



# Interim report

January-September 2020

[www.ovzon.com](http://www.ovzon.com)





# Building for growth in 2021

## January–September 2020

- Revenue amounted to TSEK 126,844 (166,327).
- Operating profit amounted to TSEK -28,958 (-2,247).
- Operating profit excluding non-recurring costs amounted to TSEK -28,958 (10,050).
- Profit after tax amounted to TSEK -48,366 (34,677). The result includes currency conversions and financial transaction costs of TSEK 22,351 (43,577).
- Earnings per share amounted to SEK -1.19 (1.13).

## July-September 2020

- Revenue amounted to TSEK 32,285 (56,979).
- Operating profit amounted to TSEK -17,000 (2,142).
- Operating profit excluding non-recurring costs amounted to TSEK -17,000 (2,142).
- Profit after tax amounted to TSEK -30,180 (26,259). The result includes currency conversions and financial transaction costs of TSEK -13,044 (27,835).
- Earnings per share amounted to -0.55 SEK (0.78).

## Significant events during the period

- New order from IGC on behalf of the US defense of MUSD 3.9. The order includes, among other things, the capacity of a steerable antenna on IS-39 and will be delivered from September 2020.
- Agreement with Intelsat regarding capacity on IS-39 and IS-37 that substantially increases capacity and reach for the Ovzon service.

## Significant events after the period

- Ovzon set a new benchmark for high bandwidth to rotary wing aircraft.
- The Nomination Committee for the 2021 Annual General Meeting announced.
- Agreement with Hellas-sat on capacity in Europe and the Middle East.

## Key figures

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
TSEK					
<b>Revenue</b>	32 285	56 979	126 844	166 327	231,642
<b>Operating profit/loss</b>	-17 000	2 142	-28 958	-2 247	11,419
<b>Adjusted operating profit/loss*</b>	-17 000	2 142	-28 958	10 050	23,716
<b>Profit/loss for the period after tax</b>	-30 180	26 259	-48 366	34 677	29,230
<b>Earnings per share, SEK</b>	-0,55	0,78	-1,19	1,13	0,93

\*Excluding items affecting comparability. Items affecting comparability 2019 refer to the write-down of advances to Orbital. See note 5.



# Comments from the CEO

Despite the effect that the pandemic has on our marketing activities it has been an eventful quarter with important events that strengthen our offering for the future. The development of our own upcoming satellite Ovzon 3 is progressing according to plan and we are seeing more and more clearly what opportunities that will open up for us.

## Quarterly outcome as expected

Our marketing activities continue to be limited by Covid-19 during the quarter. However, in September we were able to start meeting customers and business partners once again. The trade fairs that are so important to the industry continue to be canceled or postponed.

The turbulent situation in the world economy after the eruption of Covid-19 and the lower six-month contract from the US DoD signed in March means, as we previously communicated, that sales and profitability weakened in the short term. The quarterly outcome was in line with our expectations but lower than last year.

The lower turnover has a direct impact on our gross profit as it means that we have a lower utilization of our leased satellite capacity. The contract with US DoD was renewed at the end of July and runs on a slightly higher level from September, when we expand the service with a steerable antenna on Intel's IS-39 satellite, on which we lease capacity for our service.

## New deals for increased capacity and technical progress

To secure additional capacity and coverage in the important Ku30b frequency band, we agreed in August with Intelsat on access to three powerful steerable antennas on the Intelsat 39 (IS-39) and Intelsat 37 (IS-37) satellites. The agreement replaces and expands the previous agreement regarding capacity on IS-39. Through this agreement, we commit to rent capacity for about USD 10 million per year over four years. This new capacity enables us to build a network where, with the controllable antennas, we can offer satellite capacity over virtually the entire world. The agreement with Intelsat is therefore an important step for Ovzon in that it expands our opportunities to serve customers with demanding services with high bandwidth and high availability, and it thus paves the way for our upcoming satellite Ovzon 3.

In October, we entered into an agreement with Hellas-sat, where we will have access to their satellite capacity across large parts of Europe and the Middle East and share revenue from sold capacity. The agreement is like the agreement we have with Hispasat and complements it since it secures capacity for an expanded geography. Through the agreements with Intelsat, we secure capacity similar to the upcoming capacity on Ovzon 3 and through the agreements with Hispasat and Hellasat, we can also offer almost global reach.

