INVITATION TO ACQUIRE SHARES IN OVZON AB (PUBL)

NASDAQ FIRST NORTH PREMIER

Nasdaq First North Premier is an alternative marketplace operated by an exchange within the Nasdaq group. Companies on Nasdaq First North Premier are not subject to the same rules as companies on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a Company on Nasdaq First North Premier may therefore be higher than investing in a company on the main market. All Companies with shares traded on Nasdaq First North Premier have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading. Ovzon AB (publ) has appointed FNCA Sweden AB as its Certified Adviser.

GLOBAL COORDINATOR AND SOLE BOOKRUNNER

Carnegie

IMPORTANT INFORMATION AND NOTICE TO INVESTORS

This prospectus (the "**Prospectus**") has been prepared in connection with the offering to the public in Sweden and the offering to institutional investors in Sweden and abroad (the "**Offering**") and listing on Nasdaq First North Premier of shares in Ovzon AB (publ) (a Swedish public limited liability company). In this Prospectus, "**Company**" and "**Ovzon**" refer to Ovzon AB (publ) or Ovzon AB (publ) and its subsidiaries, as the context requires, and "**Group**" refers to Ovzon AB (publ) and its subsidiaries. The "Global Coordinator" refers to Carnegie Investment Bank AB (publ) ("**Carnegie**"). See section "*Definitions*" for the definitions of these and other terms in the Prospectus.

The Offering is not directed to the general public in any country other than Sweden. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Unless otherwise is indicated, the Offering described in this Prospectus is not directed to investors in the United States, Canada, Australia or Japan or in any other jurisdiction in which such offering would be unlawful. Nor is the Offering directed to such persons whose participation requires additional prospectuses, registrations or measures other than those prescribed by Swedish law. No measures have been or will be taken in any other jurisdiction than Sweden that would allow any offer of the shares in the Company to the public, or allow holding and distribution of the Prospectus or any other documents pertaining to the Company or its shares in such jurisdiction. Therefore, the distribution of this Prospectus and the sale of the shares may be restricted by law in certain jurisdictions. Applications to acquire shares that violate such rules may be deemed invalid. Persons into whose possession the Prospectus comes are required by the Company, OverHorizon (Cyprus) PLC (the principal owner of the Company) and the Global Coordinator to inform themselves about, and to observe, such restrictions. Neither the Company, OverHorizon (Cyprus) PLC nor the Global Coordinator accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. See "*Selling restrictions and transfer restrictions*".

Potential investors should read the entire Prospectus and, in particular, the section headed "*Risk factors*" and rely only on the information contained in this Prospectus and any supplements announced in accordance with the provisions of Chapter 2, Section 34 of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) (the "**Trading Act**") when considering an investment in the Company. The Company does not undertake to update this Prospectus, unless required pursuant to the provisions of Chapter 2, Section 34 of the Trading Act, and therefore potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus, and, if given or made, any other such information or representation must not be relied upon as having been authorised by the Company, the members of its board of directors, the Group management, OverHorizon (Cyprus) PLC, the Global Coordinator or any of their respective representatives. Neither the delivery of this Prospectus nor any sale made hereunder at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

No representation or warranty, express or implied, is made or given by or on behalf of the Global Coordinator or any of its affiliates or any of its directors, officers or employees or any other person, as to the accuracy, completeness, verification or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Global Coordinator or any of its respective affiliates as to the past or future. The Global Coordinator does not accept any responsibility whatsoever for the accuracy, completeness or verification of the contents of this Prospectus or for any statements made or purported to be made by either itself or on its behalf in connection with the Company, OverHorizon (Cyprus) PLC the Offering or the shares. Accordingly, the Global Coordinator disclaims, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which it might otherwise be found to have in respect of this Prospectus and/or any such statement.

The Global Coordinator is acting exclusively for the Company and OverHorizon (Cyprus) PLC and no one else in connection with the Offering. It will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Offering and will not be responsible to anyone other than the Company and OverHorizon (Cyprus) PLC for providing the protections afforded to its customers or for giving advice in relation to, respectively, the Offering and the listing or any transaction or arrangement referred to herein.

The Offering and the Prospectus are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Prospectus.

A separate prospectus in Swedish has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with Chapter 2, Sections 25 and 26 of the Trading Act.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

None of the Company, OverHorizon (Cyprus) PLC or the Global Coordinator, or any of its representatives, is making any representation to any offeree or purchaser of the shares regarding the legality of an investment in the shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a subscription for the shares.

The investors also acknowledge that: (i) they have not relied on the Global Coordinator or any person affiliated with the Global Coordinator in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this document, and (iii) that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, OverHorizon (Cyprus) PLC or the Global Coordinator.

In connection with the Offering of the shares, the Global Coordinator and any of its affiliates, may take up a portion of the shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such securities and any shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to shares being offered or placed should be read as including any offering or placement of shares to the Global Coordinator or any of its affiliates acting in such capacity. In addition the Global Coordinator or its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Global Coordinator (or its affiliates) may from time to time acquire, hold or dispose of shares. The Global Coordinator does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The price at which the shares in the Offering will be sold (the "**Offer Price**") has been set to SEK 70 per share by the Company's board of directors and the Company's shareholder, OverHorizon (Cyprus) PLC, in consultation with the Global Coordinator, based on a number of factors, including the estimated investment interest, the discussions that preceded the commitments from the Cornerstone Investors, contacts with certain institutional investors, a comparison to the market price of other comparable listed companies and a cash flow analysis, prevailing markets conditions, as well as estimations of the Company's business opportunities and future profitability.

The Company will issue an option to the Global Coordinator, which can be utilised in whole or in part for 30 days from the first date of trading in the shares on Nasdaq First North Premier, to subscribe for additional newly issued shares from the Company, equal to 15 percent of the maximum total number of shares in Offering, at the Offer Price, to cover any over-allotment in connection with the Offering or short positions (the "**Over-allotment Option**"). The Over-allotment Option will include the right to acquire an additional maximum of 15 shares from the Company.

NOTICE TO INVESTORS

United States

The shares in the Offering have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the United States.

The shares in the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**") or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States unless the shares are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws of the United States. All offers and sales of shares outside the United States will be made in compliance with Regulation S under the Securities Act ("**Regulation S**").

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "**Relevant Member State**") (with the exception of Sweden), no offer of the shares in the Offering may be made to the public in that Relevant Member State, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Global Coordinator for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

Provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Company, OverHorizon (Cyprus) PLC or the Global Coordinator of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide acquire any shares in the Offering, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (with amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

The Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (the "**Order**") or (iii) high net-worth entities falling within Articles 49(2)(a) to (d) of the Order, and other persons to whom it may lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Prospectus is only directed at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

STABILISATION

In connection with the Offering, Carnegie as stabilising manager (the "**Stabilising Manager**") may, to the extent permitted in accordance with Swedish law, carry out transactions aimed to stabilise, maintain, or in other ways support the market price of the Company's shares, for up to 30 days from the commencement of trading in the Company's shares on Nasdaq First North Premier. The Stabilising Manager may over-allot shares or effect transactions in order to maintain the market price of the shares at levels above those which might otherwise prevail in the open market. The Stabilising Manager is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transactions may be effected on any securities market, over-the-counter market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice but must be ended no later than the abovementioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, it shall be made public that stabilising measures have been performed, in accordance with article 5(4) in EU's Market Abuse Regulation 596/2014. Within one week of the end of the stabilisation period, the Stabilising Manager will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred as well as the price range of the Offering within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out. Except as required by law or regulation, the Stabilising Manager will not disclose the extent of any stabilisation and/or over-allotment transaction concluded in relation to the Offering.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "aim", "anticipate", "assume", "believe", "continue", "can", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "might", "plan", "potential", "predict", "projected", "should", "will" or "would" or, in each case, their negative, or other variations or comparable terminology, or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts or that may not otherwise be provable by reference to past events. They appear in a number of places throughout this Prospectus and are based on assumptions regarding Ovzon's present and future business strategies and the environment in which it operates and will operate in the future. Forward-looking statements include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, Ovzon's financial condition, results of operations, liquidity, cash flows, prospects, growth strategies, financial targets and dividend, as well as the development of the industry, economic environment and regulatory environment in which Ovzon operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Although the Company believes the expectations implied by these forward-looking statements are reasonable, the Company, OverHorizon (Cyprus) PLC and the Global Coordinator caution prospective investors that forward-looking statements are not guarantees of future performance and are based on numerous assumptions, and that Ovzon's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies and dividend and distribution policy, as well as the development of industry, economic environment and regulatory environment in which Ovzon operates, could differ materially from (and be more negative than) those made in or suggested by the forward-looking statements contained in this Prospectus. In addition, even if Ovzon's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies and dividend and distribution policy, as well as the development of the industry, economic environment and regulatory environment in which Ovzon operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Many factors may cause Ovzon's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies and dividend and distribution policy, as well as the development of the industry, economic environment and regulatory environment in which Ovzon operates to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus and thereby adversely affect the achievement of Ovzon's financial targets, including targets relating to the continued development of its current service offering. The risks described in "*Risk factors*" are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect Ovzon's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies and dividend and distribution policy, as well as the development of the industry, economic environment and regulatory environment in which Ovzon operates. The Company urges prospective investors to read the sections of this Prospectus entitled "*Risk factors*", "*Industry overview*", "*Business overview*", and "*Operating and financial review*" for a more complete discussion of the factors that could affect Ovzon's financial condition, results of operations, liquidity, cash flows, prospects, growth, strategies and dividend and distribution policy, as well as the development of the industry, economic environment and regulatory environment in which Ovzon operates. New risks may emerge from time to time, and it is not possible for the Company to predict all such risks, nor can it assess the impact of all such risks on Ovzon's business or the extent to which any risks, or combination of risks and other factors, could cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not rely on forward-looking statements as a prediction of actual performance or results.

The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Company, OverHorizon (Cyprus) PLC and the Global Coordinator expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law or Nasdaq First North Premier's Rule Book for Issuers. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus, including those set forth in "*Risk factors*". Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

For information regarding the presentation and financial and other information, including industry and market data, see "*Presentation of financial and other information*".

IMPORTANT INFORMATION REGARDING THE POSSIBILITY TO SELL ALLOTED SHARES

Note that notifications about allotment to the public in Sweden will be made through distribution of contract notes, expected to be distributed on 22 March 2018. Institutional investors are expected to receive notification of allotment on or about 22 March 2018 in particular order, whereupon contract notes are dispatched. After payments for the allocated shares have been processed by the Global Coordinator the duly paid shares will be transferred to the securities depository account or the securities account specified by the purchaser. The time required to transfer payments and transfer duly paid shares to such purchaser means that the purchaser will not have shares available in the specified securities depository account or the securities account until 22 March 2018, at the earliest. Trading in the Company's shares on Nasdaq First North Premier is expected to commence on or around 26 March 2018. Accordingly, if shares are not available in a purchaser's securities account or securities depository account until on or around 26 March 2018, the purchaser may not be able to sell these shares on Nasdaq First North Premier as from the first day of trading, but first when the shares are available in the securities account or the securities depository account.

TABLE OF CONTENTS

SUMMARY OF THE OFFERING

Offer price
SEK 70 per share

Application period for the public offering
9 May 2018–17 May 2018

Application period for the institutional offering
9 May 2018–17 May 2018

First day of trading at Nasdaq First North Premier
18 May 2018

Settlement date
22 May 2018

Other information
ISIN number: SE0010948711
Trading symbol: OVZON

FINANCIAL CALENDAR

Interim report for the six months ended 30 June 2018
30 August 2018

Interim report for the nine months ended 30 September 2018
30 November 2018

2018 year-end report
28 February 2019

SUMMARY

Summaries are made up of disclosure requirements known as "Items". These Items are numbered in Sections A-E (A.1-E.7). This summary contains all the Items required to be included in the summary for this type of securities and the issuer. Because some Items are not required to be addressed, there may be gaps in the numbering sequence of the Items. Even though an Item may be required to be inserted in the summary because of the type of securities and the issuer, it is possible that no relevant information can be given regarding the Item. In this case, a brief description of the Item is included in the summary with the mention of "not applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	*Introduction and warnings*	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability may attach to those persons who produced the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	*Consent to use the Prospectus*	Not applicable. Financial intermediaries are not entitled to use the Prospectus for subsequent resale or final placement of securities.

SECTION B – ISSUER AND ANY GUARANTOR		
B.1	*Legal and commercial name*	The Company's name, and trading name, is Ovzon AB (publ), reg. no. 559079-2650 (the "**Company**").
B.2	*Domicile and legal form*	The registered office is situated in the municipality of Solna. The Company is a Swedish public limited liability company (Sw. *publikt aktiebolag*) governed by the Swedish Companies Act (Sw. *aktiebolags-lagen* (2005:551)).
B.3	*Nature of operations and principal activities*	Ovzon is a provider of satellite based broadband services through user friendly, compact and light terminals, targeting end-markets and users in need of high capacity combined with mobility. This includes among other things users dependent on real-time sensors and video upload, either from moving or highly mobile platforms, including small vehicles, small aircrafts or UAVs, or transmission directly from on-site staff holding the terminals and transmitting on-the-go. Ovzon's current system is designed to provide a competitive advantage through a unique combination of several characteristics, including high mobility, high uplink and downlink data rates, small terminals and high link availability. Ovzon's propriety satellite design would also entail steerable coverage areas and enable direct communication between terminals. The first phase of the Group's service offering was launched in 2014 and was estimated, by Ovzon, to provide end-customers with real time data speeds up to 80 times higher than those delivered by competitors' services, using similarly sized terminals offered at significantly lower prices. Ovzon offers its current services end-to-end via a wholesale distribution model primarily for a small number of satellite service providers and/or satellite operators, which are in turn responsible for delivering the service to the end-customers. Network management services for the customer networks are provided by Ovzon while teleport services (mainly large HUB-antennas and radio frequency equipment, excluding Ovzon's own HUB and modem equipment) are leased from third party subcon-tractors. Currently, Ovzon manufactures its own terminals using subcontractors mostly located close to the Company's office in Solna, Sweden.

		Ovzon's current service offering is based on leased satellite transponders from five existing communication satellites. To expand the service coverage and total available bandwidth, Ovzon aims to lease further satellite capacity from additional satellites currently under construction and planned to be launched in 2019. The lease and sale process of these satellites are expected to be similar to the current model. For the next phase the Company intends to launch proprietary satellites based on satellite design by Ovzon. As of the date of this Prospectus, Ovzon has Ku-band frequencies in six orbital slots registered at the ITU (the International Telecommunications Union), the UN organ charged with, among other things, assigning radio frequencies and satellite orbits. Ovzon is headquartered in Solna, Sweden, and has another office in Tampa, FL, and Bethesda, MD, United States. As of the date of this Prospectus, the Group has 14 employees, 4 full time- and 5 part-time consultants. For the year ended 31 December 2017 Ovzon had revenues of SEK 201.1 million and an operating profit of SEK 24.0 million, equivalent to an operating margin of 12.0 percent. The result was affected negatively by nonrecurring costs such as costs relating to the Offering and the listing of the Company's shares amounting to approximately SEK 8.5 million and costs to bring into use the orbital slot 59.7°E amounting to approximately SEK 8 million. Adjusted to some nonrecurring costs, primarily relating to the preparations for the Company for listing of shares, the Company's adjusted operating profit/loss (EBIT) amounted to SEK 32.5 million, for the year ended 31 December 2017.
B.4	*Recent trends*	The demand for Ovzon's products and services is affected by the demand for satellite communication services in general and the supply of competing communication services in particular, on the markets where Ovzon pursues its operations. The demand on these markets is, in turn, affected by the price, development of competing terrestrial services, preferences among users, product development, general macroeconomic trends, communication costs, as well as the development of distribution networks and laws and regulations. Current market trends include (i) focus on high capacity and low latency for use of satellite communication services together with more demanding applications; (ii) focus on increased mobility for a more efficient utilisation of resources and use in inaccessible areas; and (iii) focus on reliability for use together with services requiring constant connection. The Company estimates that Ovzon's business in all relevant aspects is developing in line with expectations. In September 2017, Ovzon received orders which originated in the U.S. Department of Defense, regarding satellite communication services up to the amount of approximately USD 22.85 million annually, which is expected to be delivered from mid September 2017 until mid September 2018. Ovzon has procured sufficient capacity on existing satellites to be able to deliver according to the agreement, but needs to procure additional capacity before Ovzon can deliver on new orders, or expand existing orders. The Company has, and plan to continue, expand the workforce in 2018 to execute the Company's strategy in the short and long term and to ensure compliance with the requirements that are added in a listed environment. The Company further expects to intensify internal development projects with the purpose to prepare for the launch of Ovzon-3.
B.5	*Description of the Group*	As of the date of this Prospectus, Ovzon AB is the parent company in the Group, which comprises 4 subsidiaries in 3 countries.
B.6	*Major shareholders, etc.*	As of the date of this Prospectus, the Company has one (1) owner, OverHorizon (Cyprus) PLC.
B.7	*Selected historical key financial information*	The selected historical financial information set forth below as of and for the years ended 31 December 2017 and 2016 has been derived from the Company's audited consolidated financial statements for the same years, which were audited by Grant Thornton Sweden AB, as set forth in its audit report included in this Prospectus. The selected historical financial information set forth below as of and for the year ended 31 December 2015 have been derived from the Company's audited aggregated financial statements for the years ended 31 December 2015 and 2016, which were audited by Grant Thornton Sweden AB, as set forth in its audit report, incorporated by reference into this Prospectus. The selected historical financial information set forth below as of and for the three months ended 31 March 2018 and 2017 has been derived from the Company's unaudited interim report for the three months ended 31 March 2018 with comparative figures for the three months ended 31 March 2017, which were audited by Grant Thornton Sweden AB, as set forth in its audit report. The Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016, the aggregated financial statements for the years ended 31 December 2016 and 2015 and the interim report for the three months ended 31 March 2018 have each been prepared in accordance with IFRS, the Swedish Financial Reporting Board's recommendation *RFR 1 Supplementary auditing principles for groups*, the requirements of the Prospectus Regulation 809/2004/EC.

SELECTED CONSOLIDATED INCOME STATEMENT

	For the three months ended 31 March		For the year ended 31 December		
	2018	2017	2017	2016	2015
MSEK	*(unaudited)*	*(unaudited)*	*(from audited financial statements)*	*(from audited financial statements)*	*(from audited financial statements)*
Revenue, etc.					
Revenue	46.3	49.2	201.1	209.2	112.0
Other operating income	0.1	0.4	1.4	–	0.4
	46.4	**49.5**	**202.5**	**209.2**	**112.4**
Operating expenses					
Purchased satellite capacity and other direct costs	(25.3)	(28.0)	(107.3)	(114.7)	(76.3)
Other external costs	(26.2)	(15.2)	(39.8)	(30.9)	(16.0)
Employee benefit expenses	(5.1)	(6.6)	(26.2)	(22.9)	(15.1)
Depreciation/amortisation of property, plant and equipment and intangible assets	(1.4)	(1.3)	(5.2)	(3.5)	(2.0)
	(57.0)	**(51.1)**	**(178.4)**	**(172.0)**	**(109.4)**
Operating profit/loss	**(11.6)**	**(1.5)**	**24.0**	**37.2**	**3.0**
Profit/loss from financial investments					
Financial income	0.6	0.9	3.5	3.5	8.3
Financial expenses	(3.9)	(4.9)	(19.7)	(15.5)	(32.2)
	(3.3)	**(4.1)**	**(16.2)**	**(12.1)**	**(23.8)**
Profit/loss after financial items	**(14.9)**	**(5.6)**	**7.8**	**25.2**	**(20.8)**
Tax on profit for the period	–	1.2	(1.7)	0.0	(0.4)
NET PROFIT/LOSS FOR THE PERIOD	**(14.9)**	**(4.4)**	**6.1**	**25.1**	**(21.2)**
Net profit/loss for the period attributable to:					
Shareholders of the parent company	(14.9)	(4.4)	6.1	25.1	(21.2)

SELECTED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March		For the year ended 31 December		
	2018	2017	2017	2016	2015
MSEK	*(unaudited)*	*(unaudited)*	*(from audited financial statements)*	*(from audited financial statements)*	*(from audited financial statements)*
Net profit/loss for the period	**(14.9)**	**(4.4)**	**6.1**	**25.1**	**(21.2)**
Other comprehensive income:					
Items that subsequently may be reclassified to the income statement:					
– Exchange differences	(1.9)	2.3	8.7	2.1	3.5
Other net comprehensive income after tax	**(1.9)**	**2.3**	**8.7**	**2.1**	**3.5**
Comprehensive income for the period	**(16.8)**	**(2.1)**	**14.8**	**27.2**	**(17.7)**
Total comprehensive income for the period attributable to:					
Shareholders of the parent company	(16.8)	(2.1)	14.8	27.2	(17.7)
Comprehensive income for the period	**(16.8)**	**(2.1)**	**14.8**	**27.2**	**(17.7)**

SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	As of 31 March 2018 (unaudited)	For the year ended 31 December 2017 (from audited financial statements)	2016 (from audited financial statements)	2015 (from audited financial statements)
ASSETS				
Intangible fixed assets	10.0	11.1	12.5	7.8
Property, plant and equipment	26.6	26.4	25.0	24.6
Financial fixed assets	0.7	0.8	1.0	0.9
Current assets	2.5	–	–	–
Current receivables	23.0	7.0	6.4	5.8
Cash and cash equivalents	22.1	49.7	24.5	12.3
TOTAL ASSETS	84.8	95.0	69.4	51.3
EQUITY AND LIABILITIES				
Equity	(131.4)	(120.6)	(135.3)	(162.5)
Long-term liabilities, interest-bearing	72.2	71.2[1)]	115.5[1)]	96.2[1)]
Deferred tax liabilities	1.3	1.3	–	–
Current liabilities, interest-bearing	101.4	97.1[2)]	43.1[2)]	40.8[2)]
Current liabilities, non-interest-bearing	41.3	46.1[3)]	46.0[3)]	76.9[3)]
TOTAL EQUITY AND LIABILITIES	**84.8**	**95.0**	**69.4**	**51.3**

1) "Long-term liabilities, interest-bearing" corresponds to the line item "Liabilities to related parties" in the consolidated balance sheet included in the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016 and the audited aggregated financial statements for the years ended 31 December 2015 and 2016. For further information, see section "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Consolidated balance sheet*" and "*Legal considerations and supplementary information—Documents incorporated by reference*".

2) "Current liabilities, interest-bearing" is the sum of several line items in the consolidated balance sheet included in the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016 and the audited aggregated financial statements for the years ended 31 December 2015 and 2016 in accordance with the following:

MSEK	As of 31 December 2017 (from audited financial statements)	2016 (from audited financial statements)	2015 (from audited financial statements)
Liabilities to credit institutions	–	–	0.3
Other borrowings	33.2	43.1	40.5
Liabilities to related parties	63.9	0.0	–
Current liabilities, interest-bearing	**97.1**	**43.1**	**40.8**

For further information, see section "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Consolidated balance sheet*" and "*Legal considerations and supplementary information—Documents incorporated by reference*".

3) "Current liabilities, non-interest-bearing" is the sum of several line items in the consolidated balance sheet included in the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016 and the audited aggregated financial statements for the years ended 31 December 2015 and 2016 in accordance with the following:

MSEK	As of 31 December 2017 (from audited financial statements)	2016 (from audited financial statements)	2015 (from audited financial statements)
Trade payables	16.4	12.5	43.5
Liabilities to parent company	17.3	20.8	19.5
Current tax liabilities	0.0	0.0	–
Other liabilities	7.3	7.4	7.5
Accrued expenses and deferred income	5.1	5.3	6.4
Current liabilities, non-interest-bearing	**46.1**	**46.0**	**76.9**

For further information, see section "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Consolidated balance sheet*" and "*Legal considerations and supplementary information—Documents incorporated by reference*".

SELECTED CONSOLIDATED CASH FLOW STATEMENT

MSEK	For the three months ended 31 March 2018 *(unaudited)*	For the three months ended 31 March 2017 *(unaudited)*	For the year ended 31 December 2017 *(from audited financial statements)*	2016 *(from audited financial statements)*	2015 *(from audited financial statements)*
Cash flow from operating activities before working capital changes	**(9.3)**	**7.0**	**28.2**	**46.5**	**0.0**
Total working capital change	(18.8)	1.6	6.4	(25.3)	7.8
Cash flow from operating activities	**(28.1)**	**8.7**	**34.6**	**21.2**	**7.8**
Cash flow from investing activities	**(0.1)**	**(1.6)**	**(6.5)**	**(7.8)**	**(34.3)**
Cash flow from financial activities	**–**	**–**	**–**	**(0.3)**	**32.8**
CASH FLOW FOR THE PERIOD	**(28.2)**	**7.0**	**28.1**	**13.2**	**6.3**
Cash and cash equivalents at the beginning of the period	**49.7**	**24.5**	**24.5**	**12.3**	**5.8**
Exchange rate differences in cash and cash equivalents	**0.6**	**(0.7)**	**(3.0)**	**(1.0)**	**0.2**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**22.1**	**30.8**	**49.7**	**24.5**	**12.3**

SELECTED KEY PERFORMANCE INDICATORS

MSEK	For the three months ended 31 March 2018 *(unaudited)*	For the three months ended 31 March 2017 *(unaudited)*	For the year ended 31 December 2017 *(from audited financial statements unless otherwise stated)*	2016 *(from audited financial statements unless otherwise stated)*	2015 *(from audited financial statements unless otherwise stated)*
Revenue [1]	46.3	49.2	201.1	209.2	112.0
EBITDA [2) 3)]	(10.2)	(0.2)	29.2	40.8	5.0
EBITDA margin [2) 3)]	(22.0 %)	(0.5 %)	14.5 %	19.5 %	4.4 %
Adjusted EBITDA	(4.6)	0.8	37.7	40.8	5.0
Adjusted EBITDA margin	(10.0 %)	1.63 %	18.8 %	19.5 %	4.4 %
Operating profit/loss (EBIT) [3) 4)]	(11.6)	(1.5)	24.0	37.2	3.0
Adjusted operating profit/loss (EBIT) [2) 3)]	(6.1)	(0.5)	32.5	37.2	3.0
Operating margin [2) 3)]	(25.1 %)	3.1 %	12.0 %	17.8 %	2.7 %
Adjusted operating margin [2) 3)]	(13.1 %)	(1.1 %)	16.2 %	17.8 %	2.7 %
Equity to asset ratio [2) 3)]	Negative	–	Negative	Negative	Negative
Number of employees (end of period) [2]	14	11	14	11	9

1) IFRS-based measure presented in the Company's audited consolidated financial statements for the year ended 31 December 2017 respectively the audited aggregated financial statements for the years ended 31 December 2015 and 2016, and the Company's unaudited consolidated interim report for the three months ended 31 March 2018, which are included in this Prospectus.
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure.
3) For reconciliation of non-IFRS measures to the nearest IFRS measure, see "*—Reconciliation tables*" below.
4) A measure presented in the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016, the Company's audited aggregated financial statements as of and for the years ended 2015 and 2016, as well as the Company's unaudited interim report for the three months ended 31 March 2018, included in this Prospectus. The measure is a non-IFRS measure and is not a substitute for any IFRS-measure. For more information on these measures, including definitions and reasons for being used, see "*Selected historical financial information—Definitions of key performance indicators*".

RECONCILIATION TABLES

EBITDA, EBITDA MARGIN AND OPERATING MARGIN

	For the three months ended 31 March		For the year ended 31 December		
	2018	**2017**	**2017**	**2016**	**2015**
MSEK	*(unaudited)*	*(unaudited)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*
Operating profit/loss (EBIT)	(11.6)	(1.5)	24.0	37.2	3.0
Depreciation/amortisation of property, plant and equipment and intangible assets	1.4	1.3	5.2	(3.5)	(2.0)
EBITDA	**(10.2)**	**(0.2)**	**29.2**	**40.8**	**5.0**
Revenue	46.3	49.2	201.1	209.2	112.0
EBITDA margin	**(22.0 %)**	**(0.5 %)**	**14.5 %**	**19.5 %**	**4.4 %**
Operating margin	(25.1 %)	3.1 %	**12.0 %**	**17.8 %**	**2.7 %**

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

	For the three months ended 31 March		For the year ended 31 December		
	2018	**2017**	**2017**	**2016**	**2015**
MSEK	*(unaudited)*	*(unaudited)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*
EBITDA	(10.2)	(0.2)	29.2	40.8	5.0
Costs relating to the listing of the Company	5.6	1.0	8.5	–	–
Adjusted EBITDA	**(4.6)**	**0.8**	**37.7**	**40.8**	**5.0**
Revenue	46.3	49.2	201.1	209.2	112.0
Adjusted EBITDA margin	**(10.0 %)**	**1.63 %**	**18.8 %**	**19.5 %**	**4.4 %**

ADJUSTED OPERATING PROFIT/LOSS (EBIT) AND ADJUSTED OPERATING MARGIN

	For the three months ended 31 March		For the year ended 31 December		
	2018	**2017**	**2017**	**2016**	**2015**
MSEK	*(unaudited)*	*(unaudited)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*
Operating profit/loss (EBIT)	(11.6)	(1.5)	24.0	37.2	3.0
Costs relating to the listing of the Company	5.6	1.0	8.5	–	–
Adjusted operating profit/loss (EBIT)	**(6.1)**	**(0.5)**	**32.5**	**37.2**	**3.0**
Revenue	46.3	49.2	201.1	209.2	112.0
Adjusted operating margin	**(13.1 %)**	**(1.1 %)**	**16.2 %**	**17.8 %**	**2.7 %**

EQUITY TO ASSET RATIO

MSEK	For the three months ended 31 March		For the year ended 31 December		
	2018	2017	2017	2016	2015
	(unaudited)	*(unaudited)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*
Total equity	(131.4)	–[1]	(120.6)	(135.3)	(162.5)
Total assets	84.8	–[1]	95.0	69.4	51.3
Equity to asset ratio	**Negative**	**–[1]**	**Negative**	**Negative**	**Negative**

1) Ovzon has not prepared any balance sheet as of 31 March 2017. The Group's equity to asset ratio as of this date therefore cannot be calculated.

SIGNIFICANT CHANGES

The three months ended 31 March 2018 compared to the three months ended 31 March 2017

The Group's revenue for the three months ended 31 March 2018 was SEK 46.3 million, a decrease of SEK 2.9 million, or 5.9 percent, compared to SEK 49.2 million in the three months ended 31 March 2017. This was principally as a result of the 9 percent decrease in the average SEK/USD exchange rate, as established by the Swedish Riksbank, in the three months ended 31 March 2018 compared to the three months ended 31 March 2017, from 8.92 to 8.11. The Group's operating profit/loss for the three months ended 31 March 2018 was a loss of SEK 11.6 million, a decrease of SEK 10.1 million, or 673.3 percent, compared to a loss of SEK 1.5 million in the three months ended 31 March 2017. This was principally as a result of the decreased average SEK/USD exchange rate, higher costs related to the listing of the Company's shares and relocation of a satellite to the Company's orbital slot 59.7°E. The operating profit/loss for the period has also been affected by costs relating to the settlement of a dispute. The Group's net financial items for the three months ended 31 March 2018 was negative SEK 3.3 million, an increase of SEK 0.8 million, or 19.5 percent, compared to negative SEK 4.1 million in the three months ended 31 March 2017. This was principally as a result of increased interest expenses. As a result of the reasons discussed above, the Group's net profit for the period decreased by SEK 10.6 million, from a loss of SEK 4.4 million for the three months ended 31 March 2017 to a loss of SEK 14.9 million for the three months ended 31 March 2018.

Year ended 31 December 2017 compared to the year ended 31 December 2016

The Group's revenue for the year ended 31 December 2017 was SEK 201.1 million, a decrease of SEK 8.2 million, or 3.9 percent, compared to SEK 209.2 million in the year ended 31 December 2016. This was principally as a result of fewer deliveries of terminals during 2017. Ovzon sold all available satellite capacity for the period. The Group's operating profit/loss for the year ended 31 December 2017 was a profit of SEK 24.0 million, a decrease of SEK 13.2 million, or 35.5 percent, compared to a profit of SEK 37.2 million in the year ended 31 December 2016. This was principally as a result of costs due to the Offer and the listing of the Company's shares amounting to approximately SEK 8.5 million and costs to bring into use the Company's orbital slot 59.7°E amounting to approximately SEK 8 million. The Group's net financial items for the year ended 31 December 2017 was negative SEK 16.2 million, a decrease of SEK 4.1 million, or 33.9 percent, compared to negative SEK 12.1 million in the year ended 31 December 2016. This was principally as a result of increased interest expenses. As a result of the reasons discussed above, the Group's net profit for the period decreased by SEK 19.0 million, from a profit of SEK 25.1 million for the year ended 31 December 2016 to a profit of SEK 6.1 million for the year ended 31 December 2017.

Year ended 31 December 2016 compared to the year ended 31 December 2015

The Group's revenue for the year ended 31 December 2016 was SEK 209.2 million, an increase of SEK 96.8 million, or 86.1 percent, compared to SEK 112.4 million in the year ended 31 December 2015. This was principally as a result of additional satellite capacity. The Group's operating profit/loss for the year ended 31 December 2016 was a profit of SEK 37.2 million, an increase of SEK 34.2 million, or 1143.0 percent, compared to a profit of SEK 3.0 million in the year ended 31 December 2015. This was principally as a result of increased revenue. The Group's net financial items for the year ended 31 December 2016 was negative SEK 12.1 million, an increase of SEK 11.7 million, or 49.3 percent, compared to negative SEK 23.8 million in the year ended 31 December 2015. This was principally as a result of decreased financial expenses, caused by currency fluctuations. As a result of the reasons discussed above, the Group's net profit/loss for the year increased by SEK 46.4 million, from a loss of SEK 21.2 million for the year ended 31 December 2015 to a profit of SEK 25.1 million for the year ended 31 December 2016.

SIGNIFICANT CHANGES SINCE 31 MARCH 2018

At the extraordinary general meeting planned to be held on 9 May 2018, Patrik Tigerschiöld, Nicklas Paulson, Magnus René and Patrik Näslund will be elected members of the board of directors. There has been no other significant changes since 31 March 2018.

B.8	*Selected key pro forma financial information*	Not applicable.

B.9	*Profit/loss forecast or estimate*	Not applicable. The Prospectus contains no profit forecast or calculation of anticipated profit.
B.10	*Qualifications in the audit report*	In the 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) the following matters are emphasised: • Without prejudice to our opinion below, we would to like to draw attention to page 10, Note 1 under "Going concern" in the interim report, which states that there is significant doubt regarding the Group's ability to continue as a going concern. Current liabilities are considerably higher than the Group's current assets. These conditions indicate that there is an uncertainty factor that could lead to significant doubt regarding Ovzon AB's ability to continue its operations. In the auditor´s report on financial statements regarding historical financial information for the years ended 31 December 2017 and 2016 the following matters are emphasised: • Without prejudice to our opinion above, we draw attention to the section on note 2.1.1 "Going concern" of the financial statements which describes indications that there is some uncertainty about the Group's possibility for going concern. These factors indicate that there is an uncertainty factor that may doubt the ability of the Group and Ovzon AB to continue the business. Our opinion is not qualified in respect of this matter. In the auditor´s report on financial statements regarding historical financial information for the aggregated financial statements for the years ended 31 December 2015 and 2016 the following matters are emphasised: • Without prejudice to our opinion below, we draw attention to the section on note 2.1 "Going concern" of the aggregated financial statements which describes indications that there is some uncertainty about the Group's possibility for going concern. The current liabilities are significantly higher than the Group's current assets, as well as other circumstances, such as an ongoing dispute, see also description in Note 25. These factors indicate that there is an uncertainty factor that may doubt the ability of the Group and Ovzon AB to continue the business.
B.11	*Sufficient working capital*	Ovzon estimates that the Group does not have sufficient working capital to meet its present obligations in the coming twelve months. In this Prospectus, working capital is defined as Ovzon's ability to access cash and other available liquid resources in order to meet its liabilities as they fall due. The capital deficit for the coming twelve months is estimated to SEK 60 million. The working capital is estimated to cover Ovzon's needs until 30 November 2018. Ovzon's estimate is based on the sum of payment commitments, including interest, that are, as of the date of this Prospectus, due in the coming twelve months compared to Ovzon's current liquidity situation (as of the 31 March 2018 the Group had SEK 22.1 million in cash and cash equivalents) and estimated cash flow during the same period, assuming that Ovzon continues to conduct business according to its current business plan. Among Ovzon's payment commitments debts that amounted to SEK 130.2 million as of 31 March 2018 fall due in the coming twelve months. Excluding operating debts, i.e. trade payables and other current liabilities, which are paid continuously throughout the year, debts that amounted to SEK 101.5 million as of 31 March 2018 fall due in the coming twelve months. These debts include: • a debt to Ramab Iggesund AB which amounted to SEK 36.0 million as of 31 March 2018, including accrued interest, and is due for payment but may not be executed until 31 May 2018; • loans from LMK Forward AB and LMK Ventures AB, which amounted to SEK 65.5 million, including accrued interest, as of 31 March 2018 and fall due on 30 November 2018; • trade payables which amounted to SEK 17.7 million as of 31 March 2018 and fall due in the coming twelve months; and • other current liabilities which amounted to SEK 11.0 million as of 31 March 2018 and fall due in the coming twelve months. To cover the financing need, the Company has resolved to issue new shares as part of the Offering, which is expected to generate proceeds of SEK 189 million to Ovzon, prior to transaction costs (approximately SEK 238 million provided that the Over-allotment option is exercised in full). The Cornerstone Investors (Bure Equity AB and Investment AB Öresund) have committed to acquire shares equal to approximately 43 percent of the Offering (approximately 38 percent if the Over-allotment option is exercised in full). Ovzon estimates that the proceeds from the Offering would provide sufficient working capital to secure the financing of its business for at least twelve months. If the proposed Offering, despite the commitments of the Cornerstone Investors, is not successful, Ovzon intends to manage the working capital deficiency by attempting to renegotiate its loans and other liabilities with its creditors. Ovzon's ability to successfully renegotiate its existing debt, is dependent on several factors, including the conditionson the financial markets in general, Ovzon's creditworthiness and Ovzon's ability to increase its indebtedness. If Ovzon turns out to be unable to renegotiate its existing debt and other obligations Ovzon may have to restructure or divest part or all of its business. Even if such actions are pursued, the Company might not be able to manage the working capital deficiency. This could potentially constitute a risk to the development and continued operations of the Company and a material adverse effect on Ovzon's business, financial condition and results of operations.

SECTION C – SECURITIES		
C.1	*Securities offered/ admitted to trading*	Shares in Ovzon AB (publ), reg. no. 559079-2650 (ISIN number: SE0010948711).
C.2	*Currency*	The shares are denominated in SEK.
C.3	*Total number of shares issued*	The Company's registered share capital as of the date of this Prospectus is SEK 500,000, represented by 5,000,000 shares. Each share has a quota value of SEK 0.1. All shares have been fully paid.
C.4	*Rights attached to the securities*	All shares in the Company entitle the holder thereof to one vote at general meetings, and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company. All shares in the Company carry equal rights to dividends and the Company's assets and any surpluses in the event of liquidation. The Company's shares which are the subject of the Offering will rank pari passu in all respects with each other and with all existing shares, and entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the listing of the shares. Decisions regarding the distribution of profits are taken by general meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the general meeting shall be entitled to dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (in-kind dividend). If a shareholder cannot be reached through Euroclear Sweden, the shareholder shall still have a claim to the money owed by the company for the dividend and the claim is subject to a ten-year period of limitations. Upon the expiry of the period of limitations, the dividend shall pass to the company. If the Company issues new shares, warrants or convertibles in conjunction with a cash issue or an issue by way of set-off, the shareholders shall have a preference right to subscribe for such securities in proportion to the number of shares held by them prior to the issue. There are no provisions in the Company's articles of association restricting the possibility to issue new shares, warrants or convertibles with a deviation from existing shareholders' preference rights pursuant to the Swedish Companies Act.
C.5	*Restrictions on the free transferability*	Not applicable. The shares will not be subject to restrictions on transferability.
C.6	*Admission to trading*	Not applicable. The board of directors of Ovzon has applied for listing of the Company's shares on Nasdaq First North Premier, which is not a regulated marketplace.
C.7	*Dividend policy*	Not applicable. Ovzon's board of directors has not adopted a dividend policy since the Company is in a growth phase.

SECTION D – RISKS		
D.1	*Key risks specific to the issuer or its industry*	An investment in securities is associated with risk. Prior to making any investment decision, investors should carefully consider all information contained in this Prospectus. Below is a summary of the key risks specific to the issuer or its industry. **The global satellite communications market is highly competitive** Ovzon faces competition today from a number of very large and established companies working within the communications technologies sector in the various target markets for its services. It is likely that Ovzon will continue to face increasing competition from other communication service providers in some or all of the target market segments in the future. Increased competition could have a material adverse effect on Ovzon's business, financial condition and results of operations. **New technologies introduced by competitors may reduce demand for Ovzon's services or render the technologies obsolete** The space and communications industries are subject to rapid advances and innovations in technology. In addition to competition from current systems, Ovzon may therefore face competition in the future from companies using new technologies and new satellite and terrestrial systems, such as smart antenna systems, terminal technologies not available for Ovzon's frequency bands, low cost ground antenna systems that could overcome current challenges of future LEO constellations and interference mitigation systems that would free up congested frequency bands for competitors. Advances or innovations in technology could render the current technologies obsolete or less competitive by satisfying end-user demand in more attractive or cost-effective ways. Introduction of new technologies by competitors may reduce demand for Ovzon's services or render the technologies used by Ovzon obsolete, which would have a material adverse effect on Ovzon's business, financial condition and results of operations.

Ovzon relies on the availability of satellite capacity provided by third parties
Ovzon relies on the availability of satellite capacity within the relevant frequency band and orbital positions from third parties for the provision of its current communications services. The third-party satellites must further provide accurate coverage, as well as meet performance requirements regarding transmission and receipt for the specific customer needs. However, the availability of suitable third-party satellite capacity is subject to certain limitations as well as certain risks and uncertainties, many of which cannot be foreseen and may not be covered by Ovzon's insurance policies. In addition to launch-related risks, satellites are subject to operational risk while in orbit, including malfunctions as a result of various factors, such as satellite manufacturers' errors, problems with the solar panels, electric systems or control systems of the satellites and general failures resulting from operating satellites in the harsh environment of space. Ovzon relies on the capability of its third-party satellite operators to handle and mitigate these risks, including interference from existing and future satellites. In addition, some of the satellites which Ovzon utilises have a limited remaining life span. A number of factors affect the useful lives of satellites, including, among other things, the quality of their construction, the durability of their component parts, the ability to continue to maintain proper orbit and control over the satellite's functions and the remaining on-board fuel following orbit insertion. All satellites Ovzon is leasing capacity from has an estimated remaining life of seven years or more.

If any of the satellites operated by third parties that Ovzon leases capacity from would cease or fail to operate, for whatever reason, Ovzon would need to replace any lost capacity. There is a risk that such replacement capacity will not be available at commercially viable terms, or at all, and that Ovzon's insurance policies may not provide sufficient protection against any losses incurred. In addition, if the demand for Ovzon's current service offering would increase Ovzon would need to lease additional capacity. If Ovzon is unable to lease sufficient capacity from third-party satellite operators for its provision of the current service offering to satisfy the demand, Ovzon's revenues would be negatively impacted and, furthermore, Ovzon may not be able to capture new business opportunities. This would have a material adverse effect on Ovzon's business, financial condition and results of operations.

Ovzon is dependent on a continued cooperation with Intelsat General Corporation ("IGC") to provide its service offering
Ovzon has, up until the date of this Prospectus, decided to provide its current services to end customers, in all material respects, through a third party, IGC, which is a wholly-owned subsidiary of global satellite operator Intelsat. In the year ended 31 December 2017, Ovzon derived approximately 95 percent of its revenue from sales to IGC, which in turn delivers service offerings to several organisations within the U.S. DoD. Ovzon's agreement with IGC is subject to annual renewal in accordance with its terms and the agreement has been renegotiated each year since 2014. If the agreement with IGC is terminated or not renewed in accordance with its terms, or if IGC for whatever reason fails to pay Ovzon for services provided by Ovzon, Ovzon may not be able to continue providing its services in the short term or at all. If this risk would materialize, it would have a material adverse effect on Ovzon's business, financial condition and results of operations.

Ovzon's services are sold indirectly to a single end-user
Through its customer agreement with IGC, Ovzon provides its current services to a single end-user, the U.S. government through its Department of Defense and other departments and agencies. In the year ended 31 December 2017 approximately 95 percent of Ovzon's earnings were related to sales to the ICG, which in turn delivers service offerings to several organisations within the U.S. DoD. Spending authorizations for defense related and other programs by the U.S. government have fluctuated in the past, and future levels of expenditures and authorizations for these programs may decrease, remain constant or shift to programs in areas where Ovzon does not currently provide services. To the extent the U.S. government and its agencies reduce spending on third-party satellite services generally, or Ovzon's services specifically, this could have a material adverse effect on Ovzon's revenue and operating margins and, thus, have a material adverse effect on Ovzon's business, financial condition and results of operation.

Failure by Ovzon to launch its own satellites may adversely affect Ovzon's current main end-user's willingness to use Ovzon's current services and technology
The U.S. Department of Defense, Ovzon's current main end-user, expects Ovzon to show a continuous development towards launching its own satellites to enable additional coverage areas with global reach and where Ovzon's technology can be implemented in full. If Ovzon fails to meet the technology and functionality requirements specified by the U.S. Department of Defense, and if Ovzon fails to launch its own satellites, there is a risk that the U.S. Department of Defense decides to reduce, in part or in full, its use of Ovzon's current services, which would have a material adverse effect on Ovzon's business, financial condition and results of operations.

		Ovzon currently has limited manufacturing capacity and relies on third-party manufacturer for part of the integration and manufacturing of the T5 terminal Ovzon relies on a third-party manufacturer for part of the integration and manufacturing of the Ovzon T5 terminals used to access Ovzon's services whereas Ovzon is still performing service and tests in its premises in Solna before terminals are shipped to customers. With its current manufacturing set-up, Ovzon has the capacity to deliver up to five terminals per week. If demand for the T5 terminal would increase significantly, there is a risk that Ovzon would not be able to meet such demand using its current manufacturing set-up and would have to increase its reliance on third-party manufacturers and other service providers. If under such circumstances Ovzon fails to secure sufficient manufacturing and other capacity, this could have a material adverse effect on Ovzon's business, financial condition and results of operation. Further, since Ovzon relies on third parties to manufacture parts of the T5 terminals, Ovzon does not have complete control over the timely availability of its terminals. Third-party manufacturers could • reduce production of, or cease to manufacture, parts used to produce the T5 terminals ; • manufacture parts for terminals with defects that fail to perform to Ovzon's specifications; • fail to build or upgrade terminals that meet end-users' requirements; or • fail to meet delivery schedules. Any of the foregoing could adversely affect Ovzon's ability to sell its current services, which, in turn, could have a material adverse effect on Ovzon's business, financial condition and results of operation, as well as Ovzon's brand image. **Risks relating to financing and net working capital** Ovzon's development phase has been financed through various types of direct loans and credits and Ovzon may in the future, partly to secure sufficient net working capital to handle existing obligations in the coming twelve months in case the Offering is unsuccessful, partly in the long term to secure capital need that arise within the scope of the ordinary business, need to obtain additional external funding, as well as to renegotiate and refinance its existing debt. Ovzon's ability to successfully obtain additional funding, both in the long and short term, as well as in and out of the Offering, and to renegotiate and refinance its existing debt, is dependent on several factors, including the situation on the financial markets in general, Ovzon's creditworthiness and Ovzon's ability to increase its indebtedness. Ovzon may therefore have to obtain financing on less favourable terms. In addition, markets disturbances and uncertainties may restrict access to the capital necessary to conduct Ovzon's business both in the long and the short term and there is a risk that Ovzon may fail to comply with the terms and conditions under its credit facilities, as a result of circumstances both within and beyond Ovzon's control. Ovzon's failure to comply with the conditions in its credit agreements may result in creditors demanding repayment of all or part of Ovzon's outstanding debt, which may, in turn, have a significant negative effect on Ovzon's business, financial condition and results of operation. Ovzon estimates that the Group does not have sufficient working capital to meet its present obligations in the coming twelve months. To cover the financing need, the Company has resolved to issue new shares as part of the Offering. If the proposed Offering is not successful, Ovzon intends to manage the working capital deficiency by attempting to renegotiate its loans and other liabilities with its creditors. If that is not possible, Ovzon may have to restructure or divest part or all of its business. Even if such actions are pursued, the Company might not be able to manage the working capital deficiency. This could potentially constitute a risk to the development and continued operations of the Company and could have a material adverse effect on Ovzon's business, financial condition and results of operations.

Adverse resolution of litigation and other legal proceedings could adversely affect Ovzon
Ovzon is a party to lawsuits and other legal proceedings within to the normal course of its business. The legal proceedings typically include ordinary warranty claims and other product claims (such as claims that Ovzon has provided products that do not meet specifications).

