences. For further details on loss carry-forwards and deferred tax benefits see Note 26.

(c) Contingent purchase considerations

Pursuant to the agreements on contingent purchase considerations in conjunction with the acquisitions of Omnisys, SpaceQuest and Hyperion, the Group will disburse additional purchase considerations on fulfilment of the set performance targets. The fair values of the agreed contingent purchase considerations are based on management's assessment of the likelihood of the payment being disbursed pursuant to the conditions in the share transfer agreement. The management's assessment is that the amount stated will be disbursed in full, see Note 3.

Note 5 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 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. Group 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 Technologies, 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 center 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 segments' performance.

EBITDA	2021	2020
AAC Clyde Space	-14,302**	-21,602*
Clyde Space	-10,737	-5,629
Hyperion Technologies	758	412
SpaceQuest	5,245	–
Omnisys Instruments	5,387	–
AAC Space Africa	-1,293	–
Total EBITDA	**-14,942**	**-26,819**

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

** Includes acquisition cost of kSEK 1,668 and non-recurring personnel costs of kSEK 948.

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

	2021	2020
Total EBITDA	**-14,942**	**-26,819**
Net financial items	-4,163	-1,274
Depreciation and amortisation of tangible and intangible assets	-23,664	-10,713
Earnings before tax	**-42,769**	**-38,806**

Non-current assets other than financial instruments and deferred tax assets are allocated by country as follows:

	2021	2020
Sweden	210,084	130,585
UK	351,568	302,777
Rest of Europe	22,476	12,446
Rest of world	96,861	77,157
Total	**680,989**	**522,965**

Note 6 Net sales

Income

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.

2021	Clyde Space	AAC Clyde Space	Hyperion Technologies	SpaceQuest	Omnisys Instruments	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**

Income of approximately kSEK 34,800 for 2021 derived from one single external customer. This income was attributable to the Omnisys segment.

2020	Clyde Space	AAC Clyde Space	Hyperion Technologies	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**	**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**	**98,384**

Income of approximately kSEK 27,465 for 2020 derived from one single external customer. This income was attributable to the Clyde Space segment.

Income from external customers broken down by location of the customers:	**2021**	**2020**
Sweden	50,572	7,320
UK	6,700	14,391
Rest of Europe	57,098	39,195
USA	37,632	23,930
Asia	8,753	6,961
Rest of world	19,195	6,587
Total	**179,950**	**98,384**

Note 7 Remuneration to auditors

kSEK	2021	2020
PricewaterhouseCoopers		
Audit assignment	2,401	1,733
Auditing services in addition to the assignment	627	460
Tax advice	24	20
Other services	27	2,793
Total	**3,079**	**5,006**

kSEK	2021	2020
Alliotts		
Audit assignment	17	34
Auditing services in addition to the assignment	–	–
Tax advice	–	10
Other services	–	5
Total	**17**	**49**

kSEK	2021
Other auditors	
Audit assignment	–
Auditing services in addition to the assignment	–
Tax advice	354
Other services	26
Total	**380**

Note 8 Remuneration to employees, etc.

	2021	2020
Salary and other benefits	85,601	47,085
Social security contributions	13,673	7,330
Pension costs – defined contribution plans	5,617	3,254
Total	**104,891**	**57,669**

Salary and other benefits, social security expenses	2021		2020	
	Salary and other benefits (of which bonus)	Social security expenses (of which pension expenses)	Salary and other benefits (of which bonus)	Social security expenses (of which pension expenses)
Board members, the CEO and other senior executives	7,823 (41)	2,132 (624)	8,977 (100)	2,301 (753)
Other employees	79,071 (0)	17,483 (4,993)	39,183 (0)	8,515 (2,501)
Group total	**86,894 (41)**	**19,615 (5,617)**	**48,160 (100)**	**10,816 (3,254)**

Average number of employees broken down by country	Total	Of whom, men	Total	Of whom, men
Sweden	49	37	24	19
UK	86	66	73	58
The Netherlands	21	15	12	10
USA	9	8	8	7
South Africa	3	3	–	–
Group total	**168**	**129**	**117**	**94**

Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives	2021 Number at the end of the reporting period	2021 Of whom, men	2020 Number at the end of the reporting period	2020 Of whom, men
Board members	6	4	5	4
CEO and other senior executives	8	6	7	7
Group total	**14**	**10**	**12**	**11**

Remuneration and other benefits to senior executives in 2020

2020	Board fees/ Base salary	Consultant fees	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board Rolf Hallencreutz	300	818	–	–	–	–	**1,118**
Board member Per Danielsson	150	–	–	–	–	–	**150**
Board member Per Aniansson	150	9	–	–	–	–	**159**
Board member Will Whitehorn	150	200	–	–	–	–	**350**
Board member Anita Bernie	150	200	–	–	–	–	**350**
	900	**1,227**	**0**	**0**	**0**	**0**	**2,127**
CEO Luis Gomes	1,509	–	–	–	90	–	**1,599**
Other senior executives	6,152	–	100	137	663	5	**7,057**
	7,661	**0**	**100**	**137**	**753**	**5**	**8,656**
Group total	**8,561**	**1,227**	**100**	**137**	**753**	**5**	**10,783**

Bonuses were paid in 2020 to one senior executive based on personal targets.

Remuneration and other benefits to senior executives in 2021

2021	Board fees/ Base salary	Consultant fees	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board Rolf Hallencreutz	387	669	–	–	–	–	**1,056**
Board member Per Danielsson	194	–	–	–	–	–	**194**
Board member Per Aniansson	194	95	–	–	–	–	**289**
Board member Will Whitehorn	194	200	–	–	–	–	**394**
Board member Anita Bernie	194	200	–	–	–	–	**394**
Board member Nicole Robinson	131	–	–	–	–	–	**131**
	1,294	**1,164**	**0**	**0**	**0**	**0**	**2,458**
CEO Luis Gomes	1,720	–	–	–	103	–	**1,823**
Other senior executives	4,684	–	41	74	521	10	**5,330**
	6,404	**0**	**41**	**74**	**624**	**10**	**7,153**
Group total	**7,698**	**1,164**	**41**	**74**	**624**	**10**	**9,611**

Bonuses were paid in 2021 to one senior executive based on personal targets.

Consulting fees consist of services rendered in addition to Board assignments. Other benefits consist of leased vehicles and health insurance. Other remuneration consists of travel and accommodation allowances.

Notice periods/termination benefits

A notice period of six (6) months applies mutually between the company and the CEO. Upon termination from the company's side, salary is paid throughout the notice period. According to prevailing standards, a notice period of three (3) months applies mutually between the company and other senior executives. There is no agreement between Board members or senior executives and the company regarding benefits after assignments are completed. A non-competition clause applies for 12 months after the end of employment for the CEO and senior executives, during which the company commits to paying the difference in salary for the subsequent new employment.

Share-based compensation

Warrant programmes

A summary follows of active warrant programmes in the Group during any of the periods encompassed by the 2021 Annual Report.

Warrants TO 2015/2020

In September 2015, the Board resolved to issue 22,832 TO 2015/2020 warrants. The subscription price was SEK 9.96 per option and subscription was open for all permanent employees and a small group of Board members. Each TO 2015/2020 warrant conveys the right to subscribe for 50 new shares in the company at a cash subscription price of SEK 4.80 per share. A total of 19,380 TO 2015/2020 options were subscribed for at the end of 2015, of which 4,290 were subscribed for by members of the Board. On 31 December 2019 a total of 420 warrants had been exercised. All TO 2015/2020 warrants outstanding expired as per 31 Dec 2020.

A summary of TO 2015/2020 warrants outstanding follows:

	2021	2020
As of 1 January	–	18,960
Allotted	–	–
Forfeited	–	–
Exercised	–	–
Expired	–	-18,960
As of 31 December	**0**	**0**

Warrants TO 2020/2023

The Group has allotted warrants to employees in 2020. Each warrant can be exercised by the holder to subscribe for one share at a fixed price. The warrants can be exercised three years after the allotment date. No warrants were exercised in the year ending 31 December 2021. The warrants were issued free of charge. The warrants are not transferable.

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 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 proceeds of approximately SEK 9.8 M. Warrants outstanding at year end had the following expiry dates and exercise prices:

	2021 Number warrants	2020 Number warrants
As of 1 January	2,840,000	–
Allotted	–	2,840,000
Forfeited	-533,332	–
Exercised	–	–
Expired	–	–
As of 31 December	**2,306,668**	**2,840,000**

Allotment date	Contracted expiry date	Exercise price	Number warrants
22 Jun 2020	31 Dec 2023	2,465,126	578,668
23 Oct 2020	31 Dec 2023	6,543,360	1,536,000
15 Dec 2020	31 Dec 2023	272,640	64,000
31 Dec 2020	31 Dec 2023	545,280	128,000
Total		**9,826,406**	**2,306,668**

Fair value of allotted warrants

The estimated fair value as per the allotment date for warrants allotted in 2020 was SEK 0.91 per warrant. Fair value on the allotment date was calculated using an adapted version of the Black-Scholes valuation model that took into consideration the warrants' exercise price, duration and dilution effect (if material) as well as the share price on the allotment date, expected share price volatility, expected dividend yield, risk-free interest rate for the warrant's duration, and the correlation and volatility for a group of comparative companies.

Input data in the model for the warrants allotted in 2020 comprised:

- Exercise price SEK 4.26
- Allotment date 22 June 2020
- Expiry date: 31 December 2023
- Share price on the allotment date: SEK 3.73
- Expected volatility in the company's share price: 40%
- Expected dividend yield: 0%
- Risk-free interest rate: -0.24%

The expected share-price volatility is based on historic volatility data (based on the remaining duration of the warrant) adjusted for expected changes in future volatility as a result of publicly available information.

Guidelines for remuneration to senior executives

Remuneration

The main principle is that remuneration and other employment conditions for senior executives are market-based and competitive in order to ensure that the Group can attract and retain competent senior executives at a cost that is reasonable for the company.

Total remuneration to senior executives consists of fixed salary, variable remuneration, pension and other benefits. A fundamental balance is in place

between fixed and variable remuneration to avoid senior executives being encouraged to take inappropriate risks. Accordingly, fixed remuneration is set at a sufficient proportion of the senior executive's total remuneration to allow variable remuneration to be set at zero. Variable remuneration to any senior executive, whose function or total remuneration level entail that the executive could have a material impact on the company's risk profile, is not permitted to exceed the fixed remuneration.

Fixed salary

Each senior executive is offered a market-based fixed salary based on the complexity of the work and the senior executive's experience, responsibilities, competence and performance. The fixed salary is reviewed each year.

Variable remuneration

In addition to fixed annual salary, members of Group management may also receive variable remuneration, which is paid in cash and based on the company's financial performance and/or on the outcome vis-à-vis performance targets within the individual's area of responsibility and is aligned with shareholders' interests. Variable remuneration is limited to a maximum of 50% of the fixed annual salary for the CEO and a maximum of 50% of the fixed annual salary for other members of Group management. In the event that variable remuneration is paid on the basis of information which subsequently proves to be evidently incorrect, the company has the possibility to reclaim any such paid remuneration. Variable cash remuneration does not qualify for pension benefits unless otherwise agreed.

Variable remuneration is based on clear predetermined, measurable criteria and financial performance as well as on predetermined targets and operational goals. Moreover, it is designed to promote the company's long-term value creation.

Pensions

Unless agreed otherwise, senior executives are offered pension terms which are market-based in the country in which the executive is permanently resident.

As a general rule, variable cash remuneration does not qualify for pension benefits.

Other benefits

Other benefits such as a company car, additional health insurance and medical benefits are limited in value in relation to other remuneration and are only payable in so far as they are considered to be market-based for senior executives holding corresponding positions in the labour market where the executive in question is employed.

Long-term share- or share-price-based incentive schemes

Each year, the Board considers whether to propose that the AGM adopt a share- or share-price-based incentive scheme. Any incentive schemes proposed must contribute to long-term value growth.

Senior executives can be offered corresponding incentives to those that would have been offered under a share- or share-price-based incentive scheme, if such a scheme should prove practically impossible to implement in the senior executive's tax domicile, or if in the company's assessment that such participation cannot be implemented at a reasonable administrative cost or financial contribution. Under such circumstances, the cost and the investment for the company as well as the incentive and financial outcome for the senior executive in question must essentially correspond to the share- or share-price-based incentive scheme, unless the company considers a deviation to be in line with the shareholders' interests.