In September, a successful demonstration of Ovzon's capabilities was carried out on board a helicopter. During flight with a Blackhawk helicopter in heavy rain, transmission speeds of up to 17 Mbps were recorded on both reception and transmission, with the possibility of transmitting HD video and video conferencing on board the helicopter. The transfer of this bandwidth through the rotor of a helicopter is unparalleled and will have a major impact on the use of our technology on both manned and unmanned platforms in the future.



## Ovzon 3 on schedule

Ovzon 3, which is now under production at our partner Maxar in the US, is planned to be launched during the fourth quarter of 2021. The satellite construction is progressing according to plan. With Ovzon 3, our capacity will be multiplied, and the satellite gives us the opportunity to offer even better performance and expanded functionality. Ovzon 3 is the first of a number of planned satellites for global reach for our service based on our own satellites.

## We are preparing for growth in 2021

External factors continue to be challenging and we do not expect any improvement in 2020. This affects our ability to take new business and the turnover during the final quarter of 2020 will thus be in line with the turnover during the second and third quarters, which means that sales for 2020 will be lower than for 2019.

We continue to see strong signs that the market for satellite communications services, which require high mobility and performance, will continue to develop positively. Ovzon has a strong balance sheet and an excellent position to capitalize on the very large revenue opportunity that Ovzon 3 entails. We expect to contract new customers during the year who will also be interested in capacity at Ovzon 3, and we are preparing to be in a position to grow in 2021.

*Magnus René, CEO*

FNCA Sweden AB, +46(0)8 528 003 99, [info@fnca.se](mailto:info@fnca.se), is the company's Certified Adviser.

*This information is inside information that Ovzon is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 08.00 CET on October 21, 2020.*



# About Ovzon

Ovzon provides broadband satellite service through its own and leased satellite capacity to customers in various parts of the world.

## Vision

To revolutionize mobile broadband via satellite by offering global coverage of the highest bandwidth through the smallest terminals.

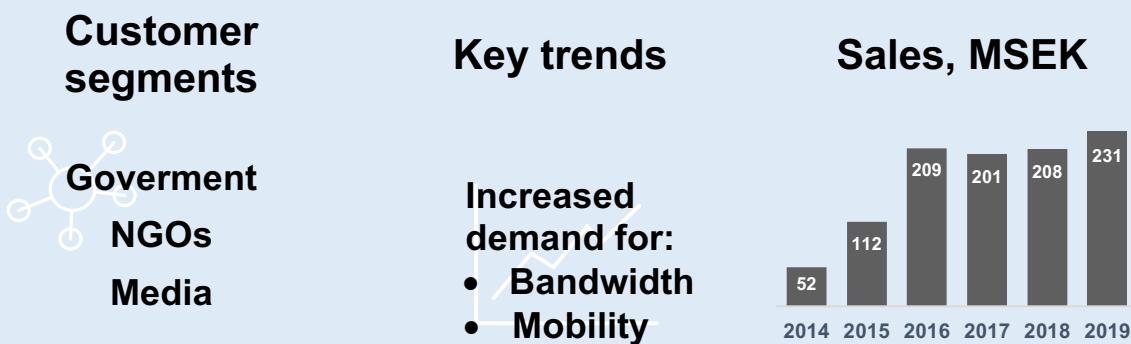
## Business idea

The Group provides mobile satellite broadband services in areas without functioning infrastructure.

## Financial targets

Ovzon's financial target is to continue to develop and expand its current service offering in the coming years, at the same time as the company prepares the launch of its first self-developed satellite.

## Ovzon at a glance





# Financial overview

## Development during the quarter

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Full year 2019
<b>TSEK</b>					
<b>Revenue</b>	32 285	56 979	126 844	166 327	231 642
<b>Operating profit/loss</b>	-17 000	2 142	-28 958	-2 247	11 419
<b>Adj Operating profit/loss*</b>	-17 000	2 142	-28 958	10 050	23 716
<b>Profit/loss for the period after tax</b>	-30 180	26 259	-48 366	34 677	29 230
<b>Earnings per share, SEK</b>	-0,55	0,78	-1,19	1,13	0,93

\*Excluding items affecting comparability. Items affecting comparability 2019 refer to the write-down of advances to Orbital. See note 5.

