



AAC  
CLYDE  
SPACE

AAC Clyde Space AB (publ)

# INTERIM REPORT, Q3 2020

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### **Third quarter, July–September 2020 (compared with July–September 2019)**

- Net sales amounted to SEK 27.3 M (14.2)
- Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) totalled SEK -2.2 M (-7.9)
- Earnings before interest and tax (EBIT) totalled SEK -4.9 M (-11.0)
- The loss after tax was SEK -4.9 M (-11.1)
- Basic and diluted earnings per share amounted to SEK -0.05 (-0.12)
- Cash flow from operating activities totalled SEK 3.8 M (-7.4)
- The order backlog amounted to SEK 159.4 M (179.6 M)

### **January–September 2020 (compared with January–September 2019)**

- Net sales amounted to SEK 69.7 M (45.9)
- Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) totalled SEK -15.9 M (-22.1)
- Earnings before interest and tax (EBIT) totalled SEK -24.4 M (-31.8)
- The loss after tax was SEK -24.9 M (-32.2)
- Basic and diluted earnings per share amounted to SEK -0.26 (-0.40)
- Cash flow from operating activities totalled SEK -2.8 M (-16.0)

### **Significant events in the third quarter of 2020**

- AAC Clyde Space captured two Japanese orders totalling EUR 360,000 (approximately SEK 3.7 M)
- AAC Clyde Space, Saab and ORBCOMM are building the next generation of maritime communications. The order value is SEK 17 M
- AAC Clyde Space's share began trading on the American OTCQX market.
- Peter Anderson was appointed VP Business Development

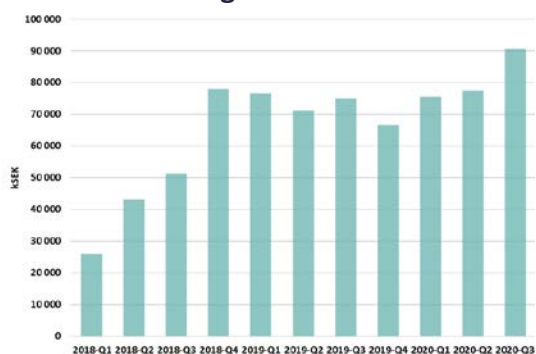
### **Significant events after the end of the reporting period**

- AAC Clyde Space began a three-year project to develop an innovative constellation of satellites for EUR 19.7 M (approximately SEK 202 M) together with ESA and the UK Space Agency
- AAC Clyde Space agreed to acquire the American SpaceQuest Ltd for the equivalent of approximately SEK 75.6 M. The acquisition is pending approval from the Committee on Foreign Investment in the United States (CFIUS)
- AAC Clyde Space acquired Hyperion Technologies BV, based in the Netherlands, for the equivalent of SEK 21.2 M
- The Board of AAC Clyde Space resolved, pursuant to the authority granted at the Annual General Meeting on 2 June 2020, to carry out a directed share issue that raised SEK 52 M for AAC Clyde Space before transaction costs
- In conjunction with the directed share issue, Erik Penser Bank negotiated the purchase of shares in a block transaction totalling SEK 28.5 M. The sellers were Fouriertransform AB and Craig Clark. Fouriertransform AB has already announced that it will divest all of its holdings over the long term, according to a parliamentary resolution from June 2016.
- An extraordinary general meeting on 5 November approved the acquisitions and accordingly the corresponding new share issue.

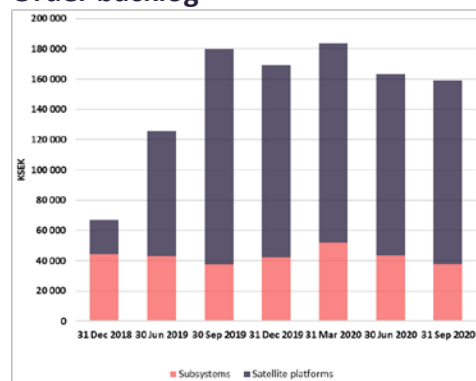
## Financial overview – Group

kSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	full-year 2019
Net sales	27 345	14 193	69 717	45 856	66 435
EBITDA	-2 162	-7 900	-15 906	-22 080	-27 297
EBIT	-4 905	-11 055	-24 367	-31 810	-40 191
Basic and diluted earnings per share, SEK	-0,05	-0,12	-0,26	-0,40	-0,48
Equity ratio	84%	85%	84%	85%	85%
Cash flow from operating activities	3 766	-7 380	-2 761	-16 018	-15 706
Cash flow for the period	-3 541	-14 269	-20 602	47 243	40 064
Cash and cash equivalents	31 499	59 551	31 499	59 551	52 380
Order backlog	159 455	125 674	159 455	125 674	169 212