Notice

In the case notice is given by the company, the notice period is not longer than 12 months for all senior executives, with a right to redundancy payment after the expiration of the notice period corresponding to not more than 100% of the fixed salary for a maximum of 12 months, meaning that the fixed salary and redundancy payment together do not exceed 24 months' fixed salary. As a main rule, any right to redundancy payment decreases in circumstances where remuneration is received from another employer. In the event notice is given by a senior executive, the notice period is generally 6 months for the CEO and 3–6 months for other senior executives.

Remuneration of Board members

Work performed by Board members elected by the general meeting, above and beyond the tasks incumbent on the Board, can be remunerated. Such remuneration must be market-based and approved by the Board.

Scope

These guidelines encompass those individuals that are members of the Group management during the period when the guidelines are in force. The guidelines apply for agreements entered into after resolution by the general meeting and, as far as changes are made to existing agreements, thereafter. The Board of Directors has the right to depart from these guidelines in an individual case if there are particular reasons to do so.

Information pertaining to previously decided remuneration

Except for recurring commitments, there are no remuneration commitments in relation to senior executives that have not fallen due.

Note 9 Other operating income

kSEK	2021	2020
Exchange-rate differences	11,455	4,734
Research and development tax deduction	5,790	7,985
IFRS 16 – realised rental contract	–	13
Total	**17,245**	**12,732**

Note 10 Other operating expenses

kSEK	2021	2020
Exchange-rate differences	3,548	7,830
Acquisition costs of Hyperion	–	2,669
Acquisition costs of SpaceQuest	–	4,858
Acquisition costs of Omnisys	1,668	–
Total	**5,216**	**15,357**

Note 11 Financial income and expenses

kSEK	2021	2020
Interest expense – bank loans	-256	-59
Interest expense – other	-4	-121
Interest expense – leased assets	-722	-569
Exchange-rate differences	-173	-698
Remeasurement additional purchase considerations	-3,510	–
Other financial expenses	-262	-88
Total financial expenses	**-4,927**	**-1,535**
Interest income	133	95
Exchange-rate differences	454	166
Other financial income	177	–
Total financial income	**764**	**261**
Net financial items	**-4,163**	**-1,274**

Note 12 Net exchange-rate differences

The exchange-rate differences recognised in the statement of comprehensive income are included as follows:

kSEK	2021	2020
Other operating income (Note 9)	11,455	4,734
Other operating expenses (Note 10)	-3,548	-7,830
Net financial items (Note 11)	281	-532
Total	**8,188**	**-3,628**

Note 13 Income tax

kSEK	2021	2020
Current tax:		
Current tax on earnings for the year	86	12
Adjustments for current tax of prior periods	-354	–
Total current tax	**-268**	**12**
Deferred tax (Note 26)		
Origination and reversal of temporary differences	-3,014	-523
Effect of change in tax rate	–	–
Total deferred tax	**-3,014**	**-523**
Total income tax	**-3,282**	**-511**

kSEK	2021	2020
Earnings before tax	**-42,768**	**-38,806**
Estimated income tax according to the tax rate in Sweden (20.6%)	-8,810	-8,304
Tax effects of:		
Non-deductible foreign tax	257	12
Non-deductible expenses	5	4
Difference in foreign tax rates	-59	-59
Effect of changes in tax rates and tax laws	–	–
Loss carry-forwards for the year for which deferred tax benefits are not recognised	5,325	7,836
Other	–	–
Income tax	**-3,282**	**-511**

The income tax on the Group's earnings before tax differs from the theoretical amount that would arise using the Swedish tax rate applicable to earnings of the consolidated entities as follows:

The weighted average tax rate for the Group was 20.7% (2020: 20.2%).

Note 14 Investments in subsidiaries

The Group included the following subsidiaries on 31 December 2021:

Name:	Corp. reg. no.	Place of business /country of incorporation	Percentage of ordinary shares directly owned by the Parent Company (%)	Percentage of ordinary shares owned by the Group (%)
Clyde Space Ltd	SC285287	Glasgow, UK	100%	100%
Orbitum AB	556677-7086	Uppsala, Sweden	100%	100%
Hyperion Technologies NV	58,607,013	Delft, the Netherlands	100%	100%
SpaceQuest Ltd.	0436321-4	Virginia USA	100%	100%
SpaceQuest Canada Inc	392431-9	Burlington, Canada	0%	100%
Omnisys Instruments AB	556454-6686	Gothenburg, Sweden	100%	100%
AAC Space Africa Pty	CB630631	Durbanville, South Africa	100%	100%
AAC Microtec UK Ltd	10,565,806	Didcot, Oxfordshire, UK	100%	100%
AAC Microtec North America, Inc.	45-3178866	California, USA	0%	100%
AAC Holding North America Inc.	46-0869153	California, USA	100%	100%

Name:	Equity	Earnings
Clyde Space Ltd	15,284	-13,405
Orbitum AB	103	–
Hyperion Technologies NV	5,894	1,282
Omnisys Instruments AB	8,110	1,754
AAC Space Africa Pty	-836	-857
SpaceQuest Ltd.	16,846	693
SpaceQuest Canada Inc	-53	-2
AAC Microtec North America, Inc.	-799	25
AAC Holding North America Inc.	–	–
AAC Microtec UK Ltd	–	–

Note 15 Tangible assets

The carrying amounts for all items reported under tangible assets in the statement of financial position are shown in the following table:

Carrying amount	31 Dec 2021	31 Dec 2020
Owned assets	26,402	16,189
Leased assets (Note 29)	15,073	12,526
Total	**41,475**	**28,715**

For additional disclosures regarding right-of-use assets, see Note 29. A reconciliation of owned assets follows.

kSEK	Plant and other technical equipment	Inventories	Total
As of 1 January 2020			
Cost	7,528	4,348	**11,876**
Accumulated depreciation	-3,597	-4,170	**-7,767**
Carrying amount	**3,931**	**178**	**4,109**
2020 financial year			
Opening carrying amount	3,931	178	**4,109**
Translation differences	-363	-17	**-380**
Purchases	984	70	**1,054**
Reclassification	-60	-4	**-64**
Increase through business combinations	12,711	–	**12,711**
Sales and disposals	–	–	**0**
Depreciation	-1,228	-94	**-1,322**
Impairment	–	–	**0**
Translation differences	75	6	**81**
Closing carrying amount	**16,050**	**139**	**16,189**
As of 31 December 2020			
Cost	20,875	4,403	**25,278**
Accumulated depreciation and impairment	-4,825	-4,264	**-9,089**
Carrying amount	**16,050**	**139**	**16,189**
2021 financial year			
Opening carrying amount	16,050	139	**16,189**
Translation differences	1,482	12	**1,494**
Purchases	3,482	99	**3,581**
Reclassification	9,884	96	**9,980**
Increase through business combinations	246	–	**246**
Sales and disposals	–	–	**0**
Depreciation	-4,926	-95	**-5,021**
Impairment	-67	–	**-67**
Translation differences	–	–	**0**
Closing carrying amount	**26,150**	**251**	**26,402**
As of 31 December 2021			
Cost	36,381	4,610	**40,991**
Accumulated depreciation and impairment	-10,231	-4,359	**-14,590**
Carrying amount	**26,150**	**251**	**26,402**

Note 16 Intangible assets

kSEK	Goodwill	Capitalised expenditure for development	Customer relationships	Technology	Brands	Other intangible assets (patents, order backlog, software, etc.)	Total
As of 1 January 2019							
Cost	354,540	39,722	5,191	–	15,952	10,873	**426,278**
Accumulated depreciation	–	-23,197	-1,952	–	–	-8,721	**-33,870**
Translation differences	26,241	-2	–	–	–	–	**26,239**
Carrying amount	**380,781**	**16,522**	**3,239**	**0**	**15,952**	**2,152**	**418,647**
2020 financial year							
Opening carrying amount	380,781	16,522	3,239	–	15,952	2,152	**418,647**
Translation differences	–	–	–	–	–	–	**0**
Purchases	–	16,227	–	–	–	–	**16,227**
Increase through business combinations	71,662	–	6,625	14,037	3,131	–	**95,455**
Sales and disposals	–	–	–	–	–	–	**0**
Depreciation	–	-3,309	-1,055	-272	–	-1,463	**-6,099**
Translation differences	-26,105	-1,994	-251	-95	-1,480	-51	**-29,976**
Closing carrying amount	**426,338**	**27,446**	**8,558**	**13,670**	**17,603**	**638**	**494,253**
As of 31 December 2020							
Cost	426,202	55,949	11,816	14,037	19,083	10,873	**537,960**
Accumulated depreciation and impairment	–	-26,507	-3,007	-272	–	-10,184	**-39,970**
Translation differences	136	-1,996	-251	-95	-1,480	-51	**-3,737**
Carrying amount	**426,338**	**27,446**	**8,558**	**13,670**	**17,603**	**638**	**494,253**
2021 financial year							
Opening carrying amount	426,338	27,446	8,558	13,670	17,603	638	**494,253**
Translation differences	32,198	3,244	689	699	1,702	12	**38,544**
Purchases	–	25,028	–	–	–	–	**25,028**
Reclassification	973	-9,837	–	–	–	–	**-8,864**
Increase through business combinations	30,158	–	3,654	68,607	2,751	–	**105,170**
Sales and disposals	–	–	–	–	–	–	**0**
Depreciation	–	-948	-3,203	-9,395	–	-649	**-14,194**
Elimination internal profit	–	-420	–	–	–	–	**-420**
Closing carrying amount	**489,667**	**44,513**	**9,698**	**73,581**	**22,056**	**0**	**639,515**
As of 31 December 2021							
Cost	457,333	70,720	15,470	82,644	21,834	10,873	**658,632**
Accumulated depreciation and impairment	–	-27,455	-6,210	-9,667	–	-10,834	**-53,924**
Translation differences	32,334	1,248	438	604	222	-39	**34,807**
Carrying amount	**489,667**	**44,513**	**9,698**	**73,581**	**22,056**	**0**	**639,515**

Impairment tests for goodwill and brands

AAC's strategic steering group assesses the performance of operations based on the Group's six operating segments: AAC Clyde Space, Hyperion, SpaceQuest, Clyde Space, Omnisys and AAC Space Africa. Goodwill and brands are monitored by the strategic steering group at the operating segment level. Goodwill and brands arose from the acquisition of Omnisys in 2021, so no information is provided for the comparative periods. Below is a summary of the goodwill and brands allocated to each operating segment.

Goodwill	31 Dec 2021	31 Dec 2020
AAC Clyde Space	99,271	99,271
Clyde Space	280,954	255,531
Hyperion	9,568	9,391
SpaceQuest	69,715	62,144
Omnisys	30,158	–
Total	**489,667**	**426,337**

Brands	31 Dec 2021	31 Dec 2020
AAC Clyde Space	–	–
Clyde Space	15,906	14,480
Hyperion	594	583
SpaceQuest	2,805	2,540
Omnisys	2,751	–
Total	**22,056**	**17,603**

The recoverable amount for goodwill and brands with indefinite useful lives has been determined based on value-in-use calculations. AAC's strategic steering group has decided that sales growth, the EBITDA margin, the discount rate and long-term growth are the most important assumptions in impairment testing. Value-in-use calculations use pre-tax cash flow projections based on financial forecasts approved by the strategic steering group covering a ten-year period. The calculations are based on the strategic steering group's experience and historical data. The long-term sustained growth rate for all operating segments has been estimated based on industry forecasts.

The material assumptions, long-term growth rate and discount rate used for calculating value-in-use for goodwill and brands related to the operating segment are given below.

The key assumptions used for value-in-use calculations are as follows:

31 Dec 2021	AAC Clyde Space	Clyde Space	Hyperion	SpaceQuest	Omnisys
Pre-tax discount rates* Goodwill	20.1%	20.0%	20.1%	20.1%	20.1%
Long-term growth rate** Goodwill	2.0%	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate* Brands	n/a	20.0%	20.1%	20.1%	20.1%
Long-term growth rate** Brands	n/a	2.0%	2.0%	2.0%	2.0%

* The discount rate before tax is used to calculate the present value of estimated future cash flows.
** Weighted average growth rate used to extrapolate cash flows beyond the budget period.

Sensitivity analysis for goodwill and brands:

The recoverable amount exceeds the carrying amounts for goodwill and brands by a healthy margin. This also applies for each assumption if:

– the discount rates for AAC, Clyde Space, Hyperion, SpaceQuest and Omnisys were 1% and 2% higher, respectively

– the estimated growth rate for extrapolating cash flows beyond a ten-year period was 0%.

The most material assumptions, aside from the discount rate and long-term growth, are the EBITDA margin and sales growth. A change in these assumptions of four and one percentage points, respectively, would not entail any impairment.