## Revenue

Revenue for the quarter amounted to TSEK 32,285 (56,979). Revenue for the first nine months amounted to TSEK 126,844 (166,327). The lower revenue was a result of the, in comparison to previous contracts, lower contract with the US DoD that for the period March to December amounted to 10.8 MUSD through two contracts. The lower volume is due to different geographical needs, some budget constraints as well as validation of new capacity on IS-39.

## Operating profit

Operating profit for the quarter amounted to TSEK -17,000 (2,142). The operating profit for the first nine months amounted to -28,958 (-2,247). Operating profit has been significantly affected by the renewed six-month contract with the US military in March 2020. The contract volume was MUSD 6.9, compared to MUSD 13.7 for the previous six-month period, while the cost of leased satellite capacity remained unchanged. The lower volume has also meant that the company during the second quarter had some unsold satellite capacity for which the company bore costs.

The new capacity agreement with Intelsat regarding capacity on IS-39 and IS-37 extends over a total of 48 months. The company gained access to IS-39 on the first of September and has had 50% occupancy during the month (capacity on one of the two steerable antennas is contracted). The company will have access to IS-37 on the first of January 2021.

## Profit/loss after financial items

Net financial items for the quarter amounted to TSEK -13,044 (27,385) with a loss after financial items of TSEK -30,044 (29,977). Net financial items for the first nine months amounted to TSEK -22,251 (43,577) with a loss after financial items of TSEK -51,309 (41,330).

Along with currency effects of -7,533 on the part of the company's liquidity and group balances held in US dollars, the weak net financial items was a result of expensed prepaid transaction expenses in connection with financing of TSEK -14,818 during the quarter. The prepaid transaction expenses were linked to the subordinated loan facility which was replaced by equity during the quarter.



## Profit/loss after tax

Loss after tax for the quarter amounted to TSEK -30,180 (-26,259). Loss after tax for the first nine months amounted to -48,366 (34,677).

## Cash flow

Cash flow from operating activities for the quarter amounted to TSEK -62,675 (9,463) and for the first nine months to TSEK 13,657 (6,053).

Cash flow from investing activities for the quarter amounted to TSEK -135,726 (-263,750) and for the first nine months to TSEK -357,886 (-309,034). The investments were mainly attributable to the company's first own satellite (Ovzon 3), a project that is expected to be completed in 2021 (see also Note 5).

Cash flow from financing activities for the quarter amounted to TSEK 2,683 (-24,137) and for the first nine months to TSEK 582,976 (655,289). During the period, the company carried out two directed issues and a rights issue which contributed a total of TSEK 588,624 to the company (before issue costs of TSEK 7,630).

## Financial position

The Group's cash and cash equivalents on the balance sheet date amounted to TSEK 476,181, compared with TSEK 257,382 at the beginning of the year. Equity amounted to TSEK 1,355,097, compared with TSEK 796,296 at the beginning of the year. The equity/assets ratio amounted to 88 percent (89)

## Incentive program

During 2018, the company introduced new incentive programs "Warrants Program 2018/2021" and "Employee Option Program 2018/2021". The company's management team has subscribed for the maximum number of options and warrants granted, a total of 167,000 and other employees have subscribed 121,000 options and warrants. Following the rights issue in January 2019, the terms of the warrant program and employee option program have been restated. Each option entitles to subscription of 2.06 new shares in the company at a price of SEK 58.32 per share. If all options and warrants are used in the programs, a dilution of 1.3% of the shares and votes in the company occurs. The time period for the options and warrants runs from 15 May 2021 until 15 June 2021.

In connection with the raising of the subordinated loan facility of TSEK 200,000 on July 3, 2019, 1,500,000 warrants were issued to the subordinated lenders. Following the rights issue in June 2020, the terms of the warrants have been recalculated. Each option entitles the holder to subscribe for 1.02 new shares in the company at a price of SEK 98.16 per share. The warrants run over a maximum of 5 years and may be exercised for subscription of shares up to and including 3 July 2024.

