



YEAR-END REPORT, JANUARY–DECEMBER 2018

Important steps towards Ovzon's first satellite

OCTOBER–DECEMBER 2018 QUARTER

- Revenue amounted to TSEK 52,804 (52,939).
- Operating profit totalled TSEK 3,103 (10,141).
- Operating profit excluding items affecting comparability amounted to TSEK 3,103 (13,650).
- Profit after tax amounted to TSEK 3,972 (4,755).
- Earnings per share amounted to SEK 0.47 (0.95).

JANUARY–DECEMBER 2018 FULL-YEAR

- Revenue amounted to TSEK 207,883 (201,050).
- Operating loss totalled TSEK -17,536 (24,025).
- Operating profit excluding items affecting comparability amounted to TSEK 8,524 (41,072).
- Loss after tax amounted to TSEK -25,640 (6,100).
- Earnings per share amounted to negative SEK -3.63 (1.22).
- The Board proposes to the Annual General Meeting that no dividend will be paid for 2018.

SIGNIFICANT EVENTS DURING THE QUARTER

- The company has signed an agreement with SpaceX for the launch of the company's first satellite.
- The company has signed a contract with SSL for the manufacturing of the company's first satellite.
- The company has secured a contract from Intelsat General Corporation with a value of MUSD 4.2.
- The company has secured a contract from a UK customer with a value of MUSD 0.3.
- An Extra General Meeting was held on December 21, 2018.

SIGNIFICANT EVENTS AFTER THE QUARTER

- The company has completed a rights issue providing the company with approx. MSEK 750 before deduction for issue costs.

KEY FIGURES

TSEK	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Revenue	52,804	52,939	207,883	201,050
Operating profit/loss	3,103	10,141	-17,536	24,025
Adjusted operating profit/loss*	3,103	13,650	8,524	41,072
Operating margin	6%	19%	neg	12%
Adjusted operating margin*	6%	26%	4%	20%
Profit/loss for the period after tax	3,972	4,755	-25,640	6,100
Earnings per share, SEK	0.47	0.95	-3.63	1.22

*Excluding items affecting comparability

In 2017, no formal interim report was prepared for any quarter. The comparative figures are taken from the company's internal report system.

"We have during the fourth quarter secured several customer contracts, as well as signed agreements for the manufacturing and launching of our first satellite."



CEO STATEMENT

Important agreements in place and financially equipped for the next step

Ovzon's fourth quarter was undoubtedly characterized by very high activity. We signed important agreements for the launch and manufacturing of our own satellite (Ovzon-3). Ovzon-3 will significantly increase the service's performance, lead to new types of services, enable the use of even smaller terminals, expand coverage areas and increase available bandwidth.

In October, we signed an agreement with SpaceX for the launch of Ovzon-3. The launch is planned at the earliest in spring 2021.

In December, this was followed by an agreement with a supplier for the manufacturing of a geostationary satellite. We chose SSL, which is a leading supplier of innovative satellite and space system solutions. The satellite will be equipped with high-performance, controllable antennas and will include the On-Board Processor (OBP) developed by Ovzon. The satellite is expected to be completed in 2021. In the case of an optimized utilization of the satellite, we expect Ovzon-3 to generate annual revenues of up to SEK 1 billion in a few years, with better margins than the current service.

IMPORTANT PART OF THE FINANCING CLOSED

The total investment for the satellite (Ovzon-3) including manufacturing, launching, financing and insurance is estimated at SEK 1.5 billion. When it comes to financing, we have taken a big step. In December, we announced the decision to carry out a fully guaranteed new issue of shares with preferential rights for existing shareholders of SEK 750 million – a transaction that was completed in January 2019. The guarantee was required as the largest shareholder Overhorizon (Cyprus) Plc did not have the opportunity to subscribe the new share issue. Investors without subscription rights subscribed for a total of 9.8 percent of the share issue, corresponding to an amount of approximately SEK 74 million. We see this as a sign of continued great investor interest in our company.

The remaining part of the financing of the total investment is expected to take place through existing funds and with external loans. We will continue the process of loan financing during 2019.

