AAC Clyde Space

Sector: Space

Orbiting Higher in the Value Chain

Redeye initiates coverage of AAC Clyde Space, a leading smallsat provider with a strong position within satellite components and missions, now growing into the Data & Services business. We expect the shift to drive growth and margin expansion, as the company advances in the value chain. Our base case valuation of SEK115 offers a solid upside potential in the share.

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.

Valuation offers upside

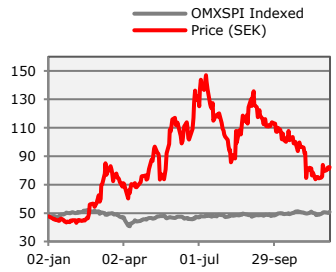
AAC trades at an EV/EBITDA multiple of 15-7x in 2026-2027, which we find attractive and is based on limited expectations for growth and margin expansion ahead. Based on our DCF approach, we argue for a base case valuation of SEK115 per share on the current forecast, indicating an upside of around 40% from the latest trading. Our fair value range is SEK68-SEK160 per share.

Key Financials (SEKm)	2024	2025e	2026e	2027e	2028e
Net sales	353	318	368	432	511
Sales growth - YoY	28%	-10%	16%	17%	18%
EBITDA	47	17	32	64	95
EBITDA Margin	13%	5%	9%	15%	19%
EBIT	-4	-41	-29	4	28
EBIT Margin	-1%	-13%	-8%	1%	6%
Net Income	-6	-55	-37	-6	20
EV/Sales	0,6	1,4	1,3	1,1	0,8
EV/EBITDA	4,8	27,3	15,0	7,1	4,6
EV/EBIT	neg	neg	neg	123,9	15,3

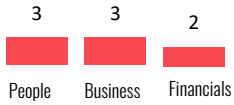
FAIR VALUE RANGE

BEAR	BASE	BULL
68	115	160

AAC VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	AAC
Market	First North
Share Price (SEK)	82
Market Cap (SEKm)	520
Free Float (%)	86%
Avg. daily volume (000)	50

ANALYSTS

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Investment case

AAC Clyde Space (AAC) offers small satellite technology and services to customers like governments, businesses, and institutions. The offer includes satellite components, complete satellites, mission services, and space-based data delivery. The company offers end-to-end solutions that turn space-based intelligence into real-world impact. AAC reports in two business units: Products & Missions, representing around 80% of 2025e revenues, and Data & Services, representing the remaining 20%. Applications include weather monitoring, maritime safety, security and defense, agriculture, and forestry. AAC is one of the few suppliers in the industry with extensive flight heritage of ~20 years in space, and has a well-renowned customer list.

ÅAC Microtec was founded back in 2005, but its transformational journey started in 2018, with the merger with Clyde Space, creating a much stronger entity commercially known as AAC Clyde Space. This merger positioned the company to leverage the booming small satellite market. Since then, the company has made several strategic acquisitions, such as Hyperion Technologies (2020), SpaceQuest (2020), Omnisys Instruments (2021), and Spacemetric (2024), to strengthen its value proposition further and become an (almost) full-service provider throughout the entire value chain, except launches.

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.

While 2025 will be an intermediate year without growth, partly driven by external customer factors which pushed deliveries into the future, we forecast the growth to recover, reaching 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 is the key growth segment for the AAC in the future, and we forecast a growth of around ~30% for the coming years. The growth is driven by both an expected increase in avg. revenue per satellite, as data can be sold to multiple customers, and recent/new satellite launches such as Sedna, VIREON, and potentially INFLECION. These constellations target attractive niche applications within Earth Observations and Maritime Domain Awareness.

For the Products & Missions segment, we expect healthy growth of around 12-14% for the coming years. The growth is backed by the company's flight heritage, reliability and solid market position with an estimated market share of around 5-10%. Growth is also supported by the industry tailwinds as space is becoming more accessible and commercially viable, with an underlying market growth of around 9-30% based on different reports and subsegments in the satellite market. On top of the general market, niche applications, such as defense and surveillance, are likely to face substantial demand for the foreseeable future. Our estimated growth can be considered as a baseline, where large projects, such as the EPS Sterna (EUR60m), could impact nicely on the upside.

We forecast gradual margin expansion ahead, driven by economies of scale for Products & Missions reaching a margin contribution of around 10%, but primarily through growth in the Data & Services segment that offers superior profitability, contributing upwards to 50% in a few years. On average, we expect a group EBITDA margin of 19% for 2024-2034e, a significant improvement compared to 13-5% for 2024-2025e.

Valuation

AAC Clyde Space trades at an EV/EBITDA multiple of 15-7x in 2026-2027, which we find attractive and is based on fair expectations on both growth and margin expansion ahead. Based on our forecast, we argue for a base case valuation of SEK115 per share, based on our DCF valuation. This indicates an upside of around 40% from the latest trading. Our fair value range amounts to SEK68-SEK160 per share.

Evidence

I: 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.

II: Solid organic growth outlook

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. To break it down, 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%. The underlying market growth is strong and expected to be somewhere between 10%-30% in various research reports. We believe that the upper range is closer to the truth for smaller providers, which is backed by peer data. The growth is likely to be even larger in some market niches, such as Maritime Domain Awareness.

III: Margin potential

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.

Challenges

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 could be a limiting factor for future growth, as the company has not secured future financing for constellations such as INFLECION. The required investments are significant, ~SEK350m in this case, which is expected to be 50% co-funded through the UK Space Agency. Likely, the company will be flexible in terms of different solutions and potentially taking on additional partners, equity raises, or debt to finance such constellations. Additional equity financing below our base case will have a negative valuation impact on our valuation.

Business risks

AAC Missions' business that delivers satellite constellations can be challenging from several perspectives. Partly, the risks of cost overruns in projects, but also facing significant lead times and volatility in financials. This business seems to be unprofitable or around breakeven now. A continued underperformance in the segment could have a negative drag on group profitability. In addition, we believe that the industry faces an above average risk of delays throughout the value chain, which can become costly. This is true primarily for Missions and Data & Services.

Catalysts

Data & Services progress

The Data & Services segment is the company's primary growth driver ahead and has been mentioned by AAC in its presentations, representing half of the revenues already in 2030. We are following communication regarding new launches and the start of operations for new constellations, combined with customer agreements, as important news. As the Data & Services business holds solid prospects for profitability, the segment has the opportunity to impact earnings substantially in the coming years and will likely be the key earnings driver.

New contract wins

New contract wins will likely be a key catalyst in the future for the Products & Missions segment. Today, the segment represents around 80% of revenues and will likely remain a significant part in the near future. Seeing continued progress in the segment with solid order intake will be a catalyst for the share, especially as the deals can be up to several hundred million SEK. To give an example, the company is approaching the decision for EPS Sterna, a project with potential revenues of EUR60m.

INFLECION

In February 2025, the company announced the start of the Inflecion project. A maritime domain awareness constellation at around SEK350m investment, which is expected to be 50% co-financed together with the UK-space agency and ESA, and potentially with additional partners. The constellation has previously been communicated to be operational by 2028, but currently lacks financing from AAC's side. Additional updates and secured financing will likely be catalysts for the share.

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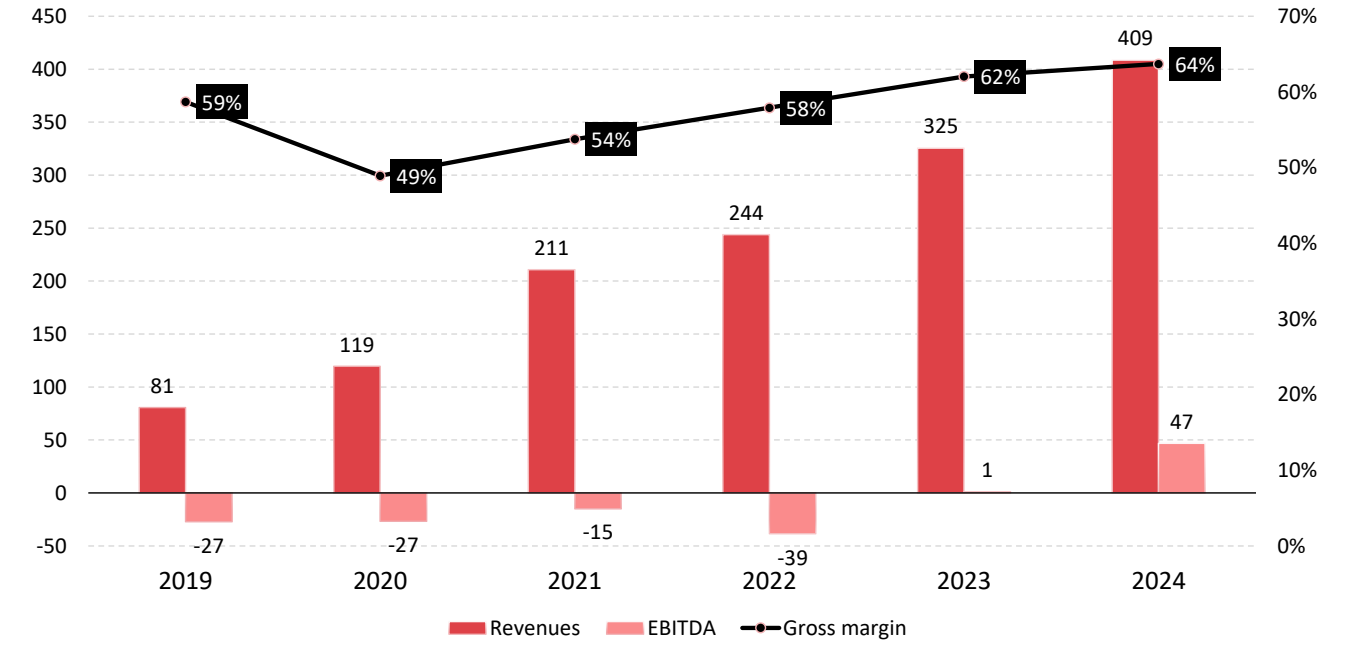
AAC Clyde Space in brief

Founded as ÅAC Microtec in 2005 as a spinout from Uppsala University, Sweden, the company initially focused on avionics products using microelectromechanical systems (MEMS). Concurrently, Clyde Space was established in Glasgow, Scotland, in 2005, specializing in small satellite solutions and CubeSats. ÅAC Microtec went public with an IPO on Nasdaq Stockholm First North in December 2016. A significant transformation occurred in January 2018 with the merger of ÅAC Microtec and Clyde Space, creating a much stronger entity commercially known as AAC Clyde Space. This merger positioned the company to leverage the booming small satellite market. Since then, AAC Clyde Space has expanded its capabilities through several strategic acquisitions, including Hyperion Technologies (2020), SpaceQuest (2020), Omnisys Instruments (2021), and Spacemetric (2024), as well as an organic expansion with an office in Cape Town, South Africa (2021).

Today, the company offers small satellite technologies and services to customers like governments, businesses, and institutions. The offer includes satellite components, complete satellites, mission services, and space-based data delivery. The company offers end-to-end solutions that turn space-based intelligence into real-world impact. Applications include weather monitoring, maritime safety, security and defense, agriculture, and forestry.

AAC Clyde Space has two business units: Products & Missions, representing around 90% of revenues in 2024, and Data & Services, representing the remaining 10%. In 2024, AAC's revenues amounted to SEK409m and Net sales of SEK353m, with a reported EBITDA margin of about 13%. The company has posted solid growth with a CAGR of 36% between 2020 and 2024. The company targets an annual double-digit net sales growth, profitable EBITDA, and positive cash flow from operations. While the company faces healthy growth in each of its segments, the Data & Services segment is expected to be the key growth driver ahead.

AAC Clyde Space: Revenues, EBITDA, Gross margin



Source: Redeye Research, company reports

SWOT

Strengths

- AAC Clyde Space is a well-established supplier of components to CubeSats and Smallsats, as well as complete CubeSats. It has an extensive flight heritage in space of around 20 years.
- With a solid foothold in Products & Missions, the company is well-positioned for future growth opportunities with its vertical expansion into Data & Services. Its growth prospects are backed by an order book of ~400m by the end of Q3'25.
- The company has a customer-centered focus, which is reflected in its value proposition now with vertical expansion to capture even greater value.
- For the coming years, AAC Clyde Space has decided to focus on a few attractive niche areas of the satellite market, such as Earth observation and Marine Domain Awareness. In this segment, AAC is a strong and proven partner with a vertical offering to its customers with either constellations or through its Data & Services offering.

Weaknesses

- The company has a weak financial track record in generating profitability, requiring frequent equity funding from the stock market.
- For future growth within Data & Services, the company has not secured full financing for projects like INFLECION. Recently, the AAC has successfully financed its VIREON constellation through a directed share issue, and we expect the future INFLECION constellation to be co-funded 50% via the UK Space Agency.
- AAC's Missions and Data & Service's business faces several general project-related challenges, such as execution risks and costly delays. Moreover, the company faces significant lead times and relatively high customer dependencies.
- Due to solid industry growth, AAC Clyde Space is exposed to significant competition from both similar-sized companies and large multinational groups. The company is especially tough within its bread-and-butter business, the Product part of the Products & Mission segment.

Opportunities

- With a well-established offering and a solid market share, AAC's opportunities are boosted by the strong underlying market growth. Especially, the company sees significant opportunities within its Data & Services segment where it can leverage its technological expertise from the Product & Missions segment.
- As customers scale up or add new constellations, the company has solid growth potential with current or previous customers, both in terms of customers expanding their constellations and replacing old satellites after ~5 years.
- As use cases and business cases for satellite services are maturing, the need for reliability in delivery and functionality is becoming critical. AAC is well-positioned due to its long heritage to become a trusted supplier for the industry.

Threats

- AAC operates in an R&D-intensive industry that sees fast-changing technological developments.
- The risk of technology-related failures for the company's products in space could negatively impact the company financially and its brand. We have seen a few examples of failures, such as Kelpie-2, which was insured, hence having a negligible impact on AAC to our knowledge.
- Slower-than-expected market adoption of satellite technology or satellite services could negatively impact growth.
- Capital market cycles, government spending, and interest rates could impact future development as customers rely on financing. As a reference, the global industry faced negative growth during 2019-2020.

Redeye Rating:

People: 3

AAC Clyde Space scores three out of five in the people section. We see a management with extensive industry experience that has delivered continued progress despite a relatively turbulent market. We argue that its strategic direction with profitable growth expanding into the data & Services segment seems strategically sound. The score is so far limited by the relatively low insider ownership and the lack of a larger controlling shareholder.

Business: 3

AAC scores three out of five in the business section. AAC benefits from strong secular tailwinds that support growth in the satellite industry. We like the vertical business model growing into the Data & Services segment for niche applications such as Earth observation and maritime intelligence. The company has a proven track record, but the strong long-term growth prospects in the market also attract substantial competition in a fast-changing market with heavy R&D spending. The company has had challenges in some parts of its business to be profitable in the past, which also limits the score.

Financials: 2

AAC scores two out of five in the business section. The company's financial track record is relatively soft and volatile, and from time to time unprofitable. The company has been required to come to the stock market for funding. The setup for an improved score is however solid, with an improved product mix going forward with a larger base of recurring revenues, with higher profitability.

History

Historical Events: AAC Clyde Space	
2005	Ångström Aerospace Corporation, later ÅAC Microtec, is founded in Uppsala as a spin-off from Uppsala University's Ångström Laboratory. As a pioneer in microelectromechanical systems, it developed a 3-gram computer. Clyde Space is founded by Craig Clark as Scotland's first satellite company. Quickly became a CubeSat market leader and "New Space" pioneer, specializing in small satellite solutions for global clients.
2012	ÅAC Microtec became the first non-US company to have its SPA technology approved, featured on NASA Ames' TechEdSat-1 With Swedish National Space Agency support, the INNOSAT project began to develop a cost-effective microsatellite platform. ÅAC provided power and onboard computing systems, leading to its bestselling products, STARBUCK and SIRIUS. OHB built the platform, and the first mission, MATS, carried a payload from AAC Omnisys.
2014	Ukube-1, Scotland's first satellite built by Clyde Space, launched at whisky-box size and revolutionized the nation's space industry. Within a decade, Scotland became Europe's top satellite producer, while Clyde Space evolved from a subsystems provider to a leader in end-to-end space solutions.
2016	ÅAC Microtec's listing on NASDAQ First North marked its expansion into a global satellite and data services provider.
2018	Acquired Clyde Space.
2019	Formal inititation of AAC Clyde Space.
2020	Acquired the Dutch company, Hyperion Technologies, specializing in altitude control and laser communication. Acquired the American company, SpaceQuest, founded in 1994, a satellite operator and data service provider. Launch of xSPANCION project with ESA and the UK Space Agency.
2021	Acquired the Gothenburg-based company, Omnisys Instruments, specialist in high-performance microwave sensors, radiometers, and spectrometers for weather and climate research. Established AAC Space Africa office in Cape Town
2023	First launch of the EPIC satellite, a flexible and high performance small satellite platform.
2024	Acquired the Swedish company, Spacemetric, enhancing AI-ready imagery capabilities. The Arctic Weather Satellite launches as a prototype for the EPS-Sterna constellation, boosting data delivery for weather research. Marks thier strongest financial year yet.
2025-2026	Launch of VIREON-1 in Q1'26, for Earth Observation. INFLECION project begins, revolutionizing maritime security with real-time satellite monitoring of threats and critical infrastructure.

Source: Redeye research and company material

People – Management

Name	Position	Shares	Options
Luis Gomes	CEO		
	Luis Gomes joined the company in 2019. He has over 25 years of experience in the space industry, with particular expertise in small satellites. Prior to assuming his current role, he worked at the UK-based SSTL, where he most recently served as CTO and Executive Director. He holds a Master's degree in Satellite Engineering from the University of Surrey and a Bachelor's degree in Applied Physics from the University of Lisbon.	13 740	194 357
Mats Thideman	CFO & Deputy CEO		
	Mats Thideman joined the company in 2014. He has extensive experience as a CFO in growing industrial companies, both publicly listed and private equity-owned. His previous roles include positions at Åkerströms, Image Systems (publ.), TracTechnology (publ.), and most recently Cortus Energy AB (publ.). He holds a Master's degree in Industrial Engineering and Management from Linköping Institute of Technology.	9 760	134 399
Andrew Strain	CTO		
	Andrew Strain joined the company in 2006. He has over ten years of experience in the development and delivery of small satellites. In his role as CTO, he contributes expertise in systems engineering, product development, manufacturing, project management, quality, and business development. He holds a Master's degree in Electronics and has also studied Business Administration at the University of Strathclyde.	7 640	134 399
Dr. Andrew Carrel	President Data & Services		
	Dr. Andrew Carrel joined the company in 2021. He has over 20 years of experience in satellite manufacturing and downstream applications, with a technical background spanning space missions and artificial intelligence. He leads efforts to deliver space-based data to industries both on land and at sea. He holds a BA and MSci in Natural Sciences from the University of Cambridge, an MSc in Astronautics and Space Engineering from Cranfield University, and a PhD in Electronic Engineering from the University of Surrey Space Centre.	222	134 399
Dr. Dino Lorenzini	CSO		
	Dr. Dino Lorenzini joined the company in 1994. He has industry experience spanning six decades, including testing the Apollo Lunar Module's navigation system, early GPS development, DARPA's Space-Based Laser, and the Strategic Defense Initiative. Dino is a retired Colonel in the U.S. Air Force. Further, he founded the Eyetel IoT system, the Ellipso Mobile Satellite System, Aprize Satellite, and SpaceQuest (now AAC SpaceQuest). He holds a B.Sc. from the USAF Academy, an MBA from Auburn University, and both an S.M. and Sc.D. in Astronautics from MIT.	624 000	120 740
Kulwinder Bhumbra	Chief People Officer		
	Kulwinder Bhumbra joined the company in 2021. She leads the human resources function and her efforts have resulted in improved employee experiences and strengthened processes for engagement and retention. Kulwinder has nearly 20 years of HR experience across both private and non-profit organizations. She holds an M.Sc. in Human Resource Management from the University of Strathclyde in Glasgow, Scotland.	0	134 399
Ross Lang	Director of Finance Uk & Deputy CFO		
	Ross Lang joined the company in 2014. He has over 15 years of experience in outsourced financial services and more than a decade in the space sector. In addition to his role as Deputy CFO, he also serves as Director of Finance UK and is responsible for the group's cybersecurity policy and strategy. He is a Chartered Certified Accountant (FCCA) and a Fellow of the Association of Chartered and Certified Accountants.	1 512	134 399
Richard Mckay	President Products & Missions		
	Richard McKay joined the company in 2022. He has over 25 years of experience in electronic subsystems, components, security, and mission-critical electromechanical product design and manufacturing. Richard has completed the Executive Management Development Programme at the University of Bath.	0	94 874

Source: Redeye research, company material, Holdings

People – Board of directors

Name	Position	Shares	Options
Rolf Hallencreutz	Chairman of the Board		
	Rolf Hallencreutz, born 1950, has been Chairman since 2014. He has extensive experience with both start-ups and large multinational companies in the IT, industrial, life sciences, and maritime sectors. Rolf has held several executive roles in fast-growing companies and has solid expertise in M&A transactions and corporate financing. Rolf holds an M.Sc. in Logistics and Finance from Chalmers University of Technology in Gothenburg.	15 432	134 399
Per Aniansson	Board Member		
	Per Aniansson, born 1966, has served as a member of the Board since 2014. He is Investment Director at Karolinska Development and has over 20 years of experience in senior positions within venture capital. Per has also held CEO and CFO roles in several private equity-owned companies. He currently serves as Chairman of Colorifix Ltd and Turnpike Group Ltd, and as a Board member of PharmNovo AB. He holds an M.Sc. in Engineering Physics from Chalmers University of Technology in Gothenburg and an MBA with a focus on Finance and Entrepreneurship from INSEAD Business School in France.	4 200	94 441
Per Danielsson	Board Member		
	Per Danielsson, born 1962, has served as a member of the Board since 2014. He is an expert in the evaluation of EU applications and works as a business coach for small enterprises on behalf of the EU. Per currently serves as board member of Klimator and senior advisor of General Venture Investments AB. Per holds a Master's degree in Engineering from Chalmers University of Technology.	2 506	94 441
Dr. Dino Lorenzini	Board Member		
	Dr. Dino Lorenzini, born 1940, joined the board in 2023. He has industry experience spanning six decades, including testing the Apollo Lunar Module's navigation system, early GPS development, DARPA's Space-Based Laser, and the Strategic Defense Initiative. Dino is a retired Colonel in the U.S. Air Force. Further, he founded the Eyetel IoT system, the Ellipso Mobile Satellite System, Aprize Satellite, and SpaceQuest (now AAC SpaceQuest). He holds a B.Sc. from the USAF Academy, an MBA from Auburn University, and both an S.M. and Sc.D. in Astronautics from MIT.	624 000	120 740
Stuart Martin	Board Member		
	Stuart Martin, born 1968, member of the Board since 2024. He has 20 years of leadership experience in the space industry. For 10 years, he was CEO of the Satellite Applications Catapult. Stuart also serves as chairman, non-executive director (NED), and advisor to several early-stage companies. He is currently a board member of the UK Space Agency and a visiting professor at Imperial College. Stuart holds a B.Sc. in Physics (First Class) from Imperial College.	1 943	866
Lars-Olof Corneliusson	Board Member		
	Major General Lars-Olof Corneliusson has more than four decades of experience in defence, security policy and international operations. He has held senior positions including Director of Intelligence at the EU Military Staff, Military Advisor to the Swedish Ministry of Foreign Affairs and Delegate to the Neutral Nations Supervisory Commission in Korea, with assignments for NATO, the EU and the UN. He adds strategic and operational expertise in defence and security applications of space technology.	0	0

Source: Redeye research, company material, Holdings

Comments on the people

Management

For AAC's management, we see a good mix of space and engineering experience with a business mix. We are encouraged by the vast industry experience that's represented in the management, and during our previous meetings, we received a good impression of seeing a group of committed managers. Luis Gomez has been the CEO since 2019 with a broad and relevant background. So far, we see that the initiatives/acquisitions and investments have been thoroughly worked through with long-term strategic value creation in focus despite the market's ups and downs.

Board of directors

We are also encouraged by the mix of experiences we see on the board of directors, where around half of them have a background within the space-related industries, while the other half have managerial/business and finance expertise. We are also encouraged by Lars-Olof Corneliusson's entry adding military experience to the team. It's also a healthy mix of renewal rate, with half of the team being long tenured, with around 10 years on the board, and the second half newly entered.

Insider ownership

The board and management in AAC represent about 10% of the total shares and votes in the company. The votes are mainly represented by Dino and Lucille Lorenzini, holding around 9.6% of the company. While its CEO owns around 0.2% or SEK1.1m and the Chairman about the same amount. The insider ownership in the company could have been higher according to our standards, even if option-based programs add some additional incentives if the company continues to perform.

Shareholders

The ownership of AAC Clyde Space is relatively widely distributed between key individuals and a large share of retail investors. Amongst its largest shareholders today, we find Dino and Lucille Lorenzini at 4-6% of the company, respectively. They entered the cap table following the acquisition of SpaceQuest in 2020. Beyond them, there's a smaller fund manager, NOWO, and then a broad tail of retail investors. The company still lacks interest from institutions and other active money managers. Partly, it could be explained by a volatile history in an emerging industry. With the company's focus on profitable growth, we believe that the interest from institutional investors will increase going forward in line with the company's performance while reaching an institutional-grade market cap >SEK1bn.

At this point in time, we believe that the absence of a large controlling shareholder negatively affects the company's valuation. Getting the interest of institutional investors going forward will likely be a solid catalyst for the share. Looking back to the point of merger between ÅAC and Clyde, Fouriertransform AB (owned by the Swedish government) and Craig Clark (founder of Clyde Space) were the principal owners of AAC Clyde Space but have divested their shares over time.

Top 15 shareholders:	# shares	Value (SEK)	Capital	Votes
Avanza Pension	566 411	45 766 009	8.70%	8.70%
Nowo Fund Management AB	432 996	34 986 077	6.65%	6.65%
Dino A Lorenzini	384 000	31 027 200	5.90%	5.90%
Lucille A. Lorenzini	240 000	19 392 000	3.69%	3.69%
Nordnet Pensionsförsäkring	176 702	14 277 522	2.72%	2.72%
Edgardh Holding AB	150 354	12 148 603	2.31%	2.31%
Baxon Holding AB	62 924	5 084 259	0.97%	0.97%
Claes Mellgren	58 000	4 686 400	0.89%	0.89%
John Kock	52 750	4 262 200	0.81%	0.81%
C Int Veld Beheer B.V	51 700	4 177 360	0.79%	0.79%
Svante Holmberg	45 765	3 697 812	0.70%	0.70%
G.L.E Monna Beheer B.V	45 000	3 636 000	0.69%	0.69%
Emrix Holding AB	42 407	3 426 486	0.65%	0.65%
S. Engelen Beheer B.V	41 278	3 335 262	0.63%	0.63%
Theodor Jeansson Jr.	40 000	3 232 000	0.61%	0.61%
Others	**4 117 389**	**334 864 810**	**63.29%**	**63.29%**

Source: Redeye research, Holdings verified as of 2025-09-27, value as of 2025-11-07

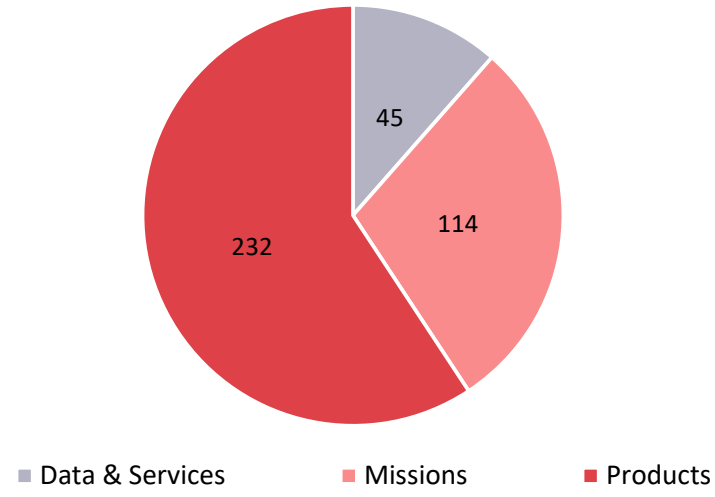
Business model and value proposition

AAC Clyde Space provides space-based intelligence and technology through a vertically integrated model with three revenue streams: selling products/components/satellites or complete satellite missions, and with its third leg offering satellite data and services from proprietary constellations. AAC operates throughout the full value chain from subsystems/components, satellite operations of platforms/constellations, and data services sold from its own constellation.

