



AAC
CLYDE
SPACE

AAC CLYDE SPACE AB (publ)
INTERIM REPORT,
Q1 2021

**FIRST QUARTER,
JANUARY–MARCH
2021 (COMPARED
WITH JANUARY–
MARCH 2020)**

Net sales increased 55% to

SEK 36.8 M (23.8)

Earnings before interest and tax (EBIT) improved 52% and totalled

SEK -4.4 M (-9.1)

Basic and diluted earnings per share amounted to

SEK -0.03 (-0.10)

The loss after tax was

SEK -4.0 M (-9.5)

Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) improved 92% and totalled

SEK -0.5 M (-6.2)

The order backlog amounted to

SEK 142 M (183)

After the acquisition of Omnisys Instruments AB, on 30 April 2021 the order backlog was SEK 260 M

Cash flow from operating activities amounted to

SEK -20.8 M (-6.2)

due to accrued, not yet invoiced, revenues in ongoing projects, tax assets and receivables from Scottish Enterprise for ongoing development projects

**SIGNIFICANT
EVENTS IN THE
FIRST QUARTER OF
2021**

- AAC Clyde Space AB changed its management structure to increase agility and underpin continued growth. A distributed management structure was implemented, with Group-level sales and strategic leadership in Group management, and geographical operations management for each country
- OHB Sweden selected AAC Clyde Space as the intended supplier of core avionics for the ESA Arctic Weather Satellite
- AAC Clyde Space has been awarded a contract with the Canadian Earth observation company Wyvern Inc. to secure a launch of 3 satellites into orbit in 2022. The contract precedes an intended Space Data as a Service agreement between the parties for hyperspectral data delivery expected to be finalised during Q2, 2021

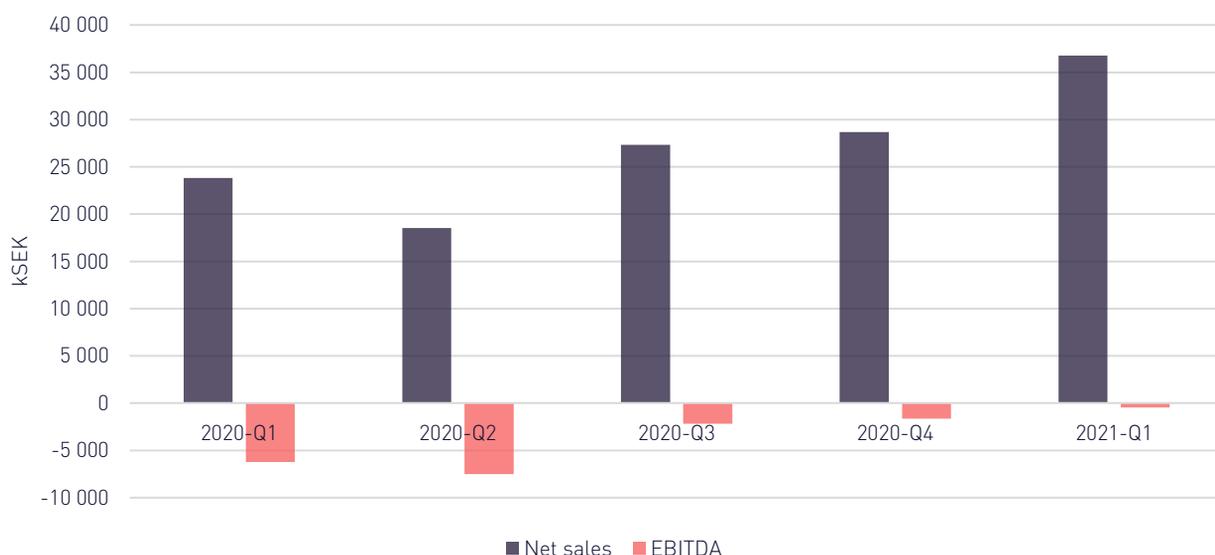
**SIGNIFICANT EVENTS
AFTER THE END OF
THE REPORTING
PERIOD**

