

Year-end report

January-December 2021

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Strong order intake and a new customer segment

January–December 2021

- Revenue increased to TSEK 191,378 (160,477). Revenue for the period include compensation for divested production stock of TSEK 19,247
- Operating profit amounted to TSEK -113,383 (-48,284)
- Profit after tax amounted to TSEK -83,854 (-104,049). The result includes currency conversions and financial transaction costs of TSEK 29,861 (-58,759)
- Earnings per share amounted to SEK -1.78 (-2.52)

October–December 2021

- Revenue increased to TSEK 73,209 (33,633). Revenue for the period include compensation for divested production stock of TSEK 19,247
- Operating profit amounted to TSEK -29,030 (-19,326)
- Profit after tax amounted to TSEK -21,723 (-55,683). The result includes currency conversions and financial transaction costs of TSEK 7,386 (-36,362)
- Earnings per share amounted to -0.42 SEK (-1.20)

Significant events during the quarter

- Order at MSEK 16.5 from new U.S. Department of Defense customer on Ovzon T6 terminals
- Renewed order at MUSD 14.6 from the U.S. DOD for renewal of SATCOM-as-a-Service
- Ovzon selects Syntronic as production partner for mobile satellite terminals
- Renewed order from Airbus for UK MoD
- Order for SATCOM-as-a-Service to support Colombia's presidential election
- Order at MUSD 9.8 from the Italian Fire and Rescue Service

Significant events after the quarter

- Announcement that Ovzon 3 satellite launch will be slightly delayed but launched during 2022

Outlook

- The company believes that sales for 2022 will be higher than 2021.

Key figures

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
<i>TSEK</i>				
Revenue	73 209	33 633	191 378	160 477
Operating profit/loss	-29 030	-19 326	-113 383	-48 284
Profit/loss for the period after tax	-21 723	-55 683	-83 854	-104 049
Earnings per share, SEK	-0,42	-1,20	-1,78	-2,52
Total cash flow	-59 266	-288 789	208 880	-68 042
Equity ratio, %	78	97	78	88
Share price end of period, SEK	62,8	75,2	62,8	75,2



Strong order intake and a new customer segment

During the year in general and the fourth quarter in particular, Ovzon took many important steps to enable increased momentum towards profitable growth. Orders were signed for almost MSEK 250 in the quarter, which clearly indicates that our SATCOM-as-a-service offering is well received by the market. Equally gratifying is that Ovzon, through the large order from the Italian Fire and Rescue Service, now has broken ground within a new important customer segment - international rescue organizations. As we sum up the year of 2021, it's clear that the company has advanced its position, especially in terms of creating a growth platform through industrialization, profitable growth and innovation.

Industrialization - progress provides increased predictability

During the year, we put a lot of effort into transforming our business, making it more process-driven and thus able to quickly scale up and deliver globally. Above all, this applies to our production and supply chain for mobile satellite terminals. The strategic choice of Syntronic as Ovzon's production partner for our terminals took place during the fourth quarter. The transfer went according to plan with an initial focus on knowledge transfer, testing, production and quality control. Having a professional production partner is a key prerequisite when we now scale up the delivery volumes significantly, primarily when it comes to the Ovzon T6 terminal.

The collaboration with Maxar on the production of the Ovzon 3 satellite is also functioning well. However, the global challenge of the component shortage and delivery problems unfortunately continues, affecting the completion of a large number of other satellites in the industry. Today, we have announced that the Ovzon 3 satellite launch will be slightly delayed, but is planned to be launched during 2022. This rescheduling will not affect Ovzon's current business and deliveries to current and new customers as the company has already strategically secured leased satellite capacity.

Another important milestone in the company's history was the listing on Nasdaq Stockholm (Mid Cap) in April 2021.

Growth - now with two distinct customer segments

The most significant progress in 2021, is the increased growth together with a clear improvement in the ability of making business with focus on customers, service and sales. In our core business, we have strengthened the cooperation with the US DOD, both through renewed contracts with existing costumers but also new contracts with more customers within this comprehensive organization. During the year, we signed contracts with the U.S. DOD to a total value of approximately MSEK 205. Through the collaboration with Airbus, we also received our second order from the British Armed Forces during the year - an important reference for future expansion and deeper customer dialogue.