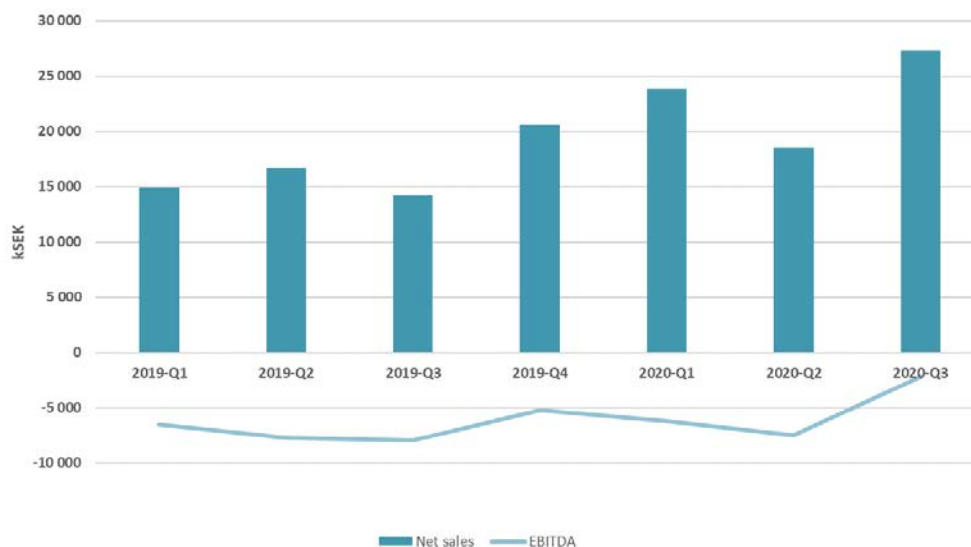
### Net sales – Rolling 12 months



### Order backlog



### Net sales and EBITDA broken down by quarter





### Comments from the CEO

The 3rd Quarter of 2020 was a busy and successful period for AAC Clyde Space when we focused in delivering our projects and actively preparing the future of the company. During the fall, we have taken several strategically critical actions to position AAC Clyde Space for continued leadership in the small satellite market. Our aim is to drastically change the economics for space-based services. The transformation of AAC Clyde Space into a company servicing a wide range of companies with business-critical data has now begun in earnest.

A key building block of this strategy was forming the Public Private Partnership (PPP) with the European Space Agency (ESA) and the UK Space Agency (UKSA). Through this partnership, we will develop the next generation of Space as a Service (SaaS) offerings with the support of both agencies and with our partners in industry. The programme, called xSPANCION, includes the building of 10 demonstration satellites forming a ramp up for the establishment of a multiservice constellation to serve a variety of uses.

As the SaaS service offering evolves, becoming self-sustaining, we will add new satellites and new capabilities to the constellation to grow the services it delivers. We will bring in customers for services from the constellation start, enabling us to collaborate closely with those key users for the service offering as well as to finance our part of the project through service agreements. Through the xSPANCION programme, AAC Clyde Space will design and deploy an extremely scalable and flexible system. This can provide services as varied as communications, weather forecasting or environmental monitoring, all on an accessible basis to companies and operators, making it much easier and affordable to access and use services from space.

We also agreed to acquire two successful and profitable space companies, Dutch Hyperion and US SpaceQuest, also a major step forward in meeting our strategic objectives. The Hyperion acquisition has since been completed while the acquisition of SpaceQuest awaits approval from US authorities.

Through Hyperion we strengthen our product range and the competitiveness of our satellites, bringing in-house many subsystems that until now we had to buy in, particularly in the attitude control domain. This acquisition was also driven by the important new technologies that Hyperion has been developing in laser communications and advanced propulsion, opening new opportunities for future business. Through the combination of both company's product lines and distribution networks, we expect to substantially increase sales of subsystems and products.

With SpaceQuest in the group we gain a clear presence in the United States, the world's largest space market. The US company brings a wealth of experience in delivering services from space, as well as a fleet of operational satellites and associated ground segment. As part of the group, they will be able to offer a larger, and more attractive space as a service-offering to US customers.

Following these announcements, we concluded an oversubscribed directed rights issue, raising 52 MSEK before transaction costs, to strengthen our Space as a Service offering and develop new technology.

All these strategic initiatives did not distract us from our regular business. On the contrary, we report a record quarter, almost doubling our revenue to 27.3 MSEK and posting a 52 percent gain to 69.7 MSEK for the first nine months. The increased revenue led to more than halving of the negative EBITDA during the quarter, taking us closer to our goal of a positive EBITDA in 2021 or 2022. Operating cashflow also improved substantially being positive during the quarter. The measures we have taken to manage the effects of the pandemic, have successfully

mitigated most of the negative impacts in the operation of the business, largely recovering from the delays suffered in Q2.

Over the summer, we won several new important projects, adding to our order backlog and in some cases introducing new capabilities to our portfolio of solutions. Chief among these is the VDES satellite, where together with our partners SAAB and Orbcomm, we are building an innovative mission that will demonstrate an entire new way of communicating with ships worldwide. This system will offer the possibility of continuous, real time monitoring of ocean-going vessels at a very small price point. Such a system could underpin the expected growth of autonomous shipping, a movement that could dramatically change how the oceans are used.

In addition to all this, our shares joined the OTC QX market in the US, the Vega rocket launched in September carrying two satellites and a variety of other hardware built by AAC Clyde Space for missions around the world.

