AAC Clyde Space (Q2 Review): Delivering on the plan

Redeye returns following AAC's Q2 report, which came in line with our expectations and confirms that the growth trajectory flagged after Q1 is now materialising. We make only minor revisions to our estimates, still supported by the EPS-Sterna upgrade, the SEK1.1bn backlog, and reiterated FY26 guidance. We raise our fundamental DCF-based valuation (Base case) to SEK138, while AAC Clyde Space now scores as 'Fairly Priced' on Redeye's new proprietary Value Score, implying a Fair value of SEK144.

Q2 Review - Strong Quarter in Line With Expectations

Redeye considers AAC's Q2 report to be in line with our expectations, with net sales of SEK112m (+52% y/y) landing 1% above our SEK111m estimate. Growth was broad-based, with Products & Missions up 57% y/y on the back of the Sterna project and Data & Services up 19% y/y on INFLECION development work. EBITDA of SEK10.7m came in SEK2m below our SEK13m estimate, driven by the low/no-margin nature of the INFLECION build phase and a slightly faster OPEX ramp, rather than any structural weakness — Products & Missions margin was exactly in line with our estimate.

Estimate Revisions

Q2 was a solid quarter, confirming that the growth trajectory flagged after Q1 is now materialising, with the order backlog, cash position and guidance all pointing in the same direction. The company continues to develop exactly in line with our thesis and forecast. We make only minor revisions to our estimates, raising net sales by ~1% for FY26-28, still supported by the EPS-Sterna upgrade, the SEK1.1bn backlog, and reiterated FY26 guidance. We estimate growth of 61% y/y in 2026, followed by around 25% in 2027, with EBITDA broadly unchanged and further margin upside as the company scales

Valuation

Our fundamental valuation is raised to138 (135) per share using a DCF valuation method, while our relative valuation motivates SEK 161 per share. Our new fair value, which combines the two valuation methodologies, values AAC Clyde Space at SEK 144 per share.

Market Edge Scores

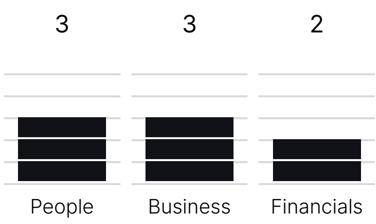
→ AAC Clyde Space is considered Fairly Priced compared to our estimated Fair Value of 144 SEK. For more details, refer to the Valuation section of this report. The stock currently has a Strong Momentum, based on 7 indicators and ranked against the broader market.

Value Score: 3 - Fairly Priced	Momentum Score: 4 - Strong
Fair Value: 144 SEK	Current ranking: 79/100
Current price: 118.6 SEK (Upside +21%)	Against all the market stocks

This data is a static snapshot per 2026-08-18. To access real-time Market Edge scores and notifications read more and download our app here.

Key Financials						
SEKm	2023	2024	2025	2026e	2027e	2028e
Total Revenue	325.5	408.8	337.8	510.0	633.3	731.3
Revenue Growth	33.5%	25.6%	-17.4%	51.0%	24.2%	15.5%
EBITDA	0.98	46.7	17.5	46.6	72.0	116.8
EBITDA Margin	0.4%	13.2%	5.9%	9.8%	12.1%	16.8%
EBIT	-36.8	-4.0	-40.0	-13.1	6.3	26.4
EBIT Margin	-13.3%	-1.1%	-13.5%	-2.7%	1.1%	3.8%

Redeye Quality Rating



Performance VS OMXS30

Share Information	
Share Price SEK	118.6
Number of shares (M)	7.8
Marketplace	First North Stockholm
CEO	Luis Gomes
Chairman	Rolf Hallencreutz

Key Stats	
Market Cap	923.6m SEK
Entprs. Value (EV)	796.7m SEK
Net Debt (2026Q2)	-126.9m SEK
30 Day Avg Vol	23 K
Dividend Yield	N/A

Top Holders

Name	Ownership
Bonnier	15.33%
Nowo Fund Management AB	9.38%
Avanza Pension	7.03%
Dino A Lorenzini	5.36%
Lucille A. Lorenzini	3.35%
Edgardh Holding AB	2.55%
Nordnet Pensionsförsäkring	2.13%
Claes Mellgren	0.81%
John Kock	0.74%
Svante Holmberg	0.7%

Redeye Equity Analysts

Jessica Grunewald
jessica.grunewald@redeye.se

Adam Sommensjö
adam.sommensjo@redeye.se

More research on AAC Clyde Space

Scan the QR code to access all Redeye publications and research tools regarding AAC Clyde Space.

redeye.se/company/aac-clyde-space

Net Income	-41.6	-5.7	-54.4	-19.8	-3.7	15.0
EV/Sales	0.7	0.6	1.9	1.7	1.4	1.1
EV/EBITDA	199	4.8	32.9	17.6	11.2	6.7
EV/EBIT	-5.3	-55.9	-14.4	-62.8	128	29.8

Table of contents

Summary of Q2 2026

Net sales of SEK112.0m were 1% (SEK1m) above our estimate and up 52% y/y, a sharp acceleration from Q1's -8%, driven by growth in both segments. Products & Missions grew to SEK96m, 2% above our estimate and up 57% y/y, primarily driven by the Sterna project, building on the EPS-Sterna payload contract signed in Q1 and the new ~SEK82m avionics order from OHB Sweden booked in Q2. Data & Services grew to SEK25m, 3% above our estimate and up 19% y/y, driven by INFLECION development activities following the new ESA contract (EUR10.9m, ~SEK119m) signed in June for a twelve-satellite maritime intelligence constellation. OPEX rose to SEK62m, around SEK3m above our estimate and up from SEK58m in Q1, reflecting continued investment ahead of the next INFLECION phase and the commercial start-up of the VIREON-1 and -2 satellites. Segment margins diverged: Products & Missions EBITDA margin was 13%, exactly in line with our estimate, while Data & Services margin was 22%, below our 30% estimate, as the INFLECION development work carries no net margin — management expects this to improve as the VIREON satellites move into commercial operation. Total EBITDA of SEK10.7m came in SEK2m below our SEK13m estimate, reflecting the Data & Services mix effect and the slightly faster OPEX ramp described above — deviations we'd characterise as normal at this stage of the company's build-out. Cash flow from operating activities amounted to SEK106.8m (SEK1.7m in Q2'25), a sharp improvement that we attribute to milestone billings and customer prepayments tied to the growing backlog, notably the EPS-Sterna programme. The order backlog amounted to SEK1,197.1m at the end of the quarter, up from SEK1,111.1m at Q1.