The Group is through the parent company of the Former Group, OverHorizon (Cyprus) PLC, indirectly involved in a dispute that relates to interest rate for certain convertible promissory notes issued by OverHorizon (Cyprus) PLC to an investor (the "**Investor**"). The Investor has demanded restrictions in the right to dispose of assets up to a certain value regardless of whether they are held by OverHorizon (Cyprus) PLC or its subsidiaries, including the Company and its subsidiaries. Exactly which assets and which means of disposal are aimed at is subject to dispute. The total plea amounts to SEK 35.3 million, whereas the capital amount requested (excluding interest) is SEK 12.6 million[1)]. Should OverHorizon (Cyprus) PLC's plea not be granted this company will need to pay the disputed amount.

The outcome of disputes and other legal proceedings can be difficult to predict, and litigation and other legal proceedings can be expensive, lengthy and disruptive to normal business operations. An adverse resolution of any such dispute or legal proceeding in the future could have such adverse effects, and in some cases, also affect Ovzon's reputation or its ability to obtain projects or assignments from customers, including governmental entities.

The costs that the Group may incur in managing litigation, including but not limited to costs in connection with settlements or imposed penalties could have a material adverse effect on Ovzon's business, financial condition and results of operations.

Risks relating to regulation
Ovzon's business is subject to regulation. Compliance with rules and regulations requires Ovzon to incur costs, and any non-compliance could expose Ovzon to fines and could limit Ovzon's ability to provide existing and new services. The maintenance and expansion of Ovzon's business is dependent upon, among other things, the ability to obtain required licenses and authorizations in a timely manner, at reasonable costs and on satisfactory terms and conditions. An example of such is the uplink authorization. For example, if Ovzon is unable to place satellites into currently unused orbital locations by specified deadlines and in a manner that satisfies the International Telecommunications Union (the "**ITU**"), and complies with national regulatory requirements, Ovzon may lose the rights and/or priority to use these orbital locations, and the locations with ITU priority could become available for other satellite operators to use. The loss of one or more of the orbital locations could negatively affect Ovzon's ability to implement its strategy, which would have a material adverse effect on Ovzon's business, financial condition and results of operations.

Generally, Ovzon must also obtain the relevant certificates to be allowed to sell and operate its terminals on a specific market. Frequency bands are often split into different types of services – for example earth observation, satellite communication and terrestrial microwave links – and different national supervisory authorities can choose to prioritise a certain service to other within its territory, which may make the authorization procedure more difficult. Also the frequency band used by Ovzon is split. Failure to obtain or loss of such certificates may prevent Ovzon from marketing and selling its terminals. If Ovzon fails to procure and keep the certificates required, there may, consequently, be material adverse effects on the sales, as well as a material adverse effect on Ovzon's business, financial condition and results of operations.

The satellite operators that Ovzon leases capacity from are also subject to regulation. This regulatory burden could increase the costs of Ovzon's third-party satellite operators and other service providers or restrict their ability to sell Ovzon's current services. In addition, since Ovzon currently leases capacity from third-party satellite operators, Ovzon relies on the third-party satellite operators regulatory approvals. Any failure by a third party satellite operator to comply with regulatory requirements could have a material adverse effect the performance of Ovzon's services and could, thus, have a material adverse effect on Ovzon's business, financial condition and results of operations.

Conventions, laws, policies and regulations affecting the satellite industry are subject to change in response to industry developments, new technology or political considerations. Legislators, regulatory authorities and other regulatory bodies, including the ITU, may in the future propose or adopt new conventions, laws, policies and regulations or changes to existing regulations regarding a variety of matters that could, directly or indirectly, affect Ovzon's operations. Changes to current conventions, laws, policies or regulations or the adoption of new regulations could affect the ability to obtain or retain required government licenses and authorizations or could otherwise have a material adverse effect on Ovzon's business, financial condition and results of operations.

1) Amounts in SEK calculated based on the average SEK/USD exchange rate during April 2018, determined to be 8.4459 by the Swedish Riksbank (Sw. *Riksbanken*).

D.3	*Key risks specific to the securities*	Below is a summary of key risks specific to the shares and the Offering. **There is no prior public market for the Company's shares and an active, liquid and orderly trading market for the shares may not develop, the price of the shares may be volatile, and investors could lose a substantial portion of their investment.** Prior to the Offering, there has been no public market for the Company's shares and there can be no assurance that an active and liquid market will develop following the Offering. As the Offer Price has been determined by the board of directors in consultation with the Global Coordinator, it may not necessarily reflect the price at which investors in the market will be willing to buy and sell the Company's shares following the Offering. In addition, the trading price of the Company's shares following the Offering may be volatile and could be subject to fluctuations in response to various factors, some of which are beyond the Company's control. The stock market in general has experienced price and volume fluctuations in the past. Broad market and industry factors may seriously affect the market price of a company's shares regardless of its actual operating performance. These fluctuations may be even more pronounced in the trading market for the Company's shares shortly following the Offering. There can be no assurance that investors who acquire shares in the Offering or the secondary market will not lose a portion, or all, of their investment. **Future offerings of debt or equity securities by the Company may adversely affect the market price of the shares and may dilute all other shareholdings.** In the future, the Company may attempt to increase its capital resources by offering shares and other share-related securities, debt securities, including commercial paper, senior or subordinated notes and medium-term notes. For example, to fulfil the Company's vision to launch a proprietary satellite additional capital is required. Upon liquidation, holders of any such shares and debt securities, and lenders with respect to other borrowings, would receive a distribution of its available assets prior to the holders of the shares. Moreover, additional equity offerings through e.g. directed offerings without pre-emptive rights for existing holders may dilute the economic and voting rights of the Company's existing shareholders, adversely affect the price of the Company's shares or both. Any such additional offering could reduce the proportionate ownership and voting interests of holders of shares, as well as the earnings per share and the net asset value per share. The holders of the Company's shares bear the risk of any future offerings reducing the market price of the shares, limiting dividend payments in respect of the shares by the Company, and diluting their shareholdings in the Company. **The commitments by the Cornerstone Investors are subject to certain conditions and the Cornerstone Investors are not subject to any formal lock-up arrangement** The Cornerstone Investors (Bure Equity AB and Investment AB Öresund) have committed to acquire, at the Offer Price, a number of shares in the Offering equivalent to approximately 12 percent and approximately 12 percent, respectively, of the total number of shares in the Company following completion of the Offering, provided that the Over-allotment option is exercised in full. The Cornerstone Investors' undertakings are conditioned on, among other things, that (i) the Offer Price does not exceed SEK 70, (ii) the first date of trading occurring no later than 29 June 2018, (iii) the listing requirements of Nasdaq First North Premier are met and (iv) the Cornerstone Investors obtain allotments according to their commitments. If such conditions are not satisfied, the Cornerstone Investors will not be required to acquire any shares in the Offering. In addition, the Cornerstone Investors' undertakings are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the shares in the Offering for the Cornerstone Investors may not occur in connection with the closing of the Offering as anticipated, which could have a material adverse effect on the completion of the Offering. In addition, the Cornerstone Investors' shares will not be subject to any formal lock-up arrangement. As a result, it is possible that the Cornerstone Investors may divest part or all of their respective shareholdings at any time. Any sales of substantial amounts of the shares could cause the market price of the shares to decline.

SECTION E – OFFER		
E.1	*Net proceeds and expenses*	The new issue of shares is expected to provide Ovzon with proceeds of approximately SEK 189 million (approximately SEK 238 million provided that the Over-allotment option is exercised in full) before transaction costs, which will be carried by the Company. The part of the transaction costs relating to the Offering that, as of the day of this Prospectus, remains to be paid is expected to amount to approximately SEK 18.3 million. Consequently the Company expects to receive net proceeds of SEK 170.7 million (approximately SEK 219.4 million provided that the Over-allotment option is exercised in full) from the new issue of shares in the Offering. The Company will not receive any proceeds from the sale of existing shares by OverHorizon (Cyprus) PLC.
E.2a	*Reasons for the offer, use of proceeds*	Ovzon has developed a complete satellite communication service with its compact and light laptop sized terminals at its core. Ovzon's current system is designed to provide a competitive advantage through a unique combination of several characteristics, including high mobility, high uplink and downlink data rates, small terminals and high link availability, whereas Ovzon's propriety satellite design would also entail steerable coverage areas and enable direct communication between terminals. Ovzon's current service offering is based on leased satellite transponders from five existing communication satellites. To expand the service coverage and total available bandwidth, Ovzon aims to lease further satellite capacity from additional satellites currently under construction and planned to be launched in 2019. The lease and sale process of these satellites is expected to be similar to the current model. The Offering and the listing on Nasdaq First North Premier will increase the shareholder base and enable the Company to access the Swedish and international capital markets, which is expected to support Ovzon's continued growth and development, strengthen Ovzon's brand and ability to attract both customers and employees. The board of directors and Group management consider the Offering and listing of the shares to be a logical and important next step in Ovzon's development, which will also serve to increase the public awareness of Ovzon and its operations. Furthermore it is the board of director's intention to, depending on market conditions and other circumstances, list the Company's shares on the main list of Nasdaq Stockholm within twelve months following the listing on Nasdaq First North Premier. Ovzon estimates that it does not have sufficient working capital to meet its present obligations in the coming twelve months. Assuming that trade payables and other current liabilities are settled continuously throughout the year and that a debt to an investor amounting to SEK 36.0 million is paid on 31 May 2018, the current working capital is estimated to cover Ovzon's needs until 30 November 2018, when additional debts that, as of 31 March 2018 amounted to SEK 65.5 million, fall due. The capital deficit for the coming twelve months amounts to approximately SEK 60 million. To cover the financing need, the Company has resolved to issue new shares as part of the Offering. The Cornerstone Investors (as defined elsewhere in this Prospectus) have committed to acquire shares amounting to 43 percent of the Offering (approximately 38 percent provided that the Over-allotment option is used in full). Ovzon estimates that the proceeds from the Offering would provide sufficient working capital to secure the financing of its business for at least twelve months. Ovzon intends to use the proceeds • firstly for paying the costs of the Offering, including remunerations and fees (fixed and variable) that the Company shall pay to the Global Coordinator and other advisers (amounting to approximately SEK 18.3 million); • secondly for repaying certain debts and other liabilities relating to the financing of the development of Ovzon's current service offering that amounted to approximately SEK 186.2 million as of 31 March 2018 (of which SEK 150.1 million is intended to be repaid in connection to the Offering), distributed as follows: (i) debts to an investor that amounted to SEK 36.0 million as of 31 March 2018 that have fallen due; and (ii) liabilities to related parties that amounted to SEK 150.2 million as of 31 March 2018 (of which SEK 114.1 million is intended to be repaid in connection to the Offering; and • thirdly to further promote Ovzon's growth and the continued development of Ovzon's service offering (remaining amount of approximately SEK 20.6 million after the abovementioned payments have been made in connection to the Offering, approximately SEK 69.3 million provided that the Over-alltment option is exercised in full). The Company will not receive any proceeds from the sale of existing shares by OverHorizon (Cyprus) PLC. 1) Amounts calculated based on the value of the debts that are intended to be repaid using the proceeds from the offering as of 31 March 2018. Actual amounts may come to deviate from estimated amounts depending on the timing of payment, due to, among other things, the accumulation of interest.

E.3	*Terms and conditions of the Offer*	Application to acquire shares in the Offering shall be made in accordance with instructions from the Global Coordinator.
E.4	*Interests material to the offer*	Carnegie is Global Coordinator in connection to the Offering and provides financial advice and other services to Ovzon in connection with the Offering, for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offering.
E.5	*Person/entity offering to sell the security, lock-up agreements*	OverHorizon (Cyprus) PLC is the seller of the existing shares that are part of the Offering. OverHorizon (Cyprus) PLC will commit to, condition to certain exceptions, not sell its holding during a lock-up period (the "**Lock-up Period**"). The Lock-up Period will be 12 months as of the day of the Placing Agreement. After the Lock-up Period has ended the shares may be sold, which may affect the market value of the Company's shares. The Global Coordinator may allow exceptions from this agreement. Consent to exceptions from agreed lock-up agreements are given on a case-by-case basis and may be of personal as well as business character. In accordance with the Placing Agreement the Company will not, without written consent from the Global Coordinator, for a period of 180 days from the date of the Placing Agreement (i) offer, pawn, a lot, issue, sell, commit to sell or in other way transfer or divest , directly or indirectly, any Shares in the Company or any other securities that can be converted into or exchanged for such shares, or (ii) agree to swap-agreements or any other agreements that wholly or partly transfer the economic risk related to owning shares in the Company.
E.6	*Dilution*	The number of newly issued shares in the Offering will amount to 2,699,971, which entail an increase in the number of shares in the Company from 5,000,000 to 7,699,971 shares, equivalent to an increase of approximately 54 percent. This results in a dilution corresponding to approximately 35 percent of the total amount of shares following the Offering. Provided that the Over-allotment option is used in full another 696,428 shares will be issued. The total number of shares will then amount to 8,396,399. Including the Over-allotment option the number of shares will increase by approximately 68 percent and result in a total dilution of approximately 40 percent.
E.7	*Expenses charged to the investor*	Not applicable. The Company will not impose any charges or taxes on investors.

RISK FACTORS

An investment in the Company's shares involves risks. Potential investors should carefully consider the following risks, together with other information provided in this Prospectus, before deciding whether to invest in the Company's shares. Potential investors should note that the order in which the risk factors are presented does not reflect the probability of their realisation or order of importance. If any of the following risks occur, Ovzon's business, financial condition and results of operation could be adversely affected. There may also be other risks of which the Company is currently unaware or that the Company does not currently believe are material that could harm Ovzon's business, financial condition and results of operation. In any of such cases, the market price of the Company's shares could decline, and investors may lose all or part of their investment.

This Prospectus contains forward-looking statements that involve risks and uncertainties. Ovzon's actual business, financial condition and results of operations may differ significantly from the business, financial condition and results of operations discussed in the forward-looking statements. Factors that might cause such differences are discussed below and elsewhere in this Prospectus.

RISKS RELATING TO OVZON'S BUSINESS AND INDUSTRY

The global satellite communications market is highly competitive

Ovzon faces competition today from a number of very large and established companies working within the communications technologies sector in the various target markets for its services. It is likely that Ovzon will continue to face increasing competition from other communication service providers in some or all of the target market segments in the future. Increased competition could have a material adverse effect on Ovzon's business, financial condition and results of operations.

New technologies introduced by competitors may reduce demand for Ovzon's services or render the technologies obsolete

The space and communications industries are subject to rapid advances and innovations in technology. In addition to competition from current systems, Ovzon may therefore face competition in the future from companies using new technologies and new satellite and terrestrial systems, such as smart antenna systems, terminal technologies not available for Ovzon's frequency bands, low cost ground antenna systems that could overcome current challenges of future LEO constellations and interference mitigation systems that would free up congested frequency bands for competitors. Advances or innovations in technology could render the current technologies obsolete or less competitive by satisfying end-user demand in more attractive or cost-effective ways. Introduction of new technologies by competitors may reduce demand for Ovzon's services or render the technologies used by Ovzon obsolete, which would have a material adverse effect on Ovzon's business, financial condition and results of operations.

Ovzon relies on the availability of satellite capacity provided by third parties

Ovzon relies on the availability of satellite capacity within the relevant frequency band and orbital positions from third parties for the provision of its current communications services. The third-party satellites must further provide accurate coverage, as well as meet performance requirements regarding transmission and receipt for the specific customer needs. However, the availability of suitable third-party satellite capacity is subject to certain limitations as well as certain risks and uncertainties, many of which cannot be foreseen and may not be covered by Ovzon's insurance policies. In addition to launch-related risks, satellites are subject to operational risk while in orbit, including malfunctions as a result of various factors, such as satellite manufacturers' errors, problems with the solar panels, electric systems or control systems of the satellites and general failures resulting from operating satellites in the harsh environment of space. Ovzon relies on the capability of its third-party satellite operators to handle and mitigate these risks, including interference from existing and future satellites. In addition, some of the satellites which Ovzon utilises have a limited remaining life span. A number of factors affect the useful lives of satellites, including, among other things, the quality of their construction, the durability of their component parts, the ability to continue to maintain proper orbit and control over the satellite's functions and the remaining on-board fuel following orbit insertion. All satellites Ovzon is leasing capacity from has an estimated remaining life of seven years or more.

If any of the satellites operated by third parties that Ovzon leases capacity from would cease or fail to operate, for whatever reason, Ovzon would need to replace any lost capacity. There is a risk that such replacement capacity will not be available at commercially viable terms, or at all, and that Ovzon's insurance policies may not provide sufficient protection against any losses incurred. In addition, if the demand for Ovzon's current service offering would increase Ovzon would need to lease additional capacity. If Ovzon is unable to lease sufficient capacity from third-party satellite operators for its provision of the current service offering to satisfy the demand, Ovzon's revenues would be negatively impacted and, furthermore, Ovzon may not be able to capture new business opportunities. This would have a material adverse effect on Ovzon's business, financial condition and results of operations.

Ovzon is dependent on a continued cooperation with Intelsat General Corporation ("IGC") to provide its service offering

Ovzon has, up until the date of this Prospectus, decided to provide its current services to end customers, in all material respects, through a third party, IGC, which is a wholly-owned subsidiary of global satellite operator Intelsat. In the year ended 31 December 2017, Ovzon derived approximately 95 percent of its revenue from sales to IGC, which in turn delivers service offerings to several organisations within the U.S. DoD. Ovzon's agreement with IGC is subject to annual renewal in accordance with its terms and the agreement has been renegotiated each year since 2014. If the agreement with IGC is terminated or not renewed in accordance with its terms, or if IGC for whatever reason fails to pay Ovzon for services provided by Ovzon, Ovzon may not be able to continue providing its services in the short term or at all. If this risk would materialize, it would have a material adverse effect on Ovzon's business, financial condition and results of operations.

Ovzon's services are sold indirectly to a single end-user

Through its customer agreement with IGC, Ovzon provides its current services to a single end-user, the U.S. government through its Department of Defense and other departments and agencies. In the year ended 31 December 2017 approximately 95 percent of Ovzon's earnings were related to sales to the ICG, which in turn delivers service offerings to several organisations within the U.S. DoD. Spending authorizations for defense related and other programs by the U.S. government have fluctuated in the past, and future levels of expenditures and authorizations for these programs may decrease, remain constant or shift to programs in areas where Ovzon does not currently provide services. To the extent the U.S. government and its agencies reduce spending on third-party satellite services generally, or Ovzon's services specifically, this could have a material adverse effect on Ovzon's revenue and operating margins and, thus, have a material adverse effect on Ovzon's business, financial condition and results of operation.

Ovzon may not be able to implement its strategy and reach its goals

Ovzon's strategic goal is to launch its own satellites. In order to launch a proprietary satellite, according to current plans, Ovzon would have to secure, among other things, pre-capacity commitments, external debt financing and additional equity, all of which are inherently subject to prevailing market conditions. Ovzon's current strategy includes leasing additional capacity through new satellites. Ovzon's growth may be materially and adversely affected if Ovzon is not successful in implementing its strategy. Successful implementation of the strategy is dependent on assumptions relating to the development of the satellite communications market, future demand for Ovzon's products and services, costs of launching a proprietary satellite, Ovzon's ability to successfully implement new and sustainable pricing structures, and the success of Ovzon's efforts to increase its customer base and develop new customer segments as well as its ability to secure additional satellite capacity to resell. If Ovzon is unable to implement its strategy and reach its goals, it could have a material adverse effect on Ovzon's growth prospects, business, financial condition and results of operations.

Failure by Ovzon to launch its own satellites may adversely affect Ovzon's current main end-user's willingness to use Ovzon's current services and technology

The U.S. Department of Defense, Ovzon's current main end-user, expects Ovzon to show a continuous development towards launching its own satellites to enable additional coverage areas with global reach and where Ovzon's technology can be implemented in full. If Ovzon fails to meet the technology and functionality requirements specified by the U.S. Department of Defense, and if Ovzon fails to launch its own satellites, there is a risk that the U.S. Department of Defense decides to reduce, in part or in full, its use of Ovzon's current services, which would have a material adverse effect on Ovzon's business, financial condition and results of operations.

Ovzon may not be successful in its efforts to retain new customers or end-users in existing or new customer segments

In order to reduce its dependency on IGC and the U.S. Department of Defense, Ovzon is making efforts to expand its customer base and develop new segments for its services, such as the media industry. For example, Ovzon currently has an ongoing pilot project with one international satellite TV broadcaster. If Ovzon fails to retain new customers or end-users in existing or new customer segments, Ovzon's growth may be negatively impacted, which in turn could severely affect Ovzon's ability to execute on its strategy and could have a material adverse effect on Ovzon's business, financial condition and results of operation.

Ovzon currently has limited manufacturing capacity and relies on third-party manufacturer for part of the integration and manufacturing of the T5 terminal

Ovzon relies on a third-party manufacturer for part of the integration and manufacturing of the Ovzon T5 terminals used to access Ovzon's services whereas Ovzon is still performing service and tests in its premises in Solna before terminals are shipped to customers. With its current manufacturing set-up, Ovzon has the capacity to deliver up to five terminals per week. If demand for the T5 terminal would increase significantly, there is a risk that Ovzon would not be able to meet such demand using its current manufacturing set-up and would have to increase its reliance on third-party manufacturers and other service providers. If under such circumstances Ovzon fails to secure sufficient manufacturing and other capacity, this could have a material adverse effect on Ovzon's business, financial condition and results of operation.

Further, since Ovzon relies on third parties to manufacture parts of the T5 terminals, Ovzon does not have complete control over the timely availability of its terminals. Third-party manufacturers could

- reduce production of, or cease to manufacture, parts used to produce the T5 terminals;
- manufacture parts for terminals with defects that fail to perform to Ovzon's specifications;
- fail to build or upgrade terminals that meet end-users' requirements; or
- fail to meet delivery schedules.

Any of the foregoing could adversely affect Ovzon's ability to sell its current services, which, in turn, could have a material adverse effect on Ovzon's business, financial condition and results of operation, as well as Ovzon's brand image.

Ovzon is exposed to risks relating to intellectual property rights

Ovzon holds a number of patents and may acquire or develop additional products and technical solutions that can be patented, registered or protected in some other way. There is a risk that Ovzon will not be able to maintain patents and other intellectual property rights and that registration applications for new intellectual property rights will not be granted or, if granted, will be limited in scope or by geography. If Ovzon is unable to protect, maintain or obtain new protection for its intellectual property rights, this could have a material adverse effect on Ovzon's business, financial condition and results of operations. Moreover, patents are limited in time. Once the term of a patent has expired, there is a risk that Ovzon will not be able prevent competitors and other market participants from using Ovzon's products or technical solutions. A failure by Ovzon in doing so could have a material adverse effect on Ovzon's business, financial condition and results of operations.

There is also a risk of Ovzon infringing or being accused of infringing third-party intellectual property rights, which may entail expenses either to defend itself or to settle an infringement dispute. Where Ovzon has infringed third-party intellectual property rights, there may be a need for Ovzon to develop alternative products or technologies, or buy licenses. Furthermore, there is a risk that Ovzon's products or technologies that are patented or otherwise protected by intellectual property rights, with or without intent, are infringed by Ovzon's competitors. Any developments involving these risks could have a material adverse effect on Ovzon's business, financial condition and results of operations.

Risks relating to financing and net working capital

Ovzon's development phase has been financed through various types of direct loans and credits and Ovzon may in the future, partly to secure sufficient net working capital to handle existing obligations in the coming twelve months in case the Offering is unsuccessful, partly in the long term to secure capital need that arise within the scope of the ordinary business, need to obtain additional external funding, as well as to renegotiate and refinance its existing debt.

Ovzon's ability to successfully obtain additional funding, both in the long and short term, as well as in and out of the Offering, and to renegotiate and refinance its existing debt, is dependent on several factors, including the situation on the financial markets in general, Ovzon's creditworthiness and Ovzon's ability to increase its indebtedness. Ovzon may therefore have to obtain financing on less favourable terms. In addition, markets disturbances and uncertainties may restrict access to the capital necessary to conduct Ovzon's business both in the long and the short term and there is a risk that Ovzon may fail to comply with the terms and conditions under its credit facilities, as a result of circumstances both within and beyond Ovzon's control. Ovzon's failure to comply with the conditions in its credit agreements may result in creditors demanding repayment of all or part of Ovzon's outstanding debt, which may, in turn, have a significant negative effect on Ovzon's business, financial condition and results of operation.

Ovzon estimates that the Group does not have sufficient working capital to meet its present obligations in the coming twelve months. To cover the financing need, the Company has resolved to issue new shares as part of the Offering. If the proposed Offering is not successful, Ovzon intends to manage the working capital deficiency by attempting to renegotiate its loans and other liabilities with its creditors. If that is not possible, Ovzon may have to restructure or divest part or all of its business. Even if such actions are pursued, the Company might not be able to manage the working capital deficiency. This could potentially constitute a risk to the development and continued operations of the Company and could have a material adverse effect on Ovzon's business, financial condition and results of operations.

Adverse resolution of litigation and other legal proceedings could adversely affect Ovzon

Ovzon is a party to lawsuits and other legal proceedings within to the normal course of its business. The legal proceedings typically include ordinary warranty claims and other product claims (such as claims that Ovzon has provided products that do not meet specifications).

The Group is through the parent company of the Former Group, OverHorizon (Cyprus) PLC, indirectly involved in a dispute that relates to interest rate for certain of the convertible promissory notes issued by OverHorizon (Cyprus) PLC to an investor (the "**Investor**"). The Investor has demanded restrictions in the right to dispose of assets up to a certain value regardless of whether they are held by OverHorizon (Cyprus) PLC or its subsidiaries, including the Company and its subsidiaries. Exactly which assets and which means of disposal are aimed at is subject to dispute. The total plea amounts to SEK 35.3 million, whereas the capital amount requested (excluding interest) is SEK 12.6 million[1]. Should OverHorizon (Cyprus) PLC's plea not be granted this company will need to pay the disputed amount.

1) Amounts in SEK calculated based on the average SEK/USD exchange rate during April 2018, established to 8.4459 by the Swedish Riksbank (Sw. *Riksbanken*).

The outcome of disputes and other legal proceedings can be difficult to predict, and litigation and other legal proceedings can be expensive, lengthy and disruptive to normal business operations. An adverse resolution of any such dispute or legal proceeding in the future could have such adverse effects, and in some cases, also affect Ovzon's reputation or its ability to obtain projects or assignments from customers, including governmental entities.

The costs that the Group may incur in managing litigation, including but not limited to costs in connection with settlements or imposed penalties could have a material adverse effect on Ovzon's business, financial condition and results of operations.

Ovzon is subject to foreign exchange risk

Ovzon generates almost all of its revenues and incurs a substantial part of its expenses in USD, while SEK is the reporting currency of the Group. As a result, changes in the USD/SEK currency exchange rate may have a significant and negative impact on Ovzon's income statement, balance sheet and/or cash flows. Ovzon is exposed to risks involving currency translation exposure, which arises in conjunction with the translation of the balance sheets and income statements of subsidiaries into SEK. There is a risk that fluctuations in the USD/SEK currency exchange rate will have a material adverse effect on Ovzon's business, financial condition and results of operations.

Ovzon may not be able to recruit and retain skilled employees necessary for the business

Technological competence and innovation is critical to Ovzon's business and depends, to a significant degree, on the work of technically skilled employees. In addition, Ovzon is dependent on attracting and retaining personnel capable of establishing and maintaining relationships with customers, including the U.S. DoD. The market for the services of these types of employees is competitive. Ovzon may not be able to attract and retain these employees. If Ovzon is unable to attract and retain adequate technically skilled employees, including those supporting the development and provision of the higher bandwidth services, and personnel capable of establishing and maintaining relationships with customers, Ovzon's competitive position could be materially adversely affected, which in turn would have a material adverse effect on Ovzon's business, financial condition and results of operations.

Risks relating to regulation

Ovzon's business is subject to regulation. Compliance with rules and regulations requires Ovzon to incur costs, and any non-compliance could expose Ovzon to fines and could limit Ovzon's ability to provide existing and new services. The maintenance and expansion of Ovzon's business is dependent upon, among other things, the ability to obtain required licenses and authorizations in a timely manner, at reasonable costs and on satisfactory terms and conditions. An example of such is the uplink authorization. For example, if Ovzon is unable to place satellites into currently unused orbital locations by specified deadlines and in a manner that satisfies the International Telecommunications Union (the "**ITU**"), and complies with national regulatory requirements, Ovzon may lose the rights and/or priority to use these orbital locations, and the locations with ITU priority could become available for other satellite operators to use. The loss of one or more of the orbital locations could negatively affect Ovzon's ability to implement its strategy, which would have a material adverse effect on Ovzon's business, financial condition and results of operations.

Generally, Ovzon must also obtain the relevant certificates to be allowed to sell and operate its terminals on a specific market. Frequency bands are often split into different types of services – for example earth observation, satellite communication and terrestrial microwave links – and different national supervisory authorities can choose to prioritise a certain service to other within its territory, which may make the authorization procedure more difficult. Also the frequency band used by Ovzon is split. Failure to obtain or loss of such certificates may prevent Ovzon from marketing and selling its terminals. If Ovzon fails to procure and keep the certificates required, there may, consequently, be material adverse effects on the sales, as well as a material adverse effect on Ovzon's business, financial condition and results of operations.

The satellite operators that Ovzon leases capacity from are also subject to regulation. This regulatory burden could increase the costs of Ovzon's third-party satellite operators and other service providers or restrict their ability to sell Ovzon's current services. In addition, since Ovzon currently leases capacity from third-party satellite operators, Ovzon relies on the third-party satellite operators regulatory approvals. Any failure by a third party satellite operator to comply with regulatory requirements could have a material adverse effect the performance of Ovzon's services and could, thus, have a material adverse effect on Ovzon's business, financial condition and results of operations.

Conventions, laws, policies and regulations affecting the satellite industry are subject to change in response to industry developments, new technology or political considerations. Legislators, regulatory authorities and other regulatory bodies, including the ITU, may in the future propose or adopt new conventions, laws, policies and regulations or changes to existing regulations regarding a variety of matters that could, directly or indirectly, affect Ovzon's operations. Changes to current conventions, laws, policies or regulations or the adoption of new regulations could affect the ability to obtain or retain required government licenses and authorizations or could otherwise have a material adverse effect on Ovzon's business, financial condition and results of operations.

The internal governing documents, procedures, processes and evaluation methods used by Ovzon to assess and manage risk may be insufficient to cover unidentified, unanticipated or incorrectly quantified risks

The internal governing documents, procedures, processes and evaluation methods used by Ovzon to assess and manage risk may not be effective in managing all types of risks, including risks that Ovzon fails to identify or anticipate, such as misconduct caused by a lack of adequate internal governance or control. Furthermore, Ovzon faces the risk that its operations may not be in compliance with internal governing documents, or that it may not correctly quantify identified risks. If Ovzon is unable to successfully implement an effective internal governance and control framework (including governing documents, procedures, processes and evaluation methods to assess and manage risks) and ensure compliance with such framework, and if the Group's employees act in a way that is not consistent with the level of business ethics and integrity that Ovzon is committed to, it could have a material adverse effect on Ovzon's reputation, business, financial condition and results of operations.

Effective internal governance and control is necessary for Ovzon to provide reliable financial reports and to ensure compliance with internal and external rules as well as to prevent fraud. There is a risk that Ovzon in its corporate governance and internal controls, regardless of any applicable corporate governance policies and routines, will not successfully manage corporate functions or internal risks or will not identify areas requiring improvement in an efficient manner. Furthermore, Ovzon's financial and operational policies and controls may prove to be inadequate, which may result in non-compliance with Ovzon's internal governing documents and, as a result, may cause Ovzon to incur compliance costs, regulatory sanctions and cause reputational damage. If Ovzon does not maintain an effective internal governance and control framework, it could have a material adverse effect on Ovzon's reputation, business, financial condition and results of operations.

Risks relating to taxation

The Group is exposed to potential tax risks resulting from the varying applications and interpretations of tax laws, treaties, regulations and guidance, including in relation to corporate income tax and VAT. From time to time, the Group's tax payments may be subject to review or investigation by tax authorities of the jurisdictions in which the Group operates. If any tax authority successfully challenges the Group's operational structure, intercompany pricing policies, the taxable presence of its subsidiaries in certain countries, or if the Group loses a material tax dispute in any country, or any tax challenge of the Group's tax payments is successful, its effective tax rate on its earnings could increase and the Group's earnings and cash flows from operations could be adversely affected. There are transactions between the companies in the Group and related companies, which must be carried out in accordance with arm's length principles in order to avoid adverse tax consequences. There can be no assurances that the tax authorities will conclude that the Group's transfer pricing policy calculates correct arm's length prices for intercompany transactions or that the tax authorities can agree on corresponding adjustments, which could lead to an adjustment of the agreed price, which would in turn lead to increased tax cost for the Group. If one or more governmental authorities successfully make negative tax adjustments with regard to an entity of the Group, or if the applicable laws, tax treaties regulations or governmental interpretations thereof or administrative practice in relation thereto change, including with retroactive effect, the Group's past or current tax positions may be challenged. In the event tax authorities were to succeed with such claims, this could result in an increased tax cost, including tax surcharges and interest costs which could have a material adverse effect on the Group's operations, financial position and earnings.

The Group is subject to taxation in number of different jurisdictions. As a result, the Group's effective tax rate is derived from a combination of the applicable tax rates in these jurisdictions. The Group's effective tax rate is subject to fluctuation from one period to the next because the income tax rates for each year are a function of many factors, including: (i) taxable income levels and the effects of a mix of profits (losses) earned by the Company and its subsidiaries in numerous tax jurisdictions with a broad range of income tax rates; (ii) the ability to utilise deferred tax assets; (iii) taxes, refunds, eventual interest or penalties resulting from tax audits; (iv) the magnitude of various credits and deductions as a percentage age of total taxable income; and (v) changes in tax laws or the interpretation of such tax laws. Changes in tax laws may restrict the use of historical tax loss carry forwards or result in partial or full cancellation of such tax loss carry forwards. Changes in the mix of the above items may cause the Group's effective tax rate to fluctuate between periods, which could have adverse effect on the Group's business, financial condition and results of operations.

RISKS RELATING TO THE OFFERING

There is no prior public market for the Company's shares and an active, liquid and orderly trading market for the shares may not develop, the price of the shares may be volatile, and investors could lose a substantial portion of their investment.

Prior to the Offering, there has been no public market for the Company's shares and there can be no assurance that an active and liquid market will develop following the Offering. As the Offer Price has been determined by the board of directors in consultation with the Global Coordinator, it may not necessarily reflect the price at which investors in the market will be willing to buy and sell the Company's shares following the Offering. In addition, the trading price of the Company's shares following the Offering may be volatile and could be subject to fluctuations in response to various factors, some of which are beyond the Company's control.

The stock market in general has experienced price and volume fluctuations in the past. Broad market and industry factors may seriously affect the market price of a company's shares regardless of its actual operating performance. These fluctuations may be even more pronounced in the trading market for the Company's shares shortly following the Offering. There can be no assurance that investors who acquire shares in the Offering or the secondary market will not lose a portion, or all, of their investment.

Nasdaq First North Premier is not a regulated market, may be subject to disruptions and carries a higher degree of risk than an investment in a company listed on a regulated market

Ovzon's shares are planned to be traded on Nasdaq First North Premier. Nasdaq First North Premier is a multilateral trading facility, operated by Nasdaq Stockholm. Companies whose shares are traded on Nasdaq First North Premier are covered by a less extensive regulatory framework than companies which are traded on the main market of Nasdaq Stockholm. Nasdaq First North Premier is not a regulated market and is not obligated to implement rules or procedures that comply with existing EU-directives and requirements regulating regulated markets, including directives and requirements regarding listings, disclosure and offerings.

Shareholders may suffer actual or perceived prejudice to the extent the Group takes advantage of the increased flexibility it is allowed through a listing on Nasdaq First North Premier. It is possible that the market for the shares will be subject to disruptions, and any such disruption may have a negative effect on investors, regardless of the Group's prospects and financial performance. An investment in Ovzon's shares therefore carries a higher degree of risk than an investment in a company listed on a regulated market, for example the main market of Nasdaq Stockholm.

Although the shares are planned to be listed on Nasdaq First North Premier, it is possible that the shares will not remain listed or that future success and liquidity in the market will not be achieved. There is a risk that no liquidity in the shares will arise as a result of admission to trading on Nasdaq First North Premier, failure to be approved for listing or delisting of the shares from Nasdaq First North Premier may have a material effect on an investor's ability to resell the shares in the secondary market.

The commitments by the Cornerstone Investors are subject to certain conditions and the Cornerstone Investors are not subject to any formal lock-up arrangement

The Cornerstone Investors (Bure Equity AB and Investment AB Öresund) have committed to acquire, at the Offer Price, a number of shares in the Offering equivalent to approximately 12 percent and approximately 12 percent, respectively, of the total number of shares in the Company following completion of the Offering, provided that the Over-allotment option is exercised in full. The Cornerstone Investors' undertakings are conditioned on, among other things, that (i) the Offer Price does not exceed SEK 70, (ii) the first date of trading occurring no later than 29 June 2018, (iii) the listing requirements of Nasdaq First North Premier are met and (iv) the Cornerstone Investors obtain allotments according to their commitments. If such conditions are not satisfied, the Cornerstone Investors will not be required to acquire any shares in the Offering. In addition, the Cornerstone Investors' undertakings are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the shares in the Offering for the Cornerstone Investors may not occur in connection with the closing of the Offering as anticipated, which could have a material adverse effect on the completion of the Offering.

In addition, the Cornerstone Investors' shares will not be subject to any formal lock-up arrangement. As a result, it is possible that the Cornerstone Investors may divest part or all of their respective shareholdings at any time. Any sales of substantial amounts of the shares could cause the market price of the shares to decline.

The Company's ability to declare dividends in the future is subject to a variety of factors.

The declaration and payment of future dividends will be determined by the Company's shareholders. The Company's ability to pay dividends in the future depends on numerous factors including, but not limited to, the Company's business, future profit, financial condition, results of operations, distributable reserves, cash flows, need for working capital, prospects, capital requirements, the ability of its subsidiaries to pay dividends to the Company, credit terms, general economic and statutory restrictions, and other factors that the Company's directors deem significant from time to time. There can be no assurance that dividends will be payable or paid in the future.

The Principal Owner will continue to have substantial influence over the Company after the Offering and could delay or prevent a change in corporate control

After the Offering, the Principal Owner will beneficially own in the aggregate 41 percent of the Company's shares, assuming that the Over-allotment Option is not exercised and 37 percent of the Company's shares, assuming that the Over-allotment Option is exercised in full. As a result, the Principal Owner will continue to have significant influence over the outcome of matters submitted to Ovzon's shareholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of the Company's assets. In addition, the Principal Owner will continue to have significant influence over Ovzon's Group management and its affairs. Accordingly, this concentration of ownership could have a material adverse effect on the market price of the Company's shares by, among others:

- delaying, deferring or preventing a change in control;
- impeding a merger, consolidation, takeover or other business combination involving the Company; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company.

In addition, the interests of the Principal Owner could differ from the interests of the Company's shareholders as a whole.

Shareholders in the United States or other countries outside of Sweden may not be able to participate in any potential future rights offers.

Under Swedish law, prior to the issuance of any new shares for cash consideration, a company must offer such shares to current shareholders on the basis of their existing share ownership, unless otherwise resolved at a general meeting of shareholders. Shareholders in the United States, however, may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such rights and shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any such rights and shares and doing so in the future may be impractical and costly. To the extent that Ovzon's shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares, their proportional interests in the Company will be reduced.

Future sales of the Company's shares may depress the price of the shares.

The market price of the Company's shares could decline as a result of sales of a large number of shares in the market after the Offering or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to sell equity securities in the future at a time and at a price that it deems appropriate. Although OverHorizon (Cyprus) PLC are subject to an agreement with the Global Coordinator that restricts its ability to sell or transfer its shares for 12 months after the date of the Placing Agreement, the Global Coordinator may, in its sole discretion and at any time, waive the restrictions on sales or transfer in the agreement during this period. Additionally, following this period, these shares will be eligible for sale or other transfer in the public market, subject to applicable securities laws restrictions.

Future offerings of debt or equity securities by the Company may adversely affect the market price of the shares and may dilute all other shareholdings.

In the future, the Company may attempt to increase its capital resources by offering shares and other share-related securities, debt securities, including commercial paper, senior or subordinated notes and medium-term notes. For example, to fulfil the Company's vision to launch a proprietary satellite additional capital is required. Upon liquidation, holders of any such shares and debt securities, and lenders with respect to other borrowings, would receive a distribution of its available assets prior to the holders of the shares. Moreover, additional equity offerings through e.g. directed offerings without pre-emptive rights for existing holders may dilute the economic and voting rights of the Company's existing shareholders, adversely affect the price of the Company's shares or both. Any such additional offering could reduce the proportionate ownership and voting interests of holders of shares, as well as the earnings per share and the net asset value per share. The holders of the Company's shares bear the risk of any future offerings reducing the market price of the shares, limiting dividend payments in respect of the shares by the Company, and diluting their shareholdings in the Company.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

GENERAL

Unless otherwise indicated, Ovzon's historical financial information presented in this Prospectus as of and for (i) the years ended 31 December 2017 and 2016 has been derived from the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016, (ii) the year ended 31 December 2015 has been derived from the Company's audited aggregated financial statements for the years ended 31 December 2015 and 2016, and for (iii) the three months ended 31 March 2018 and 2017 has been derived from the Company's unaudited interim report for the three months ended 31 March 2018.

The Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016, aggregated financial statements for the years ended 31 December 2015 and 2016 and the unaudited interim report for the three months ended 31 March 2018 have each been prepared in accordance with IFRS, as adopted by the European Union ("**IFRS**"), the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary auditing principles for groups (Sw. "*RFR 1 Kompletterande redovisningsregler för koncerner*") and the requirements of the Prospectus Regulation 809/2004/EC. The consolidated financial statements for the years ended 31 December 2017 and 2016 and the unaudited interim report for the three months ended 31 March 2018 are included in sections "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016*" and "*Historical financial information—Financial information for the three months ended 31 March 2018 and 2017*" , respectively. The audited aggregated financial statements for the years ended 31 December 2015 and 2016 are incorporated in this Prospectus by reference, see section "*Legal considerations and supplementary information—Documents incorporated by reference*".

The audited consolidated financial statements for the years ended 31 December 2017 and 2016 and the unaudited interim report for the three months ended 31 March 2018 has been reviewed by Grant Thornton Sweden AB, independent auditors, as stated in their reports included in the sections "*Historical Financial Information—The auditor's report on financial statements regarding historical financial information*" and "*Historical Financial Information—Financial information for the three months ended 31 March 2018 and 2017—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)*" respectively. The audited aggregated financial statements for the years ended 31 December 2015 and 2016 have been audited by Grant Thornton Sweden AB, independent auditors, as set forth in its audit report which is incorporated into this Prospectus by reference (see section "*Legal considerations and supplementary information—Documents incorporated by reference*"). Except as explicitly indicated, no financial information contained in this Prospectus has been audited or reviewed by independent auditors. Financial information relating to the Company contained in this Prospectus that is not part of the information that has been audited or reviewed by the independent auditors as stated herein has been derived from Ovzon's regularly maintained accounting systems.

RESTRUCTURING AND CHANGE OF PARENT COMPANY

The Group presented in the historical financial information included herein was established through the restructuring of the former group that consisted of OverHorizon (Cyprus) PLC (the principal owner of Ovzon AB (publ)) and the subsidiaries of Ovzon AB (publ) identified as such in Note 18 to the audited consolidated financial statements for the years ended 31 December 2017 and 2016 (the "**Former Group**") described in section "*Legal considerations and supplementary information—Restructuring of the Group—Changes to the legal structure in 2016*". This process was completed through transactions under common control, recorded at book-values in accordance with the principles underlying predecessor accounting, as deemed appropriate under IAS 8 in the absence of applicable IFRS standards. As Ovzon AB (publ) became the parent company of the Group on 31 December 2016, through the restructuring, and was established on 7 October 2016, Ovzon has prepared audited aggregated financial statements for the years ended 2016 and 2015, specifically for the purpose of this Prospectus.

PREPARATION OF THE AUDITED AGGREGATED FINANCIAL STATEMENTS

The audited aggregated financial statements have been prepared on a basis that combines the results and assets and liabilities of each of the entities included in the Group, as well as those that were included in the Former Group, by applying the principles underlying the consolidation procedures of *IFRS 10—Consolidated financial Statements* as at and for the years ended 31 December 2015 and 2016. However, the operations performed by OverHorizon (Cyprus) PLC relating to its ownership of the other entities of the Former Group have not been included in the audited aggregated financial statements, as these will not be pursued by any entity within the Group. Accordingly, the audited aggregated financial statements contain financial information pertaining to a group of entities, that are all ultimately held by OverHorizon (Cyprus) PLC, which does not fulfill all criteria needed to classify as a group under applicable rules.

As the audited aggregated financial statements are the first financial statements of the Group to be prepared in accordance with IFRS and since the restructuring of the Group does not amount to a business combination, as defined in *IFRS 3—Business Combinations*, Ovzon AB (publ) has resolved to use the financial information reported by the subsidiaries of Ovzon AB (publ), identified as such in Note 30 to the audited aggregated financial statements, to OverHorizon (Cyprus) PLC for the preparation of the consolidated financial statements of the Former Group in the preparation of the audited aggregated financial statements. The historical consolidated financial statements of OverHorizon (Cyprus) PLC for the same periods have been prepared in accordance with IFRS and the same accounting and valuation policies applied in the preparation of 2016 annual report of OverHorizon (Cyprus) PLC are applied in the preparation of Ovzon AB (publ)'s consolidated financial statements for 2017 and 2016.

The audited aggregated financial statements are presented in thousands of SEK, unless otherwise indicated, and have been prepared using consistent accounting policies and the cost value principle unless otherwise stated for all reporting periods presented. The following summarises the other accounting policies applied in preparing the audited aggregated financial statements:

- All intra-group balances, transactions, income and expenses and profits and losses have been eliminated. Unrealised losses are eliminated consistently with unrealised earnings, in so far as there are no impairment requirements.
- The translation differences have been reset in the preparation of the audited aggregated financial statements, pursuant to the exemption included in *IFRS 1—First-time Adoption of International Financial Reporting Standards*.

MATTERS EMPHASISED IN THE AUDIT REPORT

In the 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) the following matters are emphasised (see section "*Historical financial information—Financial information for the three months ended 31 March 2018 and 2017—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)*"):

- Without prejudice to our opinion below, we would to like to draw attention to page 10, Note 1 under "Going concern" in the interim report, which states that there is significant doubt regarding the Group's ability to continue as a going concern. Current liabilities are considerably higher than the Group's current assets. These conditions indicate that there is an uncertainty factor that could lead to significant doubt regarding Ovzon AB's ability to continue its operations.

In the auditor´s report on financial statements regarding historical financial information for the years ended 31 December 2017 and 2016 the following matters are emphasised (see section "*Historical financial information—Financial information for the three months ended 31 March 2018 and 2017—The auditor´s report on financial statements regarding historical financial information*"):

- Without prejudice to our opinion above, we draw attention to the section on note 2.1.1 "Going concern" of the financial statements which describes indications that there is some uncertainty about the Group's possibility for going concern. These factors indicate that there is an uncertainty factor that may doubt the ability of the Group and Ovzon AB to continue the business. Our opinion is not qualified in respect of this matter.

In the auditor´s report on financial statements regarding historical financial information for the aggregated financial statements for the years ended 31 December 2015 and 2016 the following matters are emphasised (incorporated by reference, see section "*Legal considerations and supplementary information—Documents incorporated by reference*"):

- Without prejudice to our opinion below, we draw attention to the section on note 2.1 "Going concern" of the aggregated financial statements which describes indications that there is some uncertainty about the Group's possibility for going concern. The current liabilities are significantly higher than the Group's current assets, as well as other circumstances, such as an ongoing dispute, see also description in Note 25. These factors indicate that there is an uncertainty factor that may doubt the ability of the Group and Ovzon AB to continue the business.

NON-IFRS KEY OPERATING METRICS

In this Prospectus, the Group presents certain key operating metrics, including certain key operating metrics and ratios that are not measures of financial performance or financial position under IFRS (alternative performance measures). The non-IFRS metrics presented herein are not recognised measures of financial performance under IFRS, but measures used by Group management to monitor the underlying performance of the Company's business and operations. In particular, non-IFRS metrics should not be viewed as substitutes for income statement or cash flow items computed in accordance with IFRS. The non-IFRS metrics do not necessarily indicate whether cash flow will be sufficient or available to meet the Company's cash requirements and may not be indicative of the Company's historical operating results, nor are such metrics meant to be predictive of the Company's future results.

Group management uses these IFRS and non-IFRS metrics for many purposes in managing and directing the Company and has presented these metrics because it believes that these metrics are important and helpful in understanding the Company's performance from period to period and to facilitate comparison with its peers. Since not all companies compute these or other non-IFRS metrics in the same way, the manner in which the Company has chosen to compute the non-IFRS metrics presented herein may not be compatible with similarly defined terms used by other companies.