- AAC Clyde Space acquired the Swedish space company Omnisys Instruments AB. The company was consolidated into the financial reporting from 30 April 2021. The acquisition increased the Group's order backlog to SEK 260 M at the end of April 2021.
- AAC Clyde Space carried out a directed new share issue of SEK 100 M

FINANCIAL OVERVIEW – GROUP

kSEK	Jan–Mar	Jan–Mar	full-year
	2021	2020	2020
Net sales	36,783	23,834	98,384
EBITDA	-463	-6,227	-26,819
EBIT	-4,445	-9,128	-37,532
Basic and diluted earnings per share, SEK	-0.03	-0.10	-0.37
Equity ratio	86%	85%	88%
Cash flow from operating activities	-20,849	-6,163	-14,464
Cash flow for the period	-25,849	-10,741	10,771
Cash and cash equivalents	37,133	41,669	62,432
Order backlog	141,789	183,426	156,317

NET SALES AND EBITDA BROKEN DOWN BY QUARTER*



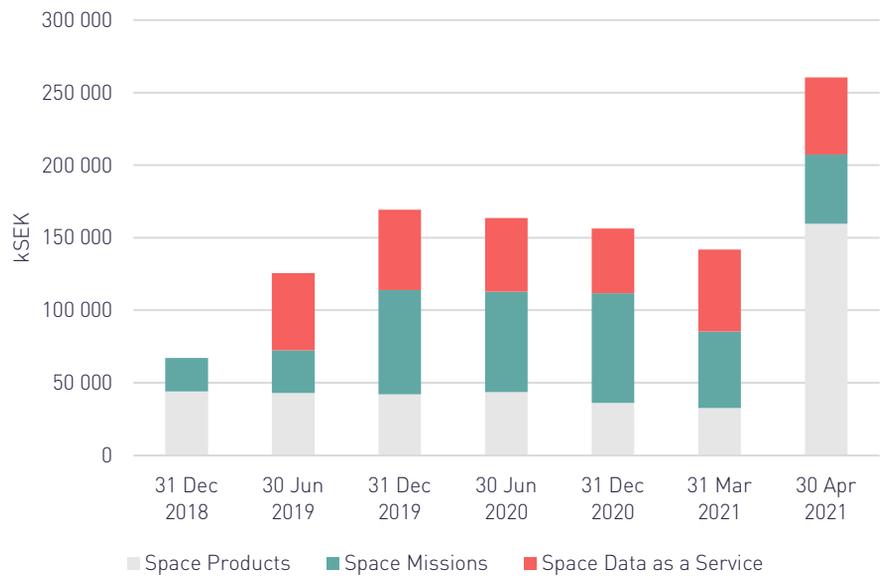
*EBITDA for Q4 2020 adjusted for acquisition costs of SEK 7.6 M and non-recurring personnel costs of SEK 1.8 M

Our strong first quarter results put us firmly on track to be profitable by 2022, with a 92 percent improvement in EBITDA compared to Q1 2020

**NET SALES –
ROLLING 12 MONTHS**



ORDER BACKLOG



COMMENTS FROM THE CEO



It's been a busy start to the year at AAC Clyde Space, as the momentum we've built over the last 12 months continues to gather pace.

Although the pandemic poses an ongoing challenge to people and businesses across the world, we have adapted our operations and hit the ground running in 2021, united by a clear strategy and ambition: to become a world leader in commercial small satellites and services from space.

Our strong first quarter results put us firmly on track to be profitable by 2022, with a 92 percent improvement in EBITDA compared to Q1 2020 and net sales up by 55% over the same period to SEK 36.8 million.

With the support of our investors, we continue to use strategic acquisitions to enhance our capabilities and accelerate our growth plan. Most recently, in April, we acquired Omnisys Instruments, gaining 28 years of experience in developing profitable, high-performance electronics hardware, including world-class atmospheric sensors. This added expertise means that we can build constellations that deliver new data, timelier data, and better-quality data to clients, catapulting our Space Data as a Service offering to new heights. With this latest acquisition, the Group order backlog stands at SEK 260.4 million at the end of April, reflecting the strength of our current strategy and putting our target revenue of SEK 500 million by 2024 well within reach.