EPS Sterna

In mid-March, AAC upgraded its contract value for the 20 new satellites in the EPS-Sterna program delivered by its subsidiary Omnisys. In Q1, the project was ~6 months behind the original timeline, but expects to recover some of that time and has made no change to the target of launching the first six satellites in 2029. The deal for the 20 sensors is valued at more than EUR70m, i.e., ~SEK750m (previously estimated at EUR60 million). The first six are scheduled for delivery in 2028, with the remaining deliveries continuing until 2035. We understand that revenue will be recognised gradually as work progresses over the period, and we expect that a larger part of this revenue will be recognized in the initial 3-4 years of the project.

On the Q2 call, management confirmed the project is "where we plan to be," noting EPS-Sterna accounted for a large part of Products & Missions revenue this quarter (management declined to give an exact figure) and is expected to remain the dominant contract in that segment for the next two years. This confirms the ramp flagged after Q1, with Products & Missions growing 57% y/y to SEK96m in Q2.

Notes from the conference call

- VIREON-1 has reached first light and is now in the focusing/calibration phase of commissioning; VIREON-2 is also being commissioned but with less priority, as the company wants to get VIREON-1 into revenue service first. Management reiterated that revenue is expected to start in Q3 2026, with a "normal" gradual ramp-up toward full revenue contribution sometime next year — consistent with the ~3-month commissioning timeline flagged after the March launch in the Q1 call.
- INFLECION moved from design into build. The next-phase contract with ESA (EUR10.9m, ~SEK119m) for the 12-satellite maritime constellation was signed in Q2, covering launch, testing and service demonstration through early 2029. This follows through on the Q1 note that an ESA decision was expected during Q2.
- New SKAO disclosure: AAC (via Omnisys) delivered the first pre-production Band 1 feed system to the SKA Observatory in South Africa under the ~EUR12m contract. Management said "substantial revenue" remains — the design phase and first unit are done, but "the bulk of the production is still to be done." Test results are expected later this year, and the company said it's essentially on the customer's timeline from here.
- Guidance reiterated for a second straight quarter: net sales SEK440-510m, ~10% EBITDA margin, positive operating cash flow. Management pointed to the size of the backlog (approaching SEK1.2bn, +8% q/q) as the main source of confidence, saying "a large part of the revenue is already on the books."
- Operating cash flow was strongly positive (SEK106.8m vs. SEK1.7m in Q2'25), which management linked to milestone billings and customer prepayments on the growing backlog — echoing the Q1 comment that AAC prioritizes keeping project cash flow positive by taking down payments for components.
- On large LEO/MEO constellation programs (e.g., IRIS²): management said AAC is well-positioned technically but will only bid where margins make sense, noting it has walked away from opportunities in the past where customers pushed for "ridiculously low margins." AAC is in discussions on smaller constellations (tens, not hundreds, of satellites) and floated licensing deals as an alternative to production contracts for very large programs.
- Segment balance / strategy framing: management described Products & Missions (hardware) as the "bedrock" delivering now, with Space Data as a Service (VIREON, INFLECION) as the future growth engine — long-term target is roughly a 50/50 split between the two, calling H1 2026 "a good example" of that model in action.
- Typical sales-cycle color (new): management said contracts average 1-1.5 years from first discussion to signing, but government/large programs like EPS-Sterna can take 2-3 years — framed as a trade-off for landing more durable, better-paying customers once secured.
- No new detail was given on FY2027 revenue expectations or VIREON-1's total revenue potential —

management declined both, saying it's too early.

2026 guidance (reiterated)

Management reiterated its full-year 2026 guidance for a second consecutive quarter: net sales of SEK440-510m, an EBITDA margin of approximately 10 percent, and positive cash flow from operating activities, with growth still expected to be weighted toward the second half of the year. The outlook is now backed by a larger order backlog of SEK1,197m (from SEK1,111m at Q1), still primarily driven by Products & Missions via the EPS-Sterna programme, while Data & Services is expected to scale further as the INFLECION contract moves into execution and the VIREON satellites enter commercial service. We view the unchanged guidance, held despite the Q2 EBITDA gap, as a signal that management sees the Data & Services margin dilution as temporary rather than a reason to trim expectations.

Estimates changes

Following the Q2 report, we make only minor revisions to our estimates, as our model already reflected most of the EPS-Sterna upgrade, the SEK1.1bn backlog, and the FY26 guidance ahead of the print. We raise net sales by around 1% for FY26-28, to SEK477m (473) in 2026e, SEK597m (594) in 2027e, and SEK695m (691) in 2028e. We are currently placed mid-range in the company's revenue guidance, but reconsider further following the progress of the project together with potential upgrade orders for additional components to the project. We estimate solid growth of 61% y/y for 2026, followed by around 25% in 2027. Products & Missions is essentially unchanged versus our prior estimate, while Data & Services is raised modestly (1-3%). Profitability-wise, EBITDA is little changed at SEK47m (47) in 2026e, SEK72m (72) in 2027e, and SEK117m (116) in 2028e, with margins stable at 10%/12%/17%; EBIT shows a larger swing in 2026e (-SEK13m vs -SEK15m previously) given the low earnings base, though the absolute change is immaterial.