As we go through the last quarter of the year, we are continuing to progress our many projects, preparing for our deliveries next year, engaging in dialogue with existing and new customers, both for hardware and data. At the same time, we are starting the alignment of operations between all the companies of the group, building a much stronger and capable company. The end of 2020 will be a busy and fast paced period, when our excellent and dedicated staff will be delivering some very capable space systems.

**Luis Gomes**  
**VD**

## FINANCIAL OVERVIEW

### Third quarter 2020

#### Sales and earnings

The order backlog amounted to SEK 159 M at the end of the third quarter, compared with SEK 180 M a year earlier and SEK 164 M at the end of the second quarter. The decrease was due to a lower order intake since commercial customers postpones orders due to COVID-19.

Net sales increased 92% to SEK 27.3 M (14.2), primarily due to increased sales of satellite platforms. Sales of satellite platforms increased 210% and comprised 56% (35) of total sales, with the remainder pertaining to sales of subsystems. The gross margin fell to 45% (57), mainly as a result of net sales comprising a lower share of standard products. Total revenue amounted to SEK 32.1 M (18.1).

EBITDA totalled SEK -2.2 M (-7.9). EBIT totalled SEK -4.9 M (-11.0) and the loss after tax was SEK -4.9 M (-11.1).

### January–September 2020

#### Sales and earnings

Net sales increased 52% to SEK 69.7 M (45.9). Sales of satellite platforms comprised 55% (28) of total sales, with the remainder pertaining to sales of subsystems. Net sales included a larger share of third-party products and a lower share of standard products than normal, which resulted in a year-on-year lower gross margin. The gross margin amounted to 46% (57). Total revenue amounted to SEK 85.2 M (56.6).

EBITDA totalled SEK -15.9 M (-22.1). EBIT totalled SEK -24.4 M (-31.8) and the loss after tax was SEK -24.9 M (-32.2).

#### Investments and financial position

The Group's investments in non-current assets amounted to SEK 15.3 M (7.9), of which SEK 14.8 M (1.4) comprised intangible assets, including SEK 13.1 M of development expenses related to the ORBCOMM project and the development of next generation nano and small satellites, which is 50% financed by Scottish Enterprise. The share of the development expenses that are not covered by the GBP 2.3 M grant from Scottish Enterprise is recognised on an ongoing basis under intangible assets. Scottish Enterprise normally makes quarterly disbursements in arrears after meeting milestones.

Available cash and cash equivalents as of 30 September 2020 totalled SEK 31.5 M (59.6) and an unutilised bank overdraft facility of SEK 5 M. To maintain the development pace of the next generation nano and small satellites as well as to offset the effects of postponed customer orders and delayed supplier deliveries, the Board resolved in October 2020 to carry out a directed share issue. After the balance sheet date, the issue raised SEK 49.4 M after issue expenses. The Board's assessment is therefore that operations have been financed for the next twelve months.

Cash flow from operating activities improved for the period to SEK -2.8 M (-16.0) following cash flow from operating activities for the third quarter amounting to SEK 3.8 M (-7.4).

Accounts receivable declined to SEK 16.6 M (26.3). Accounts receivable for the previous year included a large prepayment from a customer.

The equity ratio amounted to 84% (85).

#### Personnel and organisation

There were 96 employees (92) at the end of the period.

#### Parent Company

Parent Company net sales for the period totalled SEK 23.7 M (18.5), and the loss after tax was SEK -11.9 M (-16.0). Investments in non-current assets amounted to SEK 0.5 M (0.5). The equity ratio amounted to 97% (98).

### **The share**

Since 21 December 2016, AAC Clyde Space's share has been traded on Nasdaq First North Stockholm, under the symbol AAC. In March 2019, the listing was moved to Nasdaq First North Premier Growth Market.

Since 21 August 2020, AAC Clyde Space's share has also been traded on the American OTCQX market under the symbol ACCMF.

As of 30 September 2020, 96,207,759 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 September 2020, the number of shareholders totalled 7,398. A table with the largest shareholders is shown on page 16 in this report.

The directed share issue, which was carried out after the balance sheet date, increased the number of shares issued by 19,241,551 to 115,449,310. The extraordinary general meeting on 5 November resolved to issue an additional 31,755,000 shares and 4,885,712 warrants as payment for the shares in SpaceQuest Ltd. and Hyperion Technologies B.V.

Personnel and a limited circle of Board members have subscribed for 19,380 TO 2015/2020 warrants, whereby each warrant conveys the right to subscribe for 50 new shares at a subscription price of SEK 4.80 per share. The warrants can be exercised up to and including 31 December 2020. As of 30 September 2020, 420 options have been exercised and 18,960 warrants remain outstanding. The remaining warrants convey the right to subscribe for 948,000 shares.