No impairment need was detected for goodwill and/or brands for the financial year.

Note 17 Financial instruments by category

The majority of the Group's financial instruments are valued at amortised cost.

31 Dec 2020	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost
Assets as per the balance sheet		
Accounts receivable	–	9,459
Contract assets	–	12,287
Other current receivables	–	11,700
Prepaid expenses	–	4,446
Cash and cash equivalents	–	62,434
Total	**0**	**100,326**

31 Dec 2020	Financial liabilities measured at fair value through profit or loss	Financial liabilities mesured at amortised cost
Liabilities as per the balance sheet		
Derivatives	280	–
Contingent additional purchase considerations	15,324	–
Accounts payable	–	15,502
Liabilities to credit institutions	–	898
Contract liabilities	–	21,226
Other current liabilities	–	6,535
Accrued expenses	–	12,173
Total	**15,604**	**56,334**

31 Dec 2021	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost
Assets as per the balance sheet		
Accounts receivable	–	23,023
Contract assets	–	37,698
Other current receivables	–	14,278
Prepaid expenses	–	7,887
Cash and cash equivalents	–	62,434
Total	**0**	**145,320**

31 Dec 2021	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost
Liabilities as per the balance sheet		
Derivatives	8	–
Contingent additional purchase considerations	37,479	–
Accounts payable	–	26,473
Liabilities to credit institutions	–	630
Contract liabilities	–	70,252
Other current liabilities	–	8,398
Accrued expenses	–	20,805
Total	**37,487**	**126,558**

Note 18 Derivatives

The Group does not apply hedge accounting and instead classifies its holdings in derivatives as "held for trading" for accounting purposes. The Group has the following holdings in derivatives:

Current liabilities	31 Dec 2021	31 Dec 2020
Foreign currency forward	8	-280
Total	**8**	**-280**

The Group uses foreign currency forwards to hedge its exposure to foreign currency risk. The foreign currency forward is valid until 18 January 2022.

Note 19 Accounts receivable

kSEK	31 Dec 2021	31 Dec 2020
Accounts receivable	24,400	10,157
Less: provision for expected credit losses	-1,377	-699
Net accounts receivable	**23,023**	**9,459**

The maximum exposure to credit risk at the reporting date for accounts receivable are the above carrying amounts.

The fair value of accounts receivable equals their carrying amount, as the impact of discounting is not significant.

No accounts receivable have been pledged as security for any debts.

The carrying amounts of the Group's accounts receivable and other receivables are denominated in the following currencies:

kSEK	31 Dec 2021	31 Dec 2020
SEK	34	–
EUR	8,017	4,209
GBP	5,894	3,334
USD	9,011	1,916
ZAR	68	–
Total	**23,023**	**9,459**

Note 20 Inventories

kSEK	31 Dec 2021	31 Dec 2020
Raw materials	9,174	10,887
Goods in progress	4,028	1,960
Total	**13,201**	**12,848**

The cost of inventories recognised as an expense and included in "Raw materials and subcontractors" in the statement of profit or loss amounted to kSEK 6,978 (2020: kSEK 5,395)

Note 21 Other current receivables

kSEK	31 Dec 2021	31 Dec 2020
Tax assets	19,489	10,682
Other	2,402	1,017
Total	**21,891**	**11,700**

Note 22 Prepaid expenses

kSEK	31 Dec 2021	31 Dec 2020
Prepaid rent	1,517	403
Prepaid lease payments	-801	7
Other prepaid expenses	3,684	1,287
Other accrued income	2,634	2,749
Total	**7,034**	**4,446**

Note 23 Cash and cash equivalents

kSEK	31 Dec 2021	31 Dec 2020
Bank deposits	96,110	62,434
Total	**96,110**	**62,434**

Note 24 Share capital

kSEK	Number of shares	Share capital
As of 1 January 2020	**96,207,759**	**3,848**
Non-cash issue	7,755,000	310
New share issue	19,241,550	770
As of 31 December 2020	**123,204,309**	**4,928**
Exercised warrants	5,780,033	231
Non-cash issue	24,000,000	960
Rights issue	–	–
New share issue	39,215,686	1,569
As of 1 January 2021	**192,200,028**	**7,688**

Share capital on 31 December 2021 consisted of 192,200,028 ordinary shares with a quotient value of kSEK 0.04. All shares issued by the Parent Company were fully paid.

Note 25 Borrowings

kSEK	31 Dec 2021	31 Dec 2020
Non-current		
Liabilities to credit institutions	–	280
Total	**0**	**280**
Current		
Liabilities to credit institutions	630	–
Total	**630**	**0**
Total borrowings	**630**	**280**

In 2020, the Group also held an external bank loan (long- and short-term portions) from HSBC with a tenor of five years. The loan was subject to interest of 5%. The loan was repaid in full in 2020.

kSEK	Carrying amount		Fair value	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Liabilities to credit institutions	630	280	630	280
Total	**630**	**280**	**630**	**280**

The Group has the following undrawn borrowing facilities:	**31 Dec 2021**	**31 Dec 2020**
Variable interest rate:		
– expires within one year	5,000	5,000

The facilities expiring within one year are annual facilities that run per calendar year with 12-month extensions.

Note 26 Deferred tax

Deferred tax liabilities are allocated as follows:

kSEK	31 Dec 2021	31 Dec 2020
Deferred tax liabilities:		
Deferred tax liability to be paid* within 12 months	3,014	500
Deferred tax liability* to be paid after more than 12 months	19,396	8,777
	22,410	**9,277**

* Payment is not effected through a cash outflow and is instead recognised in profit or loss

The gross movement on the deferred income tax account is as follows:

kSEK	31 Dec 2021	31 Dec 2020
Opening balance	9,277	3,911
Recognised in the statement of comprehensive income	-3,014	-501
Deferred tax from business combinations	15,452	6,231
Exchange-rate differences	695	-364
Closing balance	**22,410**	**9,277**

Changes in deferred tax liabilities during the year:

Deferred tax liabilities	Intangible assets
As of 1 January 2020	**3,911**
Recognised in the statement of comprehensive income	-501
Resulting from business combinations	6,231
Exchange-rate differences	-364
As of 31 December 2020	**9,277**
As of 1 January 2021	**9,277**
Recognised in the statement of comprehensive income	-3,014
Resulting from business combinations	15,452
Exchange-rate differences	695
As of 31 December 2021	**22,410**

Deferred tax assets and tax liabilities related to	Right-of-use assets	Lease liability	Total
As of 1 January 2020	**2,820**	**-2,814**	**6**
Recognised in the statement of comprehensive income	-75	69	**-6**
Resulting from business combinations	–	–	**0**
Exchange-rate differences	–	–	**0**
As of 31 December 2020	**2,745**	**-2,745**	**0**
Adjustments of OB	-69	136	67
As of 1 January 2021	**2,676**	**-2,609**	**67**
Divestments	-50	53	**3**
Change over the year	-609	674	**65**
Resulting from business combinations	–	–	**0**
Exchange-rate differences	31	-67	**-36**
As of 31 December 2021	**2,048**	**-1,949**	**99**

The Group's accumulated loss carry-forwards amounted to kSEK 145,132 (2020: kSEK 138,698), and can be carried forward indefinitely.

Note 27 Assets and liabilities related to contracts with customers

The Group has long-term contracts with certain customers for the development of products and services. These contracts can include a certain amount of hardware.

The Group has recognised the following assets and liabilities related to contracts with customers:

	31 Dec 2021	31 Dec 2020
Contract assets	32,067	12,287
Total contract assets	**32,067**	**12,287**
Contract liabilities	-70,252	-21,225
Total contract liabilities	**-70,252**	**-21,225**

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current financial year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior financial year.

	31 Dec 2021	31 Dec 2020
Revenue recognised that was included in the contract liability balance at the beginning of the period:	10,041	23,356

Portions of contract liability balance at the beginning of the period were not taken up as income during the year due to long delivery times that were paid in advance by customers.

Long-term unfulfilled contracts outstanding

The aggregate amount of the transaction price attributable to contracts that are partially or fully unsatisfied on 31 December 2021 was kSEK 407,215. Of these, the executive management team expects 46 percent to be fulfilled during the next year and the remaining 54 percent in another one to four years (see table below).

Transaction price allocated to remaining performance commitments

Total expected income:

2022	2023	2024	2025–2027	Total
188,203	85,516	48,283	85,213	**407,215**

Note 28 Accrued expenses and deferred income

kSEK	31 Dec 2021	31 Dec 2020
Deferred income	68	223
Accrued annual leave	4,907	2,204
Accrued social security contributions	1,400	643
Accrued salaries	1,834	1,059
Accrued payroll tax	950	330
Other external expenses	4,501	7,714
Total	**13,660**	**12,173**

Note 29 Leases

The statement of financial position shows the following amounts relating to leases:

kSEK	31 Dec 2021	31 Dec 2020
Right-of-use assets:		
Premises	14,995	12,362
Vehicles	78	164
Total	**15,073**	**12,526**
Lease liabilities:		
Non-current	9,989	9,266
Current	5,095	3,602
Total	**15,084**	**12,868**

The statement of profit or loss shows the following amounts relating to leases:

	2021	2020
Depreciation of right-of-use assets		
Premises	4,424	3,237
Vehicles	38	54
Total	**4,462**	**3,291**
Interest expenses (included in financial expenses)	722	569
Expense relating to leases of low-value assets that are not short-term leases (included in other external expenses in the statement of profit or loss)	132	390

One right-of-use asset was acquired during the year

No material variable lease payments outside of lease liabilities were identified.

The total cash flow for leases amounted to kSEK -4,170.

The term for lease assets in Uppsala is until December 2023, in Glasgow until December 2024, in Delft until September 2028 and in Gothenburg until September 2025.

On 31 December 2021, the Group had potential future cash outflows in the form of lease payments that are not included in lease liabilities because it is not reasonably certain that the contract will be extended. Potential future lease payments were calculated based on when the option to extend can be exercised within the following intervals.

kSEK	
Potential future lease payments (undiscounted) not included in lease liabilities on 31 December 2021 amounted to:	
2023–2027	14,878
2028–2032	24,557
Total	**39,435**

Extension options are only found in leases for premises.

Note 30 Pledged assets

kSEK	31 Dec 2021	31 Dec 2020
Chattel mortgages	5,200	5,200
Total	**5,200**	**5,200**

Note 31 Earnings per share

SEK	2021	2020
Earnings per share before dilution	-0.23	-0.37
Earnings per share after dilution	-0.23	-0.37
Reconciliations of earnings used in calculating earnings per share		
Profit attributable to the ordinary equity holders of the Parent Company, kSEK	-39,487	-38,295
Number		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	173,829,770	102,310,647
Warrants		
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	184,107,909	107,196,360

No dilution effects since earnings from the Jan–Dec period were negative.

Note 32 Related-party transactions

During the period, four Board members invoiced the company kSEK 1,163 (2020: kSEK 1,226) at market rates for the performance of consultant services linked to the company's operations. Refer also to Note 8.

Note 33 Changes in liabilities from financing activities

				Non-cash items		
kSEK	1 Jan 2020	Cash inflow	Cash outflow	Additional contracts	Translation differences	31 Dec 2020
Liabilities to credit institutions	771	–	-420	–	-71	280
Lease liability	14,129	–	-3,008	–	-514	10,607
Acquired lease liability on business combination	–	–	–	2,261	–	2,261
Acquired other liabilities on business combination	–	–	–	618	–	618
Total	**14,900**	**0**	**-3,428**	**2,879**	**-585**	**13,766**

				Non-cash items		
kSEK	1 Jan 2021	Cash inflow	Cash outflow	Additional contracts	Translation differences	31 Dec 2021
Liabilities to credit institutions	898	–	-280	–	12	630
Lease liability	12,868	–	-4,170	–	452	9,150
Acquired lease liability on business combination	–	–	–	5,934	–	5,934
Acquired other liabilities on business combination	–	–	–	–	–	–
Total	**13,766**	**0**	**-4,450**	**5,934**	**464**	**15,714**

Note 34 Adjustments for non-cash items

kSEK	31 Dec 2021	31 Dec 2020
Amortisation, depreciation and impairment	23,664	10,713
Warrant programme TO 2020/2023	802	-
Total	**24,466**	**10,713**

Note 35 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 M (SEK 124 M) contract to supply microwave sounding sensors to the ESA project Arctic 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 as of 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**

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.

Note 36 Significant events after the end of the reporting period

A EUR 441 k (approx. SEK 4.5 M) order was received 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.

