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Press release 29 April 2020

## **The Board of Directors of Ovzon resolves on a directed share issue of approximately SEK 350 million and a fully guaranteed rights issue of approximately SEK 154 million**

The Board of Directors of Ovzon AB (publ) ("Ovzon" or "the Company") has, in order to strengthen the Company's financial stability and flexibility, today resolved to carry out a capital raising of approximately SEK 504 million. The capital raising is carried out in two sequential new share issues. The first is a directed share issue, with deviation from the shareholders' preferential rights, of approximately SEK 350 million (the "Directed Issue"), subject to the approval by the Extraordinary General Meeting, which is scheduled to be held on 18 May 2020 (the "EGM"). Additionally, the Board of Directors has resolved to carry out a fully guaranteed rights issue of approximately SEK 154 million (the "Rights Issue" and together with the Directed Issue, the "Capital Raising"), also subject to approval by the EGM. The subscription price in the Directed Issue is SEK 47 per share, and the subscription price in the Rights Issue is SEK 40 per share. The notice convening the EGM will be published today in a separate press release.

- The Directed Issue replaces the previously communicated subordinated loan commitment of SEK 200 million, which was intended to partially finance the Company's first own satellite, Ovzon 3. The subordinated creditors<sup>1</sup> will contribute approximately SEK 175 million in total in equity, and have undertaken to subscribe for their pro rata share and have guaranteed part of the Rights Issue.
- The Directed Issue further strengthens Ovzon's institutional shareholder base with the

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<sup>1</sup> Staffan Persson and Erik Åfors through companies.



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Fourth Swedish National Pension Fund (“AP4”) who has subscribed for shares corresponding to approximately SEK 175 million in the Directed Issue. In addition, AP4 has undertaken to subscribe for its pro rata share, and has guaranteed part of the Rights Issue.

- Large shareholders in the Company, such as Investment AB Öresund, Bure Equity AB, AFA Försäkring and Stena, have undertaken to subscribe for their pro rata shares in the Rights Issue. Additionally, Investment AB Öresund and Bure Equity have guaranteed part of the Rights Issue.
- The Capital Raising is expected to raise approximately SEK 504 million before transaction related costs and will strengthen the Company’s financial position and financial flexibility.

## **Background and reasons**

Ovzon’s first own satellite, Ovzon 3, which is being manufactured by the US satellite manufacturer Maxar Technologies Inc., is financed with equity and loan commitments for a senior loan of approximately USD 60 million and a subordinated loan of SEK 200 million. The loans have an interest rate of approximately 11 percent when utilized.

The Company and the subordinated creditors have discussed the possibility of replacing the subordinated part of the loan commitment of SEK 200 million with equity through the issue of new shares in the Directed Issue. In connection herewith, the Company has explored the possibility to further strengthen its financial position, partly in order to position itself against delays that could arise due to the prevailing external situation related to COVID-19, and partly to strengthen the Company’s future financing opportunities and capture various business situations that may arise.

In order to achieve the abovementioned opportunities, the Company has offered the subordinated creditors, together with AP4, to subscribe for approximately SEK 175 million each (in total approximately SEK 350 million) in the Directed Issue. Further, the Board of Directors has resolved to carry out the fully guaranteed Rights Issue of approximately SEK 154 million. The total Capital Raising is thus expected to raise proceeds of approximately SEK 504 million, before transaction related costs.

Altogether, the Capital Raising increases the Company’s financial stability and flexibility. Out of the approximately SEK 504 million raised, SEK 200 million will replace the previous subordinated loan commitment and be used to finance the manufacturing and launch of Ovzon 3, and the remainder will strengthen the Company’s liquidity position ahead of discussions with customers and banks, and be available and in case potential acquisitions are identified.

Following the completion of the Capital Raising, the Company’s financing will consist of equity and an unutilized senior loan facility of USD 60 million.

## **Summary of the Capital Raising**

- The Board of Directors of Ovzon has, subject to approval by the EGM, resolved on a

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new issue of shares of approximately SEK 350 million, with deviation from the shareholders' preferential rights, and resolved to carry out a fully guaranteed new issue of shares of approximately SEK 154 million with preferential right for the shareholders, subject to the approval by the EGM. The Company will thus raise proceeds of approximately SEK 504 million in the Capital Raising, before transaction related costs.