The non-IFRS measures included in this Prospectus are defined in section "*Selected historical financial information—Definitions of key performance indicators*".

ADJUSTMENTS

Certain numerical information and other amounts and percentages presented in this Prospectus may not sum due to rounding. In addition, certain figures in this document have been rounded to the nearest whole number. In respect of fi-

nancial data set out in this Prospectus, a dash ("-") signifies that the relevant figure does not exist, while 0.0 signifies that the relevant figure is available but has been rounded to or equals zero.

CURRENCY

In this Prospectus, all references to: (i) "**SEK**" are to the lawful currency of Sweden, and "**MSEK**" indicates millions of SEK; and (ii) "**USD**" are to the lawful currency of the United States.

INDUSTRY AND MARKET DATA

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. Unless otherwise indicated, such information is based on the Company's analysis of multiple sources. Such information has been accurately reproduced, and, as far as the Company is aware and able to ascertain from such information, no facts have been omitted which would render the information provided inaccurate or misleading.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurance as to the accuracy of market data contained in this Prospectus that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

This Prospectus also contains estimates of market data and information derived therefrom that cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by Ovzon based on third-party sources and the Company's internal estimates. In many cases there is no publicly available information on such market data, for example from industry associations, public authorities or other organisations and institutions. The Company believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which Ovzon operates as well as its position within the industry. Although Group management believes that Ovzon's internal market observations are reliable, Ovzon's estimates are not reviewed or verified by any external sources. While Ovzon is not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed herein and in the section "*Risk factors*" in this Prospectus.

INVITATION TO ACQUIRE SHARES IN OVZON AB (PUBL)

The Company and OverHorizon (Cyprus) PLC (the principal owner of the Company) have resolved to diversify the ownership base of the Company in order to further promote Ovzon's growth and the continued development of Ovzon's service offering, for the repayment of certain debt, largely related to the funding of the development of Ovzon's current service offering, and for general corporate purposes. The Company's board of directors has therefore applied for listing of the Company's shares on Nasdaq First North Premier.

Pursuant to the terms and conditions set forth in this Prospectus, investors are hereby invited to acquire a total of 4,642,857 shares, of which the Company is offering 2,699,971 newly issued shares and OverHorizon (Cyprus) PLC is offering 1,942,886 existing shares. The Offer Price has been set at SEK 70 per share by the Company's board of directors and Ovzon's current shareholder, OverHorizon (Cyprus) PLC, in consultation with the Global Coordinator, based on a number of factors, including the estimated investment interest, the discussions that preceded the commitments from the Cornerstone Investors, contacts with certain institutional investors, a comparison to the market price of other comparable listed companies and a cash flow analysis, prevailing markets conditions, as well as estimations of the Company's business opportunities and future profitability. No commission will be charged.

The Company's board of directors intends to, by power of authorisation from the annual general meeting held on 25 April 2018, resolve on the final terms of the new issue of shares, which is expected to provide the Company with approximately SEK 189 million (approximately SEK 238 million provided that the Over-allotment option is exercised in full) before issue costs. The number of newly issued shares in the Offering will amount to 2,699,971, resulting in an increase of the number of shares in the Company from 5,000,000 shares to 7,699,971 shares, corresponding to an increase of approximately 54 percent. Accordingly, a dilution of 2,699,971 new shares will arise, corresponding to approximately 35 percent of the total shares after the Offering.

OverHorizon (Cyprus) PLC is offering 1,942,886 existing shares, which represents approximately 42 percent of the shares in the Offering.

The Company will issue an option to the Global Coordinator, which can be utilised in whole or in part for 30 days from the first date of trading in the shares on Nasdaq First North Premier, to acquire at most 696,428 additional newly issued shares from the Company, equal to 15 percent of the total number of shares in the Offering, at the Offer Price, to cover any over-allotment in connection with the Offering or short positions (the "**Over-allotment Option**").

Bure Equity AB and Investment AB Öresund have, subject to certain conditions, committed to acquire, at the Offer Price, a number of shares in the Offering equivalent to, in aggregate, approximately 24 percent of the outstanding shares in the Company upon completion of the Offering, provided that the Over-allotment option is exercised in full. Bure Equity AB has committed to acquire approximately 12 percent of the outstanding shares in the Company following the Offering and Investment AB Öresund has committed to acquire approximately 12 percent.

Provided that the Over-allotment Option is exercised in full, the Offering encompasses a total of 5,339,285 shares, which represents approximately 64 percent of the shares and votes in the Company, after the completion of the Offering. The total value of the Offering, amounts to approximately SEK 325 million, and approximately SEK 374 million if the Over-allotment Option is exercised in full. The number of shares in the Company after the Offering will amount to 8,396,399, which, based on the Offer Price of SEK 70 per share, results in a total market value of the shares in the Company corresponding to approximately SEK 588 million.

Solna, 8 May 2018

Ovzon AB (publ)
The board of directors

Nicosia, 8 May 2018

OverHorizon (Cyprus) PLC

BACKGROUND AND REASONS AND USE OF PROCEEDS

BACKGROUND AND REASONS

Ovzon is a provider of satellite based broadband services through user friendly, compact and light terminals, targeting end-markets and users in need of high capacity combined with mobility. This includes among other things users dependent on real-time sensor and video upload, either from moving or highly mobile platforms, including small vehicles, small aircraft or UAVs, or transmission directly from on-site staff holding the terminals and transmitting on-the-go.

Ovzon has developed a complete satellite communication service with its compact and light laptop sized terminals at its core. Ovzon's current system is designed to provide a competitive advantage through a unique combination of several characteristics, including high mobility, high uplink and downlink data rates, small terminals and high link availability, whereas Ovzon's propriety satellite design would also entail steerable coverage areas and enable direct communication between terminals (for further information on Ovzon's satellite design, see section "*Business overview–Strategic objectives*").

Ovzon's current service offering is based on leased satellite transponders from five existing communication satellites. To expand the service coverage and total available bandwidth, Ovzon aims to lease further satellite capacity from additional satellites currently under construction and planned to be launched in 2019. The lease and sale process of these satellites is expected to be similar to the current model.

As of the date of this Prospectus, Ovzon has Ku-band frequencies in six orbital slots registered at the ITU (the International Telecommunications Union, as defined elsewhere herein), the UN organ charged with, among other things, assigning radio frequencies and satellite orbits. Ovzon is headquartered in Solna, Sweden, and has another office in Tampa, FL, and Bethesda, MD, United States. As of the date of this Prospectus, the Group has 14 employees, 4 full time- and 5 part-time consultants. For the year ended 31 December 2017 Ovzon had revenues of SEK 201.1 million and an operating profit of SEK 24.0 million, equivalent to an operating margin of 12.0 percent. The result was affected negatively by nonrecurring costs such as costs relating to the Offering and the listing of the Company's shares amounting to approximately SEK 8.5 million and costs to bring into use the orbital slot 59.7°E amounting to approximately SEK 8 million. Adjusted to some nonrecurring costs, primarily relating to the preparations for the Company for listing of shares, the Company's adjusted operating profit/loss (EBIT) amounted to SEK 32.5 million, for the year ended 31 December 2017.

The Offering and the listing on Nasdaq First North Premier will increase the shareholder base and enable the Company to access the Swedish and international capital markets, which is expected to support Ovzon's continued growth and development, strengthen Ovzon's brand and ability to attract both customers and employees. The board of directors and Group management consider the Offering and listing of the shares to be a logical and important next step in Ovzon's development, which will also serve to increase the public awareness of Ovzon and its operations. Furthermore it is the board of director's ambition to, depending on market conditions and other circumstances, list the Company's shares on the main list of Nasdaq Stockholm within twelve months following the listing on Nasdaq First North Premier.

Ovzon estimates that it does not have sufficient working capital to meet its present obligations in the coming twelve months. Assuming that trade payables and other current liabilities are settled continuously throughout the year and that a debt to an investor amounting to SEK 36.0 million is paid on 31 May 2018, the current working capital is estimated to cover Ovzon's needs until 30 November 2018, when additional debts that, as of 31 March 2018 amounted to SEK 65.5 million, fall due. The capital deficit for the coming twelve months amounts to approximately SEK 60 million.

To cover the financing need, the Company has resolved to issue new shares as part of the Offering. The Cornerstone Investors (as defined elsewhere in this Prospectus) have committed to acquire shares amounting to 43 percent of the Offering (approximately 38 percent provided that the Over-allotment option is used in full). Ovzon estimates that the proceeds from the Offering would provide sufficient working capital to secure the financing of its business for at least twelve months.

If the proposed Offering, despite the commitment of the Cornerstone Investors, is not completed Ovzon intends to manage the working capital deficiency by attempting to renegotiate its loans and other liabilities with its creditors. If it is not possible to renegotiate current debt and other obligations, Ovzon may have to restructure or divest part or all of its business. Even if such actions are pursued, the Company might not be able to manage the working capital deficiency. This could potentially constitute a risk to the development and continued operations of the Company and could have a material adverse effect on Ovzon's business, financial condition and results of operations.

USE OF PROCEEDS

The issue of new shares is expected to provide Ovzon with proceeds of approximately SEK 189 million (approximately SEK 238 million provided that the Over-allotment option is exercised in full) before transaction costs, which will be carried by the Company. The transaction costs are connected to the Offering and the part of the transaction costs relating to the Offering that, as of the day of this Prospectus, remains to be paid is expected to amount to approximately SEK 18.3 million. Consequently the Company expects to receive net proceeds of SEK 170.7 million (approximately SEK 219.4 million provided that the Over-allotment option is used in full) from the new issue of shares in the Offering.

Ovzon intends to use the proceeds:

- firstly for paying the costs of the Offering, including remunerations and fees (fixed and variable) that the Company shall pay to the Global Coordinator and other advisers (amounting to approximately SEK 18.3 million);
- secondly for repaying certain debts and other liabilities relating to the financing of the development of Ovzon's current service offering that amounted to approximately SEK 186.2 million as of 31 March 2018 (of which SEK 150.1 million is intended to be repaid in connection to the Offering), distributed as follows:
  - (i) debts to an investor that amounted to SEK 36.0 million as of 31 March 2018 that have fallen due; and
  - (ii) liabilities to closely related parties that amounted to SEK 150.2 million as of 31 March 2018 (of which SEK 114.1 million is intended to be repaid in connection to the Offering); and
- thirdly to further promote Ovzon's growth and the continued development of Ovzon's service offering (remaining amount of approximately SEK 20.6[1)] million after the above mentioned payments have been made in connection to the Offering, approximately SEK 69.3[1)] million provided that the Over-allotment option is exercised in full).

The Company will not receive any proceeds from the sale of existing shares by OverHorizon (Cyprus) PLC.

The board of directors of Ovzon AB (publ) is responsible for the content of this Prospectus. The board of directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Solna, 8 May 2018

Ovzon AB (publ)
The board of directors

The Company's board of directors is alone responsible for the content of this Prospectus. However, OverHorizon (Cyprus) PLC confirms its commitment to the terms and conditions of the Offering in accordance with what is set out in "Invitation to acquire shares in Ovzon AB (publ)".

1) Amounts calculated based on the value of the debts that are intended to be repaid using the proceeds from the offering as of 31 March 2018. Actual amounts may come to deviate from estimated amounts depending on the timing of payment, due to, among other things, the accumulation of interest.

INDUSTRY OVERVIEW

This Prospectus contains statistics, data and other information concerning markets, market sizes, market shares, market positions and other industry information relating to the sectors and regions in which Ovzon operates. Certain information set forth in this section has been derived from external sources. See "Presentation of financial and other information—Industry and market data" for more information. Industry publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company believes that these industry publications, reports and forecasts are reliable, but the Company has not independently verified them and cannot guarantee their accuracy or completeness. As far as the Company is aware and able to ascertain from such information, no facts have been omitted that would render the reproduced information inaccurate or misleading. The market and industry information contains estimates regarding future market trends and other forward looking statements. Forward-looking information does not constitute any warranty regarding future results or trends and the actual outcome may differ significantly from what is stated in such forward-looking information. See "Important information and notice to investors—Cautionary note regarding forward-looking statements" on the inside of the Prospectus and "Risk factors".

Ovzon's competitors may define their respective markets and market positions differently than Ovzon, and may also define operations and measurements of results in a way that makes the information not comparable with that of Ovzon.

INTRODUCTION TO THE SATELLITE COMMUNICATIONS MARKET

Since the launch of the first communications satellite in 1962, the satellite communications market has become an established and sizeable market with annual global revenues amounting to USD 127.7 billion in 2016, according to the Satellite Industry Association, of which a significant part relates to consumer services such as satellite TV, radio and broadband. The market is global, where the four largest satellite operators, Eutelsat, Inmarsat, Intelsat and SES, hold significant market shares.

Customers have historically faced an inherent trade-off in satellite communications, having to choose between mobility or bandwidth. Ovzon's solution is dedicated to address this trade-off by delivering a solution that enables high bandwidth satellite communication through small, light-weight, and consequently mobile, terminals.

Satellite constellation orbits (LEO, MEO and GEO)

A satellite is any object that revolves around a planet in a circular or elliptical path. From Earth, satellites are launched into orbits around the Earth at an altitude of, typically, between 160 to 38,600 kilometers. Satellite transmission requires an unobstructed line of sight between the satellite and a station or terminal on Earth.

Depending on the altitude of the satellite, the visible area of the Earth will differ. There are three primary altitudes where communication satellites are placed:

- Low Earth Orbit ("**LEO**"), up to 2,000 km from Earth;
- Medium Earth Orbit ("**MEO**"), 2,000-36,000 km from Earth; and
- Geostationary Earth Orbit ("**GEO**"), 36,000 km from Earth

The GEO altitude results in an orbital period of 24 hours. The orbit lies in the Earth's equatorial plane and a GEO satellite therefore appears to be fixed in the sky when viewed from Earth. Consequently the satellite's view of the Earth, which corresponds to approximately 1/3 of the Earth's surface area, remains fixed regardless of Earth's rotation. For this reason GEO satellites are used for more than 90 percent of all satellite telecommunication.

The LEO altitude is utterly suitable for Earth observation and related applications, but there are two fundamental challenges with using LEO, and MEO, based satellites for communication services. For a communication service to function well, uninterrupted and reliable coverage is necessary. The orbital period for LEO and MEO satellites is, however, shorter than 24 hours and therefore the coverage area is altered continuously. In order to achieve and uninterrupted coverage of a certain area on Earth and be able to deliver a continuous service from lower orbits, a constellation of satellites is therefore necessary. The satellites will then, necessarily, also cover large areas with limited communication needs – approximately 90 percent of Earth consists of water, frozen tundra, wilderness and/or deserts. The second challenge concerns terminal development. As these satellites are

Primary satellite orbits

Orbit	Orbital period	Typical use cases
LEO	~90 minutes	Earth observation
MEO	2–24 hours	Global positioning systems
GEO	24 hours	Broadcasting and communication

Source: Ovzon.

moving so quickly over the sky, sophisticated antennas capable of following a satellite in its orbit, as well as advanced hand-over mechanisms, capable of maintaining the link while the antenna shifts position between different satellites, as they pass through the ground terminal's line of sight. Several ground antennas are often required to achieve this.

Radio frequencies

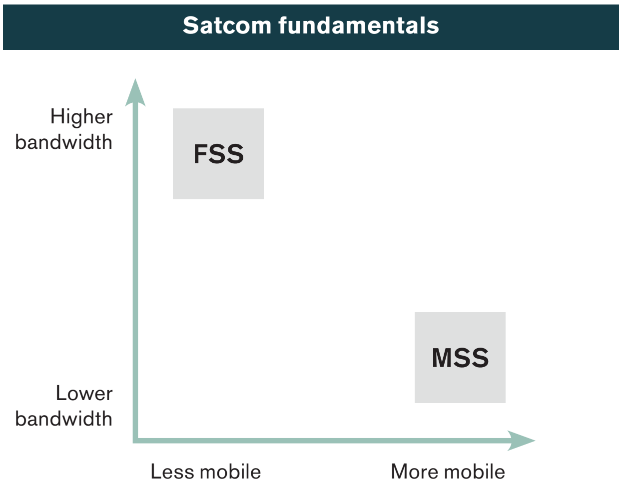
Satellites transmit information to receivers on Earth by way of radio wave signals, which means that high quality communication can be made available to remote areas in the world without requiring large investments in ground-based equipment. The frequency of the radio waves affect several material satellite communication parameters. Generally the following applies:

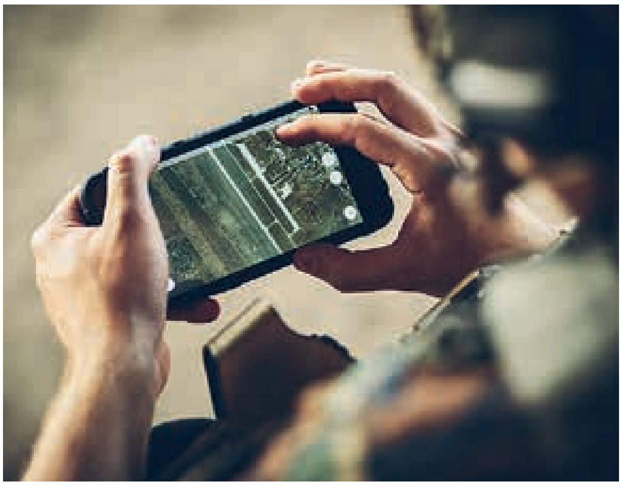
- Frequency bands of higher frequency has a higher available bandwidth, which in theory equals higher data rates and higher total capacity.
- Radio waves of higher frequency are affected and fade more due to atmosphere and weather conditions (e.g. clouds, rain, snow) and thus will negatively impact the availability and quality of a satellite link.
- The size of the terminal's components (waveguides, amplifiers, etc.) is scaled reversely to the frequency, the higher the frequency the smaller the components. Smaller components require higher precision in production, e.g. surface accuracy for parabolic antennas.
- The beam of the antenna is scaled reversely to the frequency. An antenna operating at a higher frequency has a narrower beam than an equally sized antenna used at a lower frequency. A narrower beam makes it harder to "hit" the satellite, which will set higher requirements for the pointing systems of the antenna. The size of the antenna will similarly affect the width of the beam, a larger antenna has a narrower beam than a smaller antenna at the same frequency.

The most common frequency bands used by GEO communication satellites are:

1. **Ku and Ka-band (10–31 GHz):** The bands are typically used for direct-to-home satellite TV broadcasting, VSAT networks, maritime and aeronautical services. Typically, two-way broadband communications at these bands require comparatively large ground antennas with high performance pointing systems to operate effectively and to comply with the regulatory demands applicable to satellite transmitters. The Ku-band is the band used for Ovzon's service offering (for further information on Ovzon's use of the Ku-band, see section "*Business overview—Operations—Ovzon's Ku-band frequency licenses*").
2. **C-band (4–6 GHz):** C-band radio frequencies have generally been used for TV distribution, data and voice communications, especially in areas of heavy precipitation. The Ku and Ka-bands in comparison require even larger stabilized antennas to transmit and receive signals effectively.
3. **L-band (1.5–1.6 GHz):** The L-band is typically used for satellite phones as physics permits the use of antennas small enough to fit in handsets. Additionally, fewer satellites use the band, why the ground antennae can be smaller without causing interference on adjacent satellites. A large part of the band has been allocated by ITU for mobile satellite services ("**MSS**") (see more below). The relatively narrow spectrum – a total of 2x34 MHz in the range of 1,525–1,559 MHz (downlink) and 1626.5–1660.5 MHz (uplink) – implicates large data rate constraints. MSS operators are unlikely to be allocated additional spectrum, as these same frequencies are in high demand for terrestrial mobile applications – the UMTS/3G bands for example are adjacent to the L-band.

In addition to the frequency bands described above, X-band is a frequency band located between C and Ku-band that is mainly used for defense applications. However, costs for ground terminals and components are high and these terminals are structurally larger when compared with ground terminals which employ Ku-band. S-band is a frequency band located between the L- and C-bands, which suffers from similar limitations to L-band systems and competes for spectrum with one-way satellite radio broadcasters such as Sirius XM Satellite Radio.





FSS and MSS segments

The satellite communication market encompasses two major segments, which use different parts of the radio spectrum:

- **Fixed Satellite Services ("FSS"):** Satellite service between fixed earth stations and one or more satellites dominating the higher frequency bands C, Ku and Ka. Higher frequencies generally permit services with smaller user antennas, but are more susceptible to atmospheric disturbances and rain fade. Broadband communications at Ku-band typically require fairly large ground terminals with accurate pointing systems to operate effectively and meet regulatory requirements.

  Typical use cases include: broadcast, VSAT/business networks, internet backbone, mobile networks.
- **Mobile Satellite Services ("MSS"):** Satellite service between mobile earth stations using one or more satellites in geostationary and lower-altitude orbits (e.g. LEO and MEO). Typically MSS means services operating at lower frequencies (see "L-band" above under section "*—Radio frequencies*") enabling smaller and lighter antennaes and terminals, however low in data rate. Because far less spectrum is available due to the lower frequency band, operators tend to reserve them strictly to markets which require mobility.

  Typical use cases include: aero services (e.g. in-flight calling), maritime services (e.g. crew calling), handheld services (e.g. satellite phones)

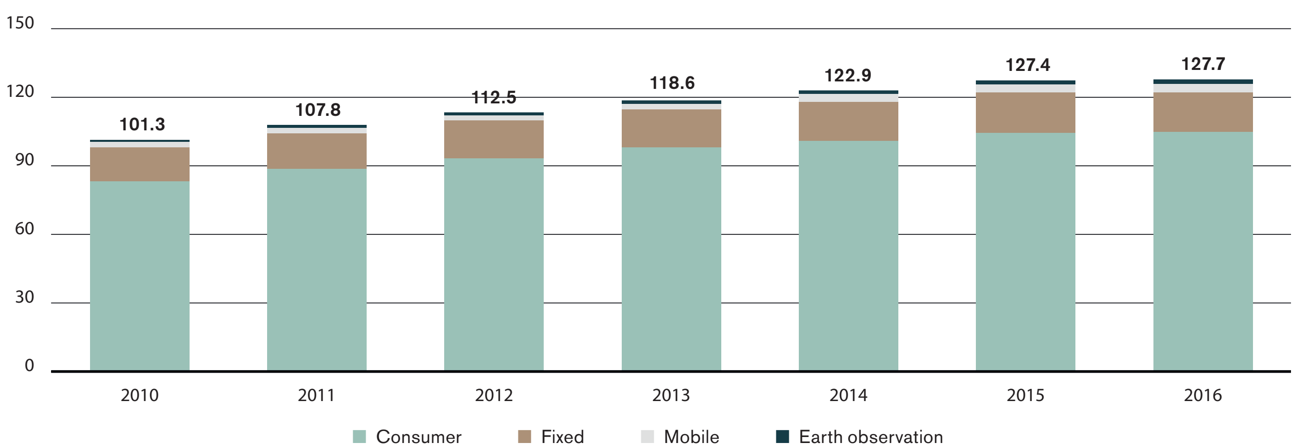
MARKET SIZE AND DRIVERS

Market size

The global satellite services market, as defined by the Satellite Industry Association ("**SIA**"), consists of revenue from the transmission of satellite television, radio and broadband. According to data from SIA, the market amounted to USD 127.7 billion in 2016 and grew by an annual average rate of 4 percent between 2010 and 2016.

The Consumer portion of the market represents the majority of the market, amounting to USD 104.7 billion, or 82 percent of the market, in 2016. It primarily consists of revenue from the transmission of direct-to-home satellite television, for which mobile antennas and terminals are not necessary, and is therefore deemed to not form a part of Ovzon's addressable market.

GLOBAL SATELLITE SERVICE REVENUE, USD BN



Source: SIA: State of the Satellite Industry Report (2016)

The Fixed portion amounted to USD 17.4 billion, or 14 percent of the total revenues of the market, in 2016 and consists of transponder agreements and revenues from managed services. Ovzon believes that a portion of this market will be addressable as it believes there will be a number of customers who will be attracted by receiving similar high bandwidth communication but with the addition of higher mobility.

The mobile segment of the market amounted to USD 3.6 billion, or 3 percent of the total market, in 2016 and includes revenue from the transmission of mobile data and voice services. The mobile data segment is believed to be entirely addressable by Ovzon as customers will be attracted by the potential of higher data rate communication. This market is expected to grow as a large portion of the market is currently not served or severely underserved, due to insufficient bandwidth, low mobility and high costs.

Earth observation amounted to USD 2.0 billion, or 1 percent of the total market, in 2016 and includes revenue from, e.g. scanning of the Earth by satellite for the purpose of data collection. Ovzon believes that this sub-segment is of limited relevance with its current offering.

In addition to the potential set out above, Ovzon believes that there are a number of market opportunities that are not included in the market size above. As Ovzon brings its own service to the market, offering both high mobility and high bandwidth satellite communication services to customers who have historically had to pick either one, new opportunities are expected to materialize.

Key market drivers

The Company believes that an overarching market driver for satellite communication is the development of applications made possible by high bandwidth communication combined with high mobility.

Global internet traffic is estimated to triple with an average annual growth rate over 20 percent in 2013 to 2018.[1)] That growth will be driven by the need for more capacity and speed, the development of more data-rich solutions, new apps and a growing need for new security solutions, all requiring additional bandwidth. Additionally, as broadband connectivity becomes an integral part of peoples' everyday life, ubiquitous and reliable connectivity will be demanded even in the most remote areas. The increase in the use of satellite communications, on-the-move ("**COTM**") including the use of unmanned aerial vehicles ("**UAV's**"), ships and land vehicles is part of the flexibility needed in a diversity of scenarios. For example, the US Government places a high priority on COTM and plans to spend at least another USD 4 billion on satellite communications equipment upgrades and procurements over the coming years (Euroconsult, 2017). NATO has also declared that it needs huge amounts of bandwidth during the coming years to secure its mission in border control by UAV's[2)].

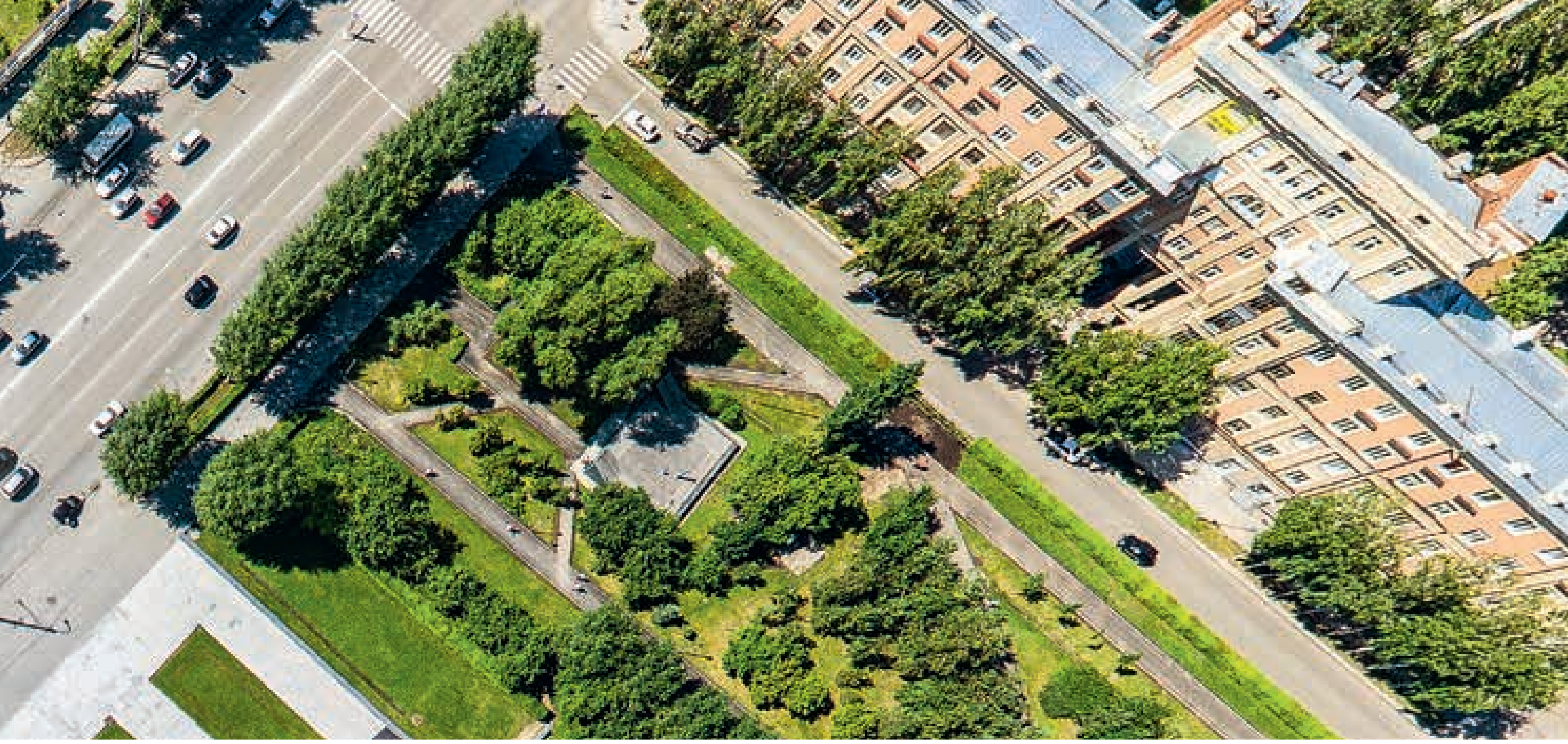
VALUE CHAIN

The satellite communications value chain, that enables the delivery of space-based satellite communication services to end-users, is composed of five primary distinct segments, with a complex web of relationships and interlinkages, including sales channels, vertical integration, capacity leases, procurement vehicles, and more. The value chain begins with upstream manufacturers and operators and flows to downstream end-users such as governments (civil/defense) and commercial entities.

Satellite manufacturers

Satellite manufacturers develop, design and manufacture satellites according to specifications agreed upon with

1) *Source: Cisco Visual Networking Index: Forecast and Methodology, 2016–2021*
2) See: "NATO Invests in More Bandwidth for New Data-Hungry Drones". 27 mars 2017. Wall Street Journal (https://www.wsj.com/articles/nato-invests-in-more-bandwidth-for-new-data-hungry-drones-1490601588)



end-customers (Satellite service providers and/or Service providers). Satellite manufacturers include both private commercial entities, such as Boeing and Orbital ATK, as well as industrial state-owned (or otherwise linked) branches of space agencies, including Russia's ISS Reshetnev and China's China Great Wall Industry Corporation ("**CGWIC**"). Examples of key companies that build large commercial GEO satellites are Airbus, Boeing, SSL and Thales.

Launchers

Launchers provide the infrastructure and services necessary to launch a satellite into orbit. Launchers have become an established industry and satellite launches can be procured from a number of different private and government owned companies, including Arianespace, ULA, ILS and SpaceX.

Equipment manufacturers

Equipment manufacturers, such as Cobham, Harris, Raytheon and L-3, often integrated within satellite manufacturers and service providers and/or integrators, generate revenue by selling equipment, such as fixed, transportable and mobile ground systems, directly to end-users or bundling equipment in service offerings via service providers.

Service providers

In the FSS segment there are more than 50 satellite operators that together operate a total of 300 satellites and via these provide approximately 650 Gbps in ordinary capacity and approximately 850 Gbps in HTS capacity, according to Euroconsult. Furthermore the sector is consolidated and the four largest providers that provide global or by and large global coverage, Intelsat, SES, Eutelsat and Telesat, jointly receive approximately 2/3 of the revenue, according to Euroconsult.

Service providers capture a wide range of different actors providing the market with different services necessary for satellite communication. The services include satellite capacity, communication links, enterprise networks, uplinks for television broadcasters, resale, distribution and facility-sharing agreements, etc. and can be offered either independently, e.g. only communication links, or integrated into end-to-end solutions adapted to address different end-user requirements. Firms in this segment include satellite operators such as Iridium and Inmarsat, as well as Ovzon.

End-users

End users encompass virtually the entire telecommunication and television industries, which rely on satellites to transport telecom traffic in the more remote parts of their networks, or their video content between studios or to cable networks. It is noteworthy that certain companies, in particular telecom

Satellite value chain and example companies

Satellite manufacturers	Launchers	Equipment manufacturers	Service providers	End-users
• Boeing • Orbital ATK • Thales • SSL	• Arianespace • ULA • ILS • SpaceX	• ViaSat • Cobham • Hughes • Harris Caprock	• **Ovzon** • Inmarsat • Intelsat	• Government/Defence • Media • NGO

Source: Ovzon.

operators, can act as both end-users and service providers and/or operators.

Beyond this, the user community extends to thousands of enterprises, from the U.S. Department of Defense to retail outlets, the oil and gas industry and to tens of millions of consumers with subscriptions to receive television or access the Internet via satellite.

OVZON'S CUSTOMER GROUPS

As described above, there is a wide base of potential end-customers of satellite communication services. Ovzon will, however, primarily focus on developing and marketing its services to Government/Defense, Media and non-governmental organisations ("**NGOs**") customers as these are deemed to have the highest demand for high bandwidth, high mobility communication solutions.

Government/Defense

The government market was relatively peripheral compared to commercial satellite communication market until the beginning of the 21st century. Different events like the start of the war in Afghanistan led to an unprecedented number of commercial leases, as capacity needs greatly surpassed the available supply of proprietary military satellite systems. Today more than 20 commercial satellites supply satellite capacity from the four large operators (Intelsat, SES, Eutelsat and Inmarsat) to different Governments and their organisations, where the American Department of Defense is a major buyer, according to Euroconsult. Price ranges on contracts with the American Department of Defence are driven by several factors, including e.g. size of contract, contract period, type of service and availability, and have during the last years decreased to, by rule, under USD 4,000 per MHz and month because of overcapacity, according to analysis made by Euroconsult, based upon public information from The Defense Information Systems Agency. While the bulk of the capacity is leased for surveillance activities to support the use of unmanned aerial vehicles ("**UAV's**"), usage areas also include connectivity of military camps for troop welfare, maritime broadband connectivity and connectivity for in-theater operations, including an increasing share of mobile broadband applications.

*Examples of possible customers: U.S. Department of Defense ("**U.S. DoD**"), NATO, U.K. Ministry of Defense, France, Germany, Swedish Armed Forces*

Media (Satellite news gathering, "SNG")

Media organizations collectively represent one of the largest groups of users of remote satellite communication, using both FSS and MSS to transmit live broadcast-quality voice, live video/videophone and store-and-forward video footage and still images from remote locations. Broadcasters use satellite communication primarily for distribution of content from the field as well as live programs such as news and sports. A number of independent companies also specialize in satellite news gathering and work as sub-contractors to various broadcasters. Live coverage of news and sports are an important competitive factor between broadcasters and some companies base a large part of their competitiveness on live coverage such as CNN and the BBC.

Examples of possible customers: Associated Press, BBC, CNN, Sky News.

NGOs

Communications are critical for relief agencies in emergency/disaster situations – assisting with logistics, rescue and first responder resources. Deploying communications is typically among the first priorities in any emergency response, rescue, or relief situation.

Examples of possible customers: Medicines Sans Frontiers, Red Cross, United Nations.

COMPETITION

The overall satellite communications market is characterized by a high degree of competition with a limited number of larger satellite operators, each holding significant market shares. Ovzon has designed its system to provide a competitive advantage by balancing several characteristics including: mobility, terminal size, high uplink and downlink data rates, cost and link availability to the requirements of its targeted customer segment needs. Ovzon believes that there is limited competition in its niche of delivering high bandwidth satellite communication services between mobile terminals.

Ovzon's management believes that the closest matched offering is the Inmarsat BGAN mobile satellite service due to its similar sized terminals. Comparing bandwidth capabilities, Ovzon has shown data rates up to 80 times higher than Inmarsat's typical real time streaming speed of 0.256 Mbps. Ovzon has shown 20 Mbps transmit and 60 Mbps receive speed from a similar sized terminal. Inmarsat BGAN's mobile satellite service is sold at approximately $15/min 0.256 Mbps.[1] Iridium's satellite service also enable similar mobility to Ovzon and Inmarsat, but like Inmarsat with limited speed.

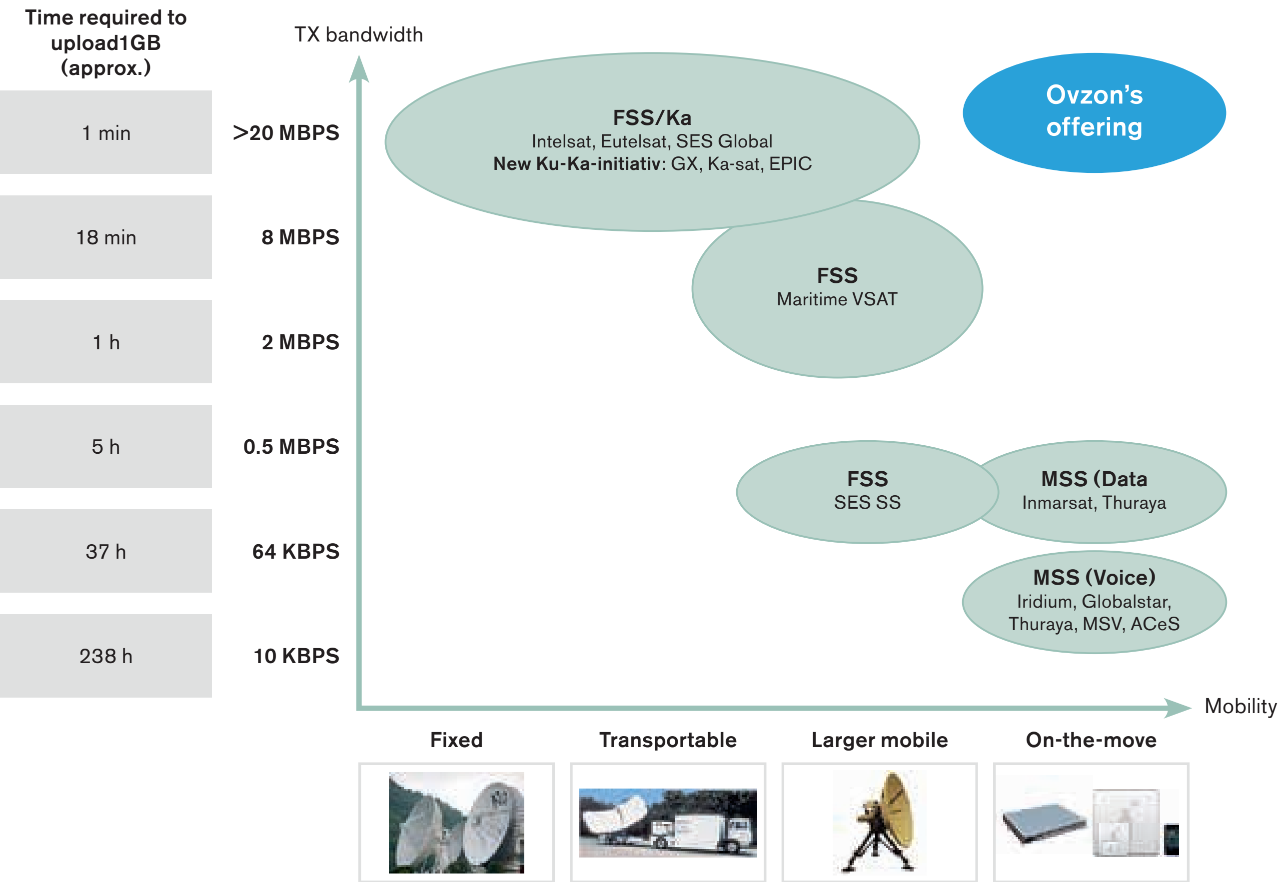
GX Flyaway Terminal

- Weight: 36 kg
- Measurement is 820×730×400 mm in one flight case configuration and with two IATA compliant flight cases; 20 kg & 23 kg (750×450×380 mm)

Source: Inmarsat GlobalXpress, Skyware Technologies

1) *Source: http://www.groundcontrol.com/BGAN_Streaming_Services.htm*

Ovzon's competitive position



Source: Ovzon.

FSS offerings in general, including new offerings based on high-throughput satellites ("**HTS**"), such as Intelsat's EPIC and Inmarsat's GlobalXpress services, launched in 2016 and 2015, respectively, have been designed to offer large total accumulated bandwidth in the satellite as possible equally distributed over a large geographical area. However, as is typical with these types of offerings, the main competitive characteristic is price, which is provided at a lower cost compared with Ovzon. From a mobility perspective, however, the large amount of bandwidth over a large geographical area has been traded against ground terminal sizes, i.e. terminals are larger, and consequently less mobile. See for example below an example of a GX Flyaway Terminal with 65 cm antenna. The same goes for the services offered by Eutelsats KA SAT satellite, YahSat and SES, i.e. they offer a service to a significantly lower price and at relatively speaking higher speeds, but with limited mobility.

Competition from new services

The satellite industry is a transparent business with long lead times for the design, manufacturing and launch. New endeavours must apply to the International Telecommunication Union ("**ITU**") for what frequencies are planned to be used, which areas will be covered, the satellite's power levels, all of which become public information. Ovzon's management believes that the trend of HTS will continue somewhat longer with projects planned a long time ago now ready to be launched. After EpicNG and GlobalXpress, the Viasat 3, which will be one of the largest HTS, will be launched in a couple of years. These satellites will have even more total bandwidth compared with their predecessors, but as with them, they have traded bandwidth against terminal size/mobility.

Over the last years, a renewed interest has been seen for building LEO constellations for communication, such as Oneweb. The last time interest was high for similar projects, in the late 1990's, many LEO projects were developed, such as Teledesic and Skybridge. However both of these were cancelled and the ones that became realized, including ICO, Iridium and GlobalStar, all went bankrupt with the latter two re-emerging from Chapter 11 with new owners. Based on available information, even if the Oneweb constellation were realised to the extent publicly announced Ovzon does not believe Oneweb to be a credible threat but rather a potential complementary service provider.

BUSINESS OVERVIEW

INTRODUCTION

Ovzon is a provider of satellite based broadband services through user friendly, compact and light terminals, targeting end-markets and users in need of high capacity and mobility. This includes among other things users dependent on real-time sensor and video upload, either from moving or highly mobile platforms, including small vehicles, small aircraft or UAVs, or transmission directly from on-site staff holding the terminals and transmitting on-the-go.

Ovzon's current system is designed to provide a competitive advantage through a unique combination of several characteristics, including high mobility, high uplink and downlink data rates, small terminals and high link availability, whereas Ovzon's propriety satellite design would also entail steerable coverage areas and enable direct communication between terminals (for further information on Ovzon's satellite design, see section "*–Strategic objectives*").

The first phase of the Group's service offering was launched in 2014 and was estimated by Ovzon to provide end-customers with real time data speeds up to 80 times higher than those delivered by competitors' services, using similarly sized terminals offered at significantly lower prices. The service offering was well-received and the turnover of the Company has increased from SEK 53.3 million in the year ended 31 December 2014 to SEK 202.5 million in the year ended 31 December 2017, corresponding to a compound annual growth of 57 percent.

Ovzon offers its current services end-to-end via a wholesale distribution model primarily for a small number of satellite service providers and/or satellite operators, which are in turn responsible for reselling the service to the end-customers. Network management services for the customer networks are provided by Ovzon and teleport services (mainly large HUB-antennas and radio frequency equipment, excluding Ovzon's own HUB and modem equipment) are leased from third party subcontractors. Currently, Ovzon manufactures its own terminals using subcontractors mostly located close to the Company's office in Solna, Sweden. Ovzon's current service offering is based on leased satellite transponders from five existing communication satellites. To expand the service coverage and total available bandwidth, Ovzon aims to lease further satellite capacity from additional satellites currently under construction and planned to be launched in 2019. The lease and sale process of these satellites are expected to be similar to the current model. For the next phase the Company intends to launch proprietary satellites based on satellite design by Ovzon.

As of the date of this Prospectus, Ovzon has Ku-band frequencies in six orbital slots registered at the ITU (the International Telecommunications Union, as defined elsewhere herein), the UN organ charged with, among other things, assigning radio frequencies and satellite orbits. Ovzon is headquartered in Solna, Sweden, and has another office in Tampa, FL, and Bethesda, MD, United States. As of the date of this Prospectus, the Group has 14 employees, 4 full time- and 5 part-time consultants. For the year ended 31 December 2017 Ovzon had revenues of SEK 201.1 million and an operating profit of SEK 24.0 million, equivalent to an operating margin of 12.0 percent. The result was affected negatively by nonrecurring costs such as costs relating to the Offering and the listing of the Company's shares amounting to approximately SEK 8.5 million and costs to bring into use the orbital slot 59.7°E amounting to approximately SEK 8 million. Adjusted to some nonrecurring costs, primarily relating to the preparations for the Company for listing of shares, the Company's adjusted operating profit/loss (EBIT) amounted to SEK 32.5 million, for the year ended 31 December 2017.

HISTORY

A large part of Ovzon's management team first met during their time at Swe-Dish Satellite Systems AB ("**Swe-Dish**"), founded by Ovzon's CEO Per Wahlberg together with a colleague from Svenska rymdaktiebolaget ("**Swedish Space Corporation**") in 1994. Swe-Dish developed and introduced to the world market what were at the time the smallest, most mobile, broadband satellite terminals. The products were based on a simple concept for a digital mobile satellite uplink that Mr. Wahlberg had devised during his time at Swedish Space Corporation, working with Sweden's first geostationary satellite, the high powered Tele-X. Swe-Dish became a world leading provider of mobile satellite terminals for the broadcast, defence and telecom markets, with customers around the world. Swe-Dish was later sold to the Rockwell Collins group, which it belonged to up until recently.

Dr. Kennet Lejnell, the CTO of Ovzon, was also the CTO and CSO of Swe-Dish. During his time at Swe-Dish he managed, among other things, the development of the IPT Suitcase, the world's first fully integrated broadband satellite communications terminal, confined in an airline carry-on format. He was also involved in the development of one of the first true broadband on-the-move terminals, designed to be installed on relatively small moving platforms, such as vehicles, ships and similar. Ovzon's U.S. management, consisting of Jim Gerow and Pål Ekberg, also headed the Swe-Dish U.S. operations/subsidiaries and was instrumental for the expansion into the U.S. DoD market. Ovzon's current U.S. customer base consists of entities that the management has successfully worked with for a long period of time. This is also valid for other potential customers around the world.

Lennart Hällkvist and Thomas Buhre, Ovzon's COO and chairman of the board of directors and CFO, respectively, have experience from working in the telecom service sector. After an international career at Ericsson, Lennart Hällkvist, became the CEO of Nordic Satellite AB ("**NSAB**"), later SES Sirius AB, which was one of the largest satellite operators in the Nordic countries. When Lennart Hällkvist left, NSAB had 3 operational satellites and was engaged in activities in the Nordic countries, Eastern Europe and Ukraine. Thomas Buhre was previously the CFO of Teracom AB, the Swedish national broadcast distributor that was a co-owner of NSAB, working closely with the board members of NSAB. As such, he was also involved in the financing of several new GEO satellites. Ovzon's CLO, Rolf Olofsson, has a long unprecedented track record as legal adviser in international space projects. He was the legal counsel of Swedish Space Corporation and NSAB for decades. He was also the legal advisor for Swe-Dish, and has been involved in domestic and international space related activities.

The prime focus of Ovzon, which can be seen as an evolution or a next step of the work performed by Per Wahlberg and Kennet Lejnell in Swe-Dish, was to design a satellite service that simultaneously meets a combination of what Ovzon's management believes to be the core requirements of most customer segments: high mobility, easy-to-use terminals, high uplink and downlink data rates, lox costs and high link availability. Consequently, in the development of Ovzon's service offering, all technical, regulatory and operational decisions, including choice of frequency band, polarisation, modulation, orbital positions etc., have been made to meet these core requirements. Furthermore, it was acknowledged that the terminal is the user's "window" as well as the interface to the service, and that it is irrelevant from a user perspective which transmission method is used, i.e. whether it is Wi-Fi, 3/4/5G, satellite etc., as long as the transmission method used meets the user's requirements.

During the development period, different phases have had their unique challenges. One of Ovzon's first activities, and its initial challenge, was to obtain frequency licenses and orbital slots. As of the day of this Prospectus, after approximately 10 years, Ovzon has 6 orbital slots and frequency licenses, enabling a global deployment of the service. Ovzon's first orbital slot, 59.7°E, was partly brought into use in March 2017[1], see section "*–Regulation and compliance–The ITU coordination process for radio frequencies and orbital positions and associated regulations*" for a description of the process of bringing an orbital slot into use. Other historical challenges have been technical, including the design of Ovzon's own satellites that are intended to be manufactured and launched as a next step of the business endeavours. Today Ovzon has a strong patent portfolio, formed to cover the entire communication chain, from earth to satellite. Once the patented technology can be integrated in a satellite, the performance of the service is expected to increase by many times as well as to enable new types of services.