In particular, combining AAC Clyde Space satellites with Omnisys sensors will create a revolutionary capability in weather forecasting, of value across a vast range of applications: from farmers seeking to optimize crop yields to shipping operators transporting cargo overseas to cities preparing for hurricanes...to ordinary day-to-day living.

Accurate weather forecasting will become even more important as climate change inflicts increasingly uncertain weather patterns upon our planet. So, I am delighted that our Group is being chosen to support missions, such as the ESA Arctic Weather Satellite (AWS), that aim to further our understanding of the Earth's environment. AWS is the single prototype for a potential constellation of satellites. It aims to improve weather forecasts, in particular over the Arctic region, where it will bring important and missing observations that are beyond the capability of larger geostationary satellites already in use.

As well as expanding our capabilities this quarter, we felt it was the right time to update our management structure to ensure that we remain agile and innovative as we grow. Our new, decentralized approach supports this goal, with Sales and Strategy now sitting within Group management and country operations managed locally.

Towards the end of the summer, we will present an updated plan that lays out our commitment to strengthen our efforts in profitable and commercial environmental applications. Meanwhile, our teams will be focused on fulfilling launches and critical deliveries, integrating our recent acquisitions, and strengthening our pipeline of contracts. Thanks to their hard work and with our newly combined capabilities, we are poised to fulfil the promise of many years of small satellite development and enable a better understanding of our planet at a time when it is most needed.

Luis Gomes
CEO

Combining AAC Clyde Space satellites with Omnisys sensors will create a revolutionary capability in weather forecasting

Net sales increased 55% during the period to SEK 36.8 M

First quarter 2021

Sales and earnings

Net sales increased 55% during the period to SEK 36.8 M (23.8). Of the total increase of SEK 13 M, the newly acquired companies Hyperion and SpaceQuest accounted for SEK 7.3 M, while the remaining SEK 5.7 M was organic growth.

Total revenue amounted to SEK 42.4 M (29.1). The order backlog amounted to SEK 142 M (183). The acquisition of Omnisys increased the order backlog to SEK 260 M at the end of April.

EBITDA totalled SEK -0.5 M (-6.2). Depreciation increased to SEK 4.0 M (2.9) due to depreciation of SpaceQuest's satellite constellation and ground stations. EBIT totalled SEK -4.4 M (-9.1) and the loss after tax was SEK -4.0 M (-9.5).

Exchange-rate differences amounted to SEK 30.5 M (4.2), primarily due to restating goodwill items in Clyde Space and SpaceQuest.

Investments and financial position

Available cash and cash equivalents as of 31 March 2021 totalled SEK 37.1 M (41.7) and an unutilised bank overdraft facility of SEK 5 M. After the end of the reporting period, a directed new share issue of SEK 100 M was carried out to finance the cash component of the purchase price in the acquisition of Omnisys Instruments, enable investments in Space Data as a Service with identified customers and weather satellite investments made possible by the acquisition of Omnisys Instruments.

Cash flow from operating activities totalled SEK -20.8 M (-6.2) for the period due to accrued, not yet invoiced, revenues, tax assets and receivables from Scottish Enterprise for ongoing development projects.

The Group's investments in non-current assets for the period totalled SEK 3.8 M (3.8), of which intangible assets accounted for SEK 3.8 M (3.4). Investment in intangible assets mainly comprised development expenses related to the ORBCOMM project and the ongoing development of next-generation satellite platforms, which is 50% financed by Scottish Enterprise.

Tangible assets increased to SEK 28.9 M (17.4) due primarily to the acquisition of SpaceQuest and its constellation of satellites and ground segments.

Accounts receivable declined to SEK 14.3 M (24.5) due to a smaller share of invoiced milestones in ongoing projects. Other current receivables increased to SEK 41.9 M (24.5) due to accrued revenue in ongoing projects, income tax assets and receivables from Scottish Enterprise for ongoing development projects. The SEK 14.6 M (0) increase in non-current liabilities pertains to the reclassification of additional purchase considerations for SpaceQuest from equity. Other current liabilities amounted to SEK 38.0 M (51.9). The decrease is due to fewer prepayments from customers.

