

Year-end report

January–December 2019

www.ovzon.com



Foundation for growth in place

January–December 2019

- Revenue increased to SEK 231,642 TSEK (207,883).
- Operating profit increased to SEK 11,419 TSEK (-17,536).
- Operating profit excluding items affecting comparability increased to SEK 23,716 TSEK (8,524).
- Profit after tax increased to SEK 29,230 TSEK (-25,640).
- Earnings per share increased to 0.93 SEK (-3.63).

October–December quarter 2019

- Revenue increased to SEK 65,315 TSEK (52,804).
- Operating profit amounted to SEK 13,666 TSEK (3,103).
- Operating profit excluding items affecting comparability increased to 13,666 TSEK (3,103).
- Profit after tax amounted to SEK -5,447 TSEK (3,972).
- Earnings per share amounted to -0.16 SEK (0.47).

Significant events during the year

- New share issue of approximately SEK 750 million before issue costs.
- Strategic agreement with Hispasat.
- Magnus René is appointed new CEO.
- Agreement with Intelsat regarding sales on Ovzon 3 of USD 56 million (SEK 520 million).
- Agreement with Intelsat regarding capacity on their satellite, IS-39.
- Secured renewed contracts, totaling MUSD 13.7 million, from the US defense.
- The financing of Ovzon 3 was secured through a loan facility led by Proventus.
- Appoints Gomedia Satcom to distributor in Italy who secured a first order.

Significant events after year-end

- Directed new share issue of approx. SEK 84.5 million to Stena Finans AB.
- Expands networks of distribution partners with Network Innovations, Bansat and Orbita.

Key figures

| TSEK | Oct–Dec 2019 | Oct–Dec 2018 | Full-year 2019 | Full-year 2018 |
|--------------------------------------|-----------------|-----------------|-------------------|-------------------|
| Revenue | 65,315 | 52,804 | 231,642 | 207,883 |
| Operating profit/loss | 13,666 | 3,103 | 11,419 | -17,536 |
| Adjusted operating profit/loss* | 13,666 | 3,103 | 23,716 | 8,524 |
| Operating margin | 21% | 6% | 5% | neg |
| Adjusted operating margin* | 21% | 6% | 10% | 4% |
| Profit/loss for the period after tax | -5,447 | 3,972 | 29,230 | -25,640 |
| Earnings per share, SEK | -0.16 | 0.47 | 0.93 | -3.63 |

*Excluding items affecting comparability



Comments from the CEO

A year in which we laid the foundation for strong future growth

The fourth quarter followed the same pattern as previous quarters in 2019 with a slightly increased sales and improved underlying profitability. However, the really important progress in 2019 was that we laid the foundation for further growth for the company. During the year, we completed the financing of a total of SEK 1.5 billion of our first own satellite, Ovzon 3. The satellite, which is now under production with our partner Maxar, is scheduled to be launched during the latter part of 2021. Ovzon 3 multiplies our capacity and allows us to offer new services and features, which will further enhance our unique mobile broadband service. We also signed a first major customer agreement with Intelsat regarding the capacity utilization of Ovzon 3.

New and renewed agreements

During the year, we renewed existing contracts with the US DoD, through the US service provider Intelsat General Corporation, IGC. The contract period of 6 months follows the customer's budget process and is expected to be extended at the end of the contract period, however probably with a slightly lower volume since, as described below, we don't have access to IS-39. With the contracts we are now entering our seventh year of service delivery to the US DoD – a proof that our users are very satisfied with our high performance service.

Successful tests of new leased capacity

During the year we continued to expand our delivery and revenue opportunities by securing leased satellite capacity. During the second quarter of 2019 we entered into an agreement with Intelsat regarding capacity on the new satellite Intelsat 39 (IS-39). The launch of IS-39 in August was successful and received a great deal of attention in our industry. The technical tests during the fall of 2019 have shown very good test results. However, due to regulatory circumstances, Intelsat has still not been able to set a date for when to start delivering the service within the agreed geography. This delay is beyond our control, but when we receive a green light, we will be able to offer supplementary coverage in Africa, Europe, the Middle East and Asia. We also signed an agreement with Hispasat that gives us access to satellite capacity for our service in Europe and Latin America.

