



AAC
CLYDE
SPACE

ANNUAL REPORT AND ACCOUNTS
2022

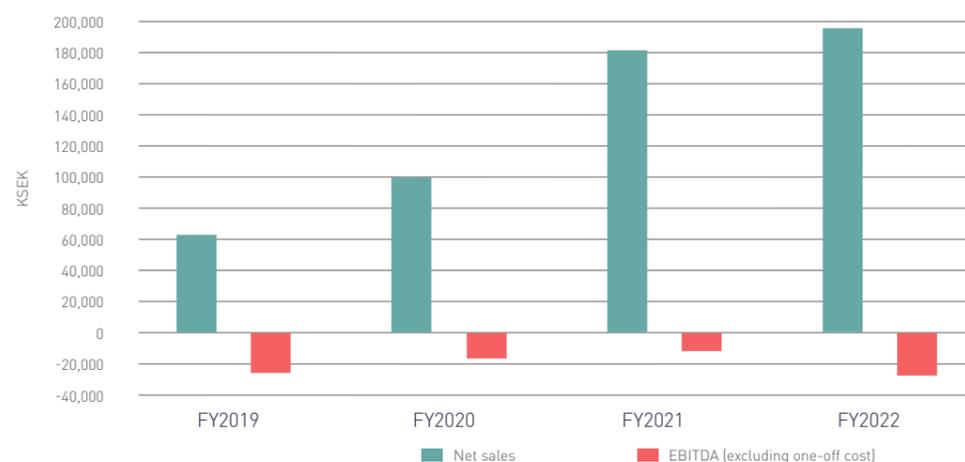
**IT
TAKES
AN
INDUSTRY**

**TO
RAISE
THE
EARTH**

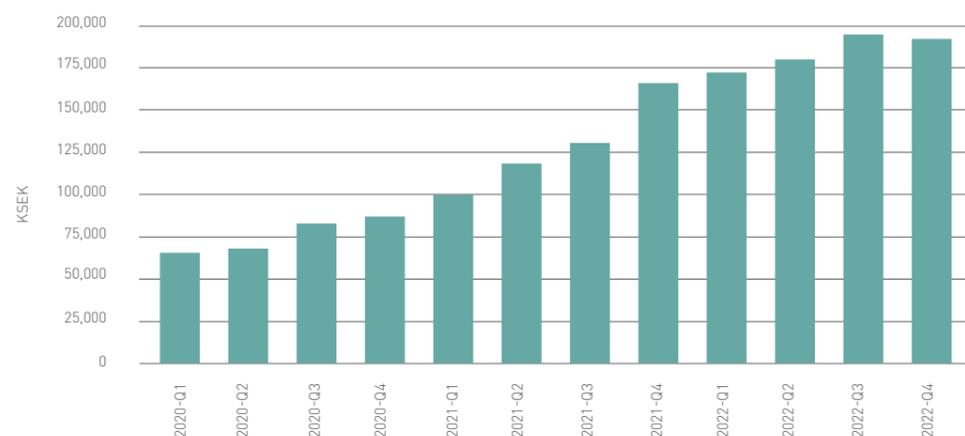


2022 HIGHLIGHTS

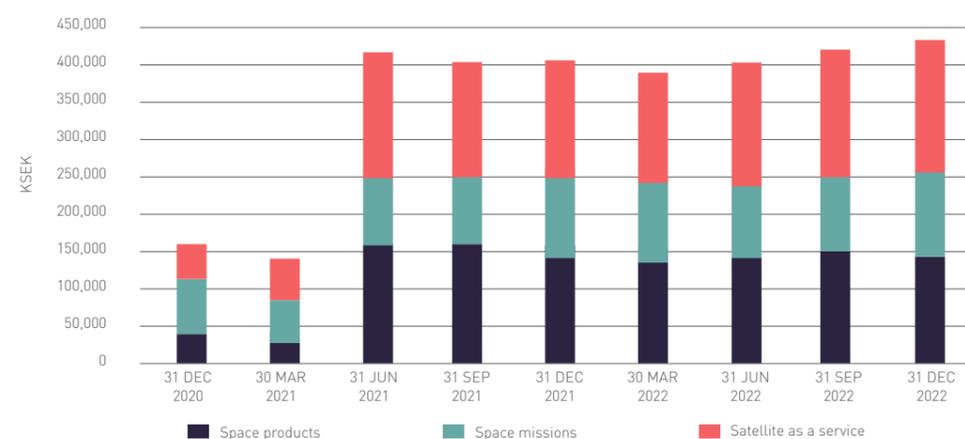
NET SALES AND EBITDA



NET SALES – ROLLING 12 MONTHS



ORDER BACKLOG



FINANCIAL PERFORMANCE 2022

(2021 comparison)

Net sales increased 9% to

SEK 196.7M

(SEK 180.0M)

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

SEK -38.6M

(SEK -14.9M)

and to

SEK -30.0M

(SEK -12.3M)

excluding costs from an aborted acquisition of SEK -8.6 M (0.0) and non-recurring personnel costs and acquisition costs of 0.0 M (-2.6)

The order backlog increased 5% to

SEK 427.8M

(SEK 407.2M)

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Annual General Meeting

Annual General Meeting of AAC Clyde Space AB (publ) takes place on Thursday on 25 May 2023 at 13.00 at Elite Hotel Academia, Suttungsgränd 6, in Uppsala.

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.

VISION

FACILITATING A MORE

• SUSTAINABLE • LIFE ON EARTH



WEATHER FORECASTING
DELIVERING BETTER DATA

• FOR MORE ACCURATE PREDICTIONS



MARINE EFFICIENCY
LAUNCHING FOUNDATIONS

• FOR A REVOLUTION OF COMMUNICATION



FARMING PRECISION
GETTING THE BIG PICTURE AND THE DETAILS

• FOR SECURE FOOD SUPPLIES

AT A GLANCE

>25

years' operational experience

>180

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

33

satellites designed, manufactured and launched to date

47

countries receive our satellite products

WHAT WE DO

AAC Clyde Space is continuing to invest 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 data and cutting edge satellite technology. Over the years, our clients have included ORBCOMM, Wyvern, Eutelsat, OHB, Intuitive Machines, Orbital Micro Systems, UK Space Agency, European Space Agency, and we've delivered solutions and platforms for multiple NASA programmes.

The global small satellite market is expanding rapidly, driven by an insatiable demand for data. Technological advances and falling costs together with 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



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

SPACE DATA AS A SERVICE



Timely, high-quality data from space delivered directly to clients. We take care of the process – from design through to build, launch, operation and data delivery – so clients can focus on their core business. Read more on page 22

SPACE MISSIONS



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 24

SPACE PRODUCTS & COMPONENTS



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 and customers. Read more on page 26

AT A GLANCE

WHERE WE MAKE A DIFFERENCE

OBSERVING EARTH'S FORESTS AND FOOD

Our work with Canadian earth observation company Wyvern is helping to improve land usage, making food sources more stable, reducing water waste, and tracking deforestation.

PREDICTING EARTH'S CRISES

Our work on the Arctic Weather Satellite will help to improve weather forecasting accuracy, providing greater warning of severe weather events to people across the globe.

OPTIMISING EARTH'S FUEL USE

Our work with SAAB and ORBCOMM towards the new VDES maritime communications systems will help drive more sustainable shipping, by finding the most fuel-efficient routes across our oceans.

CLEARING EARTH'S ORBIT

Our work with Astroscale is helping to safeguard Earth's orbits, ensuring they can be used in a safe and responsible way for years to come. With satellite numbers constantly rising, this is important work to keep the planet safe.

EXPANDING EARTH'S DATA COVERAGE

Our work on the xSPANCION project will allow us to offer near-global data coverage, helping to enable communications in unserved and underserved communities, and deliver data that will help fight climate change.

MONITORING EARTH'S OCEANS

Our work on the SOCON project (Sustained Ocean Colour Observation) with Seahawk uses nanosatellites to monitor biological changes in the ocean's surface, helping to track the health of the oceans and the ecosystems within them.

MARKET CONTEXT: THE SPACE MARKET

SUPPORTING LIFE ON EARTH

As our ability to improve everyday lives grows the outlook for the space sector has never been brighter.

Continued innovation

The sector is still full of possibilities that are only limited by the imagination of those implementing them. It's impossible to say where things will go next, or what will gain worldwide adoption. Even with innovative new technology like VDES, which we know to have the potential to change how ocean vessels are managed, and therefore drastically improve ocean shipping and reduce environmental impact, there's no telling how else it could be used once it's up and running. The breadth of possibilities continues to make this an exciting and innovative sector.

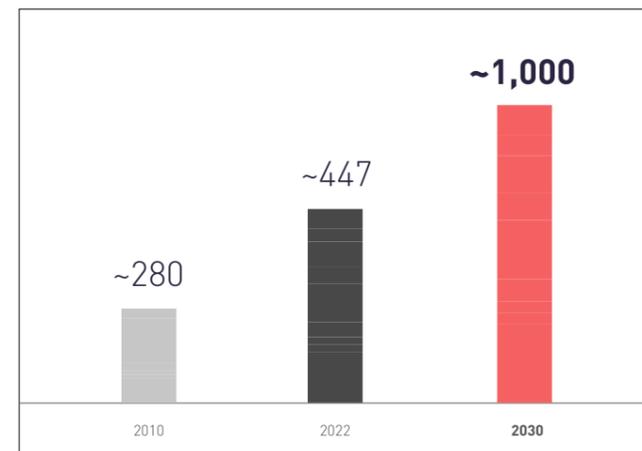
LAUNCHES UP, COSTS DOWN

With the cost to launch falling, more countries and businesses than ever before are looking to get in on the action.

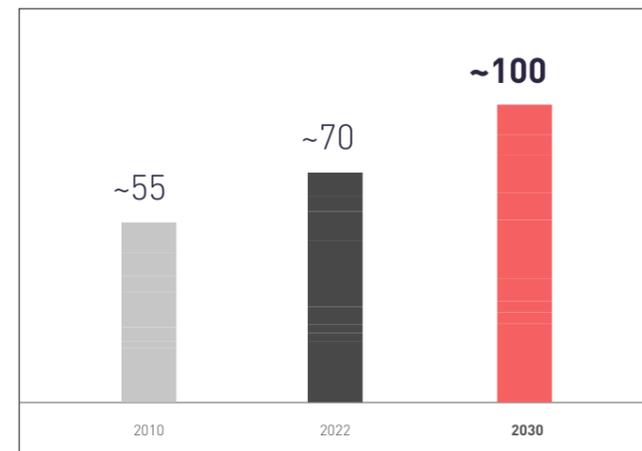
COUNTRIES NOW CAPABLE OF ORBITAL LAUNCH

 UNITED STATES OF AMERICA	 ISRAEL
 EUROPEAN SPACE AGENCY	 JAPAN
 INDIA	 NEW ZEALAND
 IRAN	 CHINA
	 RUSSIA

SPACE MARKET SIZE \$ BILLION



COUNTRIES WITH SPACE AGENCIES



Timeliness of data in space

A key driver of the connection between the view from space and actions on earth continues to be the speed of data transfer. The faster this information can be relayed, the faster it can be acted upon. Constellations of small satellites remain the fastest way of deliver data to earth regardless of the position of the final destination.

Constellations are groups of satellites working in tandem towards a singular goal. This allows a fuller picture of the view from space, whether you're tracing weather, ships, deforestation, or finding information for farming.

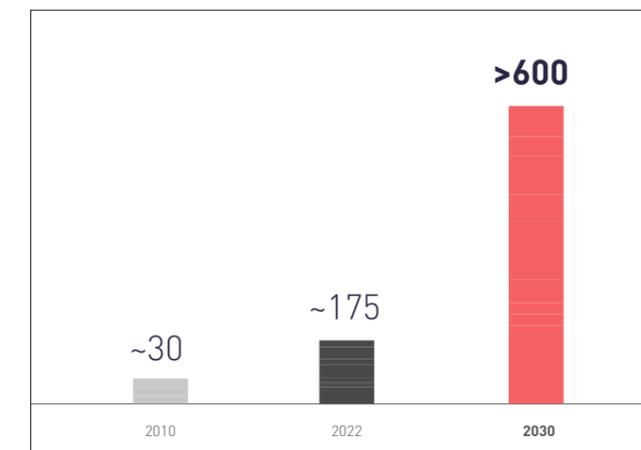
This is driving a huge increase in the number of satellites that we will see in our skies. Today there are less than 5,000, and we could see that number triple before 2030.

Supporting life on earth

The purpose of so much of the work that is being done in space, continues to be the betterment of life on earth. The space sector strives to improve everyday lives for people on earth by providing data that often cannot be achieved any other way.

Whether through harnessing the power of space to help grow the right kinds of crops in the right places, to combat piracy and illegal fishing, to improve communications at sea, or to create a more sustainable life on earth, the 1,740 new satellites launched in 2022 each look to improve our lives in their own way.

HIGH-RESOLUTION EARTH IMAGERY COLLECTED MILLION PER SQUARE KILOMETER



Global space market expected to reach over

\$737bn

within a decade

1,740

satellites launched in 2022

WEATHER FORECASTING: GENERATING A CLEARER PICTURE FOR BETTER PREDICTIONS

THE BUSINESS OF PREDICTIONS



Weather prediction has huge value, for individuals yes, but even more so for industry, transport, and public sector. A change in the winds could have serious implications for life and property, better forewarning of extreme weather events has the potential to save lives. In industry, things like temperature and rainfall are important to sectors like farming, aviation, or shipping. That's why forecasting is an expansive market worldwide, projected to grow from \$1.5bn in 2020 to \$2.3bn in 2030

BUILDING MODELS

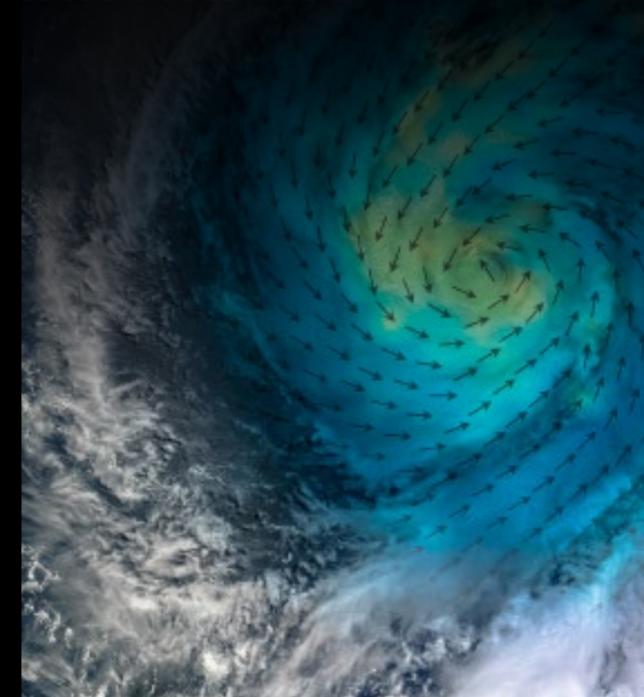


In the Western world, weather prediction is undertaken by advanced models of supercomputers. The input to these come from many sources. It can come from detectors on the ground or in airplanes, but the most valuable source is satellite observations. They themselves have many instruments they pull on to generate data, and a key facet of their detecting arsenal is microwave sounders. That's because of the continuous data on temperature and moisture in the atmosphere that they can provide.

This data is hugely valuable to many sources. It's why there are sharing agreements in place between the USA and Europe to share all their data. Whether that data comes from satellites or elsewhere, it is made available world-wide to other governments but not to commercial entities.

Each country or commercial entity will use this data to its own ends, using different models to analyse what that means for them. The better the data inputs, the more accurately these models will be able to predict weather, and the better that will then be as part of the foresight and warning systems.

MICROWAVE INNOVATORS

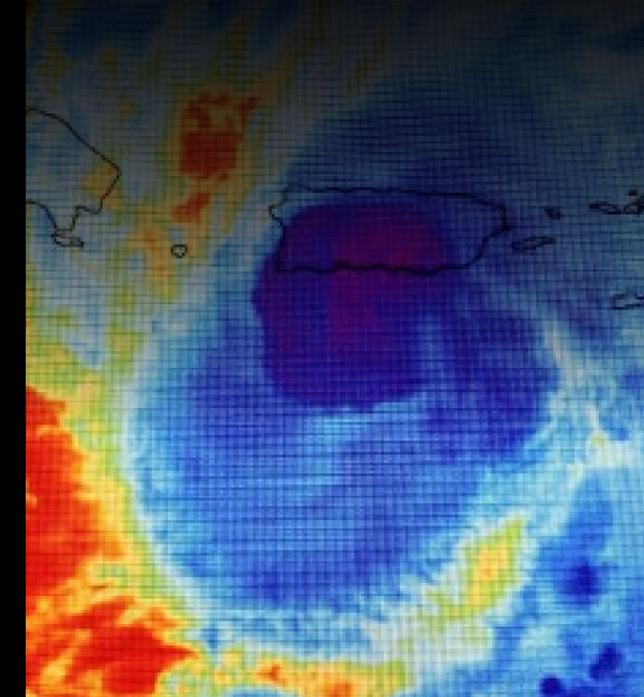


AAC is an innovator in the world of weather satellites and constellations, having developed advances in the field of microwave sounders, through research and development in close partnership with end users, so as to create products that provide information and data that is fit for requirements.

Upon the presentation of the plans for this constellation, Eumestat said this was the development they have been awaiting for more than five years, and they commissioned the Arctic Satellite project and the Sterna project.

Once AAC has proven how revolutionary this data can be for weather prediction, everything is in place to create the full constellation and launch it into operation.

BETTER FORECASTS AT BETTER VALUE



The new development is a proposed constellation of small satellites with microwave sounders that will be able to deliver data that is up to three times more valuable than all existing and planned microwave sounders. Not only is it more valuable, AAC are able to deliver it at a cost that is eight times less expensive than traditional developments.