Following the lengthy preparations described, in 2014 Ovzon started the first phase of its satellite service, using leased communication satellites and its newly developed laptop sized terminal. The service was well-received and the turnover of the Company has increased from SEK 53.3 million in the year ended 31 December 2014 to SEK 202.5 million in the year ended 31 December 2017, corresponding to a compound annual growth of 57 percent. The service is sold as a complete managed end-to-end solution or package and includes the terminals, satellite capacity and HUB-services, network management and support around the clock. For further information on Ovzon's current service offering, see section "*–Operations*".

STRENGTHS AND COMPETITIVE ADVANTAGES

The Company believes that it benefits from the following key strengths and competitive advantages:

- large and growing market for satellite communication services;
- increasing demand for mobility, including on-the-go terminals with high data throughput;
- strong and attractive value proposition based on the combination of high bandwidth and mobility;
- proven technology and business model;
- high barriers to entry underpinned by patents, frequency licences and orbital positions; and
- management team with deep experience from the satellite communications market.

Large and growing market for satellite communication services

Ovzon operates in the global satellite market, which in 2016 had revenues of USD 127.7 billion. From 2010 through 2016, the global satellite market grew at a compound annual growth rate ("**CAGR**") of 4 percent. The market consist of the segments Earth observation (remote sensing), Mobile Satellite Services ("**MSS**", mobile data and voice transmission, as defined elsewhere herein), Fixed Satellite Services ("**FSS**", transponder agreements and managed network and services, as defined elsewhere herein) and Consumer (satellite TV, radio and broadband). The MSS segment is the fastest growing segment within the global satellite market and has grown from USD 2.3 billion in 2010 to USD 3.6 billion in 2015, corresponding to a CAGR of 7.8 percent. The growth has primarily been driven by higher data consumption and demand for mobility.[2]

Increasing demand for mobility

Ovzon's addressable market is the MSS segment and partly the FSS segment. Ovzon believes that customers in the MSS segment will be attracted by the potential of higher bandwidth communication at a lower cost. Ovzon's addressable market benefits from solid and favourable market drivers. Global Internet traffic increased from 51 petabytes per month in 2013 to 96 petabytes per month in 2016, corresponding to a CAGR of 23 percent. Global Internet traffic is expected to increase to a level of 278 petabytes per month in 2021, corresponding to a CAGR of 24 percen.[3] The demand for broadband capacity and services is expected to increase due to more data-rich solutions and applications, security and speed. While the fixed and mobile network deployment continues on a global level, Ovzon believes there is a need for ubiquitous, reliable connectivity to provide broadband mobility to devices on-the-move, in remote areas or as backup to fixed or mobile networks. This could, for example, improve remote healthcare, emergency relief, early warning systems, wildlife preservation and news coverage. Ovzon believes it is well-positioned to benefit from the growth in mobile broadband traffic, driven by increasing bandwidth demand and an increasing number of communication needs.

1) Ovzon has three satellite filings in Appendix 30B in the orbital slot 59.7°E. The lower half of the Ku-band of the first filing was taken into use in March 2017. The down-link of the upper half, of the Ku-band of the second filing was taken into use in March 2018. The documentation filed by Ovzon in connection to this has not yet been be published by the ITU.
2) *Source: SIA: State of the Satellite Industry Report (2016).*
3) *Source: Cisco Visual Networking Index: Forecast and Methodology, 2016–2021-*

In addition to Ovzon's current addressable market, Ovzon believes there are new market opportunities, since a large portion of the market currently is not served or is underserved by being offered insufficient bandwidth, a lack of mobility and high costs. Ovzon, with its on-the-move terminals and high bandwidth capacity at a competitive price, sees a large potential for its services in new markets, such as the UAV/UAS market, where there is a variety of smaller UAV's that might have the endurance and the range but are limited by their terrestrial communication link. With the Ovzon service, smaller UAV's can therefore be equipped with so called Beyond Line Of Sight ("**BLOS**") capability and can transfer high data throughput from their bandwidth demanding sensor arsenal.

Attractive value proposition based on the combination of high bandwidth and mobility

Ovzon has designed its system specifically to provide a service that combines broadband and mobility, where highly portable, compact and lightweight user terminals provide the same data throughput capability as large fixed satellite terminals. Ovzon uses frequencies in the Ku-band, which allows high link availability, i.e. the required bandwidth can be provided when and where needed with limited impact from, among other things, weather conditions. Ovzon has extensive experience and knowledge in developing small terminals and currently has, what Ovzon believes to be, the world's smallest truly broadband terminal (20/60 Mbps has been achieved in transmit/receive datarate).

Ovzon believes it has a unique and strong value proposition, which is enabled by the combination of the benefits of the mobility of mobile satellite service offerings with the large broadband capacity of fixed satellite systems at a lower price than competition. Based on its knowledge of the market and the fact that the main customer is the world's largest satellite operator, with end users representing the most technically demanding defence customers in the world, free to procure any system available on the world market, the management means that there is currently no competing system in the market that offers a comparable combination of the characteristics previously presented. This includes high mobility, meaning a portable terminal of a particular size, and broadband capacity, high data rates and link availability as illustrated above. Ovzon believes that Ovzon's satellite offering has clear benefits to many potential customer groups and expects strong demand, primarily in geographies with poor ground infrastructure.

Proven technology and business model

In 2014, Ovzon began offering its satellite communication services by leasing capacity from two in-orbit satellites and combining existing satellite technology in new ways. The service has validated the technology and the performance of the terminals, as well as the attractiveness to the market and the service pricing levels. The demand for this service has been strong, which is reflected in Ovzon's financial track record. From 2014 to 2017, Ovzon's revenue has grown from SEK 53.3 million to SEK 202.5 million, a CAGR of 57 percent. The Company's adjusted EBITDA margin amounted to 18.8 percent in 2017. The strong demand for Ovzon's service is further shown through its extensive deliveries of its T5 terminals and by Ovzon continuing to work with customers to develop next generation terminals.

As of the date of this Prospectus, Ovzon offers its service by leasing capacity from five satellites. There are also other satellites available, covering other areas than those covered by the satellites leased by Ovzon, for example far Asia. In addition, new satellites will be launched in the coming years, expanding the available capacity and coverage areas.

High barriers to entry underpinned by patents, frequency licenses and orbital positions

Ovzon's value proposition is protected by a number of barriers to entry:

- *Strong patent portfolio:* Ovzon's patent portfolio covers issues relating to the setting up and successful initiation of a satellite service using Ku-band frequencies to provide broadband connectivity to mobile terminals. A significant part of the patent portfolio is devoted to methods for detecting and handling interference, a major obstacle in providing communication services in Ku-band.
- *Ku-band frequencies:* Ovzon has chosen to offer its services through the Ku-band, differentiating itself from MSS-operators which typically use L-band frequencies, and consequently suffer from the inherent bandwidth constraints. By, among other things, including a regenerative satellite payload and highly focused antennaes as part of its satellite design, Ovzon will enable the use of even smaller terminals when the service is offered from the Company's proprietary satellite. Ovzon's strategic positioning in the Ku-band allows for a unique combination of high data throughput, operational reliability, availability and terminal mobility.
- *Orbital positions ensuring global coverage:* Ovzon has registered six orbital positions with the ITU, one through Cyprus and the other five through the Swedish Post and Telecom Authority (Sw. *Post- och telestyrelsen*, "**PTS**"). The planning and maintenance of the orbital positions requires coordination with other satellite systems to avoid interference. This is of less importance in current operations, where Ovzon is leasing capacity from other satellite operators. However, it will be of great importance during the next step of the operations, when Ovzon is planning to launch its own satellites.
- *Ovzon develop and deliver small terminals capable of communicating by high data rate:* Ovzon offers an end-to-end satellite service with ground terminals as part of the offering, including man-packs and on-the-move systems. The propriety T5 terminal, a laptop sized man-pack terminal, has been delivered since the start of the service in 2014.

Management team with deep experience from the satellite communications market

Ovzon's executive management team has extensive and successful experience of developing and growing satellite businesses on the world market and almost all employees have experience from the satellite communications industry. For example the co-founders of the Company, Per Wahlberg and Kennet Lejnell, co-founded Swe-Dish in 1994, a company that was later sold to the American company Rockwell Collins. The Ovzon management also has long standing relationships with broadcast and governments customer segments and a history and a successful proven track record of technological development and innovation.

Ovzon's management team is divided into two teams, one based in Sweden and one based in the U.S., with complementing experience in driving new business models, innovation and disruptive technologies, as well as with technical, business and legal expertise. In Sweden the main part of the research and development is made while the U.S is responsible for the government sales, today representing the bulk of the Group's revenues. Ovzon's management team has over 150 years of combined experience within the satellite communication industry and is well positioned for steering the Group in the future.

STRATEGIC OBJECTIVES

Expansion of current service and introduction of new terminals

The first phase of the Ovzon service became operational in 2014. The immediate goal in order to grow the Company's operations is to expand the current service offering to include additional bandwidth, for example by leasing from the satellite IS39 that Intelsat plans to bring into use in 2019. The satellite operators Eutelsat and Hellas-Sat are planning to take satellites with attractive geographical cover areas and the appropriate technical requirements to deliver Ovzon's service during 2019. Ovzon estimates that there, in total, will be more than 1,000 MHz capacity available to lease by the end of 2019. Today, Ovzon has a total of approximately 487 MHz bandwidth. The Company is also developing new terminals that will be smaller in size and/or more capable.

Launch of Ovzon-3

Since its establishment, the strategic goal of the company is to launch its own satellites, of which the first is referred to by the Company as Ovzon-3. The development of the satellite has been underway for a long time. The Company assesses that Ovzon-3 would entail, among other things, significantly increased service performance, new types of services, the ability to use even smaller terminals, increased coverage areas and more available bandwidth, which combined lead the Company to believe that they will be able to ask a higher price for a satellite communications service based on having their own satellite. The final specifications have not yet been decided as the Company currently is evaluating two different alternatives: a smaller satellite with 18-24 transponders (36 MHz equivalent transponders) and a total possible capacity of circa 800 MHz, or a larger satellite with 48 transponders (36 MHz equivalent transponders) and a total capacity of circa 1 728 MHz. The satellite is expected to have, depending upon which alternative is chosen, 6-8 beamers, where the plan is for 1-3 to be controllable. Based on the existing assumptions about design it is expected that a larger satellite will be able to handle 144 simultaneous terminals with an up/down-link of 6 Mbit/s, and the smaller one circa 72 terminals.

Ovzon believes, based on all previous work already performed that it is well positioned from a technical and regulatory perspective to pursue this goal. Depending on the final satellite design and total capacity, Ovzon-3 will, in total, need investments amounting to approximately USD 230 million to cover, among other things, production, launch and insurance of the satellite. The intention is that the satellite will be financed through a combination of equity and external debt. A smaller satellite would require a smaller investment. The intention is that the satellite will be financed through a combination of equity and external borrowings.

Ovzon's long term vision is to have several own satellites for global deployment of service and to become a leading satellite communications provider. For further information on Ovzon-3, see section "*Risk factors–Risks relating to Ovzon's business and industry–Ovzon may not be able to implement its strategy and reach its goals*".

FINANCIAL TARGETS

Ovzon's financial target is to continue developing and expanding its current service offering in the coming years while preparing the launch of the Company's first proprietary satellite. The intention is to finance a future, proprietary, satellite through a combination of equity and debt.

OPERATIONS

Ovzon's current service offering

Ovzon's current service offering is provided through the leasing of capacity from existing satellites. The service is sold as a complete managed end-to-end solution or package that includes terminals, satellite capacity and HUB services, network management and support. The leasing model started in 2014 and validates Ovzon's competitive advantages and business model.

Under Ovzon's current service offering there are two pricing models. Bulk capacity, i.e. large amounts of bandwidth with, typically, one year lease duration, represents approximately 95 per cent of Ovzon's net sales and is sold at a fixed price and invoiced monthly. In addition, a smaller part of the service is sold per minute, similar to a mobile

The laptop sized Ovzon T5 terminal

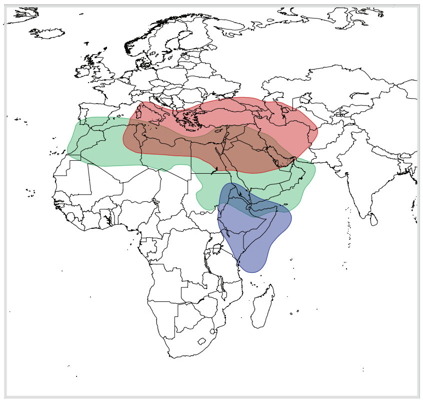
Source: Ovzon.

Customer terminal manufactured by other supplier that has been modified by Ovzon

Source: Ovzon.

Coverage provided by capacity from three leased satellites

Satellite	OHO-1N	OHO-2	OHO-3N
Launch of service	2018 (OHO-1 as from 2014)	2014	2017 (OHO-3 as from 2015)
Coverage	Red area	Blue area	Green area



Source: Ovzon.

phone service. The service is also already prepared for other pricing models, including charging users per transferred gigabyte of data. As a general matter, margins for this sales model is higher compared to the bulk sales, but the efforts necessary to increase utilisation are also more labour intensive compared to selling bulk for longer durations.

In the current set-up, Ovzon's service offering provided to the U.S. DoD is sold through IGC, whereas the service offered to media customers will be provided directly. The main part of the terminals included in the offering is developed by Ovzon. In addition to the terminals developed by Ovzon, there are also legacy customer terminals that have been modified specifically to be used with the services offered by Ovzon and thereby have had their performance increased.

The satellite capacity necessary for Ovzon's offering is leased from other satellite operators on five existing satellites. Ovzon procures bandwidth in MHz, typically in transponder blocks in one year durations, as is mirrored in the customer contracts. Some of the satellites which Ovzon utilises have a limited remaining life span. A number of factors affect the useful lives of satellites, including, among other things, the quality of their construction, the durability of their component parts, the ability to continue to maintain proper orbit and control over the satellite's functions and the remaining on-board fuel following orbit insertion. Two of the satellites Ovzon is leasing capacity from have an estimated remaining life of seven years or more, while the third one has an operative end-date Q4 2020. To avoid a reduction of performance Ovzon will need to replace the third satellite prior to the estimated end-date (for further information, see "*Risk factors—Risks relating to Ovzon's business and industry—Ovzon relies on the availability of satellite capacity provided by third parties*").

Gateway leased by Ovzon in Cyprus

Source: Ovzon.

The current service also includes the gateway of the satellite link. The purpose of the gateways is to, via a satellite, receive and transmit signals to and from the user. Ovzon currently has one gateway facility leased from Stellar GmbH, located in Germany, and from Stellar Cyprus Ltd., located in Cyprus. The lease includes the large antennas and radio equipment in connection to the antenna. It also includes rackspace and power for Ovzon's own HUB and Network Management System ("**NMS**") equipment that have been installed at the sites. In addition, the lease includes 24/7 local support in case of antenna issues and a fibre backbone connection. This allows signals to be transferred both to and from the gateway to the customer headquarters and internet.

Ovzon's Ku-band frequency licenses

There are different radio frequency bands used for satellite communications, the most common are described further in section "*Industry overview—Introduction to the satellite communications market—Radio frequencies*". The choice of frequency band has implications on the amount of bandwidth available to the user and the level of signal attenuation caused by varying atmospheric conditions. In general, at higher frequencies, i.e. shorter wavelengths, the accessible bandwidth is higher but the radio signal is more susceptible to, among other things, rain, resulting in a higher attenuation (the absorption of radio signals due to atmospheric rain, snow or ice), which in turn degrades the availability of the service. On the other hand, the size of an antenna in general scales with the wavelength, i.e. the longer the wavelength, the larger the antenna.

Ovzon uses a sub-part of the Ku-band, the Appendix 30B band, for its services, that is located in the lower part of the Ku-band, and has a total of 1,000 MHz uplink and downlink bandwidth combined. The Appendix 30B band is less congested than the so called standard Ku-band, located in the upper part of the Ku-band, since there are fewer GEO satellites with on-board capacity in the Appendix 30B frequency band, compared to the number of GEO satellites with standard Ku-band capability. Furthermore the atmospheric attenuation is less significant in the Ku-band than in the Ka-band, which would affect the availability of the service and/or the terminal sizes.

Antenna size and rain fade as a function of frequency

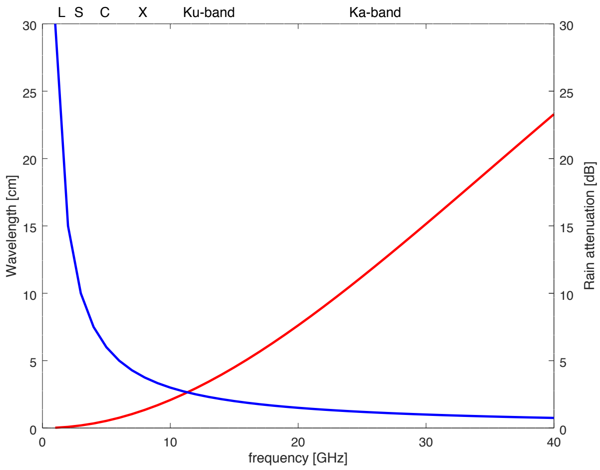


Figure. The typical rain attenuation (red) of the radio signal as a function of frequency. Here the ITU scaling function[1] of rain attenuation was used with the starting point of 2.5 dB at 11 GHz, which is a typical rain attenuation value at this frequency and also for the Ovzon service. The figure also shows the wavelength (blue) which sets the fundamental length scale of waveguides and other radio frequency components in certain types of antennas and thus relates to the antenna size.

Source: Ovzon.

1) Described in section 2.2.1.3.2 of ITU-R Recommendation P.618-12, available at ITU webpage www.itu.int.

The Appendix 30B band is a regulated band where each of the ITU member states has been allotted an orbital slot with a corresponding national coverage. These allotments have priority over all new non-allotments. Historically, due to its complex regulatory framework, the Appendix 30B was scarcely used. Following an ITU World Radio Conference in 2007 (the "**WRC-07**"), the Appendix 30B band was revised to facilitate for new and more extensive satellite systems in addition to the allotments, and Ovzon was early to file for its 59.7°E orbital slot.

In ITU's frequenzy allocation table Appendix 30B is shared between satellite services and fixed terrestrial radio link (terrestrial microwave link). The ITU has published recommendations for usable effect levels for satellites and ground terminals to secure interference-free coexistence of the services. Ovzon complies with these recommendations for both satellites and ground terminals.

Ovzon's registration of its satellite slot at the 59.7°E orbital slot with the ITU has been managed via the Cypriot Ministry of Communication and Works and the registration procedure of the other five orbital slots were initiated via the PTS (the Swedish Post and Telecom Authority, Sw. *Post- och telestyrelsen*, as defined elsewhere herein) (see section "*—Regulation and compliance—The ITU coordination process for satellites using radio frequencies in space*" for a description of the process to bring into use an orbital slot and section "*—Regulation and compliance—Ovzon's bringing into use of the orbital slot 59.7°E*" for a description of Ovzon's bringing into use of the orbital slot 59.7°E). Ovzon holds a frequency license from the Cypriot spectrum authority for exclusive use of the Appendix 30B frequencies at 59.7°E expiring in 2040, but with possibility of renewal. The reason for using the Cypriot administration was its strategic location and the availability of the Cypriot allotment. After the Appendix 30B revision at WRC-07, Ovzon could instead use the Swedish administration, i.e. the PTS, for its other orbital positions. PTS do not issue specific licenses for use of frequencies under a Swedish registered satellite system.

Ovzon's orbital positions

The GEO (geosynchronous orbit, or geostationary earth orbit, as described further in section "*Industry overview—Satellite constellation orbits (LEO, MEO and GEO)*") is located 36,000 km above the Earth's equator. To a terrestrial observer, each GEO satellite appears to be located on a fixed point forming an arc across the sky. Other satellite orbits are LEO and MEO (low and medium Earth orbits, respectively, as described further in section "*Industry overview—Satellite constellation orbits (LEO, MEO and GEO)*"), which span a range of altitudes from 160 km above the Earth's surface up to just below the GEO orbit. The global navigation satellite systems (GPS, GLONASS etc.) use the MEO orbit and the International Space Station is located in a LEO orbit.

Ovzon's current service offering relies on GEO satellites due to their longer lifetime and larger coverage, the smaller number of satellites and the lesser satellite system complexity, as compared to LEO or MEO systems. Atmospheric drag, which leads to a reduction of speed due to collision with gas molecules in the atmosphere and, consequently, altitude, is lower for an object in GEO compared to LEO, resulting in lower fuel consumption and thus a longer lifetime. Typical lifetimes of GEO satellites are of the order of 15-20 years, as compared to about 10 years for LEO satellites.[1] The high altitude of the GEO arc enables global coverage, with the exception of the poles, using only three satellites[2] while for LEO systems at least 50 satellites[3] is required for global coverage. The satellites will then, necessarily, also cover large areas with limited communication needs – approximately 90 percent of Earth consists of water, frozen tundra, wilderness and/or deserts. Since a LEO satellite is always moving relative to the Earth's surface, a more complex configuration of such satellites and the related ground infrastructure is needed in order to achieve global coverage. The ground terminals must be equipped with sophisticated antennas capable of following a satellite in its orbit, as well as advanced hand-over mechanisms, capable of maintaining the link while the antenna shifts position between different satellites, as they pass through the ground terminal's line of sight. Several ground antennas are often required to achieve this. However, due to the greater complexity and need for frequency reuse there is a higher probability for interference within the LEO network. The benefits of a LEO network is

1) See eg. LEO systems such as Iridium, O3b and Oneweb at Gunter's Space page http://space.skyrocket.de/
2) "Extra-Terrestrial Relays – Can Rocket Stations Give Worldwide Radio Coverage?", Arthur C. Clarke, Wireless World, October 1945. Can be accessed at http://www.clarkefoundation.org/docs/ClarkeWirelessWorldArticle.pdf
3) The Iridium network consists of 66 satellites and the planned OneWeb network will consist of 648 satellites.

that the radio waves propagate a shorter distance between the ground terminals and the satellites and that the lowest elevation angle can be relatively large, whereas a GEO satellite can encounter blockage from large buildings or trees.

Ovzon's orbital positions are distributed around the geostationary arc to enable global coverage. The Company's first satellite filing is in orbital slot 59.7°E covering the Middle East, Africa and parts of Europe. Ovzon has also initiated registration procedures regarding two more orbital slots with similar coverages for capacity expansion over the abovementioned areas. Two more orbital slots have been filed for coverage over the Americas and the Atlantic region and finally one more orbital slot which covers the Pacific region including East Asia and Southeast Asia and Australia.

The orbital position and the design of Ovzon's registered satellite networks was developed by Ovzon, and was submitted to ITU, via the Cypriot and Swedish spectrum authorities. All registered satellite networks are coordinated internationally according to the ITU Radio Regulations and it is the ITU that manages the register of satellite systems, see section "*—Regulation and compliance—The ITU coordination process for radio frequencies and orbital positions and associated regulations*". Ovzon has a number of frequency assignments for which the international coordination procedure, in accordance with the ITU Radio Regulations is not yet complete and/or is not yet in operation. The coordination work is an ongoing process and the ITU Radio Regulations allow for continued coordination after the slot has been brought into use, see section "*—Regulation and compliance—The ITU coordination process for radio frequencies and orbital positions and associated regulations*" and for a description of the process of Ovzon's bringing into use of the orbital slot 59.7°E, see section "*—Regulations and compliance—Ovzon's bringing into use of the orbital slot 59.7°E*".

Ovzon's proprietary terminals

With the experience and knowledge of development and integration of small terminals, Ovzon has been well equipped to take on the challenge to develop the next generation of terminals, well suited for the satellites utilised by Ovzon.

2009 prototype terminal

Figure. The photo from 2010 shows the complete Ovzon prototype flat panel terminal (white) on top of one the customer's existing terminal consisting of eight flight cases.

Source: Ovzon.

Prototype terminal (2009)

The first terminal was developed in 2008-2009, as a proof of concept to show that it was indeed possible to build small terminals in this band with a performance that matched what was needed for use with the satellites utilised by Ovzon. The design was based on the concept of integrating a small flat array antenna with all necessary electronic components. This resulted in a fully functional satellite terminal of approximately 300 mm×300 mm×80 mm in size, mounted on a tri-pod for mechanical pointing towards the satellite. This design and the performance was initially, in 2009, confirmed by lab measurements and tests over a satellite simulator, as well as antenna range measurements. In 2013, the prototype terminal was used for a live test over a TV satellite with an antenna designated for this purpose. This satellite would later become the first satellite used in Ovzon's service offering. The figure above shows the prototype terminal (the white square) on top of a stowed customer legacy terminal consisting of several black boxes.

The Ovzon T5 terminal

Figure. The T5 terminal is illustrated when unpacked (left) and in stowed position (middle). The right picture shows stowed position before being put in a laptop bag.

Source: Ovzon.

Customer on-the-move terminal modified by Ovzon

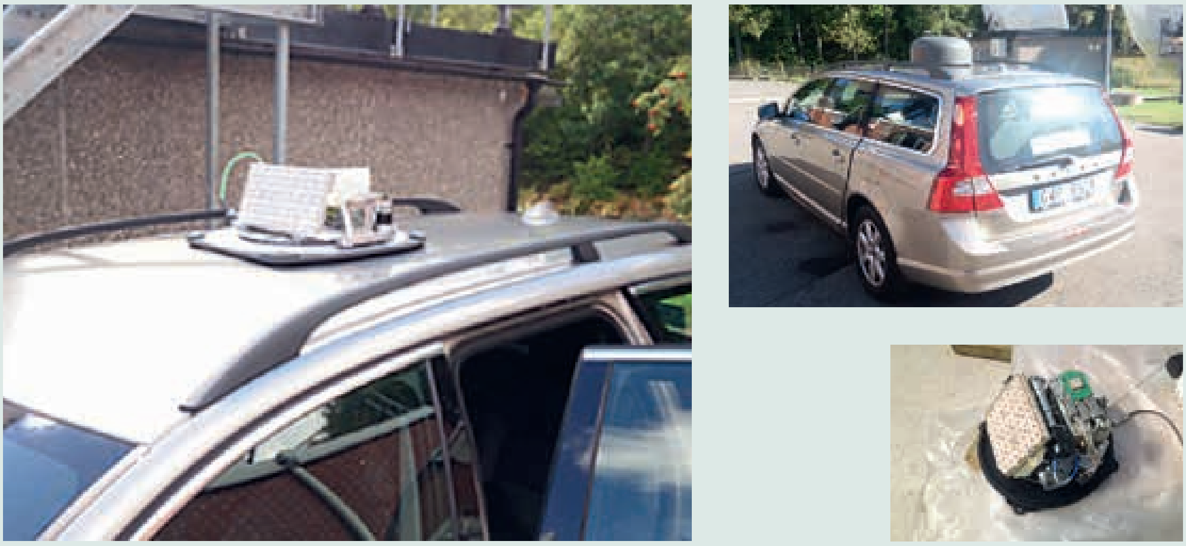


Figure: Ovzon modified on-the-move systems that during testing showed multi Mbps capability on a moving satellite.

Source: Ovzon.

T5 terminal (2014)

The Ovzon T5 terminal was introduced in 2014, when the first terminals were delivered to the customers. The previous prototype concept had been adjusted slightly and further developed to integrate the tri-pod functionality into the terminal base. The T5 terminal has a simple user interface and built-in guidance system, allowing non trained personnel/users to quickly align the antenna towards the satellite and automatically start communications. The terminal is carried in an ordinary laptop bag or rucksack. The measurements are exactly the same as those of an Inmarsat BGAN Explorer terminal, i.e. 297/399/51 mm, but the T5 terminal has proven capable of transmitting up to 80 times higher data rates, according to the Company.

The T5 terminal, that will most likely be the largest of Ovzon's proprietary terminals, will be subject to continuing development, with the fourth revised version currently being under production. Future efforts to develop the T5 terminal will focus on further user simplifications and higher performance.

On-the-move terminals and customer legacy/existing terminals (2014)

Ovzon's management has a long experience of developing and introducing on-the-move terminals. However, until recently, all of the on-the-move terminals used in Ovzon' service offering have been provided by third party manufacturers and have been modified by Ovzon for use with its services.

In addition to the terminals described above, the customers at many times also have, and want to continue to use, legacy terminals of more traditional sizes, with parabolic designs. These terminals have also been modified for Ovzon's service offering, whereby the data rate throughput has been multiplied.

Future terminals

Ovzon is continuing to develop new terminals and terminal technologies with the aim to provide users with even smaller terminals, even better performance and a simplification of the user-interface that further enhances the user experience.

Ovzon's strategy is to continue developing antennae technology and other key technologies internally, to obtain full control of the intellectual property and to acquire a broad base of know-how that allows it to demonstrate new cutting-edge technology to customers and enable a quick way for prototype ideas to reach production when the customers demand new solutions and features.

One example of such an effort is Ovzon's development of a software controllable flat array antenna without mechanical parts. In the relevant project, which has been funded partly (to less than 50 percent) by the U.S. Air Force Research Laboratory (the "**AFRL**"), Ovzon developed a conceptual antenna design with software control to enable fully electric beam pointing. A digital controller was built for acquisition of the satellite and keeping the pointing direction while moving. The prototype antenna was delivered to AFRL in 2016 whereas the intellectual property, the documentation of the design, the software and the know-how is owned by Ovzon.

Ovzon's patent portfolio

Ovzon holds a number of patents relating to Ovzon's current service offering. In addition, Ovzon also holds certain acquired patents which primarily relate to technical aspects of antennas.

To obtain the relevant patents, Ovzon has, as a first step, filed for global protection, and as a second step continued with national applications, beginning with the U.S., followed by Canada and the EU, as the second and third. The same process has been followed in respect of all patents, hence the U.S. applications have generally been granted first.

The table below summarizes the status of the patents included in Ovzon's patent portfolio. For each patent, only the U.S. patent is referred to. However, as is described above, each patent has a European and Canadian counterpart, except for the acquired patents, designated as such, which are U.S. only.

OverHorizon Patents	Title*	Status/ Expiration date	Scope of claims
1. USSN 11/779,228 Pat. No. US 8 948 080 B2	**Systems and Methods for Mobile Satellite Communications with Small Low Cost Terminals**	**ALLOWED/ 2032**	System for communication via smaller than 50 cm terminal antennas. Applicable to Ovzon's service offering and within the frequency band used by Ovzon.
2. USSN 11/623,986 Pat. No. US 7 962 134 B2	**Systems and Methods for Communicating with Satellites via Non-Compliant Antennas**	**ALLOWED/ 2029**	A system for managing interferences in a satellite.
3. USSN 11/623,799 Pat. No. US 8 326 217 B2	**Systems and Methods for Satellite Communications with Mobile Terrestrial Terminals**	**ALLOWED/ 2029**	Ensures optimal coverage of target terminal.
4. USSN 11/623,902 Pat. No. US 8 713 324 B2	**Systems and Methods for Tracking Mobile Terrestrial Terminals for Satellite Communication**	**ALLOWED/ 2029**	Continuous tracking of mobile terminal with interruption triggers.
5. USSN 11/779,242 Pat. No. US 8 050 628 B2	**Systems and Methods for Mitigating Radio Relay Link Interference in Mobile Satellite Communications**	**ALLOWED/ 2029**	A system for predicting potential blockages of the line-of-sight between a communications-on-the-move antenna.
6. USSN 12/669,265 Pat. No. US 8 248 318 B2	**Horn Antenna System for Communications On-The-Move**	**ALLOWED/ 2029**	An antenna system for on-the-move communications.
7. USSN 11/623,877 Pat. No. US 8 078 141 B2	**Systems and Methods for Collecting and Processing Satellite Communications Network Usage Information**	**ALLOWED/ 2029**	Method for billing relating to the duration of control of the steerable satellite antenna and additional parameters.
8. Pat. No. US 8 195 118 B2	**Apparatus, System, and Method for Integrated Phase Shifting and Amplitude Control of Phased Array Signals**	**ALLOWED/ 2029**	Acquired patent from Linear Signal LLC.
9. Pat. No. US 8 827 719 B2	**Apparatus, System, and Method for Integrated Modular Phased Array Tile Configuration**	**ALLOWED/ 2030**	Acquired patent from Linear Signal LLC.
10. Pat. No. US 8 564 499 B2	**Apparatus and System for Double Gimbal Stabilization Platform**	**ALLOWED/ 2033**	Acquired patent from Linear Signal LLC.
11. Pat. No. US 9 461 367 B2	**Creating Low Cost Multi-Band and Multi-Feed Passive Array Feed Antennas and Low-Noise Block Feeds**	**ALLOWED/ 2034**	Acquired patent from Linear Signal LLC.
12. Pat. No. US 9 112 270 B2	**Planar Array Feed for Satellite Communications**	**ALLOWED/ 2032**	Acquired patent from Brigham Young University.

*) The titles referenced here do, in some of the cases, differ from the titles of the corresponding approved patents. The titles do in general differ between the countries where the patents are approved and is sometimes changes during the process of acquiring the patent.

In addition to the abovementioned approved patents, Ovzon has filed a patent application for a method for allowing a mobile user (for example aeronautic) to pass between overlapping coverage areas without any communication interruption occurring. This is currently being processed in the U.S. and in Canada.

RESEARCH AND DEVELOPMENT

Ovzon has a strong scientific base, with many employees with experience of patents and several of the employees in Ovzon's technical/development department, located in Solna Sweden, have a Ph.D. background. Ovzon's management also has strong competence and experience in developing new and novel systems within the satellite communications sector. This knowledge has provided the opportunity to work with some of the most sophisticated customers in the world on cutting-edge satellite communication applications. Ovzon continues to participate in advanced and qualified research projects and also to work in collaboration with companies, non-profit organisations and universities, primarily in Europe and the U.S., on certain specific projects.

In Sweden, the technical/development team consists of the following people, employed by Ovzon: Ph.D. Kennet Lejnell (CTO); Ph.D. Martin Eriksson (Space System Manager); Ph.D. Sara Bergenius Gavler (Spectrum Manager); Ph.D. Anders Ellgardt (Antenna System Manager); Ph.D. Maria-Theresa Rieder (Spectrum & Interference Control Engineer); Christer Olofsson (Software Manager); Johan Englund (Ground System Manager). In addition, the team includes consultants with the following areas of expertise: Senior Mechanical Engineer; Supply Manager; Project Manager and Signal Processing; Principal Electrical Engineer; and Senior PCB Design Engineer.

In addition, Ovzon also has a smaller technology team in U.S. that includes previous U.S. DoD satellite communication and security technology specialists and program managers with experience of working with high tech projects and applications within vital parts of the end customer segments.

Ovzon's service offering is designed to meet a number of customer requirements, including mobility, small-sized terminals, high data rates, high link availability. Development efforts are driven towards improving these characteristics and thereby improving the customer experience.

The development includes the complete end-to-end communication chain, divided into different fields, including those briefly described below.

Terminals

The terminal is a user's interface to the service. A satellite service does not only compete with other satellite services but with other communication methods as well. Therefore it is important to, e.g. make the terminal as portable and accessible as possible.

The team has successfully developed a terminal similar in size to terminals from the company the management believes is the closest positioned competitor, but where Ovzon's terminal has shown an ability to transmit at higher data rates. Regardless of this, new terminals are being developed to reduce sizes, weights and costs, to simplify the use of it and to allow communication on-the-move.

Antennas

One key element in terminal development is the antenna. It dictates much of a terminal's performance and its features. A parabolic antenna is. From a mobility perspective, hard to pack in an efficient way due to the curved surface and the so-called feed that points out perpendicular to the surface. A flat array, however, is easy to slide down into a smaller bag or back-pack. The characteristics of the antenna also dictate much of the base frame structure and the moving parts needed for accurate aligning of the antenna towards the satellite.

Satellite and on-board-processor with ground segment design

The design of the satellites is a key factor in enabling small terminals on ground. Accordingly, satellite design is a major task in the research and development performed within the industry and has been one of the major focus areas for Ovzon. Included in this effort is an on-board-processor in developement by Ovzon, which is the key technology to allow for completely new applications and terminal designs.

Interference detection and mitigation systems

A lot of research has been devoted to interference detection and mitigation techniques, i.e. disturbances in the communication links. This is important since the spectrum is limited by nature and will become more crowded as more applications are developed. This has effected system design and the choice of frequency band.

MANUFACTURING OF TERMINALS

Ovzon is currently producing its fourth generation of the Company's T5 terminal. The terminal has been in operation under demanding environmental conditions since 2014. Ovzon has produced a complete mounting instruction that is continuously updated and maintained with all drawings and design files needed for the continued development and production updates of the terminal. Compared to terminals built on reflector systems, the T5 terminal is, with its array design, a much more standardised product in terms of production. All electronics are integrated and connected in a sealed box, where the antenna forms part of the box itself. Hence this means less stringent requirements on the production partners, it is possible for a typical electronics manufacturer to take on the production of this terminal.

Previously, Ovzon produced the T5 terminals at its own premises in Solna, Sweden. Today the production is managed by Ovzon through subcontractors located near to Ovzon's office in Solna, Sweden. The sub-contractor with responsibility for part integration holds ISO 9001 and ISO 14001 certification, and has the capacity to manufacture terminals in larger quantities than what is currently required. It can also increase its capability at a relatively short notice if so required. The subcontractor manages most of the assembly, integration and manufacturing. Ovzon has maintained responsibility for the product management, final integration, calibration and testing, as well as the service of returned units. Ovzon has also identified and had contacts with other potential third party sub-contractors in Northern Europe, to ensure there are alternative manufacturing partners, should such be needed.

CUSTOMERS

The customer segments Ovzon has addressed thus far are government/defence, media companies and NGOs. Of those, Ovzon has initially focused on government/defence customers, in part because Ovzon believes there is a significant demand for Ovzon's service offering within this segment. The procurements also has an associated budget. In addition, Ovzon maintains longstanding and good business relationships with key customers in this segment.

Ovzon offers its current services end-to-end via a wholesale distribution model primarily for a small number of satellite service providers and/or satellite operators, which are in turn responsible for delivering the service to the end-customers. The vast majority of Ovzon's services are sold through Intelsat General Corporations, a subsidiary to the world's largest satellite operator, the U.S. based Intelsat Corporation, incorporated in Luxembourg.

In addition to the government/defence customer segment, a pilot case with an international news broadcaster, based on a direct sales model, was commenced by Ovzon in 2017. The service is used by the customer for news gathering in the Middle East. The direct sales model was chosen based on the fact that Ovzon's system is prepared for a pay per minute model (or per transferred gigabyte of data) and that this type of setup is generally preferred by customers within the broadcast sector.

SUPPLIERS

Ovzon relies on a network of suppliers operating primarily in Europe and the U.S. for delivery of parts required for the service.

In addition to suppliers of satellite capacity, Ovzon also has suppliers for the manufacturing and integration of the Ovzon T5 terminals (see "*–Manufacturing of terminals*" above), components, manufacturing, logistics, supply of hardware, teleports and fibre connectivity, as well as other suppliers for gateway and network operations centres.

Up until the date of this Prospectus, supply disruptions negatively affecting the customers have not been an issue for Ovzon. The Group's supply needs can be fulfilled by more than one supplier and Ovzon's board of directors is therefore of the opinion that the Group is not dependent on any one supplier.

REGULATION AND COMPLIANCE

The ITU coordination process for radio frequencies and orbital positions and associated regulations

A satellite service is regulated by a number of national and international regulatory authorities and the regulation can be divided into the following categories:

- space orbital positions and associated radio spectrum;
- launch and operation of satellites;
- ground infrastructure; and
- end-user terminals and telecommunications services.

The ITU coordination process for satellites using radio frequencies in space

The ITU is the United Nations' specialised agency for information and communication technologies. The ITU's mission is to ensure the rational, equitable, efficient and economical use of the radio-frequency spectrum by all radio communication services.

The ITU Radiocommunication Sector ("**ITU-R**") plays a vital role in the global management of the radio-frequency spectrum and satellite orbits. ITU-R manages the coordination and recording procedures for space systems and earth stations. Its main role is to process and publish data and to carry out the examination of satellite systems submitted by administrations for inclusion in the formal coordination procedures or recording in the Master International Frequency Register. ITU-R publishes the Radio Regulations which include the international table of frequency allocations, the technical parameters to be observed by radio stations, procedures for the coordination and formal recording and protection of frequency assignments.

Pursuant to the Radio Regulations, a satellite system described by frequency bands, orbital position and other technical parameters is submitted to the ITU via a national regulator. In Cyprus, the national regulator is the ministry of transport, communication and works, and in Sweden it is the PTS (the Swedish Post and Telecom Authority, Sw. *Post- och telestyrelsen*, as defined elsewhere herein). The ITU examines the satellite system according to the principle "first come, first served" and publishes it together with a list of potentially affected satellite systems. Satellite systems applying for frequencies within Appendix 30B must be brought into use within 8 years by placing a satellite with capability of transmitting and/or receiving the filed frequencies at the orbital position. As long as the satellite remains at the orbital position the regulatory status is maintained. The satellite can bring into use all, or part of its registered frequencies, and the frequencies that are not brought into use within the 8-year regulatory deadline are canceled by the ITU. If the satellite is moved from the orbital position they may be suspended for three years at most, then to be resumed. Frequencies not resumed in three years are canceled by the ITU. However, the satellite operator may register a new satellite system at the same orbital position, repeating the above procedures, without affecting the status of the system already brought into use.

Ovzon's bringing into use of the orbital slot 59.7°E

Ovzon's first orbital slot, 59.7°E, was taken into use March 2017. Ovzon has three satellite filings in Appendix 30B in the orbital slot 59.7°E. The lower half of the Ku-band of Ovzon's first and second filings were taken into use in March 2017. OverHorizon (Cyprus) PLC, shareholder in the Company and parent company of the Former Group (as defined elsewhere in this Prospectus), entered into an agreement 2 March 2017 with SES Astra S.A. concerning relocation of

1) Ovzon has three satellite filings in Appendix 30B in the orbital slot 59.7°E. The lower half of the Ku-band of filing 1 was taken into use in March 2017. The documentation Ovzon filed has not been be published by the ITU yet. The lower half, as well as the down-link of the upper half, of the Ku-band of filing 2 will be taken into use in March 2018.

a satellite to the orbital slot 59.7°E, to fees amounting to approximately USD 6.0 million. According to a supplementary agreement between OverHorizon (Cyprus) PLC and SES Astra S.A. entered into 27 October 2017 the fees are payable by USD 100,000 per month. The SES satellite used to bring into use parts of 59,7°E is planned to leave the orbital slot in the end of April 2018. Ovzon intends to suspend these parts of the satellite system until the frequencies can be resumed by another satellite.

In connection to the agreement between OverHorizon (Cyprus) PLC and SES Astra S.A. concerning relocation of a satellite OverHorizon OHO 1 Ltd. and OverHorizon LLC, subsidiaries to the Company, entered into an agreement by which OverHorizon LLC will pay the fees for the relocation service in exchange for right to use the orbital slot 59.7°E until OverHorizon (Cyprus) PLC's obligation in relation to SES Astra S.A. ends by the payment of the remaining fee.

The down-link of the upper half of the Ku-band of Ovzon's second filing was taken into use in March 2018. The documentation Ovzon filed for the second satellite filing has not been be published by the ITU yet. OverHorizon OHO 1 Ltd., subsidiary to the Company, entered into an agreement with Eutelsat S.A. 31 January 2018 concerning relocation of a satellite to the orbital slot 59.7°E to fees amounting to in total USD 1.6 million. The relocation was finished in March 2018 and half of the fee was paid in the three months ended 31 March 2018. The goal is to pay the remaining fee in the three months ending 30 June 2018.

Responsibility for compliance under Ovzon's leasing agreement for satellite capacity

For its current service, Ovzon leases satellite capacity on existing satellites from other operators and the regulations associated with use of the satellite are set out in the leasing agreements. The satellite coordination is thus under the responsibility of the satellite operators.

National regulations for use of frequencies in space

The use of an ITU registered satellite system is regulated between ITU and the national regulator through the Radio Regulations. The use of the frequencies by the satellite operator is in turn regulated between the operator and the national regulator. Some countries issue licenses to satellite operators for frequency use in space under the national regulator's authority and the license is often associated with a fee.

In addition, satellite operators may in some countries be required to obtain "landing rights," the right to transmit to ground stations within the territory of the country. However, there is no generally accepted legal definition of landing rights.

Any national regulation regarding the use of frequencies in space or landing rights is under the responsibility of the satellite operator.

Regulations for use of frequencies from ground

On a national level it is required to have a license for the use of the radio spectrum needed to operate ground stations and teleports. For Ovzon's current service offering, any licensing relating to the teleport ground infrastructure is under the responsibility of the teleport operator.

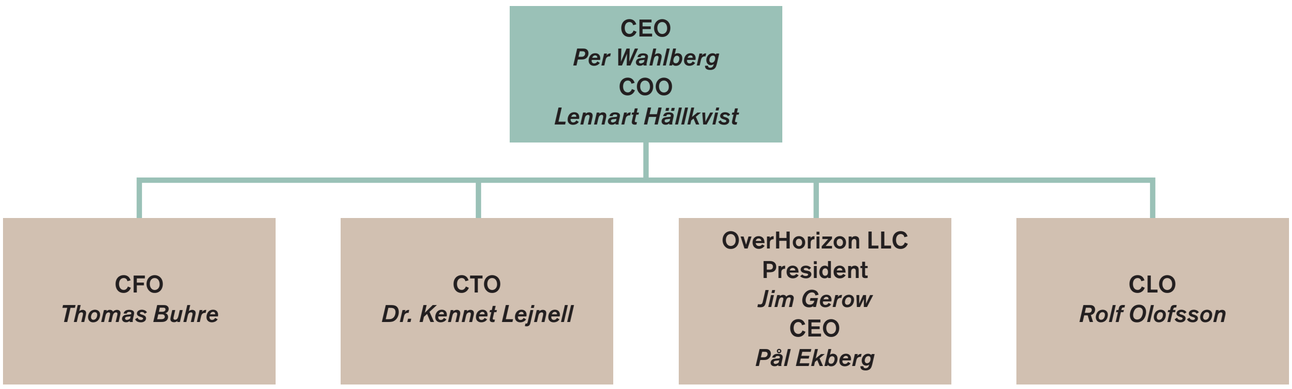
Terminal operators may require "type approval", a set of regulatory and technical requirements, of the ground terminals for use with the satellite operators' satellites. It is Ovzon's responsibility to meet the type approval requirements if required. For Ovzon's current service the hub antennas of the earth stations are type approved, whereas the details of the technical requirements for the user terminals are included in the capacity agreements for the lease of satellite capacity.

Depending on who the end-user is and from where they operate there may be requirements to obtain other certificates, such as CE markings.

ORGANISATION

The below graph illustrates Ovzon's organisational structure:

Ovzon's organisational structure



Source: Ovzon.

EMPLOYEES

In the table below, the number of employees is presented per region on an annual basis.

	As of 31 December		
	2017	2016	2015
Employees by region			
Sweden	9	6	5
United States	5	5	4
Employees in total	**14**	**11**	**9**

As of 31 December 2017, Ovzon had 14 full time employees of which 9 were located in the office in Solna, Sweden, and 5 were located in the office in Tampa, FL, in the United States. In addition the Company had 4 full time consultants and 5 part time consultants, 7 located in Sweden and 2 in the United States.

SELECTED HISTORICAL FINANCIAL INFORMATION

OVERVIEW

The selected historical financial information set forth below as of and for the years ended 31 December 2017 and 2016 has been derived from the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016, which were audited by Grant Thornton Sweden AB, as set forth in its audit report included in the section "*Historical Financial Information—The Auditor's Report on financial reports of historical financial information*". See also "*Presentation of financial and other information—General*". The selected historical financial information set forth below as of and for the year ended 31 December 2015 has been derived from the Company's audited aggregated financial statements for the years ended 31 December 2015 and 2016, which were audited by Grant Thornton Sweden AB, as set forth in its audit report, incorporated into this Prospectus by reference. For further information, see section "*Legal considerations and supplementary information—Documents incorporated by reference*". The selected historical financial information set forth below as of and for the three months ended 31 March 2018 and 2017 has been derived from the Company's unaudited interim report for the three months ended 31 March 2018 with comparative figures for the three months ended 31 March 2017, which was audited by Grant Thornton Sweden AB, as set forth in its audit report included in the section "*Historical Financial Information—Financial information for the three months ended 31 March 2018 and 2017—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)*". The Company's audited consolidated financial statements for the year ended 31 December 2017, aggregated financial statements for the years ended 31 December 2016 and 2015 and interim report for the three months ended 31 March 2018 have each been prepared in accordance with IFRS, the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary auditing principles for groups" and the requirements of the Prospectus Regulation 809/2004/EC.

The Company presents below certain key operating metrics that are not defined under IFRS (alternative performance measures). These non-IFRS measures are used by Group management to monitor the underlying performance of the Company's business and operations, and it believes that these metrics are important and helpful in understanding the Company's performance from period to period and to facilitate comparison with its peers. Since not all companies compute these or other non-IFRS metrics in the same way, the manner in which the Company has chosen to compute the non-IFRS metrics presented herein may not be compatible with similarly defined terms used by other companies. Therefore, the non-IFRS metrics should not be considered in isolation of, or viewed as substitutes for, the financial information prepared in accordance with IFRS.