AAC Hyperion acquired a contract to develop an onboard artificial intelligence (AI) capability for small satellites in collaboration with the Royal Netherlands Aerospace Centre (NLR). The European Space Agency (ESA) will fund the project with EUR 0.41 M (approx. SEK 4.2 M) sponsored by the Netherlands Space Office (NSO), with means from ESA's General Support Technology Programme (GSTP).

AAC Space Africa was selected to deliver a ground station to a client in Africa. The order at approx. SEK 3.4 M will be delivered in 2022.

On two occasions, AAC Clyde Space issued 525 457 shares to the previous owners of Omnisys Instrument AB as earn-out payments, the first following completion of the preliminary design of the weather instrument to the ESA project Artic Weather Satellite (AWS) and the second following the completion of the preliminary design of a weather instrument for WeatherCube, a new satellite for a Space Data as a Service weather constellation. The two share issues increased the total number of shares in AAC Clyde Space to 193 250 943.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

	Note	Full-year	Full-year
kSEK		**2021**	**2020**
Net sales	2	55,133	32,657
Work performed by the company for its own use and capitalised		137	1,856
Other operating income	3	816	942
TOTAL OPERATING INCOME		**56,086**	**35,455**
Raw materials and subcontractors		-19,830	-13,604
Personnel costs	6	-21,574	-19,777
Other external expenses	5	-28,108	-12,594
Other operating expenses	4	-517	-1,128
EBITDA		**-13,943**	**-11,648**
Depreciation/amortisation and impairment of tangible and intangible assets	9, 10	-1,009	-3,441
EBIT		**-14,952**	**-15,089**
Other interest income and similar profit/loss items	7	1,630	1,489
Interest expenses and similar profit/loss items	7	-167	-787
Impairment of shares in subsidiaries	7	–	-45,000
TOTAL PROFIT/LOSS FROM FINANCIAL ITEMS		**1,463**	**-44,298**
PROFIT/LOSS AFTER FINANCIAL ITEMS		**-13,489**	**-59,387**
Tax on profit/loss for the period	8	–	–
PROFIT/LOSS FOR THE PERIOD		**-13,489**	**-59,387**
Other comprehensive income:			
Items that may be transferred to profit or loss			
Exchange-rate differences		–	–
Other comprehensive income for the period		**0**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-13,489**	**-59,387**

Earnings for the period were consistent with the total comprehensive income for the period.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

kSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Capitalised expenditure for development	9	2,422	2,575
Patents	9	–	543
Total intangible assets		**2,422**	**3,118**
Tangible assets			
Plant and equipment	10	533	–
Inventories, tools and installations	10	165	–
Total tangible assets		**698**	**0**
Financial assets			
Participations in subsidiaries	11	543,487	441,416
Other long-term securities holdings		–	–
Receivables from Group companies	24	26,037	725
Total financial assets		**569,524**	**442,141**
Total non-current assets		**572,644**	**445,259**
Current assets			
Inventories	15	2,646	2,699
Current receivables			
Accounts receivable	14	6,063	186
Receivables from Group companies	24	18,217	3,800
Current tax assets		1,648	530
Contract assets	19	3,697	2,340
Other current receivables	16	–	871
Prepaid expenses and accrued income	17	5,585	4,047
Total current receivables		**25,392**	**11,774**
Cash and bank balances	13	70,548	51,239
Total current assets		**98,586**	**65,712**
TOTAL ASSETS		**681,048**	**510,971**

kSEK	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		7,688	4,928
Current new issue		–	87,973
Development expenditure reserve		1,868	1,010
Total restricted equity		**9,556**	**93,911**
Unrestricted equity			
Share premium reserve		888,919	681,291
Retained earnings		-278,979	-218,528
Profit/Loss for the year		-13,489	-59,387
Total unrestricted equity		**596,451**	**403,376**
Total equity		**606,007**	**497,287**
Non-current liabilities			
Liabilities to Group companies		10,000	–
Additional purchase consideration, acquisitions		28,931	–
Total non-current liabilities		**38,931**	**0**
Current liabilities			
Accounts payable		6,823	3,129
Liabilities to credit institutions	18	–	–
Liabilities to Group companies	24	9,940	185
Other current liabilities		759	841
Contract liabilities	19	5,748	2,582
Additional purchase consideration		8,548	–
Accrued expenses and deferred income	20	4,292	6,947
Other current liabilities		**36,110**	**13,684**
TOTAL EQUITY AND LIABILITIES		**681,048**	**510,971**

PARENT COMPANY CHANGES IN EQUITY

	Restricted equity			Unrestricted equity			
kSEK	**Share capital**	**Development expenditure reserve**	**Ongoing new issue**	**Share premium reserve**	**Retained earnings**	**Profit/loss for the year**	**Total equity**
Opening balance, 1 January 2020	**3,849**	**3,568**	**0**	**594,757**	**-202,560**	**0**	**399,614**
Reclassification	–	–	–	19,535	-19,535	–	**0**
Profit/loss for the period	–	–	–	–	–	-59,387	**-59,387**
Other comprehensive income	–	–	–	–	–	–	**0**
Total comprehensive income	**0**	**0**	**0**	**19,535**	**-19,535**	**-59,387**	**-59,387**
Transactions with shareholders							
Ongoing new issue	–	–	87,973	–	–	–	**87,973**
New share issue	769	–	–	51,183	–	–	**51,952**
Non-cash issue (see Note 23)	310	–	–	19,342	–	–	**19,652**
Issue expenses	–	–	–	-2,754	–	–	**-2,754**
Warrant programme TO 2020/2023	–	–	–	236	–	–	**236**
Development expenditure reserve	–	-2,558	–	–	2,558	–	**0**
Closing balance, 31 December 2020	**4,928**	**1,010**	**87,973**	**682,299**	**-219,537**	**-59,387**	**497,286**
Opening balance, 1 January 2021	**4,928**	**1,010**	**87,973**	**682,299**	**-278,924**	**0**	**497,286**
Reclassification	–	–	–	–	–	–	**0**
Profit/loss for the period	–	–	–	–	–	-13,489	**-13,489**
Other comprehensive income	–	–	–	–	–	–	**0**
Total comprehensive income	**4,928**	**1,010**	**87,973**	**682,299**	**-278,924**	**-13,489**	**483,797**
Transactions with shareholders							
Reclassification of additional purchase consideration, SpaceQuest	–	–	–	-14,487	–	–	**-14,487**
New share issue	1,569	–	–	98,431	–	–	**100,000**
New issue supported by warrants	231	–	–	-231	–	–	**0**
Non-cash issue, SpaceQuest	960	–	-87,973	87,013	–	–	**0**
Non-cash issue, Omnisys	–	–	–	41,790	–	–	**41,790**
Issue expenses	–	–	–	-5,895	–	–	**-5,895**
Warrant programme TO 2020/2023	–	–	–	802	–	–	**802**
Development expenditure reserve	–	858	–	–	-858	–	**0**
Closing balance, 31 December 2021	**7,688**	**1,868**	**0**	**889,722**	**-279,782**	**-13,489**	**606,007**

Equity is attributable in its entirety to Parent Company shareholders.

PARENT COMPANY'S STATEMENT OF CASH FLOWS

kSEK	2021	2020
Cash flow from operating activities		
EBIT	-14,952	-15,089
Adjustments for non-cash items (Note 26)	990	4,049
Interest received	1,630	1,489
Interest paid	-167	-787
Cash flow from operating activities before changes in working capital	**-12,499**	**-10,338**
Cash flow from changes in working capital		
Change in inventory	53	570
Change in operating receivables	-13,618	7,678
Change in operating liabilities	4,060	1,266
Total changes in working capital	**-9,505**	**9,514**
Cash flow from operating activities	**-22,004**	**-824**
Cash flow from investing activities		
Investments in participations in Group companies	-26,469	-8,547
Shareholders' contributions	–	-12,251
Investments in tangible assets	-831	–
Investments in intangible assets	-180	-629
Changes in loans to Group companies	-25,312	-25,858
Cash flow from investing activities	**-52,792**	**-47,285**
Cash flow from financing activities		
New share issue	100,000	51,952
Issue expenses	-5,895	-2,757
Cash flow from financing activities	**94,105**	**49,195**
Decrease/increase in cash and cash equivalents		
Cash and cash equivalents at start of period	51,239	50,153
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**70,548**	**51,239**

NOTES TO THE PARENT COMPANY'S STATEMENTS

Note 1 The Parent Company's accounting policies

The principal accounting policies applied in the preparation of this Annual Report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Annual Report for the Parent Company is prepared in accordance with RFR 2 Financial reports for legal entities and the Swedish Annual Accounts Act. Any accounting principles other than the Group's (as described in Note 2 of the consolidated financial statements) applied by the Parent Company are given below.

According to RFR 2, the Parent Company applies all of the IFRS and interpretations adopted by the EU to the greatest possible extent under the framework for the Swedish Annual Accounts Act, the Swedish Act on Safeguarding of Pension Commitments and with respect to the connection between accounting and taxation.

The Annual Report was prepared on a historical cost basis.

The preparation of financial statements in conformity with RFR 2 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Parent Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The Parent Company's operations are exposed to several financial risks such as market risk (foreign exchange risk and interest-rate risk), credit risk and liquidity risk. The Parent Company's overall risk management policy focuses on unpredictability in the financial markets and strives to minimise potentially unfavourable effects on the Group's financial earnings. For more information about financial risks, refer to Note 3 of the consolidated financial statements.

The Parent Company applies different accounting policies than the Group, which differ as follows:

Presentation format

The statement of profit or loss and statement of financial position follow the presentation format in the Swedish Annual Accounts Act. The statement of changes in equity follows the Group's layout but includes columns given in the Annual Accounts Act. This entails differences in terminology compared with the consolidated financial statements, primarily regarding financial income and expenses as well as equity.

Participations in subsidiaries

Participations in subsidiaries are recognised at cost less any impairment. Cost includes acquisition-related expenses and any additional purchase considerations.

When there is an indication that participations in a subsidiary have declined in value, the recoverable amount is calculated. If this is lower than the carrying amount, an impairment loss is recognised. Impairments are recognised in "Results from participations in Group companies."

Financial instruments

The Parent Company does not apply IFRS 9 and financial instruments are measured at cost. In subsequent periods, financial assets that are acquired with the intent for short-term holding are recognised according to lowest of historical cost or market value. However, the Parent Company must apply the impairment rules in IFRS 9 and at each balance sheet date the Parent Company assesses whether there is any indication of impairment in any of the financial assets. The asset is impaired if the decline in value is deemed long-term. Impairment for interest-bearing financial assets recognised at amortised cost are calculated as the difference between the asset's carrying amount and the current value of company management's best estimate of the future cash flows discounted by the asset's original effective interest rate. The amount of impairment for other financial assets is determined as the difference between the carrying amount and the higher of the fair value less selling expenses or the current value of future cash flows based on the best estimate from company management.

Leases Accounting policies from 1 January 2019

The Parent Company has chosen not to apply IFRS 16 Leases and has instead applied RFR 2 (IFRS 16 Leases, pp. 2–12). This means that no right-of-use assets or lease liabilities are recognised in the balance sheet. Instead, lease payments are recognised as an expense on a straight-line basis over the term of the lease.

Appropriations

Group contributions are recognised as appropriations.

