

# Interim report

January-September 2021

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





## New orders drive increased growth rate

### January–September 2021

- Revenue amounted to TSEK 118,169 (126,844)
- Operating profit amounted to TSEK -84,353 (-28,958)
- Profit after tax amounted to TSEK -62,131 (-48,366). The result includes currency conversions and financial transaction costs of TSEK 22,475 (-22,397)
- Earnings per share amounted to SEK -1.34 (-1.19)

### July–September 2021

- Revenue increased to TSEK 47,823 (32,285)
- Operating profit amounted to TSEK -22,785 (-17,000)
- Profit after tax amounted to TSEK -12,339 (-30,180). The result includes currency conversions and financial transaction costs of TSEK 10,527 (-13,044)
- Earnings per share amounted to -0.26 SEK (-0.55)

### Significant events during the period

- Order from the U.S. Department of Defense on Ovzon T6 terminals for use in air operations
- New order from Airbus UK
- Order from the U.S. DoD at MUSD 5.9
- Reschedules the launch of the Ovzon 3 satellite to Q2 2022
- Directed share issue provided the company approximately MSEK 238

### Significant events after the period

- Ovzon receives 1.92 MUSD order of 50 Ovzon T6 terminals from the U.S. DoD

### Outlook

- The company estimate remains, that revenues in 2021 will be higher than in 2020. With Ovzon 3, which will be put into operation in 2022, the company expects revenues to increase even further.

### Key figures

TSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Revenue	47 823	32 285	118 169	126 844	160 477
Operating profit/loss	-22 785	-17 000	-84 353	-28 958	-48 284
Profit/loss for the period after tax	-12 339	-30 180	-62 131	-48 366	-104 049
Earnings per share, SEK	-0,26	-0,55	-1,34	-1,19	-2,52
Total cash flow	144 516	-70 368	268 146	220 747	-68 042
Equity ratio, %	80	88	80	88	97
Share price end of period, SEK	48,3	65,3	48,3	65,3	75,2





## New orders drive increased growth rate

During the third quarter, we continued to take substantial steps in positioning Ovzon as a world leader in Satcom-as-a-Service. This means that we provide our focus markets and customer segments with an integrated and industry-leading mobile satellite communication solution, helping them to operate and fulfill their services and assignments globally. Ovzon delivers a complete solution that includes the smallest, lightest, most efficient mobile satellite communication terminals, a satellite network with the highest performance and unmatched service and support around the clock.

The new orders that Ovzon took during the quarter confirms the increased need for our products and services. The deals we execute in combination with the partnerships we have entered and the initiatives we have taken, show that we are on the right track, with increased momentum in our growth rate. We have a clear focus where we work very closely with our customers in all markets, as well as a robust plan and a progressive strategy.

### Additional orders represent the next step for Ovzon

During the third quarter, we received multiple new orders together 6.3 MUSD from the U.S. DoD, compared to 3.8 MUSD during the second quarter. We are proud of the steady and expanded trust from this key costumer and we have the ambition to deepen and expand the cooperation. These orders enable the U.S. DoD to expand the use of Ovzon's Satcom-as-a-Service, which include our new and existing Ovzon terminals to more locations globally, with enhanced functionality and performance for both "On-the-Move" and "On-the-Pause". Our customers depend and rely on our services to carry out their missions and operate in remote locations around the world where infrastructure is non-existent, unreliable and when they need a guaranteed communications solution. Our new high-performance and user-friendly Ovzon T6 terminal has proven to add great customer value. During the quarter, we also received a new order from our partner Airbus UK regarding a new customer in the UK. The contract started in August, runs over 12 months, and contains our end-to-end service, including the new Ovzon T6 terminal.

To meet these increased demands and for our organization to deliver on new costumer contracts, we have created a solid platform for growth. We are now about to enter a phase in which we will produce and deliver, for the company, historically high volumes of our satellite communication terminals. In accordance to plan, we will during the fourth quarter implement a scalable industrial process with experienced partners to ensure that we achieve the new production capacity.

### Good growth opportunities independent of Ovzon 3

These new orders are a confirmation of our relevance to existing and new customers. They are a clear indication of continued strong demand for our comprehensive service, even before the launch of Ovzon's new satellite, Ovzon 3. As we communicated in August, we have been forced to reschedule the launch of Ovzon 3 to the second quarter of 2022. The plan is to take the satellite into operation in the fourth quarter the same year. The delay is a consequence of deficiencies in key components and delays at subcontractors, which also affect the completion of a large number of other satellites in the industry. The delay does not affect Ovzon's current business and deliveries to existing or new customers. Until Ovzon 3 is operational, we have good opportunities to continue at this increased sales rate. We have previously strategically secured leased satellite capacity on the IS-37 and IS-39 satellites. These satellites deliver good performance. This also helps us to position Ovzon 3 as a satellite with completely groundbreaking performance and technology in terms of data speed, data transfer capacity combined with fast and easy usability.



