



AAC Clyde Space to acquire Hyperion Technologies for 22.8 MSEK

2020-10-07 AAC Clyde Space AB (publ)

AAC Clyde Space ("AAC") has reached an agreement to acquire 100 % of the shares in Hyperion Technologies BV, in a shares and cash deal. The current owners of Hyperion Technologies will receive 7,755,000 new shares in AAC, equivalent to approximately 21.7 MSEK calculated at 2.80 SEK per share and 0.1 MEUR (approx. 1.1 MSEK) in cash, subject to approval by the AAC EGM.

Commenting on the announcement AAC CEO Luis Gomes stated *"It is great to see the Hyperion team join the AAC Clyde Space family bringing together two great Newspace companies. With this acquisition we will further extend our product offering and will access some key technologies, adding substantial capability to our missions. I look forward to work with our new colleagues in Delft as we continue to change the economics of accessing services from space"*.

Hyperion Technologies is based in Delft, the Netherlands, and the company specializes in high performance, components for small spacecraft, being particularly renowned for its attitude and orbit control technologies, among others. The company was founded in 2013 and has built a global market presence, supplying a range of customers to some of the world's largest space companies and different institutions like universities. The company is part of a Dutch consortium to develop technology for optical satellite communications, a key technology for future satellites.

For the first six months of 2020, Hyperion generated revenue of 0.7 MEUR and EBITDA was 28 %.

Background and rationale

AAC aim is to change the economics of space-based services, through the design, manufacture, and deployment of ever increasingly capable constellations of small satellites. Part of this strategy is achieved organically through internal developments, but the company also seeks to acquire other companies that bring a net value to the business, either technological or commercial. Hyperion Technologies meets both tests, with a strong business and market position in the subsystem sector, a complementary product line, and key enabling technologies for AAC's future plans.

The acquisition will allow AAC to extend its product line, bringing in-house equipment widely used in our satellites, add new technologies in propulsion and optical communications to its background IP, and add a development team to its in-house R&D capability. Additionally, the increased production volume, shared management and support services is expected to create savings that will translate into an increased competitiveness. Furthermore, bringing together the two company's business development and distribution channels will increase AAC global distribution network, improving its ability to sell globally.

The merged company

AAC will extend its European reach with one new location in the Netherlands, growing its workforce to 112 staff at three different locations (Uppsala, Glasgow and Delft). The combined group had a (pro-forma) revenue of approximately 50 MSEK in Q1-Q2 2020.

Hyperion Technologies will become a fully owned subsidiary of AAC Clyde Space AB (publ), operating from its current facilities in Delft, close to one of Europe's top aerospace universities, and a source of high calibre engineers and scientists for the company. This represents a strengthening of the group's presence within the European Union.

The management structure of the group will remain the same, with localised operational management, group level business development, group coordinated R&D strategy and group level financial management.



AAC will now offer a complete suite of products and components for cubesats, increasing the vertical integration of its satellite platforms, allowing for independent, increased performance and capability. With the new capabilities, AAC will be able to offer new solutions for turnkey space missions and for the Space as a Service business, including the deployment of optical communications systems. This acquisition supports the company's aim to grow its share of the market that is currently estimated to be worth \$2billion a year, growing to \$3-4 billion by 2022.

The transaction

The acquisition is to be paid for with 7,755,000 new shares in AAC, representing a consideration of 21.7 MSEK calculated at 2.80 SEK per share, and 0.1 MEUR in cash, equivalent to approx. 1.1 MSEK. The total consideration of 22.8 MSEK may change depending on the development of share and euro prices until the acquisition is completed. Following the acquisition, the owners of Hyperion will own 7.5 per cent of the total number of shares and votes in AAC.

Additional earn-out, based on a positive net result during 1 January 2021 – 31 December 2021, amounting to 0.1 MEUR (approx. 1.1 MSEK) will be paid out in cash during Q1 2022.

Lock-up undertakings

The sellers have undertaken not to sell the AAC shares received. The AAC shares received are to be subject to lock-up undertakings as follows: one third of the shares are subject to customary lock-up undertakings for 6 months, one third for 12 months and one third for 18 months.

Conditions

The acquisition is conditional of approval by the Extraordinary General Meeting in AAC. A notice to the EGM will be announced on or around 14 October 2020 on the issues.

Hyperion Technologies B.V.

Hyperion Technologies specializes in high performance, miniaturized components for small spacecraft. Its expertise is centered on high performance, high-reliability electronics and mechatronic systems that it leverages to deliver high performance ADCS (Altitude Determination and Control Systems) including a state of the art star tracker and related systems, laser communication opening up extremely high speed communication capabilities between satellite and ground station as well as between satellites in orbit, spin-out products such as miniaturized payloads as well as payload processing platforms.

Hyperion Technologies was founded in 2013, has 15 employees and is based in Delft, the Netherlands. The company is headed by two of its three founders, CEO Bert Monna and CTO Steven Engelen.

In 2019, revenue increased by 48 percent to 1.2 MEUR, EBITDA margin was 4 % excluding non-recurring costs (bad debts and M&A advisor of 0.2 MEUR). Revenue for the first six months of 2020 amounted to 0.7 MEUR, EBITDA margin was 28 %. The company is privately held.

Preliminary Timeplan for completion of the transaction

- 14 October 2020: Notice to Extraordinary General Meeting in AAC is formally announced
- 4 November 2020: Extraordinary General Meeting in AAC
- 4 November 2020: Settlement date

Extraordinary General Meeting

An Extraordinary General Meeting in AAC is planned to be held on 4 November 2020 to adopt the necessary resolutions for the implementation of the transaction. For further information, please refer to the notice in a separate press release which will be published on or around 14 October 2020, and the documentation which will be held available on AAC's website, www.aac-clydespace.com.



Advisors

Setterwalls is acting as legal advisor as to Swedish law and AKD is acting as legal advisor as to Dutch law to AAC in connection with the transaction.

FOR MORE INFORMATION:

Please visit: www.aac-clyde.space or contact:

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The information in this press release is such that AAC Clyde Space AB (publ) shall announce publicly according to the EU Regulation No 596/2014 on market abuse (MAR). The information was submitted for publication, through the agency of the contact person set out above, at 08:30 CET on 7 October 2020.

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 Growth Market and on the OTCQX Market. Erik Penser Bank AB, e-mail certifiedadviser@penser.se, telephone +46 8 463 83 00, is the Certified Adviser.