Note 2 Classification of revenue

kSEK	2021	2020
The Parent Company reported the following revenue amounts in the balance sheet:		
Satellite platforms	8,935	–
Subsystems	31,122	32,657
Licences	1,381	–
Intercompany transactions	13,695	–
Total	**55,133**	**32,657**

kSEK	2021	2020
Change of earned value of ongoing projects per region		
Sweden	-4,289	673
Europe	3,479	-2,128
Rest of world	-1,000	268
Total	**-1,808**	**-1,187**

kSEK	2021	2020
Net sales per region:		
Sweden	22,541	6,647
Europe	11,563	8,020
Rest of world	22,838	19,177
Change in operating liabilities	-1,808	-1,187
Total	**55,132**	**32,657**

Note 3 Other operating income

kSEK	2021	2020
Exchange-rate differences	816	942
Total	**816**	**942**

Note 4 Other operating expenses

kSEK	2021	2020
Exchange-rate differences	517	1,128
Total	**517**	**1,128**

Note 5 Remuneration to auditors

kSEK	2021	2020
PricewaterhouseCoopers AB		
Audit assignment	1,888	871
Auditing services in addition to the assignment	580	419
Tax advice	24	20
Other services	5	251
Total	**2,497**	**1,561**
Other services presented in the statement of financial position *Acquisition costs	704	2,542

kSEK	2021	2020
Alliotts		
Audit assignment	17	34
Auditing services in addition to the assignment	–	–
Tax advice	–	10
Other services	–	5
Total	**17**	**49**

Note 6 Remuneration to employees, etc.

kSEK	2021	2020
Salary and other benefits	13,934	12,786
Social security contributions	4,326	3,649
Pension costs – defined contribution plans	1,620	1,359
Total	**19,880**	**17,794**

Salary and other benefits, social security expenses

	2021		2020	
	Salary and other benefits (of which bonus)	Social security expenses (of which pension expenses)	Salary and other benefits (of which bonus)	Social security expenses (of which pension expenses)
Board members, the CEO and other senior executives	2,999 (0)	1,323 (369)	2,844 (100)	1,174 (329)
Other employees	12,229 (0)	4,948 (1,251)	11,017 (0)	4,066 (1,030)
Parent Company, total	**15,228 (0)**	**6,271 (1,620)**	**13,861 (100)**	**5,240 (1,359)**

	2021		2020	
	Average No. of employees	Of whom, men	Average No. of employees	Of whom, men
Parent Company, total	24	18	24	19

Gender distribution in the Parent Company for Board members and other senior executives

	2021		2020	
	Number at the end of the reporting period	Of whom, men	Number at the end of the reporting period	Of whom, men
Board members	6	4	5	4
CEO and other senior executives	2	2	2	2
Parent Company, total	**8**	**6**	**7**	**6**

Remuneration of senior executives

	2021	2020
Salaries and other short-term benefits	1,705	1,769
Pension expenses	369	329
Total remuneration of senior executives	**2,074**	**2,098**

Note 7 Interest income and expenses plus similar profit/loss items

kSEK	2021	2020
Interest income, Group companies	1,027	1,226
Interest income, external	127	96
Exchange-rate differences	380	166
Other financial income	96	–
Total interest income and similar profit/loss items	**1,630**	**1,488**
Interest expenses, Group companies	–	–
Interest expenses, external	-4	–
Exchange-rate differences	-163	-698
Other financial expenses	–	-88
Impairment of shares in subsidiaries	–	-45,000
Total interest expenses and similar profit/loss items	**-167**	**-45,786**
Total profit/loss from financial items	**1,463**	**-44,298**

Note 8 Tax on earnings for the year

Recognised tax in the statement of profit or loss:

kSEK	2021	2020
Current tax:		
Current tax on earnings for the year	–	–
Adjustments for current tax of prior periods	–	–
Total current tax:	**0**	**0**
Deferred tax		
Origination and reversal of temporary differences	–	–
Effect of change in tax rate	–	–
Total deferred tax:	**0**	**0**
Total recognised tax:	**0**	**0**

The tax on the Group's earnings before tax differs from the theoretical amount that would arise using the tax rate applicable to earnings of the Parent Company as follows:

kSEK	2021	2020
Earnings before tax	**-13,489**	**-59,386**
Estimated income tax according to the tax rate in Sweden (20.6%)	-2,968	-12,709
Tax effects of:		
Tax effect of non-deductible expenses	70	4
Deductible issuing costs recognised in equity	-1,214	-589
Tax losses for which no deferred income tax asset was recognised	4,112	13,294
Total recognised tax	**0**	**0**

Note 9 Intangible assets

kSEK	Patents	Capitalised expenditure for development	Total
As of 1 January 2020			
Cost	4,033	27,860	**31,893**
Accumulated amortisation	-3,235	-22,729	**-25,964**
Carrying amount	**798**	**5,131**	**5,929**
2020 financial year			
Opening carrying amount	798	5,131	**5,929**
Purchases	–	629	**629**
Increase through business combinations	–	–	**0**
Sales and disposals	–	–	**0**
Amortisation	-255	-3,186	**-3,441**
Impairment	–	–	**0**
Closing carrying amount	**543**	**2,574**	**3,117**
As of 31 December 2020			
Cost	4,033	28,489	**32,522**
Accumulated amortisation and impairment	-3,490	-25,915	**-29,405**
Carrying amount	**543**	**2,574**	**3,117**
2021 financial year			
Opening carrying amount	543	2,574	**3,117**
Purchases	–	180	**180**
Increase through business combinations	–	–	**0**
Sales and disposals	–	–	**0**
Amortisation	-543	-332	**-875**
Impairment	–	–	**0**
Closing carrying amount	**0**	**2,422**	**2,422**
As of 31 December 2021			
Cost	4,033	28,669	**32,702**
Accumulated amortisation and impairment	-4,033	-26,247	**-30,280**
Carrying amount	**0**	**2,422**	**2,422**

Note 10 Tangible assets

kSEK	Plant and other technical equipment	Inventories	Total
As of 1 January 2020			
Cost	1,437	2,087	**3,524**
Accumulated depreciation	-1,437	-2,087	**-3,524**
Carrying amount	**0**	**0**	**0**
2020 financial year			
Opening carrying amount	–	–	**0**
Purchases	–	–	**0**
Sales and disposals	–	–	**0**
Depreciation	–	–	**0**
Impairment	–	–	**0**
Closing carrying amount	**0**	**0**	**0**
As of 31 December 2020			
Cost	1,437	2,087	**3,524**
Accumulated depreciation and impairment	-1,437	-2,087	**-3,524**
Carrying amount	**0**	**0**	**0**
2021 financial year			
Opening carrying amount	–	–	**0**
Purchases	830	–	**830**
Sales and disposals	–	–	**0**
Depreciation	-133	–	**-133**
Impairment	–	–	**0**
Closing carrying amount	**697**	**0**	**697**
As of 31 December 2021			
Cost	2,267	2,087	**3,524**
Accumulated depreciation and impairment	-1,570	-2,087	**-3,657**
Carrying amount	**697**	**0**	**697**

Note 11 Participations in subsidiaries

kSEK	31 Dec 2021	31 Dec 2020
Opening cost	**441,415**	**416,591**
Shareholders' contributions	10,000	45,000
Warrant programme TO 2020/2023	821	236
Acquisitions	87,741	–
Remeasurement additional purchase considerations	3,509	116,588
Closing accumulated cost	**543,487**	**578,415**
Opening impairment	–	92,000
Impairment for the year	–	45,000
Closing accumulated impairment	**0**	**137,000**
Closing carrying amount	**543,487**	**441,415**

Holdings of participations in subsidiaries are as follows:	Corp. reg. no.	Registered office and place of business/ /country of incorporation	Number of shares	Carrying amount 31 Dec 2021	Carrying amount 31 Dec 2020
Directly owned					
Clyde Space Ltd	SC285287	Glasgow, UK	5,211,644	322,505	321,684
Hyperion Technologies NV	58 607 013	Delft, the Netherlands	90	23,757	23,757
Space Quest Ltd	0436321-4	Fairfax, USA	2,000	94,465	92,831
SpaceQuest Canada	392431-9	Burlington, Canada	0	-	-
Orbitum AB	556677-7086	Uppsala, Sweden	1,000	150	150
Omnisys Instruments AB	556454-6686	Gothenburg, Sweden	5,000	99,616	-
AAC Space Africa Pty	2021-600761-07	Cape Town, South Africa	500	-	–
AAC Microtec North America, Inc.	45-3178866	California, USA	10,000	2,993	2,993
AAC Holding North America Inc.	46-0869153	California, USA	1	–	–

Note 12 Deferred tax

Deferred income tax assets are recognised for tax loss carry-forwards or other incentives to the extent that the realisation of the related tax benefit through future taxable profits is probable. No deferred tax asset was recognised since, according to the Parent Company, the criteria for reporting deferred tax assets in IAS 12 were not met.

Note 13 Cash and bank balances

The balance sheet and cash-flow statement include the following items in cash and bank balances

kSEK	31 Dec 2021	31 Dec 2020
Bank deposits	70,548	51,239
Total	**70,548**	**51,239**

Note 14 Accounts receivable

kSEK	31 Dec 2021	31 Dec 2020
Accounts receivable	6,063	186
Accounts receivable from Group companies	7,611	3,800
Less: provision for expected credit losses	–	–
Net accounts receivable	**13,674**	**3,986**

Carrying amounts of the Parent Company's accounts receivable and other receivables by currency:

kSEK	31 Dec 2021	31 Dec 2020
SEK	4,703	3,800
EUR	3,792	186
GBP	2,285	–
USD	2,238	–
ZAR	656	–
Total	**13,674**	**3,986**

The maximum exposure to credit risk at the reporting date for accounts receivable are the above carrying amounts.

The fair value of accounts receivable equals their carrying amount, as the impact of discounting is not significant.

No accounts receivable have been pledged as security for any debts.

Historically, AAC Clyde Space has had low losses since customers are, to a great extent, public bodies or authorities, or otherwise major and well-known.

Thus no provisions have been made for expected credit losses.

Note 15 Inventories

kSEK	31 Dec 2021	31 Dec 2020
Raw materials	2,669	2,519
Goods in progress	29	750
Total	**2,698**	**3,269**

The cost of inventories recognised as an expense and included in "Raw materials and subcontractors" in the statement of profit or loss amounted to kSEK 1,818 in 2021 (2020: kSEK 1,165).

Note 16 Other current receivables

kSEK	31 Dec 2021	31 Dec 2020
Recoverable VAT	868	684
Other tax receivables	780	187
Total	**1,648**	**871**

Note 17 Prepaid expenses and accrued income

	31 Dec 2021	31 Dec 2020
Prepaid rent	617	603
Prepaid lease payments	52	7
Other prepaid expenses	2,425	688
Other accrued income	2,491	2,749
Total	**5,585**	**4,047**

Note 18 Borrowings

kSEK	31 Dec 2021	31 Dec 2020
Non-current		
Liabilities to credit institutions	–	–
Total	**0**	**0**
Current		
Liabilities to credit institutions	–	–
Total	**0**	**0**
Total borrowings	**0**	**0**

The company has no borrowings for the current period.

The Parent Company has the following undrawn borrowing facilities

kSEK	31 Dec 2021	31 Dec 2020
Variable interest rate		
– expires within one year	5,000	5,000

The facilities expiring within one year are annual facilities that run per calendar year with 12-month extensions.

Note 19 Assets and liabilities related to contracts with customers

The Parent Company has long-term contracts with certain customers for the development of products and services. These contracts can include a certain amount of hardware.

The Parent Company has recognised the following assets and liabilities related to contracts with customers

	31 Dec 2021	31 Dec 2020
Contract assets	3,899	2,340
Total contract assets	**3,899**	**2,340**
Contract liabilities	-5,950	-2,582
Total current contract liabilities	**-5,950**	**-2,582**

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current financial year relates to contract liabilities.

	31 Dec 2021	31 Dec 2020
Revenue recognised that was included in the contract liability balance at the beginning of the period:	1,400	2,179

Long-term unfulfilled contracts outstanding

The aggregate amount of the transaction price attributable to contracts that are partially or fully unsatisfied on 31 December 2021 was kSEK 35,136. Of these, the executive management team expects 75% to be fulfilled during the next year and the remaining 25% in another year (see table below).

Transaction price allocated to remaining performance commitments	**2022**	**2023–2025**	**Total**
Total expected income	26,444	8,752	35,196

Note 20 Accrued expenses and deferred income

kSEK	**31 Dec 2021**	**31 Dec 2020**
Accrued income	–	–
Accrued annual leave	1,835	1,764
Accrued social security contributions	577	554
Accrued salaries	–	205
Accrued payroll tax	393	330
Other external expenses	1,487	4,093
Total	**4,292**	**6,947**

Note 21 Operating leases

Non-cancellable operating leases

The Parent Company leases essentially office under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rates.

Lease expenses of kSEK 2,606 are included in the statement of profit or loss for the 2021 financial year (2020: kSEK 2,422).

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

kSEK	2021	2020
Due within one year	2,384	2,359
Due between 1 and 5 years	1,172	3,515
Due in over 5 years	–	–
Total	**3,556**	**5,874**

Note 22 Pledged assets

kSEK	31 Dec 2021	31 Dec 2020
Chattel mortgages	5,200	5,200
Total	**5,200**	**5,200**

Note 23 Share capital

Refer to Note 24 for information on the Parent Company's share capital.

Note 24 Related-party transactions

Since 21 December 2016, AAC Clyde Space AB (publ)'s shares have been traded on Nasdaq First North Stockholm. In March 2019, the listing was moved to Nasdaq First North Premier Growth Market.

Goods and services are purchased and sold to related parties under ordinary commercial terms in accordance with the prevailing transfer price policy.