In April 2025, AAC restructured its organization into two business units: Products & Missions and Data & Services. Previously, the company had set up three business units, keeping Products & Missions in separate segments. The target was to streamline operations, improve coordination across sites, and support scalable manufacturing. It's also said that mission design should be better aligned with subsystem innovation, enhancing the platform offering. With this new setup, the company is well-positioned to meet customer demand, growth, and profitability capabilities.

Regarding the reporting structure, the company presented figures per subsidiary until 2023, before introducing the segments, Data & Services, Missions, and Products. Going forward, we will track Products & Missions as one segment, in line with company reporting, while for educational purposes regarding value proposition, we keep the segments separated in this section of the research report.

AAC Clyde Space: Revenues SEKm FY24 (excl. eliminations)



Source: Company reports, Redeye research

Acquisitions

AAC Clyde Space has been active within M&A in recent years, adding strategic technologies or capabilities through acquisitions. In our research, we find that the motives have primarily been to strengthen the company's product offering, technology, and capabilities, emphasizing building a stronger company in the long term rather than adding companies to boost short-term revenues. Today, AAC Clyde Space is a group of companies or brands working together while remaining decentralized with local site management. The company has worked to improve collaboration between the subsidiaries; some progress has been made, but there is still work to be done.

AAC Clyde Space: Acqusitions

Year	Transaction	Target	Rationale	Price
2018	Acqusition/Merger	Clyde Space (UK)	Transformative, Clyde space owners got 49% of ÅAC	26m GBP
2020	Acqusition	Hyperion Technologies (NL)	Technology, expand product offering	23m SEK
2020	Acqusition	SpaceQuest Ltd. (USA)	Bolster Data & services, inc ground stations	8.4m USD
2021	Acqusition	Omnisys Instruments (SE)	Payload/ground station technology	78m SEK
2024	Acqusition	Spacemetric (SE)	Data processing for Data & Services segment	25m SEK

Source: Redeye Research, Annual reports, Press releases

Historically, the company has paid mainly for acquisitions with its shares, SpaceQuest (all shares), Hyperion ~95% in shares, Omnisys ~70% in shares, and Spacemetric 50% in shares. The acquisition multiples that paid vary between 1-2x revenues for Hyperion, Omnisys and Spacemetric while SpaceQuest stands out as around 4x revenues based on 2021 figures. Even if visually high, the multiples don't seem excessive given that the US market generally has higher valuations, especially in this industry. SpaceQuest also had an existing services business, motivating a higher multiple.

AAC Clyde Space: Subsidary financials

	2020	2021	2022	2023	2024
Hyperion (NL)					
Net Sales	2.4	16	19	47	
EBITDA	0.4	0.8	0.7	13.4	
Net sales growth		*594%*	*15%*	*149%*	
EBITDA margin	*17%*	*5%*	*4%*	*29%*	
SpaceQuest (US)					
Net Sales		19	32	35	
EBITDA		5.2	9.3	10.4	
Net sales growth			*67%*	*8%*	
EBITDA margin		*27%*	*29%*	*30%*	
Omnisys (SE)					
Revenues	37	47	55	60	51
Net Sales	35	47	52	59	50
EBIT	1.7	-8.9	1.7	-3.6	-2.3
Net sales growth		*34%*	*12%*	*14%*	*-17%*
EBITDA margin			*3%*	*-6%*	*-5%*
Spacemetric (SE)					
Revenues	11.6	11.6	12.3	14.3	16.6
EBIT	1.54	1.6	0.43	1	-1.5
Net sales growth		*0%*	*6%*	*16%*	*16%*
EBITDA margin			*3%*	*7%*	*-9%*

Source: Redeye Research, Annual reports, Press releases

The subsidiaries' individual performance was reported until 2023, when the company shifted to segment reporting. The figures below include some double-counting for businesses passing through more than one of the group companies. So, it's unfair to evaluate them standalone, but it's fair to say that they have progressed fairly well, without any stellar performance during 2021-2023. Overall, we buy into the value added from each acquisition.

We have extracted the subsidiaries' financial development from AAC's annual reports and, for the Swedish subsidiaries, their own annual reports. In the following section, we address the companies in more detail.

Currently, the company are not actively pursuing new M&A opportunities but are interested but will remain open if the right opportunity arises. Primarily, relating to the Data & Services segment.

Companies within the group

AAC and Clyde Space

The brand AAC Clyde Space was formed in 2019, when the listed company ÅAC Microtec, based in Uppsala, merged with Glasgow-based Clyde Space Ltd. Both companies were founded back in 2005 and had individually made solid progress within the new space field, establishing solid offerings and growing their flight heritage. Together, the companies created a player stronger on all accounts. Following the merger, the companies technically remained as two different companies operating under the same brand. The Uppsala site became the formal head office, focusing on advanced satellite components and satellite manufacturing. The Glasgow Facility is the unofficial head office where the CEO and most of its executive management are based. The Glasgow site is the key hub for satellite manufacturing, advanced satellite components, and partly satellite operations services. Under the Clyde Space company, a London office have been established as a center for its Data & Services operation.

AAC SpaceQuest

Founded in 1994, SpaceQuest joined AAC Clyde Space in 2020. They have been operating for over 27 years, and their commercially focused solutions have demonstrated impressive space-based capabilities stretching across a range of applications and have operated more than 20 satellites. AAC SpaceQuest is a provider of satellite components, microsatellite systems, ground stations and AIS data. The company operates its own satellite constellation and ground station network to deliver a highly successful satellite data service. The company has gained a reputation as a cutting-edge world leader in commercial small satellites and space-data services, especially in the US small satellite market, the world's largest market for small satellites.

AAC Omnisys

Omnisys Instruments AB was founded in Gothenburg, Sweden, in 1992 and was acquired by AAC Clyde Space AB in April 2021. The Omnisys acquisition is an outlier relative to its other holdings, as Omnisys' key focus is payload rather than systems or components for the bus. Omnisys focuses on payload instruments for advanced science applications, such as optical instruments, high-performance electronics, and sensors to support weather forecasting and data for climate research.

AAC Hyperion

Hyperion Technologies, founded in 2013, joined AAC Clyde Space in 2020. Based in Delft, the Netherlands, it specializes in high-performance components for small spacecraft. It is renowned for its attitude and orbit control technologies and laser communications. Access to this key technology adds substantial capability to AAC Clyde Space's mission offering.

AAC Space Africa

The company was founded in 2021 and is based in South Africa. The company was established to capitalize on Africa's rapidly growing market for satellites and space services.

Spacemetric

The company was founded in 1999 and acquired in 2024. Crucial in the group's data and services offering, with a core competence in data processing. Their advanced software systems streamline the entire image data chain, from onboard satellites to ground-based users, automating processes, increasing efficiency, and ensuring geospatial precision.

Segment: Products & Missions

Within Products & Missions, AAC designs, builds, and operates small satellites for commercial, scientific, and institutional use and provides satellite components within products to use in Low Earth Orbit. Low Earth Orbit ranges between 160-2,000km above the Earth in speeds of up to 28,000km/h, meaning that a satellite takes around 90 minutes for one lap around the Earth. In total, that means 15 laps around the earth per day, giving. The advantages of being in LEO, in contrast to Mid Earth Orbit (MEO) or Geostationary Earth Orbit (GEO), are relatively cheaper satellites with lower power requirements while still producing solid quality pictures and lower latency. It's also not exposed to radiation and temperature to the same extent as in the orbits further out. However, operating in LEO will require a larger number of satellites to reach solid coverage and frequency, depending on the application. Going back to the offering, AAC offers modular subsystems and platforms that are available as standalone products or as part of complete missions. Revenues are primarily generated through product sales and project-based contracts. Within missions, the company primarily targets satellites in the range of 1-100kg, while its product business can attract customers, including both CubeSats and SmallSats up to 500kg. In April 2025, the company combined the two segments, but for educational purposes, we address them separately below.

Missions

Source: AAC Clyde Space

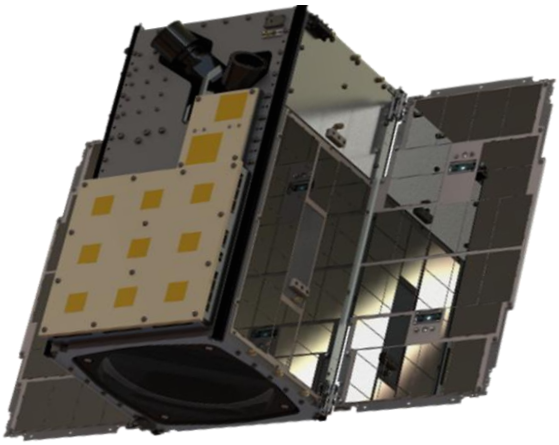
AAC offers turnkey solutions that empower customers to streamline their space missions. The company operates in the premium segment of the 1-50kg satellite market, manufacturing fully assembled satellite platforms for direct sale or as a comprehensive mission package. Packages include mission design, manufacturing, and integration of components, launch, and ground services. When it comes to the launch, AAC assists with services but not the actual launch. Instead, they help with Brokerage, licensing, insurance, and integration. Sales in the Missions segment are based on customers approaching AAC to solve a need.

A contract is formed, and together with the customer, generally with a lead time of around 12-24 months from contract to delivery, dependent on factors such as design complexity and payload procurement. AAC designs and develops the satellite based on specific requirements such as capabilities/functions and size. AAC then builds the satellite and delivers it to a launch provider, such as SpaceX, which takes the satellite into space. When operational, AAC also offers satellite operation services during its entire lifetime. AAC has a well-proven flight heritage and has launched over 35 satellites within its mission segment with more than 25 years of operational experience.

The mission's segment can require a good number of resources depending on the project scope and the engineering hours/R&D required for the project. Taking on full responsibility for projects also comes with increased risks connected to project complexity, technical risks, delivery timeline, and component lead times. Overall, the industry has had challenges reaching profitability in this type of project-based business, which has also made it hard to plan resources. Moreover, its customers have had challenges in financing constellations in previous years, as many business cases have been unproven, while financing costs have been on the rise.

AAC Clyde Space is no exception and has also faced challenges with profitability in Missions. Still, we find that the company accumulates significant knowledge within the segment, which to a large extent is financed by or together with its customers. We believe that the procurement process and learnings have improved throughout the last years, enabling improved project efficiency. We expect continued improvement with scale and accumulated know-how ahead. We find that the company prefers selling a total solution defined together based on the customers' needs rather than delivering on specifications set by the customers. In terms of pricing, the company tries to apply a value-based approach rather than a cost-based approach. We find that this has become more viable when the commercial opportunities for the applications have improved.

There can be a stickiness in the missions' segments for larger constellations, as the general lifetime is around 5 years for a satellite, which then requires a continuous renewal rate, or when a customer expands a current constellation to grow capacity. At that point, redoing design and procurement can be risky and costly. The payment terms in the project-based business are usually milestone-based.



Source: AAC Clyde Space - VIREON

The EPIC satellite platform is scalable, and satellites can be built from 1U to 16U (like its competitor GomSpace) while adding the desired payload. The most popular sizes are currently 8U and 16U, and we identify a tendency for the demand to grow for somewhat larger satellites, driven by increased payload demand. By using the same foundation and well-proven components, the standardized EPIC-platform increases the reliability and affordability for its customers. Cube satellites have the advantage of being modular, enabling cheaper components that are produced on a larger scale/off the shelf, and faster production due to their simpler and more standardized design. The modularity and flexibility also allow them to include new technology and customization to each customer's needs in a better way. They generally have a design lifetime of five years, but often more, enabling more commercial construction and reducing the risk of rapid technological development. All in all, these factors enable more viable and commercial access to satellites.

Below, we run through the process and value proposition for a mission project:

Step 1 – Defining the project

A successful satellite mission begins with a well-defined purpose. The company engages closely with clients to align mission objectives with both business requirements and technical parameters, ensuring tailored and commercially viable outcomes.

- Mission Planning & Objectives Assessment
  Customized mission plans are developed across a range of applications, including Earth observation, communications, and scientific research.
- Feasibility Studies & Trade-Off Analysis
  The team conducts detailed evaluations of mission architectures and technology alternatives to optimize cost, performance, and schedule.
- Regulatory Compliance & Risk Mitigation
  Support includes frequency filing, space law compliance, and mission insurance to ensure regulatory readiness and risk reduction.
- Custom Mission Concepts
  Integrated technical and commercial solutions are delivered to minimize execution risk and enhance long-term mission success.

Step 2 – Designing the project

Leveraging over 20 years of expertise in small satellite engineering, the company develops spacecraft tailored to specific mission requirements, ranging from standalone CubeSats to complex multi-satellite constellations. Definition and design can often be central parts of the project, as many customers are inexperienced or think that they need a specific setup to gather the data needed, while the company might have a better and cheaper idea or design. All spacecraft are developed through a rigorous milestone-driven process, ensuring reliability, scalability, and mission readiness — positioning the company to capture growth across diverse satellite applications.

The EPIC Platform

AAC continues to advance its EPIC spacecraft range — a standardized satellite platform created for constellation users. These platforms come in various standard sizes, with 8U and 16U currently being the most popular. The company is experiencing growing demand for sizes larger than 16U, for which they provide customized structures built using the same or similar components. The EPIC spacecraft is delivered to customers as a fully integrated platform, with optional services such as launch, operations, and data delivery. The company markets its strengths as flight-proven avionics, which guarantee unmatched reliability for customer missions. The price of an EPIC spacecraft is somewhere around one million USD to a three million USD including payload and launch and varies depending on size and capabilities and engineering requirements.

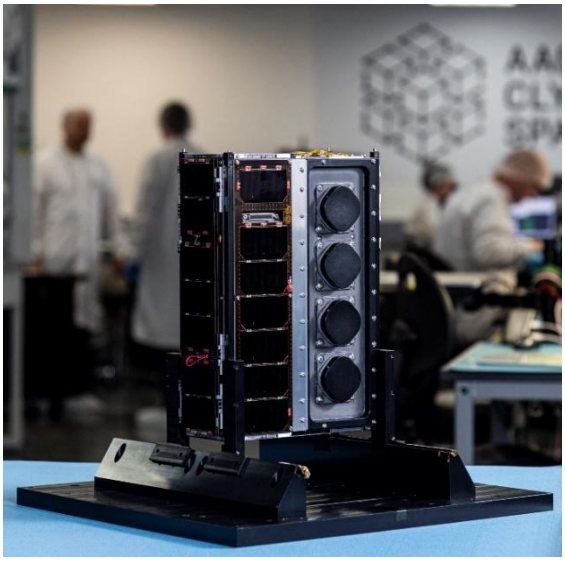
EPIC Spacecraft Family:

- EPIC LINK – Optimized for satellite communications, offering high-power transmission, robust RF systems, and low-noise performance. To use for ship tracking for example. They are a bit simpler and cheaper than the EPIC VIEW and in the lower range of USD1-3m.
- EPIC VIEW – Engineered for Earth observation, featuring advanced ADCS for high-resolution imaging and enhanced data accuracy. They are in general larger and more demanding, with more expensive payloads, hence being in the higher price range.

Step 3 – Delivering the project, reaching orbit

The company oversees the full satellite delivery lifecycle, encompassing design and manufacturing through launch, leveraging a streamlined and agile approach that prioritizes timeliness, cost efficiency, and mission reliability. The integrated delivery model strengthens the company's competitive position by reducing risk, improving operational efficiency, and enabling scalability across multiple mission profiles.

- End-to-End Project Management
  Experienced program managers coordinate design, manufacturing, and launch operations using agile methodologies to optimize efficiency and outcomes.
- Supply Chain & Component Management
  Strategic partnerships with top-tier suppliers ensure access to flight-proven components, enhancing performance and reliability.
- Manufacturing, Integration & Testing (AIT)
  Advanced facilities enable comprehensive spacecraft assembly and rigorous testing to meet stringent launch-readiness standards.
- Launch Integration & Deployment
  Collaboration with trusted launch service providers ensures compatibility and seamless mission execution.

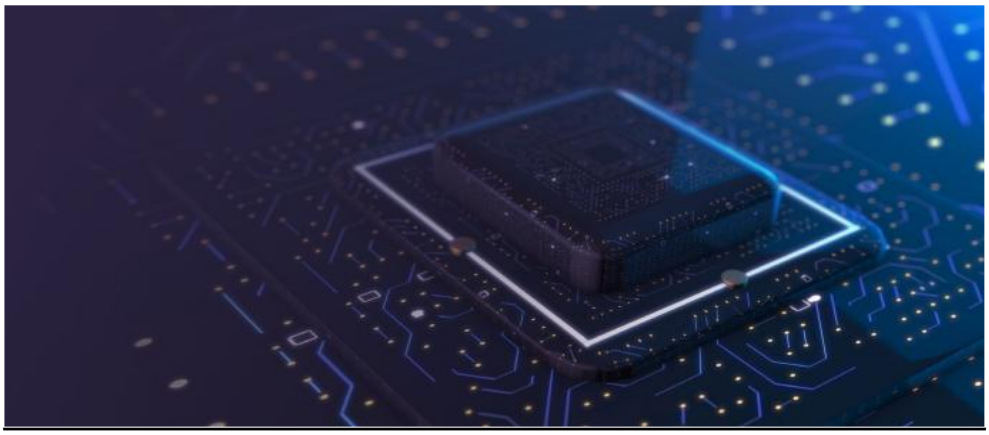


Step 4 – Data delivery & Mission operations

Efficient and secure delivery of satellite data is a core capability, supported by over 25 years of mission operations expertise. The company provides end-to-end spacecraft operations, data downlink, and automated delivery, ensuring timely access to critical information.

- Mission Operations Control (MOC)
  Operated by dedicated control centers, leveraging automation to optimize responsiveness, operational efficiency, and reliability.
- Global Ground Station Access
  Combines in-house infrastructure with strategic partner networks to deliver comprehensive global coverage and maximize data availability.
- Secure, Automated Data Delivery
  Advanced systems minimize turnaround time, ensuring mission-critical satellite data is delivered securely to clients' preferred platforms.

Segment: Products



Source: AAC Clyde Space

AAC manufactures standardized and miniaturized advanced subsystems and components for cubes and small satellites (up to 500kg), for use in its own platforms and missions, and for direct sales to customers. Historically, AAC has supplied thousands of subsystems for a range of successful space missions. The off-the-shelf subsystem range includes power, ADCS, and on-board data handling solutions, which can be customized to meet the demands of specific missions. The company also supplies communication systems – both traditional radio frequency-based systems and cutting-edge laser communication terminals. In total, the offer comprises about 45 products, and its most popular products are related to power systems such as power distribution and condition unit (PCDU) and Attitude Determination & Control Systems (ACDS).

The Products segment serves the rapidly expanding satellite market with a legacy of working with CubeSats around 1-10 kg but also serves larger satellites as MicroSats and SmallSats up to the size of 500kgs in some cases. The company has a diverse customer base, including prestigious organizations like NASA, ESA, Airbus, and the US Air Force, as well as commercial entities such as Kepler Communication, OHB, Outernet, Satellogic, and York Space Systems.

The products are sold widely, both to other satellite manufacturers (that partly compete with the Missions unit) and to customers doing their own assembly or universities as a part of education or mission. Generally, an order for the product segment can range from anywhere between a few thousand SEK to several million SEK, depending on the type of component and quantity. The company also offers payloads in this segment, from its acquisition of Omnisys, which in value is closer to a Satellite around one or a few million USD in price. The company sees good potential for upselling in the segment, but the competition is fierce, especially within the CubeSat market.

The key factor can often be proven compatibility between different products, and here we argue that the company has a strength, being a fairly large provider of components with a comprehensive offering, which opens the door for upselling with additional components. Also, some elements of recurring revenues are included in larger constellations that expand or replace satellites reaching technical lifetime at ~5 years. In these cases, there is stickiness, as it's a costly process to replace components. This is not only due to the required work to replace a component but also to ensure compatibility with the rest of the components. Moreover, this is an industry where mistakes can quickly become costly, so paying up for well-proven components will not be such a big deal. There is also a trend towards customers moving towards larger satellites, where we understand that the competition is generally a bit lower, and customers are more experienced, enabling improved profitability.

We understand that the product portfolio is up to date, while some general R&D around SEK5-10m per year can be required to develop products for their own platform. In many cases, the investments made is funded or co-founded by agencies such as UK Space Agency. Moreover, we believe that investments have plateaued somewhat as technology has matured. As such, we do not expect any heavy R&D spending to grow the product portfolio. As the segment sells components, the revenue visibility is relatively short, which is also true for the lead times, which can be around a few months from contact to delivery. The reliability and compatibility are key factors overall for the segment, which then enables solid gross margins of around 50% on hardware, which makes the product segment the company's bread and butter business. The revenues have historically been a bit lumpy between quarters, but on a yearly basis quite a stable source of revenues.

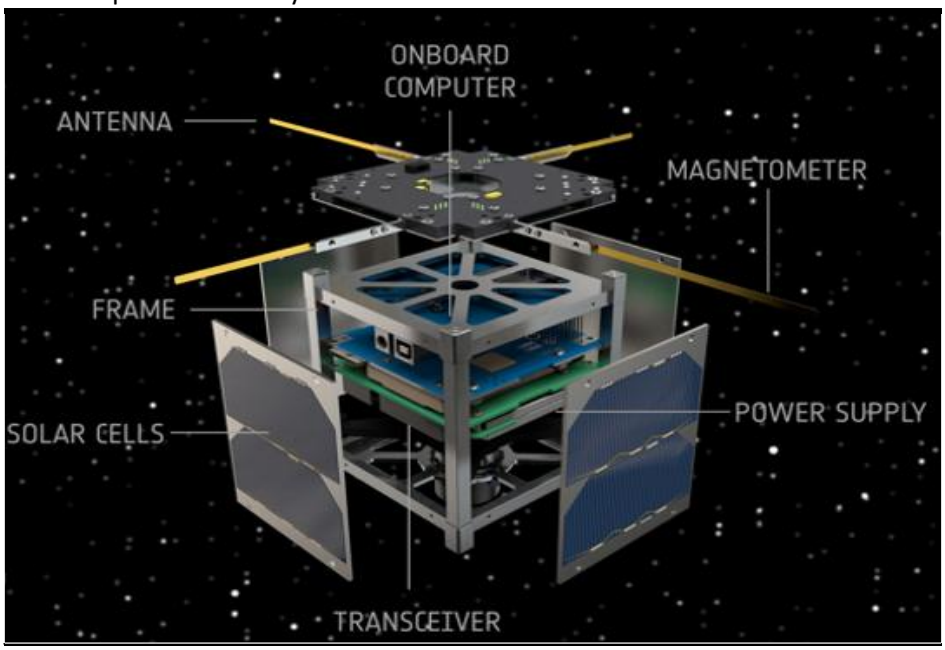
The Products segment's became even stronger with the merger of ÅAC Microtec and Clyde Space in 2018, which created a significantly stronger entity. Both companies have brought extensive experience and flight heritage to the combined group, with their products having years of operation in space, without, to our knowledge, any major errors. ÅAC Microtec initially focused on microelectromechanical systems (MEMS) but shifted its focus to commercial development of space components and subsystems, including complete small satellites and networks.

The components of a satellite

To give a little more background, we run through the most standard components in a satellite below. The components can be divided into two categories: bus and payload.

- The bus represents the vital components needed for the functioning of the satellite, which include a power system, guidance, navigation and control, antennas, and avionics.
- The payload components are instruments and components that are specific to each satellite's use for its mission. This can, for example, be cameras and sensors for earth observation satellites, transmitters/receivers' large antennas for internet connectivity satellites, or telescopes like Hubble and James Webb for exploration.

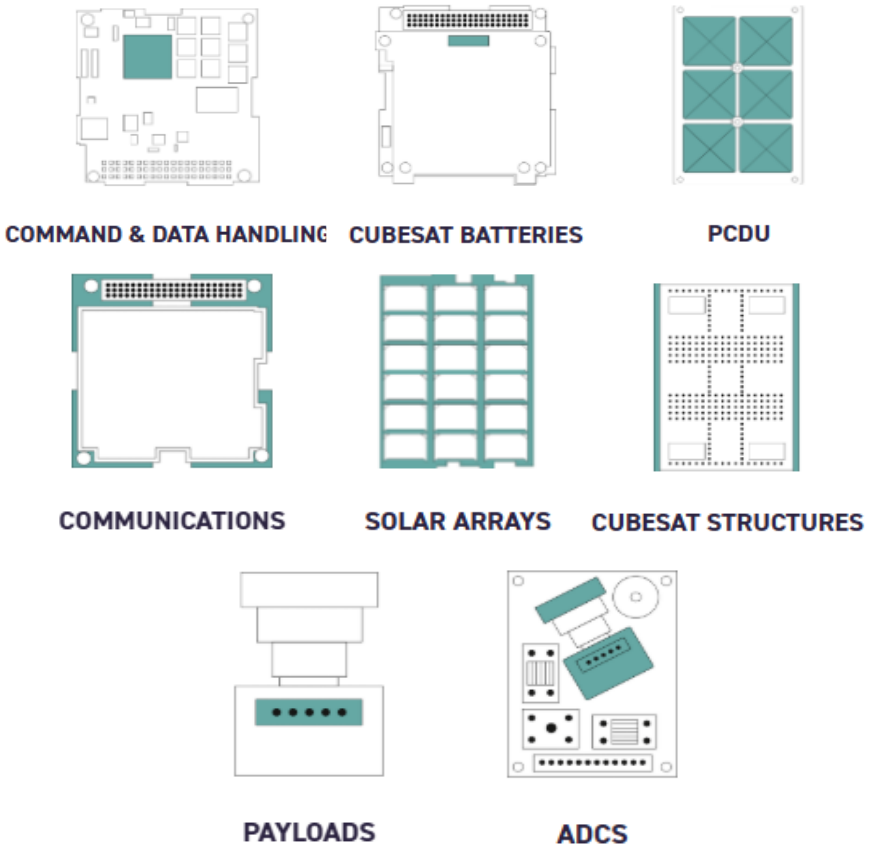
ESA: Simplified Anatomy of a Cubesat



Source: ESA - CubeSat

The product offering in brief

AAC Clyde Space: Product offering



Source: AAC Clyde Space, Redeye research

Command and data handling

It is what it sounds like, required to handle data and command the satellite. The company offers high-performance space data handling avionics to guarantee real-time-on-time operations. AAC has flight-proven products across multiple missions; they are designed to support price-sensitive commercial missions. The company lists seven products in this category on its webpage.