The equity ratio amounted to 86% (85).

As of 30 April 2021 after a directed new share issue in conjunction with the acquisition of Omnisys Instruments 186,419,996 shares had been issued

Personnel and organisation

There were 127 employees (95) at the end of the period.

Parent Company

Parent Company net sales for the period totalled SEK 12.6 M (10.2), and the loss after tax was SEK -2.2 M (-2.4). Investments in non-current assets amounted to SEK 0.1 M (0.0). The equity ratio amounted to 97% (97).

The share

Since 21 December 2016, AAC Clyde Space's share has been traded on Nasdaq First North Stockholm, under the symbol AAC. In March 2019, the listing was moved to Nasdaq First North Premier Growth Market. Since 21 August 2020, AAC Clyde Space's share has also been traded on the American OTCQX market under the symbol ACCMF.

As of 31 March 2021, 147,204,310 shares had been issued and as of 30 April 2021 (after a directed new share issue in conjunction with the acquisition of Omnisys Instruments) 186,419,996 shares had been issued at a quotient value of SEK 0.04 per share. All shares carry equal rights to the company's profits and assets. On 30 April 2021, the number of shareholders totalled 10,870. A table with the largest shareholders is shown on page 13 in this report.

The AGM of AAC Clyde Space in June 2020 resolved on the directed issue of warrants to the Board and to employees in Sweden and the UK. Each warrant entitles the holder to subscribe for one new share at the subscription price of SEK 4.26 per share. The warrants can be exercised to subscribe for shares during the period through 1 July 2023 until 31 December 2023:

- As of 31 December 2020, Board members had subscribed for 192,000 warrants (incentive scheme 2020/2023:C)
- As of 31 December 2020, employees in Sweden had subscribed for 472,000 warrants (incentive scheme 2020/2023:A)
- As of 31 December 2020, employees in the UK had subscribed for 2,176,000 warrants (incentive scheme 2020/2023:B)

A total of 2,840,000 warrants have been subscribed for, which entails a potential dilution effect of around 2% and that AAC Clyde Space will potentially raise approximately SEK 12.1 M.

Related-party transactions

During the period, Board members have invoiced the company under market conditions for the performance of consultant services linked to the company's operations. The services were performed primarily by the Chairman of the Board, refer to Note 6.

In April 2021, AAC Clyde Space carried out a directed new share issue of SEK 100 M before transaction costs

Significant events after the end of the reporting period

AAC Clyde Space acquired the Swedish space company Omnisys Instruments AB. The company was consolidated into the financial reporting from 30 April 2021. Gothenburg-based Omnisys develops and manufactures measuring instruments, primarily for advanced space projects, and is renowned for complex problem solving and innovation. Omnisys has 28 years of experience developing profitable high-performance electronics hardware, including world-class sensors for weather data and climate research. Among Omnisys' customers are ESA, Airbus Defense & Space, the Swedish National Space Agency, as well as a wide range of commercial companies in Europe and the US.

Omnisys has recently developed a new type of microwave-based sensor that provides weather data with superior quality, which has gained strong interest from public and private customers. Earlier in March, Omnisys was awarded a EUR 12.2 M (SEK 124 M) contract to supply microwave sounding sensors to the ESA project Arctic Weather Satellite (AWS) in the second quarter of 2023. AAC Clyde Space is the intended supplier of avionics systems to the same contract. This is the pilot project, laying the path to a potential next phase, a constellation of 16 satellites.

The acquisition provides AAC Clyde Space with an order backlog totalling SEK 130 M, increasing the Group's order backlog to SEK 260 M as of 30 April.

In April 2021, AAC Clyde Space carried out a directed new share issue of SEK 100 M before transaction costs. Proceeds from the issue will be used to finance the cash component of the purchase price in the acquisition of Omnisys Instruments, enable investments in Space Data as a Service opportunities with identified customers and weather satellite investments made possible by the acquisition of Omnisys Instruments. A large number of Swedish and international institutional investors participated in the issue.