We expect the company to grow its profits substantially in the coming years, driven by higher volumes and fairly scalable operations. We find additional margin potential already in the near term as the company potentially lowballs its profitability guidance. Anyhow, we have not yet seen any evidence of the Omnisys/EPS Sterna margins, which we await before making additional changes.

AAC Clyde Space: Estimate changes

	Updated			Previous			*Chg. %*	*Chg. %*	*Chg. %*
SEKm	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**	***2026e***	***2027e***	***2028e***
Products & Missions	415	510	571	413	508	569	*0%*	*0%*	*0%*
Data & Services	94	127	168	91	126	166	*3%*	*1%*	*1%*
Other & Eliminations	-33	-40	-44	-31	-40	-44	*4%*	*0%*	*0%*
Net sales	477	597	695	473	594	691	*1%*	*1%*	*1%*
Sales growth - YoY	*61%*	*25%*	*16%*	*60%*	*26%*	*16%*			
EBITDA	47	72	117	47	72	116	*-1%*	*1%*	*0%*
EBITDA margin	*10%*	*12%*	*17%*	*10%*	*12%*	*17%*			
EBIT	-13	6	26	-15	6	26	*-13%*	*1%*	*0%*
EBIT margin	*-3%*	*1%*	*4%*	*-3%*	*1%*	*4%*			

Source: Redeye research (estimates), AAC Clyde Space (historical data)

Estimates

SEKm	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026e	Q4 2026e
Net sales	**74**	**74**	**76**	**71**	**68**	**112**	**128**	**169**
Other operating income & Capitalisations	21	8	7	6	8	7	9	9
Revenues	**95**	**82**	**83**	**78**	**76**	**119**	**137**	**178**
Products & Missions	65	61	63	56	60	97	110	149
Data & Services	17	21	20	22	15	25	26	28
Eliminations	-8	-8	-7	-7	-7	-9	-8	-8
Raw materials and subcontractors	-23	-16	-26	-17	-21	-46	-51	-76
Personnel costs	-48	-49	-46	-47	-44	-50	-47	-46
Other external expenses	-10	-11	-10	-11	-11	-11	-10	-9
Other operating expenses	-2	-2	-1	-1	-2	0	-2	-2
EBITDA	**12**	**3**	**0**	**2**	**-3**	**11**	**17**	**22**
D&A	-14	-14	-14	-15	-13	-14	-14	-19
EBIT	**-3**	**-11**	**-14**	**-13**	**-16**	**-3**	**2**	**3**
Net financials	-9	-6	-1	-1	-2	-1	-2	-2
Income tax	2	0	1	0	0	1	0	0
Net Income	-10	-16	-14	-14	-18	-3	0	1
Net sales growth y/y	4%	37%	-10%	-50%	-8%	52%	68%	137%
Products & Missions growth y/y	-4%	8%	-28%	-58%	-8%	58%	75%	165%
Data & Services growth y/y	15%	268%	233%	19%	-10%	18%	28%	28%
EBITDA margin	16%	4%	1%	3%	-4%	10%	13%	13%
EBIT margin	-3%	-15%	-18%	-18%	-24%	-3%	2%	2%

AAC Clyde Space - Base case scenario

SEKm	2023	2024	2025	2026e	2027e
Net sales	**277**	**353**	**295**	**477**	**597**
Other operating income & Capitalisations	49	56	42	33	36
Revenues	**325**	**409**	**338**	**510**	**633**
Products & Missions	266	346	245	415	510
Data & Services	30	45	80	94	127
Eliminations	-19	-38	-30	-33	-40

Raw materials and subcontractors	-105	-128	-81	-195	-227
Personnel costs	-163	-179	-190	-188	-238
Other external expenses	-45	-46	-42	-42	-53
Other operating expenses	-11	-9	-6	-6	-8
EBITDA	**1**	**47**	**17**	**47**	**72**
D&A	-38	-51	-57	-60	-66
EBIT	**-37**	**-4**	**-40**	**-13**	**6**
Net financials	-4	-1	-17	-7	-10
Income tax	-1	0	3	0	0
Net Income	-42	-6	-54	-20	-4
Net sales growth y/y	41%	28%	-16%	61%	25%
Products & Missions growth y/y	-	30%	-29%	69%	23%
Data & Services growth y/y	-	51%	79%	18%	35%
EBITDA margin	0%	13%	6%	10%	12%
EBIT margin	-13%	-1%	-14%	-3%	1%
Products & Missions - EBITDA margin	3%	15%	7%	13%	16%
Data & Services - EBITDA margin	66%	47%	35%	26%	30%
Elimination margin	-10%	-7%	-9%	-7%	-8%
Data & Services metrics					
nb. of satellites in orbit end of p.	-	0	9	11	15
nb. of operational satellites in orbit avg	6	8	9	10	14
Net launches/decomissions	-	0	0	0	0
Revenue per satellite avg	4.7	5.4	8.9	9.4	9.1
Revenue per satellite chng. y/y	-	15%	64%	6%	20%