From a strategic perspective, however, the order of MUSD 9.8 from the Italian Fire and Rescue Service on the very last day of the year – was a real breakthrough for Ovzon. The order highlights the interest and need for high transmission speed for data and voice communication as well as for the transmission of high-resolution video for critical rescue missions. Through this order, the company has now created two major revenue streams as well as two distinct customer segments. The contract was signed through our partner Gomedia Satcom and illustrates the importance of well-functioning partner relationships. During the year, we also strengthened our cooperation with international partners and distributors such as Network Innovations, Bansat and Orbita, with smaller orders as a result.



Innovation – remains in focus

Ovzon's focus on continuous improvement and innovation has taken the company to our current market position with a leading offering for high-performance mobile communication services over satellite. Today, through Ovzon's in-house developed network with controllable antennas and purchased satellite capacity, we can offer global reach. Once we have Ovzon 3 in orbit, functionality, speed and performance will be able to take another step through our in-house developed OBP (On-Board Processor). It will further secure our leading position and create the conditions for expansion for many years to come. In addition to that, we are proud of our latest generation of satellite terminals, the Ovzon T6. In 2021, we have successfully demonstrated our mobile broadband service via satellite on aircraft and helicopters. We plan to create products and services around these applications in the future. All this emphasizes that our innovations and applications are important for creating clear competitive advantages and broaden our offer. Innovation will undoubtedly be in the limelight and an important success factor also in the future.

2022 will be perhaps the most important year in Ovzon's history. We have important milestones to achieve and ambitious profitable growth targets to meet. The year has started well, and we have the foundation in place to be able to deliver on the orders we took in 2021 and at the same time improve and increase the pace of our processes. We commence 2022 with an order book of MUSD 29.20, which is closer to double compared to 2021.

With an increased business focus, a shift in momentum, and a scalable production, delivery and service capability, we look forward to creating new business and broadening our range of products and services and thereby positioning Ovzon as a de facto standard for SATCOM-as-a-service globally.

We believe that the market for satellite communications services that require high mobility and performance will continue to develop positively and that our revenue for 2022 will be higher than in 2021.

Per Norén, CEO Ovzon

*This information is information that **Ovzon AB (publ)** is obligated to make public pursuant to the EU Market Abuse Regulation 596/2014. The information in this press release has been published through the agency of the contact persons set out below, at the time stated by **Ovzon AB's (publ)** news distributor **Cision** upon publication of this press release.*



About Ovzon

Ovzon provides mobile 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 mobile satellite 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

Customer segments

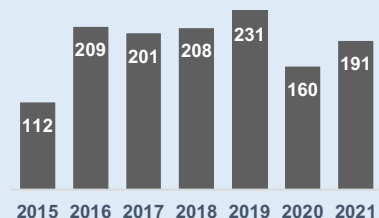
Defense
Government
Emergency services
NGOs
Media

Key trends

Increased demand for:

- Integrated solutions
- Bandwidth
- Mobility

Sales, MSEK





Financial overview

Development during the period

	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Okt-Dec	Jul-Sep	Apr-Jun	Jan-Mar
TSEK	2021	2021	2021	2021	2020	2020	2020	2020
Revenue	73 209	47 823	33 216	37 131	33 633	32 285	34 983	59 576
Operating profit/loss	-29 030	-22 785	-30 910	-30 658	-19 326	-17 000	-17 313	5 355
Profit/loss for the period after tax	-21 723	-12 339	-38 538	-11 254	-55 683	-30 180	-51 891	33 705
Earnings per share, SEK	-0,42	-0,26	-0,84	-0,24	-1,20	-0,55	-1,42	0,98
Total cash flow	-59 266	144 516	218 032	-94 402	-288 789	-70 368	290 405	710
Equity ratio, %	78	80	78	95	97	88	94	86

Revenue and order intake

Revenue for the year amounted to TSEK 191,378 (160,477) of which the fourth quarter amounted to TSEK 73,209 (33,633).

The increased revenue is driven by the new important orders signed with US DOD, UK MoD and the Italian Fire and Rescue Service. Revenue for the year and the quarter also include compensation of TSEK 19,247 for the production stock sold to the company's new production partner Syntronic. In addition to new customer contracts, the revenue and operating profit were negatively affected by the lower average exchange rate for USD, which during the year was 8.58 (9.20).

The order intake regarding SATCOM services (excluding terminals) for the year amounted to MUSD 34.2 (26.7) and the order book for undelivered SATCOM services (excluding terminals) at the end of the year amounted to MUSD 29.1 (15.7) (excluding sold capacity of Ovzon 3).

Operating profit

Operating profit for the year amounted to TSEK -113,383 (-48,284), of which the operating profit for the fourth quarter amounted to TSEK -29,030 (-19,326).