The key performance indicators set forth below in "*—Selected key performance indicators*" are based on information derived from the Company's regularly maintained records and accounting and operating systems. See "*—Definitions of key performance indicators*" for definitions and "*Presentation of financial and other information—Non-IFRS key operating metrics*" for reasons for use of the non-IFRS measures set out in the tables below. The following information should be read in conjunction with "*Operating and financial review*" and the Company's audited consolidated financial statements for the year ended 31 December 2017 and 2016, as well as unaudited interim report for the three months ended 31 march 2018, including the notes thereto, included in "*Historical financial information*", and audited aggregated financial statements for the years ended 31 December 2015 and 2016 included by reference, see section "*Legal considerations and supplementary information—Documents incorporated by reference*".

SELECTED CONSOLIDATED INCOME STATEMENT

	For the three months ended 31 March		For the year ended 31 December		
	2018	2017	2017	2016	2015
MSEK	*(unaudited)*	*(unaudited)*	*(from audited financial statements)*	*(from audited financial statements)*	*(from audited financial statements)*
Revenue, etc.					
Revenue	46.3	49.2	201.1	209.2	112.0
Other operating income	0.1	0.4	1.4	–	0.4
	46.4	**49.5**	**202.5**	**209.2**	**112.4**
Operating expenses					
Purchased satellite capacity and other direct costs	(25.3)	(28.0)	(107.3)	(114.7)	(76.3)
Other external costs	(26.2)	(15.2)	(39.8)	(30.9)	(16.0)
Employee benefit expenses	(5.1)	(6.6)	(26.2)	(22.9)	(15.1)
Depreciation/amortisation of property, plant and equipment and intangible assets	(1.4)	(1.3)	(5.2)	(3.5)	(2.0)
	(57.0)	**(51.1)**	**(178.4)**	**(172.0)**	**(109.4)**
Operating profit/loss	**(11.6)**	**(1.5)**	**24.0**	**37.2**	**3.0**
Profit/loss from financial investments					
Financial income	0.6	0.9	3.5	3.5	8.3
Financial expenses	(3.9)	(4.9)	(19.7)	(15.5)	(32.2)
	(3.3)	**(4.1)**	**(16.2)**	**(12.1)**	**(23.8)**
Profit/loss after financial items	**(14.9)**	**(5.6)**	**7.8**	**25.2**	**(20.8)**
Tax on profit for the period	–	1.2	(1.7)	0.0	(0.4)
NET PROFIT/LOSS FOR THE PERIOD	**(14.9)**	**(4.4)**	**6.1**	**25.1**	**(21.2)**
Net profit/loss for the period attributable to:					
Shareholders of the parent company	(14.9)	(4.4)	6.1	25.1	(21.2)

SELECTED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March		For the year ended 31 December		
	2018	2017	2017	2016	2015
MSEK	*(unaudited)*	*(unaudited)*	*(from audited financial statements)*	*(from audited financial statements)*	*(from audited financial statements)*
Net profit/loss for the period	**(14.9)**	**(4.4)**	**6.1**	**25.1**	**(21.2)**
Other comprehensive income:					
Items that subsequently may be reclassified to the income statement:					
– Exchange differences	(1.9)	2.3	8.7	2.1	3.5
Other net comprehensive income after tax	**(1.9)**	**2.3**	**8.7**	**2.1**	**3.5**
Comprehensive income for the period	**(16.8)**	**(2.1)**	**14.8**	**27.2**	**(17.7)**
Total comprehensive income for the period attributable to:					
Shareholders of the parent company	(16.8)	(2.1)	14.8	27.2	(17.7)
Comprehensive income for the period	**(16.8)**	**(2.1)**	**14.8**	**27.2**	**(17.7)**

SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of 31 March	For the year ended 31 December		
	2018	2017	2016	2015
MSEK	*(unaudited)*	*(from audited financial statements)*	*(from audited financial statements)*	*(from audited financial statements)*
ASSETS				
Intangible fixed assets	10.0	11.1	12.5	7.8
Property, plant and equipment	26.6	26.4	25.0	24.6
Financial fixed assets	0.7	0.8	1.0	0.9
Current assets	2.5	–	–	–
Current receivables	23.0	7.0	6.4	5.8
Cash and cash equivalents	22.1	49.7	24.5	12.3
TOTAL ASSETS	**84.8**	**95.0**	**69.4**	**51.3**
EQUITY AND LIABILITIES				
Equity	(131.4)	(120.6)	(135.3)	(162.5)
Non-current liabilities, interest bearing	72.2	71.2[1)]	115.5[1)]	96.2[1)]
Deferred tax liabilities	1.3	1.3	–	–
Current liabilities, interest bearing	101.4	97.1[2)]	43.1[2)]	40.8[2)]
Current liabilities, non-interest bearing	41.3	46.1[3)]	46.0[3)]	76.9[3)]
TOTAL EQUITY AND LIABILITIES	**84.8**	**95.0**	**69.4**	**51.3**

1) "Non-current liabilities, interest bearing" corresponds to the line item "Liabilities to related parties" in the consolidated balance sheet included in the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016 and the audited aggregated financial statements for the years ended 31 December 2015 and 2016. For further information, see section "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Consolidated balance sheet*" and "*Legal considerations and supplementary information—Documents incorporated by reference*".

2) "Current liabilities, interest bearing" is the sum of several line items in the consolidated balance sheet included in the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016 and the audited aggregated financial statements for the years ended 31 December 2015 and 2016 in accordance with the following:

	As of 31 December		
	2017	2016	2015
MSEK	*(from audited financial statements)*	*(from audited financial statements)*	*(from audited financial statements)*
Liabilities to credit institutions	–	–	0.3
Other borrowings	33.2	43.1	40.5
Liabilities to related parties	63.9	0.0	–
Current liabilities, interest bearing	**97.1**	**43.1**	**40.8**

For further information, see section "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Consolidated balance sheet*" and "*Legal considerations and supplementary information—Documents incorporated by reference*".

3) "Current liabilities, non-interest bearing" is the sum of several line items in the consolidated balance sheet included in the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016 and the audited aggregated financial statements for the years ended 31 December 2015 and 2016 in accordance with the following:

	As of 31 December		
	2017	2016	2015
MSEK	*(from audited financial statements)*	*(from audited financial statements)*	*(from audited financial statements)*
Trade payables	16.4	12.5	43.5
Liabilities to parent company	17.3	20.8	19.5
Current tax liabilities	0.0	0.0	–
Other borrowings	7.3	7.4	7.5
Accrued expenses and deferred income	5.1	5.3	6.4
Current liabilities, non-interest bearing	**46.1**	**46.0**	**76.9**

For further information, see section "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Consolidated balance sheet*" and "*Legal considerations and supplementary information—Documents incorporated by reference*".

SELECTED CONSOLIDATED CASH FLOW STATEMENT

MSEK	For the three months ended 31 March 2018 (unaudited)	2017 (unaudited)	For the year ended 31 December 2017 (from audited financial statements)	2016 (from audited financial statements)	2015 (from audited financial statements)
Cash flow from operating activities before working capital changes	**(9.3)**	**7.0**	**28.2**	**46.5**	**0.0**
Total working capital change	(18.8)	1.6	6.4	(25.3)	7.8
Cash flow from operating activities	**(28.1)**	**8.7**	**34.6**	**21.2**	**7.8**
Cash flow from investing activities	**(0.1)**	**(1.6)**	**(6.5)**	**(7.8)**	**(34.3)**
Cash flow from financial activities	**–**	**–**	**–**	**(0.3)**	**32.8**
CASH FLOW FOR THE PERIOD	**(28.2)**	**7.0**	**28.1**	**13.2**	**6.3**
Cash and cash equivalents at the beginning of the period	**49.7**	**24.5**	**24.5**	**12.3**	**5.8**
Exchange rate differences in cash and cash equivalents	**0.6**	**(0.7)**	**(3.0)**	**(1.0)**	**0.2**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**22.1**	**30.8**	**49.7**	**24.5**	**12.3**

KEY PERFORMANCE INDICATORS

MSEK	For the three months ended 31 March 2018 (unaudited)	2017 (unaudited)	For the year ended 31 December 2017 (from audited financial statements unless otherwise stated)	2016 (from audited financial statements unless otherwise stated)	2015 (from audited financial statements unless otherwise stated)
Revenue [1]	46.3	49.2	201.1	209.2	112.0
EBITDA [2) 3)]	(10.2)	(0.2)	29.2	40.8	5.0
EBITDA margin [2) 3)]	(22.0 %)	(0.5 %)	14.5 %	19.5 %	4.4 %
Adjusted EBITDA	(4.6)	0.8	37.7	40.8	5.0
Adjusted EBITDA margin	(10.0 %)	1.63 %	18.8 %	19.5 %	4.4 %
Operating profit/loss (EBIT) [3) 4)]	(11.6)	(1.5)	24.0	37.2	3.0
Adjusted operating profit/loss (EBIT) [2) 3)]	(6.1)	(0.5)	32.5	37.2	3.0
Operating margin [2) 3)]	(25.1 %)	3.1 %	12.0 %	17.8 %	2.7 %
Adjusted operating margin [2) 3)]	(13.1 %)	(1.1 %)	16.2 %	17.8 %	2.7 %
Equity to asset ratio [2) 3)]	Negative	–	Negative	Negative	Negative
Number of employees (end of period) [2]	14	11	14	11	9

1) IFRS-based measure presented in the Company's audited consolidated financial statements for the year ended 31 December 2017 respectively the audited aggregated financial statements for the years ended 31 December 2015 and 2016, and the Company's unaudited consolidated interim report for the three months ended 31 March 2018, which are included in this Prospectus.
2) Unaudited non-IFRS measure and is not a substitute for any IFRS measure.
3) For reconciliation of non-IFRS measures to the nearest IFRS measure, see "*–Reconciliation tables*" below.
4) A measure presented in the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2016 the Company's audited aggregated financial statements as of and for the years ended 2015 and 2016, as well as, the Company's unaudited interim report for the three months ended 31 March 2018, included in this Prospectus. The measure is a non-IFRS measure and is not a substitute for any IFRS-measure. For more information on these measures, including definitions and reasons for being used, see "*Selected historical financial information—Definitions of key performance indicators*".

RECONCILIATION TABLES

EBITDA, EBITDA margin and operating margin

MSEK	For the three months ended 31 March		For the year ended 31 December		
	2018	2017	2017	2016	2015
	(unaudited)	*(unaudited)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*
Operating profit/loss (EBIT)	(11.6)	(1.5)	24.0	37.2	3.0
Depreciation/amortisation of property, plant and equipment and intangible assets	1.4	1.3	5.2	(3.5)	(2.0)
EBITDA	**(10.2)**	**(0.2)**	**29.2**	**40.8**	**5.0**
Revenue	46.3	49.2	201.1	209.2	112.0
EBITDA margin	**(22.0 %)**	**(0.5 %)**	**14.5 %**	**19.5 %**	**4.4 %**
Operating margin	**(25.1 %)**	**3.1 %**	**12.0 %**	**17.8 %**	**2.7 %**

Adjusted EBITDA and adjusted EBITDA margin

MSEK	For the three months ended 31 March		For the year ended 31 December		
	2018	2017	2017	2016	2015
	(unaudited)	*(unaudited)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*
EBITDA	(10.2)	(0.2)	29.2	40.8	5.0
Costs relating to the listing of the Company	5.6	1.0	8.5	–	–
Adjusted EBITDA	**(4.6)**	**0.8**	**37.7**	**40.8**	**5.0**
Revenue	46.3	49.2	201.1	209.2	112.0
Adjusted EBITDA margin	**(10.0 %)**	**1.63 %**	**18.8 %**	**19.5 %**	**4.4 %**

Adjusted operating profit/loss (EBIT) and adjusted operating margin

MSEK	For the three months ended 31 March		For the year ended 31 December		
	2018	2017	2017	2016	2015
	(unaudited)	*(unaudited)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*	*(from audited financial statements unless otherwise stated)*
Operating profit/loss (EBIT)	(11.6)	(1.5)	24.0	37.2	3.0
Costs relating to the listing of the Company	5.6	1.0	8.5	–	–
Adjusted operating profit/loss (EBIT)	**(6.1)**	**(0.5)**	**32.5**	**37.2**	**3.0**
Revenue	46.3	49.2	201.1	209.2	112.0
Adjusted operating margin	***(13.1 %)***	***(1.1 %)***	***16.2 %***	***17.8 %***	***2.7 %***

Equity to asset ratio

MSEK	For the three months ended 31 March 2018 (unaudited)	2017 (unaudited)	For the year ended 31 December 2017 (from audited financial statements unless otherwise stated)	2016 (from audited financial statements unless otherwise stated)	2015 (from audited financial statements unless otherwise stated)
Total equity	(131.4)	–[1]	(120.6)	(135.3)	(162.5)
Total assets	84.8	–[1]	95.0	69.4	51.3
Equity to asset ratio	**Negative**	**–[1]**	**Negative**	**Negative**	**Negative**

1) Ovzon has not prepared any balance sheet as of 31 March 2017. The equity to asset ratio as of this date therefore cannot be calculated.

DEFINITIONS OF KEY PERFOMANCE INDICATORS

The non-IFRS measures included in this Prospectus are defined below.

Non-IRFS measure	Definition	Reason for use of the measure
EBITDA	Earnings before interest, tax, depreciation and amortisation.	Ovzon believes that EBITDA provides an understanding of operating earnings generated by the business disregarding the funding of the business.
EBITDA margin	EBITDA as a percentage of revenue.	Ovzon believes that EBITDA margin is a useful measure together with revenue growth to monitor value creation.
Adjusted EBITDA	EBITDA excluding costs relating to the listing of the Company.	Ovzon believes that adjusted EBITDA is a useful measure to show the Company's earnings generated by the operating activities adjusted to entries of nonrecurring character.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue.	Ovzon believes that adjusted EBITDA margin is a useful measure to show the Company's earnings generated by the operating activities adjusted to entries of nonrecurring character.
Adjusted operating profit/loss (EBIT)	Operating profit/loss (EBIT) excluding costs relating to the listing of the Company.	Ovzon believes that adjusted operating profit/loss (EBIT) shows the profitability of the business.
Adjusted operating margin	Adjusted operating profit/loss (EBIT) as a percentage of revenue.	Ovzon believes that adjusted operating margin is a useful measure to show the Company's earnings generated by the operating activities adjusted to entries of nonrecurring character.
Operating margin	Operating profit/loss (EBIT) as a percentage of revenue.	Ovzon believes that operating margin is a useful measure together with revenue growth to monitor value creation.
Operating profit/loss (EBIT)	Profit/loss for the period excluding financial income, financial expenses and tax on the profit for the year.	Ovzon believes that operating profit/loss (EBIT) is a useful measure to show the Company's earnings generated by the operating activities.
Equity to asset ratio	Total equity in relation to total assets.	Ovzon believes this is a good measure to show which proportion of the total assets that is financed by equity and is used by the Group management to monitor the Company's long-term financial position.

OPERATING AND FINANCIAL REVIEW

The following operating and financial review should be read together with the Company's audited consolidated financial statements as of and for the years ended 31 December 2017 and 2016, the Company's audited consolidated aggregated financial statements as of and for the years ended 31 December 2015 and 2016 and the Company's unaudited interim financial report for the three months ended 31 March 2018, as well as the information relating to the business of Ovzon, included elsewhere in this Prospectus. The following section contains forward-looking statements that reflect the current view of Ovzon's management and involve inherent risks and uncertainties. Ovzon's actual results may differ significantly from the results discussed in the forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus, particularly in "Risk factors". See "Important information and notice to investors—Cautionary note regarding forward-looking information" elsewhere in this Prospectus.

OVERVIEW

Ovzon is a provider of satellite based broadband services through user friendly, compact and light terminals, targeting end-markets and users in need of high capacity combined with mobility. This includes among other things users dependent on real-time sensor and video upload, either from moving or highly mobile platforms, including small vehicles, small aircraft or UAVs, or transmission directly from on-site staff holding the terminals and transmitting on-the-go.

Ovzon offers its current services end-to-end via a wholesale distribution model primarily for a small number of satellite service providers and/or satellite operators, which are in turn responsible for delivering the service to the end-customers. Network management services for the customer networks are provided by Ovzon and teleport services (mainly large HUB-antennas and radio frequency equipment, excluding Ovzon's own HUB and modem equipment) are leased from third party subcontractors. Currently, Ovzon manufactures its own terminals using subcontractors mostly located close to the Company's office in Solna, Sweden.

As of the date of this Prospectus, Ovzon has Ku-band frequencies in six orbital slots registered at the ITU (the International Telecommunications Union, as defined elsewhere herein), the UN organ charged with, among other things, assigning radio frequencies and satellite orbits. Ovzon is headquartered in Solna, Sweden, and has another office in Tampa, FL, and Bethesda, MD, United States. As of the date of this Prospectus, the Group has 14 employees, 4 full time- and 5 part-time consultants. For the year ended 31 December 2017 Ovzon had revenues of SEK 201.1 million and an operating profit of SEK 24.0 million, equivalent to an operating margin of 12.0 percent. The result was affected negatively by non-recurring costs such as costs relating to the Offering and the listing of the Company's shares amounting to approximately SEK 8.5 million and costs to bring into use the orbital slot 59.7°E amounting to approximately SEK 8 million. Adjusted to some nonrecurring costs, primarily relating to the preparations for the Company for listing of shares, the Company's adjusted operating profit/loss (EBIT) amounted to SEK 32.5 million, for the year ended 31 December 2017.

The Group presented in the historical financial information included herein was established through the restructuring of the former group that consisted of OverHorizon (Cyprus) PLC and the subsidiaries of the Company. For details regarding the restructuring, see "*Legal considerations and supplementary information—Restructuring of the Group —Changes to the legal structure in 2016*".

KEY FACTORS AFFECTING OVZON'S RESULTS OF OPERATIONS

Demand for satellite communication services

Ovzon's current service offering combines a number of characteristics including mobility (i.e., small and light terminals), high data rates and high link availability. The Company believes that these characteristics match the targeted customer segment's main requirements and that the demand for such satellite communication services is increasing. However, as a general matter, demand for satellite communication services is also impacted by price. Furthermore, these latter type of services, including HTS services, also face an increased competition among terrestrial communication solutions.

Compared to many other communication solutions, satellite communication benefits from its capability of covering significant geographic areas – including land, water and air – without the need to set up terrestrial based infrastructure, such as a multitude of towers. A GEO satellite is capable of transmitting signals to millions of users without flooding the network and it is furthermore not affected by the conditions on ground (natural disasters, etc.).

Availability of satellite communication capacity

For its current service offering, Ovzon relies on leased capacity from other satellite operators. These satellites are designed for applications different from Ovzon's services. In order for Ovzon to be able to provide its current service using a satellite designed for other applications, the satellite must satisfy certain requirements and, thus, the availability of suitable satellite communication capacity is dependent on, among other things, the following factors:

- the transponder frequencies of the satellite;
- the regulatory approvals;
- the ability of the satellite to receive and transmit signals above a certain threshold level; and
- the geographic coverage of the satellite.

Ovzon is currently providing its service through five satellites mainly covering parts of the Middle East, Africa and Europe. The Company believes that there are additional satellites currently available satisfying the capacity requirements listed above. These do not typically carry enough capacity, or are relativelt low-performing, meaning that they just pass the minimum requirements for useage, rendering the service less favourable from a customer's perspective, or it is covering other geographical areas. Moreover, the Company expects new satellites to be launched in 2019, which will further expand the geographic coverage and support an increase in overall capacity available for use by Ovzon.

Investments in product development

Ovzon continually invests in product improvements and product development. Ovzon's efforts within product development for the current service offering are focused on improvement of the T5 terminal and the development of a completely new terminal which is smaller and lighter compared to the T5 terminal. Ovzon's work in this field is driven by end-users' continuous demand for improved on-the-go terminals and terminals on moving platforms with high data throughput. In addition, a portion of Ovzon's costs for product development is related to the investment in a proprietary satellite technology in line with the Company's strategy. In 2017, Ovzon estimates that it incurred costs relating to product development amounting to SEK 7.6 million, of which approximately SEK 4.7 million related to the development of a proprietary satellite technology. In the twelve months ended 31 December 2016, Ovzon incurred costs relating to product development of SEK 3.5 million, of which approximately SEK 0.2 million related to the development of a proprietary satellite technology.

Currency fluctuations

Ovzon generates almost all of its net sales and incurs almost all of its expenses in USD, while SEK is the reporting currency of the Group. As a result, changes in the USD/SEK currency exchange rate may have a significant and negative impact on Ovzon's income statement, balance sheet and/or cash flows. In addition, Ovzon has some exposure to the EUR. Ovzon is primarily exposed to risks involving currency translation exposure, which arises in conjunction with the translation of the balance sheets and income statements of subsidiaries into SEK. There is a risk that fluctuations in the USD/SEK currency exchange rate will have a material adverse effect on Ovzon's business, financial condition and results of operations.

A sensitivity analysis has been conducted, which indicates, among other things, how certain exchange rate fluctuations would have impacted Ovzon's income statement. If the USD would have strengthened/weakened by 10 percent on average against the SEK in the financial year ended 31 December 2017, everything else being equal, the impact on the Group's income statement would have been SEK +/–2.0 million. The average SEK/USD exchange rate amounted to 8.5380 and 8.1068 for the year ended 31 December 2017 and the three months ended 31 March 2018, respectively, as established by the Swedish Riksbank.

Capacity utilisation and pricing model

Ovzon offers its current services end-to-end via a wholesale distribution model primarily for a small number of satellite service providers and/or satellite operators, which are in turn responsible for delivering the service to the end-customers. The vast majority of Ovzon's services (approximately 95 percent of Ovzon's revenue in the year ended 31 December 2017) are sold through the world's largest satellite operator, the U.S. based Intelsat Corporation. Under the wholesale distribution model, Ovzon leases capacity from third-party satellite operators based on volumes agreed in advance and at a fixed price. Volumes are renegotiated annually. Under the wholesale distribution model, the customer provides pre-payment for the services on a monthly basis regardless of actual capacity utilisation.

In addition to its wholesale distribution model, Ovzon has an ongoing pilot case with an international news broadcaster based on a direct sales model. The direct sales model is based on a pay-per-minute model (or per transferred gigabyte of data) and is generally preferred by customers within the broadcast sector as services are paid for based on actual utilisation. As a general matter, margins for this sales model are higher than compared to the wholesale distribution model but involves greater efforts to drive utilisation and, as a result, revenue.

Ovzon's results are therefore affected by the choice of pricing model, where an increased proportion of agreements being entered into under the direct sales model renders Ovzon's results more susceptible to changes in capacity utilisation.

RECENT DEVELOPMENTS AND CURRENT TRENDS

The demand for Ovzon's products and services is affected by the demand for satellite communication services in general and the supply of competing communication services in particular, on the markets where Ovzon pursues its operations, as described in section "*Market overview*". The demand on these markets is, in turn, affected by the price, development of competing terrestrial services, preferences among users, product development, general macroeconomic trends, communication costs, as well as the development of distribution networks and laws and regulations. For further information on the markets drivers on Ovzon's markets, see "*—Market overview—Market size and drivers—Key market drivers*".

Current market trends include (i) focus on high capacity and low latency for use of satellite communication services together with more demanding applications; (ii) focus on increased mobility for a more efficient utilisation of resources and use in inaccessible areas; and (iii) focus on reliability for use together with services requiring constant connection. For further information on the key trends and factors affecting Ovzon's results, see section "*—Key factors affecting Ovzon's results of operations*".

The Company estimates that Ovzon's business in all relevant aspects is developing in line with expectations.

In September 2017, Ovzon received orders which originated in the U.S. Department of Defense, regarding satellite communication services up to the amount of approximately USD 22.85 million annually, which is expected to be delivered from mid September 2017 until mid September 2018. Ovzon has procured sufficient capacity on existing satellites to be able to deliver according to the agreement, but needs to procure additional capacity before Ovzon can deliver on new orders, or expand existing orders. The Company has, and plan to continue, expand the workforce in 2018 to execute the Company's strategy in the short and long term and to ensure compliance with the requirements that are added in a listed environment. The Company further expects to intensify internal development projects with the purpose to prepare for the launch of Ovzon-3.

Significant changes since 31 March 2018

At the extraordinary general meeting planned to be held on 9 May 2018, Patrik Tigerschiöld, Nicklas Paulson, Magnus René and Patrik Näslund will be elected members of the board of directors. There has been no other significant changes since 31 March 2018.

RESULTS OF OPERATIONS

The following table sets forth consolidated income statement information for the Company for the periods indicated:

	For the three months ended 31 March		For the year ended 31 December		
	2018	**2017**	**2017**	**2016**	**2015**
MSEK	*(unaudited)*	*(unaudited)*	*((from audited financial statements))*	*(from audited financial statements)*	*(from audited financial statements)*
Revenue, etc.					
Revenue	46.3	49.2	201.1	209.2	112.0
Other operating income	0.1	0.4	1.4	–	0.4
	46.4	**49.5**	**202.5**	**209.2**	**112.4**
Operating expenses					
Purchased satellite capacity and other direct costs	(25.3)	(28.0)	(107.3)	(114.7)	(76.3)
Other external costs	(26.2)	(15.2)	(39.8)	(30.9)	(16.0)
Employee benefit expenses	(5.1)	(6.6)	(26.2)	(22.9)	(15.1)
Depreciation/amortisation of property, plant and equipment and intangible assets	(1.4)	(1.3)	(5.2)	(3.5)	(2.0)
	(57.0)	**(51.1)**	**(178.4)**	**(172.0)**	**(109.4)**
Operating profit/loss	**(11.6)**	**(1.5)**	**24.0**	**37.2**	**3.0**
Profit/loss from financial investments					
Financial income	0.6	0.9	3.5	3.5	8.3
Financial expenses	(3.9)	(4.9)	(19.7)	(15.5)	(32.2)
	(3.3)	**(4.1)**	**(16.2)**	**(12.1)**	**(23.8)**
Profit/loss after financial items	**(14.9)**	**(5.6)**	**7.8**	**25.2**	**(20.8)**
Tax on profit for the period	–	1.2	(1.7)	0.0	(0.4)
NET PROFIT/LOSS FOR THE PERIOD	**(14.9)**	**(4.4)**	**6.1**	**25.1**	**(21.2)**
Net profit/loss for the period attributable to:					
Shareholders of the parent company	(14.9)	(4.4)	6.1	25.1	(21.2)

The three months ended 31 March 2018 compared to the three months ended ended 31 March 2017

Revenue

The Group's revenue for the three months ended 31 March 2018 was SEK 46.3 million, a decrease of SEK 2.9 million, or 5.9 percent, compared to SEK 49.2 million in the three months ended 31 March 2017. This was principally as a result of the 9 percent decrease in the average SEK/USD exchange rate, as established by the Swedish Riksbank, in the three months ended 31 March 2018 compared to the three months ended 31 March 2017, from 8.92 to 8.11.

Operating profit/loss

The Group's operating profit/loss for the three months ended 31 March 2018 was a loss of SEK 11.6 million, a decrease of SEK 10.1 million, or 673.3 percent, compared to a loss of SEK 1.5 million in the three months ended 31 March 2017. This was principally as a result of the decreased average SEK/USD exchange rate, higher costs related to the listing of the Company's shares and relocation of a satellite to the Company's orbital slot 59.7°E. The operating profit/loss for the period has also been affected by costs relating to the settlement of a dispute.

Net financial items

The Group's net financial items for the three months ended 31 March 2018 was negative SEK 3.3 million, an increase of SEK 0.8 million, or 19.5 percent, compared to negative SEK 4.1 million in the three months ended 31 March 2017. This was principally as a result of decreased interest expenses.

Net profit/loss for the period

As a result of the reasons discussed above, the Group's net profit/loss for the period decreased by SEK 10.6 million, from a loss of SEK 4.4 million for the three months ended 31 March 2017 to a loss of SEK 14.9 million for the three months ended 31 March 2018.

Year ended 31 December 2017 compared to the year ended 31 December 2016

Revenue

The Group's revenue for the year ended 31 December 2017 was SEK 201.1 million, a decrease of SEK 8.2 million, or 3.9 percent, compared to SEK 209.2 million in the year ended 31 December 2016. This was principally as a result of fewer deliveries of terminals during 2017. Ovzon sold all available satellite capacity for the period.

Operating profit/loss

The Group's operating profit/loss for the year ended 31 December 2017 was a profit of SEK 24.0 million, a decrease of SEK 13.2 million, or 35.5 percent, compared to a profit of SEK 37.2 million in the year ended 31 December 2016. This was principally as a result of additional costs for preparations for the listing of the Company's shares amounting to approximately SEK 8.5 million, and costs to start using the Company's orbital slot 59.7°E, amounting to approximately SEK 8 million.

Net financial items

The Group's net financial items for the year ended 31 December 2017 was negative SEK 16.2 million, a decrease of SEK 4.1 million, or 33.9 percent, compared to negative SEK 12.1 million in the year ended 31 December 2016. This was principally as a result of increased interest expenses due to balancing of interest.

Net profit for the period

As a result of the reasons discussed above, the Group's net profit for the period decreased by SEK 19.0 million, from a profit of SEK 25.1 million for the year ended 31 December 2016 to a profit of SEK 6.1 million for the year ended 31 December 2017.

Year ended 31 December 2016 compared to the year ended 31 December 2015

Revenue

The Group's revenue for the year ended 31 December 2016 was SEK 209.2 million, an increase of SEK 96.8 million, or 86.1 percent, compared to SEK 112.4 million in the year ended 31 December 2015. This was principally as a result of additional satellite capacity.

Operating profit/loss

The Group's operating profit/loss for the year ended 31 December 2016 was a profit of SEK 37.2 million, an increase of SEK 34.2 million, or 1143.0 percent, compared to a profit of SEK 3.0 million in the year ended 31 December 2015. This was principally as a result of increased revenue.

Net financial items

The Group's net financial items for the year ended 31 December 2016 was negative SEK 12.1 million, an increase of SEK 11.7 million, or 49.3 percent, compared to negative SEK 23.8 million in the year ended 31 December 2015. This was principally as a result of decreased financial expenses, caused by currency fluctuations.

Net profit/loss for the year

As a result of the reasons discussed above, the Group's net profit/loss for the year increased by SEK 46.4 million, from a loss of SEK 21.2 million for the year ended 31 December 2015 to a profit of SEK 25.1 million for the year ended 31 December 2016.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the periods under review, the Company's principal sources of liquidity have been cash flows from operating activities. Following the Offering, the Company expects to rely primarily on cash flows from operating activities and net proceeds from the Offering. The aim of Ovzon's financing policy is to secure sufficient liquid reserves at all times to satisfy the operating and strategic financial needs of the Group. Ovzon's financial strategy and goal is to highest possible return on equity from a secure and cost efficient financial managing. The financing operations shall secure good control and high quality in the Group's risk management. The lead principle is to minimise negative influence over the result and cash flow from short-term movements on the financial markets in both subsidiaries and the Group as a whole.

As of 31 March 2018, the Group had SEK 22.1 million in cash and cash equivalents. Ovzon strive for managing liquidity risk and to maintain access to sufficient funds by establishing a liquidity reserve. The Group's surplus liquidity will firstly be used in reducing external debt. Additional liquid assets will be held as bank deposits or invested in liquid instruments.

Capital expenditure

Ovzon's capital expenditure consist of capital expenditure in property, plant and equipment and intangible assets. The capital expenditure in property, plant and equipment largely consists of capital expenditure in construction in progress and advance payments as well as equipment, plant and machinery while the capital expenditure in intangible assets largely consist of development and patents. During the periods under review Ovzon's capital expenditure in property, plant and equipment and intangible assets have fluctuated as a result of Ovzon's growth and ongoing development of the components that are part of Ovzon's service offering.

The following table presents information on Ovzons capital expenditure for the given periods.

	For the year ended 31 December		
	2017	2016	2015
MSEK	*(from audited financial statements)*	*(from audited financial statements)*	*(from audited financial statements)*
Equipment, tools, fixtures and fittings	1.8	0.5	–
Construction in progress and advance payments	–	–	24.6
Development	4.7	6.7	9.7
Patents	–	0.6	–
Total capital expenditure	**6.5**	**7.8**	**34.3**

In the year ended 31 December 2017 Ovzon invested SEK 1.9 million in property, plant and equipment, relating to equipment, tools, fixtures and fittings. During the years ended 31 December 2017, 2016 and 2015 Ovzon's capital expenditure in property, plant and equipment largely related to construction in progress and advance payments. The capital expenditure in property, plant and equipment in the year ended 31 December 2016 amounted to SEK 0.5 million.

Capital expenditure in equipment, tools, fixtures and fittings refer to ground equipment for satellite transmission. The capital expenditure in equipment, tools, fixtures and fittings have increased during the periods reviewed. Capital expenditure in equipment, tools, fixtures and fittings for the year ended 31 December 2017 increased in relation to the capital expenditure in equipment, tools, fixtures and fittings in the year ended 31 December 2016, that amounted to SEK 0.5 million, compared to the year ended 31 December 2015 when no capital expenditure in equipment, tools, fixtures and fittings was made.

Capital expenditure in construction in progress and advance payments relates to an agreement between a subsidiary of the Company, OverHorizon AB, and Orbital Sciences Corporation concerning Ovzon's acquirement of a communication satellite with associated ground equipment, support and training. The advance payment reported relates in its entirety to the first payment under the payment plan of the agreement. The capital expenditure in construction in progress and advance payments has varied during the periods reviewed since additional payments under the payment plan of the agreement have not been made. Capital expenditure in construction in progress and advance payments in the year ended 31 December 2017 remained unchanged in relation to the capital expenditure in construction in progress and advance payments for the year ended 31 December 2016, where no capital expenditure in construction in progress and advance payments were made, compared to SEK 24.6 million for the year ended 31 December 2015.

In the year ended 31 December 2017 Ovzon invested SEK 4.7 million in intangible assets, largely relating to costs of developing terminals. During the years ended 31 December 2016 , 2015 and 2014 Ovzon's capital expenditure have largely been relating to development. The capital expenditure in intangible assets in the year ended 31 December 2016 amounted to SEK 7.3 million.

Capital expenditure for development relates to design and technical development of satellite equipment, more specifically broadband terminals, through which Ovzon can offer final users a complete data transmission service. Capital expenditure for development during the periods reviewed have varied as the operations have expanded. Capital expenditure for development in the year ended 31 December 2017 decreased in relation to capital expenditure for development in the year ended 31 December 2016, which amounted to SEK 6.7 million, compared to SEK 9.7 million in the year ended 31 December 2015.

Capital expenditure for patents relates to patents registered at the patent and trademark authorities in the U.S., Canada and Europe, within the area of methods and systems for the collection and processing of user information within satellite communication networks. Capital expenditure for patents have increased as the operations have expanded. Capital expenditure for patents in the year ended 31 December 2017 decreased in relation to capital expenditure for patents in the year ended 31 December 2016, which amounted to SEK 0.6 million, compared to the year ended 31 December 2015, when no capital expenditure for patents was made.

Future capital expenditures relating to the development of Ovzon's service offering are intended to be financed by the proceeds from the new issue of shares in the Offering and the cash flow from Ovzon's operating business.

Cash flows

The following table sets forth the Group's principal components of its consolidated cash flows for the periods indicated.

	For the three months ended 31 March		For the year ended 31 December		
	2018	2017	2017	2016	2015
MSEK	*(unaudited)*	*(unaudited)*	*(from audited financial statements)*	*(from audited financial statements)*	*(from audited financial statements)*
Cash flow from operating activities	(28.1)	8.6	34.3	21.2	7.8
Cash flow from investing activities	(0.1)	(1.6)	(6.5)	(7.8)	(34.3)
Cash flow from financing activities	–	–	–	(0.3)	32.8
Cash flow for the period	**(28.2)**	**7.0**	**28.1**	**13.2**	**6.3**
Cash and cash equivalents at the end of the period	**22.1**	**30.8**	**49.7**	**24.5**	**12.3**

Cash flow from operating activities

The Group's cash inflow from operating activities decreased by SEK 36.7 million from positive SEK 8.6 million in the three months ended 31 March 2017 to negative SEK 28.1 million in the three months ended 31 March 2018. This decrease was primarily due to a decrease in revenue for the period and a reduced working capital.

The Group's cash inflow from operating activities increased by SEK 13.0 million from positive SEK 21.2 million in the year ended 31 December 2016 to positive SEK 34.3 million in the year ended 31 December 2017. This increase was primarily due to changes to the operating capital.

The Group's cash inflow from operating activities increased by SEK 13.4 million from positive SEK 7.8 million in the year ended 31 December 2015 to positive SEK 21.2 million in the year ended 31 December 2016. This increase was primarily due to an increase in revenue.

Cash flow from investing activities

The Group's cash outflow from investing activities decreased by SEK 1.5 million from negative SEK 1.6 million in the three months ended 31 March 2017 to negative SEK 0.1 million in the three months ended 31 March 2018. This decrease was primarily due to less capital expenditure in development.

The Group's cash outflow from investing activities decreased by SEK 1.3 million from negative SEK 7.8 million in the year ended 31 December 2016 to negative SEK 6.5 million in the year ended 31 December 2017. This decrease was primarily due to less capital expenditure in development.

The Group's cash outflow from investing activities decreased by SEK 26.5 million from negative SEK 34.3 million in the year ended 31 December 2015 to negative SEK 7.8 million in the year ended 31 December 2016. This decrease was primarily due to a down payment for the satellite Ovzon-3 in 2015.

Cash flow from financing activities

The Group's cash flow from financing activities remained unchanged from SEK – million in the three months ended 31 March 2017 to SEK – million in the three months ended 31 March 2018. This was due to no financing activities taking place in none of the periods.

The Group's cash flow from financing activities increased by SEK 0.3 million from negative SEK 0.3 million in the year ended 31 December 2016 to – in the year ended 31 December 2017. This increase was primarily due to a small loan.

The Group's cash flow from financing activities decreased by SEK 33.1 million from positive SEK 32.8 million in the year ended 31 December 2015 to negative SEK 0.3 million in the year ended 31 December 2016. This decrease was primarily due to an established credit for the Ovzon-3 satellite in 2015.

Indebtedness

Ovzon's development phase has been financed through various types of direct loans and credits that largely fall due in the coming twelve months. As of 31 March 2018 Ovzon's borrowings amounted to SEK 214.9 million, of which SEK 150.2 million related to liabilities to related parties, SEK 36.0 million related to other borrowings, SEK 17.7 million related to trade payables and SEK 11.0 million related to other current liabilities. Ovzon intends to use the proceeds of the Offering to pay back debt that as of 31 March 2018 amounted to SEK 186.2 million (of which debts amounting to SEK 150.1 million are intended to be repaid in connection to the Offering), distributed between liabilities to related parties of SEK 150.2 million (of which debts amounting to SEK 114.1 million are intended to be repaid in connection to the Offering) and other borrowings of SEK 36.0 million, in accordance with what is stated below and in section "*Background and reasons and use of proceeds*" and section "*Capitalisation and indebtedness*". The table below shows the indebtedness of Ovzon as of 31 March 2018.

MSEK	As of 31 March 2018
Liabilities to related parties	
Etheron AB	60.5
Equi Performance Sweden AB	11.7
LMK Forward AB	52.8
LMK Ventures AB	12.7
OverHorizon (Cyprus) PLC	12.5
Total liabilities to related parties	**150.2**
Other borrowings	
Ramab Iggesund AB	36.0
Total other borrowings	**36.0**
Trade payables	
Trade payables	17.7
Total trade payables	**17.7**
Other current liabilities	
Other liabilities	5.3
Accrued expenses and deferred income.	5.7
Total other current liabilities	**11.0**
TOTAL INDEBTEDNESS	**214.9**

As of 31 March 2018, liabilities to related parties consisted of loans from Etheron AB amounting to SEK 60.5 million including accrued interest, loans from Equi Performance Sweden AB amounting to SEK 11.7 million including accrued interest, loans from LMK Forward AB amounting to SEK 52.8 million including accrued interest, loans from LMK Ventures AB amounting to SEK 12.7 million including accrued interest and liabilities to OverHorizon (Cyprus) PLC related to the restructuring of the Group in 2016 amounting to SEK 12.5 million including accrued interest (for further information, see section "*Legal considerations and supplementary information—Restructuring of the Group*"). Of these the loans from LMK Forward AB and LMK Ventures fall due on 30 November 2018. The loans from Etheron AB and Equi Performance Sweden AB will, by agreement, be repaid by 50 percent as soon as possible following the settlement date of the Offering. Remaining amounts (including outstanding accrued interest) following the repayment will not fall due, be repayable or be repaid in any way (other than by unconditional shareholders' contributions from Etheron AB or Equi Performance Sweden AB, respectively) earlier than twelve months after the settlement date of the Offering. The loans from Etheron AB and Equi Performance Sweden AB carry an interest of 9.5 percent, the loan from LMK Forward carry an interest of 20.0 percent and the loan from LMK Ventures AB carry an interest of 12 percent. For further information on liabilities to related parties, see section "*Legal considerations and supplementary information—Related party transactions*" and "*Background and reasons and use of proceeds—Use of proceeds*".

Other borrowings refer primarily to a debt to Ramab Iggesund AB that, as of 31 March 2018, amounted to SEK 36.0 million including accrued interest. The credit relates to a loan that has been subject to litigation, which involved also the borrower, OverHorizon OHO 1 Ltd. (subsidiary to the Company), concerning the time of repayment. The dispute is settled through an agreement entered into on 8 March 2018. The credit has thus fallen due, but execution may not be requested until 31 May 2018, in accordance to the agreement. The credit carries an interest of 12 percent.

Other current liabilities consisted as of 31 March 2018 of other liabilities amounting to SEK 5.3 million and accrued expenses and deferred income amounting to SEK 5.7 million.

For more information on indebtedness, see section "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Note 23 (Borrowings)*" and "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Note 27 (Supplementary disclosures, financial assets and liabilities)*".

Working capital statement

Ovzon estimates that the Group does not have sufficient working capital to meet its present obligations in the coming twelve months. In this Prospectus, working capital is defined as Ovzon's ability to access cash and other available liquid resources in order to meet its liabilities as they fall due. The capital deficit for the coming twelve months is estimated to SEK 60 million. The working capital is estimated to cover Ovzon's needs until 30 November 2018.

Ovzon's estimate is based on the sum of payment commitments, including interest, that are, as of the date of this Prospectus, due in the coming twelve months compared to Ovzon's current liquidity situation (as of the 31 March 2018 the Group had SEK 22.1 million in cash and cash equivalents) and estimated cash flow during the same period, assuming that Ovzon continues to conduct business according to its current business plan.

Among Ovzon's payment commitments, debts that amounted to SEK 130.2 million as of 31 March 2018 fall due in the coming twelve months. Excluding operating debts, i.e. trade payables and other current liabilities, which are paid continuously throughout the year, debts that amounted to SEK 101.5 million as of 31 March 2018 fall due in the coming twelve months. These debts include:

- a debt to Ramab Iggesund AB which amounted to SEK 36.0 million as of 31 March 2018, including accrued interest, and is due for payment but may not be executed until 31 May 2018;
- loans from LMK Forward AB and LMK Ventures AB, which amounted to SEK 65.5 million, including accrued interest, as of 31 March 2018 and fall due on 30 November 2018;
- trade payables which amounted to SEK 17.7 million as of 31 March 2018 and fall due in the coming twelve months; and
- other current liabilities which amounted to SEK 11.0 million as of 31 March 2018 and fall due in the coming twelve months.

To cover the financing need, the Company has resolved to issue new shares as part of the Offering, which is expected to generate proceeds of SEK 189 million to Ovzon, prior to transaction costs (approximately SEK 238 million provided that the Over-allotment option is exercised in full). The Cornerstone Investors (Bure Equity AB and Investment AB Öresund) have committed to acquire shares equal to approximately 43 percent of the Offering (approximately 38 percent if the Over-allotment option is exercised in full).

Ovzon estimates that the proceeds from the Offering would provide sufficient working capital to secure the financing of its business for at least twelve months.

If the proposed Offering, despite the commitments of the Cornerstone Investors, is not successful, Ovzon intends to manage the working capital deficiency by attempting to renegotiate its loans and other liabilities with its creditors. Ovzon's ability to successfully renegotiate its existing debt, is dependent on several factors, including the conditions on the financial markets in general, Ovzon's creditworthiness and Ovzon's ability to increase its indebtedness. If Ovzon turns out to be unable to renegotiate its existing debt and other obligations Ovzon may have to restructure or divest part or all of its business. Even if such actions are pursued, the Company might not be able to manage the working capital deficiency. This could potentially constitute a risk to the development and continued operations of the Company and have a material adverse effect on Ovzon's business, financial condition and results of operations.

Off balance sheet arrangements and contingency liabilities

The Company has no other off balance sheet arrangements or contingency liabilities than the pledged assets, legal matters and other contingency liabilities accounted for in "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Note 25 (Pledged assets and contingent liabilities)*" and described in "*Legal considerations and supplementary information—Legal proceedings*" and "*Legal considerations and supplementary information—Advisers*".

PROPERTY, PLANT AND EQUIPMENT

For information on property, plant and equipment, see "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Note 16 (Equipment, tools, fixtures and fittings)*".

MATERIAL ACCOUNTING POLICIES

See "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Note 1 (General information)*" and "*—Note 2 (Summary of important accounting policies)*" for a description of the accounting policies and assessments used by Ovzon when preparing the financial reports.

CAPITALISATION AND INDEBTEDNESS

The tables below set forth the Company's capitalisation and net indebtedness as of 31 March 2018:

- on an actual basis reflecting the carrying amounts on the Company's consolidated balance sheet; and
- on an adjusted basis to reflect:
  a. a potential increase in the Company's share capital of SEK 269,997 through a new issue of 2,699,971 shares for the purpose of the Offering that the board of directors intend to resolve on by power of authorisation on 17 May 2018 (corresponding to an increase of the Company's share capital of SEK 339,639 through an issue of 3,396,399 shares, assuming that the Over-allotment option is exercised in full); and
  b. utilisation of the proceeds from the Offering of SEK 170.7 million (corresponding to SEK 219.4 million assuming that the Over-allotment option is exercised in full), after transaction costs, for repayment of certain debts related to the financing of the development of Ovzon's current service offering in total amounting to approximately SEK 150.1 million (for further information on the indebtedness of Ovzon, see section "*Operating and financial review—Liquidity and capital resources—Indebtedness*") distributed as follows:
     i) a debt to Ramab Iggesund AB amounting to SEK 36.0 million;
     ii) loans from Etheron AB amounting to SEK 60.5 million, of which SEK 30.3 million is intended to be repaid as soon as possible after the settlement date of the Offering and is included in the adjustment (for further information see section "*Legal considerations and supplementary information—Related party transactions*");
     iii) loans from Equi Performance Sweden AB amounting to SEK 11.7 million, of which SEK 5.9 million is intended to be repaid as soon as possible after the settlement date of the Offering and is included in the adjustment (for further information see section "*Legal considerations and supplementary information—Related party transactions*");
     iv) loans from LMK Forward AB amounting to SEK 52.8 million;
     v) loans from LMK Ventures AB amounting to SEK 12.7 million; and
     vi) liabilities to OverHorizon (Cyprus) PLC amounting to SEK 12.5 million.

For information on the Company's share capital and the number of outstanding shares as well as changes in conjunction with the Offering (including the above-mentioned new share issue), see "*Shares and share capital*". The information presented below should be read in conjunction with "*Operating and financial review*" and the Company's consolidated financial statements and the notes related thereto included in "*Historical financial information*".

CAPITALISATION

As of 31 March 2018 Ovzon's equity amounted to negative SEK 131.4 million. Short-term debt amounted to SEK 130.2 million and long-term debt amounted to SEK 84.7 million. Ovzon's negative equity derives from the long development phase of its technical solutions and current satellite service, securing orbital slots and frequency licenses, and securing a number of patents. The table below shows Ovzon's capital structure as of 31 March 2018.

	As of 31 March 2018		
	Actual	**Adjustments**	**As adjusted**
MSEK		*(unaudited)*	
Current debt:			
Guaranteed	–	–	–
Secured	–	–	–
Unguaranteed/unsecured	130.2	(101.5)	28.7
Total current debt	**130.2**	**(101.5)**	**28.7**
Non-current debt:			
Guaranteed	–	–	–
Secured	–	–	–
Unguaranteed/unsecured	84.7	(48.6)	36.1
Total non-current debt	**84.7**	**(48.6)**	**36.1**
Total indebtedness	**214.9**	**(150.1)**	**64.8**
Shareholders' equity:			
Share capital	0.5	0.3	0.8
Other injected capital	59.5	170.4	230.0
Reserves	12.3	–	12.3
Accumulated deficit including profit/loss for the year	(203.8)	–	(203.8)
Total shareholders' equity	**(131.4)**	**170.7**	**39.3**
Total capitalisation	**83.5**	**20.6**	**104.1**

NET INDEBTEDNESS

The development phase has been financed with various types of direct loans and credits that largely are due for payment during the coming twelve months. As of 31 March 2018, Ovzon's liquidity amounts to SEK 22.1 million. Even if the current business of Ovzon generates a positive cash flow, current liquidity and cash flow is not enough to make timely repayments of its debt. The table below shows Ovzon's net debt as of 31 March 2018 before any effects of the proposed Offering, as well as after the proposed Offering.