## Strengthened finances backed by strong investors

During the quarter, the financial position was further strengthened through a directed issue to selected institutional investors of 238 MSEK. This, of course, strengthens our financial position and flexibility. It also means that we can accelerate our market penetration of our global service offer and continue to broaden our sales and distribution network. It also enables us to drive innovation through pilot projects and the development of new products and services.

In early September, Ovzon received the "The Company To Watch Award" from the industry association Mobile Satellite Users Association (MSUA). It was a great recognition from the entire industry, our customers and our partners proving how our dedicated employees on a daily basis develop and deliver unique and value-creating technology solutions. Our customers' needs and the continued rapid technological development inspire and motivate us to be agile in everything we do. We will continue to increase the pace and simultaneously be precise and execute flawlessly when we now transform Ovzon into a global industrial company.

For the remainder of 2021, Ovzon's focus will be to continue to deliver and support what we have already sold. We will also work methodically to create new deals, scale up our delivery capacity and thus position Ovzon as a global de facto standard for Satcom-as-a-Service. Our assessment is that the market for satellite communication services, which requires high mobility and performance, continuously will grow and develop positively and that our revenues in 2021 will be higher than in 2020.

I am convinced that the increase in demand we have seen is only the beginning. With our unique Satcom-as-a-Service solution to demanding and loyal customers around the world, we are well positioned. We know that our customers highly value Ovzon, and we know what it takes to succeed.

We estimate that the market for satellite communications services that require high mobility and performance will continue to develop positively and that our sales for 2021 will be higher than in 2020.

*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 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

### Customer segments

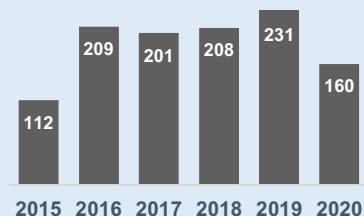
Government  
Emergency services  
NGOs  
Media

### Key trends

Increased demand for:

- Integrated solutions
- Bandwidth
- Mobility

### Sales, MSEK





# Financial overview

## Development during the quarter

	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
TSEK	2021	2021	2021	2020	2020	2020	2020	2019
Revenue	47 823	33 216	37 131	33 633	32 285	34 983	59 576	65 315
Operating profit/loss	-22 785	-30 910	-30 658	-19 326	-17 000	-17 313	5 355	13 666
Profit/loss for the period after tax	-12 339	-38 538	-11 254	-55 683	-30 180	-51 891	33 705	-5 447
Earnings per share, SEK	-0,26	-0,84	-0,24	-1,20	-0,55	-1,42	0,98	-0,16
Total cash flow	144 516	218 032	-94 402	-288 789	-70 368	290 405	710	-196 544
Equity ratio, %	80	78	95	97	88	94	86	89

## Revenue

Revenue for the quarter increased to TSEK 47,823 (32,285). Revenue for the first nine months amounted to TSEK 118,169 (126,844).

Revenue for the quarter is 48 percent higher than the corresponding quarter previous year. The increased revenue is driven by new customers and increased orders signed during 2021 and started to be delivered during the quarter.

The lower revenue during the first nine months is a result of the, compared to H1 2020, lower contract sizes with the U.S. DoD. The lower volume is due to different geographical needs and some budget constraints. In addition to the lower customer contracts, the revenue and operating profit were also negatively affected by the lower average exchange rate for USD, which during the first nine months was SEK 8.49 (9.40).

## Operating profit

Operating profit for the quarter amounted to TSEK -22,785 (-17,000). The operating profit for the first nine months amounted to TSEK -84,353 (-28,958).

Operating profit for the first nine months has been affected by a lower contract volume with U.S. DoD and, in line with what was communicated in the year-end report, a lower capacity utilization of contracted satellite capacity. One of the steerable antennas on IS-39 and satellite capacity on IS-37 has remained unsold during the period but has 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.