CubeSat batteries

Required to store and provide power to the satellite for its functioning. The company markets the OPTIMUS Battery, one of the most used spacecraft batteries in history. The company has historically sold thousands of units. This is one of the company's most popular components.

Communications

The company offers compact and user-friendly laser and radio communications systems designed to enable fast and secure data transmission across a wide range of small satellite missions. These systems have demonstrated a 100% on-orbit success rate, underscoring their reliability and performance. Covering frequencies from VHF to X-band as well as optical solutions, the product portfolio addresses both ground and space segment requirements. The CubeSat and Pulsar product lines are positioned as differentiated, high-performance solutions that enhance mission capabilities and support customers in achieving competitive advantage.

PCDU – Power Conditioning and Distribution Unit

Manages the power generated by solar arrays and distributes it to the subsystems, payloads, and battery. The company offers a few different models depending on the satellite size and requirements. AAC Clyde Space's PCDU STARBUCK-MINI, the company's most powerful and efficient power system for advanced space missions was used in the moon landing in 2024, Below is the lander, Nova-C, in NASA's commercial Lunar Payload Services (CLPS) initiative for exploration and use of natural resources on the moon.

Source: AAC Clyde Space

Solar Arrays

Offering solar panels that are designed for maximum power generation and ease of platform integration. Focusing on reliability, low-mass, NASA GEVS-compliant solutions that fit within most CubeSat deployment mechanisms. The company offers standardized sizes, but it can also be customized to meet requirements.

CubeSat Structures

The structure is the frame into which the components are mounted. The company offers different sizes depending on the customers' needs, and the size is measured in "U"s such as 3U and 6U. Each U amounts to a cube of 10x10x10 cm. The company offers structures with high modularity that are adjustable to use cases and payload.

Payloads

The company's payload solutions provide a broad set of capabilities that support diverse applications, including Earth observation and maritime vessel tracking. Its portfolio ranges from the high-speed, versatile Smart Optical Imager to an AIS payload capable of processing over one million AIS messages per day, as well as a general-purpose processing platform offering near-unlimited flexibility for mission data applications.

ADCS

The ADCS stands for Attitude Determination & Control Systems, where AAC has a range of products depending on satellite size and requirements. This component will use the stars to determine its own position and is required to adjust a satellite's orientation towards the desired area on earth.

Segment: Data & Services

Source: AAC Clyde Space

Within Data & Services, AAC operates its own satellite constellations and delivers high-quality, decision-ready data. The key niches for AAC Clyde Space are maritime intelligence and earth observation, which are centered on applications such as agriculture, forestry, maritime domain awareness, and security-related services. The company have commented on weather forecasting being a future possibility. The services typically generate recurring revenues, though other models may apply depending on customer needs. In this segment, AAC Clyde space designs, builds, owns, and operates its own network of satellites delivering the data to the customer. With its recent acquisition of Spacemetric, the company can now also offer solutions to process and manage imaging data rather than just the data itself. Currently, AAC operates around nine satellites in orbit and has experience of operating data services for more than 15 years.

Explained briefly, the satellite takes pictures in different spectrums/colors that are analyzed to put together an actual picture of an area. AAC's satellites take pictures down to around 1.5x1.5 meters in resolution, whereas we, as previous references, heard of resolutions around 5x5 meters for some competitors. To compare, military grade pictures are around 0.5x0.5 meters in quality. Different resolutions can be viable depending on the application, as there is a balance between resolution and costs. AAC's satellites, in the case of earth observation, are fitted for use cases such as forestry and farming, and with a hyperspectral process, enabling forest health or environmental change. We dig deeper into use cases in the following section. We understand that when launched, satellites face an initial lead of around 3-6 months in space before they are fully operational and providing qualitative data. Ideally, the company can reach lead times of around 1 month with repeat satellites.

The service of selling data or actual information/insights is quite scalable, depending on some factors such as requirements, area, etc. As the company owns the data, it can be sold to multiple clients, even if we understand that there are some limitations, as a satellite must balance factors such as power, capacity, and downlink access. We understand that the company thoroughly evaluates the demand and potentially sells some of the capacity beforehand when launching new satellites. The company seems flexible in terms of payment model at this point and offers data through various models: secured capacity (a customer buys 100% of a satellite's capacity), subscriptions (annual access to a certain amount of data), and pay-per-use. The subscription model is expected to be the most popular model going forward. One of the largest challenges for this segment has historically been financing, as the company does not have a strong enough cash flow or a larger controlling owner able to put up additional equity to finance new constellations. This has limited the progress relative to the segment's potential.

Some would argue that the data & services business can be fierce in terms of competition. We believe that can be true for some types of applications, such as communication, where large constellations will require significant CAPEX investments to be competitive. AAC has chosen to focus on a few niche applications with generally lower competition, where they can utilize their technology expertise and offer customers the option of either buying a constellation or purchasing the data/insights directly. The offering within Data & Services also significantly lowers the customers' barriers to entry and will likely be a key growth driver ahead.

AAC's satellites in Orbit for the data & services segment

In the table below, we list the AAC's current nine satellites that are operational in orbit today. Moreover, we run through some of the most relevant upcoming constellations.

Data & Services: Satellites in Orbit

Satellite by name	Application
AprizeSat-8	Maritime-AIS
AprizeSat-10	Maritime-AIS
Sedna-1	Maritime-AIS
Sedna-2 (in commissioning)	Maritime-AIS+VDES
Thea	Experimental-spectrum servey payload+AIS
Ymir-1	Maritime-VDES
EPICHyper-1 / Dragonette-001	Hyperspectral Imaging/Earth Observation
EPICHyper-2 / Dragonette-002	Hyperspectral Imaging/Earth Observation
EPICHyper-3 / Dragonette-003	Hyperspectral Imaging/Earth Observation

Source: Redeye Research, AAC Clyde Space

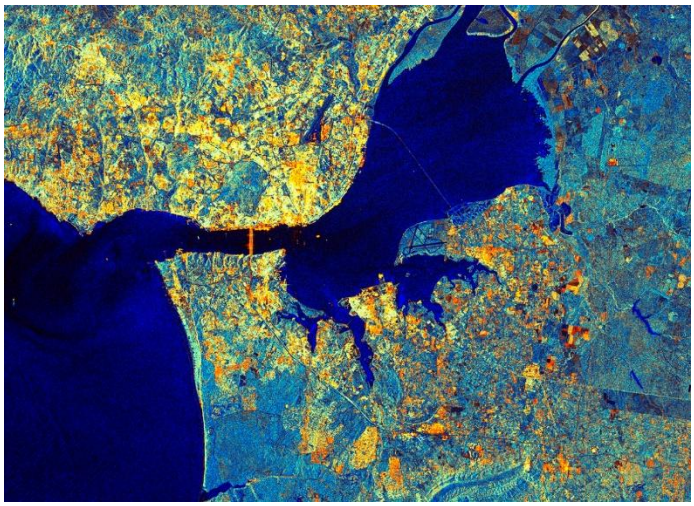
Maritime

The company currently operates 5-6 satellites within maritime intelligence, tracking vessels across the globe, providing insights to commercial users, governments, and navies. The satellites collect and deliver AIS data used for tracking ships globally. They are named AprizeSat that came with the acquisition of SpaceQuest and Sedna that have been organically. Today, AIS is the way that ships communicate with the shoreline and is a mandated part for ships over a certain size. This is a widely used application today, but the future lies in an upgraded technology called VDES, which is set to become standard on January 1, 2028, according to SOLAS by IMO. VDES, on the contrary to AIS, enables two-way communication rather than just ships transmitting information on identity, position, and speed. VDES will enable vessels to both send and receive data, including navigational information, safety messages, operational data, etc. AAC, together with SAAB and Orbcomm, was the first team to validate two-way communication from a VDES satellite in the YMIR-1-mission, which was communicated in September 2025. The company also has VDES capabilities on its Sedna-2 Satellite in orbit.

Earth Observation – EPIC-Hyper – In orbit

Under the name of EPIC-Hyper or Dragonette, the company AAC has built and operates three 6U satellites delivering hyperspectral data exclusively for the Canadian Earth Observation partner Wyvern Inc. The first satellite was planned to launch during H1'22, while the first reached orbit in 2023. The deal was signed to supply data for four years, for a total value of around SEK100m. Wyvern, in turn, will first offer the data to the agriculture sector, which will help optimize yields and detect invasive plants, pests, and changes in soil makeup. On its website, Wyvern markets its data to one of the best in the business, delivering a resolution of 4x compared to its competitors. Currently, Wyvern only provides pictures from the three AAC satellites while indicating that there's potentially more to come on its webpage. As this was an exclusive deal, we can state that the revenue potential was around SEK8.3m per satellite and year during the project's four years. The lifetime of the constellation will likely be longer than that, with the potential for extension or adding other customers to the constellation.

Earth Observation – VIREON™



In the VIREON constellation, AAC plans to launch four 16U satellites for Earth Observation capabilities without any exclusivity, as in the case with EPIC-Hyper, with planned launch in 2026/2027. The constellation is designed to serve multiple customers and applications, such as forestry and farming sectors, and there will be technical scalability to serve multiple causes. The constellation will take 1.5x1.5m resolution with a daily update and global coverage. On top of that, they offer a data image processing platform known as Keystone, which has analytics-ready products for integration into customers' workflows.

AAC's VIREON constellation will aim to fill a gap when Airbus's SPOT6/7 reaches end of life which is expected to create a gap in the market. The company aims to take a piece of that market with attractive cost-to-performance, i.e., affordability for the application. We find this a fair strategy, seeing that affordable and actionable data will be important for end users. It's still a bit early to state the total revenue potential for the company's new satellites, but we hope to get some indications going forward. In its Q2'25 report, AAC communicated that the launch of the first satellite will be delayed until February 2026 due to a third-party component issue. We understand that AAC Clyde Space has already started to sign customer service agreements prior to launch for data delivery, which is encouraging.

INFLECION – Maritime Domain Awareness – Operational by 2028

In February 2025, the company announced the start of the Inflecion project. A maritime domain awareness constellation valued at around SEK350m, which is expected to be 50% co-financed together with the UK-space agency and ESA. Possibly, additional partners or customers could be included to finance the constellation.

- The constellation, in the size of 12 to 15 satellites combines latest in VHF Data Exchange System (VDES), Signal Intelligence (SIGINT), and Synthetic Aperture Radar (SAR) technologies
- Improve Operational Efficiency: Enable vessels to optimize routes, reduce fuel consumption, and achieve just-in-time arrivals.
- Enhance Security: Detect and address dark vessels performing illegal activities like smuggling destruction and unregulated fishing through advanced satellite surveillance powered by AI tools.
- Support Sustainability: Protect marine ecosystems and enforce compliance with environmental regulations.

The project recently entered the development phase, which entails building prototypes and systems, with an expected timeline of approximately 15 months. Then follows the demonstration phase with testing, building satellites and preparing for commercial use, expected to be fully operational in 2028. We see that this project faces quite significant risks, primarily securing financing for AAC's share of the cost and timeline for such a large project.

Examples of use cases

The use cases for satellites and satellite services have continued to grow and become more commercial over the last years. The most well-known applications range from GPS and communications services to weather forecasting, and for some people, they are also associated with science and research missions in space. AAC Clyde space has decided to focus on a few niche applications with various maturity levels that all face solid underlying growth in demand. Below, we run through some of the most relevant examples for the company.

AAC Clyde Space - Satellite Use Cases

Source: AAC Clyde Space

The application for Maritime communications and surveillance

This is a primary strategic focus for AAC Clyde Space, representing a significant growth area. The company is at the forefront of the technological shift from the current Automatic Identification System (AIS) to the more advanced VHF Data Exchange System (VDES). The company owns and operates a satellite constellation that collects and delivers AIS data for tracking ships globally, essentially AIS is an anti-collision system i.e. the purpose is to communicate their position to other ships.

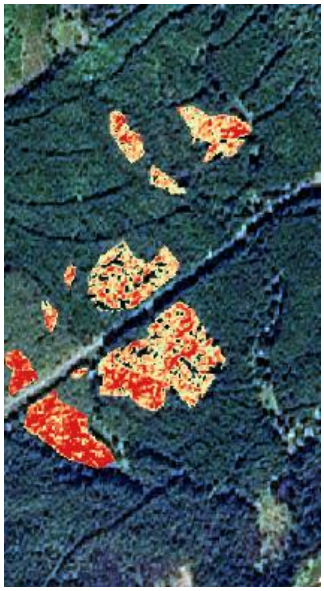
There are, however, technological advancements within this field, and a new concept called VDES will become a part of SOLAS carriage requirements on January 1, 2028. This decision promotes VDES equipment. This decision promotes VDES equipment for vessels, replacing limitations of the current AIS system with two-way communication and increased bandwidth for global data exchange via both terrestrial and satellite networks. VDES, on the contrary to AIS, enables two-way communication rather than just ships transmitting information on identity, position, and speed. VDES will enable vessels to both send and receive data, including navigational information, safety messages, and operational data. In November 2023, AAC Clyde Space, together with Saab TransponderTech and ORBCOMM, launched Ymir-1, the world's first satellite to successfully demonstrate two-way communication over VDES (VHF Data Exchange System) from space.. Built in Sweden on AAC Clyde Space's reliable EPIC LINK CubeSat platform, Ymir-1 was specifically designed for VDES technology. The entire satellite was designed and manufactured by AAC Clyde Space, which also integrated the VDES payload developed by Saab TransponderTech. This shift will benefit several of AAC Clyde Space's segments, as the company plans to launch its own constellation of VDES satellites while also providing products and components to customers also planning to launch VDES constellations, such as the LusoSpace order, where the company bought 11 satellite kits (EPIC-8U) and a 3U satellite.

Surveillance is also an important piece of the marine domain awareness segment. Satellites make it easy to track assets worldwide using signals they already broadcast, such as ships via AIS transponder signals or aircraft via ADS-B transponder signals. However, in cases where vessels do not want to be seen, they turn off their AIS transponders, requiring more active detection. One common method is listening to common marine radio signals and satellite 'synthetic aperture' radar systems, but one could also use optical satellites. This is currently a hot topic following several ships with the Russian shadow fleet that have damaged undersea cables in the Baltic Ocean. The point in the INFLECION programme is the combination of VDES, SIGINT and SAR to detect dark vessels. This is not a unique problem for companies damaging sea cables; the solution can be viable for many applications, such as surveillance of Greenland's very large territory, surveillance of fishing ships being in the allowed areas, piracy, and smuggling.

Maritime surveillance

- Investments in infrastructure and technology are behind mitigating these challenges, and the urge is now larger than ever to improve surveillance and management of maritime resources.
- Solutions can prevent and counteract on issues such as piracy, smuggling, illegal fishing, dark vessels, spoofing, bunkering, and encroachment.
- 150 countries have access to the sea and have a vested interest. It's of high importance, 80% of all goods are transported by sea, 97% of all internet traffic passes through sea cables, 15% of all protein for human consumption is from fisheries, subsea gas pipelines, and more.
- AAC is already well positioned in this space to provide either missions, products, or services with previous references and several maritime satellites in orbit.
- It's a good entry point with long-term growth potential by renewing and adding more satellites, services, and functions on the way.

The application for Earth Observation



Within earth observation, there are several use cases, such as focusing on environmental and agricultural management. Within Forestry Management, AAC Clyde Space is working with government agencies like Scottish Forestry on the "Canopy" service. This project uses satellite data to monitor forest health, replacing traditional helicopter surveys to detect pests, diseases, and canopy loss more efficiently. In the future, it will also enable tree species classifications, early warnings of diseases, and damage assessment after fires, to mention a few. Within Agriculture, the data from AAC's Earth observation satellites helps improve agricultural management by enabling precision farming and functions such as yield predictions, crop health evaluation, or drought risks. Moreover, this enables managing crop growth over large areas, stabilizing food sources, and reducing water waste.

Weather and Climate Monitoring

Weather forecasting is one of the older applications within the satellite industry, although it has been a challenge, especially in the Arctic regions. To address this challenge, the European Space Agency (ESA) launched the Arctic Weather Satellite (AWS) in August 2024, a pioneering prototype designed to measures actual parameters in areas of the world that were either missing or had very little information. These data then feed into other weather models by another party to enhance short-term weather predictions in regions like the Arctic. With OHB as prime, the satellite carries the Omnisys weather payload, providing highly precise atmospheric measurements. AWS also includes AAC Clyde Space's SIRIUS and STARBUCK systems, which were produced in Uppsala. Within a month from launch, AWS captured Storm Boris, showing its capability to deliver crucial weather data for improved forecasting. The mission serves as a prototype for the EPSSterna constellation, planning of up to 20 satellites that will deliver near continuous weather observations. First deliveries are expected in 2029, pending a decision from EUMETSAT.

Science and research projects

Small satellites are ideal for science missions due to their low launch costs, allowing multiple satellites to perform distributed measurements. They enable missions within a manageable budget and can demonstrate new science instruments and concepts before committing them to larger, more expensive missions. Another strong trend right now is the global climate crisis. Currently, about 50% of the essential climate variables are measurable only from space and are going forward potentially used for real-time monitoring of greenhouse gas emissions to see that global protocols are enforced. AAC's high-reliability power systems have proven effective in harsh environments. The Starbuck Mini power system was successfully used on Intuitive Machines' Nova-C lunar lander, which became the first U.S. commercial spacecraft to soft-land on the Moon in 2024. The company offers a solid satellite platform with a flexible product portfolio that can be tailored to suit different mission needs. AAC also has in-depth knowledge of space missions, ensuring we support scientific objectives while minimizing costs and risks.

Market Overview (Extended version in appendix)

Brief market overview – The global satellite industry

The space industry has advanced significantly, driving greater accessibility to space, and is projected to grow at a 9% CAGR, reaching USD 1.8 trillion by 2035[1]. This growth is fueled by falling launch costs, advancements in satellite technology, increased investment, and rising cultural and geopolitical interest in space capabilities. Satellite launches grew 50% annually from 2019 to 2023, while launch costs dropped tenfold over two decades. Smallsats have transformed the space economy by lowering costs and barriers to entry, enabling services like global internet connectivity and real-time Earth monitoring. As entry barriers continue to decline, the smallsat ecosystem is expected to drive innovation further and expand the global space economy. Interest in space remains strong, with governments and businesses increasingly focused on its future potential. According to Euroconsult, 18,500 smallsats are projected to launch between 2022 and 2031. However, with recent constellation expansion announcements from major players like Starlink (SpaceX), Kuiper (Amazon), and China's Qianfan constellation, we anticipate a significant revision, potentially bringing the total market estimate closer to 30,000. These large constellations primarily launches larger satellites and is used to get a picture of the overall industry. To simplify, the global space industry can be divided into six key segments:

1. Ground Equipment: Network infrastructure and consumer equipment.
2. Satellite Services: (AAC) Telecommunications and remote sensing.
3. Satellite Manufacturing: (AAC's, core market valued at cUSD20bn in 2024.
4. Launch Services: Delivering payloads into orbit.
5. Space Sustainability: focused on preserving and maintaining the environment.
6. Non-Space and Emerging Markets: Government space budgets, commercial human spaceflight, and industries indirectly linked to space.[2]

The global space industry

Based on research from SIA and BryceTech, the total space economy was valued at approximately USD415 bn in 2024, up from around USD400bn in 2023. While looking at the global satellite market, it represented revenues of USD293bn in 2024, with revenues growing 3% in 2024.

The satellite manufacturing market

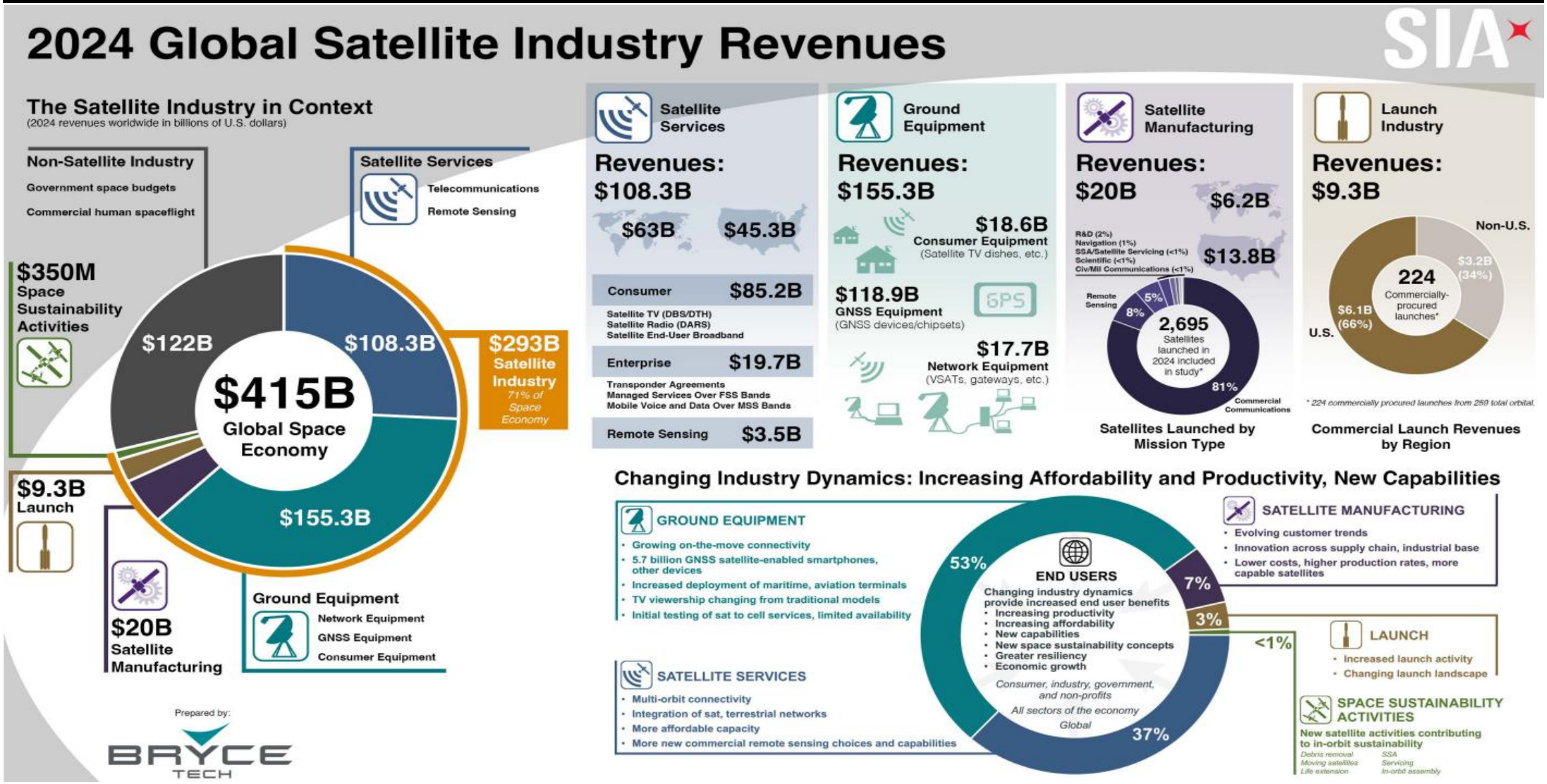
Based on the same SIA report, AAC taps into the satellite manufacturing market (with its Products & Missions segment), which accounts for around USD20bn or 5% of the total space industry. The overall industry is, to an extent, dominated by giants such as Lockheed Martin, Airbus, and SpaceX. Breaking down the 20bn satellite manufacturing segment, the US represented around 45% of that market based on 2023 figures, where AAC has some presence. Alternatively, and as we prefer, AAC's core market can be defined as the smallsat market, which was valued at approximately USD5.3bn in 2023. Within this market, we estimate that the company's addressable segment—satellite platforms—is worth between USD2.5bn and USD3.5bn. This definition of the market excludes satellites and programs for larger satellites.

The satellite services market

The SIA report also addresses the services market valued toUSD108bn, which is dominated by services related to consumers, such as TV and Radio. Looking at the chart above, the remote sensing part of the services segment, valued at around USD3.5bn, is the most relevant, where we find several related companies such as Satellogic, Wyvern, MDA and Spire.

[1] https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/space-the-1-point-8-trillion-dollar-opportunity-for-global-economic-growth
[2] https://sia.org/news-resources/state-of-the-satellite-industry-report/

Satellite Industry: SIA/Bryce Tech



Source: SIA and BryceTech

Estimating TAM

There are two different approaches to estimating the Total Addressable Market (TAM) and market share for AAC's Missions and Products. The first approach is to estimate the TAM based on the number of smallsats launched per year and compare this to the number of satellites AAC delivers annually. While straightforward, this method has its limitations, such as discrepancies in delivery timelines and not taking into account the order value of each satellite in this aspect, which can distort the results. The second approach is to calculate the TAM based on the global satellite manufacturing market segment. This method, however, also has limitations due to unknown or unavailable data, such as the contribution from the medium and large satellites within this market segment.

TAM and market share by number of satellites

Based on 2023 figures, around 2,886 small satellites were launched. For AAC, the Total Addressable Market (TAM), by looking at excluding large communication satellite constellations the relevant satellites of non-profit, governmental, commercial, civil, and governmental military segments collectively estimated to around 230 satellites. In our estimate, AAC is involved in around 5% of these satellites by 11 launches (whereof six in own constellation). However, it is essential to note that comparing the number of launched satellites can be somewhat misleading due to the satellite type and difference in value. To give an example, nano and cube satellites, typically part of a program, can be valued at approximately USD1-3m, while microsatellites can reach nearly USD10m, depending on complexity and payload. As such, this market share does not incorporate the significant disparity in value making it challenging to accurately estimate market share solely based on the number of satellites launched.

TAM and market share by market segment value

The smallsat market was valued at approximately **cUSD5bn** in 2023, and we estimate that the satellite platforms segment is valued between **cUSD2.6 bn and 3.1bn**. AAC generated revenues of about **USD34m** in 2023, which corresponds to a market share of roughly **1% to 1.3%**. It is important to note that the Total Addressable Market (TAM) includes all types of companies operating within the smallsat market, including the giants that produce their own satellites for their constellations, like SpaceX and Planet Labs, as well as companies that do not target the same segments as AAC. This inclusion of diverse entities distorts direct comparisons and emphasizes the challenge of measuring AAC's relative market position accurately. We guess that around 15% of the smallsat market is addressable by its current product portfolio, which would place AAC's current market share at around 5-10% of the current TAM.

TAM for services

Finding a fair TAM for services is quite hard, as it varies widely in what service is being provided. The company has presented figures in previous presentations that we, in our research, find reasonable. The market for VDES and combined maritime services is estimated to be between **USD200m and USD250m per year by 2030**, where AAC Clyde Space expects to be one of the two or three big suppliers, according to the company. Earth Observation (EO)/Forestry: The addressable market for the data AAC Clyde Space is providing in the Earth Observation market is estimated to be around **USD100m per year**, out of the **total EO market expected to be about $1 billion a year by 2030**. In discussions with the AAC Clyde Space, we find that this could be a rather low figure to describe the total market. By using a few large known companies' yearly revenues; like Maxar's ~USD1.3bn, PlanetLabs ~USD250m etc. We have seen cases of this in the past where reports have a hard time defining a collecting a fair amount, but overall its fair to say that the market's size will note hinder the company's growth in the coming years.