At an Extraordinary General Meeting on May 18, 2020, it was decided to issue a maximum of 900,000 warrants under the "Warrant Program 2020/2023". The company's management team has subscribed for the maximum number of warrants granted, a total of 450,000 and other personnel have subscribed for a total of 200,000 options. Each warrant entitles the holder to subscribe for one new share in the Company at a price of SEK 102.10 per share. If all granted warrants and options are used in the programs, there will be a dilution of 1.4 percent of the shares and votes in the company. The exercise period for the warrants runs from 18 June 2023 to 18 July 2023.



## Management and organization

The number of employees in the Group at the end of the period was 30 (25). In May, the Board and Magnus René extended Magnus René's CEO agreement until the end of 2021.

## Significant risks and uncertainties

Risks associated with the Group's operations can generally be divided into strategical and operational risk related to business activities and risk related to financing activities. There was no major change to significant risks or uncertainties during the period apart from Covid-19. For a detailed description of Ovzon's risks, uncertainties and how they are managed, refer to Ovzon's 2019 Annual Report.

## Effects of Covid-19

In addition to the risks and uncertainties presented in the annual report, the outbreak of Covid-19 has an impact on Ovzon's operations. The main risk areas associated with Covid-19 include delayed commercial activities, potential disruptions in supply chains, the well-being of our employees, and the financial stability of our customers and suppliers.

## Parent company

Parent Company operations comprise senior management and staff functions and other central costs. The Parent Company invoices the subsidiaries for these costs.

The Parent Company's revenue for the first nine months amounted to TSEK 4,236 (4,230), with a profit after financial items of TSEK -8,951 (38,562). Cash and cash equivalents at the balance sheet date are TSEK 409,955 and at the beginning of the year TSEK 211,070. Investments during the period are TSEK - (-). Equity amounted to TSEK 1,544,889, compared with TSEK 970,863 at the beginning of the year.

The number of employees is 2 (2).

## The company's major shareholders

At the end of the reporting period: Investment AB Öresund (11.8%), Bure Equity AB (11.3%), AFA Försäkring (9.2%), Fjärde AP-Fonden (8.8%), Futur Pension (8.3 %), Handelsbanken Fonder (7.0%), OverHorizon (Cyprus) Plc (6.6%) and other shareholders (37.0%). As of September 30, the total number of shares was 46,244,688.

## Outlook

The company believes that the market for satellite communication services that require high mobility and performance, in the long-term will continue to develop positively. The company expects to contract new customers during the year who will also be interested in capacity on Ovzon 3. The turbulent situation in the world economy after the outbreak of Covid-19 and the lower contracts from the US DoD signed in March and July will continue to affect sales in the short term as a result.

External factors continue to be challenging and we do not expect any improvement in 2020. This affects our ability to take new business and the turnover rate during the remaining part of 2020 will thus be in line with the turnover rate during the second and third quarters, which means that turnover for 2020 will be lower than for 2019.



## Financial calendar

Year-end report 2020	February 19, 2021
Annual General Meeting 2021	April 13, 2021
Interim report January-March 2021	April 28, 2021
Interim report January-June 2021	August 18, 2021
Interim report January-September 2021	October 21, 2021

## Review by auditors

The year-end report has been subject to review by the company's auditors.

## Certification

The Board of Directors hereby declare that the interim report provides a true and fair overview of the Parent Company and the Group's operations, position and earnings, and describes significant risks and uncertainties such as the parent company and the companies of the Group are assessed to be facing.