During the first nine months, the company received government grants in the US linked to Covid-19 of TSEK 1,789. Operating profit is 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 quarter amounted to TSEK 10,438 (-13,044) with a loss after financial items of TSEK -12,346 (-30,044). Net financial items for the first nine months amounted to TSEK 22,196 (-22,251) with a loss after financial items of TSEK -62,157 (-51,309). Along with currency effects on the part of the company's liquidity and group balances held in US dollars, the financial items from previous year also include expensed prepaid transaction expenses of TSEK -14,818.

## **Profit/loss after tax**

Loss after tax for the quarter amounted to TSEK -12,339 (-30,180). Loss after tax for the first nine months amounted to TSEK -62,131 (-48,366).

## **Cash flow**

Cash flow from operating activities for the quarter amounted to TSEK -24,390 (62,675) and for the first nine months to TSEK -94,691 (13,657).

Cash flow from investing activities for the quarter amounted to TSEK -60,679 (-135,726) and for the first nine months to TSEK -197,514 (-375,886). The investments were mainly attributable to the company's first own satellite Ovzon 3, a project that is expected to be completed during 2022 (see also Note 7).

Cash flow from financing activities for the quarter amounted to TSEK 229,585 (2,683) and for the first nine months to TSEK 560,351 (582,976). During the quarter, the company strengthened its liquidity through a directed share issue that provided the company with TSEK 229,585 after issue costs of TSEK 8,126. In addition to the private placement, the company has during the first nine months also chosen to utilize MUSD 35 of the loan facility and issued 365,200 shares linked to the incentive program 2018/2021 (see below), 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 461,513 compared with TSEK 185,025 at the beginning of the year. Equity amounted to TSEK 1,476,465, compared to TSEK 1,292,611 at the beginning of the year. The equity ratio is 80 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 35 (30).

## **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 quarter amounted to TSEK 4,956 (1,412) with a profit after financial items of TSEK 11,401 (-5,073). Revenue for the first nine months amounted to TSEK 14,868 (4,236) with a profit after financial items of TSEK 26,334 (-8,951). Cash and cash equivalents at the balance sheet date are TSEK 443,621 and at the beginning of the year TSEK 122,559. Investments in form of shareholder contributions to subsidiaries during the year amount to TSEK -282,000 (-). Equity amounted to TSEK 1,811,637, 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 (9.6%), Fjärde AP-fonden (8.9%), Handelsbanken Fonder (8.3%), AFA Försäkring (7.2%), Nortal Investment AB (6.1%) and other shareholders (36.6%). 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. As of September 30, 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.





## Outlook

The company believes that the market for satellite communications services that require high mobility and performance will develop positively and that sales for 2021 will be higher than in 2020. In December 2020, the U.S. DoD signed an order that extends over 12 months. In 2021, this order has been supplemented with new orders for new geographies that also extend over 12 months. 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 when it is put into service in 2022.

## Financial calendar

Year-end report 2021	February 18, 2022
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 Chief Executive Officer 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, October 21, 2021

Per Norén  
Chief Executive Officer

## Contact information

Per Norén CEO <a href="mailto:pno@ovzon.com">pno@ovzon.com</a> +1 206 931 7232	Johan Brandt CFO <a href="mailto:jbr@ovzon.com">jbr@ovzon.com</a> +46 703 69 33 00	Ovzon AB (publ) Anderstorpsvägen 10, SE-171 54 Solna +46 8 508 600 60 <a href="http://www.ovzon.com">www.ovzon.com</a> Org nr 559079-2650
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# Group financial statements

## Group income statements

TSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Revenue	47 823	32 285	118 169	126 844	160 477
Other operating income	395	3 851	7 509	9 617	12 648
Purchased satellite capacity and other direct costs	-40 361	-23 883	-108 943	-81 517	-108 986
Other external costs	-12 883	-12 167	-41 961	-32 723	-48 368
Employee benefit expenses	-14 989	-12 797	-49 725	-42 138	-55 988
Depreciation/amortisation	-2 466	-1 111	-6 168	-4 335	-6 370
Other operating expenses	-303	-3 178	-3 233	-4 706	-1 697
<b>Operating profit/loss</b>	<b>-22 785</b>	<b>-17 000</b>	<b>-84 353</b>	<b>-28 958</b>	<b>-48 284</b>
Financial income	10 527	-5 625	22 475	46	45
Financial expenses	-89	-7 419	-279	-22 397	-58 759
<b>Profit/loss after financial items</b>	<b>-12 346</b>	<b>-30 044</b>	<b>-62 157</b>	<b>-51 309</b>	<b>-106 998</b>
Tax on the profit for the period	8	-136	26	2 943	2 949
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-12 339</b>	<b>-30 180</b>	<b>-62 131</b>	<b>-48 366</b>	<b>-104 049</b>
<i>Net profit/loss for the period attributable to:</i>					
Shareholders of the Parent Company	-12 339	-30 180	-62 131	-48 366	-104 049
<i>Earnings per share attributable to shareholders of the Parent Company, SEK</i>					
Earnings per share after dilution	-0,26	-0,55	-1,34	-1,19	-2,52
Average number of shares	46 775 211	46 244 688	46 269 476	37 178 478	41 345 031