The following transactions occurred with related parties:

kSEK	2021	2020
Sales of goods and services		
Clyde Space Ltd	8,543	4,628
Hyperion Technologies NV	1,175	–
Space Quest Ltd	1,236	–
Omnisys Instruments AB	2,697	–
AAC Space Africa Pty	43	–
Total	**13,695**	**4,628**
Purchases of goods and services		
Clyde Space Ltd	11,700	107
Hyperion Technologies NV	836	–
Space Quest Ltd	158	–
AAC Microtec NA Inc	–	224
Total	**12,694**	**331**

Receivables and liabilities at the end of the year due to sales and purchases of goods and services:

kSEK	2021	2020
Receivables from related parties		
Clyde Space Ltd	12,408	3,800
Hyperion Technologies NV	1,175	–
Space Quest Ltd	1,236	–
Omnisys Instruments AB	2,697	–
AAC Space Africa Pty	699	–
Total	**18,216**	**3,800**
Amounts due to related parties		
Clyde Space Ltd	8,844	82
Hyperion Technologies NV	836	–
Space Quest Ltd	158	–
Orbitum	103	–
Total	**9,940**	**82**

Loans to related parties

kSEK	31 Dec 2021	31 Dec 2020
Loans to Clyde Space Ltd		
Beginning of the year	–	9,092
Loans raised during the year	22,300	21,000
Amount repaid	–	-30,000
Interest income	904	1,181
Interest received	-904	-1,273
On 31 December	**22,300**	**0**

kSEK	31 Dec 2021	31 Dec 2020
Loans to AAC Space Africa		
Beginning of the year	–	–
Loans raised during the year	566	–
Amount repaid	–	–
Interest income	4	–
Interest received	-4	–
On 31 December	**566**	**0**

kSEK	31 Dec 2021	31 Dec 2020
Loans to Hyperion Technologies NV		
Beginning of the year	–	–
Loans raised during the year	2,400	–
Amount repaid	–	–
Interest income	73	–
Interest received	-73	–
On 31 December	**2,400**	**0**

kSEK	31 Dec 2021	31 Dec 2020
Loans to AAC North America Inc.		
Beginning of the year	725	668
Loans raised during the year	64	245
Amount repaid	-18	-188
Interest income	47	46
Interest received	-47	-46
On 31 December	**771**	**725**

Loans to subsidiaries are under commercial terms. The loans have a six-month notice period, no fixed term and an interest rate of 6%.

The Parent Company does not hold provisions against receivables from related parties, nor has it recognised any expenses during the period pertaining to receivables from related parties. No assets were pledged for the receivables.

Receivables from related parties in the above table arise mainly from sale transactions and are due one month after the date of sales.

The payables to related parties arise mainly from purchase transactions and are due one month after the date of purchase.

During the period, Board members invoiced the company kSEK 1,163 (2020: kSEK 1,227) at market rates for the performance of consultant services linked to the company's operations.

Note 25 Changes in liabilities from financing activities

kSEK	1 Jan 2020	Cash inflow	Cash outflow	31 Dec 2020
Liabilities to credit institutions	–	–	–	–
Total	**0**	**0**	**0**	**0**

kSEK	1 Jan 2021	Cash inflow	Cash outflow	31 Dec 2021
Liabilities to credit institutions	–	–	–	–
Total	**0**	**0**	**0**	**0**

Note 26 Adjustments for non-cash items

kSEK	31 Dec 2021	31 Dec 2020
Depreciation	1,009	3,441
Warrants TO 2020/2023	-19	608
Total	**990**	**4,049**

Note 27 Significant events after the end of the reporting period

A EUR 441 k (approx. SEK 4.5 M) order was received 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.

On two occasions, AAC Clyde Space issued 525 457 shares to the previous owners of Omnisys Instrument AB as earn-out payments, the first following completion of the preliminary design of the weather instrument to the ESA project Artic Weather Satellite (AWS) and the second following the completion of the preliminary design of a weather instrument for WeatherCube, a new satellite for a Space Data as a Service weather constellation. The two share issues increased the total number of shares in AAC Clyde Space to 193 250 943.

Note 28 Proposed appropriation of profits

The following amounts are at the disposal of the AGM (SEK):

SEK	2021
Share premium reserve	888,919,412
Retained earnings	-278,978,411
Profit/Loss for the year	-13,488,930
Total	**596,452,071**

The Board proposes that the retained earnings of SEK 596,452,071 be carried forward.

The consolidated statement of profit or loss and statement of financial position will be presented to the AGM on 19 May 2022 for adoption.

The Board and CEO ensure that the consolidated financial statements have been prepared in accordance with the international financial reporting standards (IFRS) adopted by the EU and that they faithfully represent the Group's financial position and performance. The Annual Report was prepared according to generally accepted accounting principles and faithfully represents the Parent Company's financial position and performance.

The administration reports for the Group and the Parent Company faithfully represent the development of the Parent Company's and Group's operations, financial position and performance, and describe the material risks and uncertainties faced by the Parent Company and the companies that form the Group.

Stockholm, 28 April 2022

Rolf Hallencreutz
Chairman of the Board

Per Aniansson
Board member

Per Danielsson
Board member

William Whitehorn
Board member

Anita Bernie
Board member

Nicole Robinson
Board member

Luis Gomes
CEO

Our auditors' statement was submitted 28 April 2022

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Auditor in Charge

Andreas Mattsson
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of AAC Clyde Space AB (publ), corporate identity number 556677-0599

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AAC Clyde Space AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 1-57 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-56 and 116-125. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of AAC Clyde Space AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Uppsala 28 April 2022

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Authorized Public Accountant
Auditor in charge

Andreas Mattsson
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

AAC Clyde Space AB is a Swedish public limited liability company with corporate registration number 556677-0599 whose share is listed on the Nasdaq First North Premier Growth Market. The company's registered office is in Uppsala.

The goal of corporate governance is to ensure that the company is managed as efficiently as possible for shareholders and to ensure that AAC Clyde Space adheres to existing guidelines. Corporate governance also aims to create an orderly system for the Board as well as management. Through a clear structure, rules and processes, the Board can ensure that management and employees focus on developing the business to create value for shareholders.

Framework for corporate governance

Corporate governance is based on external governance instruments including the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq First North Premier Growth Market Stockholm's regulations and the Swedish Corporate Governance Code as well as internal governance instruments such as the Articles of Association, instructions, policies and guidelines.

Applying the Swedish Corporate Governance Code

Since November 2018, AAC Clyde Space has adhered to the Swedish Corporate Governance Code and its principle of "comply or explain." AAC Clyde Space had no deviations to report in 2021.

The share and shareholders

There were 192,200,029 shares in issue as of 31 December 2021. All shares have equal right to the company's assets and profit.

The share is traded on Nasdaq First North Premier Growth Market under the symbol AAC. The share is also traded on the American OTCQX market under the symbol ACCMF. Erik Penser Bank is AAC Clyde Space AB's Certified Adviser.

On 31 December 2021, the number of shareholders totalled 14,041. The single largest owner was the acquired company SpaceQuest's former owners with 24,000,000 shares corresponding to 12.5% of the capital and votes. The share register is maintained electronically by Euroclear Sweden AB.

More information about AAC Clyde Space's shares and shareholders are in the section The share on page 124.

Articles of Association

The company's registered name pursuant to the Articles of Association is AAC Clyde Space AB (publ) and the financial year follows the calendar year from 1 January to 31 December. The full Articles of Association in their current form were adopted at the general meeting on 2 June 2020, refer to the company's website www.aac-clyde.space

General meeting

The company's decision-making body is the general meeting, where shareholders exercise their influence in the company. Shareholders who wish to participate in the general meeting, personally or via proxy, must be entered into the register five business days before the general meeting and submit an application in accordance with the notice.

Notice to attend the general meeting is issued through an announcement in Post- och Inrikes Tidningar (Official Swedish Gazette) and on the company's website (www.aac-clyde.space). An announcement of the publication of the notice is made in Dagens Industri.

The AGM is held within six months of the end of the financial year. At the AGM, shareholders resolve on, inter alia, the Board, auditors and discharging the Board and CEO from liability for the previous year. Decisions are also taken regarding certifying the annual report, appropriation of profits or handling loss and fees for the Board and auditors.

Shareholders have the right to have an issue addressed at the AGM, in which case they must submit it in writing to the Board. The issue will be taken up at the AGM if the request has been received by the Board no later than seven weeks ahead of the AGM.

2021 Annual General Meeting

The AGM was held in Uppsala on 2 June 2021 via postal ballot. Votes represented at the meeting amounted to 13.1% of the votes in the company. The AGM resolved in accordance with the Board's proposals:

- to adopt the statement of profit or loss and the statement of financial position
- to carry forward the year's loss
- to discharge the Board members and CEO from liability
- for fees to the Board and auditor
- to re-elect Board members Rolf Hallencreutz, Per Aniansson, Anita Bernie, Per Danielsson and William Whitehorn and to elect Nicole Robinson as a new member of the Board. Rolf Hallencreutz was also re-elected Chairman of the Board.
- to authorise the Board to issue shares.

Extraordinary General Meeting, 22 April 2021

The Extraordinary General Meeting was held on 22 April 2021 via postal ballot. Votes represented at the meeting amounted to 5.8% of the votes in the company. The EGM resolved in accordance with the Board's proposals:

- for the new issue of warrants as payment-in-kind for all of the shares outstanding in Omnisys Instruments AB
- a new issue of shares with deviation from the shareholders' preferential rights

Nomination Committee

The meeting has decided that the Nomination Committee is to consist of representatives appointed by the four largest shareholders in terms of votes on 31 August and the Chairman of the Board. Should any of these shareholders choose not to appoint a member, their right falls to the next largest shareholder in terms of votes. As long as the company has its registered office in Sweden, a majority (3/4) of the members of the Committee must also be residents in Sweden. The Committee chooses its Chairman.

If a member represents a shareholder who has sold the majority of their holdings and is no longer one of the four largest shareholders, the Committee can resolve that the member step down. If the Committee is not complete after the departure of a member and more than three months remains until the next AGM, the Committee is to offer representation to the next-largest shareholder in the company.

The Committee is to submit proposals for the Chairman and members of the Board as well as for fees to the Chairman and other Board members. If the company is electing an auditor, the Nomination Committee is to submit proposals for the auditor and auditor's fees.

The Committee will inform the company of its proposal in good time so that the information can be presented in the notice for the AGM. The Committee is also to provide a short report on how its work was conducted. The Committee is to continuously evaluate its instructions and its work, and to submit proposals to the AGM for changes it deems appropriate.

Ahead of the 2022 AGM, shareholders representing about 16% of the shares and votes formed a Nomination Committee consisting of:

- Dino Lorenzini
- John Wardlaw, appointed by Coralinn LLP
- Mathias Dittrich, appointed by Soltorpet AB
- Rolf Hallencreutz, Chairman of the Board of AAC Clyde Space AB

The Committee's proposal to the 2022 AGM will be presented in conjunction with the notice of the AGM and made available on the company's website.

The Board

The Board's work

The Board's primary task is to manage the interests of the company and shareholders, appoint the CEO and ensure that the company follows the applicable laws and the Articles of Association. It is also incumbent on the Board to identify how sustainability issues impact the company's risks and business opportunities. The Board is responsible for ensuring that the Group has an appropriate structure so that the Board, in the best possible manner, can exercise its owner responsibility over the Group's subsidiaries and that the accounting, administration of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Board is to meet the company's auditor without the presence of company management at least once per year as well as continuously and at least once a year evaluate the work of the CEO.

The Board's composition

According to the Articles of Association, the Board of AAC Clyde Space is to consist of at least three and no more than seven members who are elected at the AGM for a term lasting until the next AGM.

The 2021 AGM decided that the number of members would be six and re-elected Rolf Hallencreutz as Chairman, as well as Per Aniansson, Anita Bernie, Per Danielsson and William Whitehorn. Nicole Robinson was elected as a new member of the Board. For information about the Board members' assignments outside the Group and their holdings in AAC Clyde Space, see pages 120-121 and www.aac-clyde.space.

The Board's independence

According to the Swedish Corporate Governance Code, the majority of the Board members elected by the AGM must be independent in relation to the company and company management, and at least two must also be independent in relation to the company's largest shareholders.

Out of the six Board members, five are independent in relation to the company and company management, and all six are independent in relation to the company's largest shareholders.

Board committees

Based on its size and composition, the Board has previously judged that the work of the Remuneration Committee and the Audit Committee are best performed by the Board in its entirety. The Remuneration and Audit Committees were established in January 2020.

