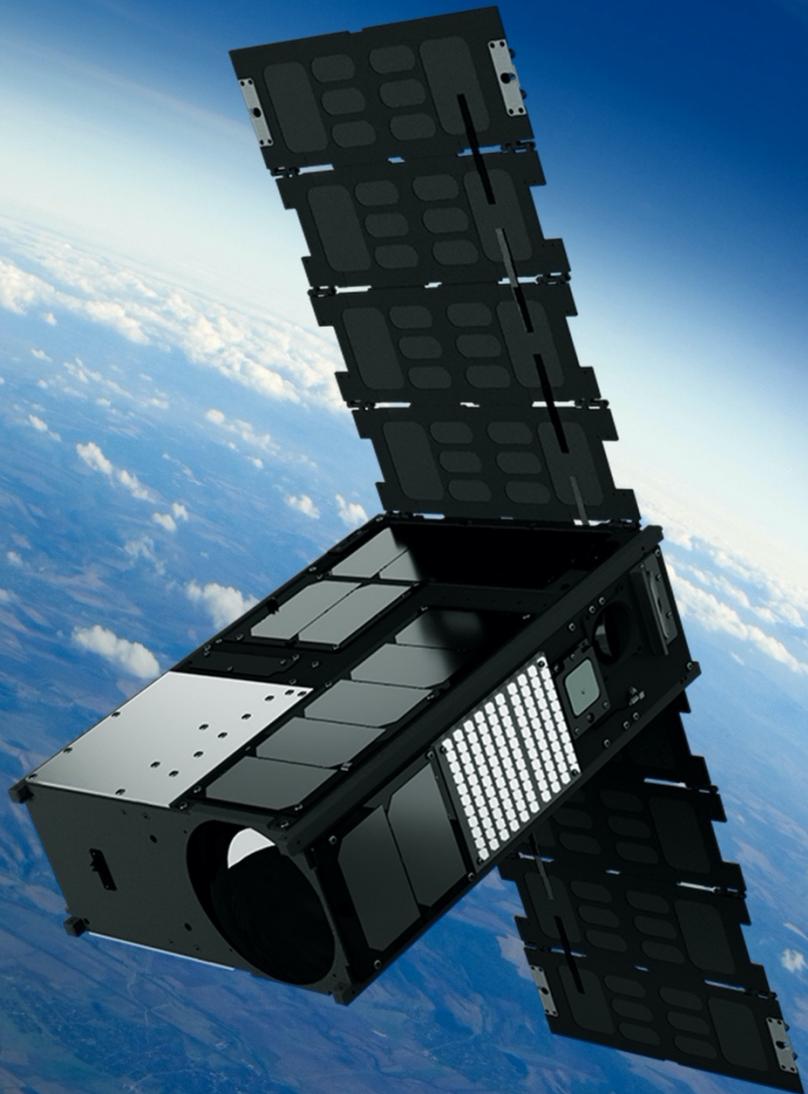




AAC
CLYDE
SPACE

AAC CLYDE SPACE AB (publ) **INTERIM REPORT** **Q2 2022**



**SECOND QUARTER,
APRIL–JUNE 2022
(COMPARED WITH
APRIL–JUNE 2021)**

Net sales increased 4% to

SEK 49.5 M (47.4)

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

SEK -3.2 M (-3.5)

Basic and diluted earnings per share
amounted to

SEK -0.03 (-0.06)

The order backlog amounted to

SEK 400 M (413)

Earnings before interest and tax (EBIT)
amounted to

SEK -9.5 M (-9.3)

The loss after tax was

SEK -5.8 M (-9.6)

Cash flow from operating activities
totalled

SEK -32.2 M (5.9)

The negative cash flow is mainly due
to revenues during the second quarter
being accrued against projects where
prepayments already have been
received and not yet invoiced
milestones in delayed projects

**JANUARY–JUNE 2022
(COMPARED WITH
JANUARY–JUNE 2021)**

Net sales increased 8% to

SEK 90.7 M (84.2)

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

SEK -10.8 M (-3.9)

Basic and diluted earnings per share
amounted to

SEK -0.09 (-0.08)

Earnings before interest and tax (EBIT)
amounted to

SEK -24.1 M (-13.8)

The loss after tax was

SEK -17.5 M (-13.6)

Cash flow from operating activities
totalled

SEK -25.2 M (-14.9)

SIGNIFICANT EVENTS IN THE SECOND QUARTER OF 2022

- AAC Clyde Space won a 0.56 MEUR (approx. 5.9 MSEK) order for its Sirius avionics for Israeli SpacEL's Moon mission, Beresheet 2. It will be delivered during Q1 2024
- The previous owners of Omnisys Instruments AB converted the second third of their warrants into shares in AAC Clyde Space. AAC Clyde Space consequently issued 5,780,033 shares. The remaining third of the warrants can thus be converted into shares after 30 October 2022
- AAC Omnisys secured an EUR 0.47 M (approx. SEK 4.9 M) order to deliver strategic spare parts to Airbus Defence and Space for Europe's next generation of meteorological satellites, the MetOp-SG
- AAC Hyperion acquired a contract to develop an onboard artificial intelligence (AI) capability for small satellites in collaboration with the Royal Netherlands Aerospace Centre (NLR). The European Space Agency (ESA) will fund the project with EUR 0.41 M (approx. SEK 4.2 M) sponsored by the Netherlands Space Office (NSO), with means from ESA's General Support Technology Programme (GSTP)
- AAC Space Africa was selected to deliver a ground station to a client in Africa. The order at approx SEK 3.4 M will be delivered in 2022
- AAC Clyde Space issued 525 457 shares to the previous owners of Omnisys Instrument AB as an earn-out payment achieved following the completion of the preliminary design of the weather instrument to the ESA project Artic Weather Satellite (AWS). The earn-out is the first of potentially three equal earnout issues of remuneration shares related to the AWS-project. Omnisys was awarded a EUR 12.2 million contract to supply microwave sounding sensors to the AWS-project in March 2021. The share issue increases the total number of shares in AAC Clyde Space to 193 250 943