CONTINUED HIGH BUSINESS ACTIVITY

Alongside the work with Ovzon-3, very interesting things have happened within our existing service during the quarter. For example, we secured another contract from the US customer Intelsat General Corporation (IGC). The contract of approximately SEK 37.5 million is an extension of the current agreement for continued use of Ovzon's OHO-2 satellite communication service until September 2019.

In addition, we received a first order from a UK customer. This is the first order for Ovzon's satellite communications service from a European customer. The initial order value amounts to USD 0.3 million, which runs for one year. This is an order that validates our unique offering on the European market and we expect it to be followed by more orders in the next few years.

Net sales in the fourth quarter were basically unchanged compared with the corresponding quarter last year. Revenues are expected to remain relatively constant going forward, with existing contracts, until we can offer our customers more capacity on satellites that have sufficient performance to make our service competitive and cover the areas where there is a need.

The underlying profitability of our satellite service was unchanged during the quarter compared with the previous year, while our operating profit decreased as a result of continued market and innovation initiatives and costs related to procurements of Ovzon-3.

All in all, during the full year 2018 and in early 2019, we have taken very big steps towards realizing our vision of offering global satellite coverage for Ovzon's mobile broadband service.

Per Wahlberg, CEO



About Ovzon

Ovzon AB (publ) is the Parent Company of a Group with the objective of providing 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. The intention is to finance the company's proprietary satellite through a combination of equity and borrowing.



Punkt?

OVZON AT A GLANCE

CUSTOMER SEGMENTS



LEASED SATELLITES



2 KEY TRENDS

INCREASED BANDWIDTH AND MOBILITY REQUIREMENTS



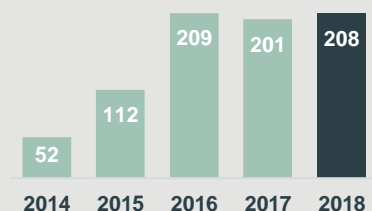
3 OFFICES



12 YEARS OF BUSINESS



SALES, MSEK





Financial overview

GROUP OVERVIEW

	Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
TSEK	2018	2017	2018	2017
Revenue	52,804	52,939	207,883	201,050
Operating profit/loss	3,103	10,141	-17,536	24,025
Adjusted operating profit/loss*	3,103	13,650	8,524	41,072
Operating margin	6%	19%	neg	12%
Adjusted operating margin*	6%	26%	4%	20%
Profit/loss after financial items	4,975	6,086	-24,637	7,807
Profit/loss for the period after tax	3,972	4,755	-25,640	6,100

*Excluding items affecting comparability

REVENUE

Revenue for the quarter amounted to TSEK 52,804 (52,939). Revenue for the full-year amounted to TSEK 207,883 (201,050). The revenue growth for the full-year is explained by increased revenues from the sale of terminals. The revenue growth in SEK is explained by the average USD exchange rate, which was 8.69 (8.54) during the twelve-month period.

OPERATING PROFIT/LOSS

Operating profit for the quarter amounted to TSEK 3,103 (10,141). Operating profit for the full-year amounted to TSEK -17,536 (24,025). The result has been affected by costs related to listing of TSEK - (3,509) during the quarter and TSEK 12,652 (8,509) for the full-year. Furthermore, an agreement has been signed for relocating a satellite to one of the Group's orbital positions at a total cost of TSEK 13,408 (8,538) during the full-year. Operating profit for the full-year, adjusted for these items affecting comparability, amounted to TSEK 8,524 (41,072). In summary, the lower profit has been driven by significant investments within R&D of about TSEK 12,000, as well as increased costs connected to the procurement of Ovzon-3.

PROFIT/LOSS AFTER FINANCIAL ITEMS

The net financial income for the quarter amounted to TSEK 1,872 (-4,055) with a profit after financial items amounting to TSEK 4,975 (6,086). The net financial income for the full-year amounted to TSEK -7,101 (-16,218) with a loss after financial items amounting to TSEK 24,637 (7,807).

PROFIT/LOSS AFTER TAX

Profit for the quarter after tax amounted to TSEK 3,972 (4,755). Loss for the full-year after tax amounted to TSEK 25,640 (6,100).