Stockholm, October 21, 2020

Magnus René  
CEO and Board member

Anders Björkman  
Chairman of the Board

Cecilia Driving  
Board member

Dan Jangblad  
Board member

Nicklas Paulson  
Board member

Patrik Tigerschiöld  
Board member

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## **AUDITOR'S REVIEW REPORT OF INTERIM CONDENSED FINANCIAL INFORMATION (INTERIM REPORT) PREPARED IN ACCORDANCE WITH IAS 34 AND CHAPTER 9 OF THE ANNUAL ACCOUNTS ACT (1995:1554)**

To the Board of Directors of Ovzon AB (publ), Corp. Reg. No. 559079-2650

### **Introduction**

We have reviewed the interim condensed financial information (interim report) for Ovzon AB (publ) at 30 September 2020 and the nine-month period that ended on this date. The Board of Directors and Chief Executive Officer are responsible for preparing and presenting this interim report in accordance with IAS 34, Interim Financial Reporting, 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 International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information 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. The procedures for performing 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. The opinion based on a review does not therefore have the same level of assurance as an opinion based on an audit.

### **Opinion**

Based on our review, no circumstances have emerged that give us reason to believe that the interim report, not in all material respects, has been prepared for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, October 21, 2020

Grant Thornton Sweden AB

Carl-Johan Regell  
Authorised Public Accountant



# Group financial statements

## Group income statements

TSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full-year
	2020	2019	2020	2019	2019
Revenue	32 285	56 979	126 844	166 327	231 642
Other operating income	3 851	2 562	9 617	6 184	13 681
Purchased satellite capacity and other direct costs	-23 883	-31 081	-81 517	-90 542	-122 518
Other external costs	-12 167	-12 134	-32 723	-33 727	-45 065
Employee benefit expenses	-12 797	-12 033	-42 138	-31 902	-47 542
Depreciation/amortisation	-1 111	-2 151	-4 335	-18 587	-18 779
Other operating expenses	-3 178	-	-4 706	-	-
<b>Operating profit/loss</b>	<b>-17 000</b>	<b>2 142</b>	<b>-28 958</b>	<b>-2 247</b>	<b>11 419</b>
Financial income	-	27 962	46	44 603	28 498
Financial expenses	-13 044	-127	-22 397	-1 026	-1 129
<b>Profit/loss after financial items</b>	<b>-30 044</b>	<b>29 977</b>	<b>-51 309</b>	<b>41 330</b>	<b>38 788</b>
Tax on the profit for the period	-136	-3 718	2 943	-6 653	-9 558
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-30 180</b>	<b>26 259</b>	<b>-48 366</b>	<b>34 677</b>	<b>29 230</b>
<i>Net profit/loss for the period attributable to:</i>					
Shareholders of the Parent Company	-30 180	26 259	-48 366	34 677	29 230
<i>Earnings per share attributable to:</i>					
Shareholders of the Parent Company, SEK <sup>1</sup>	-0,55	0,78	-1,19	1,13	0,93
Earnings per share after dilution	-0,55	0,78	-1,19	1,13	0,93
Average number of shares	46 244 688	33 585 596	37 178 478	30 817 552	31 515 251

## Group statements over comprehensive income

TSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full-year
	2020	2019	2020	2019	2019
<b>Profit/loss for the period</b>	<b>-30 180</b>	<b>26 259</b>	<b>-46 901</b>	<b>34 677</b>	<b>29 230</b>
<b>Other comprehensive income:</b>					
Items that can be subsequently reclassified to the income statement:					
- Translation differences	4 630	-7 675	3 989	-12 241	-5 369
<b>Other comprehensive income after tax</b>	<b>4 630</b>	<b>-7 675</b>	<b>3 989</b>	<b>-12 241</b>	<b>-5 369</b>
<b>Comprehensive income/loss for the period</b>	<b>-25 551</b>	<b>18 583</b>	<b>-44 378</b>	<b>22 435</b>	<b>23 861</b>
<i>Comprehensive income/loss for the period attributable to:</i>					
Shareholders of the Parent Company	-25 551	18 583	-44 378	22 435	23 861
<b>Comprehensive income/loss for the period</b>	<b>-25 551</b>	<b>18 583</b>	<b>-44 378</b>	<b>34 677</b>	<b>23 861</b>