CEO LETTER LUIS GOMES

HELLO

2022 was a year of steady progress for AAC. We made significant strides towards our strategic goals despite volatile macroeconomic conditions around the world. Our work this year puts us in a fantastic position to take advantage of the ever-increasing demand for space data and services across multiple industries.



Our financial performance was solid, increasing net sales by 9% to reach SEK 196.7M, and our gross margin improved to 58%. We saw a surge in demand for our power systems, and the development of our Space Data as a Services (SDaaS) offering. The SDaaS division grew its revenue by 32% on the previous year, whilst our products and components division grew by 26%. This growth was fed through both the acquisition of new business and through repeat orders from existing clients.

Progress on strategic goals

We made progress toward our strategic goals of growth, leadership, and efficiency. Our improvements in growth can be seen through some of our year's highlight programmes, such as xSPANCION, the growth of AAC Space Africa, and the delivery of satellites to clients such as ORBCOMM and Wyvern.

The xSPANCION project saw the completion of phase two. Following this, we agreed with our partners to move into final phase. The three-year project aims to develop an innovative satellite constellation service of 10 spacecraft. The project is on track to be fully operational in Q3 2024 with manufacture, launch and in orbit operations.

AAC Space Africa generated significant growth, including delivery of a Ground Station for Botswana. It marks the first contract for AAC Space Africa and is an important steppingstone to leveraging space-based data in the region.

We delivered four satellites that will add to our Space Data as a Service capabilities. Three were developed to deliver hyperspectral imagery data to Canadian company Wyvern. The first of these was launched on SpaceX's Transporter 7 mission in April 2023 and will begin delivering data in Q2 2023. The fourth satellite is the Kelpie-1 satellite. It was manufactured for launch in January 2023, growing our constellation. The data will be delivered to ORBCOMM Inc, under a Space Data as a Service contract, starting in Q2 2023.

Alongside this growth, we saw improvements in our efficiency and leadership. We saw the continued development of Starbuck range, our most powerful and efficient power system for advanced space missions. This supports an ever-expanding range of applications, from cutting-edge science to earth observation, and will help us to become the reference supplier for small satellites.

We have also increased our efficiency through the organisation and streamlining of production, ensuring we are more demanding of our supply chain. Our improvements in vertical integration mean that we're now using more of our own group's hardware in our own satellite missions.

Building a sustainable business

This year we have continued to support sustainable life on earth through the actions and improvements we enable our clients to undertake. Whether that is through improvements in weather data facilitating better weather prediction, through better communication in shipping driving more sustainable shipping routes, or through the provision of better data to farmers, helping them to create more secure food supplies, we are helping our customers and delivering on our division to create better lives on Earth.

We're also one of eleven companies partnering with the Scottish Government and tertiary education as part of a programme to research the ways that space can have a positive impact on the environment. Our part of this research focuses on the impact we can have to reduce emissions, specifically through shipping, closely related to our work on the new VDES communications network.

Supporting our colleagues

Working in such a young, dynamic industry, one challenge continues to be attracting and retaining the right people in the right roles. This year we've put in place processes and began to create programmes that will allow us to do just that. It is encouraging that we continue to see so many young people looking to gain the right skills so that they too can join the sector, creating a strong pipeline of talent for the future.

Through the year, we standardised processes across the business, helping our colleagues to have comparable experiences no matter where in the business they are, encouraging the greater collaboration.

In 2023, we will see the continued development of our employer brand, alongside work to increase cross pollination and collaboration between sites, to make sure we gain the full advantage of idiosyncrasies between different areas of the business.

Looking forward

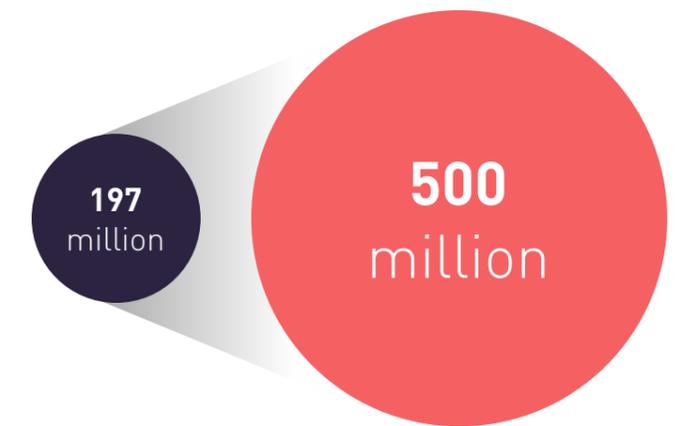
The momentum built throughout 2022 has already continued into 2023. We've seen new component and product orders, a new European development project, and the launch of several satellites, such as those that will deliver data to ORBCOMM and Wyvern.

We continue to work with our customers and partners to realise the huge potential of small satellites for the people of Earth. 2023 will see the further growth of our SDaaS offering, this will be seen on the balance sheet and in the launch of new satellites. We will launch enough satellites this year to more than double our current number of operation satellites from five to eleven. This will grow our ability to deliver fast, high-quality data for our customers in SDaaS.

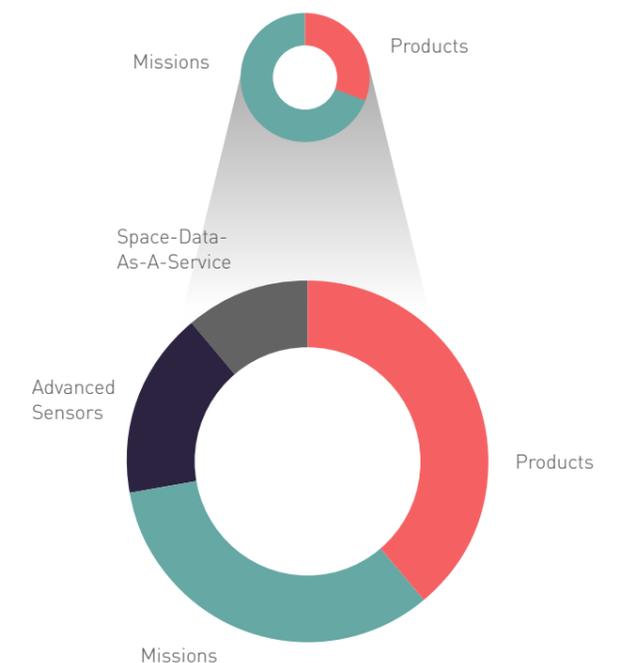
We are excited to keep building a significant revenue growth in 2023, and to achieve positive EBITDA and operational cashflow for all our shareholders.

Luis Gomes
CEO

REVENUE GROWTH FROM SEK 197M IN 2022 TO SEK 500M IN 2024



REVENUE GROWTH FROM SEK 197M IN 2022 TO SEK 500M IN 2024



BECOMING A WORLD LEADER IN SUPPLYING CRITICAL DATA FROM SPACE AND SATELLITE SOLUTIONS

STRATEGIC PRIORITIES



GROWTH

STRATEGIC PRIORITIES

- Grow our proprietary satellite constellation to expand Space Data as a Service to a wider range of clients in the Maritime, Farming and Forestry sectors
- Supply more constellation clients and operational networks
- Expand our geographic footprint in Africa, Asia and the Americas

STRATEGIC AGENDA

- Further develop the Space Data as a Service (SDaaS) offering. Refine our full-service offering, from design, manufacture, launch and to operate satellites that deliver data to clients.
- Expand the EPIC product line of satellites as a cost efficient and very capable solution for ours and our customer's constellations of satellites. Pair the satellites with service packages to support our customers to launch and run their constellations
- Be the supplier of choice for core avionics for the 5kg to 500kg classes of satellites, providing modern, highly capable solutions with a proven track record
- Develop offerings for governmental and institutional customers, supplying products and satellites for national space programmes, together with advanced training and support packages

PROGRESS IN 2022

- We have agreed with our partners to move into the final phase of the xSPANCION project. The 3-year project aims to develop an innovative satellite constellation service. The final phase includes the manufacturing of 10 novel spacecraft. It will be split into two parts. Phase 3A, now initiated, includes satellite platform qualification, scaling production capacity with increased automation, and the development of cloud-based software for delivery of data services to users. It is valued at 35.8M SEK. Phase 3B will commence once customer agreements are finalised. The project should be completed in Q3 2024 with manufacture, launch and in orbit operations
- We saw significant growth in AAC Space Africa, including the delivery of a Ground station for Botswana. This is an important steppingstone to leveraging space-based data in the region. It also marks the first contract for AAC Space Africa, which has been expanding its operations over the last few months to capitalize on the rapidly growing market for satellites and space services in the region. Most recently, it has licensed the technology for the Pulsar range of satellite communications systems and brought their manufacture and distribution in house.
- The three new satellites will deliver hyperspectral imagery data to Canadian company Wyvern. The first satellite was launched in April 2023 on SpaceX's Transporter 7 mission and will begin delivering data in the second quarter of the year
- We have launched the Kelpie-1 satellite in January 2023, adding one more satellite to our growing constellation. The data generated by Kelpie-1 will be delivered to the US company ORBCOMM Inc, under a Space Data as a Service contract, with service expected to start in Q2 2023.

MEASURING FUTURE PROGRESS

- Secure more Space Data as a Service contracts (grow to SEK 100M revenue by 2024)
- Introduce new data and service offerings to the Maritime services and Earth Observation sectors in 2023
- Grow AAC Clyde Space's own constellation of 5 satellites to 11 satellites by 2024
- Grow 2023 revenues from products and satellites, for commercial constellations and institutional customers

EFFICIENCY



STRATEGIC PRIORITIES

- Reduce costs through use of standardised platforms and subsystems
- Improve products and satellite versatility and adaptability
- Streamline satellite operations, lowering cost and scaling it to efficiently operate constellations

STRATEGIC AGENDA

- Develop the EPIC satellites into a highly standardised and integrated platform to drive down costs further while maintaining high performance, quality and reliability.
- Optimise and automate testing and reduce touch-time on all products and subsystems
- Increase vertical integration of satellite production making increased use of group company's products and capabilities to deliver more versatile satellites

PROGRESS IN 2022

- Organised and streamlined production, ensuring we are more demanding of our supply chain
- Improved vertical integration with increased use of group's hardware in satellite missions
- Our financials show clear progress, with net sales growing year on year to SEK 197M
- Phase 2 of xSPANCION contract to build 10-satellite constellation successfully completed. Phase 3 agreed, 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

- Be the leader in Space Data as a Service in our chosen market verticals
- Grow our market share for small satellites in the 1-50kg range, and be the reference supplier in this range

STRATEGIC AGENDA

- Offer competitively priced, high-quality data and services from our own constellation. Partner with specialist companies to offer unique value-added products based on our data and services
- 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
- Expand EPIC range to 16U and above form factors

PROGRESS IN 2022

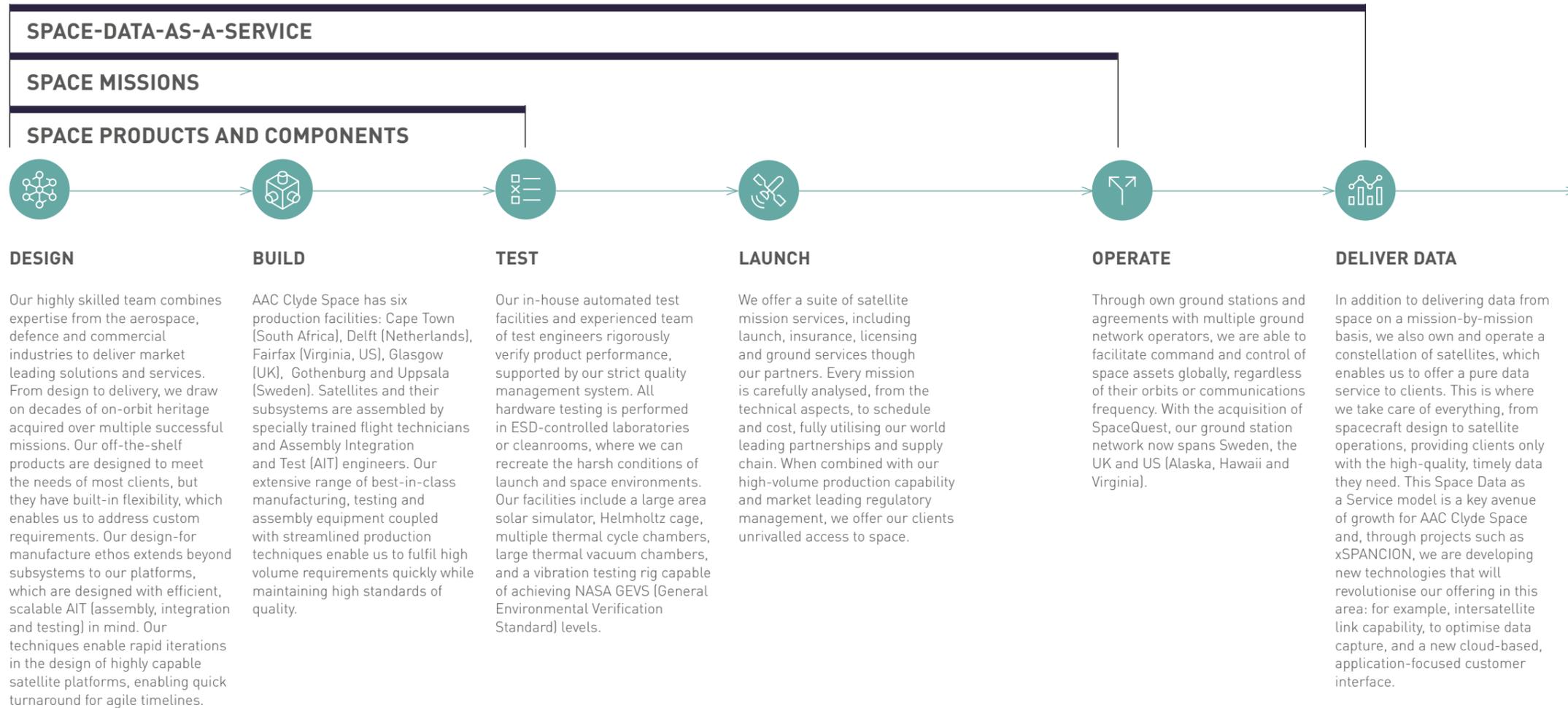
- Completion of Kelpie-1 and its launch in early 2023 start the scaling up of Space Data as a Service.
- Phase 2 of xSPANCION contract to build 10-satellite constellation successfully completed. Phase 3 agreed, with constellation expected to be operational by 2024
- Continued development of the Starbuck 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

- Expansion of the AAC Clyde Space constellation for data and services and growing market share in SDaaS
- Growth of the market share for products and satellites

BUSINESS MODEL

MARKET-LEADING ACCESS TO SPACE



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 science technology engineering and mathematics 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.

STRENGTHS WE RELY ON

PEOPLE AND EXPERTISE

ON-ORBIT HERITAGE

GLOBAL FOOTPRINT

CUSTOMER RELATIONSHIPS

VERTICAL INTEGRATION

MANAGED GROWTH

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



Customer focus

Strong relationships with our customers are vital to our business. We recognise that a client's perception is their reality.



Integrity

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

SPACE DATA AS A SERVICE



**SEK
16,934K**

+32%
Revenue 2022 (vs 2021)
SEK 16,934K (12,840)

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 2022 we made great progress accelerating the growth potential of SDaaS, including our biggest Space Data as a Service customer in the form of Wyvern Inc. We delivered satellites that will begin to supply ORBCOMM (through Kelpie-1) and Wyvern (through three satellites) with space data in 2023. By 2024, we plan to have 11 SDaaS satellites in orbit.

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 DELIVERY OF THREE SATELLITES TO DELIVER DATA TO WYVERN MARKS A MILESTONE FOR OUR SPACE DATA AS A SERVICE MODEL THAT IS SET TO TRANSFORM NOT ONLY OUR BUSINESS, BUT ALSO THE WAY OTHER COMPANIES ACCESS DATA FROM SPACE-BASED ASSETS. SPACE DATA AS A SERVICE WILL ENABLE BUSINESSES TO ACCESS HIGH QUALITY DATA THAT WILL IMPROVE THEIR OPERATIONS. OVER THE COMING YEARS, IT WILL ALSO TRANSFORM AAC CLYDE SPACE FROM A HARDWARE COMPANY INTO A SPACE-BASED INFORMATION TECHNOLOGY BUSINESS.”

Luis Gomes, CEO

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 two in 2022, we kicked off phase three.

The project, valued at EUR 19,7 M (approx. 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 coordination 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.

WYVERN: IMPROVING PREDICTION CAPABILITIES

We shipped the first of three satellites that are set to deliver hyperspectral imagery data to Canadian company, Wyvern. The satellites will continue the transformation of AAC Clyde Space into a space-based data company over the coming years.

It was successfully launched on April 15th on SpaceX's Transporter 7 mission from California onboard a Falcon 9 rocket. The satellite is expected to start delivering data during the second quarter of 2023. The other two satellites under the contract are also expected to be delivered and launched in 2023. AAC Clyde Space will own the three satellites, while Wyvern Inc. has committed to subscribe to the data service for an initial four-year period, for GBP 8.4M (approx. SEK 105M). The contract can be extended on an annual basis thereafter.

“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

ORBCOMM: SATELLITE DELIVERY FOR SDAAS

In November 2022 we delivered the first of two 3U satellites that will deliver data to the U.S. company ORBCOMM Inc, a global provider of Internet of Things (IoT) solutions. The group also owns and operates a constellation of satellites dedicated to SDaaS which is also under expansion.

SPACE MISSIONS



SEK
39,661K

-31%
Revenue 2022 (vs 2021)
SEK 39,661K (57,510)

SEK
114,738K

+9%
Order backlog 2022 (vs 2021)
SEK 114,738K (105,196)

LAUNCH SERVICES

BROKERAGE

LICENSING

INSURANCE

INTEGRATION

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 with 3U and 6U as the most popular size at present. 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.

GROUND SERVICES

FREQUENCY FILING

DAILY TMTC

PLANNING

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 at least 5 years.