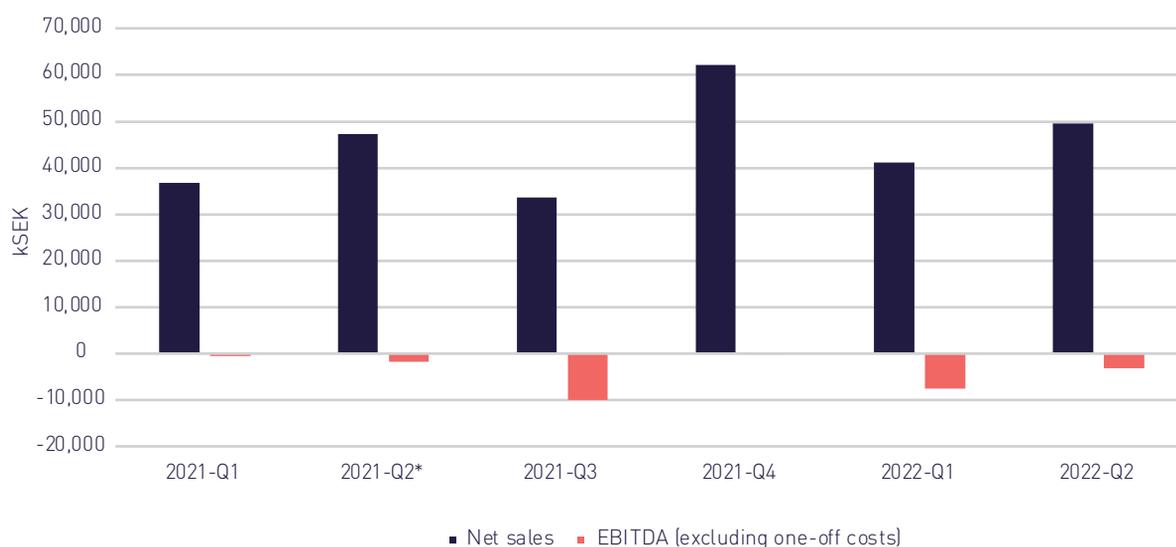
SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- AAC Clyde Space won a 584 kEUR (approx. 6.1 MSEK) order for Sirius computers and Starbuck power systems from OHB Sweden. The units will be part of the core avionics for a new InnoSat-class satellite
- AAC Clyde Space won a 0.6 MGBP (approx. 7.3 MSEK) order for 25 power systems for a constellation. Delivery will start in the fourth quarter of 2022
- AAC Clyde Space was awarded funding through the European Space Agency's ARTES Core Competitiveness programme which helps European and Canadian industry to develop innovative satcom technology, products and systems. The award will enable AAC Clyde Space to further develop its Starbuck Mini power system to address the needs of future constellations. The total project value is 0.95 MEUR (approx. 10.1 MSEK) of which ESA will fund half, and AAC the other half

FINANCIAL OVERVIEW – GROUP

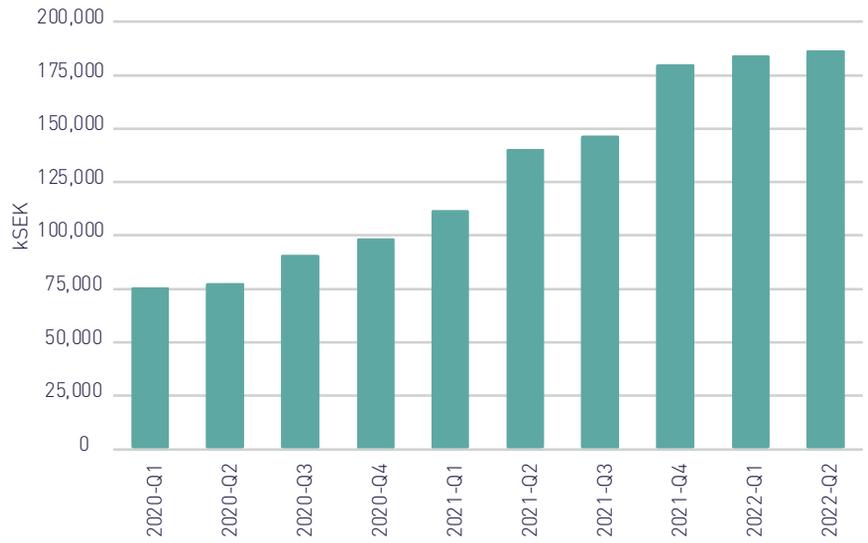
| kSEK | Apr- Jun | Apr- Jun | Jan- Jun | Jan- Jun | Full- year |
|---|-------------|-------------|-------------|-------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2021 |
| Net sales | 49,548 | 47,377 | 90,704 | 84,160 | 179,950 |
| EBITDA | -3,152 | -3,485 | -10,776 | -3,948 | -14,942 |
| EBIT | -9,493 | -9,341 | -24,126 | -13,786 | -38,606 |
| Basic and diluted earnings per share, SEK | -0.03 | -0.06 | -0.09 | -0.08 | -0.23 |
| Equity ratio | 80% | 81% | 80% | 81% | 78% |
| Cash flow from operating activities | -32,255 | 5,900 | -25,248 | -14,949 | -35,461 |
| Cash flow for the period | -42,330 | 64,525 | -50,056 | 38,676 | 32,399 |
| Cash and cash equivalents | 46,512 | 101,700 | 46,512 | 101,700 | 96,110 |
| Order backlog | 400,217 | 412,784 | 400,217 | 412,784 | 407,215 |

