



INTERIM REPORT, JANUARY–SEPTEMBER 2019

Renewed customer trust

JULY–SEPTEMBER 2019 QUARTER

- Revenue amounted to 56,979 TSEK (51,676).
- Operating profit totalled 2,142 TSEK (2,950).
- Profit after tax amounted to 26,259 TSEK (379).
- Earnings per share amounted to 0.78 SEK (0.05).

JANUARY–SEPTEMBER 2019 PERIOD

- Revenue amounted to 166,327 TSEK (155,079).
- Operating profit totalled -2,247 TSEK (-20,639).
- Operating profit excluding items affecting comparability amounted to 10,050 TSEK (5,421).
- Profit after tax amounted to 34,677 TSEK (-29,612).
- Earnings per share amounted to 1.13 SEK (-4.42).

SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- The financing of Ovzon 3 was secured through a loan facility led by Proventus Capital Partners consisting of a loan of USD 60 million and a subordinated loan of SEK 200 million.
- Ovzon secured renewed contracts, valued at a total of USD 13.7 million, from the US Department of Defense (US DoD), through US service provider Intelsat General Corporation, IGC.

KEY FIGURES

TSEK	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	Full-year 2018
Revenue	56,979	51,676	166,327	155,079	207,883
Operating profit/loss	2,142	2,950	-2,247	-20,639	-17,536
Adjusted operating profit/loss*	2,142	2,950	10,050	5,421	8,524
Operating margin	4%	6%	neg	neg	neg.
Adjusted operating margin*	4%	6%	6%	3%	4%
Profit/loss for the period after tax	26,259	379	34,677	-29,612	-25,640
Earnings per share, SEK	0.78	0.05	1.13	-4.42	-3.63

*Excluding items affecting comparability

" The company has started the project of high-performance Ovzon 3, our first own satellite, to be launched in 2021"



CEO STATEMENT

Renewed customer trust

The third quarter has contained a number of exciting activities that further advance Ovzon's position. We have completed the financing of Ovzon 3 – our first own satellite – and were thus able to start the production of the satellite. We have also secured renewed contracts with the US defense, our largest customer. In addition, our partner Intelsat successfully launched its IS-39 satellite, which gives us the opportunity for increased supply and revenue capacity when it is operational.

PRODUCTION START OF OVZON 3

In early July, we completed the financing of our first own satellite, Ovzon 3, through a loan arrangement led by Proventus Capital Partners. The loan arrangement consists of a senior loan facility of USD 60 million and a subordinated loan of SEK 200 million. With financing in place, our supplier Maxar has started production of Ovzon 3. Ovzon 3 is a central project and our primary focus in the coming years. As previously communicated, we plan to launch the satellite in 2021. Ovzon 3 is the first of a number of planned satellites to reach global coverage for our service with own satellites.

RENEWED AGREEMENTS WITH OUR MAJOR CUSTOMER

During the quarter, we renewed our contracts with the US Department of Defense (US DoD), through the US service provider Intelsat General Corporation, IGC. The contract value amounted to a total of USD 13.7 million and refers to the first 6 months of the financial year 2020. The contract length follows the customer's budget process and is expected to be further extended. The renewed contracts mean that we are now entering our seventh year of this service for the US DoD – invaluable evidence that our customers are very satisfied with our high-performing service.

THE MIDDLE STAGE – GROWTH THROUGH NEW LEASED CAPACITY

Even before our own satellite Ovzon 3 is operational, we will provide expanded supply and revenue opportunities by leasing capacity. During the second quarter, Ovzon signed a multi-year agreement with Intelsat for capacity on the new satellite IS-39. The launch of IS-39 in August was successful and attracted a great deal of attention in our industry and Ovzon's commitment, technology and customer base were highlighted. The initial test runs performed show that we will achieve the high data rates we expect. However, it takes time before IS-39 is fully technically and regulatory verified and the date for when we can start to use the capacity has not yet been set. The agreement with Intelsat enables Ovzon to offer supplementary coverage in Africa, Europe, the Middle East and Asia. Through the agreement with Hispasat, also signed during the second quarter, we can also offer coverage of Latin America and thus reach almost global coverage. We expect this will generate more business in the US, Europe and Latin America.