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



SPACE PRODUCTS & COMPONENTS



SEK
136,361K

+26%
Revenue 2022 (vs 2021)
SEK 136,361K (108,219)

SEK
146,228K

+1%
Order backlog 2022 (vs 2021)
SEK 146,228K (144,193)

CUBESAT TECHNOLOGY

BATTERIES

POWER SYSTEMS

COMMUNICATIONS

SOLAR ARRAYS

STRUCTURES

PAYLOADS

ADCS STEERING SYSTEM

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, and are working to create AI capabilities for small satellites, with backing from the European Space Agency (ESA).

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 further 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 STEERING SYSTEM

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

PROPULSION

- PM200 propulsion mode

SMALLSAT TECHNOLOGY

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

FINANCIAL REVIEW

DELIVERY ON GROWTH AND EFFICIENCY

2022 was a year of steady progress for AAC Clyde Space. Topline sales grew and satellites were delivered despite industrywide supply chain issues, rising costs, and continued staff shortages.

Net sales were increased by 9% to SEK 196.7M (compared with 180M in 2021), just short of the SEK 210M target. Total revenue, including work performed by the company for its own use and capitalised, saw an even larger increase to 243.7M. 2022 also saw the gross margin improve to 58%, up from 54% the previous year.

Through the year the order backlog grew to SEK 427.8M, giving us an optimistic sales pipeline and confidence going into 2023. The increase in demand for our power systems and on-board computers from repeat customers looks set to continue into 2023.

Despite industry wide issues, there is good cause for optimism moving into 2023. Interest in space services and space -based data provided by small satellites continues to grow, as shown in the significant growth of this area of our order backlog.

In 2023, we expect to maintain a positive operating cash flow and a positive EDBITA.

ORDER BACKLOG

SEK 427.8M

(SEK 407.2M)

The order backlog increased slightly over the year with Space Data as a Service now making up 39%

FULL-YEAR 2022: SALES AND EARNINGS

SEK 196.7M

(SEK 180.0M)

Net sales increased 9% to SEK 196.7 M (180.0) thanks to a growth of 32% in Space Data as a Service and 26% in Products and Components.

SEK 243.7M

(SEK 210.8M)

Total revenue, including work performed by the company for its own use and capitalised, amounted to SEK 243.7 M (210.8)

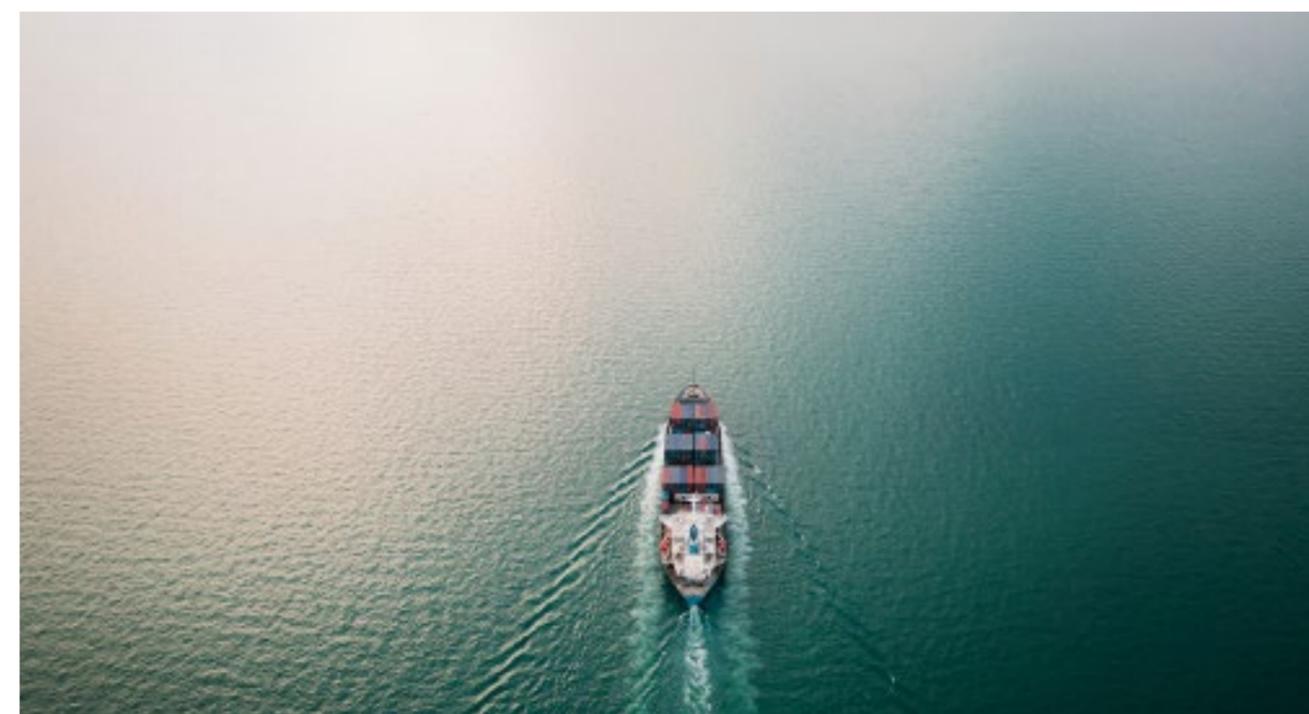
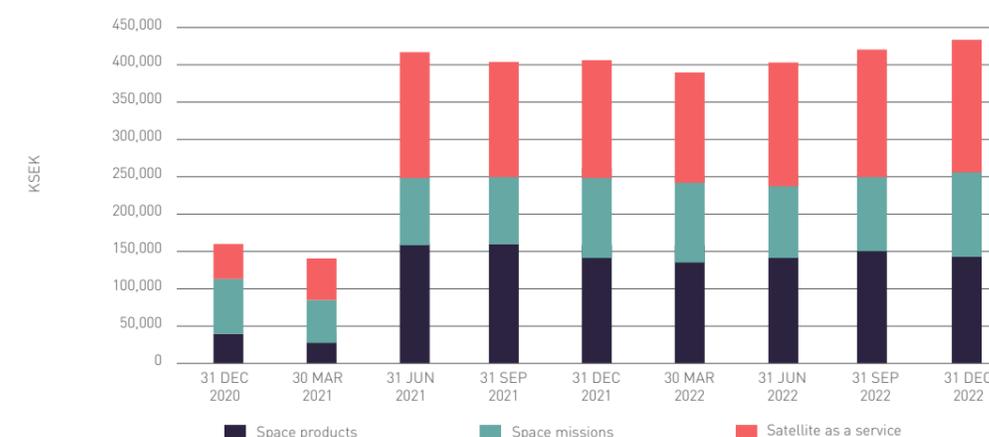
Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to

SEK -38.6M

(SEK -14.9M)

EBITDA amounted to SEK -38.6 M (-14.9) SEK and to SEK -30.0 M (-12.3) excluding costs from an aborted acquisition of SEK -8.6 M (0.0) and non-recurring personnel costs and acquisition costs of 0.0 M (-2.6)

ORDER BACKLOG

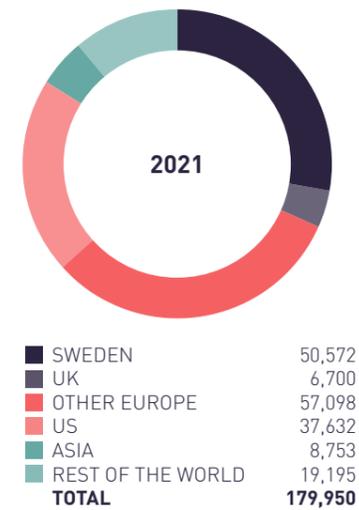
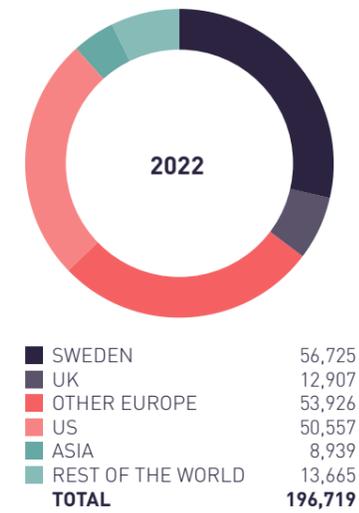


FINANCIAL REVIEW

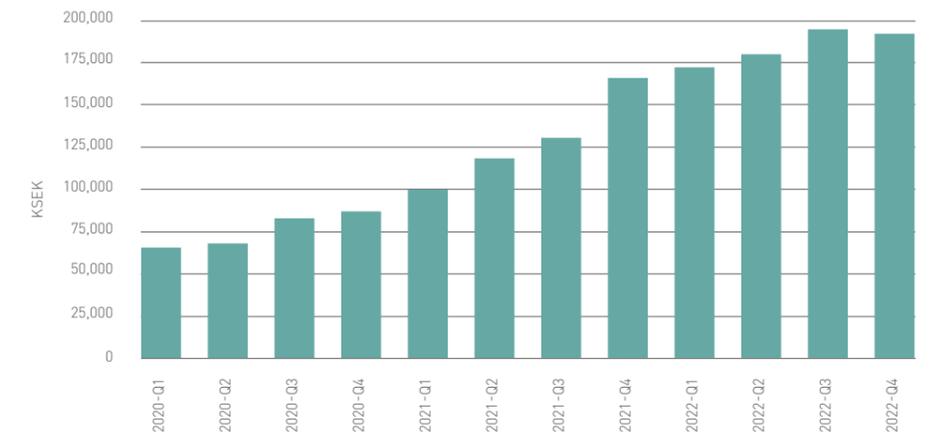
YEAR-ON-YEAR COMPARISON

kSEK	Full-year 2022	Full-year 2021
Net sales	196,718	179,950
EBITDA	-38,599	-14,942
EBIT	-67,006	-38,606
Basic and diluted earnings per share, SEK	-0.24	-0.23
Equity ratio	75%	78%
Cash flow from operating activities	6,435	-35,461
Cash flow for the period	-44,711	32,399
Cash and cash equivalents	52,100	96,110
Order backlog	427,790	407,214

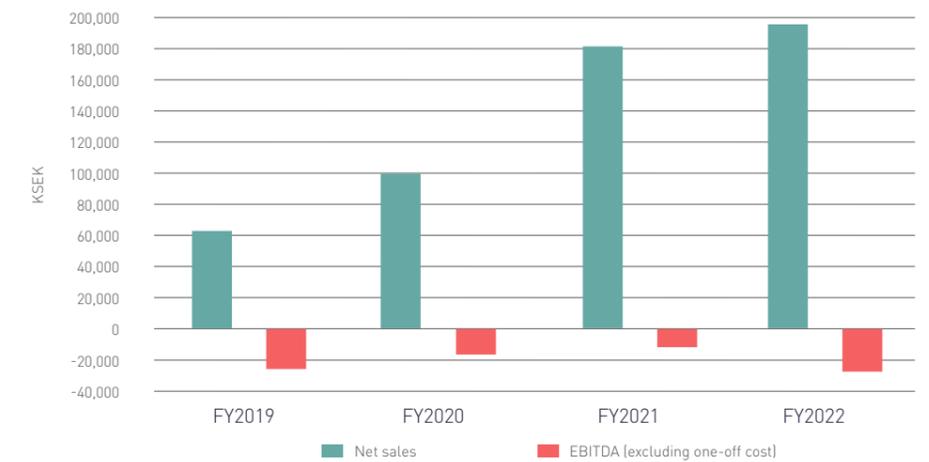
NET SALES BY GEOGRAPHY



NET SALES - ROLLING 12 MONTHS



NETTOOMSÄTTNING OCH EBITDA



MARINE EFFICIENCY

LAUNCHING THE FOUNDATIONS OF A COMMUNICATION REVOLUTION

A CHANGE OF THE TIDES

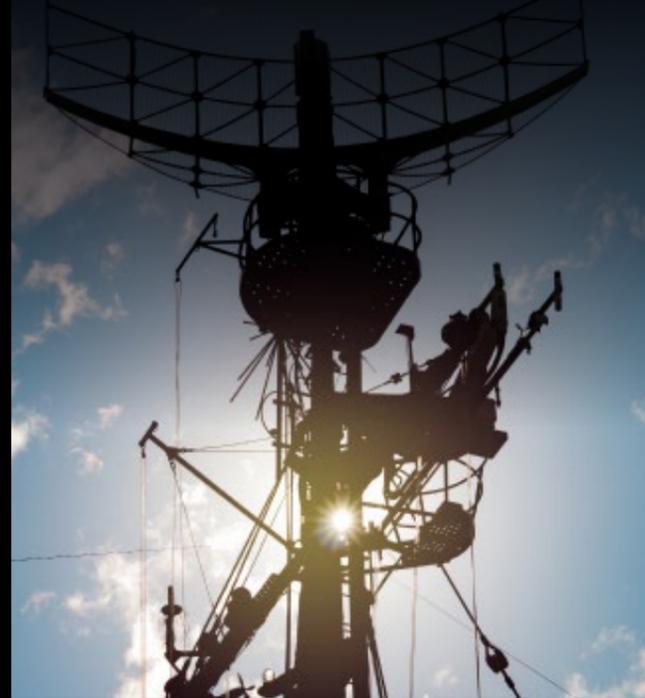


Since December 2004 the International Maritime Organization (IMO) has required all ships over a certain size to be fitted with an Automatic Identification System (AIS). This AIS broadcasts messages over VHF detailing a ship's position, information about its voyage, and the vessel's characteristics. Authorities and other vessels to understand what the ship is doing, and where it's going.

AIS is part of the IMO's Safety Of Life At Sea (SOLAS) convention, by allowing ships to maintain a clear view of the traffic around them. However, as maritime traffic has grown, AIS channels have become congested in busy shipping areas, affecting the integrity of the system to support SOLAS.

To solve the issue, a new system of communications has been developed. The 'VHF Data Exchange System' (VDES) standard has been introduced.

LAUNCHING CONSTELLATIONS



AAC is launching the satellite infrastructure needed to get the new maritime communications network off the ground. Our work with SAAB and ORBCOMM to create, develop and demonstrate working VDES networks is underway. It is due to accelerate this year alongside our Njord-1 launch. Njord-1 is the first satellite to launch in constellation of VDES satellites that will form the basis of our Space Data as a Service offering in for the maritime industry.

Whilst we're looking to the future and what's to come, we haven't forgotten about the needs of today. Since 2009, AAC have been working to facilitate the move of maritime communications into space, starting with AIS. We've helped unburden the system on the ground by capturing AIS messages over VHF from orbit.

We've launched successive SmallSat and CubeSat missions and have built the longest database of vessel traffic up to the present day. This year we have launched two new AIS satellites that will continue to support communications in the maritime industry throughout the inevitable transition to VDES.

SHIP-TO-SHORE AND SHORE TO SHIP



The VDES system doesn't only solve the issues around limited coverage in congested areas either. It will also be able to track ships and provide data across the entire globe, rather than AIS which is limited to 40 miles of the shoreline.

The VDES system is always on, making it easier for authorities to protect fisheries and track smugglers and pirates, keeping the seas safe for everyone on them.

The VDES system will provide data from ship-to-shore and from shore-to-ship, via satellites, opening a whole new world of possibilities.

ENDLESS POSSIBILITIES



One such possibility is the connection of engine rooms, head offices and ports. This will allow data services in a head office to monitor the engine room's health and create service plans accordingly, and it will do it remotely and continuously. It can then find the most appropriate port to call in at, getting the work done as cost, time, and route efficiently as possible.

This is just one example of the many ways that VDES and the data it delivers will improve lives at sea. Which applications of VDES take off, and what people will be able to do with it next, no one can say for sure, but the potential is endless. VDES isn't just modernizing in and of itself, it opens the possibility even more.

OUR PEOPLE

SUPPORT AND DEVELOPMENT

2022 was a year of solidifying the transformational change. For the people team, it was a year of putting in place the building blocks so AAC Clyde Space can become a better to work than ever before.

We are a business full of passionate people working together to achieve great things for the benefit of everyone on Earth. To continue to grow, we need to truly understand what it is that our colleagues need to thrive. That's why in 2022 we sought to put in place the foundations that will allow us to improve our employee experiences, engagement, and retention, and to attract more talent in years to come.

Supporting employees

This year we ran our first global employee survey as part of our effort to put in place the foundations of success through better communication with our colleagues. This will help as we uncover precisely what our colleagues need and help them to find it. The process of the survey itself confirmed that we have an incredibly engaged workforce, with a survey engagement rate of 75%, far above the rates considered good for any company in any industry.

The key piece of feedback from our teams was a need for increased learning and development opportunities at work. To answer this, we will be working to create a learning and development platform, as well as generating cross-site opportunities to help different teams collaborate and develop through the internal sharing of ideas.

Supporting skills

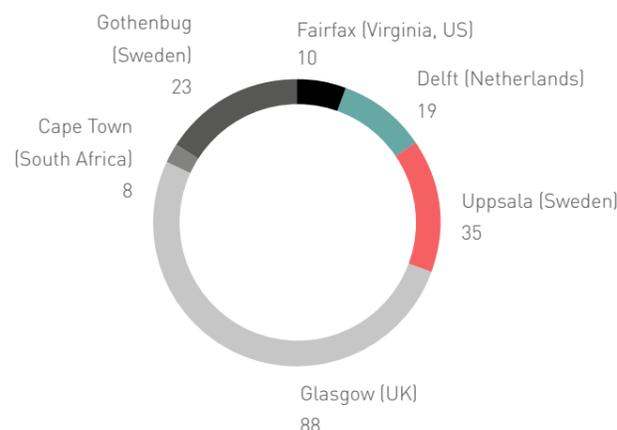
These changes and new processes have been made and implemented against the backdrop of an industry-wide skills shortage, making it more complex to find, employ, and retain experienced talent in the space industry. To meet this challenge head-on, we have been working to upskill our colleagues and find new passionate people with transferable skills to join from other industries.

