



## Interim report for AAC Clyde Space AB (publ) January – June 2020

### 2020-08-27 AAC Clyde Space AB (publ)

#### Second quarter, April–June 2020 (compared with April–June 2019)

- Net sales amounted to SEK 18.5 M (16.7)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) totalled SEK -7.5 M (-7.7)
- Earnings before interest and tax (EBIT) totalled SEK -10.3 M (-10.8)
- The loss after tax was SEK -10.5 M (-11.0)
- Basic and diluted earnings per share amounted to SEK -0.11 (-0.14)
- Cash flow from operating activities totalled SEK -0.4 M (-3.6)
- The order backlog amounted to SEK 164 M (126 M)

#### January–June 2020 (compared with January–June 2019)

- Net sales amounted to SEK 42.4 M (31.7)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) totalled SEK -13.7 M (-14.2)
- Earnings before interest and tax (EBIT) totalled SEK -19.5 M (-20.7)
- The loss after tax was SEK -20.0 M (-21.1)
- Basic and diluted earnings per share amounted to SEK -0.21 (-0.29)
- Cash flow from operating activities totalled SEK -6.5 M (-8.6)

#### Significant events in the second quarter of 2020

- AAC Clyde Space Glasgow received a GBP 2.3 M (approx. SEK 27 M) grant from Scottish Enterprise to develop next generation nano and small satellites
- The US firm Moog selected AAC Clyde Space to develop a new solar panel for Moog's new Small Launch Orbital Manoeuvring Vehicle (SL-OMV), a space tug designed to transport and deploy CubeSat constellations in their final orbit. The order value is GBP 340,000 (approx. SEK 4 M)
- Loft Orbital of the US expanded a previous order with the addition of a USD 250,000 (approx. SEK 2 M) order for power systems for two satellites
- The US firm Orbital Micro Systems (OMS) placed an order valued at GBP 642,000 (approx. SEK 7 M) for a 6U satellite. The satellite will be included in the OMS commercial constellation, which aims to deliver accurate and timely weather information
- AAC Clyde Space appointed John Charlick, COO, and Ross Lang, UK Head of Finance, to the executive management team.
- COVID-19 impacted the order intake during the period, with customers postponing orders and revenue recognition were impacted by suppliers not delivering to schedule due to the virus

#### Significant events after the end of the reporting period

- Trading commenced in the shares of AAC Clyde Space on OTC markets in the US
- AAC Clyde Space, Saab and ORBCOMM are building the next generation of maritime communication. AAC Clyde Space received a total of SEK 17.0 M, of which SEK 12.2 M comprised a grant from the Swedish Transport Administration
- AAC Clyde Space appointed Peter Anderson as Vice President Business Development, who also joins the Group's management team



## Comments from the CEO

And just like that, the first half of 2020 has passed. The past six months have turned out to be eventful, unpredictable, and very different from what we had planned. As COVID-19 hit, we took a proactive approach to managing the pandemic with the aim to find ways to continue our business as well as possible.

Our approach resulted in revenue for the first half of 2020 increasing by 34%, and close to positive cash flow from operations during the second quarter. Despite the rather strong development, our growth was held back by the pandemic. Cleanrooms and production areas were re-configured to enable social distancing, which lowered production throughput. Some suppliers struggled to deliver on time, causing delays and thus slowing revenue recognition.

Looking further out, we closed several contracts, in total worth more than 14 million SEK, including orders for one satellite and orders for several major subsystems, resulting in a stable order backlog at 164 million SEK. We notice that the impact of the pandemic on our prospective and existing customers has been mixed, with several customers delaying orders until later in the year or into next year, although the underlying strong growth in our market remains intact.

I am very pleased that in August we were able to announce a major project together with two very strong partners, Saab and Orbcomm. Our aim is to together bring the next generation of maritime communication based on the VDES standard to the market. We will start building the first satellite of a planned future constellation later this year and deliver it as a Space as a Service project. The satellite will ultimately deliver both a VDES service as well as traditional maritime AIS data which we already collaborate on with Orbcomm. This first step in the projects is valued at 17 million SEK, intended to be followed by several more.

For AAC Clyde Space, the VDES projects also marks another highlight: the start of satellite production in Uppsala. By bringing satellite production capability to Sweden, we will increase our capacity and de-risk our production with two fully capable plants. And in Glasgow, our main hub for satellite production, we are developing our next generation of satellites, tailored for larger constellations. To that end, we secured a grant from Scottish Enterprise worth £2.3million (approximately 26 million SEK) for developing what we call our Scalable Architecture solutions.

Despite having met with these successes recently, the uncertainty caused by the pandemic forces us to be cautious about the future. As it requires us to grow strongly, achieving our objective of positive EBITDA and operational cash flow in 2021 may prove difficult under current circumstances. To allow us to continue to keep pace with the development of the next generations of nano- and small satellites, counteract the effects of delayed customer orders and delayed deliveries from subcontractors, we are considering various alternatives to strengthen our financing with the overall to continue and reinforce our leadership in the small satellite field.

As part of our strategy to expand our investor base, we decided to trade AAC Clyde Space's shares in the US through the OTCQX market. This will make it easier for US investors to access and trade our shares, allowing trading in US dollars, in the US and during US trading hours. The shares are traded under the ticker ACCMF. The US market represents more than 30% of our sales and this will make it easier for investors in the US to share in our ambitious plans to grow our company.

The second half of 2020 will certainly continue to be eventful as we prepare to deliver three satellites, continue the assembly of another five, launch and commission two others and complete several complex subsystems. And we will be starting our next project, the VDES satellite in collaboration with Saab AB and Orbcomm Inc.

Finally, I would like to thank all my colleagues, who over the last few months, through their dedication and effort, have kept our business operating as close to normal as possible. Their resourcefulness during the past months gives me the confidence that we will be able to successfully navigate the next few months of this exceptional period.

**Luis Gomes**  
CEO



**FOR MORE INFORMATION:**

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The interim report and further information are available at <https://investor.aac-clyde.space/en/financial-reports>

**ABOUT AAC CLYDE SPACE**

AAC Clyde Space offers turnkey solutions and services from mission design to on-orbit operations, including reliable customizable satellite platforms in the range of 1 to 50 Kg and a full range of subsystems for cube and small satellites. With unrivalled flight heritage and end-to-end service, AAC Clyde Space enables customers to reach their mission goals through a single, trusted point of contact.

AAC Clyde Space's shares are traded on Nasdaq First North Premier Stockholm. Erik Penser Bank AB, e-mail [certifiedadviser@penser.se](mailto:certifiedadviser@penser.se), telephone +46 8 463 83 00, is the Certified Adviser