The Annual General Meeting of AAC Clyde Space in June 2020 resolved on the 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 to subscribe for shares during the period through 1 July 2023 until 31 December 2023:

- As of 30 September 2020, Board members had subscribed for 192,000 warrants of the 192,000 warrants issued (incentive scheme 2020/2023:C)
- As of 30 September 2020, employees in Sweden had subscribed for 408,000 warrants of the 928,000 warrants issued (incentive scheme 2020/2023:A)
- In October 2020, employees in the UK had subscribed for 2,048,000 warrants of the 2,912,000 warrants issued (incentive scheme 2020/2023:B)

A total of 4,032,000 warrants have been issued, which entails a potential dilution effect of around 4% and that AAC Clyde Space potentially raises approximately SEK 17.2 M.

### **Related-party transactions**

During the period, Board members have invoiced the company under market conditions 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 began the three-year development project xSPANCION together with the European Space Agency (ESA) to develop an innovative constellation of satellites, including the manufacture of ten satellites. The UK Space Agency is co-financing the project with EUR 9.9 M (approximately SEK 101.4 M) through ESA. AAC Clyde Space intends to, outside the framework of the project, enter into an agreement with customers to deliver data from the constellation. During the first phase of the project, until the middle of 2021, AAC Clyde Space will deliver a preliminary design for a next-generation "space as a service" offering. The value of this phase is EUR 1.8 M (approximately SEK 18.4 M), of which EUR 0.9 M (approximately SEK 9.2 M) is co-financing from the UK Space Agency via ESA, which is sufficient to complete this part of the project. The co-financing from the UK Space Agency will be taken up as income without any net margin, because AAC Clyde Space and its partners will finance the remaining EUR 0.9 M (approximately SEK 9.2 M).

When the first phase is completed, the projects will continue with the manufacturing of ten satellites, four of which will be demonstrated immediately in orbit. The value of this part of the project is EUR 17.9 M (approximately SEK 183.3 M), of which EUR 8.9 M (approximately SEK 91.1 M) is co-financed by the UK Space Agency through ESA. Ahead of and in parallel with this part of the project, AAC Clyde Space intends to enter into agreements with customers to deliver data from the constellation, which will provide the funds to match AAC Clyde Space's financing.

On 15 October 2020, AAC Clyde Space (“AAC”) agreed to acquire all the shares in the American SpaceQuest Ltd through the payment of 24,000,000 new AAC shares to SpaceQuest’s current owners. The acquisition was approved by the extraordinary general meeting on 5 November 2020 and is pending approval by CFIUS. CFIUS approval is expected in November/December 2020. This can include an additional revenue-based purchase consideration of up to USD 0.9, 1.0 and 1.3 M for 2021, 2022 and 2023, respectively, based on an annual growth of USD 3 M, equivalent to revenue of USD 12 M (approximately SEK 105 M) in 2023. The additional purchase consideration for 2021 and 2022 will be paid in AAC shares but paid in cash for 2023. The additional purchase consideration for 2021 is a maximum of 2,314,285 shares and for 2022 a maximum of 2,571,428 shares.

The US is the world’s largest and most dynamic space market, with a significant and growing demand for small satellites. Although AAC is already present in the US market as a supplier of subsystems and satellites to commercial and certain institutional customers, the company would benefit from an even larger presence in the US, particularly in relation to US government organisations. Through SpaceQuest, AAC gains local manufacturing and may benefit from longstanding business relations with US customers. The two companies’ market positions, technological competence, resources, product offering and customers complement each other well. Combining the companies’ product and service offerings will create a unique offering of functions and products spanning satellite components, platforms and space missions to operations and delivering data services from space. Revenue for the first six months of 2020 amounted to USD 0.9 M, and the EBITDA margin was 20%. Income for the full-year 2020 is expected to be USD 2.5 M. The press release from 15 October 2020 has more information.

AAC Clyde Space acquired 100% of the shares in Hyperion Technologies BV for SEK 21.2 M on 10 November 2020, with payment in shares and cash. The previous owners of Hyperion Technologies received 7,755,000 new shares in AAC Clyde Space, with a corresponding value of approximately SEK 19.2 M based on SEK 2.475 per share, and SEK 1.0 M (EUR 0.1 M) in cash. An additional purchase consideration of SEK 1.0 M (EUR 0.1 M), based on positive net earnings during the 2021 financial year, will be paid in cash during the first quarter of 2022.

Hyperion Technologies in Delft, the Netherlands, specialises in high-performance subsystems for small satellites and is particularly known for its navigational systems for small satellites. The company was founded in 2013 and has built a global market presence with a broad customer base, including some of the world’s largest space companies as well as institutions and universities. The company is part of a consortium in the Netherlands that develops technology for optical satellite communications, a key technology for future satellites. In 2019, the company’s revenue increased 48% to EUR 1.2 M, EBITDA amounted to 4% excluding non-recurring costs (credit losses and consulting expenses) of EUR 0.2 M. Revenue for the first six months of 2020 amounted to EUR 0.7 M and EBITDA to 28%. The press release from 7 October 2020 has more information. Hyperion will be consolidated into the Group’s financial reporting from 1 November 2020.

The Board for AAC Clyde Space resolved, pursuant to the authorisation from the Annual General Meeting on 2 June 2020, to carry out a directed share issue of 19,241,551 shares to some 40 qualified private investors and family offices. The subscription price was SEK 2.70 per share and AAC thus raised SEK 52 M before transaction costs. The company intends to use the funds from the directed share issue to expand business development capacity, develop a new, highly integrated, software-defined satellite platform and to expand SaaS business.