GREAT FUTURE OPPORTUNITIES

Sales for the year, and initially in 2020, are expected to remain relatively constant until the utilization of our leased capacity increases through the customer agreements we can sign in the future. We have managed to reach important milestones in a short time and the production of our own satellite Ovzon 3 is going according to plan. Ovzon 3 is just the start of our journey to revolutionize the market for satellite-based mobile broadband. With verified technology, the highest bandwidth, the smallest terminals and eventually additional own satellites, the possibilities are great.

Magnus René, CEO Ovzon

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 November 15, 2019.



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



LEASED SATELLITES



2 KEY TRENDS

INCREASED BANDWIDTH AND MOBILITY REQUIREMENTS



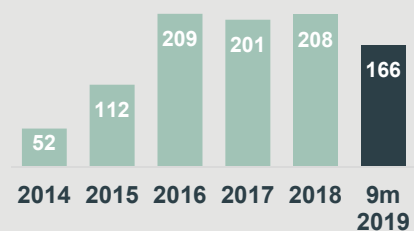
3 OFFICES



12 YEARS OF BUSINESS



SALES, MSEK





Financial overview

GROUP OVERVIEW

TSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full-year 2018
Revenue	56,979	51,676	166,327	155,079	207,883
Operating profit/loss	2,142	2,950	-2,247	-20,639	-17,536
Adjusted operating profit/loss*	2,142	2,950	10,050	5,421	8,524
Operating margin	4%	6%	neg	neg	neg.
Adjusted operating margin*	4%	6%	6%	3%	4%
Profit/loss after financial items	29,977	379	41,330	-29,612	-24,637
Profit/loss for the period after tax	26,259	379	34,677	-29,612	-25,640

*Excluding items affecting comparability

REVENUE

Net sales for the quarter amounted to TSEK 56,979 (51,676). Net sales for the first nine months amounted to TSEK 166,327 (155,079). Revenues are in line with previous year but have, as well as the operating margin, in SEK been positively affected by the average USD exchange rate which was 9.40 (8.58) during the quarter.

OPERATING PROFIT/LOSS

Operating profit for the quarter amounted to TSEK 2,142 (2,950). Operating loss for the first nine months amounted to TSEK -2,247 (-20,639). The result was affected by items affecting comparability of TSEK 12,297 (26,060) for the period. This year, these costs relate to the write-down of the advance to Orbital and the previous year the costs were attributable to the company's listing and the relocation of a satellite to one of the Group's orbital positions. Adjusted for these items affecting comparability, operating profit for the first nine months to TSEK 10,050 (5,421). The profit improvement is driven by a stronger dollar and lower booked development costs.

PROFIT/LOSS AFTER FINANCIAL ITEMS

Net financial items for the quarter amounted to TSEK 27,835 (-2,571) with a profit after financial items of TSEK 29,977 (379). Net financial items for the first nine months amounted to TSEK 43,577 (-8,973) with a profit after financial items of TSEK 41,330 (-29,612). The strong net financial income is the result of a lower debt and significant currency effects of TSEK 42,495 on the part of the company's liquidity and group balances held in US dollars.

PROFIT/LOSS AFTER TAX

Profit after tax for the quarter amounted to TSEK 26,259 (379). Profit after tax for the first nine months amounted to TSEK 34,677 (-29,612).

CASH FLOW

Cash flow from operating activities for the quarter amounted to TSEK 9,463 (8,662) and for the first nine months to TSEK 6,053 (-36,139). Cash flow from investing activities for the quarter amounted to TSEK -263,750 (-67) and for the first nine months to -309,034 (-824). The investments were mainly attributable to the company's first own satellite Ovzon-3. This project is estimated to be finalized during 2021 (see note 4). Cash flow from financing activities for the quarter amounted to TSEK -24,137 (-1,325) and for the first nine months to TSEK 655,289 (85,151). Total cash flow for the quarter amounted to TSEK -278,424 (7,270) and for the first nine months to TSEK 352,308 (48,188). During the first nine months, the company amortized interest-bearing liabilities of TSEK 23,800 and completed a rights issue which provided the company with TSEK 748,119 (before issue costs of TSEK 53,746).

FINANCIAL POSITION

The Group's cash and cash equivalents amounted to TSEK 457,101 at the balance sheet date, compared with TSEK 77,165 at the beginning of the year. Equity amounted to TSEK 794,803, compared with TSEK 72,978 at the beginning of the year. The equity / assets ratio amounts to 88 percent (41).