Significant risks and uncertainties

An account of the Group's material financial and business risks can be found in the administration report and under Note 3 in the 2020 Annual Report. COVID-19 affected operations in the form of lower income recognition than planned in projects, since deliveries from subcontractors were delayed, but it remains difficult to estimate the final impact on the Group. No further significant risks are deemed to have arisen during the period.

The Annual Report and interim reports are available on the company's website

Reporting calendar

Annual General Meeting 2021	27 May 2021
Interim Report Jan–Jun 2021	26 Aug 2021
Interim Report Jan–Sep 2021	25 Nov 2021
Year-end Report 2021	24 Feb 2022

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

Certification

The Board of Directors and CEO give their assurance that the report for the period January–March 2021 provides a true and fair account of the Parent Company's and Group's operations, financial position and results, and that it describes the material risks and uncertainties faced by the Parent Company and the companies that form the Group.

Uppsala, 27 May 2021

Rolf Hallencreutz

Chairman of the Board

Per Aniansson

Board member

Per Danielsson

Board member

Will Whitehorn

Board member

Anita Bernie

Board member

Luis Gomes

CEO

This report has not been audited.

Questions may be directed to:

CEO Luis Gomes, investor@aac-clydespace.com
CFO Mats Thideman, investor@aac-clydespace.com,
mobile +46 (0)70-556 09 73

About AAC Clyde Space

AAC Clyde Space specialises in small satellite technologies and services that enable businesses, governments and educational organisations to access high-quality, timely data from space. Its growing capabilities bring together three divisions:

Space Data as a Service – delivering data from space directly to customers

Space missions – turnkey solutions that empower customers to streamline their space missions

Space products and components – a full range of off-the-shelf and tailor-made subsystems, components and sensors

AAC Clyde Space aims to become a world leader in commercial small satellites and services from space, applying advances in its technology to tackle global challenges and improve our life on Earth.

The Group's main operations are located in Sweden, the United Kingdom, the Netherlands and the USA, with partner networks in Japan and South Korea.

AAC Clyde Space AB (Corp. Reg. No. 556677-0599) has its registered office in Uppsala at Uppsala Science Park, Dag Hammarskjölds väg 48, SE-751 83 Uppsala, Sweden.

AAC Clyde Space's shares are traded on Nasdaq First North Premier Stockholm. Erik Penser Bank AB, e-mail certifiedadviser@penser.se, telephone +46 8 463 83 00, is the Certified Adviser. The share is also traded on the US OTCQX- market under the symbol ACCMF.



FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

kSEK	Jan–Mar	Jan–Mar	Full-year
	2021	2020	2020
Net sales	36,783	23,834	98,384
Work performed by the company for its own use and capitalised	2,185	1,785	8,334
Other operating income	3,476	3,487	12,732
TOTAL	42,444	29,106	119,450
Raw materials and subcontractors	-15,289	-12,860	-50,262
Personnel costs	-20,770	-15,641	-61,146
Other external expenses	-6,441	-4,966	-19,504
Other operating expenses	-407	-1,866	-15,357
EBITDA	-463	-6,227	-26,819
Depreciation/amortisation and impairment of tangible and intangible assets	-3,982	-2,901	-10,713
EBIT	-4,445	-9,128	-37,532
Financial income	284	84	262
Financial expenses	-252	-660	-1,536
Net financial items	32	-576	-1,274
Income tax	435	221	511
PROFIT/LOSS FOR THE PERIOD	-3,978	-9,483	-38,295
Other comprehensive income:			
Items that may be transferred to profit or loss			
Exchange-rate differences	30,520	4,155	-27,093
Other comprehensive income for the period	30,520	4,155	-27,093
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	26,542	-5,328	-65,388

Profit/loss for the period and total comprehensive income are, in their entirety, attributable to Parent Company shareholders.

