

Corporate Governance Report

Good corporate governance is about ensuring that the company is governed as effectively as possible for the shareholders. The corporate governance of Ovzon AB is based upon Swedish law, primarily the Swedish Companies Act (2005:551) and the Swedish Annual Accounts Act (1995:1554) as well as the Swedish Corporate Governance Code (the “Code”).

Being listed on Nasdaq First North Premier Growth Market, Ovzon complies with the Nasdaq First North Nordic Rulebook as well as statements by the Swedish Securities Council (Aktiemarknadsnämnden) regarding good stock market practice on the Swedish securities market, in addition to applicable legislation. Companies listed on First North Premier Growth Market are required to comply with the Code as of July 1, 2019. The Corporate Governance Report was prepared by the company’s Board of Directors and reviewed by the company’s auditors.

General meetings

Pursuant to the Companies Act, the general meeting of shareholders is the company’s supreme decision-making body and shareholders exercise their voting rights at such meetings. The Annual General Meeting (AGM) must be held within six months of the end of each preceding financial year to consider such matters as statutory accounts and reports, disposition of profit or loss and discharging the Board members from liability. Ovzon’s Articles of Association stipulate that the notice to attend the AGM shall be published in the Official Swedish Gazette (Post- och Inrikes Tidningar) and be made available on Ovzon’s website. Announcement of the notice to attend shall be published in the Swedish daily newspaper Svenska Dagbladet. The notice to attend the AGM 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 10 percent of all shares outstanding request such a meeting in writing for a specific purpose.

2021 AGM

- Re-election of Board members Anders Björkman, Nicklas Paulson, Magnus René and Patrik Tigerschiöld. It was further resolved to elect Dan Jangblad and Cecilia Driving as new members of the Board. Anders Björkman was elected Chairman of the Board.

- Grant Thornton Sweden AB was reappointed auditor for the company. Authorized Public Accountant Carl-Johan Regell will remain auditor in charge.
- The Meeting resolved to adopt guidelines for remuneration to senior executives in accordance with the Board’s proposal. The guidelines remained essentially unchanged from previous years.
- The AGM resolved in accordance with the Board’s proposal to authorize the Board to decide on issues of shares and/or warrants in an amount corresponding to a maximum of ten (10) percent of the total number of shares in the company on the date of the AGM through cash issue and/or offset, with or without deviation from the preferential rights of shareholders, on one or more occasions for the time prior to the next AGM. Issue of new shares by virtue of this authorization will be on the customary terms under prevailing market conditions.

Major shareholders

Ovzon’s three largest shareholders are:

| Shareholder | Number of shares | Percentage, % |
|----------------|------------------|---------------|
| 1. Öresund | 5,464,828 | 11.8 |
| 2. Bure Equity | 5,236,034 | 11.3 |
| 3. AFA | 4,291,315 | 9.3 |

Nomination Committee

The purpose of the Nomination Committee is to submit proposals regarding the chairman at general meetings, candidates for Board members including the position of Chairman of the Board, fees and other remuneration to each member of the Board of Directors, and remuneration for committee work as well as the election of and remuneration to the external auditor.

For the period through the end of the 2021 AGM, the Nomination Committee comprises Andreas Hofmann, nominated by Investment AB Öresund; Sophie Hagströmer, nominated by Bure Equity; Anders Algotsson, nominated by Afa Försäkring; and Anders Björkman, Chairman of the Board of Ovzon.

No remuneration is paid to the members of the Nomination Committee. The Nomination Committee is entitled to request remuneration from the company for reasonable expenses that are necessary for the Nomination Committee to fulfill its assignment. The mandate period of the Nomination Committee extends until such time as a new Nomination Committee is announced. In conjunction with the work of the Nomination Committee and for its own improvement efforts, the Board of Directors conducts a self-evaluation of its work and efficiency on an annual basis. The results are reported to the Nomination Committee.

Board of Directors

Composition of the Board

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. Six members were elected at the 2020 AGM: Anders Björkman, Nicklas Paulson, Patrik Tigerschiöld, Magnus René, Cecilia Driving and Dan Jangblad. Anders Björkman was appointed Chairman of the Board. The CEO is a member of the Board, and is always in attendance at Board meetings (see pages 44–45 in this Annual Report for more information on the Board of Directors and CEO). The company's CFO serves as the secretary to the Board.