Other information

MANAGEMENT AND BOARD CHANGES

At the AGM on April 10, it was resolved to elect Anders Björkman as a new Director of the Board. He was also elected as the new Chairman of the Board. Kennet Lejnell and Peter Näslund declined to be re-elected. In early May, Magnus René was appointed new CEO. Per Wahlberg, founder and former CEO continues within the company as Deputy CEO and Head of Business Development.

ORGANISATION AND EMPLOYEES

The number of employees in the Group at the end of the period was 25 (18).

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 page 26 in Ovzon's 2018 Annual Report.

The company entered into a multi-year agreement with Intelsat in Q2 2019 where Intelsat will offer services to Ovzon via two powerful steerable antennas on Intelsat's new satellite, Intelsat 39 (IS-39). The launch of IS-39 in August was successful, but as the technical and regulatory tests have not been completed, it has not been possible to set a date for when to start delivering agreed capacity. Pending notification of when Intelsat can deliver contracted capacity, the agreement has not affected the financial report.

PARENT COMPANY

Parent Company operations comprise senior management and staff functions and other central costs. The Parent Company shall invoice the subsidiaries for these costs. The Parent Company's net sales for the period amounted to TSEK 4,230 (4,230) with a profit after financial items of TSEK 38,562 (-16,259). Cash and cash equivalents at the balance sheet date are TSEK 447,638 and at the beginning of the year TSEK 41,774. Investments during the period are TSEK - (-). Equity amounted to TSEK 966,960, compared with TSEK 229,197 at the beginning of the year. The number of employees is 2 (2).

RELATED-PARTY TRANSACTIONS

During the first nine months, the company has finalized amortisations of TSEK 38,093 (of the liabilities and accrued interest) to Ethernet AB and Equi Performance AB. Of amortized liquidity, TSEK 14,293 was used to subscribe for shares in the company in connection with the rights issue in the first quarter.

The company has also invoiced OverHorizon (Cyprus) Plc 828 TSEK for various costs charged to Ovzon AB.

THE COMPANY'S MAJOR SHAREHOLDERS

At the end of the reporting period: Investment AB Öresund (14,9%), Bure Equity AB (14,3%), AFA Försäkring (11,6%) OverHorizon (Cyprus) Plc (9,1%) and other shareholders (50,1%). As of the balance sheet date, the total number of shares was 33,585,596.

NOMINATION COMMITTEE

The Nomination Committee for the Annual General Meeting 2020 consists of representatives appointed by the three largest owners, as well as the company's chairman. The Nomination Committee consists of Øystein Engebretsen, Chairman, appointed by Investment AB Öresund, Sophie Hagströmer, appointed by Bure Equity AB, Anders Algotsson appointed by AFA Försäkring and Anders Björkman, Chairman of the Board of Ovzon.

Shareholders who wish to submit proposals to Ovzon's nomination committee can do so via e-mail to oystein.engebretsen@oresund.se or by phone +46 8 402 33 00 or by letter to Ovzon AB, Attn.Valberedningen, Anderstorpsvägen 10, 171 54 Solna, no later than February 21, 2020.

WARRANTS

Incentive Program

During 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). Following the rights issue in January 2019, the terms of the warrant program and employee option program have been restated. Each option entitles to subscription of 2.02 new shares in the company at a price of SEK 59.41 per share. If all options and warrants are used in the programs, a dilution of 1.7% 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.

Issued warrants in connection with financing of Ovzon 3

In connection with the financing of Ovzon 3, the company has issued 2,000,000 warrants. Of the issued warrants, 1,500,000 warrants so far have been granted to the subordinated lenders. Assigned warrants have a subscription price of 100 SEK and runs for a maximum of 5 years. Allotted warrants had a market value of TSEK 4,818 which is reported as a prepaid transaction cost at the end of the period. Prepaid transaction costs are capitalized as part of the acquisition value of non-current assets only when the loan promise is utilized and loans are reported.

DIVIDEND

The Annual General Meeting on April 10, 2019 resolved that no dividend be paid for the 2018 financial year.

OUTLOOK

During 2019, the company assessed that the market for satellite communication services that require high mobility and performance will continue to develop positively. The company anticipates being able to improve both its sales and earnings for full-year 2019.

FINANCIAL CALENDAR

Year-end report 2019	February 19, 2020
Annual General Meeting	April 1, 2020
Interim report January-March 2020	April 28, 2020
Interim report January-June 2020	August 18, 2020
Interim Report January-September 2020	October 21, 2020
Year-end report 2020	February 19, 2021

REVIEW BY AUDITORS

The interim report has been subject to a general review by the company's auditors.