CASH FLOW

Cash flow from operating activities for the quarter amounted to TSEK -24,310 (8,651) and for the full-year to TSEK -60,449 (34,602). Cash flow from investing activities amounted to TSEK -11,277 (-1,627) for the quarter and for the full-year to TSEK -12,101 (-6,509). The investments were mainly associated with the On-Board Processor (OBP) that will be integrated with the company's first satellite (Ovzon-3). Cash flow from financing activities amounted to TSEK 5,342 (-) and for the full-year to TSEK 90,493 (-). Total cash flow for the quarter amounted to TSEK -30,245 (7,023) and for the full-year to TSEK 17,943 (28,093). Cash flow during the quarter and full-year was affected by completed new share issues and option premiums, which contributed net TSEK 222,661. Significant amounts of the proceeds have been used to pay off debts within the Group.

FINANCIAL POSITION

The Group's cash and cash equivalents amounted to TSEK 77,165 at the end of the reporting period, compared to TSEK 49,672 at the beginning of the year. Equity amounted to TSEK 72,978, compared to TSEK -120,562 at the beginning of the year. The equity ratio amounted to 56 percent (neg).



Other information

MANAGEMENT AND BOARD CHANGES

In connection with the listing, a new Board of Directors was elected in the company, as shown below. In September 2018, a new CFO was engaged.

ORGANISATION AND EMPLOYEES

The number of employees in the Group at the end of the period was 19 (15).

SIGNIFICANT RISKS AND UNCERTAINTIES

Risks associated with the Group's operations can generally be divided into 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. For a presentation of Ovzon's risks, uncertainties and how they are managed, refer to Ovzon's 2017 Annual Report.

SIGNIFICANT EVENTS DURING THE PERIOD

- An agreement was signed with Eutelsat S.A. to relocate a satellite to one of Ovzon's orbital positions in order to bring it into use, thereby protecting it from competition. The total expense amounted to TUSD 1,600, of which half was charged to the first quarter and the remainder in the second quarter of 2018.
- The dispute the Group previously had with a lender has been settled and regulated.
- On May 18, a listing of the company's shares was made on Nasdaq First North Premier. Through the rights issue in conjunction with the listing, Ovzon raised net TSEK 173,095. In connection with the listing a new Board of Directors was appointed in the company.
- On June 11, Carnegie announced that, in its role as stabilization agent, the over-allotment option was used. For this reason, a directed share issue was issued, whereby Ovzon raised further TSEK 48,750. Most of the Group's loans and other liabilities have been regulated during the second quarter using the funds transferred to the company through the new share issues.
- The company signed contracts for a total value of MUSD 22.8 via Intelsat General Corporation.
- The company signed an agreement with SpaceX for the launch of the company's first satellite.
- The Nomination Committee ahead of the 2019 Annual General Meeting has been appointed.
- The company has signed a contract with SSL for the manufacturing of the company's first satellite.
- The company has secured a contract from Intelsat General Corporation with a value of MUSD 4.2.
- The company has secured a contract from a UK customer with a value of MUSD 0.3.
- On December 21, an Extra General Meeting authorized the Board of Directors to decide on a Rights Issue of a maximum of MSEK 750 million.

SIGNIFICANT EVENTS AFTER THE PERIOD

- The company has completed a Rights Issue providing the company with approx. MSEK 750 before deduction for issue costs.

PARENT COMPANY

Parent Company operations comprise senior management and staff functions and other central costs. The Parent Company revenue for the full-year amounted to TSEK 6,640 (1,410) with loss after financial items of TSEK 13,957 (-8,109). Cash and cash equivalents were TSEK 41,774 at the end of the reporting period, and TSEK 1,818 at the beginning of the year. Investments for the period amounted to TSEK - (-). Equity totalled TSEK 229,197, compared with TSEK 504 at the beginning of the year. The number of employees is 2 (-).

RELATED-PARTY TRANSACTIONS

During the second quarter, in connection with the listing, most of the Group's loans have been paid off. It is mainly related to the loan from LMK Forward AB to OverHorizon AB with the nominal value of TUSD 4,000, the loan from Ramab Iggesund AB and LMK Ventures AB respectively to OverHorizon OHO 1 Ltd, with the nominal value of TSEK 30,000 plus accrued interest. In addition, half of the loans and accrued interest rates from Ethern AB and Equi Performance AB have been settled.