	As of 31 March 2018		
	Actual	**Adjustments**	**As adjusted**
MSEK		*(unaudited)*	
Net indebtedness:			
A. Cash	**22.1**	**20.6**	**42.7**
B. Cash equivalents (short-term deposits)	–	–	–
C. Trading securities	–	–	–
D. Total liquidity (A+B+C)	**22.1**	**20.6**	**42.7**
E. Current financial receivables	**–**	**–**	**–**
F. Current bank debt	–	–	–
G. Current portion of non-current debt	–	–	–
H. Other current financial debt[1)]	101.5	(101.5)	–
I. Total current financial debt (F+G+H)	**101.5**	**(101.5)**	**–**
J. Net current financial indebtedness (I–E–D)	**79.4**	**(122.1)**	**(42.7)**
K. Non-current bank loans	–	–	–
L. Bonds issued	–	–	–
M. Other non-current loans[2)]	84.7	(48.6)	36.1
N. Non-current financial indebtedness (K+L+M)	**84.7**	**(48.6)**	**36.1**
O. Net financial indebtedness (J+N)	**164.1**	**(170.7)**	**(6.6)**

1) Refers to current liabilities excluding non-interest-bearing trade payables and other current liabilities, and thus includes a debt to Ramab Iggesund AB, which amounted to SEK 36.0 million as of 31 March 2018, a loan from LMK Forward AB, which amounted to SEK 52.8 million as of 31 March 2018, as well as a loan from LMK Ventures AB, which amounted to SEK 12.7 million as of 31 March 2018.
2) Includes a loan to Etheron AB, which amounted to SEK 60.5 million as of 31 March 2018, of which SEK 30.3 million is intended to be repaid in connection with the Offering and is included in the adjustment, a loan from Equi Performance Sweden AB, which amounted to SEK 11.7 million as of 31 March 2018, whereof SEK 5.9 million is intended to be repaid in connection with the Offering and is included in the adjustment, as well as debts to OverHorizon (Cyprus) PLC, which amounted to SEK 12.5 million as of 31 March 2018 and are intended to be repaid in connection with the Offering and are included in the adjustment.

The information on Ovzon's capitalisation and indebtedness on an adjusted basis constitute forward-looking statements which is intended to describe a hypothetical situation and is only provided for illustrative purposes. These forward-looking statements are not guarantees of future financial performance or development, and the actual outcome could differ materially from what is expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described under "Important information and notice to investors—Cautionary note regarding forward-looking statements" and "Risk factors".

The Company has no reason to believe that there has been any material change to the Company's actual capitalisation since 31 March 2018 other than as set out above. For information about recent developments, see "*Operating and financial review—Recent developments and current trends*".

CONTINGENT LIABILITIES

As of 31 March 2018 Ovzon had contingent liabilities concerning an outstanding liability relating to an agreement entered into with Carnegie Investment Bank AB (publ) regarding financial advice in connection to the Offering and the listing of the shares of the Company on Nasdaq First North Premier. In accordance with the agreement Carnegie will receive a fee of 5 percent of the value of the transaction with a minimum remuneration of SEK 25 million if the transaction is completed. Ovzon will pay SEK 15.9 million of the minimum fee and the Company's parent company, OverHorizon (Cyprus) PLC, will pay the remaining SEK 9.1 million, based on the relation between the number of newly issued shares offered by the Company and the number of existing shares offered by OverHorizon (Cyprus) PLC as part of the Offering.

PLEDGED ASSETS

As of 31 March 2018 Ovzon had pledged assets amounting to SEK 0.8 million relating to pledged bank funds.

BOARD OF DIRECTORS, GROUP MANAGEMENT AND AUDITORS

BOARD OF DIRECTORS

The following table sets forth certain information on the members of the Company's board of directors as of the date of this Prospectus. As of the date of this Prospectus, the Company's board of directors consists of three ordinary members without any deputies, of which three were elected at the 2018 annual general meeting, up until the end of the 2019 annual general meeting:

Name	Year of first election	Position	Independent in relation to the Company and the Group management	Independent in relation to the major shareholders
Lennart Hällkvist	2007[1)]	Chairman	No	Yes
Kennet Lejnell	2007[1)]	Member	No	Yes
Per Wahlberg	2007[1)]	Member	No	Yes

1) Refers to year of first election in the parent company of the Former Group, OverHorizon (Cyprus) PLC.

At an extraordinary general meeting that is planned to be held on 9 May 2018, Patrik Tigerschiöld, Nicklas Paulson, Magnus René and Peter Näslund are proposed to be elected as ordinary members of the board of directors up until the end of the 2019 annual general meeting. In connection with this, Per Wahlberg is proposed to resign from the board of directors. As of the date of the planned listing of the Company's shares on Nasdaq First North Premier the intention is that the board of directors will consist of six ordinary members, without deputies, according to the following:

Name	Year of first election	Position	Independent in relation to the Company and the Group management	Independent in relation to the major shareholders
Lennart Hällkvist	2007[1)]	Chairman	No	Yes
Kennet Lejnell	2007[1)]	Member	No	Yes
Patrik Tigerschiöld	2018	Member	Yes	No
Nicklas Paulson	2018	Member	Yes	No
Magnus René	2018	Member	Yes	Yes
Peter Näslund	2018	Member	Yes	Yes

1) Refers to year of first election in the parent company of the Former Group, OverHorizon (Cyprus) PLC.

LENNART HÄLLKVIST (born 1951)

Position:	Chairman of the board (since 2007).
Nationality:	Swedish.
Education:	M.Sc., Chalmers Institute of Technology.
Current engagements:	COO of the Company and CEO of OverHorizon AB.
Previous engagements/Experience:	CEO of NSAB and management positions in various Ericsson subsidiaries.

Lennart Hällqvist does not own any shares in the Company but holds 1.1 percent of the shares in the Company's parent company, OverHorizon (Cyprus) PLC, as of the date of this Prospectus.

KENNET LEJNELL (born 1968)

Position:	Board member (since 2007).
Nationality:	Swedish.
Education:	Ph.D. in Theoretical Physics, Stockholm University and Princeton University.
Current engagements:	CTO of the Company and board member of Equi Performance Sweden AB.
Previous engagements/Experience:	CTO and CSO at Swe-Dish Satellite Systems.

Kennet Lejnell does not own any shares in the Company but holds 2.6 percent of the shares in the Company's parent company, OverHorizon (Cyprus) PLC, as of the date of this Prospectus.

PER WAHLBERG (born 1966)

Position:	Board member (since 2007).
Nationality:	Swedish.
Education:	History of Science and Ideas, Umeå University, radio link technician, Swedish Airforce tele-technical school and Tele-technical upper secondary school.
Current engagements:	CEO of the Company, Vice President and board member of OverHorizon AB and founder and board member of Etheron AB.
Previous engagements/Experience:	Satellite operator and project manager at Swedish Space Corporation, Co-Founder of Swe-Dish Satellite Systems.

Per Wahlberg does not own any shares in the Company but holds 8.8 percent of the shares in the Company's parent company, OverHorizon (Cyprus) PLC, as of the date of this Prospectus.

PATRIK TIGERSCHIÖLD (born 1964)

Position:	Board member (since 2018).
Nationality:	Swedish.
Education:	B. Sc. Economics, Stockholm University.
Current engagements:	Chairman of the board of Bure Equity AB, Mycronic AB (publ), Cavotec SA, the Swedish Association of Listed Companies and the Association of generally accepted principles in the securities market. Deputy chairman in the board of directors of the House of Nobility. Board member of Bure Financial Services AB, Självregleringen i Sverige Services AB, Anna Kirtap AB, Idevall & Partners Fonder AB, Idevall & Partners Holding AB and Nationalmusei vänner.
Previous engagements/Experience:	Board member of Stockholm University, SU Inkubator, SU Holding and Mercuri International Group.

Patrik Tigerschiöld does not own any shares in the Company.

NICKLAS PAULSON (born 1970)

Position:	Board member (since 2018).
Nationality:	Swedish.
Education:	B. Sc Economics, Stockholm University.
Current engagement:	CEO of Investment AB Öresund. Board member of Bilia AB and Bulten AB.
Previous engagements/Experience:	Investment Banking at Carnegie Investment Bank AB (publ) and Alfred Berg ABN AMRO.

Nicklas Paulson does not own any shares in the Company.

MAGNUS RENÉ (born 1962)

Position:	Board member (since 2018).
Nationality:	Swedish.
Education:	Master of Electrotehnology, Chalmers University of Technology.
Current engagement:	Board member of Integrum AB.
Previous engagements/Experience:	CEO of Arcam AB 2001–2018. CEO and head of business area Hogia Technology 1999–2000. VP Customer Service Mycronic 1990–1999.

Magnus René does not own any shares in the Company.

PETER NÄSLUND (born 1962)

Position:	Chairman of the board (since 2018).
Nationality:	Swedish.
Education:	Ph.D. in Law, Lund University.
Current engagements:	Board member of Peter Näslund Advokat AB, Näslund Productions AB, Göta Kanal Rock AB and Jurt AB.
Previous engagements/Experience:	Chairman of the board of Hedera Group AB (publ), Ladza Fastigheter AB, Picoterm AB and Originalbagarn AB (publ). Board member of Ekerö Arena AB.

Peter Näslund does not own any shares in the Company but holds 0.5 percent of the shares in the Company's parent company, OverHorizon (Cyprus) PLC, as of the date of this Prospectus.

GROUP MANAGEMENT

The following table sets forth certain information on the members of Ovzon's Group management as of the date of this Prospectus:

Name	Year of employment	Year of appointment	Position
Per Wahlberg	2006	2006	CEO
Lennart Hällkvist	2006	2006	COO
Thomas Buhre	2010[1)]	2010[1)]	CFO
Kennet Lejnell	2007	2007	CTO
Jim Gerow	2008	2008	President of OverHorizon LLC
Pål Ekberg	2007	2007	CEO of OverHorizon LLC
Rolf Olofsson	2006[2)]	2006[2)]	CLO

1) Refers to the date of appointment of Thomas Buhre as CFO under a consultancy agreement that the Company has entered into. For further information see section "*Corporate governance–Remuneration and terms of engagement–The CEO and Group Management*".
2) Refers to the date of appointment of Rolf Olofsson as CLO under a consultancy agreement that the Company has entered into. For further information see section "*Corporate governance–Remuneration and terms of engagement–The CEO and Group Management*".

PER WAHLBERG (born 1966)

Position: CEO.

See further under "*—Board of directors*".

LENNART HÄLLKVIST (born 1951)

Position: COO.

See further under "*—Board of directors*".

THOMAS BUHRE (born 1955)

Position: CFO.
Nationality: Swedish.
Education: MBA, International Business Administration, Lund University.
Current engagements: Founder and owner of Vice Versa AB.
Previous engagements/Experience: CFO at Teracom AB.

Thomas Buhre does not own any shares in the Company.

KENNET LEJNELL (born 1968)

Position: CTO.

See further under "*—Board of directors*".

JIM GEROW (born 1961)

Position: President of OverHorizon LLC.
Nationality: American.
Education: Bachelor of Science in Electrical Engineering, University of Connecticut.
Current engagements: –
Previous engagements/Experience: President Swe-Dish Satellite Systems, Government Program Manager, MBITR, MBMMR at USSOCOM, Department of the Army (DOA), Government (GS-13) at USSOCEUR, Medic, communicator at USMC/Navy Special Warfare (NSW), USMC Special Operations Training Group (SOTG) and Corpsman (medic) at SEAL.

Jim Gerow does not own any shares in the Company but holds 1.2 percent of the shares in the Company's parent company, OverHorizon (Cyprus) PLC, as of the date of this Prospectus.

PÅL EKBERG (born 1972)

Position:	CEO of OverHorizon LLC.
Nationality:	Swedish.
Education:	Political Science and Economics, Lund University.
Current engagements:	CEO of OverHorizon LLC.
Previous engagements:	VP of Sales at Swe-Dish Satellite Systems, Consultant at Swedish Trade Council and Lieutenant in the Swedish Air Force Reserve.

Pål Ekberg does not own any shares in the Company but holds 2.7 percent of the shares in the Company's parent company, OverHorizon (Cyprus) PLC, as of the date of this Prospectus.

ROLF OLOFSSON (born 1947)

Position:	CLO.
Nationality:	Swedish.
Education:	LLM, Uppsala University Law School.
Current engagements:	Managing Partner, Space Law Advisors LLC, founder of Powder Dog LLC and founder of and Senior Adviser to the board of directors of Youth For Understanding Sverige.
Previous engagements/Experience:	Partner at and Global Head of Telecom, Satellite and Media Practice Group, (resident in Washington DC, Brussels and Stockholm) at White & Case LLP, Partner at Mannheimer Swartling Advokatbyrå AB (resident in Stockholm and New York).

Rolf Olofsson does not own any shares in the Company.

OTHER INFORMATION ON THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

The business address of the members of the board of directors and the Group management of the Company is Box 6069, SE-171 06 Solna.

There are no identified conflicts of interest or potential conflicts of interest between the duties of the members of the board of directors and Group management toward the Company and their private interests and/or other duties (however, some members of the board of directors and Group management have certain financial interests in the Company as a consequence of their holding of shares in the OverHorizon (Cyprus) PLC and credits).

There are no family ties between members of the board of directors or Group management.

No members of the board of directors or Group management has been convicted of fraudulent conduct during the last five years or been subject to any public incrimination or sanctions by statutory or regulatory authorities and none of the members of the board of directors or Group management has ever been disqualified by a court from acting as a member of administrative, management or supervisory bodies of a company or from acting in the board of directors or management or otherwise from conducting the affairs of a company during the past five years. None of the members of the board of directors or Group management has during the last five years been involved in any bankruptcies, receiverships or liquidations in a capacity as members of or deputy members of the board of directors of a company or as members of such a company's management.

AUDITORS

The Company's auditors Grant Thornton Sweden AB were initially elected in 2016. At the 2018 annual general meeting, Grant Thornton Sweden AB were re-elected for a period until the end of the 2019 annual general meeting, with Carl-Johan Regell as the auditor in charge.

Carl-Johan Regell (born 1963) is an authorised public accountant and member of the Swedish Institute of Authorized Public Accountants (Sw. *Föreningen Auktoriserade Revisorer*) ("**FAR**"). In addition to the Company, Carl-Johan Regell is responsible for the audits of, among others, Net Jobs Group AB, Y A-Holding AB and Anicura AB.

The address of the office of Grant Thornton Sweden AB is Sveavägen 20, SE-111 57 Stockholm.

CORPORATE GOVERNANCE

Ovzon is a Swedish public limited liability company controlled by the general meeting of shareholders, the board of directors, the CEO and other members of the executive management. The corporate governance of the Company is based upon Swedish law, mainly the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*). As a company listed on Nasdaq First North Premier, the Company must also comply with the Nasdaq First North Nordic – Rulebook, as well as statements by the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) regarding good stock market practice on the Swedish securities market. Companies listed on First North Premier are not required to adhere to the Swedish Corporate Governance Code (Sw. *Svensk kod för bolagsstyrning*) (the "**Code**"). Ovzon therefore does not intend to apply the Code initially. Following a change of the regulation, however, Ovzon will be required to apply the Code as from 1 July 2019, at latest.

GENERAL MEETINGS

Pursuant to the Companies Act, the general meeting is the Company's supreme decision-making body and shareholders exercise their voting rights at such meetings.

The annual general meeting must be held within six months of the end of each preceding financial year to consider, among other things, statutory accounts and reports, disposition of profit or loss and discharging the board of directors from liability. The Company's articles of association stipulate that notices convening the annual general meeting shall be published in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and be made available on the Company's website. That such notice has been made, shall be published in the Swedish daily newspaper Svenska Dagbladet. The notice convening the annual general meeting shall be published no earlier than six weeks and no later than four weeks prior to the meeting.

Extraordinary general meetings are held when the board of directors considers such meetings appropriate or when either the auditor or shareholders representing at least one-tenth of all issued shares request such meeting in writing for a specified purpose. A notice convening an extraordinary general meeting will be announced in the same manner as the notice to the annual general meeting described above. Pursuant to the Swedish Companies Act, a notice convening an extraordinary general meeting must be made no earlier than six weeks and no later than four weeks prior to the date of the extraordinary general meeting if the general meeting will decide on a proposed amendment of the articles of association. To any other extraordinary general meeting the notice convening the meeting must be announced no earlier than six weeks and no later than three weeks prior to the date of the meeting.

Pursuant to the Swedish Companies Act, a general meeting may not adopt any resolution which is likely to give undue advantage to a shareholder or a third party to the detriment of the company or another shareholder of the company.

Right to participate in general meetings

Shareholders who wish to participate in a general meeting must be included in the share register maintained by Euroclear Sweden AB ("**Euroclear Sweden**") as of five workdays prior to the meeting, and notify the Company of their participation no later than the date stipulated in the notice convening the meeting.

Shareholders may attend a general meeting in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the general meeting in several different ways as indicated in the notice of the general meeting.

A shareholder may vote for all shares owned or represented by the shareholder.

Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the Board of directors. Such request must normally be received by the board of directors no later than seven weeks prior to the general meeting.

NOMINATION COMMITTEE

The purpose of the nomination committee is to make proposals in respect of the chairman at general meetings, board member candidates, including the position of chairman, fees and other remuneration for each member of the board of directors as well as remuneration for committee work, and election of and remuneration for the external auditor.

At the annual general meeting held on 25 April 2018, it was resolved that the nomination committee for the 2019 annual general meeting, will be composed of representatives of the three largest shareholders of the Company (in terms of votes) according to Euroclear Sweden on 31 August 2018 and the chairman of the board of directors. The member representing the largest shareholder will be appointed chairman of the nomination committee. If a change in the Company's ownership structure occurs after 31 August 2018, but before the date which occurs three months ahead of the 2019 annual general meeting, and if a shareholder that after this change has become one of the three largest shareholders in terms of votes, who are registered in the share register of the Company, makes a request to the chairman of the nomination committee to be part of the nomination committee, the shareholder shall have the right, in the discretion of the nomination committee, either to appoint an additional member of the nomination committee or to appoint a member who has been appointed by the shareholder who, after the change in the ownership structure, is no longer among the three largest shareholders in the Company in terms of votes. Should a member resign from the nomination committee before its work is completed and the nomination committee considers it necessary to replace him or her, such substitute member is to represent the same shareholder or, if the shareholder is no longer one of the three largest shareholders, the largest shareholder in turn. Changes to the composition of the nomination committee shall be announced as soon as they occur.

The composition of the nomination committee will be announced not later than six months prior to the annual general meeting. No remuneration is payable to the members of the nomination committee. The nomination committee has the right to charge the Company for reasonable expenses that are required for the nomination committee to complete its assignment. The mandate period of the nomination committee will extend until such time as a new nomination committee is announced.

THE BOARD OF DIRECTORS

Pursuant to the Swedish Companies Act, the board of directors is responsible for the organisation of the company and the management of the Company's affairs, which means that the board of directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of established targets, continuously assessing the financial position and profits, and evaluating the operating management. According to the Company's articles of association, the board of directors shall consist of no less than three ordinary members and no more than ten ordinary members, each of whom is elected at the annual general meeting until the end of the next annual general meeting. The chairman of the board of directors has particular responsibility for the management of the work of the board of directors and ensuring that such work is well organised and conducted effectively.

The board of directors applies written rules of procedure, which are adopted annually and revised when necessary. Among other things, the rules of procedure govern the practice of the board of directors, its functions and the division of work between the members of the board of directors and the CEO. At the inaugural board meeting the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

As of the date of this Prospectus, the Company's board of directors consists of three ordinary members without any deputies, elected at the 2018 annual general meeting up until the end of the 2019 annual general meeting. Assuming that certain proposed changes to the composition of the board of directors are carried out, the board of directors will as of the planned listing of the Company's shares on Nasdaq First North Premier consist of six ordinary members, without deputies, elected at the annual general meeting held 25 April 2018 and the extraordinary general meeting planned to be held 9 May 2018 respectively. For a description of the members of the Company's board of directors, see "*Board of directors, Group management and auditors*".

CEO AND GROUP MANAGEMENT

The CEO is subordinated to the board of directors and primarily has responsibility for the day-to-day management of the Company's affairs and the daily operations. The division of work between the board of directors and CEO is set forth in the Company's rules of procedure for the board of directors and the instructions for the CEO. The CEO is also responsible for preparing reports and management information ahead of board meetings and is the reporting person of the materials at the board meetings.

Pursuant to the instructions for the CEO, the CEO is responsible for the financial reporting in the Company and shall accordingly ensure that the board of directors receives sufficient information for the board to be able to continuously evaluate the Company's financial position. The CEO shall continuously keep the board of directors informed about the performance of the Company's operations, results of operations and financial position, as well as any other event or circumstance or condition that cannot be assumed to be irrelevant to the Company's shareholders.

REMUNERATION AND TERMS OF ENGAGEMENT

The board of directors

The amount of remuneration granted to the board of directors, including the chairman, is determined by resolution at the annual general meeting. At the annual general meeting of the Company on 25 April 2018, it was resolved that no remuneration shall be paid to the members of the board of directors. At an extraordinary general meeting planned to be held on 9 May 2018 it is proposed to be resolved that remuneration to board members that are not employed by the Company shall be SEK 125,000 and that remuneration to the chairman of the board shall be SEK 250,000.

The members of the board of directors are not entitled to any benefits upon ceasing to serve as a member of the board of directors.

No board remuneration was paid to the board of directors during 2017.

The CEO and Group management

The board of directors decides on the remuneration policy for the CEO and Group management. Such policy is in accordance with the guidelines for remuneration of the CEO and Group management, as adopted by the annual general meeting. Individual compensation to the CEO is approved by the board of directors, while individual compensation to other members of Group management is decided by the CEO conditioned upon approval by the chairman of the board of directors.

The employment contract with the CEO has a mutual 6 months' notice. Of the remaining members of the Group management one member has a mutual 6 months' notice, one member a mutual 3 months' notice and two members a mutual 90 days' notice. The CEO is entitled to severance pay of 36 monthly salaries after the notice period has ended if the employment is terminated by the Company. One additional member of the Group management is entitled to severance pay of 36 monthly salaries, one member is entitled to severance pay of 18 monthly salaries and one is entitled to severance pay of 6 monthly salaries.

The Company has entered into a consultancy agreement pursuant to which Thomas Buhre is appointed as CFO until further notice. The agreement is subject to a mutual notice period of three months. In addition, the Company has entered into a consultancy agreement, pursuant to which Rolf Olofsson is appointed as CLO until further notice.

Remuneration

The following table sets forth the remuneration paid to the members of the Group management during 2017 (amounts in SEK):

Name	Salary and other remunerations	Pension [1]	Severance pay	Total
Per Wahlberg, CEO	1,554,336	483,657	–	2,037,993
Other members of Group management (6 individuals)	12,806,974	1,058,289	–	13,865,263
Total	**14,361,310**	**1,541,946**	**–**	**15,903,256**

1) As of 31 December 2017, the Company had outstanding pension liabilities amounting to SEK 4.8 million in total, including wage tax.

AUDITING

The Company's statutory auditor is appointed at the general meeting. The auditor shall review the Company's accounts and consolidated accounts, applied accounting principles as well as the management of the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report to the shareholders at the annual general meeting.

Pursuant to the Company's articles of association, the Company shall have not less than one and not more than two auditors, and may appoint deputy auditors. For information on the Company's auditors, see "*Board of directors, management and auditors*".

In the year ended 31 December 2017, the total remuneration to the Company's auditor amounted to SEK 2.3 million.

INSIDER AND INFORMATION POLICY

The Company has prepared a policy document for the purpose of informing employees and others concerned within the Company regarding the rules and regulations applicable to the dissemination of information by the Company and the special requirements imposed on persons who are active in a listed company with regard, for example, to inside information. In this context, the Company has established routines for handling the dissemination of information which has not been made public (commonly referred to as an insider list).

OWNERSHIP STRUCTURE

OWNERSHIP STRUCTURE

The table below sets forth Ovzon's direct and indirect ownership structure immediately before the Offering and directly after completion of the Offering.

	Shareholding before the Offering		After the Offering (if the Over-allotment Option is not exercised)		After the Offering (if Over-allotment Option is exercised in full)[1)]	
Shareholder	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
OverHorizon (Cyprus) PLC[2)]	5,000,000	100	3,057,114	40	3,057,114	36
Total	**5,000,000**	**100**	**3,057,114**	**40**	**3,057,114**	**36**
New shareholders[3)]	–	–	4,642,857	60	5,339,285	64
Total	**5,000,000**	**100**	**7,699,971**	**100**	**8,396,399**	**100**

1) The maximum number of shares that may be sold under the Over-allotment Option equals 696,428.
2) Business address: 3 Roupel Street, Nicosia, Cyprus.
3) Refers to persons who receive shares as a result of allotment in the Offering, including the Cornerstone Investors Bure Equity AB and Investment AB Öresund (approximately 12 percent each of the total amount of outstanding shares in the Company following the completion of the Offering, provided that the Over-allotment option is exercised in full) (see "*Legal considerations and supplementary information—Commitments from Cornerstone Investors*").

After the Offering, OverHorizon (Cyprus) PLC (the principal owner of the Company) will beneficially own in aggregate 40 percent of the Company's shares assuming that the Over-allotment Option is not exercised and 36 percent assuming that the Over-allotment Option is exercised in full. Consequently, OverHorizon (Cyprus) PLC will continue to have significant influence over the Company after the Offering. As a listed company, the Company will be subject to a comprehensive framework of laws and regulations aimed at, among other things, preventing abuse by a controlling shareholder. These laws and regulations include, but are not limited to, provisions protecting minority shareholders in the Swedish Companies Act and the Nasdaq First North Nordic – Rulebook.

SHAREHOLDERS' AGREEMENT

Following the completion of the Offering, to the knowledge of the board of directors, none of the Company's shareholders will be parties to any shareholders agreements or similar agreements relating to the shares. In addition, the board of directors is not aware of any agreements or similar arrangements that may lead to a change of control of the Company.

LOCK-UP ARRANGEMENTS

See "*Legal considerations and supplementary information—Placing agreement*".

SHARES AND SHARE CAPITAL

Set forth below is a summary of certain information concerning the Company's shares and certain provisions of the articles of association, as well as Swedish law in effect on the date of this Prospectus. This summary contains substantially all material information regarding the shares. However, the summary does not purport to be complete and is qualified in its entirety by reference to the articles of association and applicable Swedish laws.

GENERAL

According to the Company's articles of association, the share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000, and the number of shares shall be not less than 5,000,000 and not more than 20,000,000. As of the date of this Prospectus, the Company's share capital amounts to SEK 500,000 divided into a total of 5,000,000 shares. The shares are denominated in SEK, and each share has a quota value of SEK 0.1. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid up and are freely transferable.

There has been no public market for the shares prior to the Offering. The Company's shares have been admitted to trading on Nasdaq First North Premier under the symbol "OVZON." It is expected that trading in the shares will commence on or about 18 May 2018. The shares comprised by the Offering are not subject to a mandatory offering, redemption rights, or sell-out obligation. No public takeover offer has been made for the offered shares during the current or preceding financing year.

ISSUE OF NEW SHARES IN CONNECTION WITH THE OFFERING

It is the intention of the board of directors to, by power of authorisation from the annual general meeting held on 25 April 2018, resolve on the final terms of the new issue of shares, which is expected to provide the Company with approximately SEK 189 million, prior to issuing costs (approximately SEK 238 million provided that the Over-allotment option is exercised in full). The newly issued shares in the Offering will amount to 2,699,971, which entail an increase in the number of shares in the Company from 5,000,000 to 7,699,971 shares, equivalent to an increase of approximately 54 percent. This results in a dilution of 2,669,971 shares, corresponding to approximately 35 percent of the total amount of shares following the Offering. The issue of new shares is expected to be registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 18 May 2018.

CERTAIN RIGHTS ASSOCIATED WITH THE SHARES

The Company has only one class of shares. The shares comprised by the Offering are of the same class. The rights associated with the shares issued by the Company, including those pursuant to the articles of association, may only be altered in accordance with the procedures set forth in the Swedish Companies Act.

Voting rights

All shares in the Company entitle the holder thereof to one vote at general meetings, and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Right to dividends and liquidation proceeds

All shares in the Company carry equal rights to dividends and the Company's assets and any surpluses in the event of liquidation. The Company's shares which are the subject of the Offering will rank pari passu in all respects with each other and with all existing shares, and entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the listing of the shares.

Decisions regarding the distribution of profits are taken by general meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the general meeting shall be entitled to dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (in-kind dividend). If a shareholder cannot be reached through Euroclear Sweden, the shareholder shall still have a claim to the money owed by the company for the dividend and the claim is subject to a ten-year period of limitations. Upon the expiry of the period of limitations, the dividend shall pass to the company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders not residing in Sweden for tax purposes must normally pay Swedish withholding tax. See also section "*Tax considerations in Sweden*".

Preferential rights to subscribe for new shares

If the Company issues new shares, warrants or convertibles in conjunction with a cash issue or an issue by way of set-off, the shareholders shall have a preference right to subscribe for such securities in proportion to the number of shares held by them prior to the issue. There are no provisions in the Company's articles of association restricting the possibility to issue new shares, warrants or convertibles with a deviation from existing shareholders' preference rights pursuant to the Swedish Companies Act.

CENTRAL SECURITIES DEPOSITORY

The Company's shares are registered with, and the register of shareholders is kept by, the computerised book-entry share registration system administered by Euroclear Sweden (Box 191, SE-101 23 Stockholm, Sweden). No share certificates have been, or will be, issued in respect of the Company's shares. The ISIN number of the Company's shares is SE0010948711.

SHARE CAPITAL DEVELOPMENT

The following table sets forth the changes in the Company's share capital during the years prior to the date of this Prospectus, as well as changes that will occur in connection with the listing of the Company's shares on Nasdaq First North Premier:

Year	Transaction	Change in number of shares	Change in share capital	Total share capital	Total number of shares
2016	–	–	–	500,000 SEK	5,000
1/1 2017			–	500,000 SEK	5,000
1/1 2018			–	500,000 SEK	5,000
7/2 2018	Split of shares	4,995,000	–	500,000 SEK	5,000,000
2018	New share issue as part of the Offering [2)3)]	2,699,971	269,997 SEK	769,997 SEK	7,699,971

1) See "*–Certain changes to the share capital in connection with the Offering*".
2) See "*–Issue of new shares in connection with the Offering*".
3) The estimation of the number of shares of the Offering is based on that the Offering is fully subscribed. The board of directors will, by power of authorisation from the annual general meeting held on 25 April 2018, resolve on a new issue of 2,669,971 shares in connection to the Offering in accordance with this Prospectus. The change to the share capital is given as if all of these shares are issued and the over-allotment option is not used.

CONVERTIBLES, WARRANTS, ETC.

In addition to the incentive programme described below, the Company has no outstanding securities convertible into equity, warrants or other share related financial instruments in addition to the incentive programme described below.

Incentive programme

At an extraordinary general meeting planned to be held on 9 May 2018 the Company is proposed to resolve on an issue of 426,962 warrants to the Company's subsidiary, OverHorizon AB with the right and obligation for OverHorizon to transfer warrants to Swedish employees and to store warrants to ensure delivery of shares under employee share-option plans to U.S. employees. The dilution of the proposed warrants correspond to approximately 4.8 percent. The warrants have a proposed term as from 14 May 2018 to 15 June 2021.

A maximum of 226,962 warrants are proposed to be available for transfer to market value as calculated by Black & Sholes by an external estimator for Swedish employees. At an underlying share price of SEK 70 and a subscription price of SEK 120 the market value is estimated to amount to SEK 5.63 per warrant. This entails a total warrant premium of SEK 2,406,793 injected into the Company's equity.

A maximum of 200,000 warrants will be issued as employee-share options in the U.S. in accordance with U.S. regulation. The employee-share options are issued gratuitous and are not expected to cause any material costs for the Company, except for costs for accounting in accordance with IFRS2.

Allotment of the warrants is based on position within the Group management. The CEO and members of the Group management are offered 25,000–39,000 warrants each, certain key employees are offered a maximum of 20,000 warrants and other employees are offered 5,000–10,000 warrants. This distribution applies both for Swedish and American participants in each programme.

At a subscription price of SEK 120 and provided that all shares are subscribed for at the end of the term the total proceeds would amount to SEK 51,235,440 when redeeming the warrants, of which SEK 42,696 would be injected into the share capital.

ARTICLES OF ASSOCIATION

Set forth below is an English-language translation of the articles of association of the Company, adopted at the extraordinary general meeting on 7 February 2018.

§ 1 Company name
The company name is Ovzon AB (publ).

§ 2 Registered office
The registered office of the company is in the municipality of Solna, Stockholm County.

§ 3 Objects of the company
The Company shall act as satellite operator and conduct business related thereto.

§ 4 Share capital
The share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000.

§ 5 Number of shares
The number of shares shall be not less than 5,000,000 and not more than 20,000,000.

§ 6 Board of directors and auditors
The board of directors shall consist of no less than three (3) and not more than ten (10) members, with no deputy members.

The company shall have one (1) or two (2) auditors in charge with not more than two (2) deputy auditors. A registered public accounting firm shall be elected as auditor.

§ 7 Notice to shareholders' meeting
Notice convening a general meeting shall be published in the Swedish Official Gazette and on the company's website. It shall be published in Svenska Dagbladet that notice convening a general meeting has been made. Shareholders that wishes to participate in a general meeting shall be recorded in a transcript or other representation of the entire share register as of the date falling five weekdays prior to the meeting and notify the company of their intention to participate by the date specified in the notice convening the meeting. The last-mentioned day must not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth weekday prior to the meeting.

At a general meeting, shareholders may be accompanied by not more than two assistants, however only if the shareholder has notified the company of the number of assistants in the manner stated in the previous paragraph.

§ 8 Annual general meeting
The annual general meeting shall be held annually within six months after the end of the financial year.

The following matters shall be addressed at the annual general meeting:

1) Election of chairman at the meeting;
2) Drawing up and approval of the voting list;
3) Approval of the agenda;
4) Election of one or two persons to certify the minutes;
5) Determination as to whether the meeting has been duly convened;
6) Presentation of the submitted annual report and auditors' report and, where applicable, the consolidated annual report and auditors' report for the group;
7) Resolutions
   a. regarding the adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and balance sheet;
   b. regarding allocation of profit or loss in accordance with the adopted balance sheet; and
   c. regarding the discharge from liability of the board members and of the managing director
8) Determination of remuneration to the board and to the auditors;
9) Election of board members and auditors as well as possible deputy auditors; and
10) Other matters which rest upon the meeting according to the Swedish Companies Act or the articles of association.

§ 9 Financial year
The company's financial year shall be the calendar year.

§ 10 CSD company
The company's shares shall be registered in a securities register in accordance with Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

GENERAL CORPORATE AND OTHER LEGAL INFORMATION

The legal and commercial name of the Company is Ovzon AB (publ). The Company is a Swedish public limited liability company (Sw. *publikt aktiebolag*) incorporated on 3 October 2016 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 7 October 2016. The registered office is situated in the municipality of Solna, Stockholm, County and the Company's corporate identity number is 559079-2650. Pursuant to the articles of association, the object of the Company's business shall be to act as satellite operator and conduct business related thereto. The business is conducted in accordance with the Swedish Companies Act.

The Company is the parent company of the Group, which, as of the date of this Prospectus, comprises the 4 subsidiaries listed below, across 3 countries. The following chart sets forth the Group's legal structure.

Subsidiary	Location	Shares and voting rights
OverHorizon AB	Sweden	100 %
OverHorizon OHO 1 Limited	Cyprus	100 %
OverHorizon Communications Group LLC	United States	100 %
OverHorizon LLC[1)]	United States	100 %

1) OverHorizon LLC is a subsidiary to OverHorizon Communications Group LLC and is owned indirectly by the Company.

MATERIAL AGREEMENTS

The following are the only agreements which the Company has entered into and which are, or may have been, material for the three years preceding the date of this Prospectus, or which have been entered into by the Company and contain any provision under which any member of Ovzon's Group management has any obligation or entitlement which are, or may be, material to the Group taken as a whole as of the date of this Prospectus.

Agreement with IGC

Effective 1 September 2015, OverHorizon LLC has entered into a Master Service Agreement ("**MSA**") with Intelsat General Corporation ("**IGC**"), pursuant to which OverHorizon LLC provides a fully managed end-to-end service offering ("**Services**"), consisting of the following elements: satellite bandwidth on a non-interference basis, teleport hub services, connectivity, user terminals, maintenance, logistics, sparing and control operations. Specific service arrangements are each governed by a service order contract ("**Service Order**"), specifying the specific satellite and orbital location from which the satellite capacity is to be provided; bandwidth and frequency assignments; service availability and characteristics; service areas; terrestrial connectivity; and service commencement and termination dates. The Service Order also includes specification of the maximum number of terminals to be supported.

IGC is responsible for any and all use made of Services provided under the MSA, including that of its third-party customers, and for ensuring compliance with all operational requirements established by OverHorizon LLC. Services obtained under the MSA must be used solely for lawful purposes and in compliance with any all applicable laws, rules and regulations and/or restrictions of any territory in which IGC or its third-party customers make use of the Services. OverHorizon LLC is responsible for ensuring that the satellite capacity provided meets all stated technical specifications related to the Services. If requested by IGC's third-party customers, OverHorizon LLC is also obligated to apply for and secure all necessary Host Nation Agreements required for the provision of the Services within a specific country, although no such request has been received at this time. OverHorizon LLC has also committed that it will not provide satellite capacity to customers other than IGC in a manner that would be likely to cause harmful interference with the Services provided to IGC.

The initial term for the MSA was twelve months from the effective date of 1 September 2015. Following the initial period of 12 months, the MSA continues to apply until further notice with a mutual notice period of 20 days. However, regardless of whether or not the MSA has been terminated, a Service Order under the agreement continues to apply until the end date for the Service Order.

The MSA can be terminated by both parties under certain circumstances, including if the Services fail materially to comply with agreed standards and OverHorizon LLC certifies this deviation. In addition, under specific circumstances, OverHorizon LLC may terminate the agreement due to, among other things, nonpayment.

The MSA contains provisions adhering to standard industry practices regarding such matters as payment arrangements, confirmation and treatment of outages and failures, interruptions of services due to technical issues relating to the satellite, termination and suspension of services, and conflict resolution.

With regard to the satellite capacity component of the Services that OverHorizon LLC provides under the MSA, OverHorizon LLC currently secures such satellite capacity from various third parties, pursuant to contractual lease arrangements with those third parties.

Since execution of the MSA, OverHorizon LLC and IGC have executed multiple Service Orders. The services have been provided by a number of different satellites, designated as OHO-1R, OHO-1N, OHO-2, OHO-3 and OHO-3N. The most recent order, submitted by IGC in August 2017, involves three Services that are provided via five satellites.

Agreement on relocation of satellites for Ovzon's bringing into use of the orbital slot 59.7°E

For information on agreements for relocating satellites for Ovzon's bringing into use of the orbital slot 59.7°E, see section "*Business overview—Regulation and compliance—Ovzon's bringing into use of the orbital slot 59.7°E*".

RESTRUCTURING OF THE GROUP

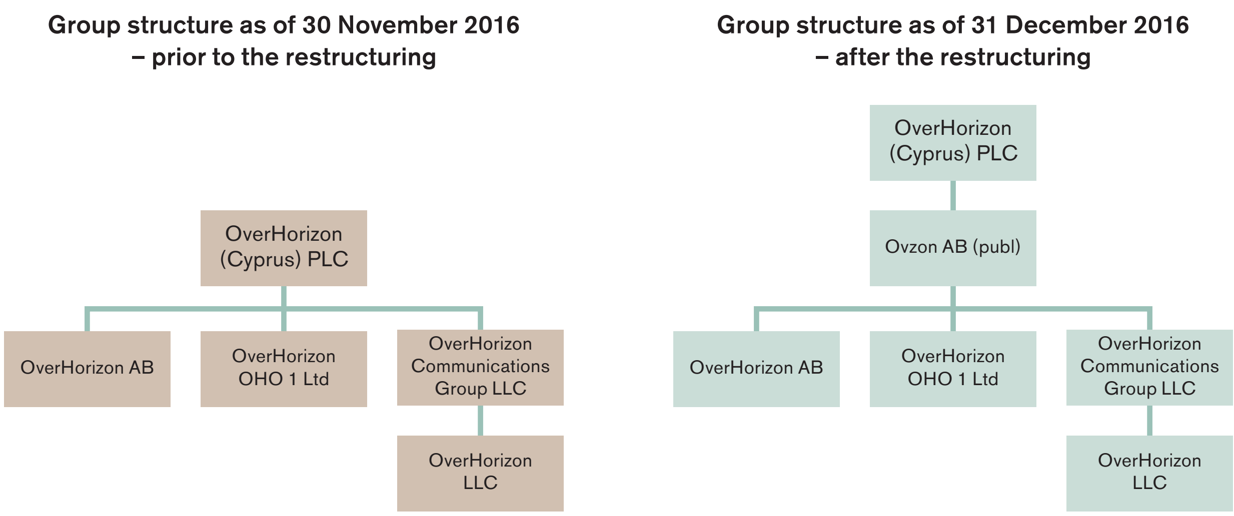
Changes to the legal structure in 2016

In December 2016, OverHorizon AB acquired a dormant company (Sw. lagerbolag), Aktiebolaget Grundstenen 156312. The name of the dormant company was later changed to Ovzon AB (publ). On 30 December 2016, all shares in Ovzon AB (publ) were transferred from OverHorizon AB to OverHorizon (Cyprus) PLC, the ultimate parent company of the group at that time. The purchase price amounted to SEK 0.5 million, corresponding to the carrying amount of Ovzon AB (publ).

On 31 December 2016, Ovzon AB (publ) acquired all shares in OverHorizon AB, OverHorizon OHO 1 Ltd. and OverHorizon Communications Group LLC, from OverHorizon (Cyprus) PLC, at book value. The purchase price was paid through a promissory note.

Through the abovementioned transactions, Ovzon AB (publ) became the parent company of the Group, consisting also of the subsidiaries OverHorizon AB, OverHorizon OHO 1 Ltd. and OverHorizon Communications Group LLC, as well as OverHorizon LLC, a wholly owned subsidiary of OverHorizon Communications Group LLC. As of the date of this Prospectus, all shares in Ovzon AB (publ) are held by OverHorizon (Cyprus) PLC.

Group structure prior to and after restructuring



Source: Ovzon

Transfer of rights and obligations to change to the operational structure in 2017

On 31 May 2017, OverHorizon (Cyprus) PLC transferred to OverHorizon AB all rights, titles and interests to seven U.S. patents and one U.S. patent application, five Canadian patents and one Canadian patent application, and three European patents and three patent applications, against a remuneration of USD 1.0 million, USD 0.5 million and USD 1.5 million, respectively, in each case represented by a promissory note issued by OverHorizon AB. In addition, on 31 May 2017, OverHorizon (Cyprus) PLC entered into an agreement with OverHorizon OHO 1 Ltd., effective on the date of the agreement, pursuant to which a frequency license was transferred against remuneration of USD 2.0 million, represented by a promissory note issued by OverHorizon OHO 1 Ltd. According to the European Patent Register kept by EPO (the European Patent Office) the following patents have been transferred to OverHorizon AB EP2957047, EP2188865, EP2168258, EP2168257 and EP1974538. Following these transfers, OverHorizon (Cyprus) PLC does not conduct any operations other than holding shares in Ovzon AB (publ).

PLACING AGREEMENT

The Company, OverHorizon (Cyprus) PLC (the principal owner of the Company) and the Global Coordinator intend to enter into an agreement regarding the placing of shares in the Company on or about 17 May 2018 (the "**Placing Agreement**"). The Offering is conditioned upon the Placing Agreement being entered into, the fulfilment of certain conditions of the agreement and that the Placing Agreement is not terminated. In the Placing Agreement, the Global Coordinator will undertake to procure purchasers to or, if the Global Coordinator fail to do so, to purchase themselves the shares included in the Offering at the Offer Price.

According to the Placing Agreement the undertakings of the Global Coordinator to procure purchasers for or, if the Global Coordinator fail to do so, to purchase themselves the shares included in the Offering are subject to the conditions that, among other things, the warranties provided by the Company are correct, that no events occur which have a material adverse effect on the Company, as well as certain other conditions. The Global Coordinator may terminate the Placing Agreement up to and including the settlement date, 22 May 2018, if any material adverse events were to occur, if the warranties provided by the Company to the Global Coordinator would not be correct or if any of the other conditions resulting from the Placing Agreement are not fulfilled. If the abovementioned conditions are not fulfilled and if the Global Coordinator terminates the Placing Agreement, the Offering may be withdrawn. In such event, neither allotment of nor payment for the shares will occur under the Offering. In accordance with the Placing Agreement, the Company will undertake to indemnify the Global Coordinator for certain claims under certain conditions.

OverHorizon (Cyprus) PLC will commit to, condition to certain exceptions, not sell its holding during a lock-up period (the "**Lock-up Period**"). The Lock-up Period will be 12 months as of the day of the Placing Agreement. After the Lock-up Period has ended the shares may be sold, which may affect the market value of the Company's shares. The Global Coordinator may allow exceptions from this agreement. Exemptions from the lock-up undertakings will be determined on a case by case basis and may be of personal, as well as professional, nature. In accordance with the Placing Agreement the Company will not, without written consent from the Global Coordinator, for a period of 180 days from the date of the Placing Agreement (i) offer, pawn, a lot, issue, sell, commit to sell or in other way transfer or divest, directly or indirectly, any Shares in the Company or any other securities that can be converted into or exchanged for such shares, or (ii) agree to swap-agreements or any other agreements that wholly or partly transfer the economic risk related to owning shares in the Company.

The Cornerstone Investors will not be subject to lock-up agreements to their respective allotments.

COMMITMENTS FROM CORNERSTONE INVESTORS

The Cornerstone Investors have committed to, in aggregate, acquire up to 24 percent of the shares following completion of the Offering, assuming that Over-allotment option is exercised in full. Bure Equity AB ("**Bure**") and Investment AB Öresund ("**Öresund**") have agreed to acquire, at the Offer Price, shares in the Offering corresponding to 12 percent and 12 percent, respectively, of the total number of outstanding shares following the completion of the Offering, provided that the Over-allotment option is exercised in full, subject to, among other things, that (i) the Offer Price does not exceed SEK 70, (ii) the first date of trading occuring no later than 29 June 2018, (iii) the listing requirements of Nasdaq First North Premier are met and (iv) the Cornerstone Investors obtain allotments according to their commitments. If such conditions are not satisfied, the Cornerstone Investors will not be required to acquire any shares in the Offering.

The Cornerstone Investors will not receive any compensation for their respective undertakings and the Cornerstone Investors' investments are to be made at the Offer Price. These undertakings are, however, not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement.

Cornerstone Investors	**Commitment (MSEK)**
Bure Equity AB	70.5
Investment AB Öresund	70.5
Total	**141.0**

Description of Cornerstone Investors

Bure Equity AB

Bure was founded in 1992 when the wage earners' funds (Sw. *Löntagarfonderna*) were dissolved and listed on Nasdaq Stockholm in 1993. Today, Bure is an investment company with a net asset value of approximately SEK 8.3 billion (as of Q1 2018). The investment portfolio includes nine portfolio companies, out of which five are listed companies, and a net cash position of approximately SEK 943 million. Bure's main owners are the Tigerschiöld family, Nordea Investment Funds and the Björkman family.

Investment AB Öresund

Investment AB Öresund is a listed investment company active in asset management. Öresund's overall goal as an investment company is to run its business in such a way as to generate a healthy long-term return for its shareholders. The investment portfolio includes approximately 25 companies. Öresund has a net asset value of SEK 5.6 billion and a net cash position of SEK 305 million (as of Q1 2018). Öresund's main owner is the Qviberg-family. For more information, see www.oresund.se.

STABILISATION

In connection with the Offering the Stabilising Manager may, to the extent permitted in accordance with Swedish law, carry out transactions aimed to stabilise, maintain, or in other ways support the market price of the Company's shares, for up to 30 days from the commencement of trading in the Company's shares on Nasdaq First North Premier. The Stabilising Manager may over-allot shares or effect transactions in order to maintain the market price of the shares at levels above those which might otherwise prevail in the open market. The Stabilising Manager is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transactions may be effected on any securities market, over-the-counter market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice but must be ended no later than the abovementioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken it shall be disclosed that stabilisation transactions have been undertaken in accordance with article 5(4) in EU's Market Abuse Regulation 596/2014. Within one week of the end of the stabilisation period, the Stabilising Manager will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred as well as the price range of the Offering within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out. Except as required by law or regulation, the Stabilising Manager will not disclose the extent of any stabilisation and/or over-allotment transaction concluded in relation to the Offering.

LEGAL PROCEEDINGS

At any given time the Company and its subsidiaries may be a party to litigation or subject to non-litigated claims arising out of the normal operations of Ovzon's business, such as ordinary warranty claims, claims related to products destroyed in transport and other product claims (such as claims that Ovzon has provided products that do not meet specifications). Ovzon does not expect any liability arising from any of these legal proceedings to have a material impact on Ovzon's results of operations, liquidity, capital resources or financial position.