In 2023, we will look to work on a more engaging employer brand, to make sure that we're attracting the very best talent possible. As we grow, so too does our headcount, and we will look to improve our diversity as we grow. This year our female employment ratio has risen organically to bring it in line with the industry average.

“WE’RE WORKING HARD TO MAKE AAC CLYDE SPACE AN EVEN BETTER PLACE TO WORK, SO WE CAN UNLOCK THE POTENTIAL OF OUR ORGANISATION AND THE PEOPLE WITHIN IT.”

KULWINDER BHUMBRA, HR DIRECTOR

EMPLOYEES



29%

female employment, on par with industry average

6.4%

growth in headcount during 2022 to 183, from 172 in 2021.

So far, the skills shortage has not extended to finding talented young people who want to enter an exciting industry. We've found that there is a plethora of young talent looking to join our ranks. To make sure that the flow of young talented individuals doesn't slow as we grow, we've been working with tertiary education to develop space specific programmes, so that university students can gain all the skills they need to succeed at the start of their careers.

Supporting processes

In 2022, we started a journey to standardise processes across the business. This will help our colleagues to have comparable experiences no matter where in the business they find themselves, making it easier to collaborate than ever before. One of the big projects for 2023 will be to further embed our vision, mission, and values into our processes and practices. This will help us to provide direction for the passion that our colleagues bring to work every day, making sure that we're all working together towards the same goal, making life on earth better every day.

FIVE MINUTES WITH

FRANCOIS



Francois Visser, Technical Director AAC Clyde Space Africa
Location: Cape Town
Date joined: September 2021

What is your role?

I'm the Technical Director in Cape Town. We're the group's experts on radio frequency communications. We advise on issues like which radios and antennas to use on which spacecraft, as well as what frequencies to use, and the performance of those systems to make sure they work in spaceflight. Additionally, we develop new products both for the group internally and to we sell externally. We're aiming to build satellites out of Cape Town soon as well.

The Wider Industry

What attracted you to the Space Industry?

I was busy completing my bachelor's in engineering at the University of Stellenbosch when I was given the opportunity to take part in the Sunsat project. Sunsat was a microsatellite that was developed by postgraduate students in the 90s and launched in 1999 from Vandenburg Airforce Base in California.

It was immensely cool, and still is, to design and build circuit boards with your own hands that are launched into space, and you get to communicate with them over distances of up to 3000 km as the satellite comes overhead a few times per day. After more than 20 years in the space industry I still find it exciting to hear the first beep over the radio from one of our satellites immediately after launch.

What do you see as the most interesting challenge facing the space industry?

The most interesting challenge facing the space industry is the rapid growth we will see in the future, and therefore the inevitable need for more resources. The first resource is Earth orbit itself. It is becoming very cluttered up there and if it were to remain a sustainable business a lot of new technology must be developed to ensure that spacecraft do not collide into one another, and that satellites that have reached the end of their operational lives, be removed from orbit. It is a problem but not impossible to solve, and many engineers and scientists all over the world are working on it.

The second resource is human resources. There is a big shortage of engineers, scientists, and mathematicians in the world and as the industry grows, we need more of them. This is an issue that must be addressed at the earliest stages of education, to get young people interested in the STEM disciplines (i.e. Science, Technology, Engineering and Maths), and then to get them to choose a career in our industry.

What would you say to someone considering joining the industry from another sector?

I think it's easy to convince someone because it's such an interesting domain to work in. The space industry is very multi-disciplinary because knowledge from so many engineering disciplines is required to design and build a spacecraft. There are processes that we follow and products that we use that are of course different to other engineering industries.

While engineers coming from other industries will take some time to become accustomed to the new environment, I always find it interesting how new ideas are formed by new people just thinking differently. When you get a guy who's been in the sector for 20 years he'll approach things the same way, so it's great to bring in new blood.

What advice would you give to someone starting their career in space?

Read Space Mission Analysis and Design! It's regarded as the bible of satellite engineering, and the de facto introduction to the spacecraft. It makes a great intro, and then they just need to take it a day at a time, learning as much as possible.

Life at AAC Clyde Space

What initially attracted you to AAC Clyde Space?

A few of my colleagues and I have been involved with Clyde Space in Glasgow since about 2013 when we were working at a local university. We developed CubeSat radio and antenna products that were marketed to the international CubeSat community through Clyde Space, after we met Clyde Space founder Craig Clark way back at the Polycubesat workshop. Eventually, near the end of 2021 we joined the AAC-Clyde Space group by establishing a new company in Cape Town.

How have things changed in your time working here?

It's been a real time of change, the transition from the University to starting a new company itself was a big change, and we've created a new space company from scratch. We're the only company in the group where that's true, the others were existing companies that were acquired.

Day to day what's changing is the environment. It is dynamic in the sense that there is a lot going on and simultaneously existing projects are completed and new missions are started. It is a great feeling to complete an existing spacecraft and send it off to the launch pad, and then pick up something completely new and learn all about that.

What is the best thing about working at AAC Clyde Space?

As our Cape Town office is very newly established, we have the opportunity to build it from scratch and grow it into a successful business. Since we opened our doors in September 2021, we have already doubled in size, and hopefully we'll double again this year. Here in Africa, there are lots of new market opportunities to tap. It's great cooking up new ideas and developing new technologies which we then work to bring to market. I really like working in that energetic environment.

What makes AAC Clyde Space a great place to work?

I think it's a great place to work because it's one of the leading CubeSat manufacturers in the world. We're building the most advanced CubeSats on the planets, it'll blow your mind what the guys in Glasgow are constructing. The best thing is being exposed to that technology and such a diverse group of people. There are people from all over the planet here coming together to do something very exciting.

What about your work with AAC Clyde Space are you most proud about?

I am proud to be a part of one of the group's companies and participating in really cutting edge development. AAC Clyde Space is building some of the most advanced CubeSat satellites on the planet. It's good to be part of a family that we've walked a path with for a long time, and to finally join as a new company. I'm immensely proud to have built it up from scratch and now be part of AAC Clyde Space where we can continue to grow.

What's really exciting that's happening in your part of the business?

We get to advise on next generation RF technology, and we've not done it before. This will provide design flexibility that we've never had before on our spacecraft and we're going to make it even quicker and cheaper to build, design and test.

OUR PEOPLE

FIVE MINUTES WITH

PAM

Pamela Smith, VP Future Programmes
Location: Glasgow
Date joined: 2015 & again in 2020

What is your role?

I support the company's vision in terms of technology and service development roadmaps. I work closely with Andrew Strain (CTO) and Andrew Carrel (President Data and Services) to help realise their visions of future development. I work closely with funders like the ESA and other national funding agencies to look at institutional and grant finding support for the future. Rather than the commercial side, we look at what is needed for the future development of AAC Clyde Space and the industry.

The Wider Industry

What attracted you to the Space Industry?

I was always interested in space from quite a young age and especially so after travelling to the Kennedy Space Centre. I was particularly interested in the engineering that got people into space. I was always into maths, physics and problem solving so that felt like a good match. At the time I didn't realise you could have a career in space, particularly in Scotland. When I was finishing up school, I realised if I went into engineering that would be a good path into the industry so I studied the things that took me on a path to working in space.

What do you see as the most interesting challenge facing the space industry?

Skills development is the biggest challenge we all face. The growth of the industry has been incredible over the last decade, driven by the commercialisation of space. That's, in part, due to the small satellites that we build. That growth looks set to continue and in order to meet it we need the next generation of engineers, scientists, and people filling the other supporting roles to join the industry. We need to find interesting ways to bring them in. That's especially true for women, who are currently choosing to work in different industries, we need to show that this is an awesome industry to be a part of. It gives us a fantastic chance to address the diversity of the industry at the same time.

What would you say to someone considering joining the industry from another sector?

Just go for it. The sector offers such a wealth of experiences. You get to work on the most interesting challenges and try to find innovative solutions. I think it provides the opportunity to work in every global industry and you get to work with and meet exceptionally talented, intelligent people, whilst contributing to solving some of the world's biggest challenges.

What advice would you give to someone starting their career in space?

Look for ways to constantly build your network and learn from everyone around you. Take the opportunity to learn and develop, say yes to opportunities presented to you even if they're daunting, use them as an opportunity to grow. Also, never underestimate the importance of softer skills, I think people see the sector as highly technical, but having those communication and problem-solving skills is massively important too.



Life at AAC Clyde Space

What initially attracted you to AAC Clyde Space?

When I was starting out in space the sector was really young. It was still just forming in the UK and Scotland. I knew Clyde Space from speaking opportunities at my university. It meant I knew who they were and that they were doing some really exciting things. Initially I worked in academia but knowing there was an innovative company right on my doorstep, AAC Clyde Space was the obvious choice when I decided to make a change.

As you can see from my start date, I obviously did leave, but I also came back. I ended up coming back because I really missed the team, and I missed the role. The role I was doing was isolated, working on my own in a distributed team and I missed the environment here. I also missed the technical parts of things where I get to roll up my sleeves and do things, my other role was more supporting role, and I missed making things happen.

How have things changed in your time working here?

There's been so much change within the group and it's all been driven by our growth. After my time away the change was massive, now there are so many more people and geographic locations, it was astounding. It's brought a huge growth in our product and capability portfolios. We have such a wealth of experience and expertise and heritage to offer now. That's where I've seen the biggest change.

What is the best thing about working at AAC Clyde Space?

For me it's the variety of work. There are always new challenges, and new opportunities to do interesting and exciting things. It gives you the chance to constantly learn and develop. I like that we push the boundaries of what's possible for small satellites, and actually, being part of that feels like a real privilege.

What makes AAC Clyde Space a great place to work?

It's definitely the people, it's what brought me back to AAC Clyde Space. I have a group role, so I work with all the different teams and sites across the world. It brings new perspectives and opportunities to learn from so many different people. We've got such a talented group of people here, it's amazing to see what they know and what they can achieve.

What about your work with AAC Clyde Space are you most proud about?

It's really rewarding to be able to facilitate and support the next stage of developments for the company. I love helping teams by understanding their requirements and vision and then engaging with space agencies and institutions to make them happen.

I'm particularly proud of the achievement of securing funding for the xPANSION project. When I came to the company, that was my sole focus for the first six months. It's the biggest development we've undertaken in Glasgow, so it has been great to see that come to fruition.

What's really exciting that's happening in your part of the business?

Building funding opportunities for our space data as a service. It's exciting for us as it's a new area in the early stages of development. It's amazing to see what the technology can deliver, especially the applications that it can be put towards to make everyday life on earth better. It's fascinating to see how that's going to help us grow.

FIVE MINUTES WITH

FRÉDÉRIC

Frédéric Menard, Director of Operations
Location: Delft
Date joined: June 2022

What is your role?

I am the Director of Operations for our Delft site in Netherlands.

The Wider Industry

What attracted you to the Space Industry?

I was struck by the beauty and magic of space from an early age and it stayed with me. Today, that magic means working on cutting-edge technologies, making new discoveries, and working in an environment that is so different from our daily lives. It is so satisfying to be part of creating man-made products and sending them into space so they're flying thousands of kilometres above Earth.

What do you see as the most interesting challenge facing the space industry?

I think the most interesting challenge is in the dynamic of the New Space sector. That, and the challenge of creating new products that have to operate in a very unique and harsh environment.

What would you say to someone considering joining the industry from another sector?

If you're going to join the space sector, then you need to make sure you have a passion for it. If you do, then you can look forward and be ready to experience the amazing excitement of working on space related topics and in such a fascinating industry. I'd also say that because the sector is less mature at this stage there is a lot of work to do, and a real variety of roles that you could take up.

What advice would you give to someone starting their career in space?

The most important thing when you're just starting out is to not be afraid to learn and to make mistakes. Be humble, be open minded, take initiative, and don't forget to enjoy your work.



Life at AAC Clyde Space

What initially attracted you to AAC Clyde Space?

I saw AAC Clyde Space, and still see AAC Clyde Space, as a company with great potential in a booming industry. I could see that we develop really interesting high-tech products and I wanted to get involved in that.

How have things changed in your time working here?

We're in a transformative time for the company at the moment, transitioning from a start-up to a more mature and professional workplace. We're becoming more customer and relationship focused and making sure that we're hitting all out quality and deadline commitments. One of the biggest things though is the increase in collaboration that's being fostered between all our sites.

What is the best thing about working at AAC Clyde Space?

I love working at such a dynamic company. We're growing all the time and it's great being able to put new systems and processes in place. With that growth we're opening even more opportunities in a market that's growing too. It's great to see us reaching for, and simultaneously growing, our potential.

What makes AAC Clyde Space a great place to work?

I really enjoy working at a relatively young and fast-moving company. There are so many passionate people here, it's easy to thrive off that passion.

What about your work with AAC Clyde Space are you most proud about?

I'm really proud of the teamwork that I've fostered, helping create a more collaborative workplace that delivers even better customer relationships.

What's really exciting that's happening in your part of the business?

Recently we've seen a lot of orders coming in and some demo missions that will really grab the attention of our customers, so I'm excited to see those to fruition. We're also working on the development of laser communication terminals which will be an absolute game changer for satellite communication.

SUSTAINABILITY

FACILITATING SUSTAINABILITY

Sustainable practices, delivered by sustainable businesses, are absolutely vital to creating a better life on earth. If we want to have a better planet for the future, we need new ideas and new processes. We need to find new ways to make food, get from A to B, to work together peacefully and efficiently, and to increase sustainability.

The work done, and data that will be delivered, by AAC Clyde Space provides and unlocks a myriad of new angles, ideas, and ways of working, to create a more sustainable life on Earth.

At the same time, we know that to truly become a business of the future, we can't look only at the fantastic potential created by our products and services, we need to look inward at ourselves.

In 2022, we have spoken to students about the importance of STEM subjects and helped them understand how to get involved in the space industry, including our CEO Luis Gomes speaking at the International Space University. We've helped further sustainable goals through participation in studies in partnership with the Scottish Government looking at how work in space can lower emissions. We've sent out satellites that will help the fight against food scarcity, supplied earth observation images that can be used to track ocean health and deforestation, and we've even provided products to clean up Earth's orbits.

In 2023, we will continue to deliver all that and we will go further still. We will be introspective, discovering how we can become a more sustainable business, and beginning our journey to become a leader on sustainability.

Researching the steps to net zero

This year AAC Clyde Space have been one of 11 companies selected to take part in the Scotland Can Do 'Applying Space Data to the Net Zero Economy' research and development challenge run by Scottish Enterprise in partnership with the Scottish Government.

This called for companies to demonstrate how space-based solutions will help a range of sectors on earth, including agriculture, transport and the built environment, accelerate their transition to net zero.

AAC Clyde Space took part to show how space-based data in the form of high frequency radio communications system VDES will help to reduce the emissions produced from shipping through improved navigation and planning.

“SPACE CAN ALSO PLAY A KEY ROLE IN THE GLOBAL FIGHT AGAINST CLIMATE CHANGE BY APPLYING SPACE DATA TO FIND INNOVATIVE WAYS TO TACKLE CLIMATE CHANGE”

SCOTTISH BUSINESS MINISTER IVAN MCKEE



FARMING PRECISION: SECURING FOOD

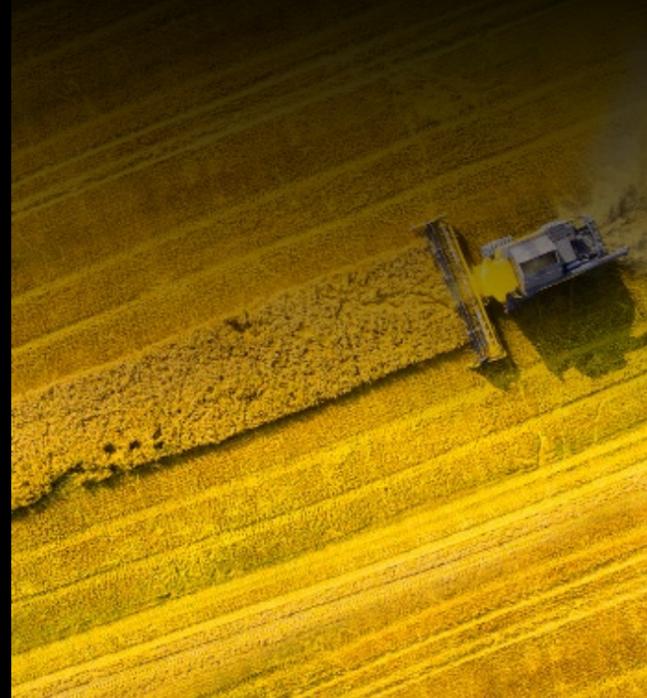
A GROWING POPULATION



As the human population of earth continues to grow, we need to be careful with how we use and manage our resources to make sure that everyone can be fed. The World Bank estimates that we'll need to add 50% to food production by 2050 to reach demands for food, and that by 2030 40% of water demands are unlikely to be met.

Industry and governments need to work together to protect food sources and find more efficient ways of farming if we are to rise to this challenge and feed the world whilst protecting other important resources.

PROVIDING THE BIGGER PICTURE



The space industry is providing earth observation data to enable smarter farming, helping farmers to see the bigger picture.

Institutional programmes like Sentinel-2 and Copernicus are already hard at work providing this data for institutional and commercial use, it has significant limitations.

The fixed cycles don't allow for data on demand, nor do they account for cloud cover, and the spatial resolution of 10m isn't enough to help farmers with precision agriculture. These limitations are down to the size and type of satellites in use. Making use of CubeSats will allow better quality, more regular images to be fed down from space on demand, and at a better price point.

ON DEMAND IMAGES



AAC's expertise in CubeSat technologies and previous earth observation experience, on NASA's SeaHawk mission mean we're ideally placed to provide low-cost image data to those who need it.

This year we're launching a three-satellite constellation which will generate hyperspectral data with global coverage. This means we will capture more colour definition than the human eye can see. This data will be used to provide Space Data as a Service to our customers, like Wyvern. Wyvern will then use this data to help farmers optimise yields, detect invasive plants and pests, and find changes in the soil make up.