- The Directed Issue will result in 7,446,809 newly issued shares at a subscription price of SEK 47 per share. The subordinated creditors are subscribing for shares corresponding to a total of approximately SEK 175 million in the Directed Issue, and AP4 is subscribing for shares corresponding to approximately SEK 175 million in the Directed Issue. The subscribers in the Directed Issue have undertaken to subscribe for their pro rata shares and have guaranteed part of the Rights Issue.
- The reason for deviating from the shareholders' preferential rights in the Directed Issue is that the Board of Directors deems it favorable for Ovzon and its shareholders to further broaden the institutional shareholder base and to raise capital at favorable terms while replacing the subordinated loan commitments with equity. The Capital Raising is subject to the approval by the EGM, which is scheduled to be held on 18 May 2020.
- The Rights Issue will result in a maximum of 3,853,724 new shares issued at a subscription price of SEK 40 per share.
- Existing shareholders will receive one (1) subscription right for each share held on the record date for participation in the Rights Issue. Eleven (11) subscription rights entitle to subscribe for one (1) new share in the Rights Issue.
- The record date at Euroclear Sweden AB for participation in the Rights Issue is 29 May 2020.
- The subscription period will run from 2 June 2020 until 16 June 2020, or such later date as the Board of Directors decides.
- The Rights Issue is fully guaranteed through a combination of subscription undertakings, a declaration of intent and guarantee commitments. Provided that the EGM approves the Board of Directors' resolution on the Rights Issue, and the Rights Issue is carried out:
  - the subscribers in the Directed Issue – Staffan Persson, Erik Åfors and AP4 – along with some of the Company's larger existing shareholders, among others Investment AB Öresund, Bure Equity AB, AFA Försäkring and Stena, have undertaken to subscribe for their pro rata share in the Rights Issue. In addition, Handelsbanken Fonder has communicated the intention to subscribe for its pro rata share in the Right Issue. These subscription undertakings and the declaration of intent totals approximately SEK 99 million, corresponding to approximately 64 percent of the Rights Issue; and
  - Staffan Persson, Erik Åfors and AP4, as well as Investment AB Öresund and Bure Equity AB have together guaranteed approximately SEK 56 million, corresponding to approximately 36 percent, of the Rights Issue, subject to



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customary conditions.

- Shareholders whose total ownership amount to approximately 56 percent of the number of shares and votes in the Company have committed to vote in favor of the Directed Issue and the Rights Issue at the EGM, which is scheduled to be held on 18 May 2020.
- Shareholders not participating in the Rights Issue will be diluted by approximately 24 percent of the shares and votes following the Capital Raising.

### **Terms for the Directed Issue**

The Board of Directors has today resolved on the Directed Issue, subject to approval by the EGM, through which the Company will issue 7,446,809 new shares at a subscription price of SEK 47<sup>2</sup> per share, thus raising proceeds of approximately SEK 350 million before transaction related costs. The Directed Issue will result in an increase in the number of shares and votes in the Company by 7,446,809, from 34,944,155 shares and votes to 42,390,964<sup>3</sup>, and the share capital will increase by SEK 744,680.90, from SEK 3,494,415.50 to SEK 4,239,096.40.

The reason for deviating from the shareholders' preferential rights is that the Board of Directors deems it favorable for Ovzon and its shareholders to further broaden the institutional shareholder base and to raise capital at favorable terms. The Directed Issue replaces the previous subordinated loan commitments with equity, which increases the Company's financial stability. The subscription price has been set to SEK 47 after negotiations with the subscribers in the Directed Issue, and the Board of Directors thereby believes that the subscription price is at market terms. The subscribed shares entitle the subscribers to participate in the Rights Issue.

### **Terms for the Rights Issue**

Furthermore, the Board of Directors has, subject to the approval by the EGM, resolved to carry out a new issue of 3,853,724 shares with preferential right for the existing shareholders. The subscription price in the Rights Issue is SEK 40 per share, thus raising proceeds of approximately SEK 154 million before transaction related costs.