EARNINGS PER SHARE, BASED ON PROFIT FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS

kSEK	Jan–Mar	Jan–Mar	Full-year
	2021	2020	2020
Average no. of shares – basic	147,204,310	96,207,759	102,310,647
No. of shares at end of period	147,204,310	96,207,759	123,204,310
Average no. of shares – diluted	147,204,310	96,207,759	102,310,647
Basic and diluted earnings per share	-0.03	-0.10	-0.37
Refer to Note 7 for calculations			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

KSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	526,684	424,842	494,251
Tangible assets	27,864	17,401	28,715
Financial assets	115	–	110
Total non-current assets	554,663	442,243	523,076
Current assets			
Inventories	12,920	13,942	12,848
Accounts receivable	14,278	24,512	9,459
Other receivables	41,861	24,544	28,434
Cash and cash equivalents	37,133	41,669	62,434
Total current assets	106,192	104,667	113,175
TOTAL ASSETS	660,855	546,910	636,251
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	570,118	460,708	557,770
Non-current liabilities			
Liabilities to credit institutions	303	411	280
Lease liabilities	8,854	10,492	9,266
Other non-current liabilities	14,554	–	–
Deferred tax liabilities	9,292	3,735	9,277
Total non-current liabilities	33,003	14,638	18,823
Current liabilities			
Accounts payable	19,680	19,693	15,502
Other liabilities	38,054	51,871	44,156
Other current liabilities	57,734	71,564	59,658
TOTAL EQUITY AND LIABILITIES	660,855	546,910	636,251

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

kSEK	Share capital	Ongoing new issue	Other contributed capital	Reserves	Retained earnings incl. profit/loss for the period	Total equity
Opening balance, 1 January 2020	3,849	0	614,291	28,270	-180,317	466,095
Profit/loss for the period					-9,483	-9,483
Other comprehensive income				4,095		4,095
Total comprehensive income	0	0	0	4,095	-9,483	-5,388
Closing balance, 31 March 2020	3,849	0	614,291	32,365	-189,800	460,708
Opening balance, 1 January 2021	4,927	87,973	682,301	1,157	-218,588	557,770
Profit/loss for the period					-3,978	-3,978
Other comprehensive income				30,520		30,520
Total comprehensive income	0	0	0	30,520	-3,978	26,542
Transactions with shareholders						
Reclassification of additional purchase consideration, SpaceQuest			-14,488			-14,488
Non-cash issue – acquisition of SpaceQuest	960	-87,973	87,013			0
Warrants TO2020/2023			294			294
Closing balance, 31 March 2021	5,887	0	755,120	31,677	-222,566	570,118

Equity is attributable in its entirety to Parent Company shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

kSEK	Jan–Mar 2021	Jan–Mar 2020	Full-year 2020
Cash flow from operating activities before changes in working capital	-433	-6,688	-28,113
Total changes in working capital	-20,416	525	13,649
Cash flow from operating activities	-20,849	-6,163	-14,464
Cash flow from investing activities	-3,728	-3,816	-20,287
Cash flow from financing activities	-1,272	-762	45,522
CASH FLOW FOR THE PERIOD	-25,849	-10,741	10,771
Cash and cash equivalents at start of period	62,434	52,380	52,381
Exchange-rate differences in cash and cash equivalents	548	30	-718
CASH AND CASH EQUIVALENTS AT END OF PERIOD	37,133	41,669	62,434

CONDENSED PARENT COMPANY INCOME STATEMENT

kSEK	Jan-Mar 2021	Jan-Mar 2020	Full-year 2020
Net sales	12,582	10,252	32,657
Work performed by the company for its own use and capitalised	39	646	1,856
Other operating income	224	515	942
Total operating income	12,845	11,413	35,455
Raw materials and subcontractors	-5,884	-4,714	-13,604
Personnel costs	-5,077	-4,891	-19,777
Other external expenses	-4,012	-2,923	-12,594
Other operating expenses	-146	-54	-1,128
EBITDA	-2,274	-1,169	-11,648
Depreciation/amortisation and impairment of tangible and intangible assets	-262	-1,069	-3,441
EBIT	-2,536	-2,238	-15,089
Other interest income and similar profit/loss items	311	265	1,489
Interest expenses and similar profit/loss items	-2	-464	-787
Impairment of shares in subsidiaries	-	-	-45,000
Total earnings from financial items	309	-199	-44,298
PROFIT AFTER FINANCIAL ITEMS	-2,227	-2,437	-59,387
Tax on profit/loss for the period	-	-	-
Profit/loss for the period	-2,227	-2,437	-59,387

In the Parent Company, no items are recognised in other comprehensive income and, therefore, total comprehensive income for the period was consistent with profit/loss for the period.