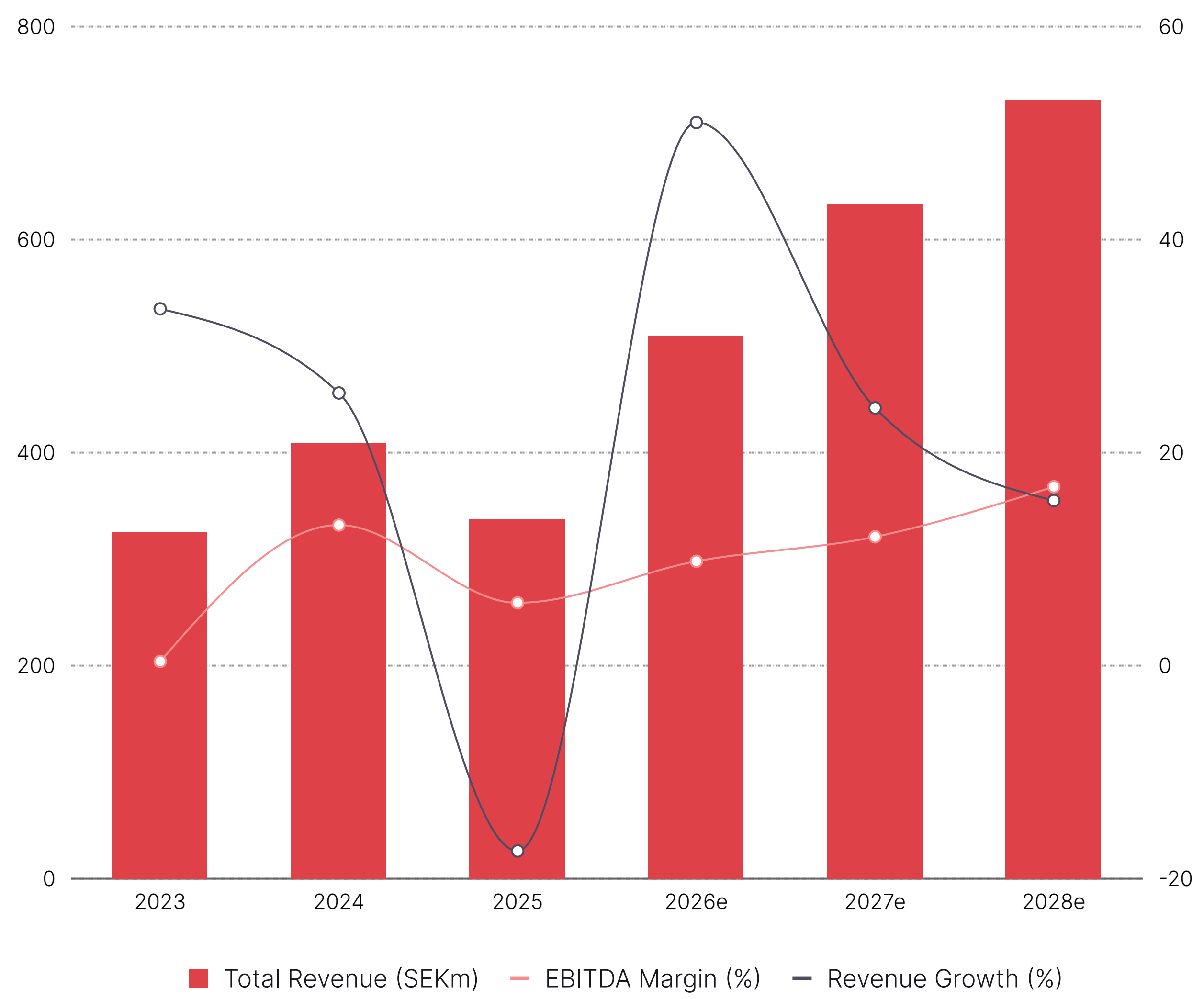
Source: Redeye Research

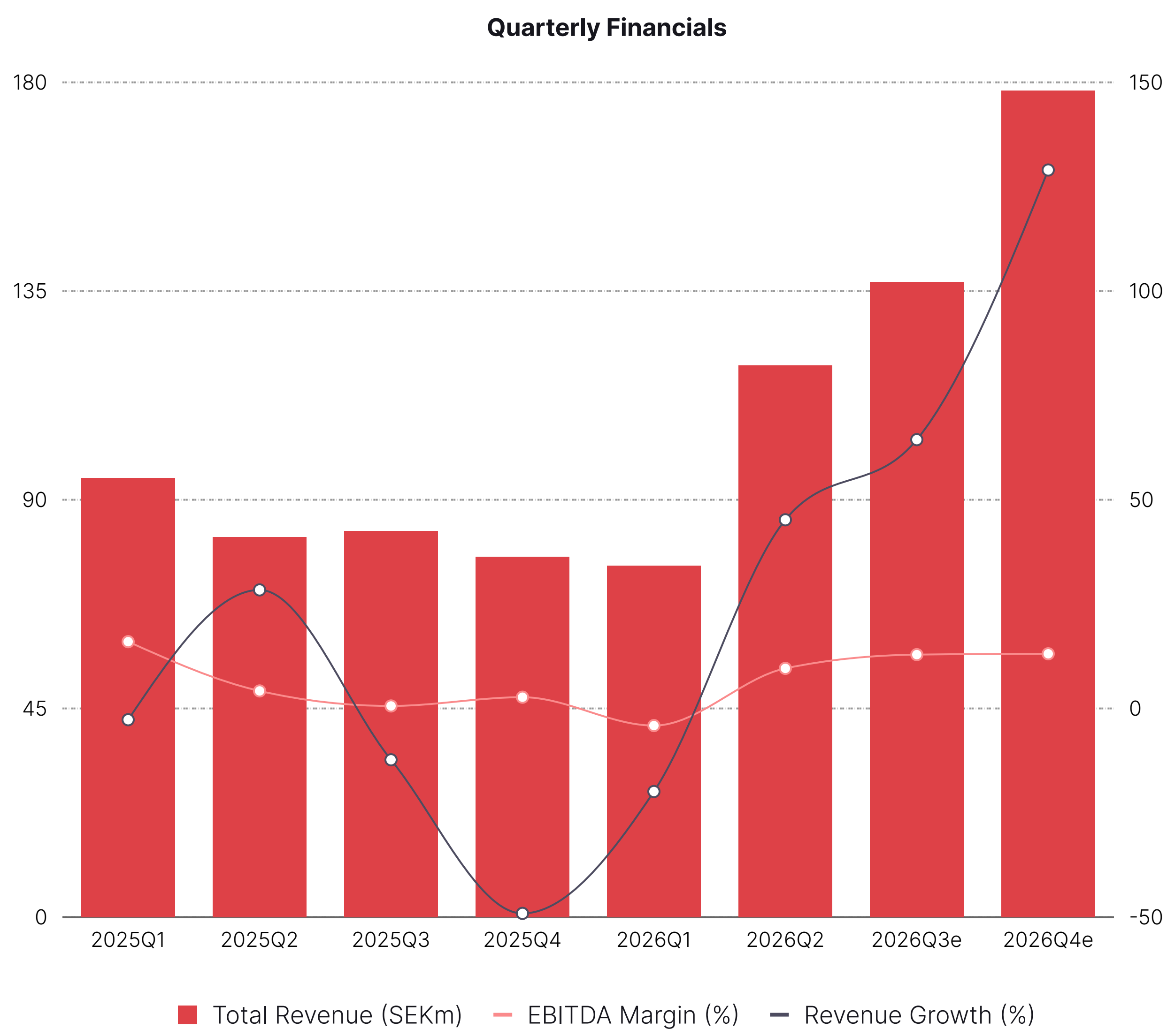
Data & Services: Satellites

Name	Application	Launched^	Yrs in Orbit
AprizeSat-8	Maritime-AIS	Q4'13	13
AprizeSat-10	Maritime-AIS	Q2'14	12
Thea	Experimental-spectrum servey payload+AIS	Q4'18	8
EPICHyper-1 / Dragonette-001	Hyperspectral Imaging/Earth Observation	Q1'23	3
EPICHyper-2 / Dragonette-002	Hyperspectral Imaging/Earth Observation	Q2'23	3
Ymir-1	Maritime-VDES	Q4'23	3
EPICHyper-3 / Dragonette-003	Hyperspectral Imaging/Earth Observation	Q4'23	3
Sedna-1	Maritime-AIS	Q3'24	2
Sedna-2	Maritime-AIS	Q1'25	1
Vireon-1	Earth Observation	Q1'26	In commissioning
Vireon-2	Earth Observation	Q1'26	In commissioning
Vireon-3	Earth Observation	Q1'27e	Being built
Vireon-4	Earth Observation	Q1'27e	Being built
Sedna-3	Maritime-AIS	Q1'27e	Being built
Sedna-4	Maritime-AIS	Q1'27e	Being built
Inflecion 1 to ~15	Maritime Domain Awareness	~'28	Development

Source: Company communication & Redeye estimates

Key Financials




Quarterly Financials
180
135
90
45
0
150
100
50
0
-50
2025Q1
2025Q2
2025Q3
2025Q4
2026Q1
2026Q2
2026Q3e
2026Q4e
Total Revenue (SEKm)
EBITDA Margin (%)
Revenue Growth (%)

Valuation

Fair Value		Fundamental Value (Base Case)		Relative Value (Base case)
Weighted average	=	75% Weight	+	25% Weight
144 SEK		138 SEK		161 SEK

Above Valuation data is a static snapshot per 2026-08-18.

Our valuation consists of two parts: Fundamental Value and Relative Value. Those two parts are aggregated into a Fair Value, based on a weighting defined by the analyst.

Fundamental Value: Based on our analyst's forecasts and normally a cash flow based valuation method such as DCF (Discounted Cash Flow) or SoTP (Sum of the Parts). Prepared in 3 scenarios - Pessimistic, Base and Optimistic - to highlight potential outcomes and margin of safety.

Relative Value: Based on a set of peer companies and relevant comparison multiples selected by our analysts. A fair multiple is calculated based on premiums or discounts for growth and profitability.

Uncertainty Range: The analyst also sets an Uncertainty Range to the Fair Value, affecting the Value Score and what we define as “Fairly Priced” (Value Score = 3). The wider the range - The bigger upside is required to move the score into a 4 or 5.

We classify AAC Clyde Space as a Growth/Tech stock, resulting in a 25/75% weight between Fundamental value and Relative value. Although the business is relatively mature in terms of age, it operates in a fast-growing and emerging industry, making relative comparisons slightly more challenging than for a classic, mature, and stable company.