NET SALES AND EBITDA BY YEAR, ADJUSTED FOR ACQUISITION AND NON-RECURRING COSTS



* EBITDA for Q2 2021 adjusted for acquisition costs of SEK 1.7 M

**NET SALES –
ROLLING 12 MONTHS**



ORDER BACKLOG





COMMENTS FROM THE CEO

This quarter, we have continued to navigate industry-wide supply chain issues as we make the final preparations for a series of key launches scheduled towards end of the year.

First among these is Amber-1 (IOD-3). We are proud to be part of this highly anticipated mission and historic moment for the UK space sector. Not only will it make British spaceflight history as the UK's first satellite launch from home soil; it demonstrates how the country's space sector can work together to get new technologies into orbit and make a positive impact on Earth. Built by our team at AAC Clyde Space for Horizon Technologies and Catapult, Amber-1 will be launched on Virgin Orbit's LauncherOne in Cornwall. And later in the year, we'll launch three other satellites on Space-X's Transporter-6, on what will be a very busy (and exciting) period for our team.

Supply chain issues are still affecting the entire industry, delaying the delivery of existing projects and casting uncertainty over delivery times for new customer orders. The result is delayed order intake and reduced net sales. Despite maintaining the value of our order backlog at SEK400M (like the last quarter), and growing our H1 year on year net sales by 8%, to SEK90.7M, our objective of reaching positive EBITDA and operational cashflow will now be achieved in 2023. We anticipate significant progress in the second half of the year as we complete more projects and expect to recognise SEK 145M of our order backlog as revenue, but this will not be enough to offset the delays experienced during H1. Ultimately, we expect to generate at least SEK 236M of annual sales in 2022 from existing contracts (at the end of June). Additionally, since the end of the quarter we have secured several new contracts that build on our capabilities and strengthen our position in key areas.

As the world embarks on a new era of **lunar** exploration, we have won a SEK 5.9M contract to provide our Sirius avionics for Israeli SpaceIL's Moon mission, Beresheet 2. These will be delivered in Q1 2024 for a planned launch in the second half of the year.

AAC Omnisys continues to build on its strong position in technology for **weather** satellite missions of all sizes. Most recently, it has secured a SEK 4.9M order to deliver strategic spare parts to Airbus Defence and Space for Europe's next generation of meteorological satellites, the MetOp-SG.

Meanwhile, AAC Hyperion has won a contract to develop an onboard **artificial intelligence (AI)** solution that will improve small satellite capabilities, helping to make shipping routes more efficient, improve agriculture, and better track and predict potential natural disasters. Together with the Royal Netherlands Aerospace Centre, we are developing AI hardware and algorithms that will process and sort data collected by satellites on board, optimise data links and upgrade constellation control and navigation.

Elsewhere in the Group, AAC Space Africa has been selected to deliver a ground station to a client in **Africa**. The order at approx. SEK 3.4 M will be delivered this year and is an important steppingstone to leverage space-based data and services to improve the quality of life, safety and economic prosperity in the region.

Finally, our **power systems** continue to be in strong demand. This quarter we secured a SEK6.1M order from OHB Sweden for our Sirius computers and Starbucks power systems, and follow-on order from an international customer for 25 power systems for an earth observation constellation. In addition, we were awarded funding by the European Space Agency's ARTES Core Competitiveness programme to develop our Starbuck Mini power system. The Starbuck Mini has demonstrated impressive in-orbit performance is an increasingly popular product for a range of missions – from LEO to lunar. This project will make it even more competitive and improve production and delivery times when scaling up to larger volumes.

I look forward to fulfilling these contracts, pushing ahead with launches, and progressing our capabilities. As ever, but particularly in these challenging global conditions, thank you to shareholders for your support – and to our global team for their hard work, tenacity, and determination to fulfil our vision.

Luis Gomes
CEO

Net sales increased 8% to SEK 90.7 M (84.2). Total revenue amounted to SEK 111.4 M (96.0).

Second quarter 2022

Sales and earnings

Net sales increased 4% to SEK 49.5 M (47.4). Total revenue, including work performed by the company for its own use and capitalised, amounted to SEK 58.8 M (53.5). The order backlog amounted to SEK 400 M (413), of which SEK 145 M is expected to be recognised as revenue during July to December 2022.

The gross margin amounted to 69% (58). Personnel costs and Other external expenses increased by 36% to SEK 46.6 M (34.2), reflecting the acquisition of Omnisys Instruments end of April 2021 and forming a larger organization to manage the expected growth and larger business opportunities.

EBITDA amounted to SEK -3.2 M (-3.5). EBIT totalled SEK -9.5 M (-9.3) and the loss after tax was SEK -5.8 M (-9.6).

Exchange-rate differences had a positive impact on the total comprehensive income for the period of SEK 16.9 M (-8.6), primarily due to restating goodwill items in Clyde Space and SpaceQuest, which are stated in GBP and USD respectively.