The operations of the Group and the Former Group (as defined elsewhere in this Prospectus) have historically been financed through loans by different Group companies, depending partly on the specific circumstances. The parent company of the Former Group, OverHorizon (Cyprus) PLC, has issued convertible promissory notes to an investor (the "**Investor**"). As of the date of this Prospectus, a legal proceeding with the Investor is ongoing. The proceeding, which were initiated by the Investor, relate to interest rate for certain of the convertible promissory notes issued by OverHorizon (Cyprus) PLC in relation to which interim measures have been requested that affect the Group as is described further below.

The legal proceedings regarding interest rate for convertible promissory notes issued by OverHorizon (Cyprus) PLC were preceded by legal proceedings regarding payment of other convertible promissory notes issued to the Investor, plus interest. The actions brought by the Investor in those proceedings were rejected and dismissed, respectively, by the arbitration panel, with reference to the arbitration proceedings having been requested under the wrong arbitration agreement. In the ongoing arbitration proceedings regarding interest rate for certain other convertible promissory notes, requested thereafter, the total plea amounts to SEK 35.3 million, of which the capital amount requested (excluding interest) is SEK 12.6 million.[1] The parties are in disagreement about the validity of the interest rate agreed in the promissory note under Cypriot law and about the legal consequences that would follow if the interest rate was deemed unlawful. The arbitration proceedings are, as of the date of this Prospectus, ongoing and final negotiations are planned to be held in the second quarter of 2018.

The interim measures mentioned initially are related to the arbitration proceedings described above and affect the Group in its entirety. The Investor has, in this respect, brought proceedings at a Cypriot court against OverHorizon (Cyprus) PLC and demanded restrictions in the right to dispose of assets up to a certain value regardless of whether they are held by OverHorizon (Cyprus) PLC or its subsidiaries, including the Company and its subsidiaries. Exactly which assets and which means of disposal are aimed at is subject to dispute. In initial proceedings at the court, the Investor's action was dismissed. Thereafter, the Investor re-initiated proceedings, at the same court with the same requests on mainly the same grounds. On 22 December 2017, the court dismissed the Investor's requests for interim measures. The dismissal has been appealed by the Investor.

Except for what is described above there are no current proceedings that companies of the Group or the Former Group are party to. For further information on a previous dispute between Ramab Iggesund AB and OverHorizon OHO 1 Ltd., that was settled, see section "*Operating and financial review—Indebtedness*".

INTELLECTUAL PROPERTY

Ovzon owns or has rights to certain trademarks, trade names or service marks that it uses in connection with the operation of its business. In addition, Ovzon holds patents, as is set out in "*Business overview–Operations–Ovzon's patent portfolio*". For further information on risks associated with Ovzon's intellectual property rights, see "*Risk factors–Risks relating to Ovzon's business and industry–Ovzon is exposed to risks relating to intellectual property rights*".

INSURANCE

The Group holds an insurance for its ordinary course business activities with Trygg Hansa, covering responsibility up to SEK 10 million. In a potential dispute, the deductible amount is 0.2 base amounts (Sw. *basbelopp*) and the

1) Amounts in SEK calculated based on the average SEK/USD exchange rate during April 2018, determined to be 8.4459 by the Swedish Riksbank (Sw. *Riksbanken*).

Company will be obligated to pay 20 percent of the cost to pursue the suit. In addition to this, OverHorizon LLC, subsidiary to the Company, holds a so called umbrella insurance with Chubb, covering general responsibility, work injury, damage to vehicles and further, during working hours. The maximum amount payable under the umbrella insurance is USD 5 million. According to the Company, the Group's insurance coverage is in line with the coverage held by other companies in the sector and adequate for the risks normally associated with the Group's operations.

RELATED PARTY TRANSACTIONS

As of 31 March 2018 the Company's subsidiary OverHorizon AB had a debt to Etheron AB (shareholder in the parent company of the Company, OverHorizon (Cyprus) PLC, and controlled by the CEO of the Company Per Wahlberg) amounting to SEK 60.5 million and a debt to Equi Performance AB (shareholder in the parent company of the Company, OverHorizon (Cyprus) PLC, and controlled by the Company's board member Kennet Lejnell) amounting to SEK 11.7 million and a debt to LMK Forward AB (shareholder in the parent company of the Company, OverHorizon (Cyprus) PLC) amounting to SEK 52.8 million. As of 31 March 2018, Ovzon's subsidiary OverHorizon OHO 1 Ltd. had a debt to LMK Ventures AB (shareholder in the parent company of the Company, OverHorizon (Cyprus) PLC) amounting to SEK 12.7 million. The borrowings from Etheron AB and Equi Performance AB carry an interest of 9.5 percent, the borrowings from LMK Forwards AB carry an interest of 20 percent and the borrowings from LMK Ventures AB carry an interest of 12 percent.

As of 31 March 2018, Ovzon also had debts to the Company's parent company, OverHorizon (Cyprus) PLC, amounting to SEK 12.5 million, primarily related to the restructuring of the Group.

Pursuant to an agreement between among others the Company, OverHorizon AB, OverHorizon (Cyprus) PLC, Etheron AB, Equi Performance Sweden AB and Carnegie Investment Bank AB (publ), 50 percent of the debts to Etheron AB and Equi Performance Sweden AB shall be repaid as soon as possible after the settlement date of the Offering. The remaining outstanding amount (including outstanding accrued interest) after the payment shall not be due, be repayable or be repaid in any other way (other than through unconditional shareholder contributions from Etheron AB and Equi Performance Sweden AB respectively), until at least twelve months after the settlement date of the Offering.[1)] Separate agreements have been entered into with LMK Forward AB and LMK Ventures AB pursuant to which the maturity date for the debts to LMK Forward AB and LMK Ventures AB has been extended from 31 January 2016 to 30 November 2018. For further information on the repayment of debts to related parties, see section "*Background and reasons and use of proceeds—Use of proceeds*".

As part of Ovzon's bringing into use of the orbital slot 59.7°E, the Company's subsidiaries OverHorizon OHO 1 Ltd. and OverHorizon LLC have entered into an agreement with the Company's parent company, OverHorizon (Cyprus) PLC, pursuant to which OverHorizon LLC shall pay fees of USD 100,000 per month, which OverHorizon (Cyprus) PLC is obliged to pay to SES Astra S.A. pursuant to an agreement relating to the relocation of a satellite to Ovzon's orbital slot 59.7°E, in exchange for the right to us a frequency license related to this orbital slot. For further information see section "*Business overview—Regulation and compliance-Ovzon's bringing into use of the orbital slot 59.7°E*".

In addition to the related party transactions described above, in the section "*—Restructuring of the Group*" and "*Business overview—Regulation and compliance—Ovzon's bringing into use of the orbital slot 59.7°E*", as well as in the notes to Ovzon's consolidated financial statements, (for further information, see "*Historical financial information—Financial information for the years ended 31 December 2017 and 2016—Note 28 (Transactions with related parties)*") Ovzon has not been party to any related party transactions during the periods covered by the financial information in this Prospectus up to and including the date of this Prospectus. The related party transactions described and referred to above have, in Ovzon's opinion, been executed on market terms.

For information on remuneration to the members of the board of directors and Group management, see "*Corporate governance–the board of directors*" and "*Corporate governance–CEO and Group management*".

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents can be downloaded at the Company's website, www.ovzon.com. Copies of all documents can also be obtained at the Company's registered office on weekdays during regular office hours:

(1) the Company's articles of association;
(2) the Company's unaudited consolidated interim report for the three months ended 31 March 2018 prepared in accordance with IFRS; and
(3) the Company's audited consolidated financial statements for the financial years ended 31 December 2017 and 2016 prepared in accordance with IFRS; and
(4) the Company's audited aggregated consolidated financial statements for the financial years ended 31 December 2015 and 2016 prepared in accordance with IFRS.

1) Pursuant to the agreement, 50 percent of a loan granted by Sirinum Invest Limited (shareholder in the Company's parent company, OverHorizon (Cyprus) PLC, and controlled by the chairman of the board of directors of the Company, Lennart Hällkvist) to OverHorizon (Cyprus) PLC shall also be repaid, by OverHorizon (Cyprus) PLC, as soon as possible following the settlement date of the Offering.

DOCUMENTS INCORPORATED BY REFERENCE

The Company's financial statements and the auditor's report for the year ended 31 December 2015 is part of this Prospectus and should be read as part hereof. These financial statements can be found in Company's aggregated financial statements for the financial years 2015 and 2016 where the following is presented:

- Aggregated consolidated financial statements for 2015: pages 2–6 (Aggregated income statements, Aggregated statements of comprehensive income, Aggregated balance sheets, Aggregated statements of changes in equity and Aggregated cash flow statements), pages 7–30 (notes) and page 33 (Auditor's report).

The parts of the Company's annual report not incorporated by reference according to the above do not include information relevant to a prospective investor. The Company's consolidated audited financial statement for the financial year ended 31 December 2015 has been audited by the Company's auditor (Grant Thornton Sweden AB) and the audit report is attached to the annual report. The documents incorporated by reference are available at the Company's website, www.ovzon.com, during the period of validity of the Prospectus.

ADVISERS

Carnegie is the Global Coordinator and provides financial advice and other services to Ovzon in connection with the Offering for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offering.

White & Case Advokat AB provides legal advice to Ovzon in connection with the Offering.

Gernandt & Danielsson Advokatbyrå provides legal advice to Carnegie in connection with the Offering.

PROCEEDS AND COSTS RELATED TO THE OFFERING

Ovzon's gross proceeds from the Offering amounts to approximately SEK 189 million (approximately SEK 238 million provided that the Over-allotment option is exercised in full). Ovzon's costs for the listing on Nasdaq First North Premier and the Offering that remain to be paid as of the date of this Prospectus are expected to amount to approximately SEK 18.3 million. These costs primarily relate to costs for commission to the Global Coordinator, auditors, attorneys, printing of the Prospectus, costs related to management presentations, etc. Ovzon's costs for commission remuneration to the Global Coordinator can amount to a maximum of SEK 15.9 million. As remuneration for the Global Coordinator's work in connection with the listing of shares on Nasdaq First North Premier and the Offering, the Global Coordinator will, with certain reservations, be compensated for external costs incurred by it.

CERTIFIED ADVISOR

The Company has designated FNCA Sweden AB as certified adviser on the Nasdaq First North Premier. FNCA Sweden AB does not own any shares in the Company.

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

SELLING RESTRICTIONS

United States

The shares in the Offering have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and may not be offered or sold within the United States except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the Securities Act.

The shares in the Offering are only to be offered and sold outside the United States in offshore transactions in compliance with Regulation S and in accordance with applicable law. The terms used above have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "**Relevant Member State**") (with the exception of Sweden), no offer of the shares in the Offering may be made to the public in that Relevant Member State, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Global Coordinator for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Company, OverHorizon (Cyprus) PLC or the Global Coordinator of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide to purchase any shares in the Offering, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (with amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Any offer or sale of the shares in the Offering may only be made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances that do not require publication by the Company of a prospectus pursuant to section 85(1) of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) (the "**Order**").

Any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with persons who: (i) are outside the United Kingdom; (ii) are investment professionals falling within Article 19(5); or (iii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc."), of the Order or other persons to whom such investment or investment activity may lawfully be made available (all such persons together being referred to as "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of this Prospectus and should not act or rely on it.

General

No action has been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Prospectus comes are required by the Company, OverHorizon (Cyprus) PLC (the principal owner of the Company) and the Global Coordinator to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense. None of the Company, OverHorizon (Cyprus) PLC or the Global Coordinator accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the shares in the Offering, of any such restrictions.

TRANSFER RESTRICTIONS

No action has been or will be taken in any country or jurisdiction other than Sweden by it that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Prospectus comes are required by the Company, OverHorizon (Cyprus) PLC and the Global Coordinator to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense.

The shares in the Offering have not been and will not be registered under the Securities Act and the shares in the Offering may not be offered or sold, directly or indirectly, within or into the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the Securities Act.

Each purchaser of the shares in the Offering will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

a) the purchaser is purchasing shares in the Offering in an offshore transaction meeting the requirements of Regulation S;
b) the purchaser acknowledges that the shares of the Company have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, are subject to restrictions on transfer;
c) the purchaser is aware of the restrictions on the offer and sale of the shares in the Offering pursuant to Regulation S described in this Prospectus;
d) the shares in the Offering have not been offered to it by means of any "directed selling efforts" as defined in Regulation S and the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S in the United States with respect to the shares in the Offering;
e) to the purchaser will not offer, sell, pledge or otherwise transfer any shares acquired in the Offering, except in accordance with the Securities Act and any applicable laws of any state of the United States and any other jurisdiction; and
f) the Company will not recognise any offer, sale, pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions.

TAX CONSIDERATIONS IN SWEDEN

Below is a summary of certain Swedish tax issues related to the Offering and the admission for trading of the shares in the Company on Nasdaq First North Premier's main market for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information regarding the shares in the Company as from the admission for trading on Nasdaq First North Premier. The summary does not cover: situations where shares are held as current assets in business operations; situations where shares are held by a limited partnership or a partnership; situations where shares are held in an investment savings account (Sw. investeringssparkonto) and subject to taxation on a standardised basis; the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes); the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares; the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag); foreign companies conducting business through a permanent establishment in Sweden; or foreign companies that have been Swedish companies. Furthermore, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on such shareholder's particular situations. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering and the admission for trading of the shares in the Company on Nasdaq First North Premier, including the applicability and effect of foreign tax legislation (including regulations) and tax treaties.

PRIVATE INDIVIDUALS

For private individuals resident in Sweden for tax purposes, capital income, such as interest income, dividends and capital gains, is taxed in the capital income category. The tax rate for the capital income category is 30 percent.

The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares. This method means that the acquisition value may be determined as 20 percent of the consideration less selling expenses.

Capital losses on listed shares are fully deductible against taxable capital gains realised in the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (Sw. *värdepappersfonder*) or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*)). 70 percent of capital losses not absorbed by these set-off rules are deductible in the capital income category.

If there is a net loss in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 percent of the net loss that does not exceed SEK 100,000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 percent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

ALLOTMENTS OF SHARES TO EMPLOYEES

Normally, the allotment of shares is not a taxable event. However, for employees allotment of shares may in certain situations give rise to benefits taxation. Benefits taxation should, however, not occur if the employees (including board members and deputy board members and existing shareholders), on the same terms and conditions as others, acquire not more than 20 percent of the total number of shares offered and the employee does not acquire shares for more than SEK 30,000.

LIMITED LIABILITY COMPANIES

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 22 percent. Capital gains and capital losses are calculated in the same way as described for private individuals above. Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilised during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this treatment for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons (e.g. investment companies).

SHAREHOLDERS THAT ARE NOT TAX RESIDENT IN SWEDEN

For shareholders not resident in Sweden for tax purposes that receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30 percent. The tax rate is, however, generally reduced under an applicable tax treaty. For example, the rate is generally reduced to 15 percent for dividends paid to U.S. Holder that are entitled to the benefits of the Treaty. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has the required information of the tax residency of the investor entitled to the dividend. Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30 percent has been withheld.

Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if they have been residents of Sweden due to a habitual abode in Sweden or a stay in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties.

DEFINITIONS

In addition to the key performance indicators defined in "*Presentation of financial information – Non-IFRS key operating metrics*" set forth below are definitions of certain other terms used in this Prospectus:

"**AFRL**" refers to U.S. Air Force Research Laboratory.

"**CAGR**" refers to compound annual growth rate. For further information, see section "*Selected historical financial information–Definitions of key performance indicators*".

"**Carnegie**" refers to Carnegie Investment Bank AB (publ).

"**Code**" refers to the Swedish Code of Corporate Governance (Sw. *Svensk kod för bolagsstyrning*).

"**Company**" or "**Ovzon**" refers to Ovzon AB (publ) or Ovzon AB (publ) and its subsidiaries, as the context requires.

"**Cornerstone Investors**" refers to Bure Equity AB and Investment AB Öresund.

"**COTM**" refers to satellite communications on-the-move. For further information, see section "*Industry overview–Market size and drivers–Key market drivers*".

"**EU**" refers to the European Union.

"**Euroclear Sweden**" refers to Euroclear Sweden AB.

"**Former Group**" refers to OverHorizon (Cyprus) PLC and its subsidiaries, excluding the Company, immediately prior to the restructuring that resulted in the establishment of the Group.

"**FSS**" refers to Fixed Satellite Services. For further information, see section "*Industry overview–Introduction to the satellite communications market–FSS and MSS segments*".

"**GEO**" refers to Geostationary Earth Orbit. For further information, see section "*Industry overview–Introduction to satellite communications market–Satellite constellation orbits (LEO, MEO and GEO)*".

"**Group**" refers to Ovzon AB (publ) and its subsidiaries.

"**Global Coordinator**" refers to Carnegie (as defined herein).

"**IFRS**" refers to the International Financial Reporting Standards as adopted by the EU (as defined herein).

"**IRC**" refers to the United States Internal Revenue Code of 1986, as amended.

"**IRS**" refers to the United States Internal Revenue Service.

"**ITU**" refers to International Telecommunication Union.

"**ITU-R**" refers to ITU Radiocommunication Sector.

"**LEO**" refers to Low Earth Orbit. For further information, see section "*Industry overview–Introduction to satellite communications market–Satellite constellation orbits (LEO, MEO and GEO)*".

"**MEO**" refers to Medium Earth Orbit. For further information, see section "*Industry overview–Introduction to satellite communications market–Satellite constellation orbits (LEO, MEO and GEO)*".

"**MSS**" refers to Mobile Satellite Services. For further information, see section "*Industry overview–Introduction to the satellite communications market–FSS and MSS segments*".

"**NGOs**" refers to non-governmental organisations.

"**NSAB**" refers to Nordic Satellite AB.

"**Over-allotment Option**" refers to the option issued by the Company to the Global Coordinator, exercisable in whole or in part for 30 days following the first day of trading in the shares on Nasdaq First North Premier, to subscribe for additional, but not exceeding a total amount of 696,428, newly issued shares from the Company, equal to 15 percent of the maximum total number of shares encompassed by the Offering, at the Offer Price, to cover any over-allotment in connection with the Offering or short positions.

"**Offering**" refers to the initial public offering of existing ordinary shares and listing on Nasdaq First North Premier of all shares in Ovzon AB (publ).

"**PFIC**" refers to a passive foreign investment company.

"**PTS**" refers to the Swedish Post and Telecom Authority (Sw. *Post- och telestyrelsen*).

"**RFR**" refers to the Swedish Financial Reporting Board's (Sw. *Rådet för finansiell rapportering*) recommendation RFR 2.

"**SEK**" refers to Swedish kronor.

"**SFSA**" refers to the Swedish Financial Supervisory Authority (Sw. Finansinspektionen).

"**Stabilising Manager**" refers to Carnegie acting as stabilising manager in connection with the Offering.

"**Swe-Dish**" refers to Swe-Dish Satellite Systems AB.

"**Swedish Space Corporation**" refers to Svenska rymdaktiebolaget.

"**Treaty**" refers to the Convention between the Government of the United States of America and the Government of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income.

"**UAV's**" refers to unmanned aerial vehicles.

"**U.S. DoD**" refers to U.S. Department of Defence.

"**U.S. Holder**" refers to a beneficial owner of the shares that, for United States federal income tax purposes, is or is treated as: an individual who is a citizen or resident of the United States; a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia; an estate whose income is subject to United States federal income taxation regardless of its source; or a trust that (1) is subject to the primary supervision of a court within the United States and one or more United States persons has the authority to control all of the substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

"**WRC-07**" refers to the ITU World Radio Conference held in 2007. For further information, see section "*Business overview–Operations–Ovzon's KU-band frequency licenses*".

HISTORICAL FINANCIAL INFORMATION

FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2018 AND 2017

FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

THE AUDITOR´S REPORT ON FINANCIAL STATEMENTS REGARDING HISTORICAL FINANCIAL INFORMATION

FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2018 AND 2017

OVZON

INTERIM REPORT, JANUARY – MARCH 2018

Stable trend and continued preparations for IPO

JANUARY – MARCH 2018 QUARTER

- Revenue amounted to TSEK 46,311 (49,176)
- Operating loss totalled TSEK 11,623 (loss: 1,524)
- Operating loss excluding IPO-related expenses amounted to TSEK 6,071 (loss: 524)
- Loss after tax was TSEK 14,940 (loss: 4,359)
- Earnings per share were negative SEK 2.99 (neg: 0.87)

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

- In the first quarter, Ovzon continued its work on preparing the company for an IPO on Nasdaq First North Premier.
- Agreements were signed during the quarter regarding the relocation of an additional satellite to one of the Group's orbital positions so as to strengthen its protection.

KEY FIGURES

TSEK	Jan – Mar 2018	Jan – Mar 2017	Full-year 2017
Revenue	46,311	49,176	201,050
Operating profit/loss	-11,623	-1,524	24,025
Adjusted operating profit/loss*	-6,071	-524	32,534
Operating margin	neg.	neg.	12%
Adjusted operating margin*	neg.	neg.	16%
Profit/loss for the period after tax	-14,940	-4,359	6,100
Earnings per share, SEK	-2.99	-0.87	1.22

*Excluding IPO-related expenses

No formal interim report was prepared for the first quarter 2017. Comparison figures are taken from the company's internal reporting system.

"Our strategy for future expansion stands firm, and an IPO and financing of Ovzon appears feasible during the second quarter."

CEO STATEMENT

Continued strong market

PREPARATIONS FOR IPO AND EXCITING TECHNOLOGICAL PROGRESS

EVENTS, THE MARKET AND PRODUCT DEVELOPMENT

In the first quarter, Ovzon continued its work on preparing the company for an IPO on Nasdaq First North Premier. In addition, we conducted several important market activities, primarily in the UK and France. These activities included a successful demonstration for the French Armed Forces of a number of applications such as high-resolution real-time “on the move” video from vehicles, as well as our small man-pack terminals. As a result, Ovzon will be participating in a major French military exercise in May, 2018.

One of the perhaps most important events of the quarter was a Bring Into Use (BIU) agreement with Eutelsat S.A., which entailed relocating one of their satellites into one of Ovzon’s orbital positions. The satellite arrived at our orbital position on 19 March. The purpose of a BIU is to safeguard the orbital position and frequency license, thus preventing its expiry. The cost for this may amount in total to USD 1.6 M. Half the cost has been charged to the first quarter of 2018, and the remainder is expected to be charged to the second quarter. The company has also paid USD 0.1 M per month related to the BIU contract with SES signed in 2017.
We are also continuing to invest to further strengthen our position as the leading service for mobile broadband communication via satellite. One example is our new development project, which goes under the working name of “The Staff of Gandalf.” This concerns a small, battery-driven terminal, worn on the back, that can send and receive broadband signals via satellite while the wearer is moving, while people in the vicinity can connect using smart phones, tablets and laptops via a “WiFi bubble” surrounding the person with the satellite terminal. A prototype demonstration is expected during the second or third quarter.

During the period, Ovzon also concluded a development project aimed at minimising the possibility of tracing signals sent out from our terminals. The project resulted in our now having eight modified terminals ready for delivery.

Our development of an On-Board Processor, or OBP – a primary component for the company’s future satellites – is continuing, and the project is now approaching the point known as Preliminary Design Review (PDR), which is an important milestone in the project.

REVENUE AND EARNINGS

Revenue decreased slightly year-on-year. This decrease is fully explained by the lower dollar rate in 2018 compared with the first quarter of 2017. The dollar rate was around nine percent lower during the first quarter of 2018. The company’s earnings, excluding costs relating to the planned IPO, decreased during the period and amounted to negative SEK 6.1 M (neg: 0.5). Profitability during the quarter was negatively impacted by a weaker dollar, increased development costs and relocating the satellite as mentioned above to one of the Group’s orbital positions. The cost of the relocation amounted to SEK 6.5 M. It should be noted that this orbit position and the costs required to bring it into use are not related to the current service but comprise a primary feature of Ovzon’s development of proprietary satellites. At the same time, purchased satellite capacity costs declined slightly.

THE GROUP’S PERFORMANCE

Our strategy for future expansion stands firm. It has become increasingly clear during the period that it is important for the company to be able to present a realistic plan regarding the next steps with its own satellites for the end customer. The technological development now taking place in the company – the “Staff of Gandalf” mentioned above, for example – is important for being able to show the customer new possibilities and new applications.

To market and sell our service to more customer segments, we are examining the possibility of strengthening our organisation with a number of recruitments, especially in the sales organisation. Our planned expansion, however, is firmly linked to the IPO and financing of Ovzon that, by all appearances, will be feasible during the second quarter.

Per Wahlberg, CEO

About Ovzon

Ovzon AB (publ) is the Parent Company of a Group with the objective of providing broadband satellite service through its own and leased satellite capacity to customers in various parts of the world.

VISION
The vision is to offer global satellite coverage from its own six proprietary satellites within a ten-year period.

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

FINANCIAL TARGETS
Ovzon's financial target is to continue to develop and expand its current service offering in the coming years, at the same time as the company prepares the launch of its first self-developed satellite. The intention is to finance the company's future proprietary satellite through a combination of equity and borrowing.

REVENUE
3 MOS 2018, SEK M
46
(49)

OPERATING PROFIT/LOSS
excl. IPO expenses
3 MOS 2018, SEK M
-6.1
(-0.5)

OVZON AT A GLANCE

CUSTOMER SEGMENTS

GOVERNMENT
NGOs
MEDIA
OTHERS

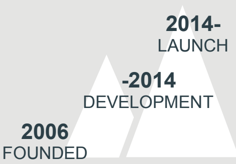
LEASED SATELLITES

2 KEY TRENDS

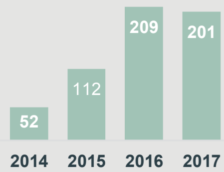
INCREASED BANDWIDTH AND MOBILITY REQUIREMENTS

3 OFFICES

12 YEARS OF BUSINESS



SALES, SEK M



Financial overview

DEVELOPMENTS DURING THE FIRST QUARTER OF 2018

GROUP OVERVIEW

TSEK	Jan – Mar 2018	Jan – Mar 2017	Full-year 2017
Revenue	46,311	49,176	201,050
Operating profit/loss	-11,623	-1,524	24,025
Adjusted operating profit/loss*	-6,071	-524	32,534
Profit/loss after financial items	-14,940	-5,579	7,807
Profit/loss for the period after tax	-14,940	-4,359	6,100

*Excluding IPO-related expenses

REVENUE
Revenue for the quarter amounted to TSEK 46,311 (49,176). This decrease is fully explained by the lower dollar rate in 2018 compared with the first quarter of 2017. The average dollar rate during the quarter was 8.11 (8.92), a decline of 9 percent.

OPERATING PROFIT/LOSS
Operating loss for the quarter totalled TSEK 11,623 (loss: 1,524). Earnings were negatively impacted by the lower dollar rate, and further by expenses of TSEK 5,552 (expense: 1,000) attributable to the IPO and of TSEK 6,485 (expense: 8,538) for relocating a satellite to one of the Group's orbital positions. In addition, earnings for the quarter were charged expenses of TSEK 1,000 in connection with the settlement of a dispute; see below under "Significant events during the quarter."

LOSS AFTER FINANCIAL ITEMS
Net financial items for the quarter amounted to a loss of TSEK 3,317 (loss: 4,055) with loss after financial items of TSEK 14,940 (loss: 5,579).

LOSS AFTER TAX
Loss after tax was TSEK 14,940 (loss: 4,359).

CASH FLOW
Cash flow from operating activities was negative TSEK 28,078 (pos: 8,651) for the quarter. Cash flow from investment activities was negative TSEK 115 (neg: 1,627) for the quarter. Cash flow from financing activities was TSEK - (-) for the quarter. Total cash flow for the quarter was negative TSEK 28,193 (pos: 7,023). Cash flow during the reporting period was negatively impacted by an increase in working capital, due primarily to higher accounts receivable.

FINANCIAL POSITION
At the balance-sheet date, consolidated cash and cash equivalents amounted to TSEK 22,095 compared with TSEK 49,672 at the beginning of the year. Equity was negative TSEK 131,401, compared with negative TSEK 120,562 at the beginning of the year. At 31 March 2018, the company had received an unconditional shareholder contribution of TSEK 6,000.

Other information

ORGANISATION AND EMPLOYEES
The number of employees in the Group at the end of the period was 14 (11).

SIGNIFICANT RISKS AND UNCERTAINTIES
Risks associated with the Group's operations can generally be divided into operational risk related to business activities and risk related to financing activities. There was no major change to significant risks or uncertainties during the period. For a presentation of Ovzon's risks, uncertainties and how they are managed, refer to Ovzon's 2017 Annual Report.

SIGNIFICANT EVENTS DURING THE PERIOD
Agreements have been signed with Eutelsat S.A. to relocate a satellite to one of Ovzon's orbital positions in order to put it into use, thereby protecting it from competition. The total expense could amount to TUSD 1,600, of which half was charged to the current quarter and the remainder will be taken during the second quarter of 2018. A settlement was reached during March with Ramab Iggesund AB regarding arbitration proceedings against OverHorizon OHO 1 Ltd which mean that in addition to principal payments and accrued interest, the company will also pay the counterparty's arbitration costs. The latter costs amount to around SEK 1 M, which were charged to the earnings for the quarter.

SIGNIFICANT EVENTS AFTER THE PERIOD
Work continued on preparing the company for an IPO on Nasdaq First North Premier.

PARENT COMPANY
Parent Company operations comprise senior management and staff functions and other central costs. The Parent Company invoices the subsidiaries for these costs. Parent Company revenue amounted to TSEK 1,410 (-) with loss after financial items of TSEK 5,420 (loss: 366). Cash and cash equivalents were TSEK 79 at the balance sheet date, and TSEK 1,818 at the beginning of the year. Investments for the period amounted to TSEK - (-). Equity totalled TSEK 1,084, compared with TSEK 504 at the beginning of the year. The number of employees is - (-).

RELATED-PARTY TRANSACTIONS
As regards related-party loans and transactions, no change took place during the quarter apart from interest expenses and translation differences on loans in foreign currencies. At 31 March 2018, Ovzon AB (publ) had received an unconditional shareholder contribution of TSEK 6,000 from its parent company, OverHorizon (Cyprus) Plc.

OUTLOOK
Customer contracts totalling USD 22.85 M relating to leased satellite capacity were extended during the preceding year through an order from the US Armed Forces. The contracts apply until mid-September 2018.

FINANCIAL CALENDAR

Annual General Meeting 2018	25 April 2018
Interim Report January-June 2018	30 August 2018
Interim Report January-September 2018	30 November 2018
Year-end report 2018	28 February 2019

THE BOARD'S ASSURANCE

The Board of Directors assures that this interim report gives a true and fair view of the Group's and the Parent Company's operations, financial position and results and describes the significant risks and uncertainties faced by the Parent Company and those companies included in the Group.

Stockholm, April 25, 2018

Per Wahlberg CEO	Lennart Hällkvist Chairman of the Board	Kennet Lejnell Board member

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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 31 March 2018 and the three-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, the Swedish Annual Accounts Act and RFR 1 from the Swedish Financial Reporting Board. 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 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.

Significant uncertainty factors regarding commitments for continued operation
Without prejudice to our opinion below, we would to like to draw attention to page 10, Note 1 under "Going concern" in the interim report, which states that there is significant doubt regarding the Group's ability to continue as a going concern. Current liabilities are considerably higher than the Group's current assets. These conditions indicate that there is an uncertainty factor that could lead to significant doubt regarding Ovzon AB's ability to continue its operations.

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, the Swedish Annual Accounts Act and RFR1 from the Swedish Financial Reporting Board, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, 25 April 2018

Grant Thornton Sweden AB

Carl-Johan Regell
Authorised Public Accountant

Group financial statements

GROUP INCOME STATEMENTS

TSEK	Jan – Mar 2018	Jan – Mar 2017	Full-year 2017
Revenue	46,311	49,176	201,050
Other operating income	113	365	1,398
Purchased satellite capacity and other direct costs	-25,342	-27,999	-107,264
Other external costs	-26,183	-15,219	-39,769
Employee benefit expenses	-5,092	-6,552	-26,206
Depreciation/amortisation	-1,430	-1,296	-5,184
Operating profit/loss	**-11,623**	**-1,524**	**24,025**
Financial income	593	880	3,520
Financial expenses	-3,910	-4,935	-19,738
Profit/loss after financial items	**-14,940**	**-5,579**	**7,807**
Tax on the profit for the period	–	1,220	-1,707
NET PROFIT/LOSS FOR THE PERIOD	**-14,940**	**-4,359**	**6,100**
Net profit/loss for the period attributable to:			
Shareholders of the Parent Company	-14,940	-4,359	6,100
Earnings per share attributable to:			
Shareholders of the Parent Company, SEK[1)]	-2.99	-0.87	1.22
Average number of shares[1)]	5,000,000	5,000,000	5,000,000

1) No dilutive effect.

GROUP STATEMENTS OF COMPREHENSIVE INCOME

TSEK	Jan – Mar 2018	Jan – Mar 2017	Full-year 2017
Profit/loss for the period	**-14,940**	**-4,359**	**6,100**
Other comprehensive income:			
Items that can be subsequently reclassified to the income statement:			
- Translation differences	-1,898	2,263	8,668
Other comprehensive income after tax	**-1,898**	**2,263**	**8,668**
Comprehensive income/loss for the period	**-16,838**	**-2,096**	**14,768**
Comprehensive income/loss for the period attributable to:			
Shareholders of the Parent Company	-16,838	-2,096	14,768
Comprehensive income/loss for the period	**-16,838**	**-2,096**	**14,768**

CONSOLIDATED CONDENSED BALANCE SHEETS

TSEK	31 Mar 2018	31 Dec 2017
ASSETS [1]		
Intangible fixed assets	9,967	11,095
Property, plant and equipment	26,566	26,410
Financial fixed assets	665	840
Goods for resale	2,511	–
Current receivables	23,019	7,020
Cash and cash equivalents	22,095	49,672
TOTAL ASSETS	**84,823**	**95,037**
EQUITY AND LIABILITIES [1]		
Equity	-131,401	-120,562
Long-term liabilities, interest-bearing	72,228	71,233
Deferred tax liabilities	1,288	1,288
Current liabilities, interest-bearing	101,427	97,088
Current liabilities, non-interest-bearing	41,281	45,990
TOTAL EQUITY AND LIABILITIES	**84,823**	**95,037**

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

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

TSEK	31 Mar 2018	31 Dec 2017
Equity at the beginning of the year	-120,562	-135,331
Comprehensive income/loss for the period	-16,838	14,768
Unconditional shareholders' contributions	6,000	–
EQUITY AT THE END OF THE PERIOD	**-131,401**	**-120,562**

CONSOLIDATED CONDENSED CASH FLOW STATEMENTS

TSEK	Jan – Mar 2018	Jan – Mar 2017	Full-year 2017
Cash flow from operating activities before changes in working capital	**-9,289**	**7,048**	**28,192**
Total change in working capital	-18,789	1,603	6,410
Cash flow from operating activities	**-28,078**	**8,651**	**34,602**
Cash flow from investing activities	**-115**	**-1,627**	**-6,509**
Cash flow from financing activities	**–**	**–**	**–**
CASH FLOW FOR THE PERIOD	**-28,193**	**7,023**	**28,093**
Cash and cash equivalents at the beginning of the period	**49,672**	**24,530**	**24,530**
Exchange-rate difference in cash and cash equivalents	**616**	**-738**	**-2,951**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**22,095**	**30,816**	**49,672**

Notes, Group

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

Ovzon applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with IAS 34 Interim Reporting, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups.

The interim information on pages 1 to 15 forms an integral part of these financial statements. The accounting principles applied in the preparation of this interim report apply to all periods and are consistent with the accounting policies presented in the 2017 Annual Report.

The restructuring of the Ovzon Group was completed on 31 May 2017, when a number of assets in the Cypriot Parent Company, OverHorizon (Cyprus) PLC, were acquired. As of 31 March 2018, Ovzon AB (publ) is a wholly owned subsidiary of OverHorizon (Cyprus) PLC.

New IFRS, 2018: IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments
The new standards, amendments and interpretations of existing standards that entered force in 2018 have had no impact on the Group's financial position or financial statements.

Apart from expanded disclosure requirements, the introduction of IFRS 15 has had no impact on Ovzon's financial statements. The transition has therefore had no effect on reported sales and earnings, and no adjustment of the opening balance. The Group has chosen to use a future-oriented transition method, which is why comparison figures will not be restated.

The introduction of IFRS 9 has impacted neither the income statements nor the total assets for the Group. The simplified model in IFRS 9 is applied in calculating impairment of accounts receivable. The Group has chosen to use a future-oriented transition method, which is why comparison figures will not be restated.

Going concern
As shown in the consolidated balance sheet at 31 March 2018, liabilities exceed the value of assets by negative TSEK 131,401, and negative equity has been recognised. Current liabilities are considerably higher than current assets. Other indications of whether a material uncertainty exists in relation to the entity's ability to continue as a going concern include the level of net debt.

The Board of Directors assesses and evaluates the Group's ability to continue as a going concern and continuously monitors financing and liquidity. The Board deems that conditions exist to implement a new share issue and/or additional debt financing. By doing so, the Board believes it will be able to pay debts as they fall due and build a sufficient capital base. The interim report was prepared on a going concern basis.

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: ADVANCE PAYMENTS

OverHorizon AB concluded an agreement in 2015 with Orbital Sciences Corporation regarding acquisition of a communications satellite with the associated ground equipment, support and training. The advance payment recognised relates, in its entirety, to the first payment according to the agreement's payment plan. The parties have chosen not to disclose the total contractual value of the agreement.

NOTE 5: TAX
Deferred tax assets on tax-loss carryforwards are not included on the balance sheet.

NOTE 6: PLEDGED ASSETS AND CONTINGENT LIABILITIES
There were no changes during the January–March 2018 reporting period.

NOTE 7: RELATED-PARTY TRANSACTIONS
As regards related-party loans, there were no changes except for interest expenses and currency rate effects during the January–March 2018 reporting period. At 31 March 2018, Ovzon AB (publ) had received an unconditional shareholder contribution of TSEK 6,000 from its parent company, OverHorizon (Cyprus) Plc.

NOTE 8: EVENTS AFTER THE BALANCE SHEET DATE
Work continued on preparing the company for an IPO on Nasdaq First North Premier.

Financial statements, Parent Company

CONDENSED PARENT COMPANY INCOME STATEMENTS

TSEK	Jan – Mar 2018	Jan – Mar 2017	Full-year 2017
Revenue	1,410	–	1,410
Other operating income	–	–	6
Other external costs	-6,830	-366	-9,486
Operating profit/loss	**-5,420**	**-366**	**-8,070**
Financial expenses	–	–	-39
Profit/loss after financial items	**-5,420**	**-366**	**-8,109**
Appropriations	–	–	8,140
Tax on the profit for the period	–	–	-2
NET PROFIT/LOSS FOR THE PERIOD	**-5,420**	**-366**	**29**

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

TSEK	Jan – Mar 2018	Jan – Mar 2017	Full-year 2017
Profit/loss for the period	**-5,420**	**-366**	**29**
Other comprehensive income:	–	–	–
Comprehensive income for the period	**-5,420**	**-366**	**29**

CONDENSED PARENT COMPANY BALANCE SHEET

TSEK	31 Mar 2018	31 Dec 2017
ASSETS [1]		
Shares in Group companies	305	305
Receivables from Group companies	6,605	775
Current receivables	1,122	779
Cash and cash equivalents	79	1,818
TOTAL ASSETS	**8,111**	**3,677**
EQUITY AND LIABILITIES [1]		
Equity	1,084	504
Liabilities to Group companies	3,896	2,270
Current liabilities, non-interest-bearing	3,131	903
TOTAL EQUITY AND LIABILITIES	**8,111**	**3,677**

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

CONDENSED PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

TSEK	31 Mar 2018	31 Dec 2017
Equity at the beginning of the year	504	476
Comprehensive income for the period	-5,420	29
Unconditional shareholder contribution	6,000	–
EQUITY AT THE END OF THE PERIOD	**1,084**	**504**

Notes, Parent Company

NOTE 1: ACCOUNTING POLICIES

The company has prepared the interim report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The accounting policies applied in the preparation of this interim report apply to all periods and are consistent with the accounting policies presented in Note 2 Summary of significant accounting policies in the 2017 Annual Report for Ovzon AB (publ).

Related-party transactions

Except for transactions in the OverHorizon Group, no transactions were conducted between Ovzon AB (publ) and related parties that had any significant impact on the company's financial position and earnings, except for Ovzon AB (publ) receiving an unconditional shareholder contribution of TSEK 6,000 on 31 March 2018 from its parent company, OverHorizon (Cyprus) Plc.

Acquisitions and divestments

None.

NOTE 2: PLEDGED ASSETS AND CONTINGENT LIABILITIES

No changes since the 2017 Annual Report was filed.

NOTE 3: EVENTS AFTER THE BALANCE SHEET DATE

Work continued on preparing the company for an IPO on Nasdaq First North Premier.

Financial definitions

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.

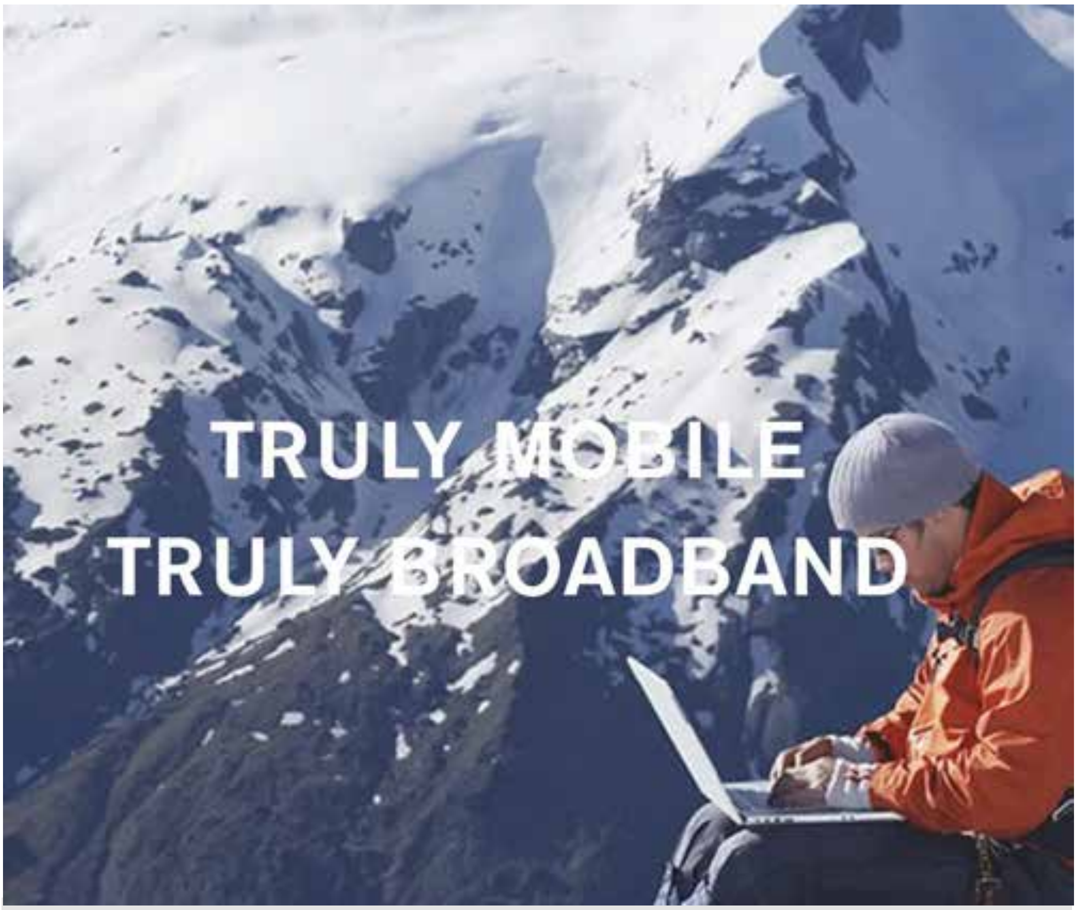
Operating profit/loss
Operating profit before financial items and tax.

Operating margin
Operating profit/loss in relation to revenue.

Adjusted operating profit/loss
Operating profit/loss excluding IPO-related expenses.

Adjusted operating margin
Adjusted operating profit/loss in relation to revenue.

Equity/assets ratio
Equity in relation to total assets.



FINANCIAL CALENDAR

• Interim Report April–June 2018	30 Aug 2018
• Interim Report July–September 2018	30 Nov 2018
• Year-end report 2018	28 February 2019

CONTACT INFORMATION

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FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

CONSOLIDATED INCOME STATEMENT

SEK '000	Note	1 Jan 2017 31 Dec 2017	1 Jan 2016 31 Dec 2016
Operating income, etc.			
Revenue	5	201,050	209,219
Other operating income		1,398	–
Operating expenses			
Purchased satellite capacity and other direct costs		-107,264	-114,713
Other external costs	6, 7	-39,769	-30,869
Employee benefit expenses	8	-26,206	-22,869
Depreciation/amortisation of property, plant and equipment and intangible assets	9	-5,184	-3,527
Operating profit		**24,025**	**37,241**
Income from financial items			
Financial income	10	3,520	3,477
Financial expenses	11	-19,738	-15,547
		-16,218	-12,070
Profit after financial items		**7,807**	**25,171**
Tax on the profit for the year	12	-1,707	-34
PROFIT FOR THE YEAR		**6,100**	**25,137**
Net profit for the year attributable to:			
Shareholders of the parent company		6,100	25,137
Total profit for the year		**6,100**	**25,137**
Earnings per share and share data	13		
Earnings per share attributable to shareholders of the parent company, SEK[1)]		1.22	5.03
Average number of shares[1)]		5,000,000	5,000,000

1) No dilutive effect. The share split conducted was observed for the comparative year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Profit for the year		**6,100**	**25,137**
Other comprehensive income:			
Items that can be subsequently reclassified to the income statement:			
- Translation differences		8,668	2,071
Other comprehensive income net after tax		**8,668**	**2,071**
COMPREHENSIVE INCOME FOR THE YEAR		**14,768**	**27,208**
Net profit for the year attributable to:			
Shareholders of the parent company		14,768	27,208
Comprehensive income for the year		**14,768**	**27,208**

OVZON AB (PUBL) REG. NO. 559079-2650

CONSOLIDATED BALANCE SHEET

SEK '000	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure for development	14	10,633	11,937
Patents	15	462	551
		11,095	**12,488**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	16	1,815	367
Construction in progress and advance payments	17	24,595	24,595
		26,410	**24,962**
Financial fixed assets			
Deposit		840	955
		840	**955**
Total fixed assets		**38,345**	**38,405**
Current assets			
Current receivables			
Trade receivables	19	–	4,383
Other receivables		3,041	630
Prepaid expenses and accrued income	20	3,979	1,414
		7,020	**6,427**
Cash and cash equivalents	21	**49,672**	**24,530**
Total current assets		**56,692**	**30,957**
TOTAL ASSETS		**95,037**	**69,362**

OVZON AB (PUBL) REG. NO. 559079-2650

SEK '000	Note	31 Dec 2017	31 Dec 2016
EQUITY AND LIABILITIES			
Equity	22		
Share capital		500	500
Other injected capital		53,524	53,524
Reserves		14,228	5,559
Accumulated deficit including profit/loss for the year		-188,814	-194,914
Equity attributable to the parent company's shareholders		**-120,562**	**-135,331**
Total equity		**-120,562**	**-135,331**
Long-term liabilities			
Liabilities to related parties	23, 28	71,233	115,505
Deferred tax liabilities	12	1,288	–
		72,521	**115,505**
Current liabilities			
Other borrowings	23	33,201	31,057
Trade payables		16,350	12,508
Liabilities to parent company		17,293	20,808
Liabilities to related parties	23, 28	62,773	11,546
Current tax liabilities		11	–
Other liabilities		8,369	8,005
Accrued expenses and deferred income	24	5,081	5,264
		143,078	**89,188**
TOTAL EQUITY AND LIABILITIES		**95,037**	**69,362**

OVZON AB (PUBL) REG. NO. 559079-2650

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK '000

	Equity attributable to the parent company's shareholders				
	Share capital	**Other injected capital**	**Reserves**	**Accumulated deficit including profit/loss for the year**	**Total equity**
Equity at 1 January 2016	**500**	**53,524**	**3,488**	**-220,051**	**-162,539**
Adjusted opening balance	**500**	**53,524**	**3,488**	**-220,051**	**-162,539**
Profit for the year				25,137	25,137
Other comprehensive income			2,071	–	2,071
Total comprehensive income	**–**	**–**	**2,071**	**25,137**	**27,208**
Equity at 31 December 2016	**500**	**53,524**	**5,559**	**-194,914**	**-135,331**
Equity at 1 January 2017	**500**	**53,524**	**5,559**	**-194,914**	**-135,331**
Profit for the year				6,100	6,100
Other comprehensive income			8,668		8,668
Total comprehensive income	**–**	**–**	**8,668**	**6,100**	**14,768**
Equity at 31 December 2017	**500**	**53,524**	**14,228**	**-188,814**	**-120,562**

OVZON AB (PUBL) REG. NO. 559079-2650

CONSOLIDATED CASH FLOW STATEMENT

SEK '000	Note	1 Jan 2017 31 Dec 2017	1 Jan 2016 31 Dec 2016
Operating activities			
Operating profit		24,025	37,241
Adjustments for non-cash items	26	4,394	9,226
Interest paid		–	–
Income tax paid		-227	17
Cash flow from operating activities before changes in working capital		**28,192**	**46,484**
Cash flow from changes in working capital			
Decrease(+)/increase(-) in current receivables		-3,553	-2,484
Decrease(-)/increase(+) in current liabilities		9,963	-22,768
Total change in working capital		**6,410**	**-25,252**
Cash flow from operating activities		**34,602**	**21,232**
Investing activities			
Acquisition of intangible fixed assets		-4,657	-7,252
Sale of property, plant and equipment		-1,852	-528
Cash flow from investing activities		**-6,509**	**-7,780**
Financing activities			
Amortisation of liabilities to credit institutions		–	-250
Cash flow from financing activities		**–**	**-250**
Cash flow for the year		**28,093**	**13,202**
Cash and cash equivalents at the beginning of the year		24,530	12,308
Exchange-rate difference in cash and cash equivalents		-2,951	-980
Cash and cash equivalents at the end of the year		**49,672**	**24,530**

OVZON AB (PUBL) REG. NO. 559079-2650

SCHEDULE OF NOTES

Note:	Note text:
1	General information
2	Summary of important accounting policies
3	Financial risk management
4	Important estimates and important assessments for accounting purposes
5	Breakdown of revenue
6	Information about charges for operating leases, etc.
7	Information about auditor’s remuneration and reimbursement of expenses
8	Average number of employees, wages and salaries, other remuneration and payroll overheads
9	Depreciation/amortisation of property, plant and equipment and intangible assets
10	Financial income
11	Financial expenses
12	Tax on the profit for the year
13	Earnings per share and share data
14	Capitalised expenditure for development
15	Patents
16	Equipment, tools, fixtures and fittings
17	Construction in progress and advance payments
18	Shares in Group companies
19	Trade receivables
20	Prepaid expenses and accrued income
21	Cash and cash equivalents
22	Equity
23	Borrowings
24	Accrued expenses and deferred income
25	Pledged assets and contingent liabilities
26	Supplementary disclosures on cash flow statement
27	Supplementary disclosures on financial assets and liabilities
28	Transactions with related parties
29	Events after the end of the financial year

OVZON AB (PUBL) REG. NO. 559079-2650

Notes

NOTE 1 GENERAL INFORMATION

Ovzon AB (publ) is the parent company of a group that has the object of being able to offer broadband services via proprietary and leased satellites to customers in various parts of the world.