Our customers come to us for earth observation data because of our unique blend of price point, performance, and breadth of offer. Our expertise in CubeSats allows us to offer data with the same, or better, performance at a cheaper price. On top of this we can offer it on demand because our satellites are more regularly able to observe the same areas, helping farmers farm smarter, more often.

SMARTER FARMING



By using AAC's on-demand, precision imagery farmers can increase yields, improve soil quality, and reduce water waste. Making more food from the same land, and with less of a drain on communal resources that are vital to our survival.

Earth observations sustainability applications don't stop there either as it can help track things like deforestation and illegal logging.

The data provided will lead to more sustainable lives on earth, for everyone.

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 2023 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, Chair of the Board of AAC Clyde Space AB

KEY RESPONSIBILITIES

Chair of the Board

- leads the Board and ensures efficient and effective work
- 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

- use respective knowledge base to contribute to the high quality work of the board
- 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 2022

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 Johan Engstam.

2023 CALENDAR OF EVENTS

27 APR ANNUAL REPORT 2022

25 MAY ANNUAL GENERAL MEETING

24 AUG INTERIM REPORT Q2 2023

23 NOV INTERIM REPORT Q3 2023

ANNUAL GENERAL MEETING

Annual General Meeting of AAC Clyde Space AB (publ) takes place on Thursday on 25 May 2023 at 13.00 at Elite Hotel Academia, Suttungsgränd 6, in Uppsala.

Notification

Shareholders who wish to participate in the general meeting must be registered in the shareholders' register maintained by Euroclear Sweden AB on Friday 16 May 2023 and give notice of attendance so that it is the company at hand no later than 16.00 CEST on 16 May 2023 by post under the address AAC Clyde Space AB, Uppsala Science Park, 751 83 Uppsala, or by email to finance@aac-clydespace.com.

The notification of attendance shall include name, personal identification number or corporate registration number, address and telephone number and registered shareholding. A notification form is available at the company's office website, www.aac-clydespace.com. If the shareholder intends to bring one or two representatives to the general meeting, such participation is to be reported to the company as above.

Nominee registered shares

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 16 May 2023, at which time the register entry must have been made.

Proxy

Shareholders who intend to attend by proxy must issue a dated power of attorney for the proxy. If the power of attorney is issued by a legal entity, it must be accompanied by a copy of registration certificate or equivalent. Validity of power of attorney may be specified for a maximum of five years from its issuance. The original version of the power of attorney as well as any registration certificate should well in advance be sent to the company at the address above.

The company keeps authorization forms available on the company's website www.aac-clydespace.com.

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 Anderson, 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 logistics. 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 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 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.



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).



PER DANIELSSON
Board member since 2014

M.Sc., Chalmers University of Technology.

Per Danielsson, expert in evaluating European Union (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.



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.

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.



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.



MATS THIDEMAN
CFO and Deputy CEO since 2014

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

Mats is responsible for finance and IR. 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.).



PETER ANDERSON
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 16 years' experience across a variety of engineering and management roles.



STEFANIA MANDIROLA
COO since 2021

MSc Mechanical Engineering, Politecnico di Milano

Stef brings almost two decades 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. DINO LORENZINI
CSO since 2021

B.Sci, USAF Academy; S.M, Astronautical Engineering, MIT; SC.D, Astronautical Engineering, 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 Eytel IoT system, Ellipso Mobile Satellite System, Aprize Satellite and SpaceQuest (now AAC SpaceQuest), where he served as CEO for the past 25 years



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.



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 from suppliers have been delayed. 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	CHANGE IN REPORTING PERIOD	MITIGATING ACTIVITY
<p>Regulation The regulatory framework of the New Space economy is still unknown and could impact our licence to operate.</p>		<ul style="list-style-type: none"> AAC Clyde Space complies with all licensing regulations.
<p>Funding A lack of liquidity could impact our ability to achieve our growth targets</p>	<ul style="list-style-type: none"> The war in Ukraine and Covid-19 could create funding challenges due to economic uncertainty and immediate public health concerns 	<ul style="list-style-type: none"> SpaceQuest, Hyperion and Omnisys acquisitions provide immediate profitable revenues.
<p>Supplier insolvency/delays Disruptions to our supply chains could have knock-on effects on our production lines and our ability to delivery contracts</p>		<ul style="list-style-type: none"> Vertical integration brings more subsystem capabilities in house and should help to mitigate some of the project delays seen this year.
<p>Congestion The growing number of small satellites orbiting Earth, as well as space junk and debris, pose risk of interference and collision</p>		<ul style="list-style-type: none"> 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

ADMINISTRATION REPORT

The Board of Directors and the CEO of AAC Clyde Space AB (publ), corporate registration number 556677-0599, hereby submit the annual report and consolidated accounts for the financial year from 1 January 2022 to 31 December 2022.

The results of the year's operations are presented in subsequent financial reports, which shall be adopted at the Annual General Meeting.

Operations

The business concept is to design and manufacture standardized, advanced satellite platforms as well as subsystems and sensors. Furthermore, using these technologies, to deliver satellite services ranging from launch and satellite operation to fully-fledged "Space Data as a Service" offerings that provide customers with data.

Registered office of parent company

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

In April, the subsidiary in South Africa AAC Space Africa started in 2021, received an order for a ground station. The ground station is built and tested in South Africa, after which it is to be dismantled, packed and shipped to the customer. The starting point is a freight container that can accommodate all parts of the ground station, be loaded onto a container trailer and then unpacked and assembled on site.

In November, the xSPANCION project, aimed at strengthening the Group's ability to deliver larger numbers of satellites, entered its final phase, the demonstration phase. This started with a first part 3A that focuses on scaling up capacity for production and delivering data services to users. The value of this part is EUR 3.3 M (approx. SEK 35.8 M), of which the UK Space Agency contributes half through ESA's Pioneer Partnership Projects. The next phase, phase 3B, will start once contracts with customers have been signed, when a total of ten satellites will be built of which four will be launched as demonstration satellites. This part is valued at EUR 9.0 M (approx. SEK 99.3 M).

At the end of the year, the Kelpie-1 satellite was delivered to its launch site, from where it was launched in early 2023. The satellite, which is the first of two, will deliver AIS data exclusively to U.S. ORBCOMM Inc, under a Space Data as a Service agreement in which AAC Clyde Space owns the satellite and ORBCOMM subscribes to the data it delivers. AIS data is mainly used in shipping. Despite its relatively small size of 3U and with a weight just over 4 kg, the satellite is designed for advanced data communication in larger volumes. ORBCOMM processes over 30 million AIS messages from more than 200,000 vessels daily.

Significant events after the end of the year

In March 2023, the first of three 6U satellites that will deliver data to Wyvern over four years was delivered. The agreement with the Canadian Earth observation company for high-resolution, multiband, hyperspectral data delivery is worth approx. SEK 105 million (GBP 8.4 M) during the initial four-year period. Once operational, the Group's revenues from Space Data as a Service will increase significantly, setting off a transformation of the Group towards becoming more of a data provider with a recurring revenue stream.

Group structure

As of 31 December 2022, 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.

Profit and loss and financial position

Group

Sales and earnings

Net sales increased by 9% to SEK 196.7 (180.0) M. Total revenue amounted to SEK 243.7 (210.8) M. EBITDA, excluding acquisition costs and non-recurring costs of SEK 0.0 M (2.6) and costs from an aborted acquisition of SEK 8.6 M (0.0), amounted to SEK -30.0 M (-12.3). EBITDA totaled SEK -38.6 (-14.9) M. Operating loss after depreciation and impairment of intangible non-current assets amounted to SEK -67.0 (-38,6) M and the loss after tax amounted to SEK -46.5 (-39,5) M.

Investments

The Group's investments in fixed assets amounted to SEK 40.9 (21.8) M, of which SEK 27.5 (15.9) M pertained to intangible non-current assets.

Cash flow, liquidity and financial position

Available cash and cash equivalents at 31 December 2022 amounted to SEK 52.1 M (96.1) and an unutilized overdraft facility of SEK 5 M. During the first quarter of 2023, the overdraft facility was increased to SEK 30 M. The extended overdraft facility is used to manage fluctuations in cash flow and finance planned expansion in 2023. The Board's assessment is thus that the operations are financed for the next twelve months. Purchases of standard components to reduce delivery times resulted in inventories increasing to SEK 20.2 (13.2) M. Contingent earn-out, which refers to non-cash restatements of earn-outs for the acquisitions of SpaceQuest and Omnisys Instruments pursuant to IAS 32 and IFRS 9, decreased to SEK 11.9 (28.9) M. The earn-outs are settled by converting outstanding warrants into shares. The decrease is partly due to the criteria achieved during the year in Omnisys Instruments, and partly because it is estimated that the remaining criteria in SpaceQuest will not be met. Agreement liabilities increased to SEK 85.9 (70.3) M. The increase is due to more prepayments from customers.

As of 31 December 2022, the equity to assets ratio was 75 (77) %.

Staff

At year-end there were 183 (172) employees.

Parent company

The Parent Company's net sales amounted to SEK 68.6 (55.1) M and the loss after tax amounted to SEK -80.1 (-13,5) M. The loss after tax in 2022 includes impairment of shares in subsidiary Clyde Space Ltd of SEK 58.7 M. The impairment loss corresponds to the shareholders' contribution made by the Parent Company to Clyde Space in September 2022. Investments in fixed assets amounted to SEK 1.8 (25.8) M, of which SEK 24.8 M last year was the cash part of the acquisition of Omnisys Instruments AB. The equity to assets ratio was 88 (90) %.

Corporate responsibility

The Group does not conduct operations that require a permit. For information about the Group's sustainability initiatives, see page 38.

Risks and uncertainties in the business

The Board decides on the level of risk-taking in the business and makes final decisions based on proposals from the CEO. During the year, the Covid-19 pandemic affected operations in the form of lower profit recognition than planned in the projects as deliveries from subcontractors were delayed. The company continuously collaborates with suppliers to secure deliveries as far as possible. The management team maintains an internal Business Continuity Plan on an ongoing basis to ensure that products and services are delivered as expected. Lack of liquidity as a result of, for example, the war in Ukraine and lingering effects of Covid-19 may affect our ability to achieve our growth targets.

Guidelines for remuneration to senior executives

The guidelines adopted at the Annual General Meeting on 19 May 2022 can be found in Note 8. Guidelines for remuneration to senior executives regarding 2023 can be found in the notice of the Annual General Meeting 2023 and do not entail any material changes compared with those adopted for 2022.

The share

AAC Clyde Space's shares are traded under the ticker AAC on Nasdaq First North Premier Growth Market. Since 21 August 2020, AAC Clyde Space's share is also traded on the US OTCQX market under the symbol ACCMF. On 31 December 2022, 204,811,010 shares were issued with a quotient value of SEK 0.04. All shares have equal rights to the company's profits and assets. The number of shareholders at 31 December 2022 was 14,001. The largest single owners on 31 December 2022 were SpaceQuest founder Dino Lorenzini and his wife Lucille Lorenzini with 24 million shares corresponding to 11.7 % of votes and capital. For more information about AAC Clyde Spaces shares and shareholders, see the Share section on page 120.

Incentive scheme

The Annual General Meeting of AAC Clyde Space resolved in June 2020 on a directed issue of warrants to the Board of Directors and to employees in Sweden and the UK. Each warrant entitles the holder to subscribe for one new share at a subscription price of SEK 4.26 per share. The warrants can be exercised from and including 1 July 2023 up to and including 31 December 2023:

- As of 31 December 2022, Board members had subscribed for 192,000 (incentive program 2020/2023:C)

- As of 31 December 2022, employees in Sweden had subscribed for 365,336 warrants (incentive program 2020/2023:A)

- As of 31 December 2022, employees in the UK had subscribed for 1,184,000 (incentive program 2020/2023:B)

A total of 1,741,336 warrants had been subscribed, which entails a potential dilution of approx. 1 % and that AAC Clyde Space will potentially raise approx. SEK 7.4 M.

The Annual General Meeting of AAC Clyde Space resolved in May 2022 on a directed issue of warrants to the Board of Directors and to all employees. Each warrant entitles the holder to subscribe for one new share at a subscription price of SEK 1.91 per share. The warrants can be exercised from and including 1 July 2025 up to and including 31 December 2025:

- As of December 31, 2022, Board members had subscribed for 325,000 (incentive program 2022/2025:C)

- As of December 31, 2022, employees in Sweden had subscribed for 1,275,000 warrants (incentive program 2022/2025:A)

- As of 31 December 2022, employees in the UK had subscribed for 1,825,000 (incentive program 2022/2025:B)

In total, 3,425,000 warrants had been subscribed, entailing a potential dilution of approximately 2 % and that AAC Clyde Space will potentially raise approx. SEK 6.5 M.

Proposed appropriation of earnings

At the disposal of the Annual General Meeting (SEK):

Share premium reserve 892,879,658

Loss brought forward – 292,748,842

Loss for the year – 80,142,591

Total 519,988,225

The Board of Directors proposes that no dividend be paid and that the retained earnings of SEK 519,988,225 be carried forward.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

kSEK	Note	Full-year 2022	Full-year 2021
Net sales	6	196,718	179,950
Work performed by the company for its own use and capitalised		21,781	13,630
Other operating income	9	25,248	17,245
TOTAL		243,747	210,825
Raw materials and subcontractors		-82,811	-83,234
Personnel costs	8	-140,795	-106,946
Other external expenses		-43,389	-30,454
Other operating expenses	10	-15,351	-5,216
EBITDA		-38,599	-14,942
Depreciation/amortisation and impairment of tangible and intangible assets	15, 16, 29	-28,407	-23,583
EBIT		-67,006	-38,606
Financial income	11	19,732	764
Financial expenses	11	-1,864	-4,927
Net financial items		17,868	-4,163
Income tax	13	2,590	3,282
PROFIT/LOSS FOR THE PERIOD		-46,548	-39,483
Other comprehensive income:			
<i>Items that may be transferred to profit or loss</i>			
Exchange-rate differences		26,984	38,336
Other comprehensive income for the period		26,984	38,336
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-19,564	-1,151
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 2022	Full-year 2021
Basic and diluted earnings per share		-0.24	-0.23

CONSOLIDATED BALANCE SHEET

kSEK	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets 16			
Goodwill		510,248	489,667
Brands		23,066	22,056
Customer relationships		6,612	9,698
Technology		61,859	73,581
Capitalised expenditure for development		62,346	44,512
Other intangible assets		1,326	-
Total intangible assets		665,456	639,515
Tangible assets			
Plant and equipment	15	46,045	26,402
Inventories	15	324	-
Right-of-use assets	29	16,822	15,073
Total tangible assets		63,191	41,475
Financial assets			
Other long-term securities holdings		90	90
Total financial assets		90	90
Total non-current assets		728,737	681,080
Current assets			
Inventories			
Raw materials and consumables	20	20,237	13,201
Current receivables			
Accounts receivable	19	24,452	23,023
Current tax assets	21	15,718	19,489
Contract assets	27	33,838	32,067
Other receivables	21	2,038	2,402
Prepaid expenses and accrued income	22	4,280	7,034
Cash and cash equivalents	23	52,100	96,110
Total current assets		152,664	193,327
TOTAL ASSETS		881,401	874,407

kSEK	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders			
Share capital	24	8,192	7,688
Ongoing new issue		-	-
Other contributed capital		892,848	889,723
Reserves		66,462	39,478
Retained earnings (including earnings for the year)		-303,996	-258,077
Total equity attributable to Parent Company shareholders		663,506	678,812
Non-current liabilities			
Liabilities to credit institutions	25	-	-
Additional purchase consideration	35	5,646	28,931
Lease liability	29	11,041	9,989
Deferred tax liabilities	26	19,243	22,410
Total non-current liabilities		35,930	61,330
Current liabilities			
Accounts payable	17	41,503	26,473
Liabilities to credit institutions	25	685	630
Lease liability	29	5,487	5,095
Other liabilities		14,908	9,608
Contract liabilities	27	85,891	70,252
Additional purchase consideration		6,303	8,548
Accrued expenses and deferred income	28	27,187	13,660
Total current liabilities		181,965	134,266
Total liabilities		217,895	195,597
TOTAL EQUITY AND LIABILITIES		881,401	874,407

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 2021	4,928	87,973	682,295	1,184	-218,612	557,770
Profit/loss for the period	-	-	-	-	-39,483	-39,483
Other comprehensive income	-	-	-	38,336	-	38,336
Total comprehensive income	0	0	0	38,336	-39,483	-1,151
Transactions with shareholders						
Correction of conversion differences OB	-	-	5	-42	18	-22
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	-	-	-5,895
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	-258,077	678,812
Opening balance, 1 January 2022	7,688	0	889,723	39,478	-258,077	678,812
Profit/loss for the period	-	-	-	-	-46,548	-46,548
Other comprehensive income	-	-	-	26,984	-	26,984
Total comprehensive income	0	0	0	26,984	-46,548	-19,564
Transactions with shareholders						
Correction of conversion differences OB	-	-	-	-	629	629
Directed share issue	-	-	-	-	-	0
Warrants TO2020/2023	-	-	283	-	-	283
Warrants TO2022/2025	-	-	482	-	-	482
Issue expenses	-	-	-	-	-	0
Non-cash issue – acquisition of Omnisys	504	-	2,360	-	-	2,864
Closing balance, 31 December 2022	8,192	0	892,848	66,462	-303,996	663,506

Equity is attributable in its entirety to Parent Company shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS

kSEK	Not	2022	2021
Cash flow from operating activities			
EBIT		-67,006	-38,605
Adjustments for non-cash items	34	29,201	24,466
Interest received		1,078	384
Interest paid		-1,244	-1,254
Income taxes paid		161	-180
Cash flow from operating activities before changes in working capital		-37,810	-15,189
Cash flow from changes in working capital			
Change in inventory		-6,452	593
Change in operating receivables		7,172	-37,142
Change in operating liabilities		43,526	16,277
Total changes in working capital		44,245	-20,272
Cash flow from operating activities		6,435	-35,461
Cash flow from investing activities			
Acquisition of shares in subsidiaries, after deductions for acquired cash and cash equivalents		-	7,437
Investments in tangible assets		-13,161	-13,295
Investments in intangible assets		-27,713	-15,922
Cash flow from investing activities		-40,874	-21,779
Cash flow from financing activities			
New share issue		-	100,001
Issue expenses		-	-5,895
Cash payment for Earn-Out Omnisys		-5,000	-
Outgoing repayments of lease liabilities	33	-5,272	-4,170
Repayments of borrowings		-	-298
Cash flow from financing activities		-10,272	89,639
Cash flow of the year		-44,711	32,399
Decrease/increase in cash and cash equivalents			
Cash and cash equivalents at start of period		96,110	62,434
Exchange-rate differences in cash and cash equivalents		701	1,278
CASH AND CASH EQUIVALENTS AT END OF PERIOD		52,100	96,110

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 27 April 2023.