Within the former parent company OverHorizon (Cyprus) Plc, a number of payments and adjustments have been made using the funds transferred to the company in connection with its sale of shares in Ovzon AB



(publ). These payments have been administered through Ovzon AB (publ). The liability relating to the remaining funds belonging to OverHorizon (Cyprus) Plc has been fully adjusted in the fourth quarter 2018.

THE COMPANY'S MAJOR SHAREHOLDERS

At the beginning of the year, all shares in Ovzon AB (publ) were owned by OverHorizon (Cyprus) Plc. As a result, the sale of shares made by OverHorizon (Cyprus) Plc in conjunction with the listing, and the two completed new issues, the ownership structure is: OverHorizon (Cyprus) Plc (36%), Investment AB Öresund (13%), Bure Equity AB (12%), and other shareholders (39%). The total number of shares after issue is 8,396,399.

After the period's ending, the company completed a preferential rights issue providing the company with approx. MSEK 750 before deduction for issue costs. As a consequence of the rights issue, the number of shares increased with 25,189,197 to 33,585,596 shares.

INCENTIVE PROGRAM

During the second quarter 2018, the company introduced new incentive programs "Warrants Program 2018/2021" and "Employee Option Program 2018/2021", which were decided at the Extraordinary General Meeting in Ovzon AB on May 9, 2018. At the Extraordinary General Meeting, it was decided to issue a maximum of 226,962 warrants (under the warrant program) to the company's employees in Sweden and 200,000 options (under the employee option program) to the company's employees in the United States. 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 (non-allocated options and warrants amount to 138,962). The options and warrants entitle the holder to subscribe for new shares in the company at a price of SEK 120 per share. If all options and warrants are used in the programs, a dilution of 5.1% 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. No dilution effect has been considered in the present report since the average price of the period did not reach the agreed subscription price. Recalculation of option programs, after the rights issue in January 2019, has not been completed as of the reporting date.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for the financial year 2018.

OUTLOOK

During 2018, customer contracts regarding the leased satellite capacity was extended by orders from the US defense, with a total value of MUSD 22.85. The contracts run until mid-September 2019.

FINANCIAL CALENDAR

Annual Report 2018	March 15, 2019
Annual General Meeting 2019	April 10, 2019
Interim Report January-March 2019	May 17, 2019
Interim Report January-June 2019	August 23, 2019
Interim Report January-September 2019	November 15, 2019
Year-end Report 2019	February 19, 2020

Stockholm, February 20, 2019

Per Wahlberg CEO	Lennart Hällkvist Chairman of the Board	Kennet Lejnell Board member	
Peter Näslund Board member	Nicklas Paulson Board member	Magnus René Board member	Patrik Tigerschiöld Board member



PUBLICATION

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 February 20, 2019.

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Group financial statements

GROUP INCOME STATEMENTS

TSEK	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Revenue	52,804	52,939	207,883	201,050
Other operating income	2,059	340	2,115	1,398
Purchased satellite capacity and other direct costs	-30,070	-26,101	-117,211	-107,264
Other external costs	-9,914	-9,190	-75,689	-39,769
Employee benefit expenses	-10,140	-6,552	-28,409	-26,206
Depreciation/amortisation	-1,636	-1,296	-6,225	-5,184
Operating profit/loss	3,103	10,141	-17,536	24,025
Financial income	3,577	880	3,577	3,520
Financial expenses	-1,705	-4,935	-10,678	-19,738
Profit/loss after financial items	4,975	6,086	-24,637	7,807
Tax on the profit for the period	-1,003	-1,331	-1,003	-1,707
NET PROFIT/LOSS FOR THE PERIOD	3,972	4,755	-25,640	6,100
<i>Net profit/loss for the period attributable to:</i>				
Shareholders of the Parent Company	3,972	4,755	-25,640	6,100
<i>Earnings per share attributable to:</i>				
Shareholders of the Parent Company, SEK ¹⁾	0.47	0.95	-3.63	1.22
Average number of shares ¹⁾	8 396 399	5 000 000	7 066 488	5 000 000

1) No dilutive effect.