New distributors and more customer channels

At the end of 2019, we received an initial order when we signed a distribution agreement with Gomedia, one of the leading providers of satellite communications to government agencies and organizations in Italy. In early 2020, we also engaged Network Innovations as distributor in Benelux, Bantsat as distributor in Colombia and Orbita as distributor in Peru. With Ovzon's service, the distributor can extend its offer to existing customers but also approach entirely new market segments. With these new distributor agreements, we are rapidly increasing our presence in new markets and we are reaching out to more customers and customer groups.

Opportunities in the satellite market

Sales during the first half of 2020 are expected to be weak to constant until the utilization of our leased capacity increases through new customer agreements.



Ovzon 3 is a key project and our primary focus in the coming years. It is the first of a number of planned satellites for global reach for our service based on own satellites.

The market for satellite services is undergoing a shift as demand for broadcast services decreases while demand for mobile broadband is increasing. Several players are investing in mobile broadband on higher capacity GEO satellites (HTS satellites) or on LEO constellations.

With our combination of unique terminals and services, leased capacity and our future own satellites, we are well positioned in the satellite market of the future.

Magnus René, CEO of 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 February 19, 2020.



About Ovzon

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

Vision

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

Business idea

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

Financial targets

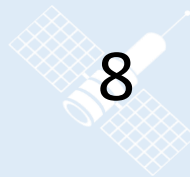
Ovzon's financial target is to continue to develop and expand its current service offering in the coming years, at the same time as the company prepares the launch of its first self-developed satellite.

Ovzon at a glance

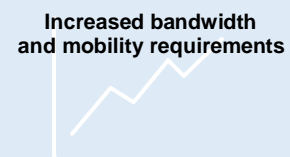
Customer segments



Leased satellites



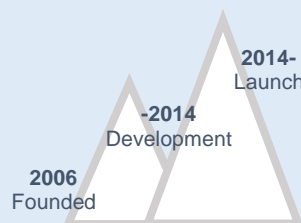
2 key trends



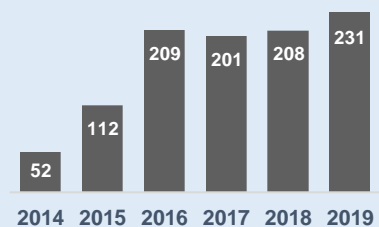
3 offices



12 years of business



Sales, MSEK





Financial overview

Development during 2019

| TSEK | Oct–Dec 2019 | Oct–Dec 2018 | Full-year 2019 | Full-year 2018 |
|--------------------------------------|-----------------|-----------------|-------------------|-------------------|
| Revenue | 65,315 | 52,804 | 231,642 | 207,883 |
| Operating profit/loss | 13,666 | 3,103 | 11,419 | -17,536 |
| Adjusted operating profit/loss* | 13,666 | 3,103 | 23,716 | 8,524 |
| Operating margin | 21% | 6% | 5% | neg. |
| Adjusted operating margin* | 21% | 6% | 10% | 4% |
| Profit/loss after financial items | -2,542 | 4,975 | 38,788 | -24,637 |
| Profit/loss for the period after tax | -5,447 | 3,972 | 29,230 | -25,640 |

*Excluding items affecting comparability

Revenue

Revenue for the full year amounted to TSEK 231,642 (207,883), of which TSEK 65,315 (52,804) for the fourth quarter. The increased revenue and improved operating profit, compared to the previous year, are the result of the increased volume of the last six-month contract with the US defense (through Intelsat General Corporation), which was signed in September 2019 and runs until the beginning of March 2020. In addition, this customer contract revenues and operating profit were also positively affected by the higher average exchange rate for the USD which was 9.46 (8.68) during the full year.

Operating profit/loss

Operating profit for the full year amounted to TSEK 11,419 (-17,536), of which TSEK 13,666 (3,103) was for the fourth quarter. Operating profit for the full year was affected by items affecting comparability of TSEK -12,297 (-26,060). 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 orbits. Adjusted for these items affecting comparability, operating profit for the full year amounted to TSEK 23,716 (8,524). The earnings improvement is driven by the recent six-month contract with the US defense (through Intelsat General Corporation) and a stronger dollar.

Profit/loss after financial items

Net financial items for the full year amounted to TSEK 27,369 (-7,101) with a profit after financial items of TSEK 38 788 (-24 637). Net financial items for the fourth quarter amounted to TSEK -16,208 (1,872) with a profit after financial items of TSEK -2,542 (4,975). The strong financial net for the full year is primarily the result of significant currency effects of SEK 26,204 thousand on the part of the company's liquidity and group balances held in USD.