Fundamental value (Base Case)

Based on our DCF approach, we argue for a base case valuation of SEK138 (135) per share.

AAC Clyde Space: Base case valuation

Assumptions		**DCF**	**SEKm**	**Per share**
Tax rate	*21%*	2026e - 2030e	101.1	14.1
WACC	*12%*	2031e - 2040e	426.9	59.6
Shares outstanding	7.2	Terminal	332.4	46.4
Sales CAGR 2025 - 2030e	*25%*	Net cash	126.9	17.7
Sales CAGR 2030e - 2040e	*7%*			
Avg.EBITDA margin 25e -39e	*19%*			
Terminal value assumptions		**Base case**		**138**
Group sales	1,806	*Upside potential*		*15%*
Terminal growth	*2%*			
EBITDA margin	*20%*			

Source: Redeye research (estimates)

Relative value

Based on the EV/EBITDA multiples of its peers, AAC is attractively priced, with an upside potential of around 30%. AAC is currently trading at c.11x EV/EBITDA NTM. This is below its peer group, which currently trades around 14.3x EBITDA on FTM figures. Our relative valuation indicates a value of ~SEK161 per share.

Fair value

Our fair value combines the two methods and indicates a valuation of SEK144 per share, representing a Fairly Priced stock.

Investment Thesis

Case

Orbiting Higher in the Value Chain

Strategic expansion to Data & Services.... With the acquisition of SpaceQuest, the company took its first step from historically being a hardware provider to becoming a service provider. The shift mitigates several of the industry's previous challenges, as the services business enables a high degree of recurring revenues, increased scalability, and solid profitability. The transition allows AAC to leverage its extensive industry know-how, technological platform, and in-house production within its Products and Missions segment to cost-efficiently produce constellations that generate attractive returns within its Data & Services business.
....Set to drive growth and margin expansion We forecast an average group growth of around 16-18% for the coming years, backed by an order book of ~400m by the end of Q3'25. Data & Services will likely be the key growth segment for the AAC, where we forecast a growth of around ~30% for the coming years. For the Products & Missions segment, we expect healthy growth of around 12-14%. AAC stands in for a significant margin expansion journey over the following years, driven by the growth of Data & Services revenues that has the potential of adding EBITDA margins of around 50% to the group. We expect the EBITDA margin to expand by around 4-5% per year over the coming years, driving an avg. EBITDA growth of around 40% between 2024 and 2028.