GROUP STATEMENTS OF COMPREHENSIVE INCOME

TSEK	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Profit/loss for the period	3,972	4,755	-25,640	6,100
Other comprehensive income: Items that can be subsequently reclassified to the income statement:				
- Translation differences	-1,138	2,109	-9,643	8,668
Other comprehensive income after tax	-1,138	2,109	-9,643	8,668
Comprehensive income/loss for the period	2,834	6,865	-35,283	14,768
<i>Comprehensive income/loss for the period attributable to:</i>				
Shareholders of the Parent Company	2,834	6,865	-35,283	14,768
Comprehensive income/loss for the period	2,834	6,865	-35,283	14,768



CONSOLIDATED CONDENSED BALANCE SHEETS

TSEK	31 Dec 2018	31 Dec 2017
ASSETS ¹⁾		
Intangible fixed assets	6,515	11,095
Property, plant and equipment	38,011	26,410
Financial fixed assets	1,034	840
Inventory	5,291	–
Current receivables	3,132	7,020
Cash and cash equivalents	77,165	49,672
TOTAL ASSETS	131,148	95,037
EQUITY AND LIABILITIES ¹⁾		
Equity	72,978	-120,562
Long-term liabilities, interest-bearing	–	71,233
Deferred tax liabilities	1,089	1,288
Current liabilities, interest-bearing	37,433	97,088
Current liabilities, non-interest-bearing	19,648	45,990
TOTAL EQUITY AND LIABILITIES	131,148	95,037

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

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

TSEK	31 Dec 2018	31 Dec 2017
Equity at the beginning of the year	-120,562	-135,330
Comprehensive income/loss for the period	-35,283	14,768
Share issue, net after transaction costs	222,661	–
Employee stock options, according to IFRS 2	162	–
Unconditional shareholders' contributions	6,000	–
EQUITY AT THE END OF THE PERIOD	72,978	-120,562

CONSOLIDATED CONDENSED CASH FLOW STATEMENTS

TSEK	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Cash flow from operating activities before changes in working capital	2,854	7,048	-19,274	28,192
Total change in working capital	-27,164	1,603	-41,175	6,410
Cash flow from operating activities	-24,310	8,651	-60,449	34,602
Cash flow from investing activities	-11,277	-1,627	-12,101	-6,509
Cash flow from financing activities	5,342	–	90,493	–
CASH FLOW FOR THE PERIOD	-30,245	7,023	17,943	28,093
Cash and cash equivalents at the beginning of the period	103,922	43,387	49,672	24,530
Exchange-rate difference in cash and cash equivalents	3,488	-738	9,550	-2,951
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	77,165	49,672	77,165	49,672



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 15 and IFRS 9 as described below. This interim report consists of pages 1-15 and is to be read in its entirety. New standards and interpretations that came into force as of January 1, 2018 have not had any significant effect on the Group's financial reports for the interim period.

Inventory

During the year, manufacturing of terminals has resulted in components and finished terminals being stocked. Inventories are valued at the lower of acquisition value and net realizable value. The acquisition value is calculated on the basis of weighted average prices and includes expenses incurred in the acquisition of inventories and transporting them to their current location and condition. Net realizable value is defined as selling price reduced for cost of completion and sales costs.

Governmental support

During the year, the Swedish National Space Agency has made a decision to support Ovzon's technical development through a grant funding of approximately MSEK 10. The grant is reported in accordance with IAS 20 when there is reasonable assurance that the Group will meet the conditions associated with the grant and that the grant will be received. The grant is linked to investment and development of assets. The support is reported as a prepaid income until there are matching activations, when the asset's carrying amount is reduced with the contribution. The contribution is recognized in the profit and loss account during the useful life of the depreciable asset in the form of lower depreciation.