January-June 2022

Sales and earnings

Net sales increased 8% to SEK 90.7 M (84.2). Total revenue amounted to SEK 111.4 M (96.0).

EBITDA amounted to SEK -10.8 M (-3.9). EBIT totalled SEK -24.1 M (-13.8) and the loss after tax was SEK -17.5 M (-13.6).

Investments and financial position

Available cash and cash equivalents as of 30 June 2022 totalled SEK 46.5 M (101.7), excluding an unutilised bank overdraft facility of SEK 5 M.

Cash flow from operating activities for the period amounted to SEK -25.2 M (-14.9) following changes in working capital for the second quarter amounting to SEK -30.0 M (9.2). The change of the working capital during the quarter is primarily due to a R&D Tax Credit claim of approx. 10.8 MSEK (which was paid from the UK HMRC in August 2022) and revenues during the second quarter being accrued against projects where prepayments already have been received and not yet invoiced milestones in delayed projects. The assessment, based on the current order backlog and new customer orders intake, is that the Group is financed for the next 12 months.

The Group's investments in non-current assets for the period totalled SEK 17.3 M (17.9), of which intangible assets accounted for SEK 16.2 M (10.1). Investment in intangible assets mainly comprised development expenses related to the ORBCOMM project, ongoing development of next-generation space products and satellite platforms (50% financed by Scottish Enterprise) and development.

Other current receivables increased to SEK 72.6 M (57.0), mainly due to accrued revenue in ongoing projects and an R&D Tax Credit claim of approx. SEK 10.8 M. Other non-current liabilities of SEK 25.1 M (34.5) pertain to non-cash restatements of additional considerations for the acquisitions of SpaceQuest and Omnisys Instruments under IAS 32 and IFRS 9. The additional considerations are settled through the conversion of warrants to shares. Other current liabilities amounted to SEK 100.7 M (72.0). The increase is due to prepayments from customers.

The equity ratio amounted to 80% (81).

The AGM in May 2022 resolved on a directed issue of warrants to the Board and to all employees. Each warrant entitles the holder to subscribe for one new share at the subscription price of SEK 1.91 per share.

Personnel and organisation

There were 174 employees (163) at the end of the period.

Parent Company

Parent Company net sales for the period totalled SEK 30.0 M (21.8), and the loss after tax was SEK -7.5 M (-6.9). Investments in non-current assets amounted to SEK 0.8 M (0.1). The equity ratio amounted to 92% (92).

The share

AAC Clyde Space's share is traded on Nasdaq First North Growth Market under the symbol AAC. The share is also traded on the American OTCQX market under the symbol ACCMF.

As of 30 June 2022, 199,030,976 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 June 2022, the number of shareholders totalled 12,736. A table with the largest shareholders can be found on page 18 in this report.

Incentive programs

The AGM in June 2020 resolved on a 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 during the period through 1 July 2023 until 31 December 2023:

- As of 30 June 2022, Board members had subscribed for 192,000 warrants (incentive scheme 2020/2023:C)
- As of 30 June 2022, employees in Sweden had subscribed for 408,000 warrants (incentive scheme 2020/2023:A)
- As of 30 June 2022, employees in the UK had subscribed for 1,280,000 warrants (incentive scheme 2020/2023:B)

A total of 1,880,000 warrants have been subscribed for, which entails a potential dilution effect of around 1% and that AAC Clyde Space will potentially raise approximately SEK 8.0 M.

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

- As of 30 June 2022, Board members had subscribed for 325,000 warrants (incentive scheme 2022/2025:C)
- As of 30 June 2022, employees in Sweden had subscribed for 1,150,000 warrants (incentive scheme 2022/2025:A)
- As of 15 July 2022, employees outside of Sweden had subscribed for 1,675,000 warrants (incentive scheme 2022/2025:B)

A total of 3,150,000 warrants have been subscribed for, which entails a potential dilution effect of around 2% and that AAC Clyde Space will potentially raise approximately SEK 6.0 M.

AAC Clyde Space won a 0.6 MGBP (approx. 7.3 MSEK) order for 25 power systems for a constellation. Delivery will start in the fourth quarter of 2022.

Related-party transactions

During the period, Board members have invoiced the company on market terms 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.

Significant events after the end of the reporting period

AAC Clyde Space won a 584 kEUR (approx. 6.1 MSEK) order for Sirius computers and Starbuck power systems from OHB Sweden. The units will be part of the core avionics for a new InnoSat-class satellite. The order is expected to be delivered middle of 2023.

The Sirius computer and the Starbuck Mini power system were originally developed for the first InnoSat satellite, as part of a programme financed by the Swedish National Space Agency. They are now used extensively in a variety of space missions, offering industry leading, robust performance for small and medium sized satellites.

AAC Clyde Space won a 0.6 MGBP (approx. 7.3 MSEK) order for 25 power systems for a constellation. Delivery will start in the fourth quarter of 2022. Building on multiple previous orders (totalling more than 50 units), this order shall support the international customers' Earth Observation constellation scale-up. The power systems include a PCDU (Power Conditioning and Distribution Unit), which receives and distributes power, and a large capacity battery. The power system is built on the company's heritage products, STARBUCK-NANO and OPTIMUS, demonstrating the capability of these heritage ranges.

AAC Clyde Space was awarded funding through the European Space Agency's ARTES Core Competitiveness programme which helps European and Canadian industry to develop innovative satcom technology, products and systems. The award will enable AAC Clyde Space to further develop its Starbuck Mini power system to address the needs of future constellations. The total project value is 0.95 MEUR (approx. 10.1 MSEK) of which ESA will fund half, and AAC the other half. The project will develop features for test and manufacturing, to improve efficient serial production and speed up delivery times when scaling up to larger volumes. Additional features and standardised modules will also be added to target new customers as well as existing clients' next generation of satellites.