Evidence

Solid foothold within Products & Missions enables Data & Services

AAC has an established position in the market today with ~20 years of flight heritage and an estimated market share of around 5-10% within its segment, Products & Missions. Our research indicates that AAC is on par with its competitors in terms of technology, with no significant gaps that would hinder its future growth. As such, investment can be tilted towards the launch of its own constellations going forward. It has a customer-centered focus, which is reflected in both R&D and value proposition, targeting the most attractive niches for Data & Services such as Earth Observation and Maritime Domain Awareness, where there are currently gaps to fill in the market. The transition allows AAC to leverage its extensive industry know-how, technological platform, and in-house production within its Products and Missions segment to cost-efficiently produce constellations that generate attractive returns within its Data & Services business. The built-up competence and relatively cost efficiency will be a competitive advantage compared to competitors, which in many cases comes to providers like AAC to buy its constellations.

Supportive Analysis

Most importantly, we argue that AAC stands in for a significant margin expansion journey over the next years, driven by the growth of Data & Services revenues that has the potential of adding EBITDA margins of around 50% to the group. We expect the EBITDA margin to expand by around 4-5% per year over the coming years, driving an avg. EBITDA growth of around 40% between 2024 and 2028.

Challenge

Competitive industry

AAC operates in a highly competitive and fast-changing environment, which potentially could harm the company's ability to grow and reach attractive margins in the long term. Especially, the general competition within services is high and favorable for those with significant funding. However, we do see that AAC has an advantage in terms of its industry know-how and in-house production.

Financing

The company's balance sheet have previously been a limiting factor for future growth, as the company has lacked financing for constellations such as INFLECION. Now, we see that Bonnier capital have entered the cap table, adding necessary financing for the constellation.

Valuation

Attractive valuation compared to peers

Based on the EV/EBITDA multiples of its peers, AAC is attractively priced, with an upside potential of around 30%. AAC is currently trading at c.14.3x EV/EBITDA NTM. This is below its peer group, which currently trades around 12.7x EBITDA on FTM figures. Our relative valuation indicates a value of ~SEK161 per share. Based on our DCF approach, we argue for a Base case valuation of SEK138 (135) per share. Our fair value combines the two methods and indicates a valuation of SEK144 per share, representing a Fairly Priced stock.

Redeye Quality Rating

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive longterm earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People | 3

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character. character.

The People rating is based on quantitative scores in seven categories: categories:

1. Passion 2. Execution 3. Capital Allocation 4. Communication 5. Compensation 6. Ownership 7. Board

Positives

- Strong leadership with a visionary CEO who has deep industry knowledge and focuses on long-term growth through market consolidation and technological advancement.
- Commitment to innovation and R&D, which defines the company's core strategy and competitive edge in the satellite industry.
- Transparent and timely communication with investors, demonstrating candor about past challenges and consistent messaging on long-term business value.
- Reasonable executive compensation structure that aligns with company performance and shareholder interests, avoiding excessive perks or exit payments.
- Experienced and business-savvy board of directors with expertise well-aligned to the company's strategy and industry needs.

Negatives

- Historical challenges in aligning newly acquired subsidiaries and uniting them under a common cause, though this has been improving over time.
- Lack of proven track record in generating attractive returns on capital, though it's a focus area for improvement going forward.
- Frequent share issuances to finance operations, leading to dilution without corresponding EPS growth, which may signal financial weakness.
- Limited insider ownership and absence of a controlling owner with a significant stake, potentially reducing long-term commitment and alignment with shareholder interests.

Business | 3

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is ased on quantitative scores in seven categories:

1. Business Scalability 2. Market Structure 3. Value Proposition 4. Economic Moat 5. Operational Risks

Positives

- Strong growth potential with significant reinvestment opportunities, particularly in technology and satellite constellations.
- Successful geographic and vertical business expansion,
- Benefits from secular tailwinds in the satellite industry, with accelerating market investment.
- Increasing prices without losing customers indicates a strong market position and customer loyalty.
- Contributes to the greater good through applications like disaster warning and environmental surveillance, aligning with sustainability trends.

Negatives

- Limited recurring revenue at this stage, which could impact business stability and predictability.
- Historical negative returns on invested capital, indicating historic challenges in achieving profitability.
- Lack of easily identifiable sustainable competitive advantages or a wide moat.
- Operates in a highly competitive market.
- Potential for periodic revenue concentration due to large contract wins, which could impact overall diversification.

Redeye Quality Rating

Financials

2

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

1. Earnings Power 2. Profit Margin 3. Growth Rate 4. Financial Health 5. Earnings Quality

Positives

- Strong gross profit margin exceeding 40% indicates excellent pricing power, profitable product mix, and resilience against inflation, providing capacity to fund investments from cash flow.
- Operating margin has improved consistently for three consecutive years, demonstrating effective cost management, operational efficiency improvements, and successful business scaling.
- Solid financial health metrics with manageable debt levels: net debt less than 2x operating cash flow and 5x free cash flow, plus interest coverage exceeding 5x EBIT.
- High-quality earnings demonstrated through efficient working capital management, with inventory-to-sales and accounts receivable-to-sales both below 20% and their five-year averages.
- Strong operating cash flow conversion above 80% over five years, confirming the company generates real cash profits rather than just accounting profits.

Negatives

- Operating margin remains below the 20% threshold, indicating limited competitive advantage and reduced safety buffer during challenging economic conditions.
- Return on equity consistently below 20% over five years, suggesting inefficient capital utilization and lack of sustained competitive advantage in generating shareholder returns.
- No dividend payments or growth, indicating either capital constraints, management prioritization of reinvestment, or insufficient free cash flow generation to support shareholder distributions.
- Weak liquidity position with current assets less than 1.5x current liabilities and debt-to-equity ratio above 40%, raising concerns about short-term financial flexibility.
- Free cash flow conversion below 80% over five years, suggesting capital intensity challenges and potential difficulties converting profits into available cash for shareholders.