Maritime Domain Awareness

As we described on pages 24-26, the market for Maritime Domain awareness is a hot topic right now, which directs the spotlight on one of the several cases for satellites. Several applications are included within this field. To mention some, we find: Defense and security, Commercial shipping, Illegal fishing and smuggling, and disaster response/search and rescue. Trying to summarize the conclusions from the research reports, they name some key market drivers:

- Growing Maritime Security Concerns – Threats like piracy, smuggling, and illegal fishing are pushing governments to invest in satellite-based surveillance.
- Regulatory Requirements – IMO (International Maritime Organization) and national bodies mandate tracking and reporting of vessel activities.
- Advancements in AI & Data Analytics – AI-powered analytics improve vessel detection, pattern recognition, and anomaly detection.
- Increased Commercial Shipping Activities – More ships at sea require better tracking and monitoring systems.
- Rising Environmental Concerns – Monitoring pollution, oil spills, and illegal dumping is crucial for marine conservation.

Trying to get a sense of the market size and growth can be challenging, as several reports often have different scopes and starting points. Below, we have summarized some of them, indicating that the market is large. What we understand is that it's still very uncommon, besides the world's largest nations, to own a satellite constellation for surveillance purposes. Now, we believe many countries are very interested in either having a constellation or securing data services. We argue that this will increase in importance, as knowledge, preparedness, and independence are becoming increasingly valuable. So, we believe that the growth in this niche will be larger than the general market figures presented below.

Maritime Surveillance Market: Valued at approximately USD 23.08 billion in 2023, this market is projected to grow at a CAGR of 6.7% from 2024 to 2030, reaching around USD 35.83 billion by 2030, according to Grand View Research.[3]

Maritime Security Market: Estimated at USD 33.50 billion in 2024, with expectations to expand to over USD 67.54 billion by 2032, reflecting a CAGR of 9.2% between 2025 and 2032. [4]

Satellite Vessel Tracking Market: Focusing on satellite-based vessel tracking, this niche market was valued at USD 139.51 million in 2024 and is anticipated to reach USD 289.64 million by 2029, growing at a CAGR of 15.73% during the forecast period.[5]

[3] https://www.grandviewresearch.com/industry-analysis/maritime-surveillance-market-report
[4] https://www.consegicbusinessintelligence.com/maritime-security-market
[5] https://www.mordorintelligence.com/industry-reports/global-satellite-vessel-tracking-market

New defense space initiatives

The conflict in Ukraine has marked the beginning of a new era in the commercial space sector, often referred to as the "commercial space war." In this environment, private US companies have played a significant role by providing valuable satellite imagery of advancing enemy positions and offering essential Internet connectivity services to civilians within the region. This dynamic has highlighted the growing importance of commercial space assets in modern conflict scenarios. Additionally, the geopolitical landscape has seen countries like Russia and China engaging in the development and testing of counter-space technologies. Russia, for instance, has conducted tests involving anti-satellite (ASAT) weapons—capabilities that can inspect and potentially disable or destroy satellites in orbit[6]. These developments have raised significant concerns among international observers and military alliances, including NATO. In response to the emerging commercial space war and the growing arms race in space, several high-profile initiatives have been launched.

- The U.S. Department of Defence revealed its first commercial space integration strategy in April 2024. The strategy focuses on ensuring commercial solutions are available when needed through contracts and agreements, integrating commercial space solutions into DOD operations during peacetime. It also emphasizes protecting U.S. national security interests in space and on the ground, promoting security through norms, threat sharing, and financial protections. Additionally, DOD will use its full range of tools to support the development of new commercial space technologies that can benefit the joint force[7].
- NATO's first commercial space strategy, released in early 2025, provided guidance on how member nations can leverage a variety of commercial space technologies to enhance resilience within the domain. The report emphasises that space is a military-operational domain alongside land, sea, air and cyber. The Alliance states its intention to draw on commercial space capabilities and services, recognizing that private industry (including satellite operators) plays a growing role in delivering space-based capabilities. NATO seeks interoperability, resilience, and continuous access to space services (communications, satellite imagery/observation, positioning/navigation/timing) in both peacetime and crisis. The text emphasises the need for standards, contracting frameworks, and partnerships to integrate commercial space providers into NATO's defence and operational planning.[8] [9]
- Rymdmiljaren- The Swedish government has allocated one billion SEK to the Defense Forces between 2024–2032 to enhance their space capabilities. This investment aims to improve Sweden's space situational awareness, expand infrastructure at the Esrange space base, and enable the Defense Forces to launch multiple satellites into space. The decision also aligns with NATO's space policy, contributing to the alliance's collective space capabilities[10].

We believe the trend toward increasing government space budgets and the new defense space initiatives are advantageous for AAC Clyde Space. From a geopolitical perspective and a value-proposing angle, AAC benefits from Sweden political stability and its reputation as a low-risk nation, making it an attractive partner. Additionally, the UK is a frontrunner in the European space industry.

[6] https://www.euronews.com/next/2024/05/07/nato-plans-to-defend-space-but-will-have-to-work-with-the-commercial-sector-for-its-tech
[7] https://www.defense.gov/News/Releases/Release/Article/3728370/dod-releases-2024-dod-commercial-space-integration-strategy/
[8] https://defensescoop.com/2024/10/10/nato-commercial-space-strategy-2025/
[9] https://www.nato.int/cps/en/natohq/official_texts_236520.htm
[10] https://www.regeringen.se/pressmeddelanden/2024/10/forsvarsmakten-tilldelas-en-rymdmiljard-for-att-utoka-rymdformagorna/

Where in the capital cycle are we?

The space market has witnessed significant shifts in recent years, with private equity investment rebounding in 2024 to match 2022 levels. This recovery marks an improvement from 2023, which represented the decade's second-lowest investment year since 2015. According to Space Capital's Q4 2023 Space IQ report, the shift reflects a growing demand for business viability over innovation alone, as space-focused venture capital now prioritizes sound business models over cutting-edge technology without clear commercial potential.

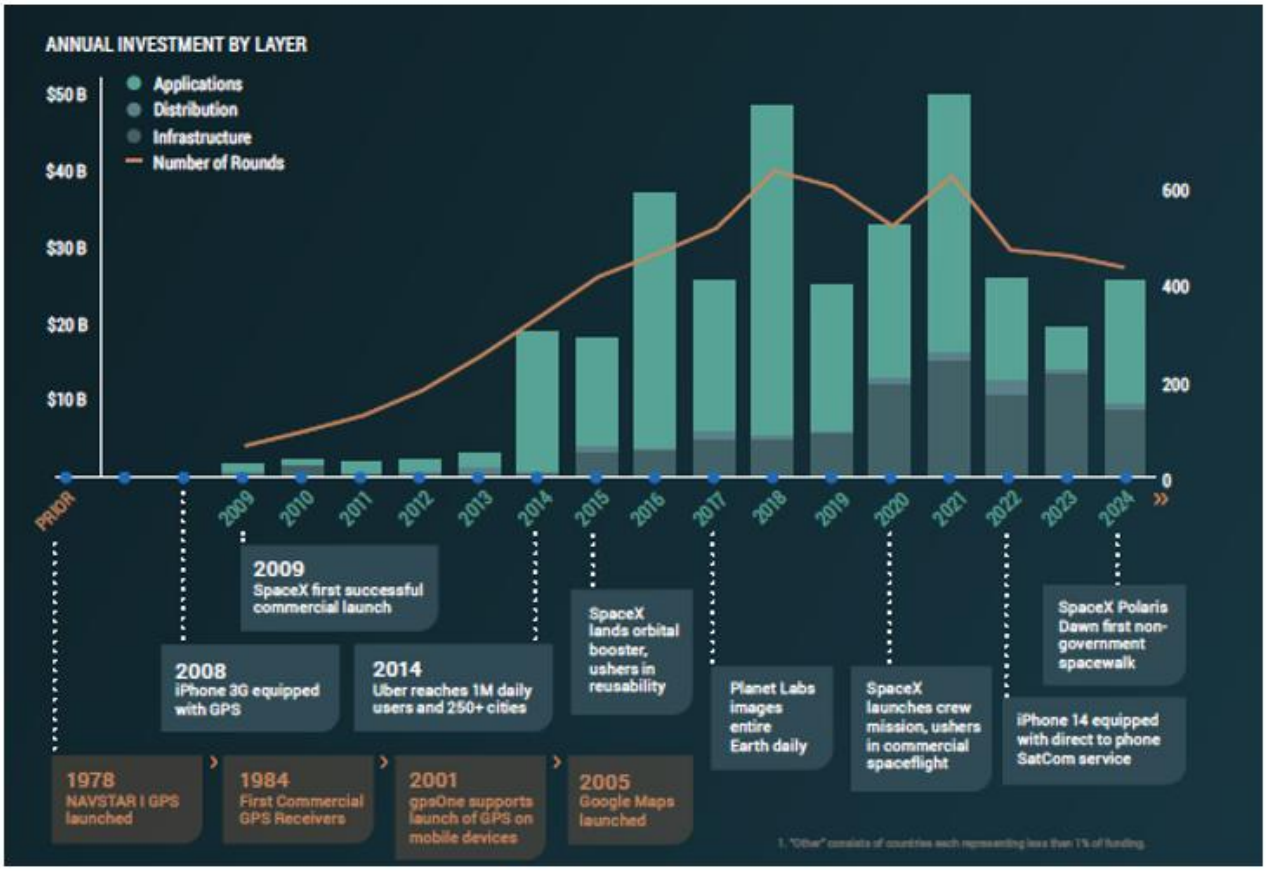
Investment Landscape:

- Equity Market Priorities: Investors are shifting focus from innovation-driven ventures to businesses with proven viability. This trend highlights the importance of strong operational performance and sustainable revenue models over purely cutting-edge technology.
- IPO Activity: The IPO market has been sluggish, with only a few public launches, such as Astroscale. Median revenue multiples for 2024 remain around 10x, a sharp contrast to the 30x multiples seen in 2021. Late 2024, however, saw a slight uptick in IPO activity, indicating renewed investor confidence as the market adjusts to post-SPAC realities.
- M&A Dynamics: Lockheed Martin's acquisition of Terran Orbital for USD450 million, down from a USD1.8bn valuation in 2021, underscores the sector's volatility. Many space companies that went public during the SPAC boom have faced significant challenges, including bankruptcies, delistings, and pivoted business models (e.g., Astra and Arqit) [11].

In this uncertain environment, what lies ahead? Despite the challenges, we remain rather optimistic. Certain market pockets with proven business models and established operational track records (flight heritage, etc.) are well-positioned to capitalize on the vast amount of new smallsats expected to be built and launched. Geopolitical shifts are driving increased national security investments, while the urgency to address climate challenges is creating further opportunities for growth. AI transforms orbital data processing, unlocking investment potential by enabling faster, actionable insights from the vast data collected in space.

[11] https://www.spacecapital.com/publications/space-economy-markets-crossroads

Further, Satellite-based cellular services are primed for growth in 2025, with players like SpaceX's Starlink, AST SpaceMobile, and Lynk Global expanding networks and launching services. Europe's satellite market is also advancing with IRIS², a EUR10.6bn EU project deploying 290 satellites by 2030 to enhance secure communication and internet access[12]Finally, SpaceX's potential IPO, recently valued at approximately USD350bn in Q4 2024, could have far-reaching effects on equity and venture capital markets, reshaping the investment landscape and driving significant momentum across the sector.



Source: Space Capital (Space Investment Quarterly: Q4 2024)

[12] https://uk.pcmag.com/networking/155923/eu-officially-begins-work-on-11-billion-starlink-rival-iris2

Competition

The competitive intensity remains elevated given the industry's early-stage nature, robust structural growth, and significant R&D requirements. During the period of low financing costs, numerous new entrants entered the market with a primary focus on growth. However, many of these players have since exited—either through delistings or acquisitions by larger industry participants (e.g., Lockheed Martin's acquisition of Terran Orbital, Kongsberg's acquisition of NanoAvionics). Over the past two to three years, the market has shifted toward a stronger emphasis on profitability, while demand fundamentals have continued to expand. We believe this dynamic has resulted in a more rationalized, though still highly competitive, market environment.

Technology

Our research indicates that AAC Clyde space is at least on par with its competitors in terms of technology, with no significant gaps that would hinder its future growth. One good example proving AAC's solid position in the market is the YMIR-1 mission, where the company, together with partners, successfully for the first time validated two-way communication via VDES from space. Component-wise, we find that AAC is strong within power systems and ACDS, while its closest competitor, GomSpace, stands out in Radio Frequency technology. The industry's competitive landscape has evolved from focusing solely on technical specifications to prioritizing solution-oriented factors like reliability, quality, and compatibility. A key measure of success is ensuring that satellites perform reliably in orbit, as technical failures can lead to costly setbacks to commercial operations. While some issues can be resolved through software, major failures have impacted the industry in the past.

Our research has found some technological failures from the past, such as the two Kelpie satellites in 2023, where the antenna failed to deploy. The company was insured for this event, and we find it natural to see this type of setback in the industry. Overall, we still find AAC to be a reliable partner that meets its customers' demands. The company emphasizes reliability, delivery timeline, and prices, which seem to be the most important competitive factors.

When it comes to price competition, AAC Clyde Space has not communicated heavy price pressure in the sector on components, while we still find that the market is highly competitive. We find additionally strong price pressure in components for CubeSats, which is a very competitive market. This is also dependent on the type of customers; being a more experienced customer, purchasing components for larger and more expensive satellites seems generally less interested in price and focuses mainly on reliability and the ability to deliver on a mission and on time. As many projects are large and costly, we find this reasonable. AAC Clyde Space has an overall solid flight heritage, helping them with customer talks; this also seems to be true for several of the relatable competitors. We would argue that this factor is mainly a limiting factor for new market entrants. In our research on AAC Clyde Space, we have identified a group of competitors that compete with them in either the segments of Products or Missions. To mention some, we find GomSpace, Endurosat, Nanoavionics, Terran Orbital, and Spire in some cases.

For the Data & Services segment, we find a wider range of different providers not overlapping with the Products & Missions segments. The companies in competition are Planet Labs, EarthDaily, Satellogic, and Open Cosmos for Earth Observation data services within 1-5 meters for monitoring vegetation, land, and infrastructure. AAC will differentiate by focusing on attractive cost-to-performance, i.e., affordability for the application, rather than having the best resolution with less frequency. The company competes with Kpler, OHB Luxspace, Kinéis and Space Norway primarily with current AIS solutions and likely VDES going forward for the Marine Domain awareness application. AAC already has a solid foothold within AIS and is a frontrunner within VDES with the YMIR-1 launch and the INFLECION programme.

GomSpace

GomSpace develops and manufactures micro and nanosatellites, satellite components, and turnkey solutions for satellite programs for customers to use within Science, Academia, Government, and Commercial sectors. Today, GomSpace is one of the leading providers in its area based on extensive industry experience and flight heritage. The company was founded in 2007 by a team of students from Aalborg University in Denmark, who remain in the company today in various roles. The company's head office has remained in Aalborg, Denmark, while now having offices in Uppsala, Sweden, following the acquisition of NanoSpace, Luxembourg, for Satellite management and operations, France, and the US as sales offices.

The company has been listed on Nasdaq First North in Sweden since 2016. GomSpace has three business units: Programs, which represent 57% of the revenues in 2024, Products, 35% of revenues, and North America, about 7%. In 2024, GomSpace's revenues amounted to about SEK260m, with a negative margin of about 10%. In 2023, a new strategy and organizational restructuring was announced, targeting positive cash flow achieved in 2024. For 2025, the company has guided +30% growth with an EBITDA margin of -2 to 10%.

GomSpace Vs AAC Clyde Space

The most obvious difference is that AAC offers Data & Services which GomSpace have decided not to do. Anyhow, the companies are in direct competition within two of AAC's segments being Products/components and providing constellations, the segment which AAC calls Missions and GomSpace calls Programs. Simplified, one can state that GomSpace is stronger (in terms of market share) within Missions/Programs, while AAC is stronger within Products. In 2024, GomSpace had revenues of 147m and AAC revenues of SEK114m for its Missions/Program business. The same year, GomSpace had revenues of SEK90m and AAC of SEK232m stemming from Product revenues. (AAC figures exclude eliminations). GomSpace is a more organic satellite play, while AAC is vertically integrated into the industry with several acquisitions, for example. AAC provides Data & services while having made additional investments in ground stations (SpaceQuest), payload technology (Omnisys), and data processing (Spacemetric).

Historically, both companies have struggled to reach profitability, especially within Missions/Programs, while both have had solid contribution margin from their product segments. Overall, AAC had a revenue base of around SEK100m. In terms of total revenues, the two companies are similar, but AAC is slightly larger with net sales of SEK350m in 2024 relative to GomSpace SEK260m.

Value proposition

Product-wise, we cannot find any evidence from our desk research that there are significant differences in the two companies' offerings. We understand that AAC talks about its uniqueness in power systems, while GomSpace has highlighted its strengths within radio frequency. We find it healthy that they both focus on similar niche applications, such as Marine Domain Awareness, adding legitimacy to the application and its growth prospects. The market will be large enough for several players with different solutions.

Nanoavionics

Lithuanian Nanoavionics was founded in 2014 and was originally a spin-off from Vilnius University. The company delivered 21 satellites in 2023, compared to around 16 in 2022. The company has about 142 different customers globally, and one of them, Kongsberg, ended up acquiring the company in 2022 for EUR65m in enterprise value. The company offers both components and mission services, and the revenue split is about 80% to commercial and 20% to government customers, as stated in a recent interview with its new CEO, Atle Wøllo. Kongsberg is a Norwegian technology giant recording revenues of USD 3.7 bn in 2023.

NanoAvionics produces satellites ranging from about 10 to 220 kilograms, and Wøllo said the company continues to see a pull toward larger spacecraft as costs to build and launch them decline. About 80% of new bids are at the larger end of the company's product range, according to Wøllo. In the same interview, we picked up a few value-adding quotes.

"Prime government missions with potentially larger contracts are becoming an increasingly lucrative growth area for the company. When prices are low, that opens a new market for a lot of governments," he said, in addition to commercial companies where demand remains high"

About 80% of the company's satellite architecture remains the same from mission to mission, despite changes in the payload, enabling it to reduce costs and shorten production times by buying parts in advance.[13]

Endurosat

Founded in 2015, Endurosat from Bulgaria is a relatively young satellite provider offering both satellite missions and products/components. It has about 200 employees. The company offers advanced satellite solutions, including modular CubeSats and mission support. EnduroSat serves commercial, academic, and governmental clients, emphasizing scalable and affordable space technologies. Its first satellite was built in 2017, and its first space mission was in 2018. Already in 2020, the company had reached 50+ customers; the figure now seems to be closer to 350.

As the company is private, there is not that much public information. Endurosat reached over 350 customers and recorded revenues of 160m in 2023. We believe it is fair to assume the company delivers a large number of product/component sales, thereby mainly competing with AAC in the Product segment. The company seems to have been successful in terms of growing by doubling sales between 2022 and 2023.

[13] https://spacenews.com/kongsberg-nanoavionics-strengthens-government-focus-with-new-ceo/

Terran Orbital

Founded in 1999, Terran Orbital was one of the early developers of the CubeSat standard. In 2013, Terran acquired Tyvak Nanosatellite Systems, which had seen success in technological development. At the time, Terran Orbital built spacecraft for customers and worked on its constellation of 96 Earth imagery satellites. Terran is a direct competitor to AAC in nano/micro sats between 6U-16U, but Terran also offers satellites up to 1000kg. In terms of service, they both offer mission services and products/components. Terran does not reveal much new information now that it is a part of Lockheed Martin. But we believe it's likely that they have a solid foothold, especially in the US market, with good access and credibility to large government/military contracts.

Terran Orbital entered the stock market in 2022 through a SPAC merger, which valued the company at about USD1.8bn at the time. In the meantime, it had built up an order book of USD200m with orders from the Pentagon as well as NASA, while recording 2021 revenues of USD40m. [14]

Terran had one very significant customer, Rivada Space Networks, building a 600-satellite broadband constellation. Following challenges in Rivada, Terran decided to remove its order of 300 satellites valued at USD2.4 billion from its order book without saying the deal was off. [15] Following the large setback for Terran, Lockheed was Terran's most important customer, representing 91% of the remaining order book. In the meantime, Terran was in financial distress, being unprofitable, with USD300m in debt and cash of USD15m. In 2024, Lockheed Martin announced the acquisition of Terran Orbital for USD450m, a sum well below its previous SPAC valuation.

Spire Global

Spire is a global provider of space-based data and analytics that offers unique datasets and powerful insights. The company is listed on Nasdaq, with a market cap of USD280m and FY23-24 revenues of USD106-110m. Spire uses a proprietary constellation of nanosatellites called LEMUR (Low Earth Multi-Use Receiver). The Company's software analytics generate proprietary Earth data, insights, and predictive analytics for its global customers through a subscription model. Spire monetizes this information across a broad and growing number of industries, including weather, aviation, maritime, and government, with global coverage and near real-time data that can be easily integrated into customer business operations. Spire addresses the same type of customer segments in marine, for example, but mainly through services. Still, the company offers Spire Space services, allowing its customers to deploy their own constellations based on the Spire platform between 4U and 16U. So, with that in mind, they are competing with AAC both on missions and services. [16] In November 2024, the company sold its maritime commercial ship-tracking business for USD241m to the analytics provider Kpler to reduce its debt position.

[14] https://terranorbital.com/terran-orbital-starts-trading-on-the-nyse-with-200-million-in-outstanding-spacecraft-orders/
[15] https://terranorbital.com/history/2023-terran-orbital-wins-2-4-billion-contract-to-build-300-satellites-for-rivada-space-networks/
[16] https://spire.com/

Additional industry-related peers

In this section, we list some potential competitors that are less frequently mentioned by AAC. Some of them are also not competitors, but instead Industry peers that we will later use in our peer valuation.

Blue Canon Technologies

Blue Canyon Technologies (BCT) is an aerospace company specializing in the design, development, and production of small satellites and spacecraft systems. Founded in 2008 and based in Lafayette, Colorado, BCT provides a range of products and services, including:

- CubeSats and Microsatellites: They develop small satellite platforms used for scientific research, Earth observation, defense applications, and commercial missions.
- Satellite Components: BCT manufactures key spacecraft components such as attitude control systems, power systems, and propulsion units.
- Mission Support: They offer end-to-end support, from satellite design and integration to mission operations.

BCT's technology is known for its high performance and flexibility, catering to both government agencies (like NASA and the U.S. Department of Defense) and commercial clients. In 2020, the company was acquired by Raytheon Technologies, enhancing its capabilities in the growing small satellite market.

ISISPACE

A Dutch aerospace company specializing in the development of small satellite technologies and turnkey space mission solutions. The company provides turn-key CubeSat and smallsat solutions for both governmental and commercial customers around the world. Founded in 2006, the company operates globally and serves customers worldwide in accomplishing their space missions and applications. The company has about 100 employees, 18 years in space, 40+ enabled missions, and 2500+ delivered subsystems. The main offices are in the Netherlands while having an office in South Africa. Key Offerings:

- CubeSat Platforms: ISISPACE designs and manufactures modular CubeSat platforms ranging from 1U to 16U and larger, adaptable for various mission requirements.
- Satellite Subsystems: They provide critical components like onboard computers, power systems, communication modules, and deployable structures.

  Launch Services (ISILAUNCH): Through their ISILAUNCH division, ISISPACE offers launch brokerage services, coordinating satellite deployment via rideshare opportunities on rockets from providers like SpaceX, Rocket Lab, and PSLV.
- Mission Services: They deliver end-to-end mission support, including system integration, testing, mission design, and operations.

OHB SE

Is a German large aerospace and technology company specializing in space systems and services with about 4000 employees and revenues of EUR1.2bn. Founded in 1981 and headquartered in Bremen, Germany, OHB SE has grown to become one of Europe's leading space companies. It's listed on the Frankfurt Stock Exchange with a market cap of EUR1.1bn. Business Areas:

- Space Systems: OHB designs and manufactures a wide range of satellites for applications such as Earth observation, telecommunications, navigation, and scientific research.
- Aerospace Technologies: They contribute components for Ariane launch vehicles and other space transportation systems. Space Exploration: OHB participates in deep space missions, such as the European Space Agency's (ESA) ExoMars program and lunar exploration projects.
- Digital & Security Applications: OHB provides space-based services for secure communications, defense, and data analytics, supporting both governmental and commercial clients.

Avio S.p.A.

Is an Italian aerospace company specializing in the development and production of space launch systems and propulsion technologies. Founded in 1908 and headquartered in Colleferro, Italy, Avio plays a key role in Europe's space industry, particularly in launch vehicle development and solid and liquid propulsion systems. It's listed on the Borsa Italiano, with a market cap of EUR420m, 2023 revenues of EUR340m, and a backlog of EUR1.36bn. Business areas:

- Launch Systems: Avio is the prime contractor for the Vega and Vega C light-lift launch vehicles, which are part of the European Space Agency (ESA) launch program. Vega is designed for small to medium satellites launching into low Earth orbit (LEO).
- Ariane Program: Avio also supplies key solid rocket motor components for the heavy-lift Ariane 5 and the next-generation Ariane 6 rockets.
- Propulsion Technologies: Solid Propulsion: Avio is one of Europe's leaders in solid rocket motors, used in both civilian and military applications. Liquid Propulsion: The company develops advanced liquid propulsion systems, like the M10 engine, which will power future stages of the Vega launcher.
- Space Propulsion for Satellites: Avio provides propulsion modules for satellite platforms, supporting station-keeping, orbital maneuvers, and deorbiting functions.