The parent company Ovzon AB (publ) with corporate registration number 559079-2650 is a limited liability company in Sweden, with its head office in Sweden. The address of the head office is Box 6069, SE-171 06 Solna, Sweden.

The parent company of the largest Group in which Ovzon AB (publ) is a subsidiary and for which the overall consolidated financial statements are prepared is OverHorizon (Cyprus) Plc, corporate registration number 177462, with its head office in Nicosia, Cyprus.

The operations of the parent company Ovzon AB (publ) comprise exclusively Group coordinating assignments and the assets comprise mainly shares and participations in Group companies, as well as transactions among Group companies.

At 31 December 2017, Ovzon AB (publ) was a wholly owned subsidiary of OverHorizon (Cyprus) Plc. For prior periods, the parent company, Ovzon AB (publ), was not required to prepare consolidated financial statements, since Ovzon AB (publ) was registered as a company in October 2016 and its subsidiaries were acquired on 31 December 2016. The restructuring of the Ovzon Group was completed on 31 May 2017, when a number of assets in the Cypriot parent company, OverHorizon (Cyprus) PLC, were acquired.

Because there is no historical financial information for the Group, aggregated financial statements for the 2015-2016 financial years and for the comparative figures in this report have been prepared. The basis of preparation for the aggregated financial statements in accordance with IFRS is presented in its Note 1 General information, and Note 2 Summary of significant accounting policies.

The Ovzon Group was founded on the basis of common control transactions. These types of transactions are not regulated by IFRS, which means that the Group is required to establish a policy. The Group has chosen to apply the policies encompassed by the definition of combined financial statements when preparing the consolidated financial statements. This means, essentially, that the assets and liabilities of the entities have been aggregated and recognised on the basis of the carrying amounts they represent in the consolidated financial statements of OverHorizon (Cyprus) PLC, and that the transactions are recognised as if they had taken place at the beginning of the earliest presented period (i.e. comparative figures have been included).

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The most important accounting policies applied in the preparation of this report are presented below. These policies were applied consistently for all of the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The consolidated financial statements were prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU for the financial year beginning 1 January 2017. The parent company prepares its financial statements in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities.

The Group has applied a number of new standards and interpretations since 1 January 2017. None of the new standards and interpretations that the Group has applied since 1 January 2017 has resulted in any material impact on the consolidated financial statements.

The consolidated financial statements were prepared based on historical cost, meaning that assets and liabilities are recognised at these values and, where appropriate, certain financial instruments measured at fair value. The functional currency for the parent company and the Group’s reporting currency is Swedish kronor

(SEK). All amounts are rounded to the nearest thousand (SEK ‘000), unless otherwise stated. The income statement is organised by cost type. Amounts in brackets pertain to the preceding year.

Preparing financial statements in accordance with IFRS requires the application of some key estimates for accounting purposes. Further, the Board of Directors and the management are required to make certain judgments in the application of the company’s accounting policies. The areas requiring a high degree of judgment, which are complex or areas in which assumptions and estimates are of material importance for the consolidated financial statements, are described in Note 4.

2.1.1 Going concern

As shown in the consolidated balance sheet at 31 December 2017, liabilities exceed the value of assets by SEK 120,562 k, and negative equity has been recognised. Current liabilities are considerably higher than current assets. Other indications of whether a material uncertainty exists in relation to the entity’s ability to continue as a going concern include the level of net debt.

The Board of Directors assesses and evaluates the Group’s ability to continue as a going concern and continuously monitors financing and liquidity. The Board deems that conditions exist to implement a new share issue and/or additional debt financing. By doing so, the Board believes it will be able to pay debts as they fall due and build a sufficient capital base. The annual report and consolidated financial statements were prepared on a going concern basis.

2.2 CHANGED ACCOUNTING POLICIES IN 2018 AND LATER

A number of new standards and amendments to interpretations and existing standards come into force for the financial years commencing after 1 January 2017, which were not applied in the preparation of these consolidated financial statements.
The most important changes for the Group are:

IFRS 15 Revenue from Contracts with Customers
This standard regulates how revenue is to be recognised. The principles on which IFRS 15 is based are to give the user of financial statements more useful information regarding the company’s revenues. The expanded disclosure obligation entails that information is to be provided on revenue type, time of settlement, uncertainty related to revenue recognition and cash flow attributable to the company’s customer contracts. According to IFRS 15, revenue is to be recognised when the customer gains control of the sold goods or services and is able to use or benefit from the goods or services. IFRS 15 replaces IAS 18 Revenue Recognition and IAS 11 Construction Contracts, as well as the associated SIC and IFRIC. IFRS 15 comes into force on 1 January 2018. Early application is permitted. As a transitional method, companies can choose between “complete retroactivity” or future-oriented application with further disclosures.

A survey of the Group’s revenue flows and evaluation of the effects of implementation were completed in 2017. The standard will not have a material impact on Ovzon’s financial statements, other than an extended disclosure requirement. The introduction of IFRS 15 will not impact the income statements nor the total assets for the Group in any significant amount. The Group has chosen to use a future-oriented transition method, which is why comparison figures will not be restated.

IFRS 9 Financial instruments
This standard addresses the classification, valuation and recognition of financial assets and liabilities. It replaces parts of IAS 39, which manages classification and valuation of financial instruments and introduces a new impairment model. The new standard requires expanded disclosures on anticipated credit losses from the financial instruments and risk management in hedge accounting. The standard is to be applied for financial years commencing on 1 January 2018.

A survey of the effects of the implementation of IFRS 9 was completed in 2017. The standard will not have a material impact on Ovzon’s financial statements, other than an extended disclosure requirement. The introduction of IFRS 9 will not impact the income statements nor the total assets for the Group in any significant amount. The method of calculating impairment of trade receivables will be amended and will be conducted in accordance with the simplified model in IFRS 9. The Group has chosen to use a future-oriented transition method, which is why comparison figures will not be restated.

IFRS 16 Leasing
In January 2016, the IASB published a new leasing standard that will replace IAS 17 Leases and the associated interpretations, IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases, with some exceptions, are recognised in the balance sheet. This accounting is based on the view that the lessee is entitled to use an asset over a specific period of time and, at the same time, has an obligation to pay for this entitlement. Accounting for lessors will essentially remain unchanged. The standard applies to the financial years commencing on 1 January 2019 or later. Early application is permitted. The Group has not yet completed its evaluation of the effects of IFRS 16, but does not expect the introduction of the new standard to have any material impact on the consolidated financial statements.

Other new standards, amendments and interpretations of existing standards that have not yet come into force are not currently relevant for the Group or are not expected to have any significant impact on the Group's earnings or financial position.

2.3 CONSOLIDATED FINANCIAL STATEMENTS
Group companies are consolidated as of the day the Group has control of the company according to the definitions stated under each category of Group company below. Divested Group companies are included in the consolidated financial statements until the day the Group ceases to have control or influence over these companies. Internal Group transactions were eliminated.

Subsidiaries
Subsidiaries are all companies in which Ovzon AB (publ) has control. Control means that the Ovzon Group has the ability to control the subsidiary, is entitled to its returns and can use its influence to steer the activities that affect the returns. The financial statements are prepared on the basis of assumed values from OverHorizon (Cyprus) Plc. All of the Group's subsidiaries are owned 100%.

Other holdings
The Group has no holdings classified as partnership arrangements or associated companies.

Business combinations
No business combinations occurred during the financial years covered by this annual report and consolidated financial statements.

2.4 SEGMENT REPORTING
An operating segment is part of the Group that pursues activities from which it can generate revenue and incur expenses and for which there is independent financial information available. Segment information is not presented because the business activities comprise one segment.

2.5 FOREIGN CURRENCY TRANSLATION

2.5.1 Functional and presentation currencies
Items included in the financial statements for the different entities in the Group are measured in the currency used in the economic environment where each company is predominantly active (functional currency). The Swedish krona (SEK) is used as the parent company's functional currency and as the presentation currency in the consolidated financial statements. The American dollar (USD) is the functional currency for the American and Cypriot subsidiaries

2.5.2 Transactions and balance sheet items
Foreign currency transactions are translated into the functional currency according to the exchange rates applicable on the date of the transaction or the day on which the items are revalued. Exchange gains and losses, resulting from settlement of such transactions and when translating monetary assets and liabilities in foreign currency at the year-end rate, are recognised in the income statement.

2.5.3 Translation of foreign operations
When preparing consolidated accounts, the balance sheets for the Group's foreign operations are translated from their functional currency into Swedish kronor based on the exchange rate on the reporting date. The income statement and other comprehensive income are translated at the average exchange rate for the period. The translation differences that arise are recorded in other comprehensive income against the translation reserve in equity. The accumulated translation difference is removed and recognised as part of capital gain or capital loss in the event that the foreign operation is disposed of. Goodwill and fair value

adjustments attributable to the acquisition of operations with a functional currency other than the Swedish krona are treated as assets and liabilities in the acquired operation's currency and translated at the year-end exchange rate on the reporting date.

2.6 REVENUE
Revenue is measured at the fair value of the consideration received or receivable, and corresponds to the amounts received for goods and services sold less discounts, rebates and value added tax. The Group recognises revenue when its amount can be measured reliably, it is probable that future economic benefits will flow to the Group and special criteria have been satisfied for each of the Group's activities as described below.

2.6.1 Sales of satellite services
The Group leases capacity on existing satellites, and markets and sells broadband services via this leased capacity. Revenue from sales of broadband services are recognised on a straight-line basis over the length of the contract period, which is normally twelve months. Contract conditions are "matched" to the widest possible extent between leased and sold capacity.

2.6.2 Other operating income
Other operating income mainly comprises repayment of debt provisions.

2.6.3 Interest income and dividend income
Interest income is recognised through application of the effective interest method.
Dividend income is recognised when the owner's right to payment has been established.

2.7 LEASES
A finance lease is a lease according to which the financial risks and rewards incidental to ownership of an asset are essentially transferred from the lessor to the lessee. Other leases are classified as operating leases. The Group only has operating leases, which basically comprise leased capacity on existing satellites and leased premises.

Leasing payments under operating leases are expensed on a straight-line basis over the lease term.

2.8 EMPLOYEE BENEFITS
Current benefits
Current benefits to employees, such as salary, paid vacation, paid sickness absence, etc., are calculated without discounting and are expensed in the period when the related services are received.

Pension obligations
The Group's pension plans are defined-contribution. For defined contribution pension plans, the Group pays contributions to publicly or privately managed pension insurance plans on a compulsory, contractual or voluntary basis. The Group has no further payment obligations after the contributions have been paid. The contributions are recognised as personnel expenses when they fall due for payment. Prepaid contributions are recognised as an asset in credit. However, the American subsidiary pays premiums under a defined benefit plan.

Severance pay
Severance pay may be provided when an employee has been given notice before the usual time of retirement or when an employee accepts voluntary redundancy. The Group recognises a liability and a cost in conjunction with a termination when the Group is demonstrably obliged to either terminate the employee before the usual time for retirement or provide financial incentives to encourage early departure.

2.9 FINANCIAL INCOME
Financial income includes interest income on bank funds and receivables and also, when applicable, dividend income, interest subsidies and positive exchange differences on financial items. Financial income is recognised in the period to which it relates.

2.10 FINANCIAL EXPENSES
Financial expenses include interest and other costs that arise in conjunction with borrowing and are recognised in the income statement in the period to which they relate. Negative exchange rate differences for

financial items are also included in financial expenses. All interest expenses are carried as an expense in the period to which they relate.

2.11 TAXES
Tax for the period comprises current tax and, when applicable, deferred tax. Taxes are recognised in the income statement except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is also recognised under the same item.

Current tax is the tax calculated on the taxable earnings for the period. The taxable profit (tax loss) differs from the accounting profit because of adjustments for non-taxable and non-deductible items. Current tax is the tax paid or recovered for the current year, possibly adjusted by the current tax attributable to prior periods.

Deferred tax is recognised according to the balance sheet method, whereby deferred tax liabilities are recognised in the balance sheet for all temporary differences that arise between the carrying amount and tax base of assets and liabilities. However, deferred tax is not recognised if the temporary difference has arisen on initial recognition of assets and liabilities that constitute the acquisition of an asset. A deferred tax asset for deductible temporary differences and losses carried forward is recognised only to the extent that it is probable that the amount can be utilised against future taxable profit. Deferred tax is calculated in accordance with statutory tax rates that have been enacted or announced at the balance sheet date and are expected to apply when the deferred tax asset in question is realised or the deferred tax liability settled.

2.12 INTANGIBLE ASSETS
An intangible asset is recognised in the balance sheet when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and when value of the asset can be measured reliably. Development costs are capitalised and recognised in the balance sheet as intangible assets if the criteria for recognition in the balance sheet in accordance with IAS 38 Intangible Assets have been satisfied.

Capitalised expenditure for development
Expenditure for terminal development is capitalised when it is probable that the project will be successful considering its commercial and technical opportunities and the costs can be estimated reliably. Development comprises research and development. Only expenditure for development may be capitalised as an asset in the balance sheet. The cost of the asset basically comprises external expenses directly related to development. Capitalised expenditure for development is amortised on a straight-line basis over an estimated useful life of four years. The value of the asset is tested on an ongoing basis and for each development project, after which impairment is carried out if necessary. The asset is recognised at cost less a deduction for accumulated amortisation and any impairment losses. Testing is based on assumptions and assessments that are subject to some uncertainty.

Patents, trademarks and licences
Patents, trademarks and licences acquired separately are recognised at cost. Patents, trademarks and licences acquired through a business combination are recognised at their fair value at the acquisition date. Patents, trademarks and licences have a finite useful life and are recognised at cost less accumulated amortisation. Amortisation is carried out on a straight-line basis to allocate the cost of patents, trademarks and licences over their estimated useful life of 15 years.

2.13 PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are recognised at cost less a deduction for accumulated depreciation and impairment losses. The cost includes expenses directly attributable to the acquisition of the asset. Subsequent costs are only added to the asset's carrying value or recognised as a separate asset when it is probable that the future economic benefits associated with the asset will benefit the Group and the cost of the asset can be measured reliably. The carrying amount for the replaced portion is derecognised. All other forms of repair and maintenance are recognised as expenses in the income statement in the period in which they arise.

Depreciation of property, plant and equipment is recognised as a cost so that the value of the asset is depreciated on a straight-line basis over its assessed useful life.
The following depreciation schedule applies:

Equipment, tools, fixtures and fittings	3–5 years

The assets' residual values and useful lives are assessed at the end of each reporting period and adjusted when necessary.
The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset exceeds its assessed recoverable amount.

Gains and losses on disposal are determined by comparing sale proceeds with the carrying amount and are reported on a net basis in the income statement.

2.14 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets with an indefinite useful life or intangible assets not yet available for use are not amortised but are tested for impairment annually. Assets that are amortised are considered with regard to impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is made at the amount whereby the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When making an assessment of impairment, the assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units). Previously impaired assets (other than goodwill) are tested on each balance sheet date for whether a reversal should be made.

2.15 FINANCIAL INSTRUMENTS

Financial assets recognised in the balance sheet include – on the asset side – loan receivables, trade receivables and cash and cash equivalents. On the liability side, there are non-current and current loans, together with trade payables. The Group does not hold any derivative instruments. A financial asset or liability is entered in the balance sheet when the Group becomes a party to the contractual terms and conditions. Trade receivables are included when an invoice has been sent and trade payables when an invoice has been received. Besides cash and cash equivalents, only an insignificant portion of the financial assets are interest-bearing, for which reason no statement has been made in respect of interest rate exposure. The maximum credit risk corresponds to the carrying amount of financial assets. Conditions for non-current and current loans are shown as a separate disclosure; other financial liabilities are not interest-bearing. A financial asset, or portion thereof, is derecognised when the rights under the agreement have been realised or have expired. A financial liability, or portion thereof, is derecognised when it has been settled, when the obligation under the agreement has been performed or ceases in some other way. On each balance sheet date, the Group evaluates whether there are objective indications that a financial asset or group of financial assets are in need of impairment due to past events. The carrying amount for all financial assets and liabilities is deemed to approximate their fair value.

The categories are presented in Note 27 Supplementary disclosures, financial assets and liabilities. Financial assets and liabilities are only offset and reported at a net amount in the balance sheet when there is a legally enforceable right to set off the recognised amounts and an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.16 TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables are recorded on a net basis after making provision for expected bad debt losses. The expected life of trade receivables is short, for which reason the value is recognised at a nominal amount on an undiscounted basis in accordance with the amortised cost method. A reserve is made for expected bad debt losses for trade receivables when there are objective grounds to assume that the Group may not receive all amounts due under the original terms and conditions for the receivables. The size of the reserve comprises the difference between the asset's carrying amount and the value of assessed future cash flows. The sum set aside is recognised in the income statement.

2.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank balances and, when applicable, other current financial investments due within three months. Cash and cash equivalents are recognised at their nominal amount.

2.18 EQUITY
Equity in the Group comprises the following items:

- *Share capital* - represents the par value of issued and registered shares.
- *Other injected capital* - contributions that the company has received from its shareholders and that are not recognised as share capital.
- *Reserves* - comprises exchange differences referable to translation of foreign subsidiaries.
- *Accumulated deficit, incl. profit/loss for the year* - correspond to the accumulated profits and losses generated in total in the Group.

Transaction costs directly referable to an issue of new shares or options are recognised in equity, net of tax, as a reduction in the proceeds.

2.19 BORROWING
Borrowing is initially reported at fair value, net of transaction costs. Borrowing is subsequently recorded at amortised cost and any difference between the amount received (net of transaction costs) and the amount repaid is recognised in the income statement distributed over the period of the loan, applying the effective interest method. Borrowing is classified as current liabilities unless the Group has an unconditional right to postpone payment of the liability by at least 12 months after the balance sheet date.

2.20 TRADE PAYABLES
Trade payables are commitments to pay for goods or services acquired from suppliers in the ordinary course of business. Trade payables are categorised as other financial liabilities. As the maturities of trade payables are expected to be short, the value is reported at a nominal amount.

2.21 CONTINGENT LIABILITIES
A contingent liability is recognised when there is a possible obligation caused by an event or a future uncertainty that is not recognised as a liability or provision, since an outflow of resources is not probable, does not happen or an existing obligation resulting from an event, but which is not recognised as a liability or provision.

2.22 CASH FLOW STATEMENT
Cash flow statements are prepared in accordance with the indirect method. This means that profit or loss is adjusted for the effects of transactions of a non-cash nature and also for revenue and expenses associated with investing or financial activities.

NOT 3 FINANCIAL RISK MANAGEMENT
3.1 FINANCIAL RISK FACTORS
The Group is exposed to various financial risks through its activities. The overall objective of financial risk management is to minimise the risks of an adverse effect on the Group’s result.

3.1.1 Liquidity risk
‘Liquidity risk’ means a situation where cash and cash equivalents cannot be ensured to pay for obligations. The Group's liquidity reserve shall provide freedom of action to implement decided investments and fulfil payment obligations. Liquidity forecasts are updated on an ongoing basis and the Group management actively monitors the liquidity situation so that liquidity risks can be attended to in a timely fashion.

3.1.2 Financing risk
‘Financing risk’ corresponds to potential difficulties in obtaining financing for activities at a given time. The Group actively works to achieve a low refinancing risk in relation to market pricing, i.e. the best possible net financial income/expense within given risk frames.

The refinancing risk is limited as the Group always plans ahead during refinancing negotiations. The Group endeavours to obtain loan commitments for all major investments to minimise financing risk. The Board of Directors determines the ongoing level of capital tied up in the loan portfolio. The management prepares ongoing forecasts for the Group's liquidity on the basis of expected cash flows. The Group endeavours to have a loan portfolio with diversified capital maturities and also to facilitate amortisation.

3.1.3 Interest rate risk
'Interest rate risk' means the risk of changes in the market rate of interest having an adverse effect on the Group's net interest income/expense. The Group's revenue and cash flows from its operation are basically independent of changes in market rate of interest as the Group has no significant interest-bearing assets. The Group's interest rate risk arises through non-current borrowing. Fixed interest borrowing exposes the Group to interest rate risk in terms of fair value. The Group management continually monitors interest rate changes and acts accordingly.

3.1.4 Credit and counterparty risk
The Group's financial transactions give rise to credit risks with respect to financial counterparties. 'Credit and counterparty risk' means the risk of losses if a counterparty does not perform its obligations. The Group has limited exposure to credit risk. The Group endeavours to work primarily with established customers with a documented capacity to pay and competitive businesses, including checking the credit rating of the financial status for the Group's customers by obtaining information from a credit rating agency. A bank guarantee or direct guarantee obligation is required in the event that the counterparty's capacity to pay is considered to be uncertain.

3.1.5 Currency risk
'Currency risk' means the risk of an impact on the Group's performance and financial position as a consequence of changes in exchange rates. Currency risk arises through future business transactions, reported assets and liabilities and also net investments in foreign operations. The Group management continually monitors changes in exchange rates and acts accordingly.

The Group's operations are mainly conducted in the US and Sweden, as well as to a lesser extent in Cyprus. The sale of satellite services is made in its entirety in USD. Associated capacity costs are also in USD. Of the other operating expenses, excluding depreciation/amortisation, approximately 50% occurs in USD and approximately 50% in SEK. Purchases in EUR occur to a minor extent.

As a comparison, it can be said that if the USD/SEK had been an average of 10% lower in 2017, sales would have declined to the same extent and operating profit would have declined by 25%.

Ovzon's net financial liabilities in USD amounted to SEK 20,483 k (16,165 k), expressed in SEK. A 10% higher USD rate on the balance-sheet date would result in a negative earnings effect of SEK 2,048 k (1,617 k). A 10% lower USD rate on the balance-sheet date would result in a positive earnings effect of SEK 2,048 k (1,617 k). See also the Administration Report under the heading Financial Risks. For the impact through operating profit, see Notes 10 and 11.

3.1.6 Terms of loans
The terms of loans are shown in Note 23 Borrowing.

3.2 OPERATING RISKS AND EXTERNAL RISKS
The most important operating risks and external risks are attributable to competition and commercial success and also dependency on key personnel, cooperating partners and individual major customers. Furthermore, Ovzon is dependent on access to satellite capacity that is provided by a third party. Ovzon's services are sold indirectly to an individual end user.

3.3 SENSITIVITY ANALYSIS
No further analysis has been prepared besides the sensitivity analyses above.

3.4 ASSET MANAGEMENT
The Group's objective in respect of its capital structure is to secure the Group's ability to continue its operations so that it can continue to generate returns for shareholders while creating benefits for other stakeholders, and to maintain an optimal capital structure as a means of reducing the cost of capital.
To maintain or adjust its capital structure, the Group may decide to change the dividend paid to shareholders, repay capital to its shareholders, issue new shares or sell assets to reduce its liabilities.

In the same way as other companies in the industry, the Group assesses its capital on the basis of the debt/equity ratio. This key ratio is measured as net liability divided by capital employed. Net liability is measured as total borrowing (including the items Current borrowing and Non-current borrowing in the consolidated balance sheet) less cash and cash equivalents. Capital employed is measured as Equity in the consolidated balance sheet plus the net liability.
Ovzon's capital structure is not satisfactory, which is described above in Note 2.1.1 Going concern.

NOTE 4 IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The management must make assessments and assumptions in order to prepare accounts in accordance with generally accepted accounting principles. These affect reported asset and liability items and income and expense items and also information otherwise provided. These assessments are based on experience and assumptions that the management and Board of Directors consider to be reasonable under the prevailing circumstances. The actual outcome may then differ from these assessments should other preconditions arise. The assessments that are most important when preparing the financial statements are described below.

4.1 IMPORTANT ASSESSMENTS OF THE MANAGEMENT

4.1.1 Assumption that the business is a going concern

The financial situation presented is not satisfactory. The management came to the conclusion, as shown above in Note 2.1.1 "Going concern", that the business is a going concern.

4.2 UNCERTAINTY IN ACCOUNTING ESTIMATES

4.2.1 Income taxes

Extensive assessments are required to determine the provision for income taxes. There are transactions and calculations where the final tax is uncertain. In the event that the final tax for these differs from the amounts first reported, these differences will affect current and deferred tax assets and liabilities for the period when these observations are made. No deferred tax asset has been reported owing to some uncertainty about the possibility of utilising the tax losses to which the tax refers.

NOTE 5 BREAKDOWN OF REVENUE

Line of business	2017	2016
Satellite services		
USA	201,050	209,219
	201,050	**209,219**
Management services		
Sweden	–	–
USA	–	–
Cyprus	–	–
	–	**–**
Total	**201,050**	**209,219**

The Group is dependent on a few customers, one of which accounts for 90% of the Group's revenue. The Group's revenues are received entirely in USD. Customer agreements are normally concluded for a term of twelve months.

Total fixed assets by geographic market	31 Dec 2017	31 Dec 2016
Sweden	25,435	25,550
Cyprus	11,461	11,937
USA	1,449	918
Total	**38,345**	**38,405**

NOTE 6 INFORMATION ABOUT CHARGES FOR OPERATING LEASES, ETC.

Operating leases - charges for the year	2017	2016
For leased premises	693	699
Licence fees for satellite services	596	584
	1,289	**1,283**

The Group's non-cancellable leases basically relate to an annual licence fee for allocation of satellite services. Future leasing charges for non-cancellable leases that fall due for payment:

Within one year	1,289	573
After one year but within five years	2,384	2,293
After five years	9,238	10,890
	12,911	**13,756**

OTHER COMMITMENTS

Through an agreement originally entered into in 2008, Cyprus has granted OverHorizon a frequency license for the orbital position 59.7 degrees East until July 2040. As part of this agreement OverHorizon pays an annual administrative fee of EUR 60,000 and an additional fee based on revenue. The administrative fee of EUR 60,000 is included in the above table stating future leasing charges. The revenue-based fee is calculated starting two years after the launch and operational start of OverHorizon's own satellite. The maximum annual fee is EUR 600,000 until 2028 and EUR 800,000 for the following years.

NOTE 7 INFORMATION ABOUT AUDITOR'S REMUNERATION AND REIMBURSEMENT OF EXPENSES

	2017	2016
Grant Thornton		
audit engagements	550	411
auditing work in addition to audit engagements	795	–
tax consultancy	99	13
other services	880	–
Total	**2,324**	**424**

The term audit engagement pertains to the auditors' work on the statutory audit and various types of auditing of quality assurance services. Other services are those not included in the audit engagements, audit business or tax consultancy.

NOTE 8 AVERAGE NUMBER OF EMPLOYEES, WAGES AND SALARIES, OTHER REMUNERATION AND PAYROLL OVERHEADS

Average number of employees	2017	2016
Women	1	1
Men	11	10
Total	**12**	**11**

			Of which women	
Subsidiaries	**2017**	**2016**	**2017**	**2016**
Sweden	7	6	1	1
USA	5	5	–	–
Total	**12**	**11**	**1**	**1**

Gender breakdown in Board of Directors and management	2017	2016
Number of Board members	3	3
of which women	(–)	(–)
Number of officers in the company incl. CEO	7	1
of which women	(–)	(–)

Wages and salaries and remuneration amount to:	2017 Board of Directors and CEO (of which bonuses)	Other em-ployees	Total	2016 Board of Directors and CEO (of which bonuses)	Other em-ployees	Total
Subsidiaries						
Sweden	4,237	3,756	7,993	3,936	1,801	5,737
USA	6,276	6,214	12,490	–	10,720	10,720
Total remuneration subsidiaries	**10,513**	**9,970**	**20,483**	**3,936**	**12,521**	**16,457**
	(–)		(–)	(–)		(–)
Statutory and contractual payroll overheads:						
Subsidiaries	1,438	1,526	2,964	1,494	2,552	4,046
Pension expenses:						
Subsidiaries	1,542	837	2,379	1,062	1,303	2,365
Total payroll overheads and pensions	**2,980**	**2,363**	**5,343**	**2,556**	**3,855**	**6,411**
Group, total	**13,493**	**12,333**	**25,826**	**6,492**	**16,376**	**22,868**

PENSIONS

The company and Group have no outstanding pension commitments in addition to pension liabilities. Premiums for pension insurance shall basically correspond to the ITP (supplementary pensions for salaried employees) plan. However, the American subsidiary, OverHorizon LLC, pays premiums under a defined benefit plan.

REMUNERATION FOR OFFICERS OF THE COMPANY

No Board fees were paid for the financial years 2017 and 2016, respectively. The table below shows each Board member's salary and other remuneration for work done as an employee. CEO Per Wahlberg has an annual salary of SEK 1,554 k. His pension corresponds to the ITP occupational pension plus SEK 15 k per month. No other benefits are paid in addition to this. The mutual period of notice is six months. If notice is served by the company, salary is subsequently paid for 36 months. Lennart Hällkvist also has a corresponding pension, period of notice and salary if notice is served by the company. For the other four senior officers of the company, two of whom are hired in through companies, remuneration is paid on market terms.

	2017					
Salaries and remuneration amount to:	**Basic salary/actual remuneration**	**Variable remuneration**	**Board fees**	**Other benefits**	**Pension expense**	**Total**
Per Wahlberg, CEO/Board Member	1,554	–	–	–	484	2,038
Lennart Hällkvist, Chair	1,553	–	–	–	549	2,102
Kennet Lejnell, Board Member	1,130	–	–	–	196	1,326
Other officers of the company, 4	10,124		–	–	313	10,437
Total	**14,361**	**–**	**–**	**–**	**1,542**	**15,903**

	2016					
Salaries and remuneration amount to:	**Basic salary/ actual remunera-tion**	**Variable remunera-tion**	**Board fees**	**Other benefits**	**Pension expense**	**Total**
Per Wahlberg, CEO/Board Member	1,440	–	–	–	413	1,853
Lennart Hällkvist, Chair	1,440	–	–	–	483	1,923
Kennet Lejnell, Board Member	1,056	–	–	–	166	1,222
Total	**3,936**	**–**	**–**	**–**	**1,062**	**4,998**

Pension liabilities inclusive of special payroll tax	**31 Dec 2017**	**31 Dec 2016**
Per Wahlberg and Lennart Hällkvist, total	4,801	6,801
Carrying amount	**4,801**	**6,801**

NOTE 9 DEPRECIATION/AMORTISATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS

	2017	**2016**
Amortisation of intangible fixed assets:	-4,870	-3,375
Depreciation of property, plant and equipment:	-314	-152
Total	**-5,184**	**-3,527**

NOTE 10 FINANCIAL INCOME

	2017	**2016**
Exchange gains	3,520	3,476
Interest income	–	1
Total	**3,520**	**3,477**

NOTE 11 FINANCIAL EXPENSES

	2017	2016
Exchange losses	-4,294	-979
Interest expenses	-15,426	-14,364
Other financial expenses	-18	-204
Total	**-19,738**	**-15,547**

NOTE 12 TAX ON PROFIT FOR THE YEAR

	2017	2016
The following components are included in the tax expense:		
Current tax	-419	-34
Deferred tax pertaining to:		
untaxed reserves	-1,288	–
Tax reported	**-1,707**	**-34**
Net profit/loss before tax	**7,807**	**25,171**
Income tax calculated in accordance with national tax rates applicable to the profit/loss in each country	592	1,451
Tax effect of:		
Non-deductible expenses, non-taxable revenue and also effect of uncapitalised losses carried forward, net	-2,299	-1,485
Tax reported	**-1,707**	**-34**

The Group companies operate in different countries and are thus subject to different income tax rates, which are as follows:

Cyprus	12.5%
Sweden	22%
USA	35%

At the end of the financial year, there were total tax losses carried forward of SEK 67,802 k in the Group. The following table indicates the losses carried forward broken down by country.

	Amount, SEK ‘000
Cyprus	64,894
Sweden	–
USA	2,908

There is a time limit of five years for the losses carried forward in Cyprus and time limit of 20 years for the losses carried forward in the USA. There is no time limit for the losses carried forward in Sweden. No value has been set aside in the balance sheet for a deferred tax asset on saved losses carried forward.

OVZON AB (PUBL) REG. NO. 559079-2650

	31 Dec 2017	31 Dec 2016
Deferred tax liabilities:		
Temporary differences in:		
- untaxed reserves	1,288	–
Carrying amount	**1,288**	**–**
Deferred tax liabilities:		
Opening balance	–	–
Change for the year in the income statement, net	1,288	–
Closing balance	**1,288**	**–**

NOTE 13 EARNINGS PER SHARE AND SHARE DATA

Earnings attributable to shareholders of the parent company, SEK ‘000	6,100	25,137
Earnings per share attributable to shareholders of the parent company, SEK	1.22	5.03
Total number of shares issued, no.[1)]	5,000,000	5,000,000

1) No dilutive effect. The share split conducted was observed for the comparative year.

NOTE 14 CAPITALISED EXPENDITURE FOR DEVELOPMENT

	31 Dec 2017	31 Dec 2016
Cost, opening balance	17,608	9,718
Purchases	4,657	6,677
Exchange difference	-1,834	1,213
Accumulated cost, closing balance	**20,431**	**17,608**
Amortisation, opening balance	-5,671	-1,953
Exchange difference	704	-366
Amortisation for the year	-4,831	-3,352
Accumulated amortisation, closing balance	**-9,798**	**-5,671**
Carrying amount, closing balance	**10,633**	**11,937**

OVZON AB (PUBL) REG. NO. 559079-2650

NOTE 15 PATENTS

	31 Dec 2017	31 Dec 2016
Cost, opening balance	575	–
Purchases	–	575
Exchange difference	-54	–
Accumulated cost, closing balance	**521**	**575**
Amortisation, opening balance	-24	–
Exchange difference	4	-1
Amortisation for the year	-39	-23
Accumulated amortisation, closing balance	**-59**	**-24**
Carrying amount, closing balance	**462**	**551**

NOTE 16 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	31 Dec 2017	31 Dec 2016
Cost, opening balance	558	83
Purchases	1,852	528
Sales/disposals	-30	-53
Exchange difference	-116	–
Accumulated cost, closing balance	**2,264**	**558**
Depreciation, opening balance	-191	-83
Sales/disposals	30	53
Exchange difference	26	-9
Depreciation for the year	-314	-152
Accumulated depreciation, closing balance	**-449**	**-191**
Carrying amount, closing balance	**1,815**	**367**

NOTE 17 CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS

	31 Dec 2017	31 Dec 2016
Cost, opening balance	24,595	24,595
Accumulated cost, closing balance	**24,595**	**24,595**
Carrying amount, closing balance	**24,595**	**24,595**

OverHorizon AB has entered into an agreement with Orbital Sciences Corporation concerning the acquisition of a communication satellite, including associated ground equipment, support and training. The advance payment reported relates in its entirety to the first payment under the payment plan for the agreement. The parties have chosen not to publish the total contract value for the agreement.

NOTE 18 SHARES IN GROUP COMPANIES

	Parent company	
	2017	**2016**
Cost, opening balance	170	170
Shareholders' contributions	135	–
Accumulated cost, closing balance	**305**	**170**
Carrying amount, closing balance	**305**	**170**

Directly owned subsidiaries			Carrying amount	
Company name	**Number shares**	**Votes/share of capital, %**	**31 Dec 2017**	**31 Dec 2016**
OverHorizon AB	1,000	100%	235	100
OverHorizon OHO 1 Limited	1,000	100%	70	70
OverHorizon Communications Group, LLC	1,000	100%	0	0
			305	170

Directly owned subsidiaries

Company name	Corporate registration number	Registere d office	Country	Profit/ loss for the year	Equity
OverHorizon AB	556679-1181	Stockholm	Sweden	1,297	100
OverHorizon OHO 1 Limited	262622	Nicosia	Cyprus	645	-64,884
OverHorizon Communications Group, LLC	S226247-7	Arlington	USA	-3,016	-15,938

Subsidiaries indirectly owned through OverHorizon Communications Group, LLC	**Corporate registration number**	**Registe-red office**	**Country**	**Votes/share of capital, %**
OverHorizon LLC	S226246-9	Arlington	USA	100%

NOTE 19 TRADE RECEIVABLES

	31 Dec 2017	31 Dec 2016
Receivables not due	–	4,383
Total	**–**	**4,383**

The Group has no trade receivables due on the respective balance sheet dates and thus reports no provision for bad debts. The credit quality of trade receivables that have neither fallen due for payment or otherwise been impaired are assessed with reference to historical information about the counterparty.

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2017	31 Dec 2016
Prepaid expenses	3,979	1,414
Total	**3,979**	**1,414**

OVZON AB (PUBL) REG. NO. 559079-2650

NOTE 21 CASH AND CASH EQUIVALENTS

	31 Dec 2017	31 Dec 2016
Cash and bank balances	49,672	24,530
Total	**49,672**	**24,530**

NOTE 22 EQUITY

	31 Dec 2017			
Class of share	**No. of shares**	**Par value (SEK)**	**Number of votes per share**	**Share capital**
Class A shares	5,000,000	0.10	1	500
Total	**5,000,000**		**5,000,000**	**500**

Otherwise, refer to the Group's specification of Change in equity.

OTHER INJECTED CAPITAL

Other injected capital includes the contributions that the company has received from its shareholders and that are not reported as share capital.

RESERVES

The item fully comprises exchange differences referable to translation of foreign subsidiaries.

ACCUMULATED DEFICIT

This item includes accumulated deficits in Ovzon and other transactions with owners, such as dividends, are also reported here, when applicable.

NOTE 23 BORROWINGS

Non-current	**31 Dec 2017**	**31 Dec 2016**
Liabilities to related parties (Note 28)	71,233	115,505
Total	**71,233**	**115,505**
Current		
Other borrowings[1]	33,201	31,057
Liabilities to related parties,[1] (Note 28)	62,773	11,546
Total	**95,974**	**42,603**
Total borrowings	**167,207**	**158,108**

Weighted average effective interest rate	**31 Dec 2017**	**31 Dec 2016**
Other borrowings[1]	12%	12%
Liabilities to related parties (Note 28)	9.5%-20%	9.5%-20%

1) On 1 February 2013, the Ovzon Group concluded a loan agreement with two lenders to provide total credit of SEK 22+8 m. The loans bear a nominal interest rate of 12%, which is capitalised annually. The original term of the loan extended to 31 January 2016. The loans have thus fallen due for payment. Discussions have been held with the lenders and the ambition is to amortize the loans in 2018. An option to acquire up to 40% of the company was linked to the original loan agreement, which lapsed on 31 January 2016 and had not been utilised. The loan portion of a nominal SEK 8 m is recognised under liabilities to related parties.

OVZON AB (PUBL) REG. NO. 559079-2650

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2017	31 Dec 2016
Accrued employee benefit expenses	1,365	2,006
Other accrued expenses	3,716	3,258
Total	**5,081**	**5,264**

NOTE 25 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	31 Dec 2017	31 Dec 2016
Pledged bank funds	840	955
Total	**840**	**955**

CONTINGENT LIABILITIES

Legal matters

Ramab Iggesund AB – OverHorizon OHO 1 Ltd

On 1 December 2016, Ramab Iggesund AB called for arbitration proceedings against OverHorizon OHO 1 Ltd relating to a loan agreement dated 1 February 2013. The nominal amount of the loan is SEK 22 m and its rate of interest is 12%. Full provision has been made for the nominal amount of the loan and accrued interest in OverHorizon OHO 1's annual accounts as of 31 December 2017. On 8 March 2018, the parties signed an agreement by which the dispute was settled.

Other contingent liabilities

As of 31 December 2017, the Ovzon Group had a contingent liability relating to an agreement concluded with Carnegie Investment Bank AB. The company entered into an agreement concerning financial advice ('IPO Assignment') with Carnegie on 21 November 2016 for its role as Sole Global Coordinator and Bookrunner for a quotation. In accordance with the agreement, Carnegie is to receive a fee of 5% based on the value of the transaction, with a minimum remuneration of SEK 25,000,000. If the transaction is not implemented, Carnegie will receive remuneration for a terminated contract of a minimum of SEK 5,000,000 and a maximum of SEK 25,000,000 depending on when the contract was terminated, in the event that a significant number of the shares in Ovzon AB are divested to a third party. In addition, Carnegie shall receive compensation for disbursements in conjunction with work performed.

NOTE 26 SUPPLEMENTARY DISCLOSURES ON CASH FLOW STATEMENT

Adjustments for non-cash items	31 Dec 2017	31 Dec 2016
Depreciation/amortisation	5,184	3,527
Other items	-790	5,699
Total	**4,394**	**9,226**

Change in liabilities with cash flows in financial activities, Group	Liabilities to related parties	Other borrowings	Liabilities to Parent company	Total
Opening balance, 1 January 2017	127,051	31,057	20,808	178,916
Non-cash items				
- capitalised interest and currency effects, net	6,955	2,144	-3,515	5,584
Closing balance, 31 December 2017	**134,006**	**33,201**	**17,293**	**184,500**

OVZON AB (PUBL) REG. NO. 559079-2650

NOTE 27 SUPPLEMENTARY DISCLOSURES, FINANCIAL ASSETS AND LIABILITIES

Disclosures concerning financial instruments measured at fair value in the balance sheet
The Group has no derivative instruments or other financial instruments measured at fair value.

31 Dec 2017	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Financial assets				
Other non-current receivables	840		840	840
Trade receivables	–		–	–
Cash and cash equivalents	49,672		49,672	49,672
Total	**50,512**		**50,512**	**50,512**
Financial liabilities				
Other borrowings		33,201	33,201	33,201
Liabilities to related parties		134,006	134,006	134,006
Trade payables		16,350	16,350	16,350
Liabilities to parent company		17,293	17,293	17,293
Other current liabilities		13,450	13,450	13,450
Total		**214,300**	**214,300**	**214,300**

31 Dec 2016	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Financial assets				
Other non-current receivables	955		955	955
Trade receivables	4,383		4,383	4,383
Cash and cash equivalents	24,530		24,530	24,530
Total	**28,913**		**28,913**	**28,913**
Financial liabilities				
Other borrowings		31,057	31,057	31,057
Liabilities to related parties		127,051	127,051	127,051
Trade payables		12,508	12,508	12,508
Liabilities to parent company		20,808	20,808	20,808
Other current liabilities		10,673	10,673	10,673
Total		**202,097**	**202,097**	**202,097**

THE GROUP'S MATURITY STRUCTURE IN RESPECT OF UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

Nominal amount at 31 December 2017	nom 1 year	1-2 years	2-5 years	More than five years	No due date
Other borrowing, Note 23	33,201	–	–	–	–
Liabilities to related parties, Note 28	62,773	–	–	–	71,233
Trade payables	16,350	–	–	–	–
Liabilities to parent company	17,293	–	–	–	–
Other current liabilities	13,450	–	–	–	–
Total	**143,067**	**–**	**–**	**–**	**71,233**

NOTE 28 TRANSACTIONS WITH RELATED PARTIES

Liabilities to related parties		31 Dec 2017	31 Dec 2016
Etheron AB	Shareholder	59,660	55,978
Equi Performance Sweden AB	Shareholder	11,573	10,927
LMK Ventures AB	Shareholder	12,478	11,546
LMK Forward AB	Shareholder	50,295	48,600
Total		**134,006**	**127,051**

The loans from Etheron AB and Equi Performance AB bear an interest rate of 9.5%. The loan from LMK Ventures AB bears an interest rate of 12% and the loan from LMK Forward AB an interest rate of 20%.

Liabilities to parent company	31 Dec 2017	31 Dec 2016
OverHorizon (Cyprus) Plc	17,293	20,808
Total	**17,293**	**20,808**

As regards related-party loans, there were no changes except for interest expenses and currency rate effects during 2017. As part of the Group's restructuring, all patents and one frequency license were transferred from the parent company, OverHorizon (Cyprus) Plc, to OverHorizon AB and OverHorizon OHO 1 Ltd, respectively, during the reporting period. The transactions are based on approximated fair value.

For remuneration to the Board of Directors, the CEO and other senior officers of the company, refer to Note 8.

NOTE 29 EVENTS AFTER THE END OF THE FINANCIAL YEAR

Efforts that commenced in early 2017 to determine the conditions for an IPO are continuing.

On 31 January 2018, an agreement was signed with a satellite operator for the localisation of a satellite on the Ovzon Group's orbital position, 59.7. In accordance with the agreement, Ovzon will pay a total of USD 1.6 m, of which USD 0.8 m in March 2018 and, providing the satellite meets a number of requirements in the agreement, USD 0.8 m in June 2018.
The legal dispute reported in Note 25 Pledged assets and contingent liabilities between Ramab Iggesund AB and OverHorizon OHO 1 Ltd was settled by an agreement between the parties on 8 March 2018.
According to the agreement, OverHorizon OHO 1 Ltd is to pay the loan's capital amount, accrued interest and the counterparty's arbitration expenses. The counterparty may not request implementation of the arbitration settlement prior to 31 May 2018.
At 31 March 2018, Ovzon AB (publ) had received an unconditional shareholder contribution of SEK 6,000 k from its parent company, OverHorizon (Cyprus) Plc.

THE AUDITOR´S REPORT ON FINANCIAL STATEMENTS REGARDING HISTORICAL FINANCIAL INFORMATION

To the Board of Directors of Ovzon AB (publ) corporate identity number 559079-2650

We have audited the financial statements for Ovzon AB (publ) on pages F-16 to F-42, which comprise the balance sheet as of 31 December 2017 and 2016 and the income statement, and total comprehensive income, cash flow statement and statement of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory notes.

The Board of Directors' and the Managing Director's responsibility for the financial statements

The Board of Directors and the Managing Director are responsible for the preparation and the fair presentation of the balance sheet, income statement, statement of changes in equity and cash flow statement in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Prospectus Regulation (EC) No 809/2004.

The auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR´s Recommendation RevR 5 Examination of Prospectuses. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

An audit in accordance with FAR´s Recommendation RevR 5 Examination of Prospectuses involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on our assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Managing Director and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Annual Accounts Act and additional applicable framework of the financial position of Ovzon AB as of 31 December 2016, 2015 and 2014 and its financial performance, statement of changes in equity and cash flows for these years.

Significant uncertainty factors regarding going concern

Without prejudice to our opinion above, we draw attention to the section on note 2.1.1 "Going concern" of the financial statements which describes indications that there is some uncertainty about the Group's possibility for going concern. These factors indicate that there is an uncertainty factor that may doubt the ability of the Group and Ovzon AB to continue the business. Our opinion is not qualified in respect of this matter.

Stockholm May 8, 2018

Grant Thornton Sweden AB

Carl-Johan Regell
Authorized Accountant

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