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 2021 Annual Report. COVID-19 affected operations in the form of lower income recognition than planned in projects, since deliveries from subcontractors were delayed. The ongoing war in Ukraine has not so far affected operations. It remains difficult to estimate the final impact of COVID-19 and the war on the Group. No further significant risks are deemed to have arisen during the period.

Reporting calendar

| | |
|-----------------------------|-------------|
| Interim Report Jan-Sep 2022 | 24 Nov 2022 |
| Year-end Report 2022 | 23 Feb 2023 |

The Annual Report and interim reports are available on the company's website:
<https://investor.aac-clyde.space/en/financial-reports/>

Certification

The Board of Directors and CEO give their assurance that the report for the period January-June 2022 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, 25 August 2022

Rolf Hallencreutz
Chairman of the Board

Per Aniansson
Board member

Anita Bernie
Board member

Per Danielsson
Board member

Nicole Robinson
Board member

William Whitehorn
Board member

Luis Gomes
CEO

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

This report has not been reviewed by the auditor.

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, South Africa 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 Growth Market. Erik Penser Bank AB is the Certified Adviser.

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| kSEK | Apr-Jun 2022 | Apr-Jun 2021 | Jan-Jun 2022 | Jan-Jun 2021 | Full-year 2021 |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|
| Net sales | 49,548 | 47,377 | 90,704 | 84,160 | 179,950 |
| Work performed by the company for its own use and capitalised | 5,545 | 3,235 | 10,880 | 5,420 | 13,630 |
| Other operating income | 3,764 | 2,915 | 9,863 | 6,391 | 17,245 |
| TOTAL | 58,857 | 53,527 | 111,447 | 95,971 | 210,825 |
| Raw materials and subcontractors | -15,504 | -20,000 | -30,776 | -35,289 | -83,234 |
| Personnel costs | -35,564 | -27,236 | -68,128 | -48,006 | -106,946 |
| Other external expenses | -11,054 | -6,989 | -19,576 | -13,430 | -30,454 |
| Other operating expenses | 113 | -2,787 | -3,743 | -3,194 | -5,216 |
| EBITDA | -3,152 | -3,485 | -10,776 | -3,948 | -14,942 |
| Depreciation/amortisation and impairment of tangible and intangible assets | -6,341 | -5,856 | -13,350 | -9,838 | -23,583 |
| EBIT | -9,493 | -9,341 | -24,126 | -13,786 | -38,606 |
| Financial income | 3,622 | 330 | 6,101 | 614 | 764 |
| Financial expenses | -447 | -1,072 | -782 | -1,324 | -4,927 |
| Net financial items | 3,175 | -742 | 5,319 | -710 | -4,163 |
| Income tax | 532 | 465 | 1,304 | 900 | 3,282 |
| PROFIT/LOSS FOR THE PERIOD | -5,786 | -9,618 | -17,503 | -13,596 | -39,483 |
| Other comprehensive income: <i>Items that may be transferred to profit or loss</i> | | | | | |
| Exchange-rate differences | 16,885 | -8,658 | 44,770 | 21,862 | 38,336 |
| Other comprehensive income for the period | 16,885 | -8,658 | 44,770 | 21,862 | 38,336 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 11,099 | -18,276 | 27,267 | 8,266 | -1,151 |

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

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

| | Apr-Jun 2022 | Apr-Jun 2021 | Jan-Jun 2022 | Jan-Jun 2021 | Full-year 2021 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Average no. of shares – basic | 192,375,181 | 173,348,101 | 195,177,621 | 160,276,205 | 173,829,770 |
| No. of shares at end of period | 199,030,976 | 186,419,996 | 199,030,976 | 186,419,996 | 192,200,029 |
| Average no. of shares – diluted | 207,382,438 | 173,348,101 | 199,030,976 | 160,276,205 | 173,829,770 |
| Basic and diluted earnings per share | -0.03 | -0.06 | -0.09 | -0.08 | -0.23 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| kSEK | 30 Jun 2022 | 30 Jun 2021 | 31 Dec 2021 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 690,787 | 624,311 | 639,515 |
| Tangible assets | 39,330 | 33,055 | 41,475 |
| Financial assets | 112 | 109 | 90 |
| Total non-current assets | 730,229 | 657,475 | 681,080 |
| Current assets | | | |
| Inventories | 18,698 | 14,993 | 13,201 |
| Accounts receivable | 22,214 | 23,368 | 23,023 |
| Other receivables | 72,642 | 56,969 | 60,992 |
| Cash and cash equivalents | 46,512 | 101,700 | 96,110 |
| Total current assets | 160,066 | 197,030 | 193,327 |
| TOTAL ASSETS | 890,295 | 854,505 | 874,407 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to Parent Company shareholders | 708,864 | 688,052 | 678,812 |
| Non-current liabilities | | | |
| Liabilities to credit institutions | - | 297 | - |
| Lease liabilities | 7,462 | 12,561 | 9,989 |
| Other non-current liabilities | 25,065 | 34,484 | 28,931 |
| Deferred tax liabilities | 22,241 | 24,295 | 22,410 |
| Total non-current liabilities | 54,768 | 71,637 | 61,330 |
| Current liabilities | | | |
| Accounts payable | 25,917 | 22,683 | 26,473 |
| Other liabilities | 100,746 | 72,133 | 107,793 |
| Other current liabilities | 126,663 | 94,816 | 134,266 |
| TOTAL EQUITY AND LIABILITIES | 890,295 | 854,505 | 874,407 |