Profit/loss after tax

Profit after tax for the full year amounted to TSEK 29,230 (-25,640), of which for the fourth for the quarter TSEK -5,447 (3,972).



Cash flow

Cash flow from operating activities for the full year amounted to TSEK 9,625 (-60,449) and for the fourth quarter to TSEK 3,572 (-24,310). Cash flow from investing activities for the full year amounted to TSEK -509,108 (-12,101) and for the fourth quarter to TSEK -200,074 (-11,277). The investments were mainly attributable to the company's first own satellite (Ovzon 3), a project that is expected to be completed in 2021 (see also Note 4). Cash flow from financing operations for the full year amounted to TSEK 654,947 (90,493) and for the fourth quarter to TSEK -342 (5,342). During the year, the company amortized interest-bearing liabilities of TSEK 38,093 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 257,382 at the balance sheet date, compared with TSEK 77,165 at the beginning of the year. Equity amounted to TSEK 796,296, compared with TSEK 72,978 at the beginning of the year. The equity / assets ratio amounts to 89 percent (56).

Other information

Management and Board changes

At the AGM on April 10, 2019 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 Executive Vice President and Head of Business Development.

Organisation and employees

The number of employees in the Group at the end of the period was 25 (19).

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 2019 was successful and the technical tests during the fall of 2019 have shown very good test results. However, due to regulatory circumstances, Intelsat has still not been able to set a date for when to start the contracted service within the agreed geography. Pending notification of when Intelsat can provide agreed service, the agreement on the balance sheet date 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 revenue for the period amounted to TSEK 21,807 (6,640), with a profit after financial items of TSEK 42,465 (-13,957). Cash and cash equivalents at the balance sheet date are TSEK 211,070 and at the beginning of the year TSEK 41,774. Investments during the period are TSEK - (-). Equity amounted to TSEK 970,863, compared with TSEK 229,197 at the beginning of the year. The number of employees is 2 (2).

Related-party transactions

During the year, 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 TSEK 1,380 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 Öystein Engebretsen, appointed by Investment AB Öresund, Sophie Hagströmer, appointed by Bure Equity, 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. The Board of Directors proposes that the next Annual General Meeting resolves that no dividend is to be paid for the 2019 financial year.

Outlook

During 2020, the company assessed that the market for satellite communication services that require high mobility and performance will continue to develop positively.



Financial calendar

| | |
|---------------------------------------|-------------------|
| 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 |

Annual report 2019

Ovzon's annual report for 2019 is expected to be available no later than week 11, March 10, 2020 when it is published on Ovzon's website www.ovzon.com.

Review by auditors

The year-end report has not been subject to review by the company's auditors.

Certification

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, February 19, 2020

Magnus René
CEO and Board member

Anders Björkman
Chairman of the Board

Lennart Hällkvist
Board member

Nicklas Paulson
Board member

Patrik Tigerschiöld
Board member

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Group financial statements

Group income statements

| TSEK | Oct–Dec 2019 | Oct–Dec 2018 | Full-year 2019 | Full-year 2018 |
|--|-----------------|-----------------|-------------------|-------------------|
| Revenue | 65,315 | 52,804 | 231,642 | 207,883 |
| Other operating income | 7,497 | 2,059 | 13,681 | 2,115 |
| Purchased satellite capacity and other direct costs | -31,976 | -30,070 | -122,518 | -117,211 |
| Other external costs | -11,338 | -9,914 | -45,065 | -75,689 |
| Employee benefit expenses | -15,640 | -10,140 | -47,542 | -28,409 |
| Depreciation/amortisation | -192 | -1,636 | -18,779 | -6,225 |
| Operating profit/loss | 13,666 | 3,103 | 11,419 | -17,536 |
| Financial income | -16,105 | 3,577 | 28,498 | 3,577 |
| Financial expenses | -103 | -1,705 | -1,129 | -10,678 |
| Profit/loss after financial items | -2,542 | 4,975 | 38,788 | -24,637 |
| Tax on the profit for the period | -2,905 | -1,003 | -9,558 | -1,003 |
| NET PROFIT/LOSS FOR THE PERIOD | -5,447 | 3,972 | 29,230 | -25,640 |
| <i>Net profit/loss for the period attributable to:</i> | | | | |
| Shareholders of the Parent Company | -5,447 | 3,972 | 29,230 | -25,640 |
| <i>Earnings per share attributable to:</i> | | | | |
| Shareholders of the Parent Company, SEK ¹⁾ | -0.16 | 0.47 | 0.93 | -3.63 |
| Earnings per share after dilution | -0.16 | 0.47 | 0.91 | -3.63 |
| Average number of shares ¹⁾ | 33,585,596 | 8,396,399 | 31,515,251 | 7,066,488 |

1) No dilutive effect for the period.