Share-based incentives

The company has an outstanding warrants program for personnel in Sweden and an outstanding employee stock option program for personnel in the United States. Warrants under the Warrant Program have been transferred to employees on market terms. Upon acquisition of warrants from the employee, this liquidity is transferred to other contributed capital. When exercising the warrants, the share capital is increased by the quota value of each newly issued share, and the associated premium is added to other contributed capital. The options under the Employee Option Program have been transferred to employees free of charge and reported in accordance with IFRS 2 and UFR7. The fair value of allotted options is reported as a personnel expense with a corresponding increase in equity. The fair value is calculated at the date of allocation and is distributed over the vesting period (3 years). As the employee stock options are deemed to qualify as so-called "Incentive Stock Options" they are deemed not to incur any costs in the form of social security contributions.

NEW OR AMENDED ACCOUNTING STANDARDS IMPLEMENTED IN 2018

Since January 1, 2018, the Group conform to IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. Neither IFRS 15 nor IFRS 9 have a significant impact on the Group's financial reports, in addition to expanded disclosure requirements.

Revenue recognition

The basic principle in IFRS 15 Revenue from agreements with customers is that the company reports the income when the customer receives control of the goods or service and not, as before, when the risk and the benefit have been passed over to the customer. Another change is that the amount to be reported as revenue is the compensation that the company expects to be entitled to, in exchange for the transfer of the service to the customer and not, as before, that income is valued at the fair value of what has been received or will be received. The introduction of IFRS 15 has not had a material impact on the Group's earnings or balance sheet. The Group has chosen to use forward-looking transition method, which is why the comparative figures have not been recalculated.

Financial assets and liabilities

The introduction of IFRS 9 has not had a material impact on the Group's earnings or balance sheet. Any write-down of accounts receivable is made according to the simplified model in IFRS 9. The Group has chosen to use forward-looking transition method, which is why the comparative figures have not been recalculated.



ACCOUNTING STANDARDS APPLICABLE AFTER 2018

Leasing

IFRS 16 replaces IAS 17 as of January 1, 2019. The new leasing standard means that a right of use and a leasing debt will be reported. According to the new standard, most leased assets are to be reported in the balance sheet and the lessee must divide the cost into interest payments and depreciation of the asset. The company is in the final phase of its analysis and the initial assessment does not show any significant impact on total assets, earnings and key figures. Ovzon will start applying IFRS 16 Leasing as of January 1, 2019 and will thus not apply the standard retroactively.

NOTE 2: BUSINESS SEGMENT REPORTING

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

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS

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: FIXED ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS

OverHorizon AB has concluded an agreement with Orbital Sciences Corporation regarding acquisition of a communications satellite with the associated ground equipment, support and training. The advance payment recognised, reported in the item Property, plant and equipment, relates, in its entirety, to the first payment according to the agreement's payment plan. The parties have chosen not to disclose the total contractual value of the agreement.

NOTE 5: TAX

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

NOTE 6: PLEDGED ASSETS AND CONTINGENT LIABILITIES

During the reporting period January-September 2018 a settlement has been made with one of the Group's lenders. Furthermore, a transaction, as described in the Annual Report 2017, has been completed in accordance with a signed agreement with Carnegie Investment Bank AB. There are no contingent liabilities at the end of the period.

NOTE 7: RELATED-PARTY TRANSACTIONS

During the second quarter, in connection with the listing, most of the Group's loans have been paid off. It is mainly related to the loan from LMK Forward AB to OverHorizon AB with the nominal value of TUSD 4,000, the loan from Ramab Iggesund AB and LMK Ventures AB respectively to OverHorizon OHO 1 Ltd, with the nominal value of TSEK 30,000 plus accrued interest. In addition, half of the loans and accrued interest rates from Ethern AB and Equi Performance AB have been settled. Within the former parent company OverHorizon (Cyprus) Plc, a number of payments and adjustments have been made using the funds transferred to the company in connection with its sale of shares in Ovzon AB (publ). These payments have been administered through Ovzon AB (publ), resulting in a liability relating to the remaining funds belonging to OverHorizon (Cyprus) Plc.

NOTE 8: EVENTS AFTER THE BALANCE SHEET DATE

The company has completed a rights issue providing the company with approx. MSEK 750 before deduction for issue costs. In connection with the Rights Issue, the Company, OverHorizon (Cyprus) PLC and Carnegie Investment Bank have agreed that the Company shall, in advance, repay approximately SEK 14.3 million of the Company's debt to Ethern AB and to Equi Performance Sweden AB, for subscription of shares in the Rights Issue.