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 2021 | 4,928 | 87,973 | 682,295 | 1,184 | -218,612 | 557,770 |
| Profit/loss for the period | | | | | -13,596 | -13,596 |
| Other comprehensive income | | | | 21,862 | | 21,862 |
| Total comprehensive income | 0 | 0 | 0 | 21,862 | -13,596 | 8,266 |
| Transactions with shareholders | | | | | | |
| Reclassification of additional purchase consideration, SpaceQuest | | | -14,488 | | | -14,488 |
| Directed share issue | 1,569 | | 98,431 | | | 100,000 |
| Issue expenses | | | -5,891 | | | -5,891 |
| Non-cash issue – acquisition of Omnisys | | | 41,770 | | | 41,770 |
| Non-cash issue – acquisition of SpaceQuest | 960 | -87,973 | 87,013 | | | 0 |
| Warrants T02020/2023 | | | 626 | | | 626 |
| Closing balance, per 30 Jun 2021 | 7,457 | 0 | 889,756 | 23,046 | -232,207 | 688,052 |
| Opening balance, 1 January 2022 | 7,688 | 0 | 889,723 | 39,481 | -258,080 | 678,812 |
| Profit/loss for the period | | | | | -17,503 | -17,503 |
| Other comprehensive income | | | | 44,770 | | 44,770 |
| Total comprehensive income | 0 | 0 | 0 | 44,770 | -17,503 | 27,267 |
| Transactions with shareholders | | | | | | |
| Reclassification of additional purchase consideration, SpaceQuest | | | | | | 0 |
| Directed share issue | | | | | | 0 |
| Issue expenses | | | | | | 0 |
| Subscription of warrants | 273 | | 241 | | | 514 |
| Non-cash issue – acquisition of Omnisys | | | 2,232 | | | 2,232 |
| Warrants T02020/2023 | | | | | | 0 |
| Warrants T02022/2025 | | | 39 | | | 39 |
| Closing balance, per 30 Jun 2022 | 7,961 | 0 | 892,235 | 84,251 | -275,583 | 708,864 |

Equity is attributable in its entirety to Parent Company shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| kSEK | Apr-Jun 2022 | Apr-Jun 2021 | Jan-Jun 2022 | Jan-Jun 2021 | Full-year 2021 |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|
| Cash flow from operating activities before changes in working capital | -2,213 | -3,287 | -9,033 | -3,720 | -15,189 |
| Total changes in working capital | -30,042 | 9,187 | -16,215 | -11,229 | -20,272 |
| Cash flow from operating activities | -32,255 | 5,900 | -25,248 | -14,949 | -35,461 |
| Cash flow from investing activities | -8,899 | -38,934 | -17,312 | -42,662 | -21,779 |
| Cash flow from financing activities | -1,176 | 97,559 | -7,496 | 96,287 | 89,639 |
| CASH FLOW FOR THE PERIOD | -42,330 | 64,525 | -50,056 | 38,676 | 32,399 |
| Cash and cash equivalents at start of period | 88,924 | 37,133 | 96,110 | 62,434 | 62,434 |
| Exchange-rate differences in cash and cash equivalents | -82 | 42 | 458 | 590 | 1,278 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 46,512 | 101,700 | 46,512 | 101,700 | 96,110 |

CONDENSED PARENT COMPANY INCOME STATEMENT

| kSEK | Apr-Jun | Apr-Jun | Jan-Jun | Jan-Jun | Full-Year |
|--|---------------|---------------|---------------|---------------|----------------|
| | 2022 | 2021 | 2022 | 2021 | 2021 |
| Net sales | 18,911 | 9,213 | 30,016 | 21,795 | 55,133 |
| Work performed by the company for its own use and capitalised | 201 | - | 285 | 39 | 137 |
| Other operating income | 333 | 57 | 805 | 281 | 816 |
| Total operating income | 19,445 | 9,270 | 31,106 | 22,115 | 56,086 |
| Raw materials and subcontractors | -3,841 | -3,724 | -7,608 | -9,608 | -19,830 |
| Personnel costs | -7,981 | -5,543 | -14,011 | -10,620 | -21,574 |
| Other external expenses | -13,059 | -4,557 | -17,596 | -8,569 | -28,108 |
| Other operating expenses | -164 | -97 | -499 | -243 | -517 |
| EBITDA | -5,600 | -4,651 | -8,608 | -6,925 | -13,943 |
| Depreciation/amortisation and impairment of tangible and intangible assets | -63 | -241 | -176 | -503 | -1,009 |
| EBIT | -5,663 | -4,892 | -8,784 | -7,428 | -14,952 |
| Other interest income and similar profit/loss items | 744 | 246 | 1,573 | 557 | 1,630 |
| Interest expenses and similar profit/loss items | -199 | -39 | -263 | -41 | -167 |
| Total earnings from financial items | 545 | 207 | 1,310 | 516 | 1,463 |
| PROFIT AFTER FINANCIAL ITEMS | -5,118 | -4,685 | -7,474 | -6,912 | -13,489 |
| Tax on profit/loss for the period | - | - | - | - | - |
| Profit/loss for the period | -5,118 | -4,685 | -7,474 | -6,912 | -13,489 |