Rating Distribution

Redeye Covered Companies

Rating	People	Business	Financials
5	6	7	0
3-4	130	115	50
0-2	8	22	94
Companies	144	144	144

Disclaimer

Redeye does not issue any investment recommendations for fundamental research. However, Redeye has developed a proprietary research and rating model, Redeye Rating, in which each company is analyzed and evaluated. This research aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

Financials

Income Statement				
SEKm	**2024**	**2025**	**2026e**	**2027e**
Net Sales	352.9	295.3	476.8	597.3
Other Income	55.9	42.5	33.2	36.0
Total Revenue	408.8	337.8	510.0	633.3
Cost of Sales	-128.1	-81.3	-194.7	-227.0
Gross Profit	224.8	214.0	282.1	370.4
Operating Expenses	-234.0	-239.0	-235.6	-298.3
EBITDA	46.7	17.5	46.6	72.0
Depreciation and Amortization	-50.7	-57.4	-59.6	-65.7
EBIT	-4.0	-40.0	-13.1	6.3
Net Financial Items	-1.3	-17.2	-7.2	-10.0
EBT	-5.3	-57.2	-20.3	-3.7
Income Tax Expenses	-0.40	2.7	0.40	0.0
Net Income	-5.7	-54.4	-19.8	-3.7

Balance Sheet				
SEKm	**2024**	**2025**	**2026e**	**2027e**
Assets				
Non-current assets				
Property, Plant and Equipment (Net)	70.3	81.6	121.0	161.0
Goodwill	0.0	-	-	-
Intangible Assets	732.6	648.1	615.9	581.9
Right-of-Use Assets	12.2	22.8	22.8	22.8
Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-Current Assets	815.1	752.6	759.7	765.7
Current assets				
Inventories	21.6	21.7	47.7	53.8
Accounts Receivable	55.3	33.6	47.7	53.8
Other Current Assets	46.7	57.5	95.4	89.6
Cash Equivalents	49.7	30.1	-4.7	9.4
Total Current Assets	173.2	142.8	186.1	206.5
Total Assets	988.3	895.4	945.8	972.2
Equity and Liabilities				
Non-current liabilities				
Long Term Debt	0.0	0.0	0.0	0.0
Long Term Lease Liabilities	5.5	14.8	14.8	14.8
Other Non-Current Lease Liabilities	20.3	15.0	15.0	15.0
Total Non-Current Liabilities	25.8	29.9	29.9	29.9
Current liabilities				
Short Term Debt	8.9	0.0	-35.9	-35.9
Short Term Lease Liabilities	6.7	7.6	7.6	7.6
Accounts Payable	52.3	30.8	64.4	80.6
Other Current Liabilities	192.0	116.6	139.5	153.3
Total Current Liabilities	259.8	154.9	175.5	205.7
Equity	703.0	710.8	740.5	736.8
Total Liabilities and Equity	988.6	895.5	945.9	972.3

Cash Flow				
SEKm	**2024**	**2025**	**2026e**	**2027e**
Operating Cash Flow	56.8	-72.6	18.3	85.7
Investing Cash Flow	-40.1	-45.6	-66.8	-71.7
Financing Cash Flow	-23.0	93.6	13.7	0.0
Cash Flow For The Period	-10.9	-18.1	-34.8	14.1

The team

Equity Research Leadership


Björn Fahlén
bjorn.fahlen@redeye.se


Tomas Otterbeck
tomas.otterbeck@redeye.se

Editorial

Technology Team


Fredrik Nilsson
fredrik.nilsson@redeye.se


Henrik Alveskog
henrik.alveskog@redeye.se


Hjalmar Ahlberg
hjalmar.ahlberg@redeye.se


Jacob Benon
jacob.benon@redeye.se


Jessica Grunewald
jessica.grunewald@redeye.se


Mattias Ehrenborg
mattias.ehrenborg@redeye.se


Oskar Vilhelmsson
oskar.vilhelmsson@redeye.se


Rasmus Jacobsson
rasmus.jacobsson@redeye.se


Stefan Knutsson
stefan.knutsson@redeye.se

Life Science Team


Adam Sommensjö
adam.sommensjo@redeye.se


Filip Einarsson
filip.einarsson@redeye.se


Fredrik Thor
fredrik.thor@redeye.se


Gustaf Meyer
gustaf.meyer@redeye.se


John Westborg
john.westborg@redeye.se


Kevin Sule
kevin.sule@redeye.se


Oscar Bergman
oscar.bergman@redeye.se


Richard Ramanius
richard.ramanius@redeye.se


William Wällstedt
william.wallstedt@redeye.se

Disclaimer

Important Information

Redeye Sweden AB ("Redeye Nordic Growth" or "the Company") is a specialist financial advisory boutique that focuses on small and mid-cap growth companies in the Nordic region. We focus on the technology and life science sectors. We provide services within corporate broking, equity research and investor relations. Our strengths are our award-winning research department, experienced advisers, a unique investor network, and the powerful distribution channel redeye.se.

The Redeye Group

Redeye Nordic Growth is part of a group of companies ("The Redeye Group") within the meaning of Article 2(11) of Directive 2013/34/EU (the Accounting Directive). The Redeye Group includes RedHold AB, Redeye AB, Redeye Sweden AB and Redeye Capital AB.

Regulatory Framework

This investment research is produced and disseminated in accordance with the European Union regulatory framework governing investment recommendations:

- Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse ("MAR"), in particular Article 20 concerning investment recommendations and disclosure of interests and conflicts of interest.
- Commission Delegated Regulation (EU) 2016/958 supplementing MAR with regulatory technical standards for the objective presentation of investment recommendations and the disclosure of particular interests or indications of conflicts of interest.