ATTEST

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

Stockholm, November 15, 2019

Magnus René CEO and Board member	Anders Björkman Chairman of the Board	Lennart Hällkvist Board member
Nicklas Paulson Board member	Patrik Tigerschiöld Board member	

FNCA Sweden AB, +46(0)8-528 00 399, info@fnca.se, is the company's Certified Adviser.

CONTACT INFORMATION

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

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

Introduction

We have reviewed the interim condensed financial information (interim report) for Ovzon AB (publ) at 30 September 2019 and the nine-month period that ended on this date. The Board of Directors and Chief Executive Officer are responsible for preparing and presenting this interim report in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards. The procedures for performing a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The opinion based on a review does not therefore have the same level of assurance as an opinion based on an audit.

Opinion

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

Stockholm, November 15, 2019

Grant Thornton Sweden AB

Carl-Johan Regell
Authorised Public Accountant



Group financial statements

GROUP INCOME STATEMENTS

TSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full-year 2018
Revenue	56,979	51,676	166,327	155,079	207,883
Other operating income	2,562	8	6,184	56	2,115
Purchased satellite capacity and other direct costs	-31,081	-28,554	-90,542	-87,141	-117,211
Other external costs	-12,134	-11,852	-33,727	-65,775	-75,689
Employee benefit expenses	-12,033	-6,715	-31,902	-18,269	-28,409
Depreciation/amortisation	-2,151	-1,613	-18,587	-4,589	-6,225
Operating profit/loss	2,142	2,950	-2,247	-20,639	-17,536
Financial income	27,962	-1,314	44,603	–	3,577
Financial expenses	-127	-1,257	-1,026	-8,973	-10,678
Profit/loss after financial items	29,977	379	41,330	-29,612	-24,637
Tax on the profit for the period	-3,718	–	-6,653	–	-1,003
NET PROFIT/LOSS FOR THE PERIOD	26,259	379	34,677	-29,612	-25,640
<i>Net profit/loss for the period attributable to:</i>					
Shareholders of the Parent Company	26,259	379	34,677	-29,612	-25,640
<i>Earnings per share attributable to:</i>					
Shareholders of the Parent Company, SEK ¹⁾	0.78	0.05	1.13	-4.42	-3.63
Earnings per share after dilution	0.77	0.05	1.13	-4.42	-3.63
Average number of shares ¹⁾	33,585,596	8,396,399	30,817,552	6,704,420	7,066,488

1) No dilutive effect for the period.

GROUP STATEMENTS OF COMPREHENSIVE INCOME

TSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full-year 2018
Profit/loss for the period	26,259	379	34,677	-29,612	-25,640
Other comprehensive income:					
Items that can be subsequently reclassified to the income statement:					
- Translation differences	-7,675	2,329	-12,241	-8,505	-9,643
Other comprehensive income after tax	-7,675	2,329	-12,241	-8,505	-9,643
Comprehensive income/loss for the period	18,583	2,708	22,435	-38,117	-35,283
<i>Comprehensive income/loss for the period attributable to:</i>					
Shareholders of the Parent Company	18,583	2,708	22,435	-38,117	-35,283
Comprehensive income/loss for the period	18,583	2,708	22,435	-38,117	-35,283



CONSOLIDATED CONDENSED BALANCE SHEETS

TSEK	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS ¹⁾			
Intangible fixed assets	2,541	7,814	6,515
Property, plant and equipment	339,532	26,598	38,011
Access rights Assets	7,538	–	–
Financial fixed assets	1,114	1,037	1,034
Inventory	10,910	4,601	5,291
Current receivables	83,507	27,764	3,132
Cash and cash equivalents	457,101	103,922	77,165
TOTAL ASSETS	902,243	171,736	131,148
EQUITY AND LIABILITIES			
Equity	794,803	69,982	72,978
Deferred tax liabilities	1,089	1,288	1,089
Liabilities related to leasing, interest-bearing	7,706	–	–
Current liabilities, interest-bearing	–	70,521	37,433
Current liabilities, non-interest-bearing	98,645	29,945	19,648
TOTAL EQUITY AND LIABILITIES	902,243	171,736	131,148