In conjunction with the directed share issue, Erik Penser Bank negotiated the purchase of shares in a block transaction totalling SEK 28.5 M. The transaction encompassed 10,557,150 shares and these were transferred at a price of SEK 2.70 per share, the same price as the directed share issue. The sellers were Fouriertransform AB and Craig Clark. Fouriertransform AB has already announced that it will divest all of its holdings over the long term, according to a parliamentary resolution from June 2016. Since there was significant interest in the directed share issue, Fouriertransform AB sold all of its shares in AAC. Craig Clark signed an agreement for a six-month lock up for his remaining holdings. Buyers were the same parties as in the directed share issue.



**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 2019 Annual Report. To date, COVID-19 has only marginally affected operations, but it remains impossible to estimate its final impact on the Group. No further significant risks are deemed to have arisen during the period.

**Reporting calendar**

Year-end Report 2020	18 Feb 2021
Annual Report 2020	6 May 2021
Interim Report Jan–Mar 2021	27 May 2021
Annual General Meeting 2021	27 May 2021
Interim Report Jan–Jun 2021	26 Aug 2021
Interim Report Jan–Sep 2021	25 Nov 2021

The Annual Report and interim reports are available on the company's website: [www.aac-clyde.space](http://www.aac-clyde.space).

**2021 ANNUAL GENERAL MEETING**

The Annual General Meeting will be held in Uppsala at 1:00 p.m. on 27 May 2021. Notice convening the meeting will be sent not later than 30 April 2021.

### **Certification**

The Board of Directors and CEO give their assurance that the report for the period January–September 2020 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, 26 November 2020

Rolf Hallencreutz  
Chairman of the Board

Per Aniansson  
Board member

Per Danielsson  
Board member

William Whitehorn  
Board member

Anita Bernie  
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

### **About AAC Clyde Space**

*The AAC Clyde Space Group offers customised, turnkey services from design to operation of satellite systems in orbit, including reliable satellite platforms from 1 to 50 kg. In addition, we provide a complete offering of CubeSat and small satellite subsystems. AAC Clyde Space’s unparalleled flight heritage and comprehensive offerings allow customers to achieve their goals with a single, reliable partner.*

*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 share has been admitted to trading on Nasdaq First North Growth Market. Erik Penser Bank AB, e-mail certifiedadviser@penser.se, telephone +46 (0)8-463 83 00, is the company’s Certified Adviser The share is also traded in the US on the OTCQX market under the symbol ACCMF.*

## FINANCIAL STATEMENTS

### Condensed consolidated statement of comprehensive income

kSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	full-year 2019
Net sales	27 345	14 193	69 717	45 856	66 435
Work performed by the company for its own use and c	2 090	655	6 995	2 136	2 975
Other operating income	2 631	3 251	8 461	8 605	11 172
<b>TOTAL</b>	<b>32 066</b>	<b>18 099</b>	<b>85 173</b>	<b>56 597</b>	<b>80 582</b>
Raw materials and subcontractors	-14 905	-5 720	-37 510	-19 919	-27 442
Personnel costs	-13 985	-12 880	-42 898	-37 821	-51 791
Other external expenses	-4 439	-6 293	-14 719	-17 535	-23 653
Other operating expenses	-899	-1 106	-5 952	-3 402	-4 993
<b>EBITDA</b>	<b>-2 162</b>	<b>-7 900</b>	<b>-15 906</b>	<b>-22 080</b>	<b>-27 297</b>
Depreciation/amortisation and impairment of tangible and intangible assets	-2 743	-3 155	-8 461	-9 730	-12 894
<b>EBIT</b>	<b>-4 905</b>	<b>-11 055</b>	<b>-24 367</b>	<b>-31 810</b>	<b>-40 191</b>
Financial income	33	53	174	74	103
Financial expenses	-99	-196	-1 125	-749	-947
<b>Net financial items</b>	<b>-66</b>	<b>-143</b>	<b>-951</b>	<b>-675</b>	<b>-844</b>
Income tax	102	115	434	295	473
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-4 869</b>	<b>-11 083</b>	<b>-24 884</b>	<b>-32 190</b>	<b>-40 562</b>
<b>Other comprehensive income:</b> <i>Items that may be transferred to profit or loss</i>					
Exchange-rate differences	919	7 933	-16 161	17 699	21 345
<b>Other comprehensive income for the period</b>	<b>919</b>	<b>7 933</b>	<b>-16 161</b>	<b>17 699</b>	<b>21 345</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-3 950</b>	<b>-3 150</b>	<b>-41 045</b>	<b>-14 491</b>	<b>-19 217</b>

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

SEK	Jul-Sep 2020	jul-sep 2019	jan-sep 2020	jan-sep 2019	helår 2019
Average no. of shares – basic	96 207 759	96 207 759	96 207 759	80 936 687	84 754 455
No. of shares at end of period	96 207 759	96 207 759	96 207 759	96 207 759	96 207 759
Average no. of shares – diluted	96 207 759	96 207 759	96 207 759	96 207 759	96 207 759
Basic and diluted earnings per share	-0,05	-0,12	-0,26	-0,40	-0,48