## Consolidated condensed balance sheets

TSEK	30 Sep	30 Sep	31 Dec
	2020	2019	2019
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	23 684	2 541	3 110
Property, plant and equipment <sup>2)</sup>	877 926	339 532	532 093
Access rights Assets	5 680	7 538	6 944
Financial fixed assets	8 118	1 114	1 089
Inventory	37 599	10 910	15 960
Current receivables <sup>3)</sup>	92 039	83 507	75 407
Cash and cash equivalents	476 181	457 101	257 382
<b>TOTAL ASSETS</b>	<b>1 521 228</b>	<b>902 243</b>	<b>891 985</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1 335 097	794 803	796 296
Deferred tax liabilities	–	1 089	–
Liabilities related to leasing, interest-bearing	5 973	7 706	7 154
Current liabilities, non-interest-bearing	180 159	98 645	88 535
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 521 228</b>	<b>902 243</b>	<b>891 985</b>

<sup>1)</sup> The carrying amounts of financial assets and liabilities are either measured at fair value or represent a close approximation of fair value.

<sup>2)</sup> See note 5.

## Consolidated condensed statement of changes in equity

TSEK	30 Sep	30 Sep	31 Dec
	2020	2019	2019
<b>Equity at the beginning of the year</b>			
796 296	72 978	72 978	
Comprehensive income/loss for the period			
–44 378	22 435	23 861	
Share issue, net after transaction costs			
580 994	694 373	694 373	
Employee stock options, according to IFRS 2			
201	199	266	
Issued warrants			
1 983	4 818	4 818	
<b>EQUITY AT THE END OF THE PERIOD</b>	<b>1 335 097</b>	<b>794 803</b>	<b>796 296</b>



## Consolidated condensed cash flow statements

TSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full-year
	2020	2019	2020	2019	2019
<b>Cash flow from operating activities before changes in working capital</b>	<b>-33 274</b>	<b>13 014</b>	<b>-39 696</b>	<b>19 272</b>	<b>27 026</b>
Total change in working capital	95 949	-3 551	53 353	-13 219	-17 401
<b>Cash flow from operating activities</b>	<b>62 675</b>	<b>9 463</b>	<b>13 657</b>	<b>6 053</b>	<b>9 625</b>
<b>Cash flow from investing activities</b>	<b>-135 726</b>	<b>-263 750</b>	<b>-375 886</b>	<b>-309 034</b>	<b>-509 108</b>
<b>Cash flow from financing activities</b>	<b>2 683</b>	<b>-24 137</b>	<b>582 976</b>	<b>655 289</b>	<b>654 947</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-70 368</b>	<b>-278 424</b>	<b>220 747</b>	<b>352 308</b>	<b>155 464</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>552 771</b>	<b>719 733</b>	<b>257 382</b>	<b>77 165</b>	<b>77 165</b>
Exchange-rate difference in cash and cash equivalents	-6 221	15 792	-1 947	27 628	24 753
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>476 182</b>	<b>457 101</b>	<b>476 182</b>	<b>457 101</b>	<b>257 382</b>



# Notes, Group

## **Note 1: Basis of preparation and accounting policies for the group**

Ovzon applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with the Swedish Annual Accounts Act and IAS 34 Interim Reporting. The same accounting principles and calculation methods are applied as in the latest Annual Report, except IFRS 16 as described below. This interim report consists of pages 1-19 and is to be read in its entirety.

New or revised IFRS and IFRIC interpretative statements are currently not considered to have any significant impact on Ovzon's financial reports.

## **Note 2: Business segment reporting**

Segment information is not presented because the business activities comprise only one segment.

## **Note 3: Fair value of financial instrument**

The Group has no derivative instruments or other financial instruments measured at fair value.

The fair value of long-term and current interest-bearing liabilities is not considered to deviate materially from their carrying amount. For financial instruments measured at amortised cost (accounts receivable, other receivables, cash and cash equivalents, trade payables and other interest-free liabilities), their fair value is considered equal to their carrying amount.

## **Note 4: Leasing**

According to IFRS 16 (Leasing agreements), an asset (relating to a right of use) and a financial liability (relating to an obligation to pay leasing fees) must be reported in the balance sheet. The lessee shall divide the cost of the leased asset into depreciation and interest payments.

The company's agreement with Intelsat regarding capacity on IS-39 and IS-37 amounts to MUSD 39.4 and runs over 4 years. Since the capacity leased on the antennas does not correspond to substantially the entire capacity of the antennas, the capacity parts leased are not identified assets and therefore the agreements are not deemed to meet the definition of a leasing agreement in accordance with IFRS 16.