Remuneration Committee

The work of the Committee has been carried out by Chairman of the Board Rolf Hallencreutz and Board member Will Whitehorn since January 2020.

The work is based on the instructions that are determined annually by the Board. They include submitting proposals for guidelines for remuneration to senior executives, submitting proposals to the Board for the CEO's salary and other employment terms, determining salaries and employment terms for other members of the management team and developing proposals for incentive schemes and other bonuses or similar compensation for employees. The CEO can present issues pertaining to the Committee's tasks but does not participate in establishing his own salary and employment terms.

At the AGM, the Board presents its proposals for guidelines for determining the salary and other remuneration for the CEO and other members of the company's management, which are to be approved by the shareholders.

For a further description of the employment terms for senior executives and remuneration to the Board, refer to the Administration Report.

Audit Committee

The work of the Committee is carried out by Chairman of the Board Rolf Hallencreutz and Board members Per Danielsson and Per Aniansson.

The work is based on the instructions that are determined annually by the Board and included in the Board's formal work plan. These include monitoring and ensuring the quality of the financial statements as well as the efficiency of the company's internal control systems and risk management.

The Committee meets the company's auditors, evaluates the audit, the auditors' independence and determines which additional services the company can receive from external auditors.

The Board's instructions and policies

The Board reviews and annually determines a formal work plan. The Board also determines the instructions for the CEO and the financial reporting. The formal work plan and instructions regulate, inter alia, the distribution of work among the Board, Board members, the CEO and auditor, quorum, conflicts of interest, internal and external reporting, notification procedures, meetings and the minutes.

The Board meets according to a schedule established each year. In addition to these Board meetings, additional Board meetings may be convened to address matters that cannot be referred to a scheduled Board meeting. In addition to the Board meetings, the Chairman and CEO maintain an ongoing dialogue regarding the administration of the company.

Instructions and policies

The Board reviews and annually determines the following instructions and policies:

- Formal work plan for the Board
- Instructions for the CEO
- Instructions for financial reporting
- Communication and IR policies
- Insider policy

Evaluation of the Board's work

The Board's work is evaluated annually in order to improve the Board's work forms and efficiency. The Chairman of the Board is responsible for the evaluation and for presenting it to the Nomination Committee. The evaluation is intended to capture the Board members' opinions about how the work of the Board is being conducted and which measures can be taken to streamline the work and whether the Board is well balanced in terms of skills.

The evaluation is an important support for the Nomination Committee ahead of the AGM. In 2021, the Chairman conducted the evaluation in writing through a questionnaire sent to all Board members. The results of the evaluation were reported and discussed by the Board and the Nomination Committee.

The Board's work

The Board's formal work plan states that the Board is to meet six times a year in addition to the statutory meeting and, in addition, when circumstances so require. The Board is to address the Group's strategic focus on risks and the business plan at one of these meetings.

The CEO and CFO and the Board's Secretary normally attend Board meetings. Other members participate as needed to present specific issues. The Board's formal work plan also states that the Board is to meet the company's auditor at least once each year without any member of management being present to evaluate the work of the Board and the CEO.

Board meetings normally start with discussion of the business status and the company's financial performance. Financial reports and the annual report are reviewed and approved prior to publication.

Other matters addressed at Board meetings include: strategy issues, general business issues, potential acquisitions, long- and short-term goals, HR issues, security issues, regulatory and policy compliance, and remuneration models. At the last meeting of the year, the CEO and CFO normally present the budget for the coming year. The budget is discussed and following any adjustment is approved.

CEO and the Group management

The CEO is appointed by the Board and leads the business according to the Board's instructions and is responsible for the ongoing management of the company's and the Group's operations according to the Companies Act. The CEO also decides, together with Chairman of the Board, which issues will be addressed at Board meetings.

The Board continuously evaluates the CEO's assignments and work. The CEO is responsible for providing the Board with information and the necessary support for decisions and for presenting proposals at Board meetings regarding issues that are handled by company management. The CEO keeps the Board and the Chairman continuously informed about the company's and the Group's financial position and development.

As of 31 December 2021, the Group management consisted of its Chief Executive Officer who is also the Managing Director, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer, Chief Technology Officer, President of Data & Services, Chief Strategy Officer and HR Director. For information about the CEO and other members of company management, see page 122-123.

The Group management meets regularly, usually weekly. The meetings are focused on the Group's strategic and operative development and on monitoring results. In addition to these meetings, there is close daily collaboration between senior executives.

Auditor

Auditors are appointed by the AGM to review the company's annual report and accounting as well as the work of the Board and the CEO. The auditors' reporting to the owners is presented to the AGM through the auditors' statement.

	Elected in	Meeting attendance	Audit Committee	Remuneration Committee	Independent in relation to the company and its management	Independent in relation to major shareholders	Total remuneration
The Board		14			5/6	6/6	SEK 1,575,000
Rolf Hallencreutz	2014	14	Yes	Yes	No	Yes	SEK 450,000
Per Aniansson	2014	14	Yes	No	Yes	Yes	SEK 225,000
Anita Bernie	2019	14	No	No	Yes	Yes	SEK 225,000
Per Danielsson	2014	14	Yes	No	Yes	Yes	SEK 225,000
William Whitehorn	2018	13	No	Yes	Yes	Yes	SEK 225,000
Nicole Robinson*	2021	6	No	No	Yes	Yes	SEK 225,000

* Nicole Robinson attended six of a total of seven meetings after her election

The Board's work in 2021

In 2021, the Board has devoted particular focus to issues pertaining to business strategy, growth, financing and acquisitions. In 2021, the Board held 14 meetings, of which six were scheduled and eight extra. The extra Board meetings primarily addressed decisions in conjunction with financing and acquisitions.

Chairman of the Board

The Chairman of the Board is elected at the AGM and the 2021 AGM re-elected Rolf Hallencreutz to the position. Rolf Hallencreutz has been Chairman since 2014.

The Chairman of the Board leads the Board in its work and ensures that the Board completes its assignments. The Chairman is also responsible for ensuring that the Board's work is organised and conducted efficiently as well as for monitoring business development. The Chairman of the Board ensures that the Board's decisions are effectively implemented and is responsible for annually evaluating the work of the Board and presenting the results of the evaluation to the Nomination Committee.

At the 2021 AGM, the registered public accounting firm Öhrlings PricewaterhouseCoopers AB was appointed auditor for the period until the 2022 AGM. The authorised public accountant Lars Kylberg is Auditor in Charge.

Financial reporting

The Board is responsible for ensuring that the company's organisation is designed so that the company's financial situation is controlled in a reassuring manner and that financial reports such as interim reports and the annual accounts to the market are presented in accordance with the law, applicable accounting standards and other requirements for listed companies. The Board monitors financial development, ensures the quality of the financial statements and the internal controls and regularly monitors and evaluates operations.

A report is prepared for the Group every month, which is submitted to the Board and company management. An income statement, balance sheet and investment budget for the financial year is typically prepared for adoption at the Board meeting in December. External financial information is presented regularly in the form of interim reports, annual reports and press releases with important news deemed relevant to the share price as well as presentations to and meetings with representatives of the financial market.

Internal controls and risk management regarding the financial reporting

Preface

The Board and CEO's responsibility for the internal controls is regulated in the Swedish Companies Act. The Board's responsibility is also regulated in the Swedish Corporate Governance Code. The Swedish Annual Accounts Act includes requirements for disclosures regarding the key elements of the company's internal control system and risk management in conjunction with financial reporting.

AAC Clyde Space's process for internal controls regarding financial reporting are designed so that the quality and accuracy of the statements are reasonably ensured. The process is to ensure that the statements are prepared in accordance with applicable laws and ordinances as well as requirements for listed companies in Sweden.

A robust control environment, reliable risk assessment, established control structures and activities in addition to well-functioning information, communication and review channels are necessary preconditions for accomplishing this.

Internal audits

The Board has evaluated the need for an internal audit function and concluded that one is not necessary for AAC Clyde Space with respect to the operations scope. Moreover, the Board's monitoring of the internal controls is deemed sufficient for ensuring that the internal controls are effective. The Board re-evaluates the need as changes arises that prompt re-evaluation and at least once per year.

Control environment

AAC Clyde Space's organisation is designed so that it can act dynamically in an emerging market, which is why operative decisions are taken by company management as well as on the company level. Decisions regarding strategy, direction, acquisitions and general financial issues are taken by AAC Clyde Space's Board and company management.

The Board's work with internal control encompasses internal controls related to financial reporting and to operations. Risk management is an integral part of the Board's work with internal control and its purpose is to ensure that operations are governed appropriately and effectively.

Control structures

The Board's formal work plan as well instructions for the CEO and the Board's respective committees ensure a clear delegation of roles and responsibilities.

The Board has overall responsibility for internal control.

The CEO is responsible for the system of procedures, processes and controls and develops them for operating activities. This includes, inter alia, guidelines and role descriptions for different executives and regular reporting to the Board based on established procedures.

Policies, processes, procedures, instructions and templates for financial reporting and the ongoing work of the financial administration and issues are documented.

Risk assessment

At least once per year a review is performed to identify and evaluate AAC Clyde Space's risk scenario. The work also includes assessing which preventative measures to take to reduce and prevent the Group's risks. This work includes ensuring that the Group is adequately insured and preparing support for decisions regarding any changes in policies, guidelines and insurance.

AAC Clyde Space's system for identifying, reporting and countering risks is an integral part of the ongoing reporting to the management team and the Board. It is also an important basis for assessing the risk of errors in the financial reporting.

As a part of the process, items are identified in the statement of profit or loss and statement of financial position that have an increased risk of material errors. For AAC Clyde Space, the gradual income recognition of projects leads to risks in the financial reporting. Particular attention has therefore been given to designing controls to prevent and detect deficiencies in this area.

Control activities

The primary purpose of control activities is to prevent errors in the financial reporting, or to detect them at an early stage so they can be managed and corrected. There are overall control activities and also at more detailed levels, and they are both manual and automated in nature.

Access to IT systems is limited according to authorisation and rights.

The financial function assembles monthly financial statements where earnings and cash flow are reported and deviations from the budget are analysed and commented on. For major projects lasting for more than 12 months, the company establishes separate steering groups that analyse how the project is progressing in relation to its budget. The steering groups meet quarterly and as needed.

Follow up is conducted through regular meetings to review and analyse the financial statements with the management team and project steering groups. Significant fluctuations and deviations are thus reviewed, which minimises the risk of error in the financial statements.

There is an addition risk for errors in the financial statements in year-end and annual reports, since they are less repetitive in nature and contain more assessments. Important control activities include a well-functioning reporting structure where the Group's companies report according to a standardised framework and the specification and commentary on important items in profit and loss and balances.

Information and communication

AAC Clyde Space's information and communication paths aim to promote comprehensive and accurate financial statements presented in good time. This is achieved through making all relevant guidelines and instructions for internal processes available to all employees concerned. Regular updates and statements regarding changes in accounting rules/guidelines and requirements for reporting and disclosure are provided as needed.

Information operations are regulated by an information policy.

For external communications there are guidelines that ensure that the company adheres to the stringent requirements for accurate information to shareholders and the financial market. AAC Clyde Space's communication is to be accurate, open, and timely and conducted with all stakeholders simultaneously, in accordance with the regulations for Nasdaq First North Premier Growth Market. The financial information is to clearly and comprehensively represent the company, its operations and financial development.

The Board certifies annual reports, year-end reports and interim reports. All financial statements are published on the website (www.aac-clyde.space) after they are first made official, according to the stock exchange's regulations. The Annual Report is available on the website.

Monitoring

The Board monitors the internal controls for financial reporting through, inter alia, reviewing the work and statements from the CFO and the external auditors. The work includes ensuring that measures are taken to address deficiencies and proposals for measures that were suggested in the external audit.

Monitoring is focused on how AAC Clyde Space adheres to its regulations and the existence of effective and appropriate processes for risk management, operations management and internal controls. The external auditor annually reviews select portions of the internal controls within the framework of the statutory audit. The auditor reports the outcome of their review to the Board and company management. Material observations are reported directly to the Board when necessary.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in AAC Clyde Space AB, corporate identity number 556677-0599

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2021 on pages 116-119 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Uppsala April 28, 2022

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Auditor in charge

Andreas Mattsson
Authorized Public Accountant

THE BOARD

According to the Articles of Association, the Board of AAC Clyde Space AB is to consist of no less than three and no more than seven members, with no more than three deputies.