## Condensed consolidated statement of financial position

kSEK	30 Sep 2020	30 Sep 2019	31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	410 176	406 330	418 646
Tangible assets	14 744	24 121	18 262
<b>Total non-current assets</b>	<b>424 920</b>	<b>430 451</b>	<b>436 908</b>
<b>Current assets</b>			
Inventories	10 722	11 828	13 108
Accounts receivable	16 585	26 330	17 743
Other receivables	20 259	23 431	25 247
Cash and cash equivalents	31 499	59 551	52 380
<b>Total current assets</b>	<b>79 065</b>	<b>121 140</b>	<b>108 478</b>
<b>TOTAL ASSETS</b>	<b>503 985</b>	<b>551 591</b>	<b>545 386</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Parent Company shareholders</b>	<b>425 078</b>	<b>470 822</b>	<b>466 095</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	291	762	771
Lease liabilities	8 398	12 006	11 253
Deferred tax liabilities	3 261	4 040	3 911
<b>Total non-current liabilities</b>	<b>11 950</b>	<b>16 808</b>	<b>15 935</b>
<b>Current liabilities</b>			
Accounts payable	16 410	11 673	9 763
Other liabilities	50 547	52 288	53 593
<b>Other current liabilities</b>	<b>66 957</b>	<b>63 961</b>	<b>63 356</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>503 985</b>	<b>551 591</b>	<b>545 386</b>

## 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
<b>Opening balance, 1 January 2019</b>	2 749	0	542 116	6 945	-139 755	412 056
Profit/loss for the period					-32 190	-32 190
Other comprehensive income				17 680		17 680
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17 680</b>	<b>-32 190</b>	<b>-14 510</b>
<b>Transactions with shareholders</b>						
Rights issue	1 100		81 364			82 464
Issue expenses			-9 189			-9 189
<b>Closing balance, 30 September 2019</b>	<b>3 849</b>	<b>0</b>	<b>614 291</b>	<b>24 625</b>	<b>-171 945</b>	<b>470 822</b>
<b>Opening balance, 1 January 2019</b>	2 749	0	542 116	6 945	-139 755	412 056
Profit/loss for the period					-40 562	-40 562
Other comprehensive income				21 325		21 325
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21 325</b>	<b>-40 562</b>	<b>-19 237</b>
<b>Transactions with shareholders</b>						
Rights issue	1 100		81 364			82 464
Issue expenses			-9 189			-9 189
<b>Closing balance, 31 December 2019</b>	<b>3 849</b>	<b>0</b>	<b>614 291</b>	<b>28 270</b>	<b>-180 317</b>	<b>466 095</b>
<b>Opening balance, 1 January 2020</b>	3 849	0	614 291	28 270	-180 317	466 095
Profit/loss for the period					-24 884	-24 884
Other comprehensive income				-16 134		-16 134
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-16 134</b>	<b>-24 884</b>	<b>-41 018</b>
<b>Closing balance, 30 September 2020</b>	<b>3 849</b>	<b>0</b>	<b>614 291</b>	<b>12 136</b>	<b>-205 201</b>	<b>425 078</b>

Equity is attributable in its entirety to Parent Company shareholders.

## Condensed consolidated statement of cash flows

kSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	full-year 2019
<b>Cash flow from operating activities before changes in working capital</b>	-2 227	-8 043	-16 866	-22 761	-28 153
Total changes in working capital	5 993	663	14 105	6 743	12 447
<b>Cash flow from operating activities</b>	<b>3 766</b>	<b>-7 380</b>	<b>-2 761</b>	<b>-16 018</b>	<b>-15 706</b>
<b>Cash flow from investing activities</b>	-6 304	-6 221	-15 273	-7 862	-13 936
<b>Cash flow from financing activities</b>	-1 003	-668	-2 568	71 123	69 706
<b>CASH FLOW FOR THE PERIOD</b>	<b>-3 541</b>	<b>-14 269</b>	<b>-20 602</b>	<b>47 243</b>	<b>40 064</b>
Cash and cash equivalents at start of period	35 161	73 659	52 380	12 237	12 237
Exchange-rate differences in cash and cash equ	-121	161	-279	71	80
<b>CASH AND CASH EQUIVALENTS AT END OF</b>	<b>31 499</b>	<b>59 551</b>	<b>31 499</b>	<b>59 551</b>	<b>52 381</b>