Group statements over comprehensive income

| TSEK | Oct–Dec 2019 | Oct–Dec 2018 | Full-year 2019 | Full-year 2018 |
|--|-----------------|-----------------|-------------------|-------------------|
| Profit/loss for the period | -5,447 | 3,972 | 29,230 | -25,640 |
| Other comprehensive income: | | | | |
| Items that can be subsequently reclassified to the income statement: | | | | |
| - Translation differences | 6,873 | -1,138 | -5,369 | -9,643 |
| Other comprehensive income after tax | 6,873 | -1,138 | -5,369 | -9,643 |
| Comprehensive income/loss for the period | 1,426 | 2,834 | 23,861 | -35,283 |
| <i>Comprehensive income/loss for the period attributable to:</i> | | | | |
| Shareholders of the Parent Company | 1,426 | 2,834 | 23,861 | -35,283 |
| Comprehensive income/loss for the period | 1,426 | 2,834 | 23,861 | -35,283 |



Consolidated condensed balance sheets

| TSEK | 31 Dec 2019 | 31 Dec 2018 |
|--|----------------|----------------|
| ASSETS ¹⁾ | | |
| Intangible fixed assets | 3,110 | 6,515 |
| Property, plant and equipment | 532,093 | 38,011 |
| Access rights Assets | 6,944 | – |
| Financial fixed assets | 1,089 | 1,034 |
| Inventory | 15,960 | 5,291 |
| Current receivables | 75,407 | 3,132 |
| Cash and cash equivalents | 257,382 | 77,165 |
| TOTAL ASSETS | 891,985 | 131,148 |
| EQUITY AND LIABILITIES | | |
| Equity | 796,296 | 72,978 |
| Deferred tax liabilities | – | 1,089 |
| Liabilities related to leasing, interest-bearing | 7,154 | – |
| Current liabilities, interest-bearing | – | 37,433 |
| Current liabilities, non-interest-bearing | 88,535 | 19,648 |
| TOTAL EQUITY AND LIABILITIES | 891,985 | 131,148 |

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 2019 | 31 Dec 2018 |
|---|----------------|----------------|
| Equity at the beginning of the year | 72,978 | -120,562 |
| Comprehensive income/loss for the period | 23,861 | -35,283 |
| Share issue, net after transaction costs | 694,373 | 222,661 |
| Employee stock options, according to IFRS 2 | 266 | 162 |
| Issued warrants | 4,818 | – |
| Unconditional shareholders' contributions | – | 6,000 |
| EQUITY AT THE END OF THE PERIOD | 796,296 | 72,978 |



Consolidated condensed cash flow statements

| TSEK | Oct-Dec 2019 | Oct-Dec 2018 | Full-year 2019 | Full-year 2018 |
|--|-----------------|-----------------|-------------------|-------------------|
| Cash flow from operating activities before changes in working capital | | | | |
| working capital | 7,754 | 2,854 | 27,026 | -19,274 |
| Total change in working capital | -4,182 | -27,164 | -17,401 | -41,175 |
| Cash flow from operating activities | 3,572 | -24,310 | 9,625 | -60,449 |
| Cash flow from investing activities | -200,074 | -11,277 | -509,108 | -12,101 |
| Cash flow from financing activities | -342 | 5,342 | 654,947 | 90,493 |
| CASH FLOW FOR THE PERIOD | -196,844 | -30,245 | 155,464 | 17,943 |
| | | | | |
| Cash and cash equivalents at the beginning of the period | 457,101 | 103,922 | 77,165 | 49,672 |
| Exchange-rate difference in cash and cash equivalents | -2,875 | 3,488 | 24,753 | 9,550 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 257,382 | 77,165 | 257,382 | 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 1-13 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 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 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: 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.

| Ongoing investment Ovzon 3, TSEK | 31 Dec 2019 | 31 Dec 2018 |
|---|----------------|----------------|
| Opening balance accrued costs and advances paid | 35,613 | 24,595 |
| Costs and advances paid during the year ¹⁾ | 504,246 | 11,018 |
| Translation difference | -1,552 | - |
| Closing balance accumulated capitalized costs | 538,307 | 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) | 526,010 | 35,613 |

1) Of the period's capitalization TSEK 8 033 relates to internal work for 2019

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

3) In addition to the carrying amount, prepaid transaction expenses of TSEK 60,299 are reported in accordance with IFRS 9

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 since the published annual report 2018.