Operating profit has, in line with what was communicated in the year-end report 2020, been affected by the strategic investment and the initially lower capacity utilization of a better and global contracted satellite capacity. One of the steerable antennas on IS-39 and satellite capacity on IS-37 has remained unsold during the year and has charged the operating profit with TSEK -54,565. The unsold capacity has instead to a significant extent been used for tests and customer demonstrations of the company's satellite service. The capacity agreement with Intelsat regarding capacity on IS-39 and IS-37 extends over a total of 48 months starting November 1, 2020.

To enable a significantly higher production rate of terminals, we also during the fourth quarter moved the production of terminals to our new partner Syntronic. In connection with the move in the fourth quarter, the company has borne start-up costs and costs for scrapping production material of TSEK -6,482.



During the year, the company received government grants in the US linked to Covid-19 of TSEK 1,789 (-). Operating profit is also charged with listing costs of TSEK 2,282 (-) linked to the company's move to the regulated market Nasdaq Stockholm.

Profit/loss after financial items

Net financial items for the year amounted to TSEK 29,497 (-58,714) with a loss after financial items of TSEK -83,886 (-106,998). Net financial items for the fourth quarter amounted to TSEK 7,301 (-36,363) with a loss after financial items of TSEK -21,729 (-55,689).

Along with currency effects of TSEK 29,861 (-43,941) on the part of the company's liquidity and group balances held in US dollars, the financial items for the year also include expensed prepaid transaction expenses of TSEK -14,818. The prepaid transaction expenses were linked to the subordinated loan facility which was replaced by equity during 2020.

Profit/loss after tax

Loss after tax for the year amounted to TSEK -83,854 (-104,049), of which loss after tax for the fourth quarter amounted to TSEK -21,723 (-55,683).

Cash flow

Cash flow from operating activities for the year amounted to TSEK -77,370 (-153,707) and for the fourth quarter to TSEK 17,321 (-168,767). Along with cash flow driven by operating profit, working capital increased in 2020 to a large extent from the prepaid transaction expenses paid.

Cash flow from investing activities for the year amounted to TSEK -273,814 (-496,127) and for the fourth quarter to TSEK -76,300 (-120,241). The investments were mainly attributable to the company's first own satellite Ovzon 3 (see also Note 7).

Cash flow from financing activities for the year amounted to TSEK 560,063 (581,792) and for the fourth quarter to TSEK -288 (219). During the year, the company strengthened its liquidity through a directed share issue that provided the company with TSEK 229,304 after issue costs of TSEK 8,796. In addition to the private placement, the company has during the year also chosen to utilize TSEK 307,475 (MUSD 35) of the loan facility and issued 365,200 shares linked to the incentive program 2018/2021, which provided the company with TSEK 21,298.

Financial position

The Group's cash and cash equivalents at the balance sheet date amounted to TSEK 406,084 compared with TSEK 185,025 at the beginning of the year. Equity amounted to TSEK 1,450,268, compared to TSEK 1,292,611 at the beginning of the year. The equity ratio is 78 percent (97)

Options outstanding

In connection with the raising of a 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.

An Extraordinary General Meeting on May 18, 2020, resolved to issue a maximum of 900,000 warrants under Warrant Program 2020/2023. The company's management team has subscribed for the maximum



number of warrants granted a total of 500,000 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 in the programs are used, a dilution of 1.4 percent of the shares and votes in the company will occur. The exercise period for the warrants runs from 18 June 2023 to 18 July 2023.

The Annual General Meeting on April 13, 2021, resolved to issue a maximum of 1,100,000 warrants under Warrant Program 2021/2024. The company's management team has subscribed for a total of 410,000 options and other personnel have subscribed for a total of 186,000 options. Each warrant entitles the holder to subscribe for one new share in the company at a price of SEK 145.6 per share. If all granted warrants and options in the program are used, a dilution of 1.2 percent of the shares and votes in the company will occur. The exercise period for the warrants runs from 15 May 2024 to 15 June 2024.

Management and organization

Per Norén took over as CEO on May 1, 2021, at which time Magnus René assumed the role as Chairman of the Board. The number of employees in the Group at the end of the period was 36 (31).

Significant risks and uncertainties

Risks associated with the Group's operations can generally be divided into strategical and operational risks related to business activities and risk related to financing activities. There was no major change to significant risks or uncertainties during the period. For a detailed description of Ovzon's risks and uncertainties and how they are managed, refer to Ovzon's 2020 Annual Report.