## Condensed Parent Company income statement

kSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	full-year 2019
Net sales	8 367	4 489	23 677	18 494	28 346
Work performed by the company for its own use and c	421	-	1 725	520	702
Other operating income	97	94	822	1 099	1 151
<b>Total operating income</b>	<b>8 885</b>	<b>4 583</b>	<b>26 224</b>	<b>20 113</b>	<b>30 199</b>
Raw materials and subcontractors	-4 674	-1 951	-11 666	-6 350	-8 915
Personnel costs	-4 097	-4 105	-13 673	-14 619	-19 590
Other external expenses	-2 980	-3 498	-9 320	-11 603	-15 217
Other operating expenses	-349	-84	-810	-526	-618
<b>EBITDA</b>	<b>-3 215</b>	<b>-5 055</b>	<b>-9 245</b>	<b>-12 985</b>	<b>-14 141</b>
Depreciation/amortisation and impairment of tangible and intangible assets	-1 061	-1 240	-3 194	-3 693	-4 914
<b>EBIT</b>	<b>-4 276</b>	<b>-6 295</b>	<b>-12 439</b>	<b>-16 678</b>	<b>-19 055</b>
Other interest income and similar profit/loss items	455	268	1 084	815	978
Interest expenses and similar profit/loss items	46	-2	-536	-102	-102
Impairment of shares in subsidiaries	-	-	-	-	-
<b>Total earnings from financial items</b>	<b>501</b>	<b>266</b>	<b>548</b>	<b>713</b>	<b>876</b>
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>-3 775</b>	<b>-6 029</b>	<b>-11 891</b>	<b>-15 965</b>	<b>-18 179</b>
Tax on profit/loss for the period	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-3 775</b>	<b>-6 029</b>	<b>-11 891</b>	<b>-15 965</b>	<b>-18 179</b>

In the Parent Company, no items are recognised in other comprehensive income and, therefore, total comprehensive income for the period was consistent with earnings for the period.

## Condensed Parent Company balance sheet

kSEK	30 Sep 2020	30 Sep 2019	31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	3 233	7 121	5 930
Tangible assets	-	29	-
Receivables from Group companies	30 759	-	10 895
Financial assets	324 592	324 592	324 592
<b>Total non-current assets</b>	<b>358 584</b>	<b>331 742</b>	<b>341 417</b>
<b>Current assets</b>			
Inventories	2 539	3 475	3 269
Accounts receivable	2 754	3 483	6 607
Receivables from Group companies	2 305	6 169	92
Other receivables	9 486	9 059	9 474
Cash and bank balances	24 782	56 546	50 153
<b>Total current assets</b>	<b>41 866</b>	<b>78 732</b>	<b>69 595</b>
<b>TOTAL ASSETS</b>	<b>400 450</b>	<b>410 474</b>	<b>411 012</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	4 907	8 418	7 417
Unrestricted equity	382 816	393 410	392 197
<b>Total equity</b>	<b>387 723</b>	<b>401 828</b>	<b>399 614</b>
<b>Non-current liabilities</b>			
Other liabilities to credit institutions	-	-	-
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>			
Accounts payable	4 650	2 039	3 564
Liabilities to Group companies	103	103	103
Other liabilities	7 974	6 504	7 731
<b>Other current liabilities</b>	<b>12 727</b>	<b>8 646</b>	<b>11 398</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>400 450</b>	<b>410 474</b>	<b>411 012</b>

## Shareholders as of 30 September 2020

SHAREHOLDERS	NO. OF SHARES	VOTES & CAPITAL
UBS SWITZERLAND AG, W8IMY	9 947 598	10,3%
Fouriertransform AB	9 057 150	9,4%
Euroclear Bank S.A/N.V, W8-IMY	6 735 558	7,0%
Försäkringsaktiebolaget, Avanza Pension	4 544 715	4,7%
Petersen, Jan	2 394 710	2,5%
BNY MELLON SA/NV (FORMER BNY), W8IMY	2 358 839	2,5%
Nordnet Pensionsförsäkring AB	2 277 464	2,4%
Kock, John	1 467 893	1,5%
Danske Bank International S.A.	1 019 800	1,1%
Saxo Bank A/S Client Assets	570 102	0,6%
Other	55 833 930	58,0%
<b>TOTAL</b>	<b>96 207 759</b>	<b>100,0%</b>

## Shareholders as of 31 October\* 2020

SHAREHOLDERS	NO. OF SHARES	VOTES & CAPITAL
UBS SWITZERLAND AG, W8IMY	8 444 698	7,3%
Försäkringsaktiebolaget, Avanza Pension	8 121 240	7,0%
Euroclear Bank S.A/N.V, W8-IMY	6 752 503	5,8%
Nordnet Pensionsförsäkring AB	4 771 526	4,1%
Danske Bank International S.A.	3 719 800	3,2%
Biljon AB	3 250 000	2,8%
Petersen, Jan	2 394 710	2,1%
BNY MELLON SA/NV (FORMER BNY), W8IMY	2 358 839	2,0%
Kock, John	1 467 893	1,3%
Jeansson, Theodor	1 350 000	1,2%
Other	72 818 110	63,1%
<b>TOTAL</b>	<b>115 449 319</b>	<b>100,0%</b>

\* After the directed share issue in October



## NOTES

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### 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.

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### 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 2019.

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### Note 3 Segment information

#### Description of segments and primary activities

AAC Clyde Space's strategic steering group, consisting of its Chief Executive Officer and Chief Financial Officer, corresponds to the chief operating decision-maker (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 two reportable segments in the Group's operations:

#### AAC Clyde Space, operations in Sweden

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

#### AAC Clyde Space, operations in Scotland

Clyde Space offers customised, turnkey services from design to operation of satellite systems in orbit, including reliable satellite platforms and subsystems from 1 to 50 kg.