NOTE 9: DISTRIBUTION OF NET SALES

The Group's services have mainly been provided in the US, as well as a minor part in the UK.

¹ Ethern AB is a company controlled by the company's CEO Per Wahlberg.

² Equi Performance Sweden AB is a company controlled by the Company's board member Kennet Lejnell.



Financial statements, Parent Company

CONDENSED PARENT COMPANY INCOME STATEMENTS

TSEK	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Revenue	2,410	1,410	6,640	1,410
Other operating income	2	6	18	6
Other external costs	-3,764	-4,175	-23,882	-9,486
Personnel costs	-1,520	–	-2,408	–
Operating profit/loss	-2,872	-2,759	-19,632	-8,070
Financial revenues	5,343	–	5,844	–
Financial expenses	-169	-4	-169	-39
Profit/loss after financial items	2,302	-2,763	-13,957	-8,109
Appropriations	14,000	8,140	14,000	8,140
Tax on the profit for the period	-11	-2	-11	-2
NET PROFIT/LOSS FOR THE PERIOD	16,291	5,375	32	29

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

TSEK	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Profit/loss for the period	16,291	5,375	32	29
Other comprehensive income:	–	–	–	–
Comprehensive income for the period	16,291	5,375	32	29

CONDENSED PARENT COMPANY BALANCE SHEET

TSEK	31 Dec 2018	31 Dec 2017
ASSETS ¹⁾		
Shares in Group companies	1,605	305
Receivables from Group companies	187,574	775
Current receivables	1,119	779
Cash and cash equivalents	41,774	1,818
TOTAL ASSETS	232,072	3,677
EQUITY AND LIABILITIES ¹⁾		
Equity	229,197	504
Liabilities to Group companies/related parties ²⁾	–	2,270
Current liabilities, non-interest-bearing	2,875	903
TOTAL EQUITY AND LIABILITIES	232,072	3,677

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

2) Related to the former parent company OverHorizon (Cyprus) Plc

CONDENSED PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

TSEK	31 Dec 2018	31 Dec 2017
Equity at the beginning of the year	504	476
Comprehensive income for the period	32	29
Share issue, net after transaction costs	222,661	–
Unconditional shareholder contribution	6,000	–
EQUITY AT THE END OF THE PERIOD	229,197	504



Notes, Parent Company

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 2017 Annual Report for Ovzon AB (publ).

NOTE 2: RELATED-PARTY TRANSACTIONS

Within the former parent company OverHorizon (Cyprus) Plc, a number of payments and adjustments have been made using the funds transferred to the company in connection with its sale of shares in connection with the listing of Ovzon AB (publ). These payments have been administered through Ovzon AB (publ), whereas a debt regarding remaining funds has incurred that belongs to OverHorizon (Cyprus) Plc.

NOTE 3: PLEDGED ASSETS AND CONTINGENT LIABILITIES

No contingent liabilities exist at the end of the period.

NOTE 4: RECEIVABLES IN GROUP COMPANIES

Receivables in Group companies, TSEK	2018-12-31	2017-12-31
OvzerHorizon AB	50 197	0
OverHorizon OHO 1 Limited	136 672	70
OverHorizon Communications Group LLC	70	70
OverHorizon LLC	635	635
Total	187 574	775

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

In connection with the listing in May 2018, and the share issue that was carried out in connection with the listing, the parent company Ovzon AB (publ) was supplied liquid funds. The parent company has subsequently, according to plan, financed the subsidiaries in connection with repayments of loans in subsidiaries, after which claims to these subsidiaries arose.

NOTE 5: EVENTS AFTER THE BALANCE SHEET DATE

The company completed a rights issue, providing the company with approx. MSEK 750 before deduction for issue costs.