CONDENSED PARENT COMPANY BALANCE SHEET

kSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	2,897	4,861	3,118
Tangible assets	43	-	-
Receivables from Group companies	7,054	15,707	725
Financial assets	441,778	324,592	441,416
Total non-current assets	451,772	345,160	445,259
Current assets			
Inventories	2,731	3,414	2,699
Accounts receivable	6,479	6,998	186
Receivables from Group companies	4,015	1,772	3,800
Other receivables	9,660	11,469	7,788
Cash and bank balances	33,939	41,167	51,239
Total current assets	56,824	64,820	65,712
TOTAL ASSETS	508,596	409,980	510,971
EQUITY AND LIABILITIES			
Equity			
Restricted equity	4,408	6,415	93,911
Unrestricted equity	476,458	390,762	403,376
Total equity	480,866	397,177	497,287
Non-current liabilities			
Other non-current liabilities	14,554	-	-
Total non-current liabilities	14,554	0	0
Current liabilities			
Accounts payable	5,206	7,245	3,129
Liabilities to Group companies	629	103	185
Other liabilities	7,340	5,455	10,370
Other current liabilities	13,175	12,803	13,684
TOTAL EQUITY AND LIABILITIES	508,595	409,980	510,971

SHAREHOLDERS AS OF 31 MARCH 2021

SHAREHOLDERS	NO. OF SHARES	VOTES & CAPITAL
CBNY-RJA-CLIENT ASSET ACCT*	24,000,000	16.30%
UBS SWITZERLAND AG, W8IMY	8,456,079	5.74%
Försäkringsaktiebolaget, Avanza Pension	7,808,412	5.30%
Euroclear Bank S.A/N.V, W8-IMY	3,972,163	2.70%
KOCK, JOHN	3,367,942	2.29%
Nordnet Pensionsförsäkring AB	3,343,008	2.27%
PETERSEN JAN CHRISTER	3,084,670	2.10%
C INT VELD BEHEER B.V	2,585,000	1.76%
G.L.E MONNA BEHEER B.V	2,585,000	1.76%
S. ENGELLEN BEHEER B.V	2,585,000	1.76%
Other	85,417,036	58.03%
TOTAL	147,204,310	100.0%

SHAREHOLDERS AS OF 30 APRIL 2021**

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

* Refers to SpaceQuest's previous owners

** After the directed new share issue in April 2021

NOTES

NOTE 1 GENERAL INFORMATION

AAC Clyde Space AB (publ) Corp. Reg. No. 556677-0599 is the Parent Company registered in Sweden with its registered office in Uppsala at Uppsala Science Park, Dag Hammarskjölds väg 48, SE-751 83 Uppsala, Sweden.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Reporting Board.

The accounting policies applied agree with those described in the AAC Clyde Space Group's Annual Report for 2020.

NOTE 3 SEGMENT INFORMATION

Description of segments and primary activities

AAC Clyde Space's strategic steering group, consisting of its Chief Executive Officer and Chief Financial Officer, corresponds to the chief operating decision-maker (CODM) for the AAC Clyde Space Group and evaluates the Group's financial position and performance as well as makes strategic decisions. Company management has determined the operating segments based on the information reviewed by the executive committee for the purposes of allocating resources and assessing performance.

The strategic steering group has identified four reportable segments in the Group's operations:

AAC Clyde Space, operations in Sweden

AAC Clyde Space primarily develops and produces data processing and power systems for CubeSats and small satellites (1–500 kg).

AAC Clyde Space, operations in Scotland

Clyde Space offers customised, turnkey services from design, subsystems and satellite platforms from 1 to 50 kg to operation of satellite systems in orbit and delivery of data to customers.

Hyperion, operations in the Netherlands

Hyperion specialises in high-performing, miniaturised subsystems for small satellites. The company's focus is on high-performing and reliable electronics and mechatronic systems.