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

Not 2 Sammanfattning av viktiga redovisningsprinciper

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 2023 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 normally 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 two employee warrant programmes. 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 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 three to five years, which reflects the estimated time it will generate cash flow.

Brand

Trademarks/brands acquired in a business combination 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 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 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 to seven 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	3–5 years
Technology	5–7 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 received government grants of 743 kSEK related to Covid -19.

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 that would have been subject to dilution.

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 7,758 on 31 December 2022 (31 December 2021: kSEK 12,298). Accounts payable in foreign currencies amounted to kSEK 13,563 on 31 December 2022 (31 December 2021: kSEK 11,748).

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 2022 financial year would have been kSEK 392 (2021: kSEK 43) 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 2022 financial year would have been kSEK 58 (2021: kSEK 27) 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 2022 financial year would have been kSEK 2 (2021: kSEK 116) 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 has one small loan to credit institutions in 2022.

(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 2021	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
Financial liabilities (excluding derivatives)							
Liabilities to credit institutions	–	630	–	–	–	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
Total Financial liabilities (excluding derivatives)	27,709	13,643	20,470	19,853	0	81,675	80,504
Foreign currency forwards	8	–	–	–	–	8	8
Total	27,717	13,643	20,470	19,853	0	81,683	80,511

As of 31 December 2022	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
Financial liabilities (excluding derivatives)							
Liabilities to credit institutions	–	685	–	–	–	685	685
Lease liability	1,256	4,524	5,577	10,266	–	21,623	16,527
Additional purchase consideration	–	6,303	5,645	–	–	11,949	11,949
Accounts payable	41,502	–	–	–	–	41,502	41,502
Total Financial liabilities (excluding derivatives)	42,758	11,512	11,222	10,266	0	75,759	70,663
Foreign currency forwards	–	–	–	–	–	–	–
Total	42,758	11,512	11,222	10,266	0	75,759	70,663

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 2022, the Group's strategy, which was unchanged from 2021, was to maintain an equity ratio within 60% to 95%. The equity ratio for each accounting year was as follows:

31 Dec 2022	75 %
31 Dec 2021	77 %

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.

As of 31 December 2022, the Group had financial liabilities measured at fair value in the form of contingent additional purchase considerations. On 31 December 2022, the fair value for foreign currency forwards amounted to kSEK 0 (31 December 2021: negative kSEK 8) 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 2022, the fair value for contingent purchase considerations amounted to kSEK 11,949 and was recognised under short and longterm liabilities in the balance sheet. The fair value is lower than the possible value as all prerequisites are deemed to be not fulfilled. 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 2022:

Contingent purchase considerations in conjunction with business combinations	
Opening balance, 1 Jan 2022	38,317
Realized to shareholdings through fulfilled prerequisites.	-7,711
Total gains and losses during period are recognised in the statement of comprehensive income for liabilities held at the end of the reporting period.	-18,656
Closing balance 31 Dec 2022	11,949

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 and SpaceQuest 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.

(d) Revenue recognition

The group applies Revenue recognition. Recorded revenue achieved i project is calculated as the period's accumulated costs in relation to the project's forecasted total costs times the order value. The project total forecasted costs may be too low or too high, which in turn may mean that achieved book revenues may be too high respectively too low.

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	2022	2021
AAC Clyde Space	-20,737**	-14,302*
Clyde Space	-33,630	-10,737
Hyperion Technologies	699	758
SpaceQuest	9,258	5,245
Omnisys Instruments	9,408	5,387
AAC Space Africa	-3,597	-1,293
Total EBITDA	-38,599	-14,942

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

** includes cost for aborted acquisition of kSEK 8,611.

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

	2022	2021
Total EBITDA	-38,599	-14,942
Net financial items	17,867	-4,163
Depreciation and amortisation of tangible and intangible assets	-28,407	-23,664
Earnings before tax	-49,138	-42,769

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

	2022	2021
AAC Clyde Space	111,561	106,210
Clyde Space	383,073	351,568
Hyperion Technologies	28,345	22,476
SpaceQuest	112,610	96,744
Omnisys Instruments	91,860	103,874
AAC Space Africa	1,199	117
Total	728,648	680,989

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.

2022	Clyde Space	AAC Clyde Space	Hyperion Technologies	SpaceQuest	Omnisys Instruments	AAC Space Africa	Total
Income by segment	76,511	68,629	18,882	32,461	52,254	6,157	254,894
Income from other segments	-17,318	-33,844	-3,363	-1,054	-18	-2,579	-58,176
Income from external customers	59,193	34,785	15,519	31,407	52,236	3,578	196,718
Space Data as a Service	426	-	-	16,508	-	-	16,934
Space Missions	32,262	3,920	-	-	-	3,479	39,661
Space Products	26,505	27,103	15,519	14,899	52,236	99	136,361
Licenses/Royalties	-	3,762	-	-	-	-	3,762
Total	59,193	34,785	15,519	31,407	52,236	3,578	196,718

Income of approximately kSEK 45,508 for 2022 derived from one single external customer. This income was attributable to the Omnisys segment.

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.

Income from external customers broken down by location of the customers:

	2022	2021
Sweden	56,725	50,572
UK	12,907	6,700
Rest of Europe	53,926	57,098
USA	50,557	37,632
Asia	8,939	8,753
Rest of world	13,665	19,195
Total	196,718	179,950

Note 7 Remuneration to auditors

kSEK	2022	2021	kSEK	2022	2021
PricewaterhouseCoopers AB			Other auditors		
Audit assignment	1,900	1,888	Audit assignment	16	-
Auditing services in addition to the assignment	450	580	Auditing services in addition to the assignment	-	-
Tax advice	44	24	Tax advice	-	354
Other services	1,284	5	Other services	195	26
Total	3,678	2,497	Total	211	380

kSEK	2022	2021
PricewaterhouseCoopers ROW		
Audit assignment	623	513
Auditing services in addition to the assignment	50	47
Other services	3,789	22
Total	4,462	582

Note 8 Remuneration to employees, etc.

	2022	2021
Salary and other benefits	111,999	85,601
Social security contributions	18,096	13,673
Pension costs – defined contribution plans	6,985	5,617
Total	137,080	104,891

Salary and other benefits, social security expenses	2022 Salary and other benefits (of which bonus)	Social security expenses (of which pension expenses)	2021 Salary and other benefits (of which bonus)	Social security expenses (of which pension expenses)
Board members, the CEO and other senior executives	12,384 (267)	2,844 (871)	7,823 (41)	2,132 (624)
Other employees	101,289 (98)	22,456 (6,115)	79,071 (0)	17,483 (4,993)
Group total	113,673 (365)	25,300 (6,986)	86,894 (41)	19,615 (5,617)

Average number of employees broken down by country	Total	Of whom, men	Total	Of whom, men
Sweden	54	42	49	37
UK	87	65	86	66
The Netherlands	20	15	21	15
USA	9	8	9	8
South Africa	7	7	3	3
Group total	177	137	168	129

Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives	2022		2021	
	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	6	4
CEO and other senior executives	8	6	8	6
Group total	14	10	14	10

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.

Remuneration and other benefits to senior executives in 2022

2022	Board fees/ Base salary	Consultant fees	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board Rolf Hallencreutz	450	691	-	11	-	14	1,166
Board member Per Danielsson	225	-	-	8	-	9	242
Board member Per Aniansson	225	-	-	8	-	9	242
Board member Will Whitehorn	225	200	-	8	-	9	442
Board member Anita Bernie	225	200	-	8	-	9	442
Board member Nicole Robinson	225	-	-	8	-	-	233
	1,575	1,091	0	51	0	50	2,767
CEO Luis Gomes	1,879	-	47	29	113	-	2,068
Other senior executives	8,356	-	220	169	758	-	9,503
	10,235	0	267	198	871	0	11,571
Group total	11,810	1,091	267	249	871	50	14,338

Bonuses were paid in 2022 to some senior executives based on personal targets.

Consulting fees consist of services rendered in addition to Board assignments. Other benefits consist of leased vehicles, warrants 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 2022 Annual Report.

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 2022. 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 2022, Board members had subscribed for 192,000 warrants (incentive scheme 2020/2023:C)
- As of 31 December 2022, employees in Sweden had subscribed for 365,336 warrants (incentive scheme 2020/2023:A)
- As of 31 December 2022, employees in the UK had subscribed for 1,184,000 warrants (incentive scheme 2020/2023:B)

A total of 1,741,336 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 7.4 M. Warrants outstanding at year end had the following expiry dates and exercise prices:

	2022 Number of warrants	2021 Number of warrants
As of 1 January	2,306,668	2,840,000
Allotted	-	-
Forfeited	-565,332	-533,332
Exercised	-	-
Expired	-	-
As of 31 December	1,741,336	2,306,668

Allotment date	Contracted expiry date	Exercise price	Number warrants
22 Jun 2020	31 Dec 2023	2,192,486	514,668
23 Oct 2020	31 Dec 2023	4,634,880	1,088,000
15 Dec 2020	31 Dec 2023	181,766	42,668
31 Dec 2020	31 Dec 2023	408,960	96,000
Total		7,418,091	1,741,336

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.

Warrants TO 2022/2025

The Group has allotted warrants to employees in 2022. 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 2022. The warrants were issued free of charge. The warrants are not transferable.

The AGM in May 2022 resolved on a directed issue of warrants to the Board and to all employees. Each warrant entitles the holder to subscribe for one new share at the subscription price of SEK 1.91 per share. The warrants can be exercised during the period through 1 July 2025 until 31 December 2025:

- As of 31 December 2022, Board members had subscribed for 325,000 warrants (incentive scheme 2022/2025:C)
- As of 31 December 2022, employees in Sweden had subscribed for 1,275,000 warrants (incentive scheme 2022/2025:A)
- As of 31 December 2022, employees outside of Sweden had subscribed for 1,825,000 warrants (incentive scheme 2022/2025:B)

A total of 3,425,000 warrants have been subscribed for, which entails a potential dilution effect of around 2% and that AAC Clyde Space will potentially raise approximately SEK 6.5 M. Warrants outstanding at year end had the following expiry dates and exercise prices:

	2022 Number of warrants
As of 1 January	-
Allotted	3,440,000
Forfeited	-15,000
Exercised	-
Expired	-
As of 31 December	3,425,000

Allotment date	Contracted expiry date	Exercise price	Number warrants
08 Jun 2022	31 Dec 2025	4,393,000	2,300,000
15 Jul 2022	31 Dec 2025	1,594,850	835,000
07 Oct 2022	31 Dec 2025	553,900	290,000
Total		6,541,750	3,425,000

Fair value of allotted warrants

The estimated fair value as per the allotment date for warrants allotted in 2022 was SEK 0.61 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 2022 comprised:

- Exercise price SEK 1,91
- Allotment date 8 June 2022
- Expiry date: 31 December 2025
- Share price on the allotment date: SEK 1,84
- Expected volatility in the company's share price: 45%
- Expected dividend yield: 0%
- Risk-free interest rate: 1,39%

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	2022	2021
Exchange-rate differences	11,550	11,455
Research and development tax deduction	13,698	5,790
Total	25,248	17,245

Note 10 Other operating expenses

kSEK	2022	2021
Exchange-rate differences	6,740	3,548
Acquisition costs of Omnisys	-	1,668
Cost for aborted aquisition	8,611	-
Total	15,351	5,216

Note 11 Financial income and expenses

kSEK	2022	2021
Interest expense – bank loans	-123	-256
Interest expense – other	-417	-4
Interest expense – leased assets	-621	-722
Exchange-rate differences	-696	-173
Remeasurement additional purchase considerations	-	-3,510
Other financial expenses	-8	-262
Total financial expenses	-1,865	-4,927
Interest income	222	133
Exchange-rate differences	855	454
Remeasurement additional purchase considerations	18,655	-
Other financial income	-	177
Total financial income	19,732	764
Net financial items	17,868	-4,163

Note 12 Net exchange-rate differences

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

kSEK	2022	2021
Other operating income (Note 9)	11,550	11,455
Other operating expenses (Note 10)	-6,740	-3,548
Net financial items (Note 11)	159	281
Total	4,969	8,188

Note 13 Income tax

kSEK	2022	2021	kSEK	2022	2021
Current tax:			Earnings before tax	-49,138	-42,768
Current tax on earnings for the year	1,275	86	Estimated income tax according to the tax rate in Sweden (20.6%)	-10,122	-8,810
Adjustments for current tax of prior periods	-	-354	Tax effects of:		
Total current tax	1,275	-268	Non-deductible foreign tax	1,275	257
Deferred tax (Note 26)			Non-deductible expenses	-	5
Origination and reversal of temporary differences	-3,866	-3,014	Difference in foreign tax rates	-81	-59
Effect of change in tax rate	-	-	Effect of changes in tax rates and tax laws	-	-
Total deferred tax	-3,866	-3,014	Loss carry-forwards for the year for which deferred tax benefits are not recognised	6,337	5,325
Total income tax	-2,591	-3,282	Other	-	-
			Income tax	-2,591	-3,282

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 22.97% (2021: 20.7%).

Note 14 Investments in subsidiaries

The Group included the following subsidiaries on 31 December 2022:

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	556607-7086	Uppsala, Sverige	100%	100%
Hyperion Technologies B.V.	58,607,013	Delft, Nederländerna	100%	100%
SpaceQuest Ltd.	0436321-4	Fairfax, USA	100%	100%
SpaceQuest Canada Inc	392431-9	Burlington, Canada	0%	100%
Omnisys Instruments AB	556454-6686	Göteborg, Sverige	100%	100%
AAC Space Africa Pty	2021/600761/07	Durbanville, Sydafrika	100%	100%
AAC Microtec North America, Inc.	45-3178866	Fairfax, USA	0%	100%
AAC Holding North America Inc.	46-0869153	Fairfax, USA	100%	100%

Name:	Equity	Earnings
Clyde Space Ltd	41,448	-33,916
Orbitum AB	103	-
Hyperion Technologies B.V.	6,756	271
Omnisys Instruments AB	23,300	3,697
AAC Space Africa Pty	-123	-66
SpaceQuest Ltd	10,381	2,189
SpaceQuest Canada Inc	-2,817	-1,950
AAC Microtec North America, Inc.	-848	49
AAC Holding North America Inc.	-	-

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 2022	31 Dec 2021
Owned assets	46,369	26,402
Leased assets (Note 29)	16,822	15,073
Total	63,191	41,475

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 2021			
Cost	20,875	4,403	25,278
Accumulated depreciation	-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	35,969	4,610	40,579
Accumulated depreciation and impairment	-9,818	-4,359	-14,177
Carrying amount	26,150	251	26,402
2022 financial year			
Opening carrying amount	26,150	251	26,402
Translation differences	1,310	15	1,325
Purchases	12,961	200	13,161
Reclassification	10,868	-	10,868
Increase through business combinations	-	-	0
Sales and disposals	-74	-	-74
Depreciation	-5,171	-142	-5,313
Impairment	-	-	0
Closing carrying amount	46,045	324	46,369
As of 31 December 2022			
Cost	60,967	4,825	65,792
Accumulated depreciation and impairment	-14,922	-4,501	-19,423
Carrying amount	46,045	324	46,369

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 2021							
Cost	426,202	55,949	11,816	14,037	19,083	10,873	537,960
Accumulated depreciation	-	-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	-	24,608	-	-	-	-	24,608
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	-14,195
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	658,874
Accumulated depreciation and impairment	-	-27,455	-6,210	-9,667	-	-10,833	-54,165
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
2022 financial year							
Opening carrying amount	489,667	44,513	9,698	73,581	22,056	-	639,515
Translation differences	20,588	2,175	795	1,244	1,010	38	25,850
Purchases	-	27,231	-	-	-	482	27,713
Reclassification	-7	-10,868	-	-	-	1,300	-9,575
Increase through business combinations	-	-	-	-	-	-	0
Sales and disposals	-	-	-	-	-	-	0
Depreciation	-	-705	-3,881	-12,966	-	-494	-18,047
Closing carrying amount	510,248	62,346	6,612	61,859	23,066	1,326	665,456
As of 31 December 2022							
Cost	457,326	87,083	15,470	82,644	21,834	12,655	677,630
Accumulated depreciation and impairment	-	-28,160	-10,091	-22,633	-	-11,327	-72,211
Translation differences	52,922	3,423	1,233	1,848	1,232	-1	60,039
Carrying amount	510,248	62,346	6,612	61,859	23,066	1,326	665,456

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. Below is a summary of the goodwill and brands allocated to each operating segment.

