



Interim report for AAC Clyde Space AB (publ) January – September 2021

2021-11-25 AAC Clyde Space AB (publ)

Third quarter, July–September 2021 (compared with July–September 2020)

- Net sales increased 23% to SEK 33.7 M (27.3)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to SEK -10.0 M (-2.2)
- Earnings before interest and tax (EBIT) amounted to SEK -16.8 M (-4.9)
- The loss after tax was SEK -17.6 M (-4.9)
- Basic and diluted earnings per share amounted to SEK -0.09 (-0.05)
- Cash flow from operating activities totalled SEK +16.4 M (+3.8)
- The order backlog increased 155% to SEK 406.3 M (159.4)

January–September 2021 (compared with January–September 2020)

- Net sales increased 69% to SEK 117.8 M (69.7)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to SEK -14.0 M (-15.9)
- Earnings before interest and tax (EBIT) amounted to SEK -30.6 M (-24.4), excluding acquisition costs
- The loss after tax was SEK -31.2 M (-24.9)
- Basic and diluted earnings per share amounted to SEK -0.18 (-0.26)
- Cash flow from operating activities totalled SEK -33.8 M (-2.8)

Significant events in the third quarter of 2021

- AAC Clyde Space started AAC Space Africa to take part in Africa's growing space sector
- AAC Clyde Space was selected by OHB Sweden to deliver core avionics worth approx. 797 kEUR (approx. 8.2 MSEK) to ESA's Arctic Weather Satellite
- AAC Clyde Space recruited COO and HR Director, and extended the Executive Management Team
- AAC Clyde Space is to deliver the Sirius Command and Data Handling system to a new client. AAC will provide a standardized system in a contract valued at 320 000 EUR (approx. 3.3 MSEK)

Significant events after the end of the reporting period

- AAC Clyde Space AB won an order from U.S. Aegis Aerospace to supply its Starbuck power systems and battery solutions worth 500 kUSD (approx. 4.5 MSEK) for a satellite mission carried out on behalf of the U.S. Department of Defense (DoD)
- Chris Fauquier was appointed CEO for the US subsidiary SpaceQuest, after Dr. Dino Lorenzini who assumed a position as Group Chief Science Officer (CSO)
- AAC Clyde Space and its partners successfully completed the first phase of the xSPANCION project and introduced a second phase in the project valued at 5.6 MEUR (approx. 57.3 MSEK), to prepare for manufacturing
- AAC Clyde Space entered a Memorandum of Understanding with ORBCOMM and Saab to collaborate on developing the next generation of global maritime communication services based on a VHF Data Exchange System (VDES), under the brand name AOS
- AAC Clyde Space was contracted by OHB Sweden to deliver its Sirius command and data handling unit worth approx. 545 kEUR (approx. 5.6 MSEK) to ESA's Arctic Weather Satellite



Comments from the CEO

In the last quarter we have continued to drive progress on our growth strategy and key contracts in the face of late deliveries from major suppliers. As anticipated in our Q2 report, these delays have had an inevitable knock-on impact on project completion and our revenue recognition. This is reflected in slower growth in net sales (still up 23 percent from Q3 2020) and a fall in EBITDA to SEK -10M.

We remain with our revenue target of approximately SEK 200M in 2021 –and our target of SEK 500M by 2024.

In the meantime, we push forward with our growth strategy. In August, we launched our South African subsidiary, **AAC Space Africa**, giving us a strategic foothold in Africa’s rapidly growing market for satellites and space services. The industry is expected to generate over USD 10 billion in revenue by 2024 as governments, companies and communities seek efficient ways to support development and build out crucial infrastructure.

Our decision to establish a base in South Africa follows several past initiatives in the African market and positions us to capitalise on this rapid growth. From here we will design, build, and deliver space missions and data to the continent – and develop advanced radio communications for the entire Group.

At the helm of AAC Space Africa are two pioneers of the African CubeSat industry, Dr. Robert Van Zyl and Francois Visser, who have taken up the roles of Managing Director and Technical Director, respectively. Together, they bring over 40 years of small satellite experience to the Group across various missions – including the first ever CubeSat launched by an African country.