SpaceQuest, operations in the US

SpaceQuest delivers data from space to customers from its own constellation of satellites and ground stations. The company also supplies subsystems to many commercial aerospace companies and institutions.

The strategic steering group primarily uses adjusted earnings before interest, tax, depreciation and amortisation (EBITDA, see below) in assessing the operating segment's earnings.

EBITDA	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
AAC Clyde Space	-1,676	-848	-21,602*
Clyde Space	-537	-5,379	-5,629
Hyperion	598	-	412
SpaceQuest	1,152	-	-
Total EBITDA	-463	-6,227	-26,819*

* includes acquisition and non-recurring personnel costs of kSEK 9,277.
A reconciliation of the Group's earnings before tax and EBITDA is shown below.

	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Total EBITDA	-463	-6,227	-26,818
Net financial items	32	-576	-1,274
Depreciation and amortisation of tangible and intangible assets	-3,982	-2,901	-10,713
Earnings before tax	-4,413	-9,704	-38,806

NOTE 4 NET SALES

Income

Sales between segments are carried out at arm's length. Since income from external parties is reported to the strategic steering group, it is measured in a manner consistent with that in the consolidated statement of comprehensive income. The majority of income is recognised over time.

January–March 2021	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Total
Income by segment	17,716	12,582	3,406	3,932	37,636
Income from other segments	-654	-199	-	-	-853
Income from external customers	17,062	12,383	3,406	3,932	36,783
Space Data as a Service	-	-	-	2,014	2,014
Space Missions	12,292	2,817	-	-	15,109
Space Products	4,770	8,185	3,406	1,918	18,279
Licenses/Royalties	-	1,381	-	-	1,381
Total	17,062	12,383	3,406	3,932	36,783

January–March 2020	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Total
Income by segment	13,865	10,252	-	-	24,117
Income from other segments	-	-283	-	-	-283
Income from external customers	13,865	9,969	0	0	23,834
Space Data as a Service	2,437	-	-	-	2,437
Space Missions	9,081	-	-	-	9,081
Space Products	2,347	9,969	-	-	12,316
Licenses/Royalties	-	-	-	-	-
Total	13,865	9,969	0	0	23,834

January–December 2020	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Total
Income by segment	68,102	28,929	2,365	–	99,396
Income from other segments	-112	-900	–	–	-1,012
Income from external customers	67,990	28,029	2,365	0	98,384
Space Data as a Service	3,068	–	–	–	3,068
Space Missions	51,163	411	–	–	51,574
Space Products	13,759	27,618	2,365	–	43,742
Licenses/Royalties	–	–	–	–	–
Total	67,990	28,029	2,365	0	98,384

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

As of 31 March 2021, there were no financial liabilities measured at fair value. In earlier periods, financial liabilities were measured at fair value in the form of foreign currency forwards. At 31 March 2020, the fair value for foreign currency forwards amounted to kSEK -327 (0) and was recognised in other current liabilities in the balance sheet, and changes in value were recognised in other operating expenses in the statement of comprehensive income. Fair values for foreign currency forwards are found in Level 2 of the fair value hierarchy.

Liabilities for the additional purchase consideration for shares in SpaceQuest are measured at fair value. Fair values for additional purchase considerations are found in Level 3 of the fair value hierarchy.

Definitions of the levels in the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as price listings) or indirectly (i.e. derived from price listings).

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The carrying amounts for liabilities to credit institutions recognised at amortised cost correspond with their fair values for the current period and the comparative period.

NOTE 6 RELATED-PARTY TRANSACTIONS

During the period, three Board members invoiced the company kSEK 487 (310) at market rates for the performance of consultant services linked to the company's operations. The services were primarily performed by the Chairman of the Board.

NOTE 7 FINANCIAL KEY PERFORMANCE INDICATORS

Definitions of key performance indicators

Equity ratio, % Equity divided by total assets

EBITDA Operating profit/loss before depreciation/amortisation of tangible and intangible assets

Order backlog The total at the end of the period of remaining unearned project revenue on confirmed orders, including products that have yet to be delivered or invoiced



AAC
CLYDE
SPACE