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

	Jul–Sep 2020	Jul–Sep 2019	Jan–Sep 2020	Jan–Sep 2019	Jan–Dec 2019
AAC Clyde Space	-2,841	-6,983	-8,317	-13,426	-13,667
Clyde Space	679	-917	-7,589	-8,654	-13,630
<b>Total EBITDA</b>	<b>-2,162</b>	<b>-7,900</b>	<b>-15,906</b>	<b>-22,080</b>	<b>-27,297</b>

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

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
<b>Total EBITDA</b>	<b>-2,162</b>	<b>-7,900</b>	<b>-15,906</b>	<b>-22,080</b>	<b>-27,297</b>
Net financial items	-66	-143	-951	-675	-844
Depreciation and amortisation of tangible and intangible assets	-2,743	-3,155	-8,461	-9,730	-12,894
<b>Earnings before tax</b>	<b>-4,971</b>	<b>-11,198</b>	<b>-25,318</b>	<b>-32,485</b>	<b>-41,035</b>

## 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.

#### July–September 2020

	Clyde Space	AAC Clyde Space	Other	Total
Income by segment	19,122	8,367	–	27,489
Income from other segments	–	-144	–	-144
<b>Income from external customers</b>	<b>19,122</b>	<b>8,223</b>	<b>0</b>	<b>27,345</b>
Satellite platforms	15,210	–	–	15,210
Subsystems	3,912	8,223	–	12,135
Licenses/Royalties	–	–	–	–
<b>Total</b>	<b>19,122</b>	<b>8,223</b>	<b>0</b>	<b>27,345</b>

#### July–September 2019

	Clyde Space	AAC Clyde Space	Other	Total
Income by segment	10,096	4,489	–	14,585
Income from other segments	2	-394	–	-392
<b>Income from external customers</b>	<b>10,098</b>	<b>4,095</b>	<b>0</b>	<b>14,193</b>
Satellite platforms	4,910	–	–	4,910
Subsystems	5,188	4,095	–	9,283
Licenses/Royalties	–	–	–	–
<b>Total</b>	<b>10,098</b>	<b>4,095</b>	<b>0</b>	<b>14,193</b>

#### January–September 2020

	Clyde Space	AAC Clyde Space	Other	Total
Income by segment	46,729	23,677	–	70,406
Income from other segments	–	-689	–	-689
<b>Income from external customers</b>	<b>46,729</b>	<b>22,988</b>	<b>0</b>	<b>69,717</b>
Satellite platforms	38,521	–	–	38,521
Subsystems	8,208	22,988	–	31,196
Licenses/Royalties	–	–	–	–
<b>Total</b>	<b>46,729</b>	<b>22,988</b>	<b>0</b>	<b>69,717</b>

### January–September 2019

	Clyde Space	AAC Clyde Space	Other	Total
Income by segment	28,354	18,494	–	46,848
Income from other segments	-372	-620	–	-992
<b>Income from external customers</b>	<b>27,982</b>	<b>17,874</b>	<b>0</b>	<b>45,856</b>
Satellite platforms	12,771	–	–	12,771
Subsystems	15,211	17,760	–	32,971
Licenses/Royalties	–	114	–	114
<b>Total</b>	<b>27,982</b>	<b>17,874</b>	<b>0</b>	<b>45,856</b>

### January–December 2019

	Clyde Space	AAC Clyde Space	Other	Total
Income by segment	40,427	28,346	–	68,773
Income from other segments	-375	-1,963	–	-2,338
<b>Income from external customers</b>	<b>40,052</b>	<b>26,383</b>	<b>0</b>	<b>66,435</b>
Satellite platforms	20,403	–	–	20,403
Subsystems	19,649	26,269	–	45,918
Licenses/Royalties	–	114	–	114
<b>Total</b>	<b>40,052</b>	<b>26,383</b>	<b>0</b>	<b>66,435</b>

## Note 5 Financial instruments — Fair value of financial liabilities measured at fair value through profit or loss

As of 30 September 2020, there were financial liabilities measured at fair value. At 30 September 2020, the fair value for foreign currency forwards amounted to kSEK -540 (0) and was recognised in other current liabilities in the balance sheet, and changes in value were recognised in other operating expenses in the statement of comprehensive income. Fair values for foreign currency forwards are found in Level 2 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 with their fair values for the current period and the comparative period.

## Note 6 Related-party transactions

During the period, three Board members invoiced the company kSEK 850 (757) at market rates for the performance of consultant services linked to the company's operations. The services were primarily performed by the Chairman of the Board.

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## 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) in relation to Net sales



## Auditor's report

AAC Clyde Space AB. reg. no. 556677-0599

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### Introduction

We have reviewed the condensed interim financial information (interim report) of AAC Clyde Space AB as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Uppsala, 26 November 2020

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg  
Authorized Public Accountant  
Auditor in charge

Andreas Mattsson  
Authorized Public Accountant