Goodwill	31 Dec 2022	31 Dec 2021	Brands	31 Dec 2022	31 Dec 2021
AAC Clyde Space	99,271	99,271	AAC Clyde Space	-	-
Clyde Space	289,959	280,954	Clyde Space	16,431	15,906
Hyperion	10,412	9,568	Hyperion	646	594
SpaceQuest	80,448	69,715	SpaceQuest	3,238	2,805
Omnisys	30,158	30,158	Omnisys	2,751	2,751
AAC Space Africa	-	-	AAC Space Africa	-	-
Total	510,248	489,667	Total	23,066	22,056

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 gross 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, historical data, customer orders and current discussions with customers. 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 2022	AAC Clyde Space	Clyde Space	Hyperion	SpaceQuest	Omnisys	AAC Space Africa
Pre-tax discount rate* Goodwill	23.2%	23.2%	23.2%	23.2%	23.2%	n/a
Long-term growth rate** Goodwill	2.0%	2.0%	2.0%	2.0%	2.0%	n/a
Pre-tax discount rate* Brands	n/a	23.2%	23.2%	23.2%	23.2%	n/a
Long-term growth rate** Brands	n/a	2.0%	2.0%	2.0%	2.0%	n/a

* 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, brands and the complete operating capital by a healthy margin. This also applies for:

- the discount rates from 27,5% up to 33,9%

- 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 longterm growth, are the gross margin and sales growth. A decrease in gross margin and sales growth between 4 to 19 percentage point and between 2 to 7 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 2021	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	31 Dec 2021	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost
Assets as per the balance sheet			Liabilities as per the balance sheet		
Accounts receivable	-	23,023	Derivatives	8	-
Contract assets	-	32,067	Contingent additional purchase considerations	37,479	-
Other current receivables	-	21,891	Accounts payable	-	26,473
Prepaid expenses	-	7,034	Liabilities to credit institutions	-	630
Cash and cash equivalents	-	96,110	Contract liabilities	-	70,252
Total	0	180,125	Other current liabilities	-	9,608
			Accrued expenses	-	13,660
			Total	37,487	120,623

31 Dec 2022	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	31 Dec 2022	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost
Assets as per the balance sheet			Liabilities as per the balance sheet		
Accounts receivable	-	24,452	Derivatives	-	-
Contract assets	-	33,838	Contingent additional purchase considerations	11,949	-
Other current receivables	-	17,757	Accounts payable	-	41,503
Prepaid expenses	-	4,280	Liabilities to credit institutions	-	685
Cash and cash equivalents	-	52,100	Contract liabilities	-	85,891
Total	0	132,427	Other current liabilities	-	14,908
			Accrued expenses	-	27,187
			Total	11,949	170,174

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 2022	31 Dec 2021
Foreign currency forward	-	8
Total	0	8

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

Note 19 Accounts receivable

kSEK	31 Dec 2022	31 Dec 2021
Accounts receivable	24,962	24,400
Less: provision for expected credit losses	-511	-1,377
Net accounts receivable	24,452	23,023

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 2022	31 Dec 2021
SEK	-	34
EUR	8,554	8,017
GBP	11,819	5,894
USD	4,072	9,011
ZAR	8	68
Total	24,452	23,023

Age analysis	Overdue by:				Total overdue
	0-30 days	30-60 days	>60 days		
Total	3,701	2,644	4,794		11,139

Note 20 Inventories

kSEK	31 Dec 2022	31 Dec 2021
Raw materials	14,067	9,174
Goods in progress	6,171	4,028
Total	20,237	13,201

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 10,159 (2021: kSEK 6,978).

Note 21 Other current receivables

kSEK	31 Dec 2022	31 Dec 2021
Tax assets	15,718	19,489
Other	2,038	2,402
Total	17,757	21,891

Note 23 Cash and cash equivalents

kSEK	31 Dec 2022	31 Dec 2021
Bank deposits	52,100	96,110
Total	52,100	96,110

Note 25 Borrowings

kSEK	31 Dec 2022	31 Dec 2021
Non-current		
Liabilities to credit institutions	–	–
Total	0	0
Current		
Liabilities to credit institutions	685	630
Total	685	630
Total borrowings	685	630

Note 22 Prepaid expenses

kSEK	31 Dec 2022	31 Dec 2021
Prepaid rent	1,674	1,517
Prepaid lease payments	-986	-801
Prepaid goods	1,150	1,269
Prepaid services	2,318	2,415
Other accrued income	124	2,634
Total	4,280	7,034

Note 24 Share capital

kSEK	Number of shares	Share capital
As of 1 January 2021	123,204,309	4,928
Exercised warrants	5,780,033	231
Non-cash issue	24,000,000	960
New share issue	39,215,686	1,569
As of 31 December 2021	192,200,028	7,688
Exercised warrants	12,610,982	504
As of 31 December 2022	204,811,010	8,192

Share capital on 31 December 2022 consisted of 204,811,010 ordinary shares with a quotient value of kSEK 0.04. All shares issued by the Parent Company were fully paid.

kSEK	Carrying amount	Fair value		
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Liabilities to credit institutions	685	630	685	630
Total	685	630	685	630
The Group has the following undrawn borrowing facilities:	2022-12-31	2021-12-31		
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 2022	31 Dec 2021
Deferred tax liabilities:		
Deferred tax liability to be paid* within 12 months	3,944	3,014
Deferred tax liability* to be paid after more than 12 months	15,299	19,396
	19,243	22,410

* 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 2022	31 Dec 2021
Opening balance	22,410	9,277
Recognised in the statement of comprehensive income	-4,023	-3,014
Deferred tax from business combinations	–	15,452
Exchange-rate differences	856	695
Closing balance	19,243	22,410

Deferred tax assets and tax liabilities related to	Intangible assets	Right-of-use assets	Lease liability	Total
As of 1 January 2021	9,210	2,676	-2,609	9,277
Recognised in the statement of comprehensive income	-3,079	-609	674	-3,014
Divestments	–	-50	53	3
Resulting from business combinations	15,452	–	–	15,452
Exchange-rate differences	728	31	-67	692
As of 31 December 2021	22,311	2,048	-1,949	22,410
As of 1 January 2022	22,311	2,048	-1,949	22,410
Divestments	–	–	–	0
Recognised in the statement of comprehensive income	-3,944	23	-102	-4,023
Resulting from business combinations	–	–	–	0
Exchange-rate differences	854	54	-52	856
As of 31 December 2022	19,221	2,125	-2,103	19,243

The Group's accumulated loss carry-forwards amounted to kSEK 165,237 [2021: kSEK 145,132], 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 2022	31 Dec 2021
Contract assets	33,838	32,067
Total contract assets	33,838	32,067
Contract liabilities	85,891	70,252
Total contract liabilities	85,891	70,252

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 2022	31 Dec 2021
Revenue recognised that was included in the contract liability balance at the beginning of the period:	17,803	10,041

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 2022 was kSEK 427,790. Of these, the executive management team expects 54 percent to be fulfilled during the next year and the remaining 46 percent in another one to four years (see table below).

Transaction price allocated to remaining performance commitments

Total expected income:

	2023	2024	2025	2026	2027	Total
	230,451	72,277	53,093	48,627	23,342	427,790

Note 28 Accrued expenses and deferred income

kSEK	31 Dec 2022	31 Dec 2021
Deferred income	-	68
Accrued annual leave	5,377	4,907
Accrued social security contributions	1,297	1,400
Accrued salaries	1,678	1,834
Accrued payroll tax	1,089	950
Accrued cost for services	5,948	31
Accrued cost for material	11,797	4,470
Total	27,187	13,660

Note 29 Leases

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

kSEK	31 Dec 2022	31 Dec 2021
Right-of-use assets:		
Premises	16,779	14,995
Vehicles	43	78
Total	16,822	15,073
Lease liabilities:		
Non-current	11,041	9,989
Current	5,487	5,095
Total	16,528	15,084

For more information about the liabilities distributions over time, see note 3. No new right-of-use asset was acquired during the year, but one extension was realized.

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

The total cash flow for leases amounted to kSEK -5,272.

The term for lease assets in Uppsala is until June 2026, in Glasgow until December 2024, in Delft until September 2028, in Gothenburg until September 2025 and in Kapetown until June 2028.

On 31 December 2022, 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 2022 amounted to:

2023-2027	9,809
2028-2032	26,778
Total	36,587

Extension options are only found in leases for premises.

Note 30 Pledged assets

kSEK	2022-12-31	2021-12-31
Chattel mortgages	5,200	5,200
Total	5,200	5,200

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

	2022	2021
Depreciation of right-of-use assets		
Premises	5,010	4,424
Vehicles	36	38
Total	5,046	4,462
Interest expenses (included in financial expenses)	621	722
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),	1,008	132

Note 31 Earnings per share

SEK	2022	2021
Earnings per share before dilution	-0.24	-0.23
Earnings per share after dilution	-0.24	-0.23
Reconciliations of earnings used in calculating earnings per share		
Profit attributable to the ordinary equity holders of the Parent Company, kSEK	-46,548	-39,487
Number		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	196,885,358	173,829,770
Warrants		
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	196,885,358	184,107,909
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 1,091 [2021: kSEK 1,163] 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

kSEK	1 Jan 2021	Cash inflow	Cash outflow	Non-cash items		31 Dec 2021
				Additional contracts	Translation differences	
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

kSEK	1 Jan 2022	Cash inflow	Cash outflow	Non-cash items		31 Dec 2022
				Additional contracts	Translation differences	
Liabilities to credit institutions	630	-	-	-	55	685
Lease liability	15,084	-	-5,272	5,413	1,302	16,528
Total	15,714	0	-5,272	5,413	1,357	17,212

Note 34 Adjustments for non-cash items

kSEK	2022-12-31	2021-12-31
Amortisation, depreciation and impairment	28,407	23,664
Translation differences	29	-
Warrant programme TO 2020/2023	283	802
Warrant programme TO 2022/2025	482	-
Total	29,201	24,466

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

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.

30,158

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

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

AAC Clyde Space won an order for satellite subsystems valued at USD 2.3 M (approx. SEK 23.8 M) from a US development company supplying spacecraft and other multi-mission systems. The US company will integrate the subsystems on satellites for several new development programs. The order has been preceded by a smaller order on subsystems for tests on ground. The subsystems will be delivered in several batches, starting in the second quarter of 2023 with the last delivery in the fourth quarter of 2023.

In March the first of three 6U satellites that are set to deliver data to Wyvern during 4 years, was shipped. The agreement with the Canadian based earth observation company for the delivery of hyperspectral imagery data is worth GBP 8.4m (approx. SEK 105m) for the coming four-year period.

This delivery significantly increases the AAC Clyde Space group revenue from Space Data as a Service. Over the coming years, it will also transform AAC Clyde Space into a space-based information technology business with a steady revenue inflow.

AAC Clyde Space has expanded its existing overdraft bank facility from SEK 5 M to SEK 30 M. The move will enable the Group to deliver on its expanding order backlog, as it strengthens the working capital to an appropriate level for current business activities. The Group's target for short-term financing is considered met by the increase in the bank facility.

Chattel mortgages in AAC Clyde Space AB and the shares in Omnisys Instruments AB have been pledged to the bank as deposit securities.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

	Note	Full-year 2022	Full-year 2021
kSEK			
Net sales	2	68,629	55,133
Work performed by the company for its own use and capitalised		465	137
Other operating income	3	1,711	816
TOTAL OPERATING INCOME		70,805	56,086
Raw materials and subcontractors		-18,649	-19,830
Personnel costs	6	-28,395	-21,574
Other external expenses	5	-45,759	-28,108
Other operating expenses	4	-1,200	-517
EBITDA		-23,198	-13,943
Depreciation/amortisation and impairment of tangible and intangible assets	9,10	-368	-1,009
EBIT		-23,566	-14,952
Other interest income and similar profit/loss items	7	2,796	1,630
Interest expenses and similar profit/loss items	7	-717	-167
Impairment of shares in subsidiaries	7	-58,655	-
TOTAL PROFIT/LOSS FROM FINANCIAL ITEMS		-56,576	1,463
PROFIT/LOSS AFTER FINANCIAL ITEMS		-80,142	-13,489
Tax on profit/loss for the period	8	-	-
PROFIT/LOSS FOR THE PERIOD		-80,142	-13,489
Other comprehensive income:			
<i>Items that may be transferred to profit or loss</i>			
Exchange-rate differences		-	-
Other comprehensive income for the period		0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-80,142	-13,489

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

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

kSEK	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets			
Capitalised expenditure for development	9	2,910	2,422
Other	9	482	-
Patents	9	-	-
Total intangible assets		3,392	2,422
Tangible assets			
Plant and equipment	10	846	697
Inventories, tools and installations	10	267	-
Total tangible assets		1,114	697
Financial assets			
Participations in subsidiaries	11	525,451	543,487
Other long-term securities holdings		-	-
Receivables from Group companies	24	16,117	26,037
Total financial assets		541,568	569,524
Total non-current assets		546,074	572,644
Current assets			
Inventories	15	5,576	2,646
Current receivables			
Accounts receivable	14	3,143	6,063
Receivables from Group companies	14	25,030	7,611
Other receivables from Group companies	24	5,160	10,606
Current tax assets	16	531	1,648
Contract assets	19	8,207	3,697
Other current receivables	16	593	-
Prepaid expenses and accrued income	17	2,677	5,585
Total current receivables		45,341	35,210
Cash and bank balances	13	5,767	70,548
Total current assets		56,684	108,404
TOTAL ASSETS		602,757	681,048

kSEK	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		8,192	7,688
Current new issue		-	-
Development expenditure reserve		1,346	1,868
Total restricted equity		9,538	9,556
Unrestricted equity			
Share premium reserve		892,880	889,722
Retained earnings		-292,749	-279,782
Profit/Loss for the year		-80,142	-13,489
Total unrestricted equity		519,989	596,451
Total equity		529,527	606,007
Non-current liabilities			
Liabilities to Group companies		10,000	10,000
Additional purchase consideration, acquisitions		11,949	28,931
Total non-current liabilities		21,949	38,931
Current liabilities			
Accounts payable		9,421	6,823
Liabilities to credit institutions	18	-	-
Liabilities to Group companies	24	15,379	9,940
Other current liabilities		2,229	759
Contract liabilities	19	13,123	5,748
Additional purchase consideration		-	8,548
Accrued expenses and deferred income	20	11,129	4,292
Other current liabilities		51,281	36,110
TOTAL EQUITY AND LIABILITIES		602,757	681,048

PARENT COMPANY CHANGES IN EQUITY

kSEK	Restricted equity			Unrestricted equity			
	Share capital	Development expenditure reserve	Ongoing new issue	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
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
Opening balance, 1 January 2022	7,688	1,868	0	889,722	-279,782	-13,489	606,007
Transfer of last years result	-	-	-	-	-13,489	13,489	0
Reclassification	-	-1,010	-	-	1,010	-	0
Profit/loss for the period	-	-	-	-	-	-80,142	-80,142
Other comprehensive income	-	-	-	-	-	-	0
Total comprehensive income	7,688	858	0	889,722	-292,261	-80,142	525,865
Transactions with shareholders							
New share issue	-	-	-	-	-	-	0
New issue supported by warrants	504	-	-	2,389	-	-	2,893
Non-cash issue, SpaceQuest	-	-	-	-	-	-	0
Non-cash issue, Omnisys	-	-	-	-	-	-	0
Issue expenses	-	-	-	-	-	-	0
Warrant programme TO 2020/2023	-	-	-	769	-	-	769
Development expenditure reserve	-	488	-	-	-488	-	0
Closing balance, 31 December 2022	8,192	1,346	0	892,880	-292,749	-80,142	529,527

Equity is attributable in its entirety to Parent Company shareholders.

PARENT COMPANY'S STATEMENT OF CASH FLOWS

kSEK	Note	2022	2021
Cash flow from operating activities			
EBIT		-23,566	-14,952
Adjustments for non-cash items	26	513	990
Interest received	7	2,795	1,630
Interest paid		-717	-167
Cash flow from operating activities before changes in working capital		-20,975	-12,499
Cash flow from changes in working capital			
Change in inventory	15	-2,930	53
Change in operating receivables		-38,154	-13,618
Change in operating liabilities		34,556	4,060
Total changes in working capital		-6,528	-9,505
Cash flow from operating activities		-27,503	-22,004
Cash flow from investing activities			
Investments in participations in Group companies		-	-26,469
Investments in tangible assets	10	-1,020	-831
Investments in intangible assets	9	-733	-180
Changes in loans to Group companies	24	-30,525	-25,312
Cash flow from investing activities		-32,278	-52,792
Cash flow from financing activities			
New share issue		-	100,000
Issue expenses		-	-5,895
Realized earn-out		-5,000	-
Cash flow from financing activities		-5,000	94,105
Decrease/increase in cash and cash equivalents			
Cash and cash equivalents at start of period		70,548	51,239
CASH AND CASH EQUIVALENTS AT END OF PERIOD		5,767	70,548

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	2022	2021	kSEK	2022	2021
The Parent Company reported the following revenue amounts in the balance sheet:			Change of earned value of ongoing projects per region		
Satellite platforms	3,920	8,935	Sweden	3,177	-4,289
Subsystems	27,103	31,122	Europe	-139	3,479
Licences	33,844	13,695	Rest of world	-5,901	-1,000
Intercompany transactions	3,762	1,381	Total	-2,863	-1,808
Total	68,629	55,133			

kSEK	2022	2021
Net sales per region:		
Sweden	16,091	22,541
Europe	8,782	11,563
Rest of world	46,619	22,838
Change in operating liabilities	-2,863	-1,808
Total	68,629	55,133

Note 3 Other operating income

kSEK	2022	2021
Exchange-rate differences	1,711	816
Total	1,711	816

Note 4 Other operating expenses

kSEK	2022	2021
Exchange-rate differences	1,200	517
Total	1,200	517

Note 5 Remuneration to auditors

kSEK	2022	2021	kSEK	2022	2021
PricewaterhouseCoopers AB			Other auditors		
Audit assignment	1,783	1,888	Audit assignment	–	17
Auditing services in addition to the assignment	450	580	Auditing services in addition to the assignment	–	–
Tax advice	24	24	Tax advice	–	–
Other services	1,284	5	Other services	195	–
Total	3,541	2,497	Total	195	17
Other services presented in the statement of financial position	–	704*			
*Acquisition costs					

TKR	2022	2021
PricewaterhouseCoopers US		
Other services	3,789	0
Total	3,789	0

Note 6 Remuneration to employees, etc.