Also, this quarter, we have made significant progress on key contracts that underpin our longer-term Group strategy.

In November, we kicked off phase two of the **xSPANCION** project: a transformational three-year project to design and develop an innovative satellite constellation service.

xSPANCION is co-funded by public and private partners, including the UK Space Agency via the European Space Agency, and will revolutionise our Space Data as a Service (SDaaS) offering. The technology and processes we are developing will reduce the cost of every message collected, every image captured. This in turn will allow us to share space data and services with customers quickly and at significantly lower cost, supporting those business cases that to date have not been economically viable. It will also catalyse a new generation of applications not previously possible.

The launch of Phase 2 follows the successful completion of the preliminary design review and means we can continue the project at full speed. This phase includes detailed design of constellation-ready spacecraft, development of digital production processes, constellation operations capability as well as licensing, regulation, and more efficient launch coordination to deliver a step-change in our capability to deliver constellations. We also continue discussions with selected customers to enter agreements for data delivery from the constellation, which is expected to be operational by 2024.

In another key milestone, we entered into a **Memorandum of Understanding (MOU) with Saab and ORBCOMM** to create the first dedicated, global maritime communication system. Based on a VHF Data Exchange System (VDES), it will enable, for the first time, ship-to-ship and ship-to-shore communication anywhere in the world.

This will not only improve the safety of seafarers but will also contribute to a greener shipping industry – a critical part of the climate change mission. For example, with up to 32 times more bandwidth than the current, widely used Automatic Identification System (AIS), VDES can be integrated with e-navigation systems to enable savings in fuel and emissions of up to 25 percent.

Our work with Saab and ORBCOMM to establish the next generation of maritime communications has been underway since August 2020, but the formalisation of this cooperation, now branded ‘AOS’, creates an important platform on which to fine-tune our efforts and develop value-driven commercial and government applications for VDES. We plan to have our first VDES satellite up in space next year.

We continue to cement our leading position in space-based weather data with a follow-on order from OHB Sweden to deliver further core avionics for the **ESA Arctic Weather Satellite**. This raises the total order value from this flagship project to SEK 138M – including weather sensors. We are proud to have such a central role in a mission that will improve Arctic and global weather forecasts for the benefit of both people and businesses.



AAC now spans six companies on three continents. As we continue to grow, we're strengthening our management team to provide better support to our employees, our customers and our shareholders. This quarter we welcome into the Group Stefania Mandirola as Chief Operating Officer and Kulwinder Bhumbra as HR Director. Together, they bring years of valuable experience that will be key to supporting our future ambitions.

Finally, we remain committed to helping to solve the challenges we face as an industry, in particular the issue of space debris which is now approaching critical levels. We are working with UK-based **Space Forge** to supply designs and core avionics for a reusable satellite platform.

Not only will this help to reduce space debris, but this revolutionary project also aims to take advantage of the conditions in space – such as zero gravity and lack of contaminants – to enable space-based manufacturing of certain materials and objects that cannot be made as easily on Earth.

Essentially, the platform is designed to be a mini-factory in space, creating everything from next-generation composites and alloys to pharmaceuticals. At the end of its life, it returns to Earth for recovery, refurbishment and eventual relaunch.

Projects like this help to create a sustainable space industry and push the boundaries of how space can be used to improve life on Earth. They will continue to be a priority for us, as we integrate our capabilities and expanded geographical presence to win larger and more complex contracts.

Following this active period of acquisition, integration and expansion, we are now planning the next exciting phase of AAC Clyde Space's growth, with a focus on building and launching our own constellation of satellites to establish a leading position in the supply of space data as a service.

Our intention is to build constellations focused on sectors such as weather, climate and maritime services providing our partners and clients with more accurate and timely data. We have put together a detailed plan to build the constellations and create the team and infrastructure to market and sell our data services. On the back of this plan, we expect AAC Clyde Space will be generating sales of around USD250 million a year by 2030, with about USD150 million coming from Space Data as a service.

We will continue to update stakeholders on these plans and have just launched our new corporate website (www.aac-clyde.space) and are about to publish our latest edition of **SPACE TALK**, detailing some of these initiatives.

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 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'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.