



Interim report for AAC Clyde Space AB (publ) January – September 2019

2019-11-21 AAC Clyde Space AB

Third quarter, July–September 2019 (compared with July–September 2018)

- Net sales amounted to SEK 14.2 M (10.4)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) totalled SEK -7.9 M (-13.8). EBITDA excluding exchange losses amounted to SEK -6.8 M (-12.6)
- Earnings before interest and tax (EBIT) totalled SEK -11.0 M (-17.9)
- The loss after tax was SEK -11.1 M (-17.9)
- Basic and diluted earnings per share amounted to SEK -0.12 (-0.26)
- Cash flow from operating activities totalled SEK -7.4 M (-16.9)
- The order backlog increased to SEK 179.6 M (SEK 67.1 M at year end)

January–September 2019 (compared with January–September 2018)

- Net sales amounted to SEK 45.9 M (48.9)
- EBITDA totalled SEK -22.1 M (-31.9). EBITDA excluding exchange losses and acquisition costs totalled SEK -18.7 M (-21.9)
- EBIT totalled SEK -31.8 M (-43.6)
- The loss after tax was SEK -32.2 M (-43.1)
- Basic and diluted earnings per share amounted to SEK -0.40 (-0.66)
- Cash flow from operating activities totalled SEK -16.0 M (-35.9)
- In June, the oversubscribed rights issue raised funds of SEK 82.5 M for the company before issue expenses

Information on significant events during the third quarter of 2019

- July witnessed the year's fourth successful launch of a satellite from AAC Clyde Space, when the NSLSat-1 was launched from the Vostochny Cosmodrome in Russia
- An agreement was signed with Eutelsat for the delivery and launch of two IoT satellites of 6U size. The contract value is EUR 2 M (around SEK 21.4 M) and could potentially amount to EUR 5 M (around SEK 53.5 M) depending on the options and services selected. The launch of the satellites is planned for the first quarter of 2021
- The Swedish National Space Agency has approved a grant of SEK 2.2 M to support the development of the next generation electrical power system (EPS) for satellites sized from 50–250 kg

Significant events after the end of the reporting period

- Continued success for Sirius with a major European satellite manufacturer ordering two complete Sirius subsystems for SEK 11.3 M with delivery in the second quarter of 2020
- The US Air Force Academy ordered three solar panels and eight 1.2Nms reaction wheels for its FalconSat program. The order, with a value of around USD 655,000 (about SEK 6.4 M), will be delivered in the third quarter of 2020
- The Extraordinary General Meeting on 29 October 2019 resolved to change the company name to AAC Clyde Space AB, and to change the limits for the share capital as well as the limits for the number of shares outstanding
- VP Business Development Iraklis Hatzithanasiou decided to leave the Group. Until further notice, CEO Luis Gomes has taken over the role of VP Business Development.
- The Swedish Companies Registration Office approved the company's application for a name change, whereby the Parent Company and thus the Group changed name to AAC Clyde Space



Comments from the CEO

Welcome to AAC Clyde Space's 3rd Quarter interim report for 2019. This has been an exciting quarter with important changes to the company branding and image, and transformational contract awards that have cemented our position as a leader in the market for small satellites and space industry components.

The contract with Eutelsat announced in September, marks the second time this year that a major satellite operator placed their trust in AAC Clyde Space to deliver an operational capability, with the potential for significant further orders in the future. Our strategy to offer small spacecraft, developed for volume production, in combination with a comprehensive service package, is gaining a solid foothold in the market.

The contract helped to grow our order backlog to a healthy 180 million SEK at the end of September, almost three times larger than at the beginning of 2019. More importantly, it shows the growing importance of CubeSats and small satellites for delivering operational services that used to be done by bigger, more complex systems. We continue to see a robust demand for our products, both in subsystems and missions, with a healthy and exciting pipeline of new opportunities. In October we booked our 50th Sirius product sale, an important milestone for a product that has been on the market for less than two years.

Our revenues remained lower in the quarter than what I would like, but they are growing and recorded an increase of approximately 40% over the third quarter last year. Our EBITDA remained negative, as we continue to invest in our future. We have strengthened our delivery capacity in recent months with new people joining the team, bringing in skills and resources.

The new commercial branding "AAC Clyde Space" launched in August, also became the official name of the company. The name reflects the strong heritage of our Swedish and Scottish arms, further helping the integration of both teams and product lines. At the same time, we introduced new product families, rationalising the existing ones and providing a more focused marketing.

After a period of consolidation of our operations we have now moved to a phase centred on improving the performance of the company, preparing it for the opportunities that lay ahead. We continue to look for opportunities to grow, both organically and through acquisitions. The increased provision of services, the growing popularity of our platforms and the success of our subsystems will form the basis of our organic growth. Over the coming year we will update our subsystem designs, upgrade our offerings and introduce new products. In the current quarter, we focus on delivering on our contracts and on planning the coming year. It will be a busy and exciting quarter for our great team, both in Uppsala and Glasgow.

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, telephone +46 8 463 83 00, is the Certified Adviser