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

TSEK	30 Sep 2019	30 Sep 2018	31 Dec 2018
Equity at the beginning of the year	72,978	-120,562	-120,562
Comprehensive income/loss for the period	22,435	-38,117	-35,283
Share issue, net after transaction costs	694,373	222,661	222,661
Employee stock options, according to IFRS 2	199	–	162
Issued warrants	4,818	–	–
Unconditional shareholders' contributions	–	6,000	6,000
EQUITY AT THE END OF THE PERIOD	794,803	69,982	72,978

CONSOLIDATED CONDENSED CASH FLOW STATEMENTS

TSEK	Jul–Sep 2019	Jul–Sep 2018	Jan–Sep 2019	Jan–Sep 2018	Full-year 2018
Cash flow from operating activities before changes in working capital	13,014	5,527	19,272	-22,128	-19,274
Total change in working capital	-3,551	3,135	-13,219	-14,011	-41,175
Cash flow from operating activities	9,463	8,662	6,053	-36,139	-60,449
Cash flow from investing activities	-263,750	-67	-309,034	-824	-12,101
Cash flow from financing activities	-24,137	-1,325	655,289	85,151	90,493
CASH FLOW FOR THE PERIOD	-278,424	7,270	352,308	48,188	17,943
Cash and cash equivalents at the beginning of the period	719,733	97,137	77,165	49,672	49,672
Exchange-rate difference in cash and cash equivalents	15,792	-485	27,628	6,062	9,550
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	457,101	103,922	457,101	103,922	77,165



Notes, Group

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES FOR THE GROUP

Ovzon applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with the Swedish Annual Accounts Act and IAS 34 Interim Reporting. The same accounting principles and calculation methods are applied as in the latest Annual Report, except IFRS 16 as described below. This interim report consists of pages 1-14 and is to be read in its entirety.

Accounting principles regarding ongoing investments and advances

Ongoing investments in satellite are valued at direct external and internal costs directly attributable to bringing the satellite into use in accordance with management's intentions.

Ovzon has signed an agreement with SSL, a company owned by Maxar Technology, for the construction of a satellite. While the satellite provider is performing its part of the agreement, Ovzon has its own expenses for its part of the work on the satellite. An integral part of this project is that Ovzon, as the project progresses, finances the project. This means that funding for a certain period is an advance and then becomes the ongoing satellite project. As this is such an integrated project and considered by Ovzon as a project, Ovzon has chosen to report the project in an integrated item called Ongoing new plant and advances in the balance sheet.

Prepaid transaction costs relating to the company's loan financing are capitalized as part of the acquisition value of the fixed asset only when the loan promise is used and loans are reported.

Transaction costs paid before borrowing is recognized as prepaid costs and are recognized against the loan when the loan is executed in accordance with IFRS 9. Thereafter, transaction costs are included as part of the effective interest rate.

NEW OR AMENDED ACCOUNTING STANDARDS IMPLEMENTED IN 2019

Leasing

IFRS 16 replaced IAS 17 from January 1, 2019. According to the new standard, an asset (relating to a right of use) and a financial liability (relating to an obligation to pay leasing fees) shall be reported in the balance sheet. The lessee shall divide the cost of the leased asset into depreciation and interest payments.

Ovzon's recognized assets relate primarily to leased premises. Short-term leases and leases for which the underlying asset has a smaller value have been excluded. Upon the introduction of the standard on January 1, 2019, an asset and leasing debt (the present value of future lease payments) of TSEK 8,306 was recognized.

In the income statement, operational leasing costs have been replaced by depreciation of the asset and interest expenses attributable to the leasing debt. For this reason, operating profit will increase, compared with previous periods, as part of the lease payments are reported as an interest expense.

In the cash flow statement, the lease payments are allocated between interest paid in the operating cash flow and the amortization of leasing liabilities in the financing activities. Thus, this results in a positive effect on the operating cash flow. Ovzon has chosen to apply the simplified transition method and has therefore not calculated the comparative figures.

Other new standards

No other EU-approved new and amended standards from IASB and interpretative statements from the IFRS Interpretations Committee are deemed to have a significant impact on the Group's financial position.

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: CURRENT MATERIAL FIXED ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS

In 2015, OverHorizon AB signed an agreement with Orbital Sciences Corporation on the acquisition of a communications satellite with associated ground equipment, support and training. Advances paid and work performed will only to a certain extent be reusable in the Ovzon 3 project, which is why the company, in the second quarter of 2019, has written down previously paid advances of TSEK 12,297.