## Note 5: Current material fixed assets under construction and advance payments

Ongoing investment relates to the company's own satellite Ovzon 3, the satellite is expected to be completed in 2021.

	30 Sep 2020	31 Dec 2019
<b>Ongoing investment: Ovzon 3, TSEK</b>		
Opening balance accrued costs and advances paid	538 307	35 613
Costs and advances paid during the year	346 644	504 246
Translation difference	-5 726	-1 552
<b>Closing balance accumulated capitalized costs<sup>1)</sup></b>	<b>879 225</b>	<b>538 307</b>
Opening balance write-downs	-12 297	-
Written-downs for the year	-	-12 297
Closing balance accumulated write-downs <sup>2)</sup>	-12 297	-12 297
<b>Closing balance, reported value<sup>3)</sup></b>	<b>866 928</b>	<b>526 010</b>

1) Of the period's capitalization TSEK 14 733 relates to internal work (of which TSEK 7 377 was activated during 2019)

2) In 2015, OverHorizon AB signed an agreement with Orbital Sciences Corporation for the acquisition of a communications satellite with associated ground equipment, support and training. Advances paid and work done will only be able to be reused in the Ovzon 3 project to some extent, which is why the company in the second quarter of 2019 wrote down previously paid advances by TSEK 12,297.

3) In addition to the carrying amount, prepaid transaction expenses of TSEK 76 301 are reported in accordance with IFRS 9

## Note 6: Receivables

The financing of the company's first own satellite (Ovzon 3), which is under construction, consists partly of equity and partly of externally borrowed capital. Transaction costs paid for the secured loan facility before the loan is taken out are reported as prepaid costs and are reported against the loan when the loan is executed in accordance with IFRS 9.

	30 Sep 2020	31 Dec 2019
<b>Total current receivables</b>		
Prepaid transaction costs	76 301	60 299
Other receivables	15 738	15 108
<b>Total</b>	<b>92 039</b>	<b>75 407</b>

## Note 7: Tax

Deferred tax assets on tax-loss carry forwards are not included on the balance sheet.

## Note 8: Pledged assets and contingent liabilities

No changes per balance sheet date since the published annual report 2019.



### **Note 9: Related-party transactions**

During the previous year, the company finalized amortizations of TSEK 38,093 (regarding loan debt and accrued interest) to Etheron AB and Equi Performance AB. Of amortized liquidation, TSEK 14,293 was used to subscribe for shares in the company in connection with the rights issue in the first quarter of 2019. During the previous year, OverHorizon (Cyprus) Plc TSEK 1,380 was also invoiced for various costs charged to Ovzon AB.

### **Note 10: Distribution of net sales**

The Group's services have, as in previous year, during the period mainly been provided to customers in the US.

### **Note 11: Events after the balance sheet date**

- Ovzon set a new benchmark for high bandwidth to rotary wing aircraft.
- The Nomination Committee for the 2021 Annual General Meeting announced.
- Agreement with Hellas-sat on capacity in Europe and the Middle East.



# Financial statements, Parent Company

## Condensed parent company income statements

TSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full-year
	2020	2019	2020	2019	2019
Revenue	1 412	1 410	4 236	4 230	21 807
Other operating income	1 874	956	3 139	3 151	3 324
Other external costs	-3 298	-2 924	-10 374	-11 101	-14 767
Personnel costs	-1 963	-1 996	-7 097	-5 369	-8 580
<b>Operating profit/loss</b>	<b>-1 975</b>	<b>-2 554</b>	<b>-10 096</b>	<b>-9 089</b>	<b>1 784</b>
Financial revenues	4 309	28 422	23 370	47 651	40 681
Financial expenses	-7 407	—	-22 225	—	—
<b>Profit/loss after financial items</b>	<b>-5 073</b>	<b>25 868</b>	<b>-8 951</b>	<b>38 562</b>	<b>42 465</b>
Tax	—	—	—	11	11
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-5 073</b>	<b>25 868</b>	<b>-8 951</b>	<b>38 573</b>	<b>42 476</b>