Parent company

Parent company operations comprise costs for parts of senior management and staff functions as well as other central costs. The Parent Company invoices the subsidiaries for these costs.

The parent company's revenue for the year amounted to TSEK 24,818 (19,824) with a profit after financial items of TSEK 39,101 (-21,582). Cash and cash equivalents at the balance sheet date are TSEK 380,551 and at the beginning of the year TSEK 122,559. Investments in form of shareholder contributions to subsidiaries during the year amount to TSEK -362,000 (1,006,886). Equity amounted to TSEK 1,824,122, compared with TSEK 1,532,525 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 the company's major shareholders were: Investment AB Öresund (11.9%), Bure Equity AB (11.4%), Futur Pension (9.7%), Fjärde AP-fonden (9.1%), Handelsbanken Fonder (8.8%), AFA Försäkring (7.2%), Nortal Investment AB (6.1%) and other shareholders (35.8%). Through the redemption of the warrant program 2018/2021 and a private placement in the third quarter, the number of shares in the company increased by 5,026,188 during the period. At the end of the reporting period, the total number of shares was 51,270,876.

Covid-19

As a consequence of covid-19, the company has been affected by significantly reduced and delayed commercial activities i.e., less events and reduced travel to meet potential customers and demonstrate the company's service. In addition, the company sees an increased risk of potential disruptions in the supply chains as well as the financial stability of the company's customers and suppliers, which could



affect the delivery time and the quality of components. Furthermore, there is a risk that the well-being of the company's employees may significantly deteriorate, which could affect the operational business.

Dividend

At the Annual General Meeting on April 13, 2021, it was decided that no dividend will be paid for the 2020 financial year. The Board of Directors proposes that the next Annual General Meeting resolves that no dividend be paid for the financial year 2021.

Outlook

The company believes that the market for satellite communications services that require high mobility and performance will develop positively and that sales for 2022 will be higher than in 2021. The business outside of the US is increasing and the company expects to continue contracting new customers in 2021 who will also be interested in capacity on Ovzon 3.

Financial calendar

Annual General Meeting 2022	April 21, 2022
Interim report January-March 2022	April 28, 2022
Interim report January-June 2022	August 18, 2022
Interim report January-September 2022	October 21, 2022

Review by auditors

The interim report has not been subject of review by the company's auditors.

Certification

The Board of Directors hereby declares that the interim report provides a true and fair overview of the Parent Company and the Group's operations, financial position and earnings, and describes significant risks and uncertainties faced by the Parent Company and the companies of the Group.

Stockholm, February 18, 2022

Magnus René
Chairman of the Board

Anders Björkman
Board member

Cecilia Driving
Board member

Dan Jangblad
Board member

Nicklas Paulson
Board member

Patrik Tigerschiöld
Board member

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Group financial statements

Group income statements

TSEK	Oct-Dec 2021	Oct-Sep 2020	Jan-Dec 2021	Jan-Dec 2020
Revenue	73 209	33 633	191 378	160 477
Other operating income	3 026	3 031	10 535	12 648
Purchased satellite capacity and other direct costs	-68 370	-27 470	-177 313	-108 986
Other external costs	-16 906	-15 644	-58 867	-48 368
Employee benefit expenses	-15 893	-13 850	-65 618	-55 988
Depreciation/amortisation	-3 727	-2 035	-9 895	-6 370
Other operating expenses	-369	3 009	-3 602	-1 697
Operating profit/loss	-29 030	-19 326	-113 383	-48 284
Financial income	7 386	-1	29 861	45
Financial expenses	-85	-36 362	-364	-58 759
Profit/loss after financial items	-21 729	-55 689	-83 886	-106 998
Tax on the profit for the period	7	6	32	2 949
NET PROFIT/LOSS FOR THE PERIOD	-21 723	-55 683	-83 854	-104 049
<i>Net profit/loss for the period attributable to:</i>				
Shareholders of the Parent Company	-21 723	-55 683	-83 854	-104 049
<i>Earnings per share attributable to shareholders of the Parent Company, SEK</i>				
Earnings per share after dilution	-0,42	-1,20	-1,78	-2,52
Average number of shares	51 270 876	46 244 688	47 023 823	41 345 031