The Board of AAC Clyde Space AB currently consists of six members, including the Chairman, who are all highly qualified individuals with solid entrepreneurial track records combined with skills in business and technological development, industrialisation and commercialisation. The current Board was appointed at the AGM on 2 June 2020 and their assignment lasts until the end of the next AGM on 19 May 2022.

All Board members can be reached via the company's registered office at Uppsala Science Park, Dag Hammarskjölds väg 48, SE-751 83 Uppsala, Sweden.

The Board's work is governed by the Swedish Companies Act, the Swedish Corporate Governance Code, the Articles of Association and the formal work plan developed by the Board of AAC Clyde Space AB. The company's formal work plan describes, inter alia, the delegation of responsibilities between the Board and the CEO.

The Board always takes decisions related to the appointment and remuneration of the CEO.

A total of 14 minuted meetings were held in 2021, where the Board discussed the company's future development, financial development, budget and funding. Operations in the company were also reviewed. The Board has devoted particular focus to issues pertaining to business strategy, financing and acquisitions.

Rolf Hallencreutz (1950)
Chairman of the Board since 2014

MSc from Chalmers University of Technology, Gothenburg

Shares: 372 864 (private and via company)

Warrants 2020/2023:C: 64 000

Rolf Hallencreutz has experience from start-up and major multinational companies within IT, industrial companies, life science and shipping. Rolf's experiences among other fast-growing companies range from Chairman of the Board, CEO to Sales Manager. As well as an extensive experience from M&A and financing.

Independent in relation to major shareholders.

Per Aniansson (1966)
Board member since 2014

M.Sc. Technical Physics, Chalmers University of Technology in Gothenburg and MBA, Finance and Entrepreneurship, INSEAD Business School in France

Shares: 150,000

Warrants 2020/2023:C: 32,000

Per Aniansson is CFO and Investment Director at Karolinska Development and has previously held leading roles within venture capital-owned companies, most recently as Investment Director for state-owned Fouriertransform, CEO and Financial Management roles within leading venture capital-owned companies.

Independent in relation to the company, company management and to major shareholders.

Per Danielsson (1962)
Board member since 2014

MSc at Chalmers University of Technology

Shares: 53 890 (private and via company)

Warrants 2020/2023:C: 32,000

Per Danielsson, expert in evaluating EU applications, carries out assignments for the EU as a business coach for small businesses. His business experience encapsulates everything from organizational development, strategy, international business and financing, through to executing company sales to large global groups.

Independent in relation to the company, company management and to major shareholders.

William Whitehorn (1960)
Board member since 2018

Masters Degree in History, University of Aberdeen

Shares: 333,456 (via company)

Warrants 2020/2023:C: 32,000

Will Whitehorn was formerly a Director of Virgin Group and President of Virgin Galactic until 2010. He has since pursued a private equity and non executive career. He is currently Chair of Seraphim Space Investment Trust PLC, Good Energy PLC, Scottish Event Campus Ltd and Craneware PLC. In addition he is President of UKSpace, the UK industry trade body, and he will retire from that role this year.

He has recently been appointed to the UK Government's Space Exploration Advisory Committee.

Independent in relation to the company, company management and to major shareholders.

Anita Bernie (1970)
Board member since 2019

Bachelor's degree in Aerospace Engineering and a Master of Business Administration.

Shares: 0

Warrants 2020/2023:C: 32,000

Anita Bernie was appointed as the Managing Director of MDA Space and Robotics Limited in March 2022. She previously worked at KISPE Space Systems Limited as Strategic Business Manager since 2018. Prior to this, she worked at Surrey Satellite Technology Limited since 2009, lastly as a member of the Group Management.

Independent in relation to the company, company management and to major shareholders.

Nicole Robinson (1970)
Board member since 2021

MBA, Master of Business Administration Senior Executives in National and International Security Program

Shares: 0

Nicole is the President at Ursa Space Systems, a US-based satellite intelligence company that provides business and government decision-makers access to on-demand analytic solutions. Prior to Ursa Space, she held senior positions at SES Satellite, a world leader in global content connectivity solutions. She is currently President of the Space and Satellite Professionals International.

Independent in relation to the company, company management and to major shareholders.

GROUP MANAGEMENT

Company management consists of a team of committed people who combine experience of entrepreneurial leadership with solid engineering expertise. The team has broad skills that cover the primary areas in the aerospace industry, from product development in commercial and military projects, and quality control to management of high-tech industrial companies. All members of company management can be reached via the company's registered office at Uppsala Science Park, Dag Hammarskjölds väg 48, SE-751 83 Uppsala, Sweden.

Luis Gomes (1971)
CEO

M.Sc. in satellite technology from the University of Surrey and a Bachelor of Science in Applied Physics from the University of Lisbon.

Employed since: 2019

Shares: 60,928

Warrants 2020/2023:B: 96,000

Luis Gomes has 25 years of experience in the space industry, and specializes in the small satellite field. He most recently comes from the British firm SSTL, where he was CTO and Executive Director, responsible for defining and conducting technical and commercial strategies.

Mats Thideman (1963)
CFO and Deputy CEO

M.Sc., Industrial Economics, Linköping Institute of Technology.

Employed since: 2014

Shares: 82,000

Warrants 2020/2023:A: 64,000

Mats Thideman is responsible for finance, IT and staff. Mats has extensive experience as a CFO from growing industrial companies, as well as public and venture capital owners, such as Åkerströms, Image Systems (publ), TracTechnology (publ.), and most recently Cortus Energy AB (publ).

Andrew Strain (1981)
CTO

M.Eng. in Electrical and Electronic Engineering with Business Studies from the University of Strathclyde

Employed since: 2006

Shares: 381,971

Warrants 2020/2023:B: 64,000

In his role as Development Manager at Clyde Space, Andrew has over a decade of experience in developing and delivering small satellites. In his role as CTO, Andrew contributes a wide range of relevant skills such as systems engineering knowledge, product development, manufacturing, project management, quality and business development.

Stefania Mandirola (1979)
COO

M.Sc., Mechanical Engineering, Polytechnic University of Milan

Employed since: 2021

Shares: 0

Stefania brings 15 years' experience of strategic and operational leadership in the aerospace sector, with a track record of building high-performing, cross-cultural teams to turn around underperforming operations and drive long-term growth.

Kulwinder Bhumbra (1986)
HR Director

M.Sc., Human Resource Management University of Strathclyde, Glasgow Scotland

Employed since: 2021

Shares: 0

Kulwinder has more than 10 years' experience working with both private and not-for profit-sectors with a broad portfolio of HR generalist experience. She brings her experience of partnering with business leaders at strategic, operational and tactical levels to improve people processes, drive excellence and focus on values. She is responsible for working with the Executive Management Team to develop our People Strategy to support our long-term business plan.

DR. Dino Lorenzini (1940)
CSO

ScD, Astronautical Engineering, MIT; MBA, Auburn University; SM, Astronautical Engineering, MIT; BSc, USAF Academy, Colorado Springs

Employed since: 1994

Shares: 12,000,000

Dino, a retired US Air Force Colonel, brings a wealth of space programme know-how and industry experience spanning more than six decades. He tested the Apollo Lunar Module navigation system, early GPS development, DARPA Space-Based Laser, and the Strategic Defense Initiative. An entrepreneur at heart, Dino founded the Eyetel IoT system, Ellipso Mobile Satellite System, Aprize Satellite and SpaceQuest (now AAC SpaceQuest), where has served as CEO for the past 25 years.

Peter Andersson (1982)
CCO

BEng Mechanical Engineering University of Glasgow and PgDip Computer Aided Engineering and Analysis University of West of Scotland.

Employed since: 2015

Shares: 360

Warrants 2020/2023:B: 64,000

Peter is responsible for the commercial strategy and development of the business through marketing, sales, product development and customer service activities to drive business growth and market share. Peter brings over 15 years' experience across a variety of engineering and management roles.

DR. Andrew Carrel (1978)
President of Data and Services

BA, MSci Natural Sciences, University of Cambridge; MSc Astronautics & Space Engineering, Cranfield University; PhD Electronic Engineering, University of Surrey Space Centre.

Employed since: 2021

Shares: 0

Andrew is responsible for delivering new solutions for the company's users of data and services from space. He has worked in the space industry for more than 20 years. He was previously CTO at Rezatec providing geospatial analytics using satellite data, and prior to that managing mission programmes at Surrey Satellite Technology Ltd. Andrew has a technical background in GNC and Artificial Intelligence.

THE SHARE AND OWNERS

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

No. of shares

Share capital at the end of the year was SEK 7.7 M (4.9) across 192,200,029 shares (123,204,310). All shares carry equal rights to the company's profits and assets.

Dividend policy

AAC Clyde Space AB is in an expansive growth phase where any surplus capital in operations is re-invested in operations and/or acquisitions. To date, the company has not distributed any dividends to its shareholders.

Trading in the AAC Clyde Space AB share

AAC Clyde Space AB's share is traded on Nasdaq First North Premier Growth Market under the symbol AAC. Since 21 August 2020, AAC Clyde Space's share has also been traded on the American OTCQX market under the symbol ACCMF. Erik Penser Bank AB is the company's Certified Adviser.

The share declined 4% in 2021, from SEK 3.19 one year earlier to SEK 2.99 on the last trading day. The share traded at SEK 4.07 at its highest and 2.23 at its lowest. The market value at the end of the year was SEK 585 M, compared with SEK 396 M one year earlier.

A total of 592,110,835 AAC Clyde Space shares were traded during the year, representing 341% of the average number of shares and a daily average of approximately 2,340,359.

Ownership structure

At the end of the year, the ten largest owners controlled approximately 32% of the company's shares. The number of shareholders totalled 14,041.

SHAREHOLDERS 31 Dec 2021	NO. OF SHARES	VOTES & CAPITAL
CBNY-RJA-CLIENT ASSET ACCT*	24,000,000	12.49%
Försäkringsaktiebolaget Avanza Pension	13,957,607	7.26%
Nordnet Pensionsförsäkring AB	3,837,074	2.00%
KOCK, JOHN	3,247,934	1.69%
UBS SWITZERLAN AG, W8IMY	3,217,628	1.67%
TJ JUNIOR AB	2,996,400	1.56%
BNY MELLON S A/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. ENGELEN BEHEER B.V	2,585,000	1.34%
Other	130,298,681	67.79%
TOTAL	**192,200,029**	**100.0%**

* Refers to SpaceQuest's previous owners

Incentive scheme

The Annual General Meeting 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 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.

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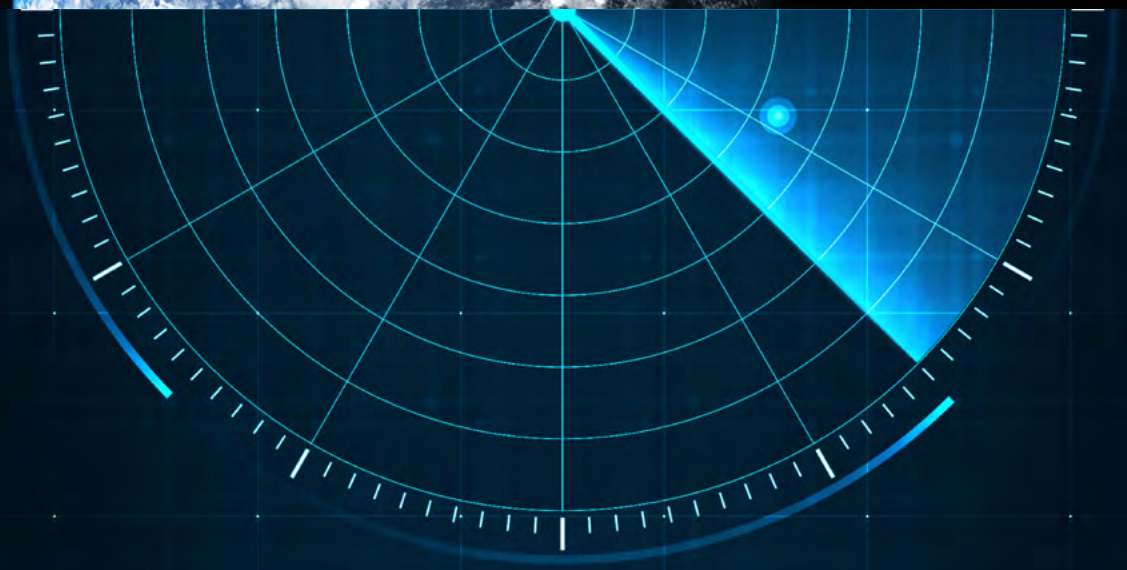

AAC CLYDE SPACE

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