## Group statements over comprehensive income

TSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
<b>Profit/loss for the period</b>	<b>-12 339</b>	<b>-30 180</b>	<b>-62 131</b>	<b>-48 366</b>	<b>-104 049</b>
<b>Other comprehensive income:</b>					
Items that can be subsequently reclassified to the income statement:					
- Translation differences	-3 861	4 630	-6 892	3 989	16 903
<b>Other comprehensive income after tax</b>	<b>-3 861</b>	<b>4 630</b>	<b>-6 892</b>	<b>3 989</b>	<b>16 903</b>
<b>Comprehensive income/loss for the period</b>	<b>-16 200</b>	<b>-25 551</b>	<b>-69 023</b>	<b>-44 378</b>	<b>-87 145</b>
<i>Comprehensive income/loss for the period attributable to:</i>					
Shareholders of the Parent Company	-16 200	-25 551	-69 023	-44 378	-87 145
<b>Comprehensive income/loss for the period</b>	<b>-16 200</b>	<b>-25 551</b>	<b>-69 023</b>	<b>-44 378</b>	<b>-87 145</b>



## Consolidated condensed balance sheets

TSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	23 582	23 684	20 710
Property, plant and equipment <sup>2)</sup>	1 276 990	877 926	984 206
Access rights Assets	8 184	5 680	5 040
Financial fixed assets	64	8 118	64
Inventory	36 020	37 599	34 686
Current receivables <sup>3)</sup>	38 500	92 039	99 634
Cash and cash equivalents	461 513	476 181	185 025
<b>TOTAL ASSETS</b>	<b>1 844 853</b>	<b>1 521 228</b>	<b>1 329 365</b>
<b>EQUITY AND LIABILITIES*</b>			
Equity	1 476 465	1 335 097	1 292 611
Deferred tax liabilities	307 689	—	—
		5 973	
Liabilities related to leasing, interest-bearing	8 487		5 343
Current liabilities, non-interest-bearing	52 213	180 159	31 412
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 844 853</b>	<b>1 521 228</b>	<b>1 329 365</b>

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

## Consolidated condensed statement of changes in equity

TSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020
Equity at the beginning of the year	1 292 611	796 296	796 296
Comprehensive income/loss for the period	-69 022	-44 378	-87 145
Share issue, net after transaction costs	250 493	580 994	580 994
Employee stock options, according to IFRS 2	100	201	265
Issued warrants	2 283	1 983	2 201
<b>EQUITY AT THE END OF THE PERIOD</b>	<b>1 476 464</b>	<b>1 335 096</b>	<b>1 292 611</b>



## Consolidated condensed cash flow statements

TSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
<b>Cash flow from operating activities before changes in working capital</b>	-11 269	-33 274	-82 402	-39 696	-53 630
Total change in working capital	-13 121	95 949	-12 289	53 353	-100 077
<b>Cash flow from operating activities</b>	-24 390	62 675	-94 691	13 657	-153 707
<b>Cash flow from investing activities</b>	-60 679	-135 726	-197 514	-375 886	-496 127
<b>Cash flow from financing activities</b>	229 585	2 683	560 351	582 976	581 792
<b>CASH FLOW FOR THE PERIOD</b>	<b>144 516</b>	<b>-70 368</b>	<b>268 146</b>	<b>220 747</b>	<b>-68 042</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>312 973</b>	<b>552 771</b>	<b>185 025</b>	<b>257 382</b>	<b>257 382</b>
Exchange-rate difference in cash and cash equivalents	4 024	-6 221	8 342	-1 947	-4 315
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>461 513</b>	<b>476 182</b>	<b>461 513</b>	<b>476 182</b>	<b>185 025</b>