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

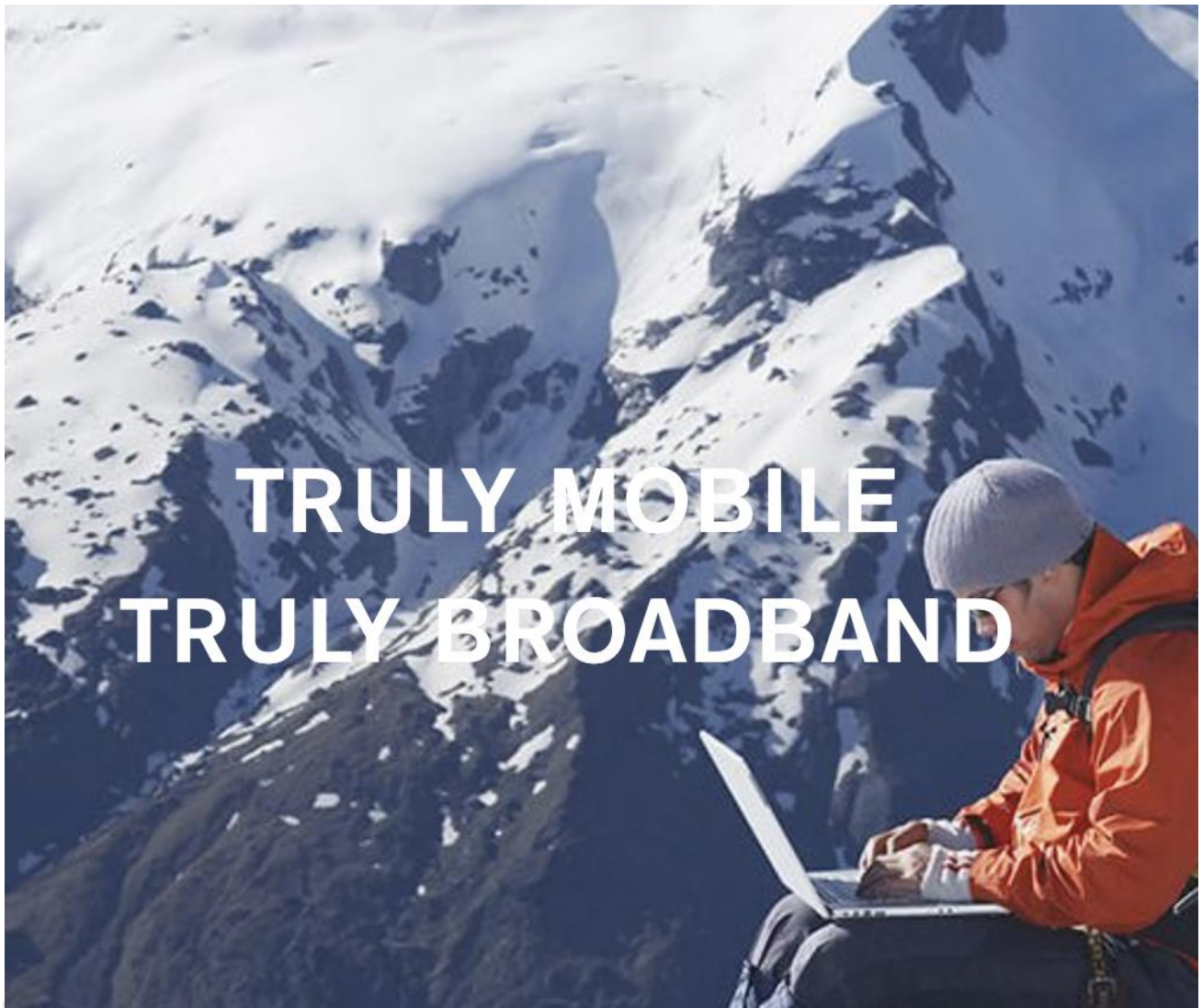
Operating profit/loss, excluding items affecting comparability, in relation to revenue.

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/assets ratio

Equity in relation to total assets.



FINANCIAL CALENDAR

- | | |
|---|-------------------|
| • Annual Report 2018 | March 15, 2019 |
| • Annual General Meeting 2019 | April 10, 2019 |
| • Interim Report January-March 2019 | May 17, 2019 |
| • Interim Report January-June 2019 | August 23, 2019 |
| • Interim Report January-September 2019 | November 15, 2019 |
| • Year-end Report 2019 | February 19, 2020 |

CONTACT INFORMATION

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