Redeye Nordic Growth is an "expert" within the meaning of Article 1 of Delegated Regulation (EU) 2016/958, being a person referred to in Article 3(1)(34)(ii) of MAR who repeatedly proposes investment decisions in respect of financial instruments and presents itself as having financial expertise and experience. As such, Redeye Nordic Growth ensures that all research is objectively presented, that valuation methodologies and underlying assumptions are transparent, and that all relevant interests and conflicts of interest are disclosed in accordance with Articles 4 and 6(1) of Delegated Regulation (EU) 2016/958.

Objective Presentation of Recommendations

In compliance with Articles 3 and 4 of Delegated Regulation (EU) 2016/958, Redeye Nordic Growth ensures that all investment recommendations include:

- Clear identification of the persons responsible for producing the recommendation, including the name and job title of all natural persons involved.
- A clear distinction between factual information and interpretations, estimates, opinions, and other non-factual information.
- Reliable sources for all material information, with any doubts as to reliability clearly indicated.
- A summary of the valuation basis, methodology, and underlying assumptions used to evaluate the financial instrument or issuer, or to set a price target, as well as an indication of any material changes thereto.
- An indication of where detailed information about the valuation or methodology and underlying assumptions is directly and easily accessible.
- An explanation of the meaning of each recommendation category used (e.g., Buy, Hold, Sell), including the relevant time horizon and appropriate risk warnings.
- The date and time of completion of the recommendation and any prices of financial instruments mentioned therein.
- A 12-month track record of all recommendations disseminated on the relevant financial instrument or issuer, including for each: the date of dissemination, analyst identity, price target, relevant market price at the time of dissemination, direction of the recommendation, and validity period.
- Where the recommendation has been disclosed to the issuer and subsequently amended, a statement to that effect.

Conflicts of Interest

Redeye Nordic Growth's research department is regulated by operational and administrative rules established to avoid conflicts of interest and to ensure the objectivity and independence of its analysts. Disclosures may be made either in this document, or on Redeye.se. In accordance with Articles 5 and 6(1) of Delegated Regulation (EU) 2016/958, the following disclosures and measures apply:

Disclosures

- Redeye Nordic Growth discloses any net long or short position exceeding 0.5% of the total issued share capital of any issuer covered in its research, calculated in accordance with Article 3 of Regulation (EU) No 236/2012 and Chapters III and IV of Delegated Regulation (EU) No 918/2012, specifying whether the position is long or short.
- Redeye Nordic Growth discloses if the issuer holds more than 5% of Redeye Nordic Growth's total issued share capital.
- Redeye Nordic Growth discloses any other significant financial interests concerning the issuer.
- Redeye Nordic Growth discloses whether the recommendation was shown to the issuer prior to dissemination and subsequently altered.
- Redeye Nordic Growth discloses the existence of any agreement with the issuer relating to the production of the recommendation.

Group Disclosures

In accordance with Article 6(1)(c) of Delegated Regulation (EU) 2016/958, Redeye Nordic Growth also discloses relevant interests and relationships held by any other company within The Redeye Group. This includes disclosure of whether Redeye Nordic Growth or any company within The Redeye Group:

- Is a market maker or liquidity provider in the financial instruments of the issuer.
- Has been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of financial instruments of the issuer.
- Is party to an agreement with the issuer relating to the provision of investment services within the meaning of Sections A and B of Annex I to Directive 2014/65/EU (MiFID II), provided such disclosure does not entail revealing confidential commercial information and the agreement has been in effect over the previous 12 months or has given rise during the same period to an obligation to pay or receive compensation.

Internal Measures

- Employees of Redeye Nordic Growth are prohibited from trading in financial instruments of companies subject to the Company's research analysis, from the date Redeye Nordic Growth publishes its analysis until one trading day thereafter.
- Redeye Nordic Growth has established internal arrangements designed to prevent and manage conflicts of interest with respect to its investment recommendations.
- The Redeye Group has established arrangements to identify, prevent and manage conflicts of interest that may arise between companies within The Redeye Group, including conflicts between the production of investment recommendations and the provision of investment services by other group companies.

Remuneration

Readers of these reports should assume that Redeye Nordic Growth or other companies within The Redeye Group may have received or will receive remuneration from the company/companies cited in the report for the performance of financial advisory services or other investment services. Such remuneration is of a predetermined amount and is not dependent on the content of the research. Where such an agreement exists, it is disclosed in the individual research report.

Limitation of Liability

This document was prepared for information purposes for general distribution and is not intended to be advisory. The information contained in this research is based on sources deemed reliable by Redeye Nordic Growth. However, Redeye Nordic Growth cannot guarantee the accuracy of the information. The forward-looking information in the research is based on subjective assessments about the future, which constitutes a factor of uncertainty. Redeye Nordic Growth cannot guarantee that forecasts and forward-looking statements will materialize. Investors shall conduct all investment decisions independently. This research is intended to be one of a number of tools that can be used in making an investment decision. All investors are therefore encouraged to supplement this information with additional relevant data and to consult a financial advisor prior to an investment decision. Accordingly, Redeye Nordic Growth accepts no liability for any loss or damage resulting from the use of this research.

Recommendation History

In accordance with Article 4(1)(i) of Delegated Regulation (EU) 2016/958, a complete list of all recommendations disseminated by Redeye Nordic Growth on the relevant financial instrument or issuer during the preceding 12-month period is available upon request and at redeye.se.

Redeye Nordic Growth's research coverage

Redeye Nordic Growth's research analyses consist of case-based analyses, which imply that the frequency of the analytical reports may vary over time. Unless otherwise expressly stated in the report, the analysis is updated when considered necessary by the research department, for example in the event of significant changes in market conditions or events related to the issuer/the financial instrument.

Recommendation structure

Redeye Nordic Growth does not issue any investment recommendations for fundamental analysis. However, Redeye Nordic Growth has developed a proprietary analysis and rating model, Redeye Rating, in which each company is analysed and evaluated. This analysis aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

Duplication and distribution