# Financial statements, Parent Company

## Condensed parent company income statements

TSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Revenue	4 956	1 412	14 868	4 236	19 824
Other operating income	371	1 874	1 053	3 139	3 246
Other external costs	-2 845	-3 298	-11 333	-10 374	-15 241
Personnel costs	-2 145	-1 963	-7 310	-7 097	-9 320
<b>Operating profit/loss</b>	<b>337</b>	<b>-1 975</b>	<b>-2 722</b>	<b>-10 096</b>	<b>-1 491</b>
Financial revenues	20 410	4 310	154 723	23 370	33 780
Financial expenses	-9 346	-7 407	-125 667	-22 225	-53 871
<b>Profit/loss after financial items</b>	<b>11 401</b>	<b>-5 073</b>	<b>26 334</b>	<b>-8 951</b>	<b>-21 582</b>
Tax	–	–	–	–	49
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>11 401</b>	<b>-5 073</b>	<b>26 334</b>	<b>-8 951</b>	<b>-21 533</b>

## Parent company statements of comprehensive income

TSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
<b>Profit/loss for the period</b>	<b>11 401</b>	<b>-5 073</b>	<b>26 334</b>	<b>-8 951</b>	<b>-21 533</b>
<b>Other comprehensive income:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Comprehensive income for the period</b>	<b>11 401</b>	<b>-5 073</b>	<b>26 334</b>	<b>-8 951</b>	<b>-21 533</b>

## Condensed parent company balance sheet

TSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>ASSETS<sup>1)</sup></b>			
Shares in Group companies	1 315 491	26 605	1 033 491
Financial assets	–	6 000	–
Receivables from Group companies <sup>note 3</sup>	364 976	1 038 202	295 192
Current receivables	4 305	76 689	88 539
Cash and cash equivalents	443 621	409 955	122 559
<b>TOTAL ASSETS</b>	<b>2 128 393</b>	<b>1 557 451</b>	<b>1 539 781</b>
<b>EQUITY AND LIABILITIES<sup>2)</sup></b>			
Equity	1 811 637	1 544 889	1 532 525
Long-term liabilities, interest bearing <sup>note 5</sup>	307 689	–	–
Current liabilities, non-interest bearing	9 067	12 562	7 256
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 128 393</b>	<b>1 557 451</b>	<b>1 539 781</b>

<sup>1)</sup>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	30 Sep 2021	30 Sep 2020	31 Dec 2020
Equity at the beginning of the year	1 532 525	970 863	970 863
Comprehensive income for the period	26 334	-8 951	-21 533
Share issue, net after transaction costs	250 493	580 994	580 994
Issued warrants	2 283	1 983	2 201
<b>EQUITY AT THE END OF THE PERIOD</b>	<b>1 811 637</b>	<b>1 544 889</b>	<b>1 532 525</b>



# 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 – September 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 9,346 for the quarter and TSEK 125,667 for the first nine months.

## 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.

	30 Sep 2021	31 Dec 2020
<b>Ongoing investment: Ovzon 3, TSEK</b>		
Opening balance accrued costs and advances paid	986 947	538 307
Costs and advances paid during the year	264 038	468 546
Translation difference	11 151	-19 906
<b>Closing balance accumulated capitalized costs <sup>1)</sup></b>	<b>1 262 136</b>	<b>986 947</b>
Opening balance write-downs	-12 297	-12 297
Wrote-downs for the year		
<b>Closing balance accumulated write-downs <sup>2)</sup></b>	<b>-12 297</b>	<b>-12 297</b>
<b>Closing balance, reported value <sup>3)</sup></b>	<b>1 249 839</b>	<b>974 650</b>

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 9,346 were capitalized in the quarter and TSEK 125,667 during the first nine months of 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.

	30 Sep 2021	31 Dec 2020
<b>Total current receivables</b>		
Prepaid transaction costs	–	86 201
Accounts receivable	22 410	
Other receivables	16 090	13 433
<b>Total</b>	<b>38 500</b>	<b>99 634</b>

## 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

Ovzon receives 1.92 MUSD order of 50 Ovzon T6 terminals from a new customer within the U.S. DoD



### Note 13: Related-party transactions

	30 sep	31 dec
Total receivables from Group companies, TSEK	2021	2020
Ovzon Sweden AB	10 618	11 196
OverHorizon OHO 1 Limited	40 411	43 253
Ovzon LLC	313 192	240 240
Ovzon US LLC	754	503
<b>Total</b>	<b>364 976</b>	<b>295 192</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.

During the period, the Parent Company's loan facility for financing Ovzon 3 has been utilized, loan expenses of TSEK 125,667 have been debited to Ovzon Sweden AB.

During the period, Ovzon AB provided TSEK 282,000 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.

## **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.