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 | 30 Jun 2022 | 30 Jun 2021 | 31 Dec 2021 |
|--------------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 3,208 | 2,684 | 2,422 |
| Tangible assets | 571 | 519 | 698 |
| Receivables from Group companies | 40,780 | 24,249 | 26,037 |
| Financial assets | 538,172 | 540,298 | 543,487 |
| Total non-current assets | 582,731 | 567,750 | 572,644 |
| Current assets | | | |
| Inventories | 5,028 | 2,858 | 2,646 |
| Accounts receivable | 3,963 | 5,825 | 6,063 |
| Receivables from Group companies | 24,319 | 6,035 | 18,217 |
| Other receivables | 16,483 | 8,521 | 10,930 |
| Cash and bank balances | 20,291 | 77,648 | 70,548 |
| Total current assets | 70,084 | 100,887 | 108,404 |
| TOTAL ASSETS | 652,815 | 668,637 | 681,048 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Restricted equity | 10,991 | 6,054 | 9,556 |
| Unrestricted equity | 590,678 | 606,337 | 596,451 |
| Total equity | 601,669 | 612,391 | 606,007 |
| Non-current liabilities | | | |
| Other non-current liabilities | 35,065 | 44,484 | 38,931 |
| Total non-current liabilities | 35,065 | 44,484 | 38,931 |
| Current liabilities | | | |
| Accounts payable | 4,741 | 4,918 | 6,823 |
| Liabilities to Group companies | 687 | 130 | 9,940 |
| Other liabilities | 10,653 | 6,714 | 19,347 |
| Other current liabilities | 16,081 | 11,762 | 36,110 |
| TOTAL EQUITY AND LIABILITIES | 652,815 | 668,637 | 681,048 |

SHAREHOLDERS AS OF 30 JUNE 2022

| SHAREHOLDERS | NO. OF SHARES | VOTES & CAPITAL |
|----------------------------------|----------------------|----------------------------|
| CBNY-RJA-CLIENT ASSET ACCT* | 24,000,000 | 12.06% |
| AVANZA PENSION | 13,057,389 | 6.56% |
| AESA2104 AB | 6,354,928 | 3.19% |
| NORDNET PENSIONS FÖRSÄKRINGAR AB | 3,451,495 | 1.73% |
| UBS SWITZERLAND AG, W8IMY | 3,217,628 | 1.62% |
| KOCK, JOHN | 3,066,100 | 1.54% |
| TJ JUNIOR AB | 3,000,000 | 1.51% |
| C INT VELD BEHEER B.V | 2,585,000 | 1.30% |
| G.L.E MONNA BEHEER B.V | 2,585,000 | 1.30% |
| S. ENGELEN BEHEER B:v | 2,585,000 | 1.30% |
| Övriga | 135,128,436 | 67.89% |
| TOTAL | 199,030,976 | 100.0% |

* Refers to SpaceQuest's previous owners

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 2021.

NOTE 3 SEGMENT INFORMATION

Description of segments and primary activities

AAC Clyde Space's strategic steering group, consisting of its Chief Executive Officer, Chief Operating Officer, Chief Technology Officer, Chief Commercial Officer, President Data & Services, HR Director, Chief Scientific Officer and Chief Financial Officer, corresponds to the chief operating decisionmaker (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 six reportable segments in the Group's operations:

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

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

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

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

Omnisys Instruments, operations in Gothenburg, Sweden – Omnisys develops and manufactures measuring instruments, primarily for advanced space projects. Moreover, the company has an extensive track record developing weather data sensors to create reliable weather forecasting and data for climate research.

AAC Space Africa, operations in South Africa – AAC Space Africa will design, build, and deliver space missions to the continent from its Cape Town base in South Africa's Western Cape Province. The company is the group's centre of competence for advanced radio communication.

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

| EBITDA | Apr-Jun 2022 | Apr-Jun 2021 | Jan-Jun 2022 | Jan-Jun 2021 | Jan-Dec 2021 |
|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| AAC Clyde Space | -7,255 | -5,810* | -9,475 | -7,486* | -14,302** |
| Clyde Space | -4,015 | -4,295 | -9,959 | -4,832 | -10,737 |
| Hyperion | 1,323 | 1,162 | 779 | 1,760 | 758 |
| SpaceQuest | 3,258 | 1,999 | 4,153 | 3,151 | 5,245 |
| Omnisys | 3,834 | 3,459 | 5,136 | 3,459 | 5,387 |
| AAC Space Africa | -297 | - | -1,410 | - | -1,293 |
| Total EBITDA | -3,152 | -3,485 | -10,776 | -3,948 | -14,942 |

* includes acquisition costs of kSEK 1,668

** includes acquisition costs of kSEK 1,668 and non-recurring personnel costs of 948

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

| | Apr-Jun 2022 | Apr-Jun 2021 | Jan-Jun 2022 | Jan-Jun 2021 | Jan-Dec 2021 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total EBITDA | -3,152 | -3,485 | -10,776 | -3,948 | -14,942 |
| Net financial items | 3,175 | -742 | 5,319 | -710 | -4,163 |
| Depreciation and amortisation of tangible and intangible assets | -6,341 | -5,856 | -13,350 | -9,838 | -23,664 |
| Earnings before tax | -6,318 | -10,083 | -18,807 | -14,496 | -42,769 |

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.