Rocket Labs

Rocket Lab USA, Inc. is an American aerospace company specializing in the development and launch of small satellites and space systems. Founded in 2006 and headquartered in Long Beach, California. The company is listed on NASDAQ with a market cap of ~USD14bn with FY23 revenues of ~USD250m and an order backlog of USD1bn. Business units:

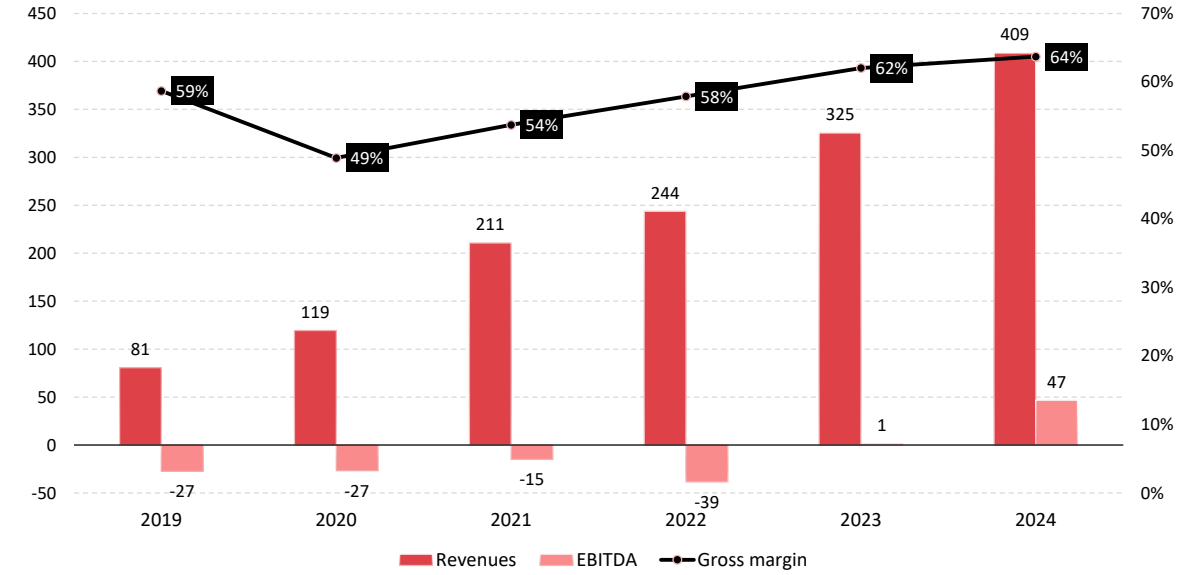
- Launch Services: Electron Rocket: A two-stage, small-lift launch vehicle designed to deliver payloads of up to 300 kg to low Earth orbit (LEO). It's known for its rapid launch cadence and cost-effectiveness, making it popular for commercial, scientific, and government missions.
- Space Systems: Photon Satellite Platform: An advanced satellite bus that allows Rocket Lab to offer end-to-end mission services, from launch to on-orbit operations. Photon supports deep space missions, including NASA's CAPSTONE mission to the Moon.
- Satellite Components: Rocket Lab manufactures high-performance satellite components, including reaction wheels, star trackers, and solar power systems.

Financials

Historic financial development

Since AAC was listed on the stock market in 2016, it has recognized rapid revenue growth from initial sales levels of SEK22-13m in 2016-2017 (only ÅAC Microtec) to around SEK350m in 2024. Acquisitions partly boost the revenues, but it's fair to assume that the underlying growth has been healthy. The company has not separated the historic organic growth rate. The growth focus has been costly, especially between 2019 and 2022, when profitability was partly set aside, which is true for most of the industry during these years. In the last two years, the focus has overall shifted towards profitable growth.

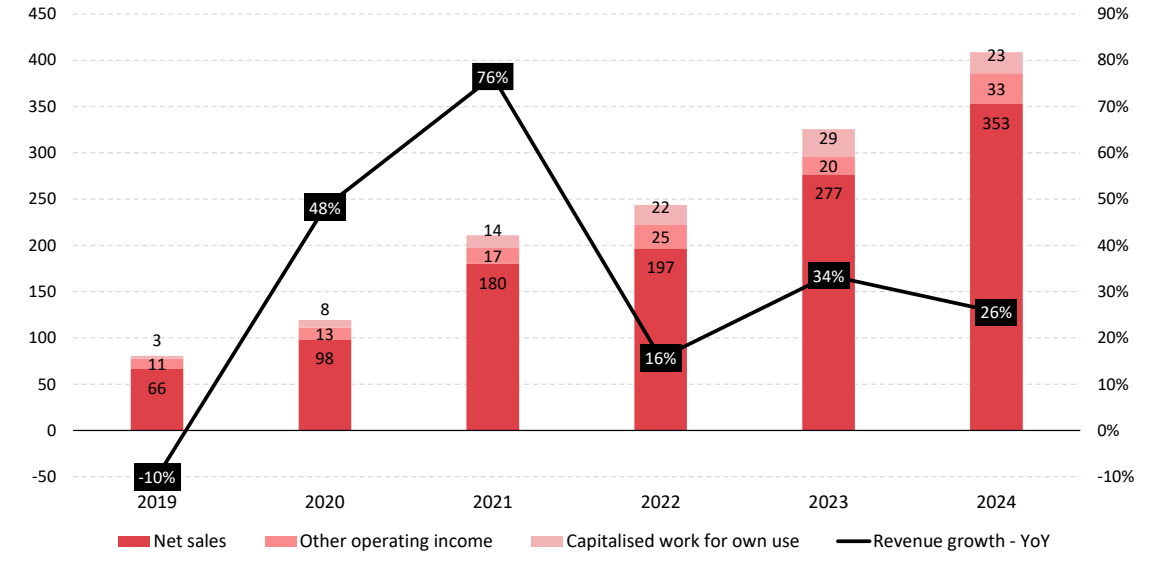
AAC Clyde Space: Revenues, EBITDA, Gross margin



Source: Redeye Research, company reports

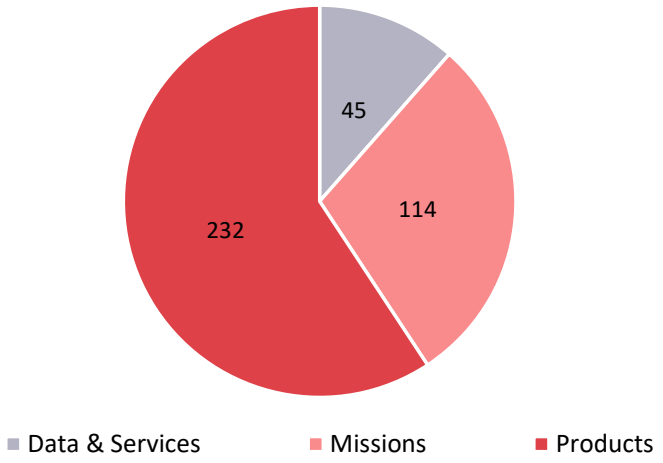
Revenues comprise Net sales, Other operating income, and Capitalized work for own use. The company capitalizes on investments for its own satellite development and constellations, which gives an unfair view of EBITDA, as the satellite's lifetime is around 5-7 years, where depreciation should be taken into account. Its other operating income comprises a mix of one-offs, such as exchange rate differences, R&D tax deductions, and insurance claims. In recent years, the mix has primarily been around half exchange rate differences and half tax deductions.

AAC Clyde Space: Revenue breakdown and Growth



Source: Redeye Research, company reports

AAC Clyde Space: Revenues SEKm FY24 (excl. eliminations)

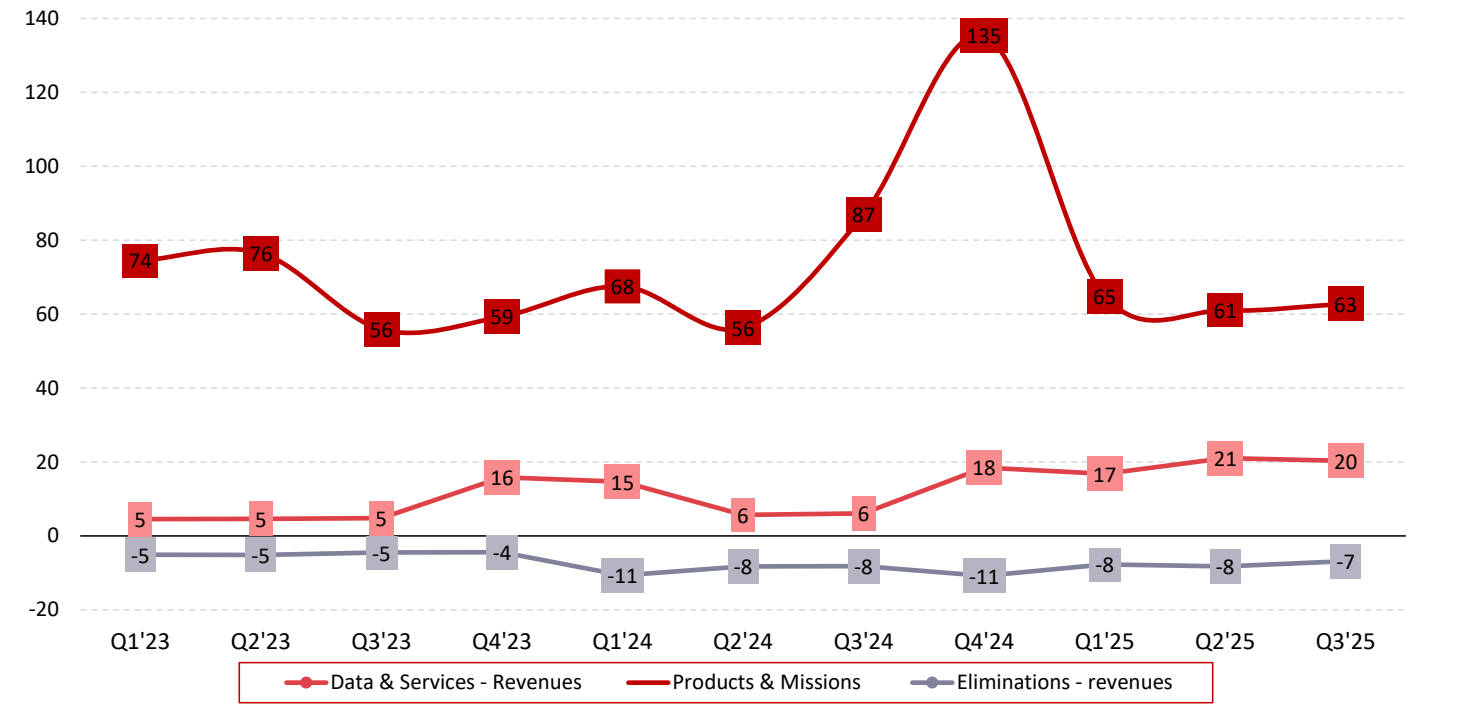


Source: Company reports, Redeye research

Revenue breakdown

Revenues are foremost driven by the Products segments, followed by Missions, and lastly Data & Services. This has been the case for the last few years, while volatility in the Missions segment impacts the balance between years. There is internal accounting between the segments as both the Missions and Data & Services segments purchase components from the Products segments. In recent years, eliminations of revenues between segments have accounted for around 6-9% of total revenue.

AAC Clyde Space: Revenue per segment

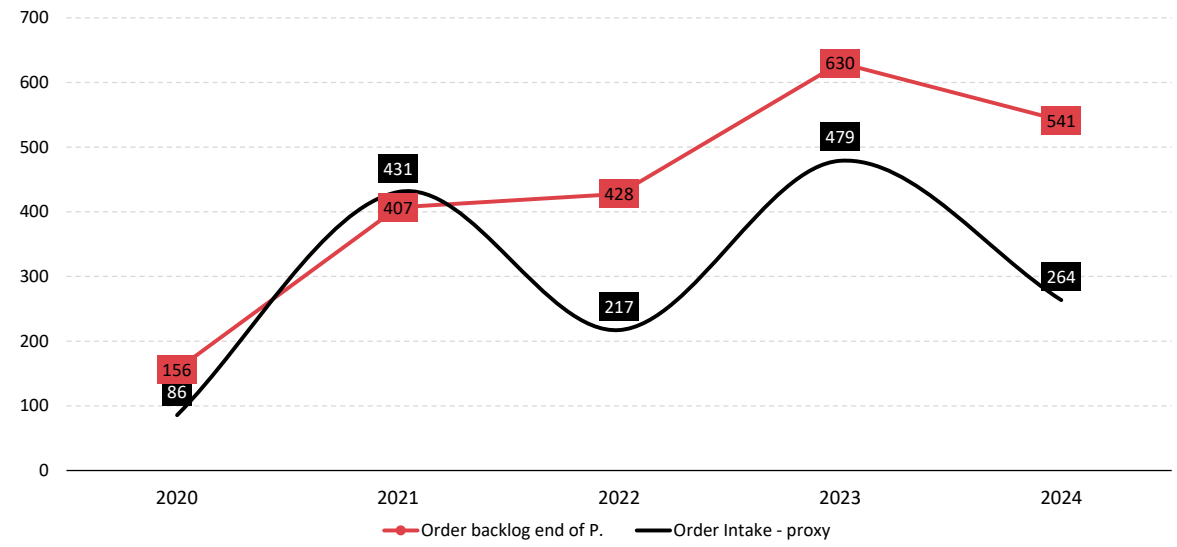


Source: Redeye Research, company reports

Order book development

The company does not report order intake, so we have applied our own proxy, which is backlog end of period – Backlog start of period + net sales. This might not be an entirely true definition, as the company has added acquisitions along the way, which are likely to have included backlog, as well as net sales for the period of inclusion, while also missing out on possible cancellations. Order intake has been volatile during the last few years, but in general, it is growing in line with the company. On average, the company has signed orders for around SEK300m per year during the last five years. While delays in the industry are common, we have not found any significant or recent contract cancellations, such as we have seen in GomSpace or Terran Orbital, to mention some.

AAC Clyde Space: Order intake and backlog



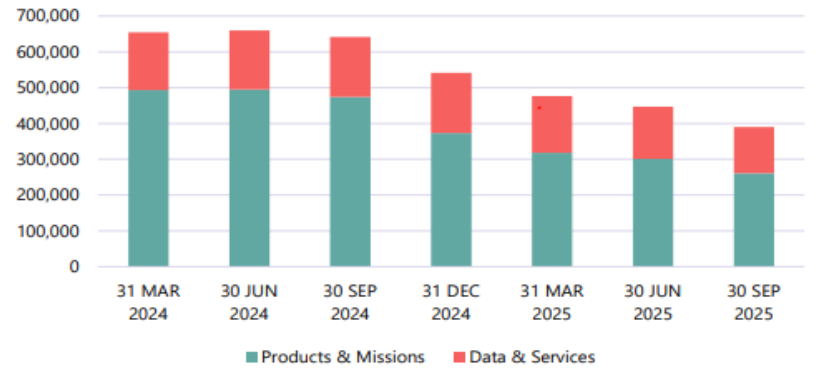
Source: Redeye Research, company reports

Regarding order intake, 2023 was the strongest year so far when signing deals of ~SEK480m, of which Omnisys signed a SEK137m to build 80 high-performance radio astronomy receivers for the (SKA) Observatory. Overall, the general order intake has been fairly widely distributed between several customers, reducing concentration risk.

Current order backlog

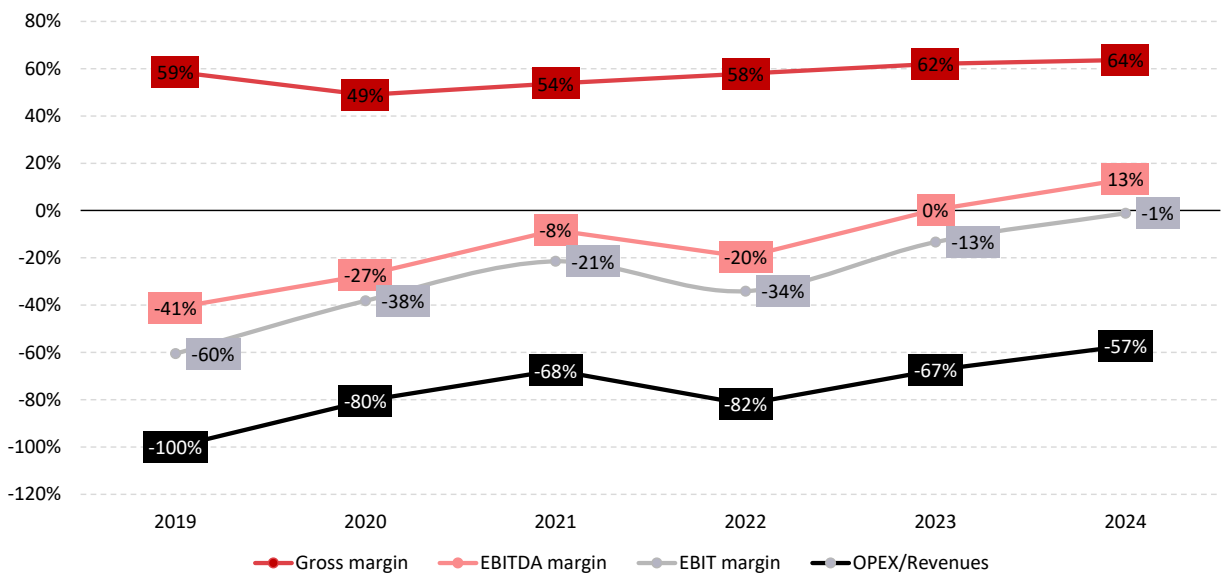
Breaking down the order backlog development in recent times, it has decreased from levels around ~630m in 2023 to most recently levels around 390m. By looking at the table below, we see a current backlog of ~265m to Products & Missions and ~125m referring to Data & Services. The company does not disclose the distribution of its order backlog.

Order backlog by quarter as of Q3 2025



(In TSEK) Source: AAC Clyde Space

AAC Clyde Space: Margins and OPEX/Revenues

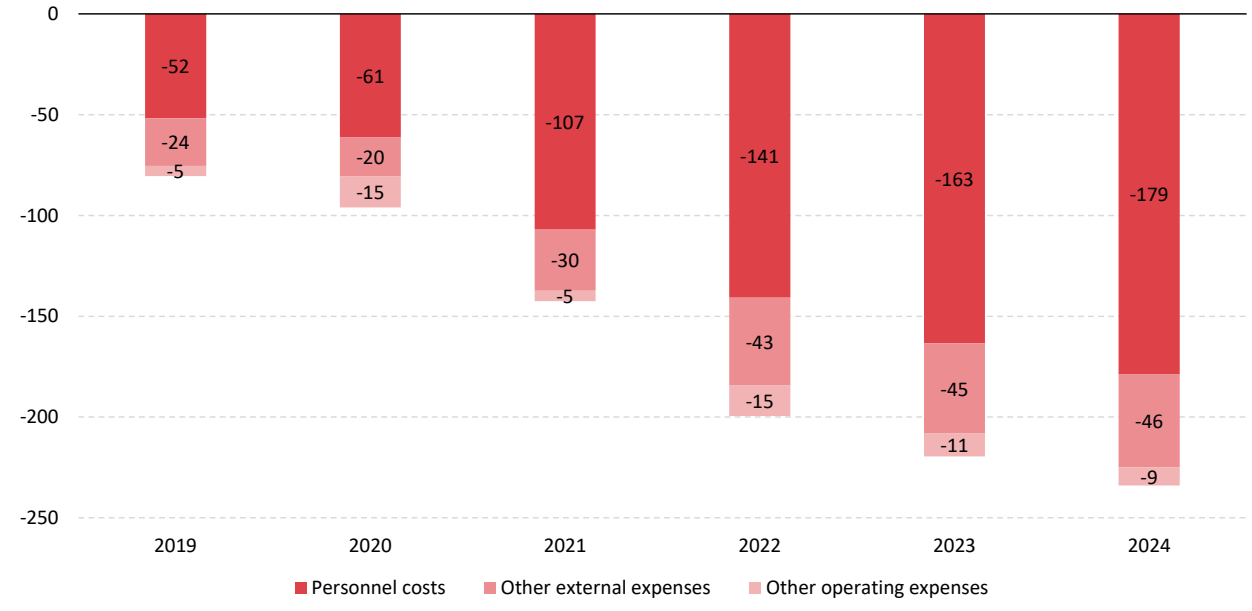


Source: Redeye Research, company reports

Cost breakdown

Looking at the breakdown of costs, most of the costs relate to employees, and the company has grown its workforce from 95 in 2019 to around 210 now. It's quite dramatic growth, partly driven by the handful of acquisitions made during the period. Other external expenses, including general external expenses and other operating expenses, represent all exchange rate differences that are not based on borrowings or cash position. The FX effects on debt and cash position are instead shown in the financial income/expenses.

AAC Clyde Space: Cost breakdown

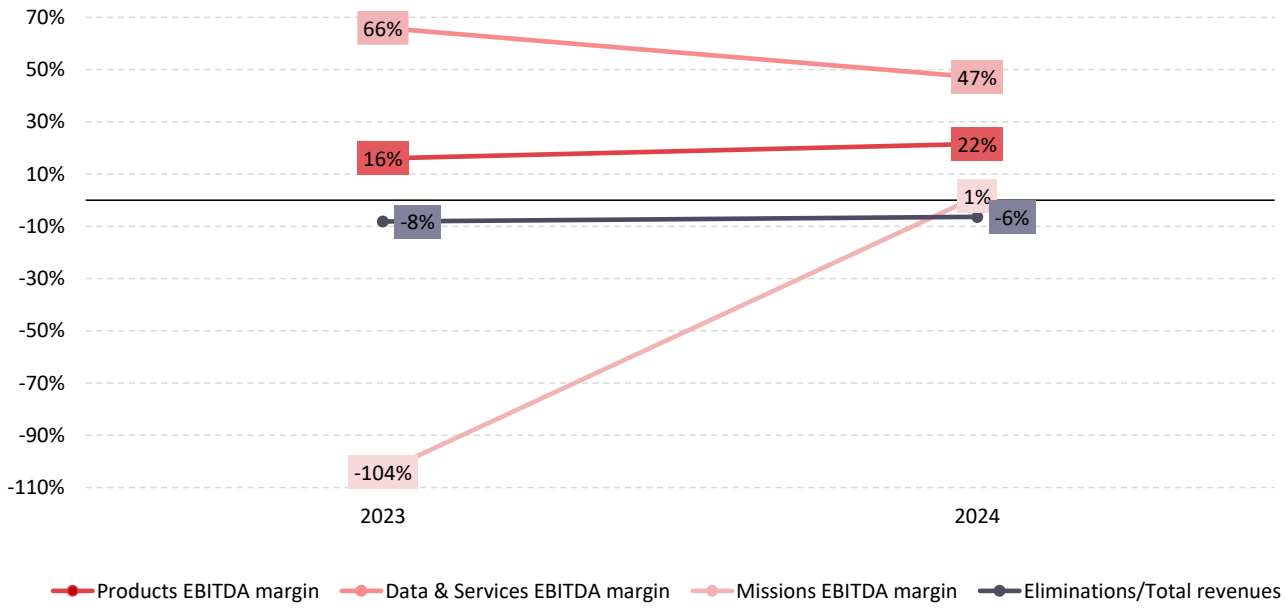


Source: Redeye Research, company reports

Historic profitability

The gross margin has been stable and improving during the last years, with 2020 as an exception. The gross margin contribution has primarily been driven by the product segment reaching estimated margins around 50-60% with larger volumes, and the data & services segment with an even higher gross margin, as it's a service business. The mission's segment has historically been quite soft in terms of profitability, while it has the potential to deliver gross margins up to around 30% in our view, given the high amount of required input for each mission project. Following the strong growth in the last years while seeing a more modest increase in costs, a healthy improvement in OPEX/Revenues has been recorded. AAC has managed to scale up its business to profitability quite rapidly over the last three years. In terms of EBITDA per segment, Products represents most of the profitability, while the missions' segments continue to struggle with a likely negative contribution post eliminations. Prior to 2023, the company reported EBITDA contribution per subsidiary rather than segment, explaining why we only see 2023-2024 figures below.

AAC Clyde Space: EBITDA margin per segment



Source: Redeye Research, company reports

D&A

The Data & Services segment's EBITDA is also partly boosted by capitalization of its investments into its own constellations. The company's capitalizations of work for its own use and tangibles are written off yearly, while goodwill and brands face regular impairment tests. In this case, a fairer comparison of the margin and services would be EBIT (if the company won't be financing its constellations through debt, in that case, we would view EBT as a fair measurement for returns for the segment but will continue to work with EBITDA for now.

Financial Targets and Guidance

In 2020, the company outlined financial ambitions to grow its revenues from SEK100m to SEK500m by 2024 and to 2.2bn by 2030. Moreover, the target was to shift its revenue streams from the balance of around ~70% Missions and ~30% Products to Products ~40%, Missions ~30%, Advanced sensors ~15% and Space Data as a service ~10%. Advanced sensors refer to the Omnisys acquisition at the time. The company also targeted to grow its Space Data as a Service contracts to around SEK100m by 2024. In hindsight, AAC Clyde Space ended up with revenues around SEK350m in 2024, below its ambitions. Moreover, its 2024 Data & Services revenues amounted to SEK45m, falling short of its target. However, AAC still delivered solid nominal growth overall, delivering a revenue CAGR of 36% between 2020 and 2024.

Current financial targets

For 2025, AAC previously targeted annual double-digit net sales growth, profitable EBITDA, and positive cash flow from operations. In November, the company adjusted its guidance based on timing effects on the current programme and order intake. Primarily, it was a delay in the SKAO project, pushing revenues of SEK30m from 2025 to 2026 and the decision process for EPS Sterna. It's worth noting that the delay is represented by external effects outside of the company's own hands. The company had plans to present a long-term outlook in Q3'25, but has decided to postpone the targets.

Revised guidance in November 2025

- Net sales -10% for full year 2025
- Positive EBITDA for full year 2025 is expected to be met
- Positive cash flow for full year 2025 is not expected to be met

Some words on long-term potential

The CEO has also expressed his view on the future potential, where, in 2030, ~50% of revenues could be generated from Data & Services. Profitability-wise, in the long term, being able to reach margins around 15-20% driven by the solid profitability in Data & Services. Moreover, in previous presentations, the company has stated a net hardware margin of around 10-15% and a Data & Services net margin of around 30-40%. This has been stated to highlight the future potential and not as guidance.

Financial forecast

Products & Missions

Trying to estimate future revenues based on press-released orders is not easy, as we find that they only make up for a smaller share of reported revenue historically, with some possible exceptions where very significant orders are communicated, as in Q4'23 and Q1'24 with SKA and LusoSpace order. They are, however, often distributed between several quarters or years. As such, we find it most relevant to track larger order developments and conversion of the order book as the primary forecasting method.

Today, AAC Clyde Space holds a market share somewhere around 5-10% based on our estimated addressable market. Given the company's solid market position with an established flight heritage that offers reliability, we expect a healthy growth of around 12-14% for the coming years. The growth is backed by the industry tailwinds as space is becoming more accessible and commercially viable, sparred by the underlying market growth of around 9-30% based on different reports and subsegments in the satellite market. We find the company's primary strength within Products relative to Missions will remain in the foreseeable future, providing a solid but somewhat volatile, growing revenue base over time. The company emphasizes that it has a strong pipeline for the segment in the Q3 2025 presentation. Overall, there is a relatively large forecasting uncertainty as many of the significant orders are project-based and have a relatively large impact on revenues.

Large Considerations

- SKA Observatory
  In December 2023, Omnisys signed an SEK137m contract to build 80 high-performance radio astronomy receivers for the SKA Observatory with successive delivery until Q1 2027. Without any further indications, we make an even distribution of around SEK11m per quarter, or 44m per year. In November, the company communicated that around SEK30m of the expected revenues have been pushed from 2024 into 2025.

- EPS Sterna
  Procurement of 20 satellites has been publicly stated, with OHB as prime to deliver weather satellites to the Arctic Weather Satellite Programme. Omnisys is set to provide the payload and AAC core subsystems, as we understand. The target for the programme is to launch six satellites by 2029 and grow to 20 satellites by 2042. The total value of the project for AAC has been stated to be upwards of EUR60m, then equaling ~EUR3m per satellite. The first decision to start the programme was expected in the H2'25, now delayed into 2026, with current expected decisions in Q1. We understand that there is a delay related to political discussions amongst the financing countries; in this case, France has not yet followed through on the project. Due to the uncertainty and the relatively large impact (~SEK180m for the first six) we have chosen not to include the project in our current financial forecast. With that said, we still find it likely that the deal will come through given the recent development. We expect a program decision around December 2025, and currently estimate that revenues will start to impact in 2027-2028 figures.