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

	30 Sep 2019	31 Dec 2018
Ongoing investment Ovzon 3, TSEK		
Opening balance accrued costs and advances paid	35,613	24,595
Costs and advances paid during the year ¹⁾	307,537	11,018
Translation difference	5,948	–
Closing balance accumulated capitalized costs	349,098	35,613
Opening balance write-downs	–	–
Wrote-downs for the year ²⁾	-12,297	–
Closing balance accumulated write-downs ²⁾	-12,297	–
Closing balance, reported value	336,801	35,613

1) Of the period's capitalization TSEK 5,355 relates to internal work

2) Write-down refers to part of the advance paid in 2015 to Orbital

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

The Group had no pledged assets, nor contingent liabilities at the end of the period.

NOTE 7: RELATED-PARTY TRANSACTIONS

During the first nine months, the company has finalized amortisations of TSEK 38,093 (of the liabilities and accrued interest) to Ethern AB and Equi Performance AB. Of amortized liquidity, TSEK 14,293 was used to subscribe for shares in the company in connection with the rights issue in the first quarter.

The company has also invoiced OverHorizon (Cyprus) Plc 828 TSEK for various costs charged to Ovzon AB.

NOTE 8: EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred since the balance sheet date.

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.



Financial statements, Parent Company

CONDENSED PARENT COMPANY INCOME STATEMENTS

TSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full-year 2018
Revenue	1,410	1,410	4,230	4,230	6,640
Other operating income	956	–	3,151	16	18
Other external costs	-2,924	-3,803	-11,101	-20,118	-23,883
Personnel costs	-1,996	-888	-5,369	-888	-2,408
Operating profit/loss	-2,554	-3,281	-9,089	-16,760	-19,633
Financial revenues	28,422	-718	47,651	501	5,844
Financial expenses	–	–	–	–	-169
Profit/loss after financial items	25,868	-3,999	38,562	-16,259	-13,958
Appropriations	–	–	–	–	14,000
Tax on the profit for the period	–	–	11	–	-11
NET PROFIT/LOSS FOR THE PERIOD	25,868	-3,999	38,573	-16,259	31

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

TSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full-year 2018
Profit/loss for the period	25,868	-3,999	38,573	-16,259	31
Other comprehensive income:	–	–	–	–	–
Comprehensive income for the period	25,868	-3,999	38,573	-16,259	31

CONDENSED PARENT COMPANY BALANCE SHEET

TSEK	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS ¹⁾			
Shares in Group companies	1,605	305	1,605
Receivables from Group companies	490,351	148,207	187,574
Current receivables	54,709	2,482	1,119
Cash and cash equivalents	447,638	75,404	41,774
TOTAL ASSETS	994,303	226,398	232,072
EQUITY AND LIABILITIES ¹⁾			
Equity	966,960	212,906	229,197
Liabilities to Group companies/related parties ²⁾	–	11,423	–
Current liabilities, non-interest-bearing	27,343	2,069	2,875
TOTAL EQUITY AND LIABILITIES	994,303	226,398	232,072

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	30 Sep 2019	30 Sep 2018	31 Dec 2018
Equity at the beginning of the year	229,197	504	504
Comprehensive income for the period	38,573	-16,259	32
Share issue, net after transaction costs	694,373	222,661	222,661
Issued warrants	4,818	–	–
Unconditional shareholder contribution	–	6,000	6,000
EQUITY AT THE END OF THE PERIOD	966,960	212,906	229,197



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 2018 Annual Report for Ovzon AB (publ).

NOTE 2: RELATED-PARTY TRANSACTIONS

The company has also invoiced OverHorizon (Cyprus) Plc TSEK 828 for various expenses charged to Ovzon AB.

NOTE 3: PLEDGED ASSETS AND CONTINGENT LIABILITIES

No changes as of the balance sheet date since the annual report 2018 was submitted.

NOTE 4: RECEIVABLES IN GROUP COMPANIES

	30 Sep	31 Dec
Receivables in Group companies, TSEK	2019	2018
OverHorizon AB	313,820	50,197
OverHorizon OHO 1 Limited	154,444	136,672
OverHorizon Communications Group LLC	215	70
OverHorizon LLC	21,872	635
Total	490,351	187,574

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.

NOTE 5: EVENTS AFTER THE BALANCE SHEET DATE

No significant event after the balance day.



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.