Group statements over comprehensive income

TSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit/loss for the period	-21 723	-55 683	-83 854	-104 049
the comprehensive income:				
Items that can be subsequently reclassified to the income statement:				
- Translation differences	-4 193	12 915	-11 085	16 903
Other comprehensive income after tax	-4 193	12 915	-11 085	16 903
Comprehensive income/loss for the period	-25 916	-42 768	-94 939	-87 145
<i>Comprehensive income/loss for the period attributable to:</i>				
Shareholders of the Parent Company	-25 916	-42 768	-94 939	-87 145
Comprehensive income/loss for the period	-21 723	-55 683	-83 854	-104 049



Consolidated condensed balance sheets

TSEK	31 Dec 2021	31 Dec 2020
ASSETS *		
Intangible fixed assets	23 862	20 710
Property, plant and equipment ²⁾	1 345 303	984 206
Access rights Assets	6 653	5 040
Financial fixed assets	102	64
Inventory	25 259	34 686
Current receivables ³⁾	46 055	99 634
Cash and cash equivalents	406 084	185 025
TOTAL ASSETS	1 853 318	1 329 365
EQUITY AND LIABILITIES*		
Equity	1 450 268	1 292 611
Deferred tax liabilities	316 530	–
Liabilities related to leasing, interest-bearing	7 139	5 343
Current liabilities, non-interest-bearing	79 382	31 412
TOTAL EQUITY AND LIABILITIES	1 853 318	1 329 365

Consolidated condensed statement of changes in equity

TSEK	31 Dec 2021	31 Dec 2020
Equity at the beginning of the year	1 292 611	796 296
Comprehensive income/loss for the period	-94 939	-87 145
Share issue, net after transaction costs	250 212	580 994
Employee stock options (according to IFRS 2)	100	265
Issued warrants	2 283	2 201
EQUITY AT THE END OF THE PERIOD	1 450 268	1 292 611



Consolidated condensed cash flow statements

TSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities before changes in working capital	-13 054	-15 338	-95 457	-53 630
Total change in working capital	30 376	-153 429	18 087	-100 077
Cash flow from operating activities	17 321	-168 767	-77 370	-153 707
Cash flow from investing activities	-76 300	-120 241	-273 814	-496 127
Cash flow from financing activities	-288	219	560 063	581 792
CASH FLOW FOR THE PERIOD	-59 266	-288 789	208 880	-68 042
Cash and cash equivalents at the beginning of the period	461 513	476 182	185 025	257 382
Exchange-rate difference in cash and cash equivalents	3 837	-2 368	12 179	-4 315
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	406 084	185 025	406 084	185 025

Financial statements, Parent Company

Condensed parent company income statements

TSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Revenue	9 950	15 588	24 818	19 824
Other operating income	207	107	1 260	3 246
Other external costs	-3 900	-4 867	-15 233	-15 241
Personnel costs	-3 303	-2 223	-10 613	-9 320
Operating profit/loss	2 954	8 605	232	-1 491
Financial revenues	21 202	10 410	175 925	33 780
Financial expenses	-11 389	-31 646	-137 056	-53 871
Profit/loss after financial items	12 767	-12 631	39 101	-21 582
Tax	-	49	-	49
NET PROFIT/LOSS FOR THE PERIOD	12 767	-12 582	39 101	-21 533

Parent company statements of comprehensive income

TSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Profit/loss for the period	12 767	-12 582	39 101	-21 533
Other comprehensive income:	-	-	-	-
Comprehensive income for the period	12 767	-12 582	39 101	-21 533

Condensed parent company balance sheet

TSEK	31 Dec	31 Dec
	2021	2020
ASSETS*		
Shares in Group companies	1 395 491	1 033 491
Financial assets	-	-
Receivables from Group companies ^{note 3}	375 136	295 192
Current receivables	654	88 539
Cash and cash equivalents	380 551	122 559
TOTAL ASSETS	2 151 832	1 539 781
EQUITY AND LIABILITIES⁴⁾		
Equity	1 824 122	1 532 525
Long-term liabilities, interest bearing ^{note 5}	316 530	-
Current liabilities, non-interest bearing	11 180	7 256
TOTAL EQUITY AND LIABILITIES	2 151 832	1 539 781

* Reported values for financial assets and liabilities are either valued at fair value or constitute a good approximation of fair value.