kSEK	2022	2021
Salary and other benefits	18,308	13,934
Social security contributions	5,914	4,326
Pension costs – defined contribution plans	1,966	1,620
Total	26,188	19,880

Salary and other benefits, social security expenses

	2022		2021	
	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	3,473 (16)	1,279 (384)	2,999 (0)	1,323 (369)
Other employees	16,510 (0)	6,819 (1,582)	12,229 (0)	4,948 (1,251)
Parent Company, total	19,982 (16)	8,098 (1,966)	15,228 (0)	6,271 (1,620)

	2022		2021	
	Average No. of employees	Of whom, men	Average No. of employees	Of whom, men
Parent Company, total	30	24	24	18

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

	2022		2021	
	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	6	4
CEO and other senior executives	2	2	2	2
Parent Company, total	8	6	8	6

Remuneration of senior executives

	2022	2021
Salaries and other short-term benefits	1,798	1,705
Pension expenses	384	369
Total remuneration of senior executives	2,182	2,074

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

kSEK	2022	2021
Interest income, Group companies	1,856	1,027
Interest income, external	85	127
Exchange-rate differences	854	380
Other financial income	–	96
Total interest income and similar profit/loss items	2,795	1,630
Interest expenses, Group companies	–	–
Interest expenses, external	-13	-4
Exchange-rate differences	-696	-163
Other financial expenses	-8	–
Impairment of shares in subsidiaries	-58,655	–
Total interest expenses and similar profit/loss items	-59,372	-167
Total profit/loss from financial items	-56,576	1,463

Note 8 Tax on earnings for the year

Recognised tax in the statement of profit or loss:

kSEK	2022	2021
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	2022	2021
Earnings before tax	-80,142	-13,489
Estimated income tax according to the tax rate in Sweden (20.6%)	-16,509	-2,968
Tax effects of:		
Tax effect of non-deductible expenses	28	70
Deductible issuing costs recognised in equity	–	-1,214
Tax losses for which no deferred income tax asset was recognised	16,481	4,112
Total recognised tax	0	0

Note 9 Intangible assets

kSEK	Patent	Other	Capitalised expenditure for development	Total
As of 1 January 2021				
Cost	4,033	-	28,489	32,522
Accumulated amortisation	-3,490	-	-25,915	-29,405
Carrying amount	543	0	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
Depreciation	-543	-	-332	-875
Impairment	-	-	-	0
Closing carrying amount	0	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	0	2,422	2,422
2022 financial year				
Opening carrying amount	-	-	2,422	2,422
Purchases	-	482	538	1,020
Increase through business combinations	-	-	-	0
Sales and disposals	-	-	-	0
Depreciation	-	-	-50	-50
Impairment	-	-	-	0
Closing carrying amount	0	482	2,910	3,392
As of 31 December 2022				
Cost	4,033	482	29,207	33,722
Accumulated amortisation and impairment	-4,033	-	-26,297	-30,330
Carrying amount	0	482	2,910	3,392

Note 10 Tangible assets

kSEK	Plant and other technical equipment	Inventories	Total
As of 1 January 2021			
Cost	1,437	2,087	3,524
Accumulated depreciation	-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	4,352
Accumulated depreciation and impairment	-1,570	-2,087	-3,657
Carrying amount	697	0	697
2022 financial year			
Opening carrying amount	697	-	697
Purchases	591	142	733
Reclassification	-165	165	0
Sales and disposals	-	-	0
Depreciation	-277	-40	-317
Impairment	-	-	0
Closing carrying amount	846	267	1,113
As of 31 December 2022			
Cost	2,693	2,394	5,087
Accumulated depreciation and impairment	-1,847	-2,127	-3,974
Carrying amount	846	267	1,113

Note 11 Participations in subsidiaries

kSEK	2022-12-31	2021-12-31
Opening cost	543,487	441,415
Shareholders' contributions	58,655	10,000
Warrant programme TO 2020/2023	286	821
Warrant programme TO 2022/2025	335	-
Acquisitions	-	87,741
Remeasurement additional purchase consideration	-18,657	3,509
Closing accumulated cost	584,106	543,487
Impairment for the year	-58,655	-
Closing carrying amount	525,451	543,487

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 2022	Carrying amount 31 Dec 2021
Direkt ägda					
Clyde Space Ltd	SC285287	Glasgow, UK	5,211,644	322,912	322,505
Hyperion Technologies B.V.	58,607,013	Delft, Nederländerna	90	22,973	23,757
Space Quest Ltd	0436321-4	Fairfax, USA	2,000	78,389	94,465
SpaceQuest Canada Inc	392431-9	Burlington, Canada	-	-	-
Orbitum AB	556607-7086	Uppsala, SE	1,000	150	150
Omnisys Instruments AB	556454-6686	Göteborg, SE	5,000	98,000	99,616
AAC Space Africa Pty	2021/600761/07	Durbanville, Sydafrika	500	34	-
AAC Microtec North America Inc.	45-3178866	Fairfax, USA	10,000	2,993	2,993
AAC Holding North America Inc.	46-0869153	Fairfax, 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 2022	31 Dec 2021
Bank deposits	5,767	70,548
Total	5,767	70,548

Note 14 Accounts receivable

kSEK	31 Dec 2022	31 Dec 2021
Accounts receivable	3,143	6,063
Accounts receivable from Group companies	25,030	7,611
Less: provision for expected credit losses	-	-
Net accounts receivable	28,173	13,674

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

kSEK	31 Dec 2022	31 Dec 2021
SEK	11,753	4,703
EUR	2,312	3,792
GBP	12,621	2,285
USD	831	2,238
ZAR	656	656
Total	28,173	13,674

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 2022	31 Dec 2021
Raw materials	3,921	2,432
Goods in progress	1,655	214
Total	5,576	2,646

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 1,144 in 2022 (2021: kSEK 1,818).

Note 16 Other current receivables

kSEK	31 Dec 2022	31 Dec 2021
Recoverable VAT	593	868
Other tax receivables	531	780
Total	1,124	1,648

Note 17 Prepaid expenses and accrued income

	31 Dec 2022	31 Dec 2021
Prepaid rent	690	617
Prepaid lease payments	87	52
Other prepaid expenses	1,900	2,425
Other accrued income	-	2,491
Total	2,677	5,585

Note 18 Borrowings

kSEK	31 Dec 2022	31 Dec 2021
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 2022	31 Dec 2021
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 2022	31 Dec 2021
Contract assets	8,207	3,697
Total contract assets	8,207	3,697
Contract liabilities	13,123	5,748
Total current contract liabilities	13,123	5,748

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 2022	31 Dec 2021
Revenue recognised that was included in the contract liability balance at the beginning of the period:	4,271	1,400

Long-term unfulfilled contracts outstanding

The aggregate amount of the transaction price attributable to contracts that are partially or fully unsatisfied on 31 December 2022 was kSEK 51,915.

Of these, the executive management team expects 81% to be fulfilled during the next year and the remaining 17% in another year (see table below).

Transaction price allocated to remaining performance commitments	2023	2024	2025	Total
Total expected income	41,806	8,879	1,230	51,915

Note 20 Accrued expenses and deferred income

kSEK	31 Dec 2022	31 Dec 2021
Accrued annual leave	2,064	1,835
Accrued social security contributions	649	577
Accrued salaries	-	-
Accrued payroll tax	477	393
Other external expenses	7,939	1,487
Total	11,129	4,292

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 2,791 are included in the statement of profit or loss for the 2022 financial year (2021: kSEK 2,606).

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

kSEK	2022	2021
Due within one year	2,986	2,384
Due between 1 and 5 years	7,036	1,172
Due in over 5 years	-	-
Total	10,022	3,556

Note 22 Pledged assets

kSEK	31 Dec 2022	31 Dec 2021
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

AAC Clyde Space ABs (publ) aktie är noterad på Nasdaq First North Growth Market. Aktien kan även handlas på amerikanska OTCQX-marknaden.

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:

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

kSEK	31 Dec 2022	31 Dec 2021	kSEK	31 Dec 2022	31 Dec 2021
Sales of goods and services			Receivables from related parties		
Clyde Space Ltd	23,976	8,543	Clyde Space Ltd	20,115	12,408
Hyperion Technologies B.V.	2,006	1,175	Hyperion Technologies B.V.	3,182	1,175
Space Quest Ltd	2,523	1,236	Space Quest Ltd	3,759	1,236
Omnisys Instruments AB	4,783	2,697	Omnisys Instruments AB	1,841	2,697
AAC Space Africa Pty	556	43	AAC Space Africa Pty	1,292	699
Total	33,844	13,695	Total	30,189	18,216
Purchases of goods and services			Amounts due to related parties		
Clyde Space Ltd	16,455	11,700	Clyde Space Ltd	13,271	8,844
Hyperion Technologies B.V.	849	836	Hyperion Technologies B.V.	869	836
Space Quest Ltd	1,113	158	Space Quest Ltd	1,113	158
Omnisys Instruments AB	18	-	Omnisys Instruments AB	22	-
AAC Space Africa Pty	-	-	Orbitum AB	103	103
Total	18,435	12,694	AAC Space Africa Pty	-	-
Total			Total	15,379	9,940
Loans to related parties					
Loans to Clyde Space Ltd			Loans to AAC Space Africa Pty		
Beginning of the year	22,300	-	Beginning of the year	566	-
Loans raised during the year	26,500	22,300	Loans raised during the year	2,999	566
Amount repaid	-42,300	-	Amount repaid	-	-
Interest income	1,441	904	Interest income	174	4
Interest received	-	-904	Interest received	-	-4
On 31 December	7,941	22,300	On 31 December	3,739	566
Loans to Hyperion Technologies B.V.					
Loans to AAC North America Inc.			Loans to AAC North America Inc.		
Beginning of the year	2,400	-	Beginning of the year	771	725
Loans raised during the year	1,000	2,400	Loans raised during the year	26	64
Amount repaid	-	-	Amount repaid	-	-18
Interest income	192	73	Interest income	49	47
Interest received	-	-73	Interest received	-	-47
On 31 December	3,592	2,400	On 31 December	846	771

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 1,091 (2021: kSEK 1,163) 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 2021	Cash inflow	Cash outflow	31 Dec 2021
Liabilities to credit institutions	-	-	-	-
Total	0	0	0	0

kSEK	1 Jan 2022	Cash inflow	Cash outflow	31 Dec 2022
Liabilities to credit institutions	-	-	-	-
Total	0	0	0	0

Note 26 Adjustments for non-cash items

kSEK	31 Dec 2022	31 Dec 2021
Depreciation	368	1,009
Warrants TO 2020/2023, TO 2022/2025	145	-19
Total	513	990

Note 27 Significant events after the end of the reporting period

AAC Clyde Space has expanded its existing overdraft bank facility from SEK 5 M to SEK 30 M. The move will enable the Group to deliver on its expanding order backlog, as it strengthens the working capital to an appropriate level for current business activities.

The Group's target for short-term financing is considered met by the increase in the bank facility. Chattel mortgages in AAC Clyde Space AB and the shares in Omnisys Instruments AB have been pledged to the bank as deposit securities.

Note 28 Proposed appropriation of profits

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

SEK	2022
Share premium reserve	892,879,658
Retained earnings	-292,748,842
Profit/Loss for the year	-80,142,591
Total	519,988,225

The Board proposes that the retained earnings of SEK 519,988,225 be carried forward.

The consolidated statement of profit or loss and statement of financial position will be presented to the AGM on 25 May 2023 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, 27 April 2023

Rolf Hallencreutz Chairman of the Board	Per Aniansson Board member	Per Danielsson Board member
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William Whitehorn Board member	Anita Bernie Board member	Nicole Robinson Board member
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Luis Gomes
CEO

Our auditors' statement was submitted 27 April 2023

Öhrlings PricewaterhouseCoopers AB

Johan Engstam Auditor in Charge	Andreas Mattsson Authorised Public Accountant
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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 2022. The annual accounts and consolidated accounts of the company are included on pages 50-106 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 as of 31 December 2022 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 2022 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 consolidated statement of comprehensive income and consolidated balance sheet for 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 can be found on pages 1-49 and 110-120. The Board of Directors and the Managing Director are responsible for the 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 intends 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 Directors and the Managing Director of AAC Clyde Space AB (publ) for the year 2022 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 Directors 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's 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.

Stockholm 27 April 2023

Johan Engstam

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 2022.

The share and shareholders

There were 204,811,821 shares in issue as of 31 December 2022. 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 14,001. The single largest owner was the acquired company SpaceQuest's former owners with 24,000,000 shares corresponding to 11.7% 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 120.

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.

2022 Annual General Meeting

The AGM was held in Uppsala on 19 May 2022 via postal ballot. Votes represented at the meeting amounted to 1.97% 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, Nicole Robinson and William Whitehorn. Rolf Hallencreutz was also re-elected Chairman of the Board.
- to authorise the Board to issue shares.
- targeted issue of warrants within the framework of three incentive programs

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 2023 AGM, shareholders representing about 15% 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 2023 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 2022 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, Nicole Robinson and William Whitehorn. For information about the Board members' assignments outside the Group and their holdings in AAC Clyde Space, see pages 116-117 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

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 2022, 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.

The Board's work in 2022

In 2022, the Board has devoted particular focus to issues pertaining to business strategy, growth, financing and acquisitions. In 2022, the Board held 14 meetings, of which 6 were scheduled and 8 extra. The extra Board meetings primarily addressed decisions in conjunction with quarterly reports and acquisition opportunities.

Chairman of the Board

The Chairman of the Board is elected at the AGM and the 2022 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.

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 2022, 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 Scientific Officer and HR Director. For information about the CEO and other members of company management, see page 118-119. 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. At the 2022 AGM, the registered public accounting firm Öhrlings PricewaterhouseCoopers AB was appointed auditor for the period until the 2023 AGM. The authorised public accountant Johan Engstam 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 reevaluates 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.

	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	14	No	Yes	Yes	Yes	SEK 225,000
Nicole Robinson	2021	13	No	No	Yes	Yes	SEK 225,000

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 2022 on pages 110-113 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 27, 2023

Öhrlings PricewaterhouseCoopers AB

Johan Engstam
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 19 May 2021 and their assignment lasts until the end of the next AGM on 25 May 2023.

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 2022, 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

Warrants 2022/2025:C: 75,000

Rolf Hallencreutz has experience from start-up and major multinational companies within IT, industrial companies, life science and logistics. 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

Warrants 2022/2025:C: 50,000

Per Aniansson is 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.



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

Warrants 2022/2025:C: 50,000

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.



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

Warrants 2022/2025:C: 50,000

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.



Nicole Robinson (1970)
Board member since 2021

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

Shares: 0

Warrants 2022/2025:C: 50,000

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.



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

Warrants 2022/2025:C: 50,000

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.

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

Warrants 2022/2025:B: 120,000

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

Warrants 2022/2025:A: 75,000

Mats Thideman is responsible for finance and IR. 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

Warrants 2022/2025:B: 75,000

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.

Peter Anderson (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

Warrants 2022/2025:B: 75,000

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 16 years' experience across a variety of engineering and management roles.

Stefania Mandirola (1979) COO

M.Sc., Mechanical Engineering, Polytechnic University of Milan

Employed since: 2021

Shares: 0

Warrants 2022/2025:B: 75,000

Stefania brings almost two decades' 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

Warrants 2022/2025:B: 75,000

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

Warrants 2022/2025:B: 75,000

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.

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: 11,101

Warrants 2022/2025:B: 75,000

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 8,2 M (7,7) across 204,811,010 shares (192,200,029). 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 46% in 2022, from SEK 2,99 one year earlier to SEK 1,60 on the last trading day. The share traded at SEK 3,17 at its highest and 1,22 at its lowest. The market value at the end of the year was SEK 328 M, compared with SEK 585 M one year earlier.

A total of 172,446,567 AAC Clyde Space shares were traded during the year, representing 87,6% of the average number of shares and a daily average of approximately 681,607.

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 14,001.

SHAREHOLDERS 31 Dec 2022	NO. OF SHARES	VOTES & CAPITAL
CBNY-RJA-CLIENT ASSET ACCT*	24,000,000	11.72%
Försäkringsaktiebolaget Avanza Pension	13,087,745	6.39%
AESA2104 AB	8,359,270	4.08%
UBS SWITZERLAND AG, W8IMY	3,017,628	1.47%
Nordnet Pensionsförsäkring AB	2,929,481	1.43%
KOCK, JOHN	2,850,471	1.39%
TJ JUNIOR AB	2,800,000	1.37%
BNY MELLON S A/NV (FORMER BNY),W8IMY	2,624,580	1.28%
C INT VELD BEHEER B.V	2,585,000	1.26%
G.L.E MONNA BEHEER B.V	2,585,000	1.26%
Other	139,971,835	68.34%
TOTALT	204,811,010	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 2022, Board members had subscribed for 192,000 warrants (incentive scheme 2020/2023:C)

As of 31 December 2022, employees in Sweden had subscribed for 365,336 warrants (incentive scheme 2020/2023:A)

As of 31 December 2022, employees in the UK had subscribed for 1,184,000 warrants (incentive scheme 2020/2023:B)

A total of 1,741,336 warrants have been subscribed for, which entails a potential dilution effect of around 1% and that AAC Clyde Space will potentially raise approximately SEK 7,4 M.

The Annual General Meeting of AAC Clyde Space in May 2022 resolved on a directed issue of warrants to the Board and to all employees. Each warrant entitles the holder to subscribe for one new share at the subscription price of SEK 1.91 per share. The warrants can be exercised during the period through 1 July 2025 until 31 December 2025:

As of 31 December 2022, Board members had subscribed for 325,000 warrants (incentive scheme 2022/2025:C)

As of 31 December 2022, employees in Sweden had subscribed for 1,275,000 warrants (incentive scheme 2022/2025:A)

As of 31 December 2022, employees outside of Sweden had subscribed for 1,825,000 warrants (incentive scheme 2022/2025:B)

A total of 3,425,000 warrants have been subscribed for, which entails a potential dilution effect of around 2% and that AAC Clyde Space will potentially raise approximately SEK 6.5 M.

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