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 1,380 TSEK for various costs charged to Ovzon AB.

Note 8: Events after the balance sheet date

The company has completed a directed new share issue of approximately SEK 84.5 million to Stena Finans AB.

Expands networks of distribution partners with Network Innovations, Bansat and Orbita.

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 | Oct–Dec 2019 | Oct–Dec 2018 | Full-year 2019 | Full-year 2018 |
|--|-----------------|-----------------|-------------------|-------------------|
| Revenue | 17,577 | 2,410 | 21,807 | 6,640 |
| Other operating income | 173 | 2 | 3,324 | 18 |
| Other external costs | -3,666 | -3,764 | -14,767 | -23,882 |
| Personnel costs | -3,211 | -1,520 | -8,580 | -2,408 |
| Operating profit/loss | 10,873 | -2,872 | 1,784 | -19,632 |
| Financial revenues | -6,970 | 5,343 | 40,681 | 5,844 |
| Financial expenses | – | -169 | – | -169 |
| Profit/loss after financial items | 3,903 | 2,302 | 42,465 | -13,957 |
| Appropriations | – | 14,000 | – | 14,000 |
| Tax on the profit for the period | – | -11 | 11 | -11 |
| NET PROFIT/LOSS FOR THE PERIOD | 3,903 | 16,291 | 42,476 | 32 |

Parent company statements of comprehensive income

| TSEK | Oct–Dec 2019 | Oct–Dec 2018 | Full-year 2019 | Full-year 2018 |
|--|-----------------|-----------------|-------------------|-------------------|
| Profit/loss for the period | 3,903 | 16,291 | 42,476 | 32 |
| Other comprehensive income: | – | – | – | – |
| Comprehensive income for the period | 3,903 | 16,291 | 42,476 | 32 |

Condensed parent company balance sheet

| TSEK | 31 Dec 2019 | 31 Dec 2018 |
|--|----------------|----------------|
| ASSETS ¹⁾ | | |
| Shares in Group companies | 26,605 | 1,605 |
| Receivables from Group companies | 695,251 | 187,574 |
| Current receivables | 66,637 | 1,119 |
| Cash and cash equivalents | 211,070 | 41,774 |
| TOTAL ASSETS | 999,563 | 232,072 |
| EQUITY AND LIABILITIES ¹⁾ | 970,863 | 229,197 |
| Equity | – | – |
| Liabilities to Group companies/related parties ²⁾ | 28,700 | 2,875 |
| TOTAL EQUITY AND LIABILITIES | 999,563 | 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 | 31 Dec 2019 | 31 Dec 2018 |
|--|----------------|----------------|
| Equity at the beginning of the year | 229,197 | 504 |
| Comprehensive income for the period | 42,476 | 32 |
| Share issue, net after transaction costs | 694,373 | 222,661 |
| Issued warrants | 4,817 | – |
| Unconditional shareholder contribution | – | 6,000 |
| EQUITY AT THE END OF THE PERIOD | 970,863 | 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 1 380 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

| Receivables in group companies, TSEK | 31 Dec | 31 Dec |
|--------------------------------------|----------------|----------------|
| | 2019 | 2018 |
| OverHorizon AB | 409,775 | 50,197 |
| OverHorizon OHO 1 Limited | 115,047 | 136,672 |
| OverHorizon Communications Group LLC | 285 | 70 |
| OverHorizon LLC | 170,144 | 635 |
| Total | 695,251 | 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

The company has completed a directed new share issue of SEK 84.5 million to Stena Finans AB.



Alternative key ratios

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

Adjusted operating profit/loss

Operating profit/loss excluding items affecting comparability.

Operating margin

Operating profit/loss in relation to revenue.

Adjusted operating margin

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

Earnings per share

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

Equity/asset ratio

Equity in relation to total assets.