The subscription price corresponds to a discount of 12 percent compared to the theoretical ex-rights price (TERP), based on the Company's closing share price on 28 April 2020.

Shareholders who are registered as shareholders in Ovzon at Euroclear Sweden AB on the record date 29 May 2020 have preferential right to subscribe for new shares per, pro rata in relation to shareholding prior to the Rights Issue. One (1) existing share held on the record date, 29 May 2020, in Ovzon entitles to one (1) subscription right. 11 subscription rights entitle to subscribe for one (1) new share.

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<sup>2</sup> The subscription price of SEK 47 per share corresponds to a premium of approximately 3 percent compared to the closing share price on 28 April 2020.

<sup>3</sup> Following registration of the Directed Issue at the Swedish Companies Registration Office.



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Assuming the Rights Issue is fully subscribed, the number of shares and votes in Ovzon will increase by 3,853,724, from 42,390,964<sup>4</sup> shares and votes to 46,244,688 shares and votes, and the share capital will increase by SEK 385,372.40, from SEK 4,239,096.40 to SEK 4,624,468.80. Shareholders not participating in the Rights Issue will be diluted by approximately 24 percent of the shares and votes following the Capital Raising. Shareholders not participating the Rights Issue have the possibility to be compensated for the economic dilution by selling their subscription rights.

If all shares are not subscribed for with subscription rights, the Board of Directors shall resolve on allocation of new shares subscribed for without subscription rights. Shares will, in such case, firstly be allotted to those who also have subscribed for shares by exercising subscription rights (in case of oversubscription, pro rata to their subscription with subscription rights, and insofar allocation cannot be done pro rata, allocation will be done by lottery), secondly to those who have applied to subscribe for shares without subscription rights (in case of oversubscription, pro rata to their number of shares that they have applied to subscribe for, and insofar allocation cannot be done pro rata, allocation will be done by lottery), and finally to the guarantors in accordance with the terms for each guarantor's commitment.

The last day of trading in the Ovzon share with the right to receive subscription rights in the Rights Issue is 27 May 2020. The first day of trading in the Ovzon share without right to receive subscription rights in the Rights issue is 28 May 2020.

The subscription period will run from 2 June 2020 until 16 June 2020. The Board of Directors has the right to extend the subscription and payment period. Such extension shall take place no later than the last day of the subscription period and be announced by the Company.

Trading in subscription rights will take place on Nasdaq First North Premier Growth Market from 2 June 2020 until 12 June 2020.

Trading in paid subscribed shares (PSS) will take place on Nasdaq First North Premier Growth Market from 2 June 2020 until 23 June 2020.

The complete terms and conditions for the Rights Issue and information about the Company will be presented in a prospectus that is expected to be published on the Company's website on 1 June 2020.

### **Subscription undertakings, declaration of intent, guarantee commitments and voting commitments**

Subject to the approval by the EGM, the subscribers in the Directed Issue, Staffan Persson, Erik Åfors and AP4, as well as some other large shareholders, among others Investment AB Öresund, Bure Equity AB, AFA Försäkring and Stena, have undertaken to subscribe for their respective pro rata share in the Rights Issue. In addition, Handelsbanken Fonder has communicated the intention to subscribe for its pro rata share in the Right Issue. These

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<sup>4</sup> Number of shares following registration of the Directed Issue at the Swedish Companies Registration Office.



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subscription undertakings and the declaration of intent totals approximately SEK 99 million, corresponding to approximately 64 percent of the Rights Issue.

In addition to the abovementioned subscription undertakings and the declaration of intent, Staffan Persson, Erik Åfors and AP4, as well as Investment AB Öresund and Bure Equity AB have together guaranteed approximately SEK 56 million, corresponding 36 percent of the Rights Issue, subject to customary conditions. The guarantee commission amounts to 3 percent of the amount guaranteed. AP4 will not receive any guarantee commission. No single guarantor has issued guarantee commitments in excess of SEK 14 million.

The Rights Issue is consequently fully guaranteed through the mentioned subscription undertakings, the declaration of intent and guarantee commitments.