Data & Services

The company started to report Data & Services revenues in 2023 following the restructuring of reporting segments. Entering 2023, the company only had a few previous satellites in orbit from its SpaceQuest acquisition, likely operating with relatively lower revenues than the newly launched and upcoming satellites. The income primarily stems from its Epic-hyper EO constellation launched in 2023, with Wyvern as the exclusive customer, paying SEK100m over four years, i.e., SEK25m per year. Assuming an even distribution over four years and a fully operational constellation in 2024, the customer represented 25m (55%) of the reported 45m revenues for the segment. Data & Services is the key growth segment for the AAC going forward, and we forecast a growth of around ~30% for the coming years. The growth is driven by additional satellite launches from Sedna satellites and the upcoming VIREON constellation, as well as adding additional customers to increase average revenue per satellite. To model growth in the segment, we estimate the number of operational satellites and average revenue per satellite. There is a relatively high forecast uncertainty even in this segment, which depends on customer uptake and launch schedules, to mention some factors.

Number of operational satellites

Currently, the company has nine operational satellites generating revenues. In terms of growing its constellations, we have placed our estimates in line with the company's overall launch plans, expecting AAC to add another four satellites in the coming year. We have not included the INFLECION program yet, which amounts to around 12-15 satellites, as it's currently in the development phase and lacks financing. Moreover, the company currently operates two AIS satellites, AprizeSat, which operate closer to the end of life but still seem to be working fine. We keep them in the forecast until the decommissioning decision, and it's possible that the new Sedna satellite can take over some of the data.

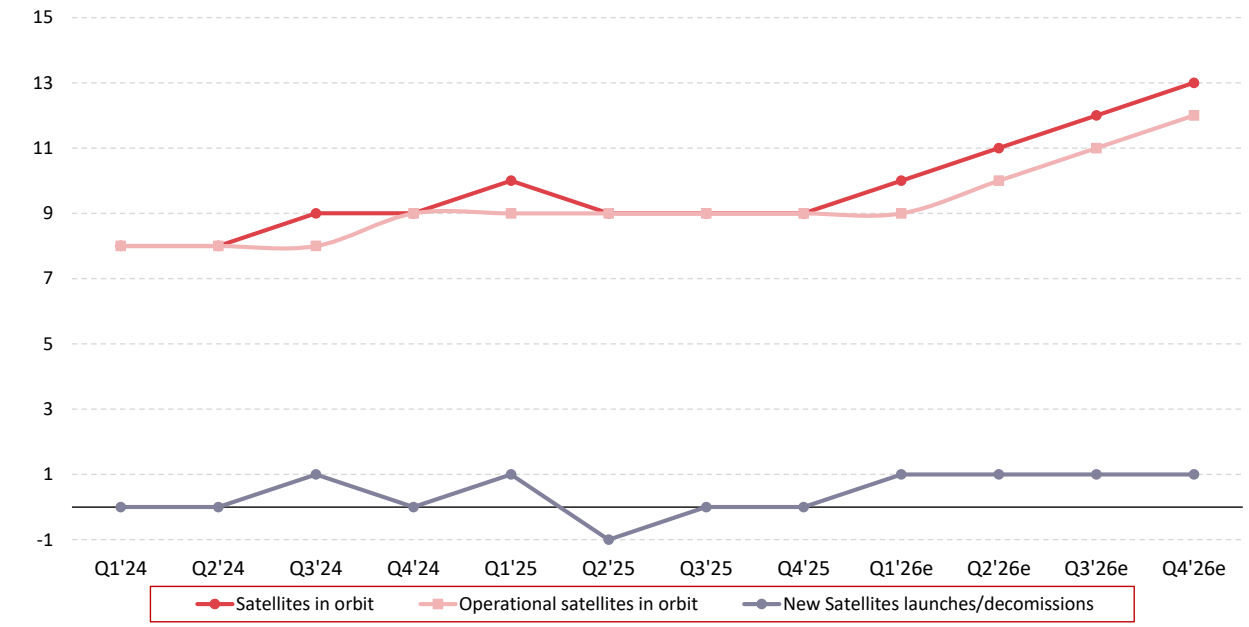
Data & Services: Satellites

Name	Application	Launched^	Yrs in Orbit
AprizeSat-8	Maritime-AIS	Q4'13	12
AprizeSat-10	Maritime-AIS	Q2'14	11
Thea	Experimental-spectrum servey payload+AIS	Q4'18	7
EPICHyper-1 / Dragonette-001	Hyperspectral Imaging/Earth Observation	Q1'23	2
EPICHyper-2 / Dragonette-002	Hyperspectral Imaging/Earth Observation	Q2'23	2
Ymir-1	Maritime-VDES	Q4'23	2
EPICHyper-3 / Dragonette-003	Hyperspectral Imaging/Earth Observation	Q4'23	2
Sedna-1	Maritime-AIS	Q3'24	1
Sedna-2	Maritime-AIS	Q1'25	0
Vireon-1	Earth Observation	Q1'26e	Assembly
Vireon-2	Earth Observation	Q2'26e	Assembly
Vireon-3	Earth Observation	Q3'26e	Planned
Vireon-4	Earth Observation	Q4'26e	Planned
Inflecion 1 to ~15	Maritime Domain Awareness	~'28	Development

Source: Company communication & Redeye estimates

The general lead times are around 3-6 months to get a satellite from launch into operation, so we estimate that a satellite will be operational in the quarter following the planned launch. This could likely be somewhat optimistic, especially for the first satellite in each constellation, but fairly accurate for adding additional satellites to an existing constellation.

AAC Clyde Space: Number of satellites



Source: Company communication & Redeye estimates

Revenue potential per satellite

The revenue distribution per satellite of current constellations is not known, but talking with management, we find that the distribution between the satellites is relatively even, except for the EPIC-Hyper constellation that has an exclusivity agreement with Wyvern, generating around 25m in revenues. For forecasting purposes, we have tried to estimate the average revenue per satellite as a proxy to get a reference for the potential of current and future constellations. The figures are not precise as we have some gaps in the data, but they could indicate some guidance on potential. In the case of AAC, we have a reference from AAC's customer Wyvern, which contracted SEK8.3m per satellite and year in the SEK100m deal, for exclusivity. We also use Spire's multi-purpose constellation of 186 satellites that generated an average of USD0.6m per satellite in 2024 and around USD0.6m for 2022-2023. We also use the larger competitor PlanetLabs, which has an average revenue per satellite amounting to around USD1.1-1.5 million, depending on which source and satellite base you use. We also incorporate the competitor Kneis's stated 2026 target that implies an avg. of SEK9.2m.

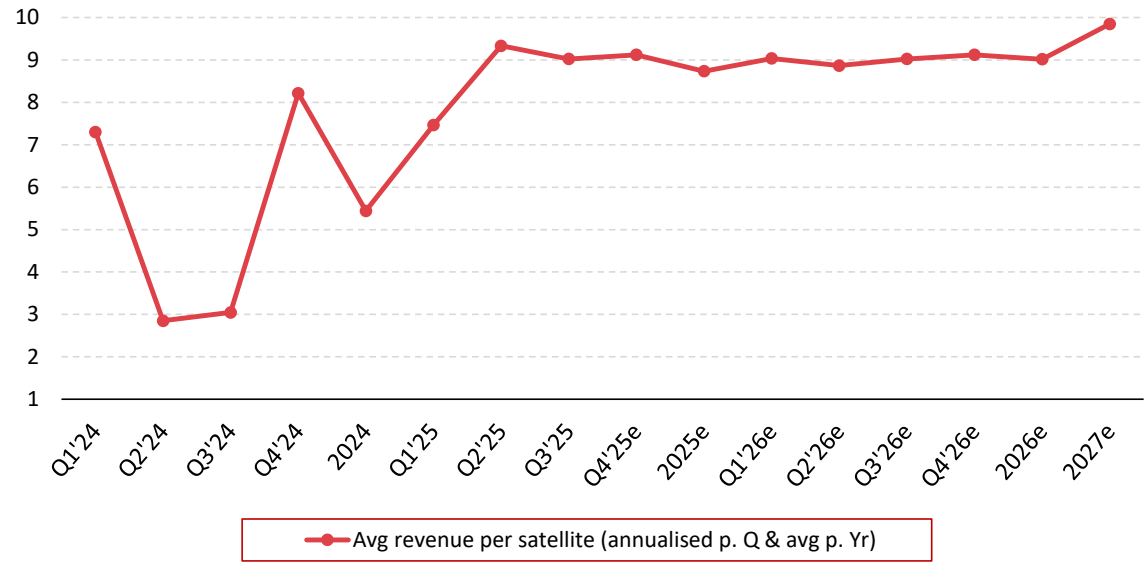
Peer data: Revenue per satellite

Company	avg. revenue per satellite
AAC/EPIC Hyper, Wyvern exclusivity	SEK8.3m
Spire 2023-2024 (pre-AIS divestment)	~SEK5.7-6.0m
PlanetLabs 2024	~SEK11-15m
Kinéis 2026 Projection	~SEK9m
Average	***SEK9.2m***

Source: Redeye Research, Company communication

Going forward, we estimate a general uptrend in average revenue per satellite, upwards of around 10m in 2027. We expect the launch of new, more capable satellites to enable an increased average revenue per satellite going forward. In the near term, the average is somewhat impacted by the initial start-up phase and stepwise customer onboarding. Hence, revenue growth will be lagging behind launches in our forecast.

AAC Clyde Space: Average revenue per satellite



Source: Redeye estimates

Investments and returns

The company have not communicated any specific cost per satellite in the coming launches for its Data and services segment, but overall, it's relatively cheap as it can produce satellites with its own hardware and competence from its Products & Missions segment. To give an indication, we can use the INFLECION figures, with a project value of ~SEK350m for 12-15 satellites, which indicates an average investment of SEK23-29m per satellite. This should, however, be seen as the total project cost and not the cost per satellite. In this case, the project is 50% funded by government programs, indicating an investment from AAC of around SEK11.5-14.5m per satellite, with an additional optionality to bring in additional financing partners.

In general, we find it fair to say that the payback on the initial investment is around two to three years (aligning with company communication), expecting an investment of around 12-15m (production and launch cost) per satellite and the average revenue per satellite and year of 7-9m.

The ROI will vary between constellations and will be dependent on factors such as satellite investment, contracted revenues, operational costs, and satellite lifetime. The stated lifetime is five years, while it's likely that each satellite would operate longer than that. The operating costs are limited once the initial investment is made and are likely to have a significant gross contribution. The company has not stated any ROI figures, but we make a simple example to get an indication. Assuming around 13m investment, 9.2m yearly revenue (Wyvern), 90% gross contribution, five years lifetime (once operational), would imply a return per satellite around 20-25m or ROI of almost 200% over a five-year period (undiscounted), or an IRR of ~50% if applying a 10% discount rate (before overhead). Overall, given that the company can secure a healthy amount of contracted revenues for each constellation, it will yield attractive returns.

Profitability

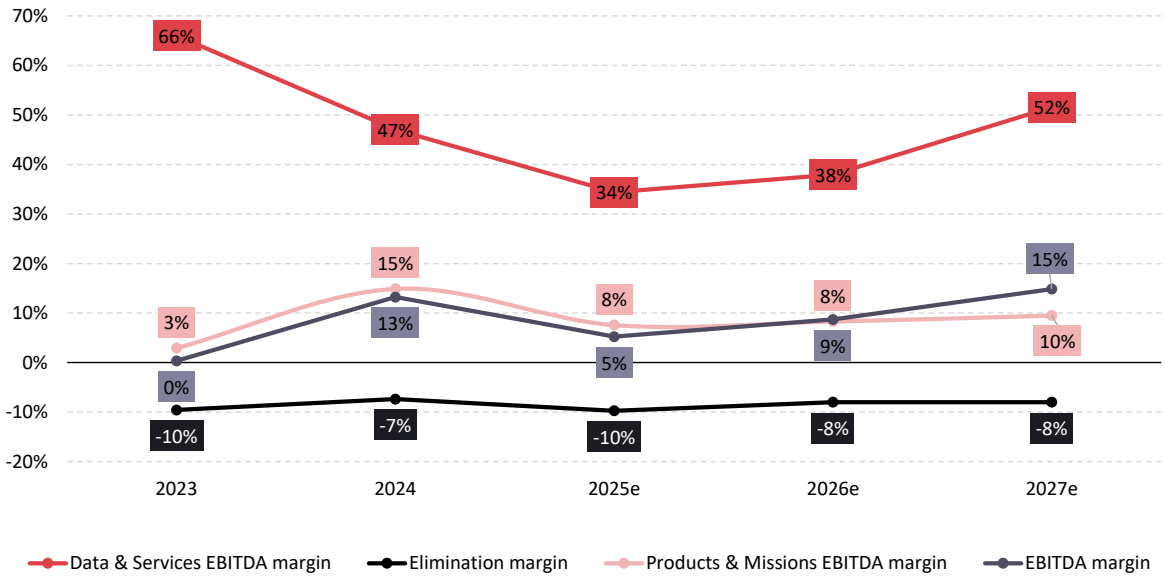
We find AAC well-positioned for future cost-efficient growth as a lot of investments in technology and production facilities have been made in the past, while the company can now benefit from its technology advancements both within Products & Missions and Data & Services. Going forward, we expect the Data & Services segment to drive profitable growth and expand the group's margins.

Profitability for Products & Missions - we see that Products have the potential for gross margins around 50-60% while seeing the potential within Missions around 30% which require significantly more man-hours. In net margin, we argue that the Product & Missions could reach around 10-15%, primarily driven by Products. Likely, missions are going to continue to have relatively low profitability due to their relatively challenging nature. As such, we expect Products to have a relatively stable profitability ahead, somewhat increasing by higher volumes, while we expect limited profitability contribution from Missions ahead. Mission's profitability could, however, be improved if the company manages to grow in larger volumes and increase repeatability in similar deals. All in all, we expect a gradual margin improvement going forward as the company becomes more margin-focused in this segment, while benefiting from a higher degree of capacity utilization. In the medium term, we expect an EBITDA margin of around 10% for the segment.

Profitability for Data & Services - As the company can produce Satellites relatively cheaply based on its own technology, and with limited operational costs once a constellation is launched, we expect the Data & Services segment to be the key profitability driver for AAC going forward. We expect the segment to gradually improve its profitability ahead, driven by the launch of new, increasingly capable satellites and an increased revenue per satellite. We expect the company to reach above 50% EBITDA margin contribution already in 2027e.

OPEX - In Q3'25, the company streamlined operations with fewer staff in Products and Missions following a softer order intake for Missions. We expect these effects to be temporary and see a general trend of growing OPEX as the company expands its business. Anyhow, there is operational leverage, especially in the Data & Services segment, some within Products, and less within Missions

AAC Clyde Space: Profitability



Source: Redeye Research, company reports

AAC Clyde Space - Base case scenario																	
SEKm	**2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**	**Q4 2024**	**2024**	**Q1 2025**	**Q2 2025**	**Q3 2025**	**Q4 2025e**	**2025e**	**Q1 2026e**	**Q2 2026e**	**Q3 2026e**	**Q4 2026e**	**2026e**	**2027e**
Net sales	**277**	**71**	**54**	**85**	**143**	**353**	**74**	**74**	**76**	**94**	**318**	**90**	**85**	**89**	**105**	**368**	**432**
Other operating income & Capitalisations	49	26	10	10	10	56	21	8	7	8	44	9	9	9	9	36	36
Revenues	**325**	**97**	**64**	**95**	**153**	**409**	**95**	**82**	**83**	**102**	**362**	**99**	**94**	**98**	**114**	**404**	**468**
Products & Missions	266	68	56	87	135	346	65	61	63	81	270	79	71	72	85	307	344
Data & Services	30	15	6	6	18	45	17	21	20	21	79	20	22	25	27	95	128
Eliminations	-19	-11	-8	-8	-11	-38	-8	-8	-7	-8	-31	-10	-8	-8	-8	-34	-40
Raw materials and subcontractors	-105	-31	-21	-24	-52	-128	-23	-16	-26	-28	-93	-27	-24	-25	-31	-107	-110
Personnel costs	-163	-42	-45	-41	-51	-179	-48	-49	-46	-54	-198	-52	-49	-52	-61	-213	-240
Other external expenses	-45	-10	-11	-10	-15	-46	-10	-11	-10	-15	-46	-13	-10	-11	-13	-46	-48
Other operating expenses	-11	-1	-3	-3	-2	-9	-2	-2	-1	-3	-9	-2	-4	-2	2	-6	-6
EBITDA	**1**	**13**	**-16**	**17**	**33**	**47**	**12**	**3**	**0**	**1**	**17**	**5**	**7**	**9**	**11**	**32**	**64**
D&A	-38	-17	-11	-11	-13	-51	-14	-14	-14	-15	-57	-15	-14	-15	-17	-61	-61
EBIT	**-37**	**-4**	**-27**	**7**	**20**	**-4**	**-3**	**-11**	**-14**	**-14**	**-41**	**-10**	**-7**	**-5**	**-6**	**-29**	**4**
Net financials	-4	0	-1	1	-2	-1	-9	-6	-1	-1	-17	-2	-2	-2	-2	-8	-10
Income tax	-1	0	1	0	-1	0	2	0	1	0	3	0	0	0	0	0	0
Net Income	-42	-3	-27	8	17	-6	-10	-16	-14	-15	-55	-12	-9	-7	-8	-37	-6
Net sales growth y/y	41%	-3%	-29%	51%	102%	28%	4%	37%	-10%	-34%	-10%	21%	15%	17%	12%	16%	17%
Products & Missions growth y/y	-	-9%	-26%	56%	128%	30%	-4%	8%	-28%	-40%	-22%	22%	16%	15%	5%	14%	12%
Data & Services growth y/y	-	223%	25%	27%	17%	51%	15%	268%	233%	11%	75%	21%	6%	22%	33%	20%	35%
EBITDA margin	0%	18%	-31%	21%	23%	13%	16%	4%	1%	1%	5%	5%	8%	10%	11%	9%	15%
EBIT margin	-13%	-5%	-51%	8%	14%	-1%	-3%	-15%	-18%	-15%	-13%	-11%	-9%	-6%	-6%	-8%	1%
Products & Missions - EBITDA margin	3%	7%	-17%	26%	25%	15%	24%	-6%	6%	6%	8%	8%	8%	9%	9%	8%	10%
Data & Services - EBITDA margin	66%	92%	-16%	14%	41%	47%	20%	63%	24%	28%	34%	28%	35%	41%	45%	38%	52%
Elimination margin	-10%	-7%	-12%	-6%	-6%	-7%	-9%	-9%	-11%	-10%	-10%	-8%	-8%	-8%	-8%	-8%	-8%
Data & Services metrics																	
nb. of satellites in orbit end of p.	-	8	8	9	9	0	10	9	9	9	9	10	11	12	13	13	13
nb. of operational satellites in orbit avg	6	8	8	8	9	8	9	9	9	9	9	9	10	11	12	11	13
Net launches/decomissions	-	0	0	1	0	0	1	-1	0	0	0	1	1	1	1	0	0
Revenue per satellite avg	4,7	1,8	0,7	0,8	2,1	5,4	1,9	2,3	2,3	2,3	8,7	2,3	2,2	2,3	2,3	9,0	9,8
Revenue per satellite chng. y/y	-	-	-	-	-	15%	2%	227%	196%	11%	61%	21%	-5%	0%	0%	3%	2%

Source: Redeye Research

Balance sheet

The company has a long history of innovation and investments into R&D, which is a natural part of this industry. Going forward, we expect investments to continue even if much progress has been achieved technology-wise, R&D will remain important. It's encouraging that grants and co-financing remain a relatively large financier of the company's technology. Most notably, investments into own constellations will continue going forward, following the AAC's primary focus on Data & Services. Today, its primary assets are intangibles, which are largely represented by goodwill ~500m, followed by capitalized development costs of around 80m by the end of Q3 2025. The relatively large set of intangibles stems from the acquisitions made through the years, which in some cases are denominated in other currencies that might vary from time to time. The company's capitalizations of work for its own use and tangibles are written off yearly, while goodwill and brands face regular impairment tests. Besides these effects, the balance sheet is relatively clean with around SEK20m in short-term debt financing at fair financing terms. The company's net cash position currently amounts to around 21m at the end of Q3, with additional debt available to partly finance upcoming investments. The company has not yet secured financing for its upcoming INFLECION constellation, which is expected to be co-financed through ESA programs and potentially additional partners.

AAC Clyde Space - Balance sheet

SEKm	2020	2021	2023	2024	2025e	2026e	2027e
Current Assets							
Inventories	13	13	22	22	25	37	39
Accounts Receivable	9	23	24	55	32	37	39
Other Current Assets	28	67	87	47	64	74	65
Cash & Equivalents	62	96	60	50	12	27	50
Total Current Assets	**113**	**199**	**192**	**173**	**133**	**174**	**192**
Non-current Assets							
Intangible Assets	494	640	673	733	651	616	582
Property, Plant & Equipment, Net	29	41	74	70	96	122	147
Right-of-Use Assets	0	0	0	12	24	24	24
Total Non-Current Assets	523	681	746	815	771	761	753
Total Assets	636	880	938	989	904	936	945
Shareholder's Equity	558	679	663	703	661	625	618
Non-Controlling Interest	0	0	0	0	0	0	0
Current Liabilities							
Short-Term Debt	0	0	0	9	35	75	75
Accounts Payable	16	26	36	52	32	50	58
Short-Term Lease Liabilities	0	0	0	7	6	6	6
Advances From Customers	0	0	0	98	66	66	66
Other Current Liabilities	44	105	213	41	32	42	50
Prepaid Income and accured expen	0	0	0	53	38	38	38
Total Current Liabilities	**60**	**132**	**249**	**260**	**209**	**277**	**293**
Non-current Liabilities							
Long-Term Debt	0	0	0	0	0	0	0
Long-Term Lease Liabilities	9	10	10	5	17	17	17
Other Long-Term Liabilities	10	60	16	20	16	16	16
Total Non-current Liabilities	**19**	**70**	**26**	**26**	**33**	**33**	**33**
Total Liabilities & Equity	636	880	938	989	904	936	945

Valuation

We primarily base our valuation on a traditional DCF model. Based on our financial forecast shown above, for the coming years, in addition to our assumptions below, we arrive at an enterprise value of SEK 660m.

Based on our DCF valuation, we argue for base case valuation per share of SEK115kr indicating an upside of around ~40% to current trading.

The main assumptions include:

- Growth CAGR of 11% (2024-2029e) followed by 10% (2029e-2039e), driven by the growth opportunities described above. Terminal growth of 2%.
- Followed by a gradual margin improvement ahead, by economies of scale for Products & Missions, but primarily through growth in the Data & Services segment. Reaching an average EBITDA margin of 19% for 2024-2034, with a peak at 24%, while we model with a lower terminal EBITDA margin of 20%.
- WACC of 12% and corporate tax of 21%.

AAC Clyde Space: Base case valuation

Assumptions		**DCF**	**SEKm**	**Per share**
Tax rate	*21%*	2025e - 2029e	8.5	1.5
WACC	*12%*	2030e - 2039e	379.1	66.1
Shares outstanding	5.7	Terminal	269.4	47.0
Sales CAGR 2024 - 2029e	*11%*	Net cash	1.2	0.2
Sales CAGR 2029e - 2039e	*10%*			
Avg.EBITDA margin 25e -39e	*19%*			
Terminal value assumptions		**Base case**		**115**
Group sales	1 601	*Upside potential*		*40%*
Terminal growth	*2%*			
EBITDA margin	*20%*			

Source: Redeye research (estimates)

Scenario overview

In practice, there is a range of potential outcomes for the next 5-10 years, which is relatively wide, mainly impacted by the company's ability to grow substantially, while remaining cost-efficient, and securing financing for future constellations. Our scenarios do not include any future share issues or M&A, which may be the case.

Bear case scenario – SEK68 per share

In our bear-case scenario, AAC continues to grow but at a lower rate due to higher competition in both Products & Missions and Data & Services. It also faces a lower operational efficiency in its Missions business, and lower capacity utilization and Data & services, leading to lower profitability during the forecast period. Still, the company achieves a terminal EBITDA margin of 13%.

Bull case scenario – SEK160 per share

In this scenario, the company delivers an increasingly strong growth over the coming years. Partly, driven by healthy Products & Missions growth, and foremost by Data & Services, where the company manifests a solid market position within EO and Maritime Surveillance. Our bull case includes a successful scale-up with new constellations such as INFLECION, and additionally, with a strong degree of capacity utilization during the forecasting period. The higher levels of revenue will allow for even higher margins with a terminal EBITDA margin of 25%.

AAC Clyde Space: Scenario overview

Base Case	
Sales CAGR 2024 - 2029e	11%
Sales CAGR 2029e - 2039e	10%
Terminal growth	2%
Average EBITDA margin 2025e - 2039e	19%
Average EBIT margin 2025e - 2039e	9%

	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
Net sales	318	368	432	511	600	701	819	940	1062
Sales growth - YoY	-10%	16%	17%	18%	17%	17%	17%	15%	13%
EBITDA	19	35	70	101	133	170	189	210	229
EBITDA margin	6%	10%	16%	20%	22%	24%	23%	22%	22%
EBIT	-41	-29	4	28	54	78	131	143	154
EBIT margin	-13%	-8%	1%	6%	9%	11%	16%	15%	14%

Bull case	
Sales CAGR 2024 - 2029e	19%
Sales CAGR 2029e - 2039e	15%
Terminal growth	2%
Average EBITDA margin 2025e - 2039e	23%
Average EBIT margin 2025e - 2039e	16%

	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
Net sales	318	416	530	679	851	1063	1327	1627	1960
Sales growth - YoY	-10%	31%	27%	28%	25%	25%	25%	23%	20%
EBITDA	17	57	105	160	221	299	373	445	521
EBITDA margin	5%	14%	20%	24%	26%	28%	28%	27%	27%
EBIT	-6	28	68	112	162	225	281	331	384
EBIT margin	-2%	7%	13%	17%	19%	21%	21%	20%	20%

Bear case	
Sales CAGR 2024 - 2029e	7%
Sales CAGR 2029e - 2039e	7%
Terminal growth	2%
Average EBITDA margin 2025e - 2039e	14%
Average EBIT margin 2025e - 2039e	7%

	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
Net sales	318	352	396	448	504	563	630	694	752
Sales growth - YoY	-10%	11%	12%	13%	12%	12%	12%	10%	8%
EBITDA	17	20	47	61	76	97	108	115	121
EBITDA margin	5%	6%	12%	14%	15%	17%	17%	17%	16%
EBIT	-4	-3	21	32	43	60	67	70	72
EBIT margin	-1%	-1%	5%	7%	8%	11%	11%	10%	10%

Source: Redeye Research

Peer valuation

In our peer valuation, we have made two peer tables, both including the Nordic peers that often can be more comparable in terms of multiples, but also some US-listed peers that can be considered competitors or operate in the same industry. In the Nordic peer table, we include GomSpace, Ovzon, and Kebni. GomSpace, based on that, is a direct competitor to AAC, Ovzon as it's somewhat comparable to Data & Services. We have also included Kebni, which is a peer in terms of a fast-growing, small hardware technology company, offering sensor solutions to industrial and defense customers. Unibap is another satellite-related company listed in Sweden that currently lacks analyst estimates and, hence, has been excluded. We have also used a mix of US peers with different niches within the industry, ranging from technology to service providers. In practice, we do not argue that they are compatible to compare valuation-wise with their Nordic peers. Partly because valuation multiples often differ quite widely on tech companies, especially smaller ones. Planet Labs and Spire are likely the companies most comparable to AAC, amongst its US peers, to Data & Services and MDA Space for Missions.