| April-June 2022 | Clyde Space | AAC Clyde Space | Hyperion | Space Quest | Omnisys | AAC Space Africa | Total |
|---------------------------------------|---------------|-----------------|--------------|--------------|---------------|------------------|---------------|
| Income by segment | 19,306 | 18,911 | 5,262 | 9,408 | 14,449 | 2,165 | 69,501 |
| Income from other segments | -8,222 | -9,937 | -670 | -617 | - | -507 | -19,953 |
| Income from external customers | 11,084 | 8,974 | 4,592 | 8,791 | 14,449 | 1,658 | 49,548 |
| Space Data as a Service | 274 | - | - | 3,955 | - | - | 4,229 |
| Space Missions | 8,616 | 417 | - | - | - | 1,658 | 10,691 |
| Space Products | 2,194 | 8,557 | 4,592 | 4,836 | 14,449 | - | 34,628 |
| Licenses/Royalties | - | - | - | - | - | - | - |
| Total | 11,084 | 8,974 | 4,592 | 8,791 | 14,449 | 1,658 | 49,548 |

| April-June 2021 | Clyde Space | AAC Clyde Space | Hyperion | Space Quest | Omnisys | AAC Space Africa | Total |
|---------------------------------------|---------------|-----------------|--------------|--------------|---------------|------------------|---------------|
| Income by segment | 14,805 | 9,213 | 4,554 | 5,421 | 15,484 | - | 49,477 |
| Income from other segments | -292 | -1,808 | - | - | - | - | -2,100 |
| Income from external customers | 14,513 | 7,405 | 4,554 | 5,421 | 15,484 | 0 | 47,377 |
| Space Data as a Service | 122 | - | - | 2,854 | - | - | 2,976 |
| Space Missions | 11,965 | 494 | - | - | - | - | 12,459 |
| Space Products | 2,426 | 6,911 | 4,554 | 2,567 | 15,484 | - | 31,942 |
| Licenses/Royalties | - | - | - | - | - | - | 0 |
| Total | 14,513 | 7,405 | 4,554 | 5,421 | 15,484 | 0 | 47,377 |

| January–June 2022 | | | | | | | |
|---------------------------------------|---------------|-----------------|--------------|---------------|---------------|------------------|---------------|
| | Clyde Space | AAC Clyde Space | Hyperion | Space Quest | Omnisys | AAC Space Africa | Total |
| Income by segment | 33,534 | 30,016 | 8,571 | 15,047 | 22,737 | 2,670 | 112,574 |
| Income from other segments | -8,319 | -10,200 | -1,781 | -617 | - | -953 | -21,870 |
| Income from external customers | 25,215 | 19,816 | 6,790 | 14,430 | 22,737 | 1,717 | 90,704 |
| Space Data as a Service | 368 | - | - | 7,867 | - | - | 8,235 |
| Space Missions | 19,057 | 1,748 | - | - | - | 1,658 | 22,462 |
| Space Products | 5,790 | 18,068 | 6,790 | 6,563 | 22,737 | 59 | 60,007 |
| Licenses/Royalties | - | - | - | - | - | - | - |
| Total | 25,215 | 19,816 | 6,790 | 14,430 | 22,737 | 1,717 | 90,704 |

| January–June 2021 | | | | | | | |
|---------------------------------------|---------------|-----------------|--------------|--------------|---------------|------------------|---------------|
| | Clyde Space | AAC Clyde Space | Hyperion | Space Quest | Omnisys | AAC Space Africa | Total |
| Income by segment | 32,521 | 21,795 | 7,960 | 9,353 | 15,484 | - | 87,113 |
| Income from other segments | -946 | -2,007 | - | - | - | - | -2,953 |
| Income from external customers | 31,575 | 19,788 | 7,960 | 9,353 | 15,484 | 0 | 84,160 |
| Space Data as a Service | 122 | 3,311 | - | 4,868 | - | - | 8,301 |
| Space Missions | 24,257 | - | - | - | - | - | 24,257 |
| Space Products | 7,196 | 15,096 | 7,960 | 4,485 | 15,484 | - | 50,221 |
| Licenses/Royalties | - | 1,381 | - | - | - | - | 1,381 |
| Total | 31,575 | 19,788 | 7,960 | 9,353 | 15,484 | 0 | 84,160 |

| January–December 2021 | | | | | | | |
|---------------------------------------|---------------|-----------------|---------------|---------------|---------------|------------------|----------------|
| | Clyde Space | AAC Clyde Space | Hyperion | Space Quest | Omnisys | AAC Space Africa | Total |
| Income by segment | 73,475 | 55,133 | 16,402 | 19,435 | 43,840 | 488 | 208,773 |
| Income from other segments | -11,971 | -13,695 | -2,467 | -202 | - | -488 | -28,823 |
| Income from external customers | 61,504 | 41,438 | 13,935 | 19,233 | 43,840 | 0 | 179,950 |
| Space Data as a Service | 1,203 | - | - | 11,637 | - | - | 12,840 |
| Space Missions | 48,575 | 8,935 | - | - | - | - | 57,510 |
| Space Products | 11,726 | 31,122 | 13,935 | 7,596 | 43,840 | - | 108,219 |
| Licenses/Royalties | - | 1,381 | - | - | - | - | 1,381 |
| Total | 61,504 | 41,438 | 13,935 | 19,233 | 43,840 | 0 | 179,950 |

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

As of 30 June 2022, there were no financial liabilities measured at fair value in addition to what is stated below. 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 and Omnisys 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 to their fair values for the current period and the comparative period.

NOTE 6 RELATED-PARTY TRANSACTIONS

During the period, four Board members have invoiced the company kSEK 466 (722) at market rates for the performance of consultant services linked to the company's operations.

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

Gross margin Net sales less Raw materials and subcontractors divided by Net sales