Condensed parent company statement of changes in equity

TSEK	31 Dec 2021	31 Dec 2020
Equity at the beginning of the year	1 532 525	970 863
Comprehensive income for the period	39 101	-21 533
Share issue, net after transaction costs	250 212	580 994
Issued warrants	2 283	2 201
EQUITY AT THE END OF THE PERIOD	1 824 122	1 532 525



Notes

Note 1: Basis of preparation and accounting policies for the Group

Ovzon applies the International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board RFR 1, Supplementary Accounting Rules for Groups. The Group's financial reports are prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. The interim report for the period January – December 2021 was prepared in accordance with IAS 34 Interim Reporting and the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34 are provided in notes as well as elsewhere in the interim report. The same accounting principles and calculation methods are applied as in the latest Annual Report. New or revised IFRS and interpretations with application from 2021 are 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, starting November 1, 2020. 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: Financing

In 2019, the company signed a senior loan facility of MUSD 60 to secure the financing of its own satellite Ovzon 3. During the second quarter of the year, the company chose to strengthen its liquidity by making a draw down of MUSD 35 of the loan facility. The loan runs over up to 6 years with an interest rate of USD 3m Libor + 10 percent.

Note 6: Net financial items

The Group's net financial items consist primarily of currency effects on the part of the company's liquidity and group balances held in US dollars. Aggregate currency effects are reported net, which means that individual quarters can present negative income or positive costs. Previous year, net financial items also included expensed prepaid transaction expenses of TSEK -14,818.

The Parent Company's net financial items include, in addition to the above items, debited loan expenses to Ovzon Sweden AB of TSEK 11,389 for the quarter and TSEK 137,056 for the year.

Note 7: Current material fixed assets under construction and advance payments

Ongoing investment pertains to the company's proprietary satellite Ovzon 3, which is expected to be completed in 2022.

	31 Dec 2021	31 Dec 2020
Ongoing investment: Ovzon 3, TSEK		
Opening balance accrued costs and advances paid	986 947	538 307
Costs and advances paid during the year	317 173	468 546
Translation difference	16 158	-19 906
Closing balance accumulated capitalized costs ¹⁾	1 320 279	986 947
Opening balance write-downs	-12 297	-12 297
Writed-downs for the year		
Closing balance accumulated write-downs ²⁾	-12 297	-12 297
Closing balance, reported value ³⁾	1 307 982	974 650

1) Of the total capitalization TSEK 23,703 (16,312) relates to internal work.

As the loan facility has now been utilized (see note 5), loan expenses of TSEK 11,389 were capitalized in the quarter and TSEK 137,053 during the year. These are included in the year's accrued costs and advances paid.



Note 8: 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. Loan expenses during the construction are being capitalized as part of the acquisition value. As the loan facility has now been utilized loan expenses were capitalized in accordance with the principles described in 2.13 and 2.21 in the latest annual report.

	31 Dec 2021	31 Dec 2020
Total current receivables		
Prepaid transaction costs	–	86 201
Accounts receivable	32 532	
Other receivables	13 523	13 433
Total	46 055	99 634

Note 9: Tax

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

Note 10: Pledged assets and contingent liabilities

TSEK 7,023 of the Group's cash and cash equivalents consist of blocked funds.

In connection with the utilization of the credit facility in April 2021, the company and its subsidiaries have pledged the following central assets under the loan agreement and associated collateral agreements: the shares in the company's subsidiaries, certain intellectual property rights, certain intra-group liabilities, central supplier contracts in the Ovzon 3 project (between some of the suppliers and the lenders) as well as certain bank balances and that the subsidiaries have acceded to the loan agreement and guarantee the loans under the loan agreement.

Note 11: Distribution of net sales

As in the preceding year, the Group's satellite services during the period were provided primarily to customers in the US.

Note 12: Events after the balance sheet date

No significant events after the end of the quarter.



Note 13: Related-party transactions

	31 Dec 2021	31 Dec 2020
Total receivables from Group companies, TSEK		
Ovzon Sweden AB	9 112	11 196
OverHorizon OHO 1 Limited	32 779	43 253
Ovzon LLC	332 379	240 240
Ovzon US LLC	845	503
Total	375 116	295 192

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.

During the period, the Parent Company's loan facility for financing Ovzon 3 has been utilized, loan expenses of TSEK 137,053 have been debited to Ovzon Sweden AB.

During the period, Ovzon AB provided TSEK 362,000 in an unconditional shareholder's contribution to Ovzon Sweden AB. During the previous fiscal year, Ovzon AB provided TSEK 925,000 in an unconditional shareholder's contribution to Ovzon Sweden AB and TUSD 10,000 in an unconditional shareholder's contribution to OverHorizon OHO1 Ltd.



Alternative performance measures

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.

Operating margin

Operating profit/loss 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.