AAC Clyde Space: peers

		EV/Revenues			EV/EBITDA			Rev. CAGR	Rev. CAGR	EBITDA margin		
Nordic Peers	**EV (MSEK)**	**2024**	**2025e**	**2026e**	**2024**	**2025e**	**2026e**	**L3Y**	**N3Y**	**2024**	**2025e**	**2026e**
GomSpace	2 722	2,4x	6,2x	4,8x	neg.	58x	33x	6%	40%	neg.	11%	15%
Ovzon	3 827	7,7x	5,5x	4,3x	n.m	15x	11x	20%	40%	0%	36%	41%
Kebni	457	2,2x	3,0x	2,2x	29x	21x	16x	93%	24%	8%	15%	14%
Median	2 722	2,4x	5,5x	4,3x	2x	21x	16x	20%	40%	0%	15%	15%
Average	**2 335**	**4,1x**	**4,9x**	**3,8x**	**1x**	**31x**	**20x**	**40%**	**34%**	**neg.**	**21%**	**23%**
AAC Clyde Space	470	0,6x	1,4x	1,3x	5x	27x	15x	25%	5%	13%	5%	8%
Delta to average Nordic		*645%*	*252%*	*189%*	*n.m*	*0x*	*0x*					
US Peers												
Globalstar, Inc	75 720	16,7x	29,3x	26,6x	31x	62x	56x	32%	7%	52%	54%	47%
MDA Space	22 225	3,8x	2,0x	1,8x	19x	10x	9x	29%	21%	22%	20%	20%
Planet Labs	31 764	7,0x	11,8x	9,7x	neg.	neg.	162x	26%	19%	neg.	neg.	neg.
SES SA	39 974	1,5x	1,3x	1,1x	3x	3x	2x	5%	17%	50%	51%	47%
Spire Global Inc.	1 555	4,3x	1,8x	1,8x	neg.	neg.	neg.	38%	n.a.	neg.	neg.	neg.
Rocket Lab USA	208 571	29,9x	36,6x	24,9x	neg.	neg.	2754x	99%	35%	neg.	neg.	neg.
Median	35 869	5,7x	6,9x	5,8x	neg.	neg.	33x	30%	19%	6%	8%	10%
Average	**63 301**	**10,5x**	**13,8x**	**11,0x**	**neg.**	**neg.**	**492x**	**38%**	**16%**	**9%**	**14%**	**11%**

Source: Factset & Redeye est.

Based on our peer valuation, AAC trades at a discount to its peer group based on EV/Revenue multiples. AAC's revenue CAGR for the last three years (L3Y) of 25% has been above its peer group median. AAC revenues could be seen as more attractive, with a more recurring nature, with potential for a higher margin than general hardware. Partly, AAC's lower valuation today could be explained by its smaller size and fragmented shareholder base. Its revenue CAGR for the next three years, N3Y, is negatively impacted by the flattish growth expected in 2025. AAC trades at 15x EBITDA for 2026, which is somewhat below its peer group average and median. A full EBITDA comparison would not be fair, as capitalizations of its own investments boost AAC's EBITDA figures. As such, a peer comparison is a relatively blunt measure.

By looking at the US peers, they are relatively higher priced (with some data gaps), which is not uncommon. We think they offer some indication, at least, to the margin potential for a services-focused business around ~50%, which AAC could reach for its service business, likely would reward the company with multiples higher than the average Nordic peers.

Valuation peers

We mentioned some peers in the competitive section, such as GomSpace, Spire, and Rocket Labs. Below is a short intro to the other companies used for valuation purposes.

Ovzon

Ovzon offers world-leading integrated mobile satellite communications services, SATCOM-as-a-Service, to customers globally. The services combine high-throughput satellite networks, mobile satellite terminals, gateway services, and dedicated customer support. Ovzon's offerings meet the growing demand for mission-critical connectivity for customers with high-performance, mobility, and resiliency requirements, such as Defense, National security, and Public safety. In January 2024, Ovzon's proprietary geostationary satellite Ovzon 3 was successfully launched from Cape Canaveral,

Kebni

A Swedish company specializing in advanced satellite communication (Satcom) and inertial sensing solutions. It provides stabilized antennas for mobile satellite communication and high-precision inertial measurement units (IMUs) used in defense, maritime, and industrial applications. With a focus on reliability and innovation, Kebni serves global customers, including governments, defense organizations, and commercial enterprises, benefiting from growing demand in security, surveillance, and connectivity sectors.

MDA Space

MDA Space is a Canadian space technology company specializing in satellite systems, robotics, and geointelligence. It is known for developing cutting-edge space solutions, including satellite communications, Earth observation, and space robotics, such as the Canadarm used on the Space Shuttle and International Space Station. Serving government, defense, and commercial sectors, MDA plays a key role in advancing global space exploration, satellite connectivity, and space-based surveillance.

Globalstar is a global provider of satellite and terrestrial connectivity services, offering two-way voice, data, IoT, and asset-tracking solutions through its Low Earth Orbit (LEO) constellation and licensed terrestrial spectrum. The company supports a wide array of customers — from remote industrial (oil & gas, mining, utilities) and maritime users to government, emergency-response, and individual recreational users — enabling communication where traditional cellular networks don't reach. In 2024, Globalstar hit a record annual revenue of approximately US$ 250.3 million, and in 2025 it's pursuing growth through expansion of its satellite IoT solutions, upgrade of terrestrial networks, and further deployments under its C-3 next-generation satellite program.

SES is a Luxembourg-based communications-satellite operator providing video and data connectivity globally to broadcasters, internet-service providers, mobile and fixed-network operators, governments, and institutions. The company owns and operates over 70 satellites in geostationary (GEO) and medium Earth orbit (MEO), including well-known fleets such as Astra (TV broadcasting) and O3b / O3b mPOWER (data services). In 2025, SES completed the acquisition of Intelsat — a major satellite operator — creating a multi-orbit behemoth. This positions SES to compete more aggressively in broadcasting, broadband, government, and defence communications globally.

Appendix: Additional market insights

What are smallsats?

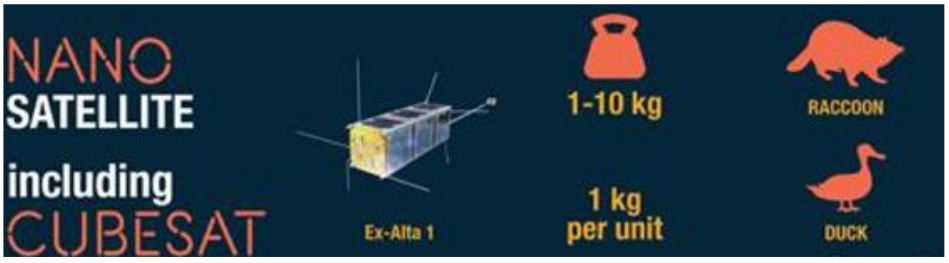
Historically, "smallsats" referred to all satellites weighing less than 500kg. However, as payload and power system requirements have evolved, the definition has expanded to include satellites weighing up to around 1,200kg. In 2014, smallsats accounted for 75% of launched spacecraft, a share that grew to 95% by 2023, mainly driven by communication satellite constellations like Starlink and OneWeb. Within its Missions segment, AAC produces both launch-ready smallsat constellations and individual small satellites (nanosatellites, CubeSats, and microsatellites). Additionally, under its product division, AAC supplies hardware components and "build-it-yourself" kits with its EPIC-platform. These kits allow customers to construct their smallsats using pre-designed components and modules.

Type	Mass	Typical Use Cases	Key Features
Small Satellite	<1,200 kg	Broad (umbrella category)	Includes all subcategories below.
Nano Satellite	1–10 kg	Research, education, testing	Small, light, deployable in groups.
Cube Satellite	<1.33 kg per U	Modular nanosatellite missions	Standardized design, cost-effective.
Micro Satellite	10–200 kg	Earth observation, communication	Larger payloads and functionality.

Source: Redeye research

Nano and cube satellites – the most common in orbit

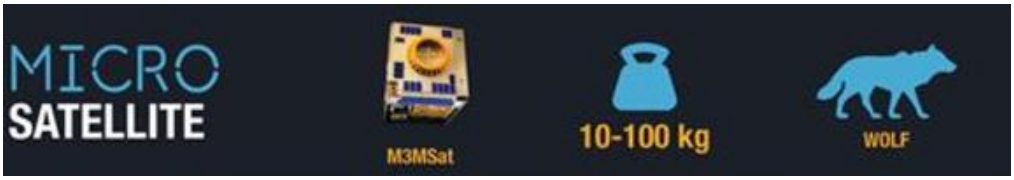
Nanosatellites, especially cube satellites, have the advantage of being modular. Their simpler and more standardized design enables cheaper components to be produced on a larger scale/off the shelf, and faster production. The modularity and flexibility also allow them to incorporate new technology better and customize to each customer's needs. They also have a shorter lifespan of around five years, enabling more commercial construction and reducing the risk of rapid technological development.



Source: Canadian Space Agency (image)

Microsatellites- more power and payload

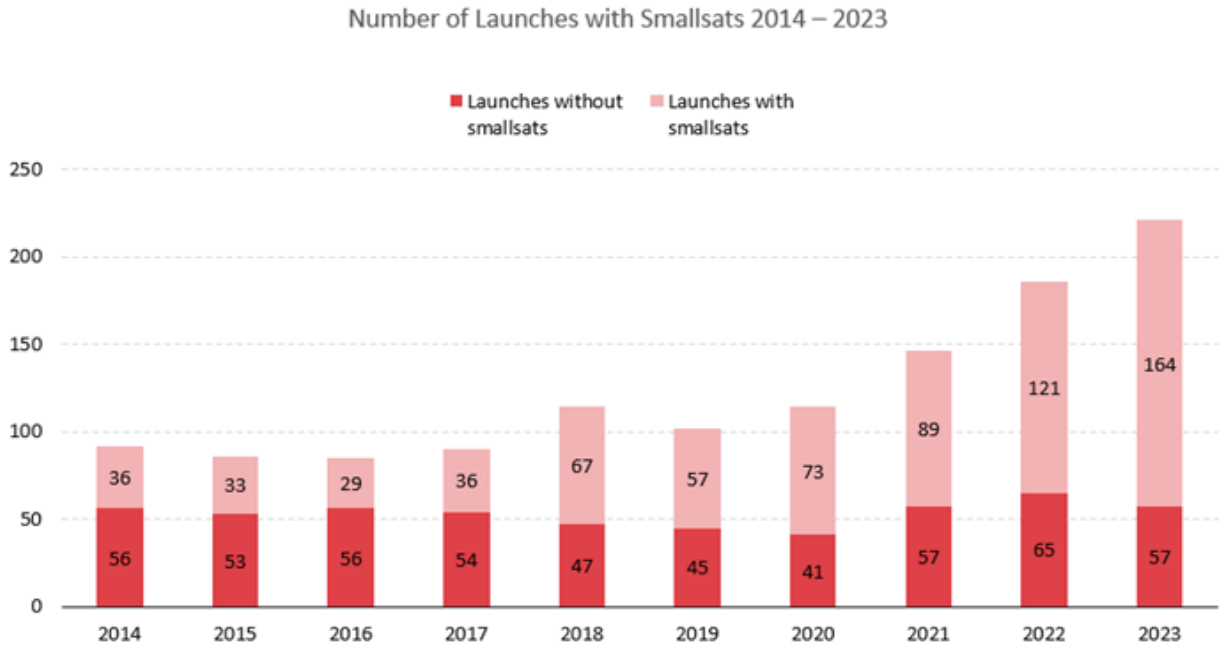
Microsatellites, a newer type of satellite, have emerged as payloads become more advanced and require more power. These smaller satellites, weighing 100 to 1,200 kilograms, are designed for targeted missions like earth observation, communication, and scientific research. They offer a cost-effective alternative to larger satellites and are commonly used in constellations for enhanced coverage and quick deployment.



Source: Canadian Space Agency

Small in size - big impact on the space economy

Smallsats have fundamentally transformed the space economy by reducing costs and lowering market entry barriers for new participants. This has created a new commercial ecosystem, enabling services like global internet connectivity and real-time Earth monitoring. Technological advancements driven by smallsats have also fostered a robust ecosystem, including platform providers, component manufacturers, launch providers, consultants, and ground station operators, accelerating the deployment of new technologies, services, and market applications.[17][18]We anticipate that the smallsat ecosystem will continue driving technological innovation and further expanding the global space economy as entry barriers diminish. AI-driven tools will enable advanced analytics of the vast data collected by smallsats, unlocking new insights and applications across industries.



Source: Redeye research (chart formatting), Bryce Tech (underlying data)

[17] https://www2.deloitte.com/us/en/insights/industry/aerospace-defense/future-of-space-economy.htm
[18] https://newspaceeconomy.ca/2023/04/14/small-satellites-big-impact-sustainability-in-the-space-industry

How are smallsats launched?

With the significant increase in smallsats and expected future growth from planned missions, the demand for smallsat launches is forecasted to continue to rise[19].

Today, launch options for a Smallsat include dedicated launch, traditional rideshare, or multi-mission launches, as described in the launch section below. Regardless of the approach, integration with the launch vehicle is a complex and critical part of the mission. The launch integration process for a primary spacecraft involves the launch service provider, the spacecraft manufacturer, the spacecraft customer, the launch range operator, and occasionally a launch service integration contractor. In multi-mission or rideshare launches, this integration becomes even more complex[20].

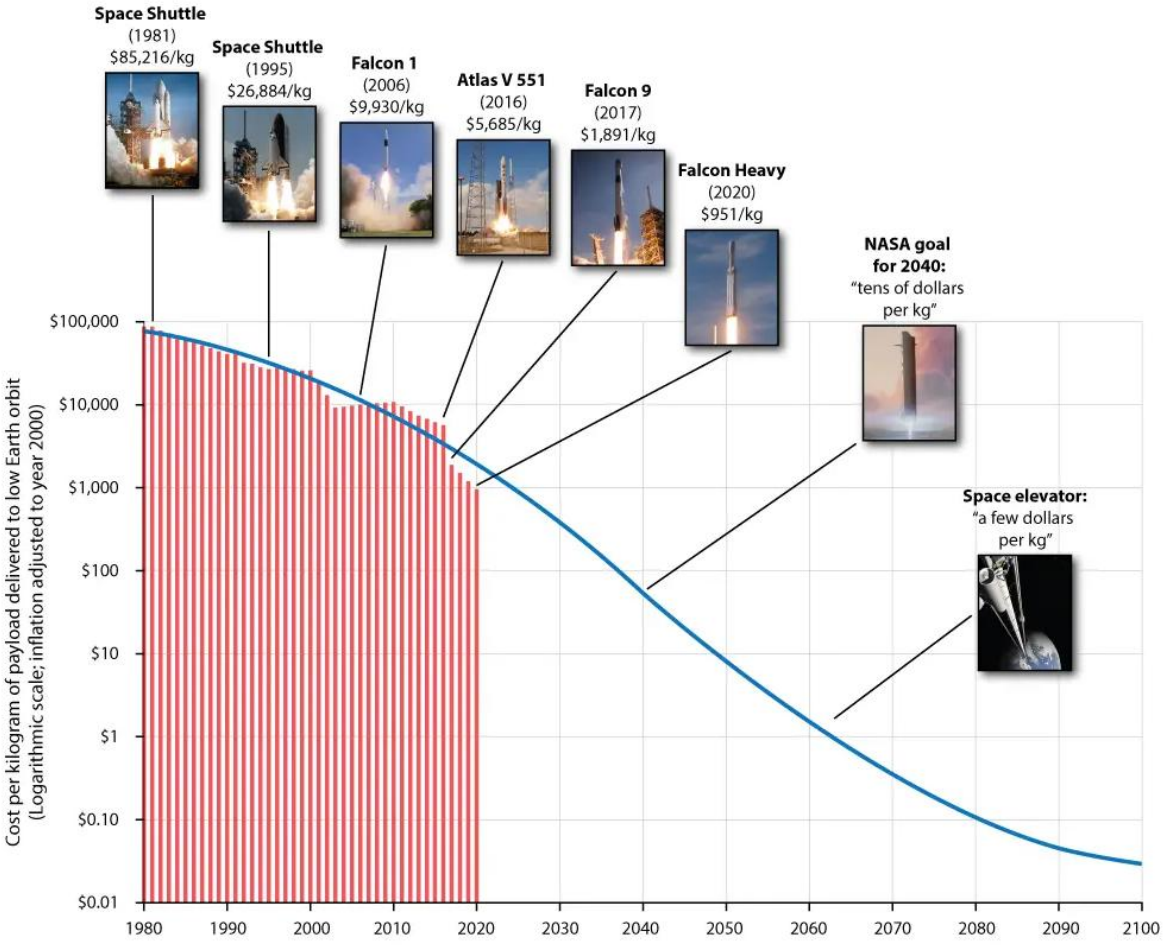
Type of launches

- Dedicated launches for SmallSats offer several advantages, particularly for satellites weighing less than 180 kg. These launches allow SmallSats to have full control over their mission requirements, including launch timing, destination, and special accommodations such as nitrogen purges or late battery charges, which are typically not available in rideshare launches. Dedicated launches provide greater flexibility and mission control, allowing operators to manage risks and ensure mission readiness. However, they tend to be more expensive than rideshare options, which are often shared among multiple satellites.
- Traditional rideshare and piggyback launches utilize the excess capacity of larger rockets to carry small spacecraft as secondary payloads. Programs like NASA's CubeSat Launch Initiative and ESA's "Fly Your Satellite" program provide opportunities for educational and university CubeSats. These secondary spacecraft face limitations, such as depending on the primary mission's schedule. Multi-mission manifest launches are growing in popularity, allowing multiple SmallSats to be deployed to similar altitudes on a single launch.
- Multi-mission manifest launches use launch vehicles to deploy multiple SmallSats to similar altitudes. These launches are becoming more popular, with many providers offering regular missions yearly. Various integrators, including new players in the industry, handle the logistics of managing these missions. Multi-mission manifest launches enable the deployment of many satellites on a single launch.

[19] Bryce and Space Technolgy "Smallsatsby the Numbers 2024"
[20] https://www.nasa.gov/smallsat-institute/sst-soa/integration-launch-and-deployment/

Lower barriers to enter space with a sharp decline in launch costs

The space economy is becoming more accessible and affordable as historical barriers to entry are reduced through innovations like reusable rockets, 3D-printed parts, and novel launch systems[21]. Emerging technologies, such as shuttle-like vehicles with horizontal takeoff and landing capabilities, promise to democratize space access further, even for nations without spaceports. The cost of heavy launches to low-Earth orbit (LEO) has dropped from $65,000 per kilogram to $1,500 per kilogram—a decrease of over 95%[22]. Further, NASA has set a long-term goal to make low Earth orbit (LEO) accessible for tens of dollars per kilogram by 2040. The agency has also considered the potential impact of a space elevator, which could further reduce this cost to just a few dollars per kilogram, requiring about 15 years to build[23]. Today, launch costs represent 20% of the total costs for a small satellite, which has decreased several times compared to 5-10 years ago. The graph below illustrates the decreasing costs of launching people and cargo into space. The figures shown, adjusted for inflation, represent U.S. launch vehicles delivering 1 kg (2.2 lb) to low Earth orbit (LEO).

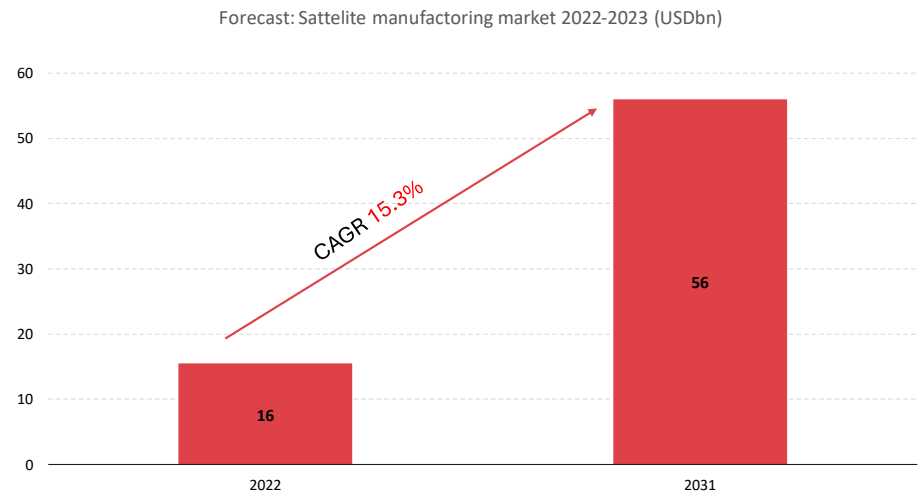


Source: FutureTimeline.net

[21] https://www.brookings.edu/articles/how-space-exploration-is-fueling-the-fourth-industrial-revolution/
[22] https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/space-launch-are-we-heading-for-oversupply-or-a-shortfall
[23] https://futuretimeline.net/data-trends/6.htm

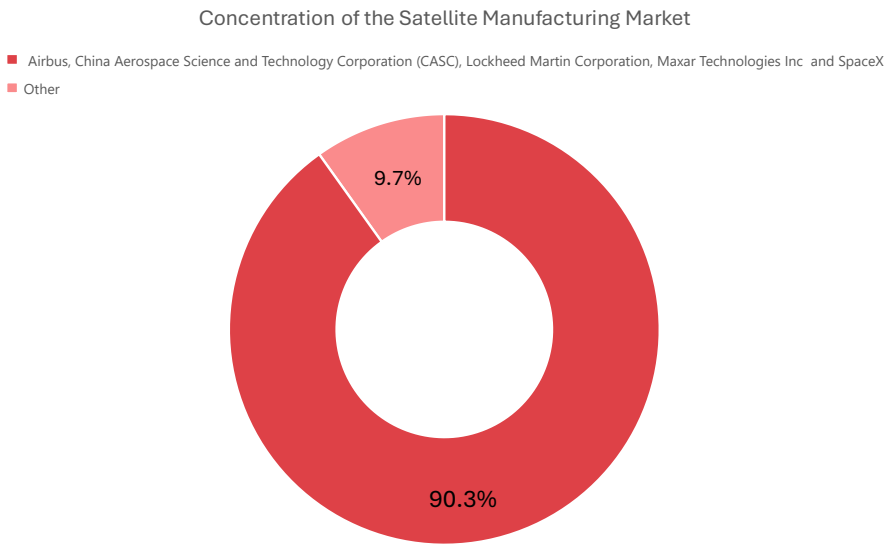
Global satellite manufacturing market

The satellite manufacturing market includes the production and design of satellites across all categories, including large, medium, and small satellites. The market is forecasted to grow at a CAGR of 15.3%, driven by the rising number of constellation projects initiated by both commercial and government entities. In 2023, the market expanded by 9%, reaching a valuation of USD 17.2 billion. Despite its significant size, the satellite manufacturing market accounts for only about 4% of the global space economy. Notably, in 2023, U.S.-based manufacturers were responsible for approximately 85% of all commercially procured satellites launched worldwide[24].



Source: Redeye research (table formatting), SkyQuest Technology Consulting (underlying data)

The Satellite Manufacturing Market is relatively consolidated, with the top five companies collectively accounting for 90.13% of the market share[25]. Other players and important companies include Airbus, OHB, GomSpace, Rocket Lab, Planet Labs, Spire, Terran Orbital, and Korea Aerospace Industries et al.



Source: Redeye research (table formatting), Mordor intelligence (underlying data)

[24] https://spacenews.com/sia-reports-more-record-growth-for-the-global-commercial-satellite-industry
[25] https://www.mordorintelligence.com/industry-reports/global-satellite-manufacturing-market

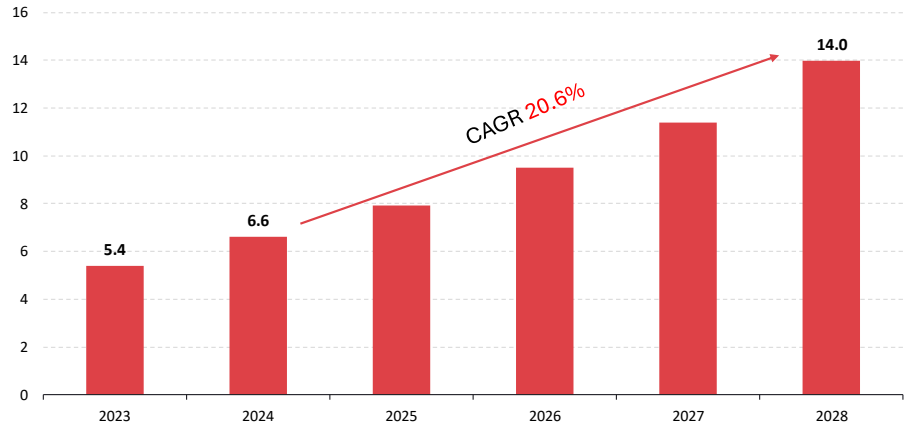
The smallsat market

As the global manufacturing market also includes satellites and programs for larger satellites, which is far outside AAC's scope, we believe looking at the smallsat market is more relevant.

The smallsats market valued at cUSD5.4bn in 2023 includes;

1. Satellite Platforms (Cubesats, Nanosatellites, Microsatellites, and Smallsats).
2. Payloads (communication payloads, imaging payloads, scientific instruments).
3. Launch Services (dedicated launches, rideshare options, CubeSat deployers).
4. Ground Systems and Data Services (Telemetry, Tracking, and Command (TT&C) systems, data reception and analysis tools, on-orbit servicing).

Forecast: Smallsat market 2023-2028 (USDbn)



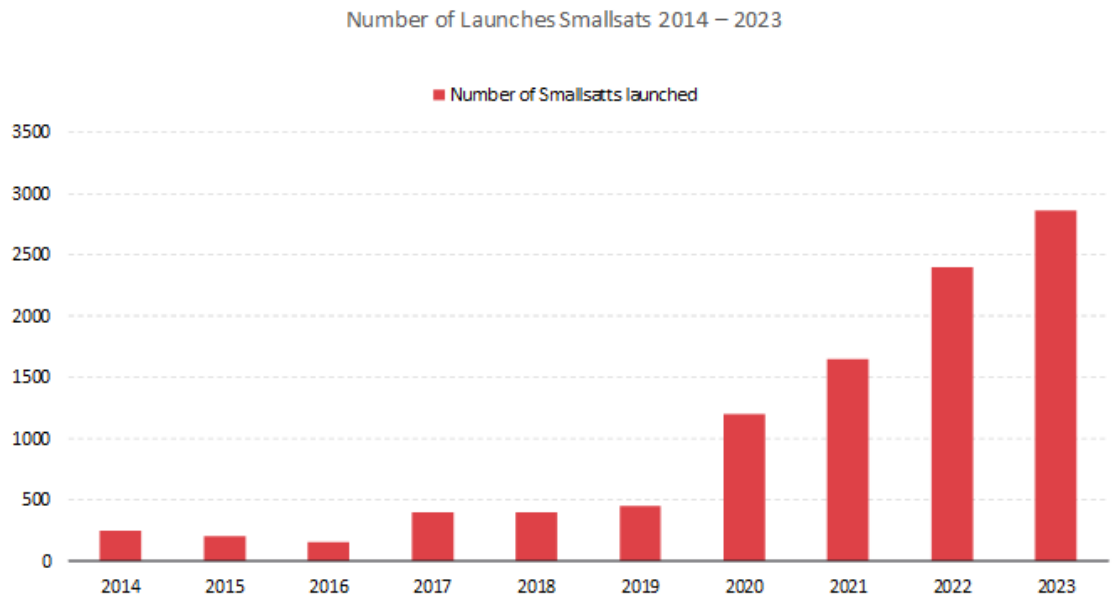
Source: Redeye research (table formatting), The Business Research Company (underlying data)

Key Growth drivers for the smallsat market

1. Geopolitical Priorities and Space Security: Rising national security investments, including resilient positioning systems, are driving the signal intelligence sector.
2. Satellite Cellular Services: SpaceX's Starlink dominance faces competition from Amazon's Kuiper and other global players, including AST SpaceMobile and Lynk Global.
3. Climate Focus: Expanding opportunities in satellite data and services to address pressing environmental challenges.
4. AI Advancements: Artificial intelligence is transforming geospatial data processing and BigTech collaboration, supported by federal initiatives. Faster, actionable insights from orbital data are unlocking new investment potential.
5. Pro-Growth Policies in the US: The new administration aims to promote the space economy by reducing regulatory hurdles, which would benefit companies like SpaceX and others.
6. Declining Launch Costs: Continued reductions in launch costs further democratize access to space.