Shareholders whose total ownership corresponds to approximately 56 percent of the shares and votes in the Company have committed to vote in favor of Directed Issue and the Rights Issue at the EGM, which is scheduled to be held 18 May 2020.

### **Lock-up undertakings**

In connection with the Capital Raising, the Company has agreed, with customary exceptions, not to issue additional shares for a period of 180 calendar days after the date of the publication of the outcome of the Rights Issue. In addition, the Board of Directors, the senior management and Bure Equity AB have committed, with customary exceptions, not to sell any shares in Ovzon for a period of 180 calendar days after the date after the publication of the outcome of the Rights Issue.

### **Extraordinary General Meeting and incentive program**

The Board of Directors intends to convene an EGM to approve the resolved Directed Issue and Rights Issue. The notice convening the EGM will be published in a separate press release.

At the Annual General Meeting on 1 April 2020, it was resolved that an incentive program of a maximum of 700,000 warrants was implemented. Due to the proposed Rights Issue, the Board of Directors has decided to cancel all warrants issued in the mentioned incentive program and has instead proposed that a new incentive program is implemented.

The proposed new incentive program corresponds to the program adopted by the Annual General Meeting on 1 April 2020 but is adjusted for the measurement period for the determination of the subscription price of the shares through the exercise of warrants. Additionally, the number of warrants issued is proposed to be increased to reflect the new number of shares in the Company following the Capital Raising. The resulting dilution from the new incentive program will be slightly lower compared to the expected dilution from the now canceled incentive program based on the number of shares after the Capital Raising. For further information regarding the new incentive program, please refer to the notice to the EGM and the proposal which will be made available on the Company's website.

The EGM is scheduled to be held on 18 May 2020, in the Company's premises at Anderstorpsvägen 10, Solna.

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### **Subordinated loan facility**

As previously communicated, the Company's first own satellite, Ovzon 3, is financed through the issue of shares carried out in January 2019 which raised approximately SEK 750 million in equity, a senior loan facility of USD 60 million and a subordinated loan facility of SEK 200 million. The subordinated loan facility, which has never been utilized, has a duration of 6.5 years and has, on the subordinated creditors' initiative, been replaced by the subscription of approximately SEK 175 million in total in the Directed Issue, subscription undertakings amounting to their pro rata share of the Rights Issue and guarantee commitments of approximately SEK 14 million in the Rights Issue.

### **Preliminary timetable for the Rights Issue**

18 May	EGM
27 May	Last day of trading in shares including the right to receive subscription rights
28 May	First day of trading in shares excluding the right to receive subscription rights
29 May	Record date for participation in the Rights Issue
1 June	Prospectus expected to be published on the Company website
2 – 16 June	Subscription period
2 – 12 June	Trading in subscription rights
2 – 23 June	Trading in paid subscribed shares (PSS)
18 June	Announcement of outcome of the Rights Issue

### **Advisers**

Carnegie Investment Bank AB (publ) is financial adviser and Baker McKenzie is legal adviser to the Company in connection with the Capital Raising.

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



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### **Responsible parties**

This press release constitutes inside information that Ovzon AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was sent for publication, through the agency of the contact persons set out below, at the time stated by the Company's news distributor, Cision, at the publication of this press release.

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This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the Company. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. Carnegie is acting for Ovzon in connection with the Directed Share Issue and no one else and will not be responsible to anyone other than Ovzon for providing the protections afforded to its clients nor for giving advice in relation to the Directed Share Issue or any other matter referred to herein.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the United States or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. No prospectus will be prepared in connection with the Directed Issue. However, a prospectus, corresponding to an EU Growth Prospectus regarding the Rights Issue described in this press release will be prepared and published by the Company. The prospectus will be scrutinized and approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) being the national competent authority and be published and available on the Company's website thereafter.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

### Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions.



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Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Growth Market rule book for issuers.

#### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Ovzon have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Ovzon may decline and investors could lose all or part of their investment; the shares in Ovzon offer no guaranteed income and no capital protection; and an investment in the shares in Ovzon is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Directed new share issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Ovzon.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Ovzon and determining appropriate distribution channels.