## Parent company statements of comprehensive income

TSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full-year
	2020	2019	2020	2019	2019
<b>Profit/loss for the period</b>	<b>-5 073</b>	<b>25 868</b>	<b>-8 951</b>	<b>38 573</b>	<b>42 476</b>
Other comprehensive income:	—	—	—	—	—
<b>Comprehensive income for the period</b>	<b>-5 073</b>	<b>25 868</b>	<b>-8 951</b>	<b>38 573</b>	<b>42 476</b>

## Condensed parent company balance sheet

TSEK	30 Sep	30 Sep	31 Dec
	2020	2019	2019
<b>ASSETS <sup>1)</sup></b>			
Shares in Group companies	26 605	1 605	26 605
Financial assets	6 000	—	—
Receivables from Group companies <sup>2)</sup>	1 038 202	490 351	695 251
Current receivables	76 689	54 709	66 637
Cash and cash equivalents	409 955	447 638	211 070
<b>TOTAL ASSETS</b>	<b>1 557 451</b>	<b>994 303</b>	<b>999 563</b>
<b>EQUITY AND LIABILITIES <sup>1)</sup></b>			
Equity	1 544 889	966 960	970 863
Current liabilities, non-interest bearing	12 562	27 343	28 700
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 557 451</b>	<b>994 303</b>	<b>999 563</b>

<sup>1)</sup> The carrying amounts of financial assets and liabilities are either measured at fair value or represent a close approximation of fair value.  
<sup>2)</sup> See note 4



## Condensed parent company statement of changes in equity

TSEK	30 Sep 2020	30 Sep 2019	31 Dec 2019
Equity at the beginning of the year	970 863	229 197	229 197
Comprehensive income for the period	-8 951	38 573	42 476
Share issue, net after transaction costs	580 994	694 373	694 373
Other contributed capital	-	-	4 817
Issued warrants	1 983	4 817	4 817
<b>EQUITY AT THE END OF THE PERIOD</b>	<b>1 544 889</b>	<b>966 960</b>	<b>970 863</b>



# Notes, Parent Company income statement and balance sheet

## Note 1: Accounting policies

The company has prepared the interim report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The accounting policies applied in the preparation of this interim report apply to all periods and are consistent with the accounting policies presented in Note 2 Summary of significant accounting policies in the 2018 Annual Report for Ovzon AB (publ).

## Note 2: Related-party transactions

The company has also invoiced OverHorizon (Cyprus) Plc TSEK 1,380 for various expenses charged to Ovzon AB.

## Note 3: Pledged assets and contingent liabilities

No changes since the annual report 2019 was submitted.

## Note 4: Receivables in group companies

Receivables in group companies, TSEK	30 Sep		31 Dec	
	2020	2019		
Ovzon Sweden AB	715 101	409 775		
OverHorizon OHO 1 Limited	116 094	115 047		
Ovzon LLC	206 521	285		
Ovzon US LLC	485	170 144		
<b>Total</b>	<b>1 038 201</b>	<b>695 251</b>		

Ovzon AB (publ) is the parent company of the Group, which also consists of the subsidiaries Ovzon Sweden AB, OverHorizon OHO 1 Ltd, Ovzon US LLC and Ovzon LLC, a wholly owned subsidiary of Ovzon US LLC.

## Note 5: Events after the balance sheet date

None.



# Alternative key ratios

The company reports alternative key ratios in this interim report. The alternative key ratios provide valuable supplementary information to investors and other stakeholders as they enable evaluation of the company's performance. The alternative key ratios in this report may differ from the calculation method of similar measurements used by other companies.

## **Adjusted operating profit/loss**

Operating profit/loss excluding items affecting comparability.

## **Operating margin**

Operating profit/loss in relation to revenue.

## **Adjusted operating margin**

Operating profit/loss, excluding items affecting comparability, in relation to revenue.

## **Earnings per share**

Profit for the period in relation to the average number of shares. Average number of shares is calculated as the number of shares at the end of the period multiplied by the number of days that this number of shares has existed during the period, plus any other number of shares during the period multiplied by the number of days that this number of shares has existed during the period, divided by the total number of days in the period.

## **Equity/asset ratio**

Equity in relation to total assets.