Number of Smallsats launches

The number of commercial smallsats launched increased from 115 in 2014 to 2,886 in 2023. In 2023, for the first time since 2018, more first-time satellite operators deployed smallsats than operators with previous deployments. In total, 267 operators launched smallsats in 2023[26]. In reference to this, around 10-12 AAC satellites were built per year during the last years based on its EPIC platform related to AAC's mission segment and own constellations.

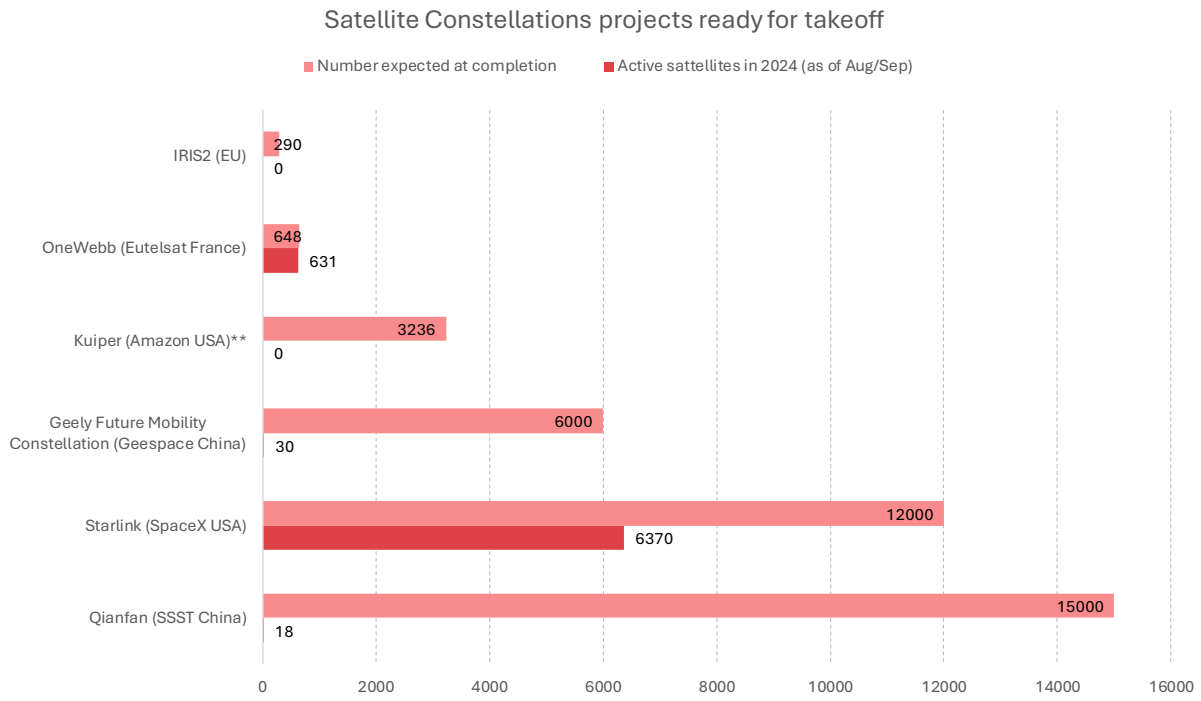


Source: Redeye research (table formatting), Bryce Tech (underlying data)

[26] Bryce and Space Technolgy "Smallsatsby the Numbers 2024"

Massive constellations in the pipeline

International competition for satellite constellations is intensifying, led by SpaceX's **Starlink**, which has over 6,300 satellites in orbit out of a planned 12,000 (potentially expanding to 40,000). Amazon's **Kuiper** project plans over 3,200 satellites, with commercial launches starting in 2025. **China** is advancing its own large-scale projects, including SSST's **Qianfan constellation**, targeting 15,000 satellites by 2030, and Geespace's constellation of 6,000 satellites, with 30 already in orbit. In **Europe**, Eutelsat, now merged with OneWeb, operates the second-largest satellite fleet globally, with over 600 satellites expected by 2024. The EU is also developing **Iris2**, a sovereign broadband constellation of 300 satellites. We believe it is unlikely that AAC platform division will benefit directly from any of the large satellite constellations outside the EU. Initiatives in the U.S. and China are expected to either produce satellites in-house or rely on local developers capable of managing the high volumes involved. However, we do not rule out the possibility that U.S. constellations might procure components from AAC's product division.



* Extensions announed: up to 40,000 (starlink) more than 7,000 (Kuiper) ** Two prototypes already launched (project to start 2025)

Source: Redeye research (table formatting), Satista (underlying data)

Key manufacturers within the smallsat market:

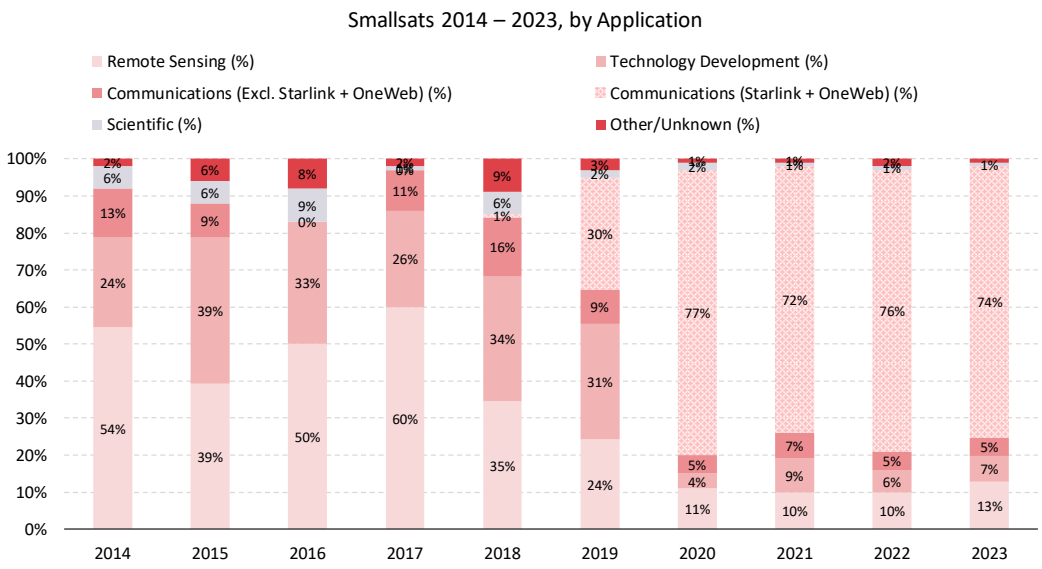
Some major operators continue to build their satellites in-house, likely due to a lack of lower-cost alternatives with proven flight heritage. In the table below, we have listed some key manufacturers within the smallsat segment. However, not all can be viewed as direct competitors to AAC due to the different market segments they target. For example, Lockheed Martin and Boeing primarily serve defense and intelligence agencies. This is not a complete list and there are several more. Some companies in the table could also be potential clients for AAC's product division. Regarding production volume, SpaceX is the largest producer, manufacturing satellites for its Starlink constellation.

Company	Focused on SmallSat manufacturing?	Number of Small Satellites Produced	Supported Constellations	Own Constellations
Spire Global (USA)	**Yes**	Not publicly disclosed	Provides satellites for we	No
NanoAvionics (Lithuania)	**Yes**	Not publicly disclosed	Supports custom smallsa	No
Blue Canyon Technologies (USA)	**Yes**	Not publicly disclosed	Supplies components for constellations like DARPA Blackjack	No
GomSpace (Denmark)	**Yes**	Not publicly disclosed	Provides smallsat solutions for science and IoT	No
AAC Clyde Space (Sweden/UK)	**Yes**	Not publicly disclosed	Provides platforms for custom smallsat missions	Yes
Endurosat (Bulgaria)	**Yes**	Not publicly disclosed	Supports modular CubeS	No
Planet Labs Inc. (USA)	**Yes**	Over 590 small satellites launched	Operates the largest Eartl	Yes
York Space (USA)	**Yes**	Not publicly disclosed	Supports missions for the Space Development Agency	No
Tyvak (Terran Orbital) (USA)	**Yes**	Not publicly disclosed	Supports missions like Rivada Space Networks	No
L3Harris Technologies Inc. (USA)	No	Not publicly disclosed	Engages in government and commercial satellite programs	No
Sierra Nevada Corporation (USA)	No	Not publicly disclosed	Provides satellites for defense and science missions	No
Boeing/Millennium Space System (USA)	No	Not publicly disclosed	High-performance constellations for national security	No
Lockheed Martin Corporation (USA)	No	Not publicly disclosed	Supports constellations like Iridium	No
Northrop Grumman Corporation (USA)	No	Not publicly disclosed	Engages in smallsat programs, including defense	No
SpaceX (USA)	No	Over 6,300 Starlink satellites launched	Operates Starlink, supports rideshare missions	Yes
Airbus (France/Germany)	No	Not publicly disclosed, but +600 for OneWeb	Supports OneWeb and global constellations	No
Thales Group (France)	No	Not publicly disclosed	Participates in projects like Iridium NEXT	No

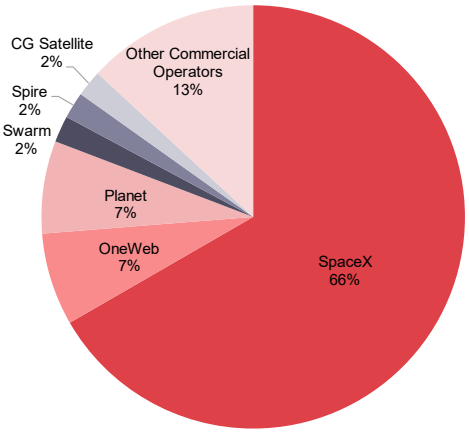
Source: Redeye research

Applications and mission-type

The graph below illustrates the evolution of smallsat applications from 2014 to 2023. In 2023, communications satellites, particularly those from Starlink and OneWeb, constitute the largest share of smallsats launched, reflecting the rapid growth in the smallsat communication market. Over the years, the relative share of remote sensing and technology development smallsats has decreased due to the dominance of these communication missions.



Source: Redeye research (chart formatting), Bryce Tech (underlying data)



Operator	Number of Smallsats
SpaceX	5610
OneWeb	595
Planet	595
Swarm	170
Spire	170
CG Satellite	170
Other Commercial Operators	1105

Source: Redeye research (chart formatting), Bryce Tech (underlying data)

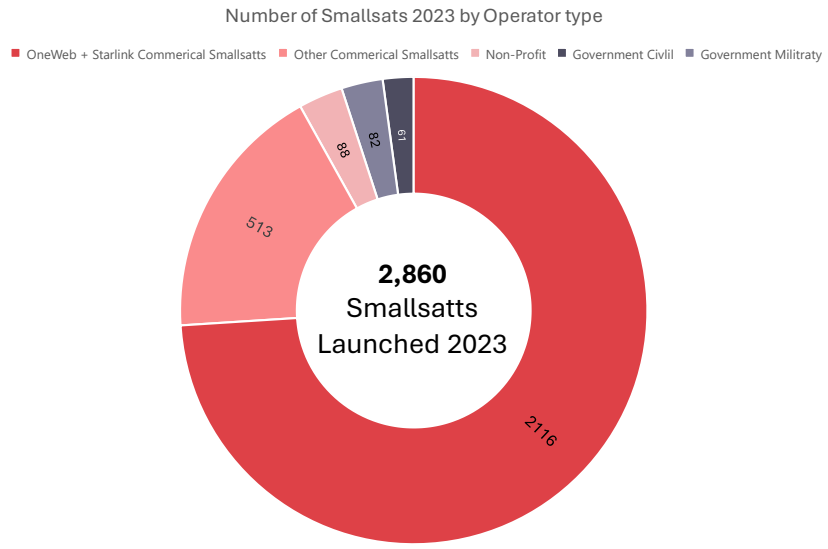
The commercial Operators

The smallsat operator market is heavily dominated by SpaceX, which currently manages approximately 66% of all active smallsats. Between 2014 and 2023, 87% of smallsats launched during the period were owned by just six operators: SpaceX, OneWeb, Planet, Swarm, Spire, and CG Satellite. Beyond these major players, there are about 15 operators with constellations exceeding 15 satellites, with Satellogic being the largest among them, operating a fleet of 44 satellites. Flagship low Earth orbit (LEO) broadband constellations, such as SpaceX's Starlink and China's Qianfan, are projected to account for over 53% of total small satellite demand from 2022 to 2031 in terms of units[27].

[27] https://satellitemarkets.com/market-trends/euroconsult-predicts-one-ton-smallsats-be-launched-day-average-over-next-decade

Operator type

The smallsat launch activity in 2023 was dominated by **SpaceX's Starlink** and **OneWeb**, which collectively launched around **2,100 satellites**, reflecting the continued growth of commercial broadband constellations. From an operator perspective, **commercial, government, and non-profit academic segment** are the important. We believe the government sector will become increasingly significant for AAC, driven by expanding investments in defense, intelligence, and scientific programs.

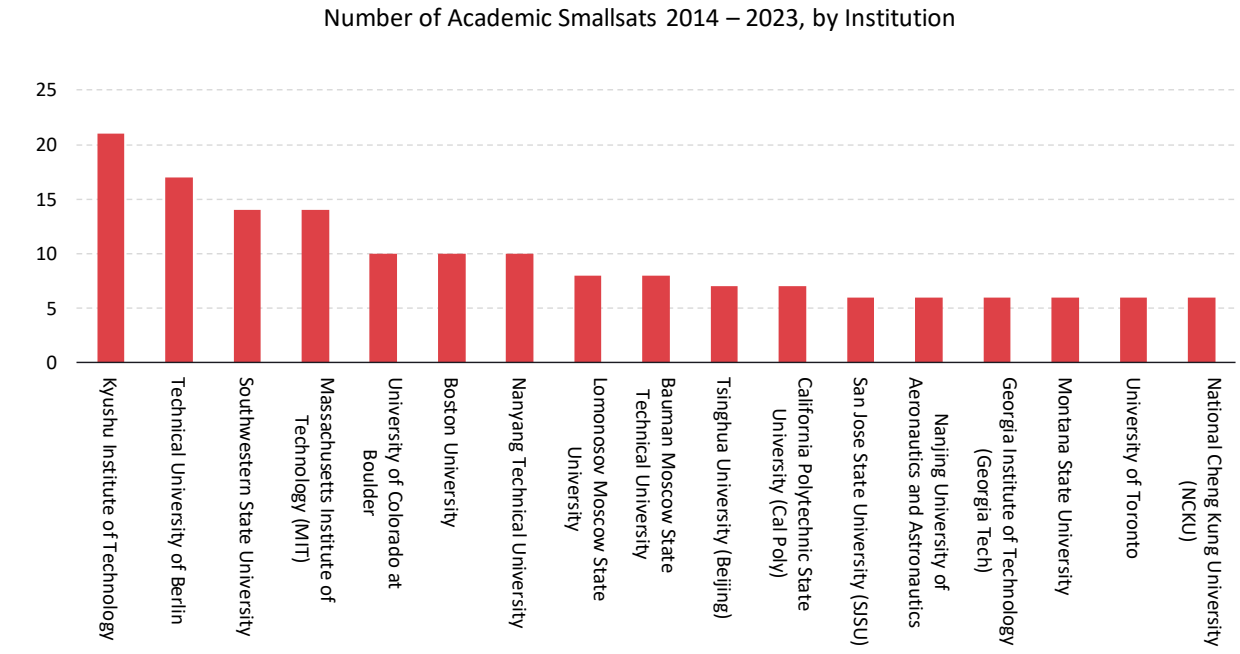


Source: Redeye research (chart formatting), Bryce Tech (underlying data)

According to Bryce Tech's quarterly report (Bryce Briefing), from Q1 to Q3 of 2024, 132 government civil, 97 government security, and 57 non-profit/academic small satellites were launched. This brings the total number of government satellites launched to 229, up from 170 in 2023, with Q4 2024 data not yet included. The rapid growth of government civil small satellites presents a particularly compelling opportunity for AAC.

The non-profit/Academic segment

Between 2014 and 2023, over 200 academic institutions launched small satellites. The chart below highlights those that launched five or more small satellites during this period.



Source: Redeye research (table formatting), Bryce Tech (underlying data)

A growing demand from Governmental use – civil and military

Over the past decade, governments worldwide have increasingly sought to participate in the small satellite (smallsat) race. However, these efforts have focused mainly on deploying single-mission small satellites, typically equipped with smaller payloads and primarily designed for imaging purposes, such as Earth observation. Only a handful of countries, primarily the established space powers, have invested significantly in small satellite constellations. These nations/programs—often referred to as the "six space powers" (USA, China, India, Japan Russia, and ESA) —continue to dominate the deployment of coordinated smallsat systems for more advanced applications. We anticipate a shift in the small satellite landscape as more governments invest in small satellite constellations for defense, intelligence, and civilian scientific programs. Capabilities such as surveillance, communication, and environmental monitoring are becoming increasingly vital from a governmental sovereignty perspective.

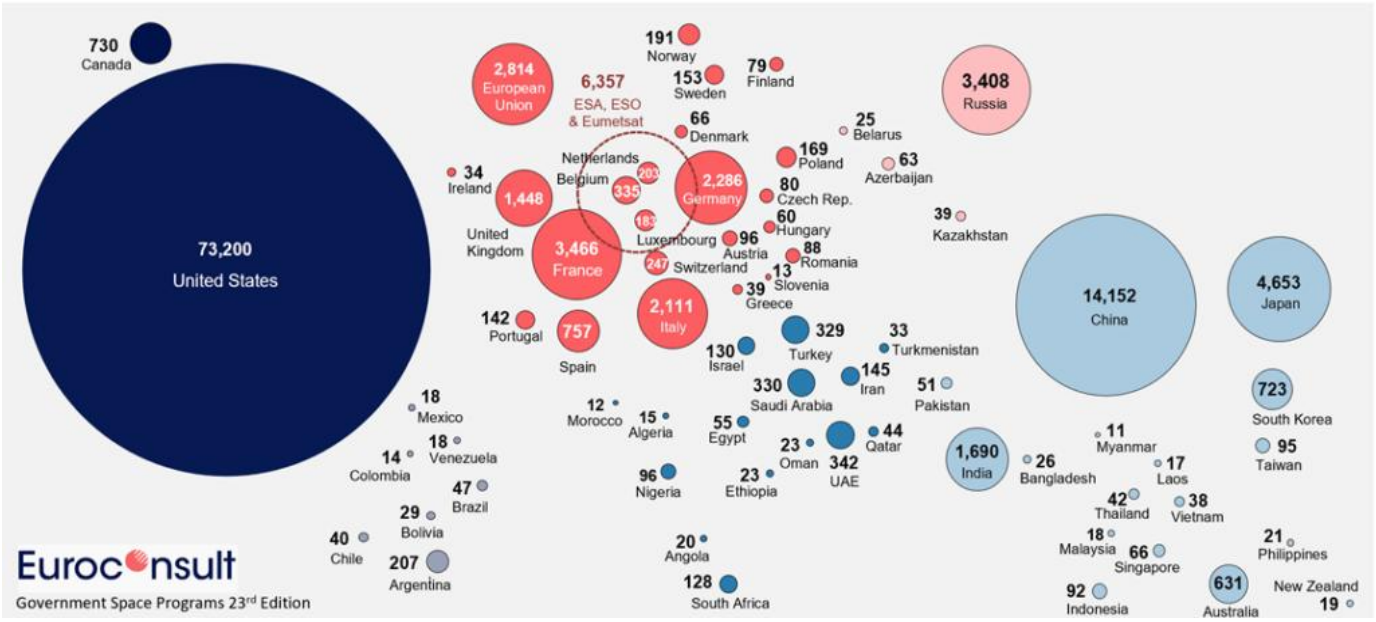
Type	Largest Government Operators	Country	# of Smallsats Launched
Civil	National Aeronautics and Space Administration (NASA)	USA	51
	Chinese Academy of Aerospace Navigation Technology	China	30
	Indian Space Research Organisation (ISRO)	India	24
	Japan Aerospace Exploration Agency (JAXA)	Japan	16
	Los Alamos National Laboratory (LANL)	USA	13
	Roscosmos	Russia	13
	Chinese Academy of Sciences	China	11
	Jet Propulsion Laboratory (JPL)	USA	10
	European Space Agency (ESA)	Multinational	9
	Deutsches Zentrum für Luft- und Raumfahrt e.V. (DLR)	Germany	8
	China National Space Administration (CNSA)	China	8
National Security	People's Liberation Army	China	129
	Russia MoD/Aerospace Forces	Russia	31
	Space Development Agency (SDA)	USA	22
	Defense Advanced Research Projects Agency (DARPA)	USA	20
	United States Air Force	USA	16

Source: Redeye research (table formatting), Bryce Tech (underlying data)

2023 - ATH in government space spending

In 2023, government space budgets reached a record USD117bn, reflecting a 15% increase from the previous year. For the first time, defense spending (USD59bn) surpassed civil program investments, derived from global geopolitical tensions and the growing need for security and early warning systems. Nine top-spending governments—including the United States, China, Japan, Russia, the European Union, France, Germany, Italy, and South Korea—saw double-digit increases in their space budgets in 2023. Among the 54 nations investing in space, 42 (78%) increased their spending. Preliminary 2024 data from 44 nations shows a smaller proportion (64%) continuing to grow budgets but with an average 35% increase, reflecting sharp expansions by several countries[28].

As seen in the image below, the U.S. continues to hold the leading position in governmental investment in space, with over $73 billion allocated to space activities in 2023. However, its global share has gradually declined from around 75% in 2000 to 63% in 2023, as other nations have significantly increased their financial efforts in the space sector. While Europe has remained an important player, Asia's share of global spending has nearly doubled since the early 2000s, stemming from China's substantial investments in space[29].

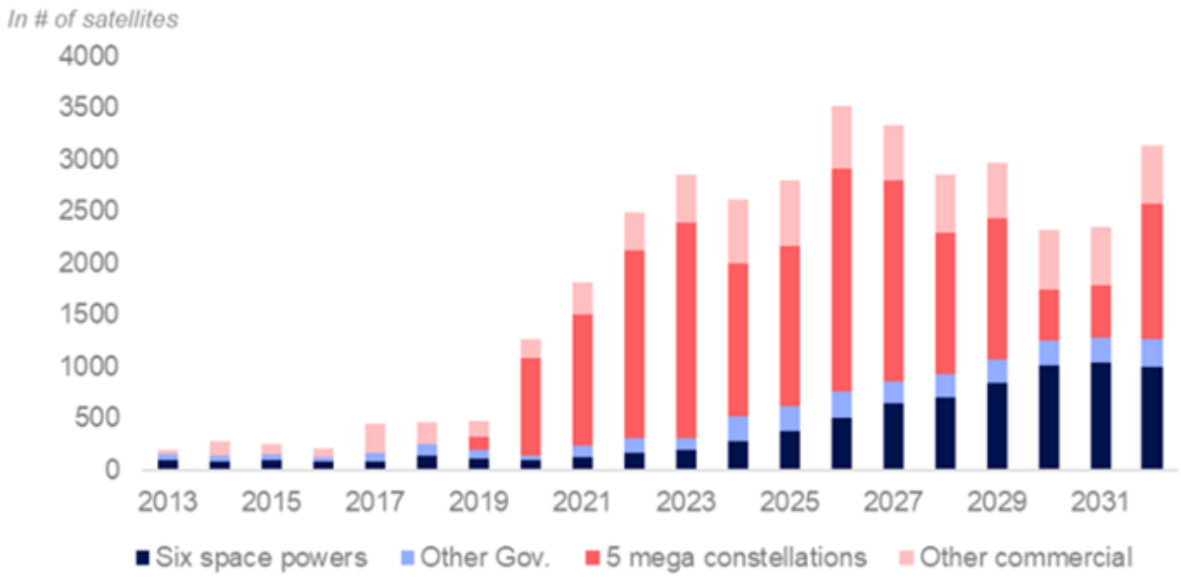


Source: Euroconsult's Space Program 23rd Edition

[28] https://www.spacefoundation.org/2024/07/18/the-space-report-2024-q2/
[29] https://nova.space/press-release/new-historic-high-for-government-space-spending-mostly-driven-by-defense-expenditures/

According to Euroconsult, **18,500 small satellites are projected to launch between 2022 and 2031**, with approximately 20% expected to be government-owned. However, with recent constellation expansion announcements from major players like Starlink (SpaceX), Kuiper (Amazon), and China's Qianfan constellation, we anticipate a significant revision, potentially bringing the estimate closer to 30,000.

This Euroconsult estimate translates to around 3,700 small satellites over the decade, or an average of 370 annual launches dedicated to government use. These deployments reflect a growing recognition of the strategic importance of smallsat constellations in enabling critical national functions and advancing scientific goals. By 2023, Euroconsult projects that the number of government-built and launched smallsats will exceed the commercial segment



Source: Euroconsult's Satellites to be built and launched, 26th edition

Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

People: 3

AAC Clyde Space scores three out of five in the people section. We see a management with extensive industry experience that has delivered continued progress despite a relatively turbulent market. We argue that its strategic direction with profitable growth expanding into the data & Services segment seems strategically sound. The score is so far limited by the relatively low insider ownership and the lack of a larger controlling shareholder.

Business: 3

AAC scores three out of five in the business section. AAC benefits from strong secular tailwinds that support growth in the satellite industry. We like the vertical business model growing into the Data & Services segment for niche applications such as Earth observation and maritime intelligence. The company has a proven track record, but the strong long-term growth prospects in the market also attract substantial competition in a fast-changing market with heavy R&D spending. The company has had challenges in some parts of its business to be profitable in the past, which also limits the score.

Financials: 2

AAC scores two out of five in the business section. The company's financial track record is relatively soft and volatile, and from time to time unprofitable. The company has been required to come to the stock market for funding. The setup for an improved score is however solid, with an improved product mix going forward with a larger base of recurring revenues, with higher profitability.

Redeye Rating and Background Definitions

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 long-term 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

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.

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

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

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 based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

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:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

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Jessica Grunewald owns shares in the company : No
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