Board observer

On July 3, 2019, the company secured a credit facility of USD 60 million from Proventus Capital Partners (PCP). The loan was granted on the condition that PCP be given the right to appoint an observer who is co-opted onto the Board (without voting rights). The observer will be provided with financially significant information, regardless of whether or not it comprises insider information and could have an impact on the assessment of the credit risk for the loan. Additionally, the observer will be provided with all other information that does not comprise insider information, and has been sent to the Board members prior to Board meetings and presented at the meetings. PCP

has requested to be permitted to study this information in order to materially facilitate PCP's continual assessment of how the company's financial risk is developing, ultimately for the purpose of being able to more efficiently contribute to solving the company's upcoming financial challenges.

The company ensures through procedures and agreements that, to the extent the observer receives insider information, it will remain confidential and will be handled in a structural manner. The company is of the opinion that the structure is in compliance with Article 17 of the Market Abuse Regulation (MAR). Additionally, the company also deems the participation of the observer not to be in violation of the Companies Act.

Board work

The Board of Directors bears ultimate responsibility for governing the company's operations between Annual General Meetings. The Board decides on issues pertaining to the company's strategic approach, financing, major investments, acquisitions, divestments, organizational issues, incentive principles and key policies. The Board's work is regulated, for example, by the Swedish Companies Act (ABL), the Articles of Association, the rules of procedure that the Board has established for its work and the Board's instructions to the CEO. The Board's Articles of Association clarify the responsibilities of the individual members, especially the Chairman, as well as the allocation of responsibilities between the Board and CEO and the authority of the latter. These are further elucidated in the instructions to the CEO. The rules of procedure also indicate, at a general level, the topics that the Board of Directors will normally address during the work year and the allocation of time for the work.

In 2020, the Board of Directors reviewed its rules of procedure, the instructions to the CEO and the reporting instructions, and evaluated the work of the CEO.

The Board has appointed a Remuneration Committee that up until the AGM consisted of Anders Björkman, Nicklas Paulson and Patrik Tigerschiöld. After the AGM, the Remuneration Committee consisted of Anders Björkman (chairman) and Dan Jangblad. Since the AGM, the company has an Audit Committee consisting of Cecilia Driving (chairman), Nicklas Paulson and Patrik Tigerschiöld. In 2020, the Board held 22 minuted meetings.

Board of Directors¹

| Name | Position | Elected | Independent in relation to the company and Group Management | Independent in relation to the company's major shareholders | Attendance at Board meetings | Attendance at committee meetings |
|---------------------|-------------------|---------|---|---|------------------------------|----------------------------------|
| Anders Björkman | Chairman | 2019 | Yes | Yes | 22/22 | 2/2 |
| Patrik Tigerschiöld | Board member | 2018 | Yes | No | 22/22 | 8/8 |
| Nicklas Paulson | Board member | 2018 | Yes | No | 22/22 | 8/8 |
| Magnus René | Board member, CEO | 2018 | No | Yes | 22/22 | - |
| Cecilia Driving | Board member | 2020 | Yes | Yes | 16/16 | 7/7 |
| Dan Jangblad | Board member | 2020 | Yes | Yes | 16/16 | 1/2 |

The tasks of the Remuneration Committee

The Remuneration Committee prepares items and/or material for decisions concerning the following remuneration issues:

- Providing the Board with proposals for remuneration guidelines and other conditions of employment for the CEO and other senior executives (in accordance with the regulations of the Companies Act) at the first scheduled Board meeting of the financial year. This includes policies regarding salaries, remuneration and other conditions of employment for Ovzon’s management. Examples of these are policies for short- and long-term bonus and incentive programs, pension policies and policies for basic salaries and other conditions of employment.
- Proposals regarding individual salaries and other remuneration to the CEO.
- In accordance with proposals from the CEO, decisions on individual salaries and other remuneration to directors who report directly to the CEO.

The tasks of the Audit Committee

The Audit Committee monitors corporate governance issues and their application. The Committee is tasked with reviewing the procedures for the company’s risk management and control, as well as financial reporting.

Through continual contact with the company’s auditors and treasury function, the Committee ensures that internal and external audits fulfill the necessary requirements and that relevant policies and governance documents exist, and discusses the scope and focus of audit activities.

The Audit Committee prepares an annual audit plan and defines shared issues that the audit will focus on. The Committee evaluates audit measures and approves additional services that the company purchases from the external auditors. The Committee also helps the Nomination Committee in preparing proposals for auditors and the fees for the work.

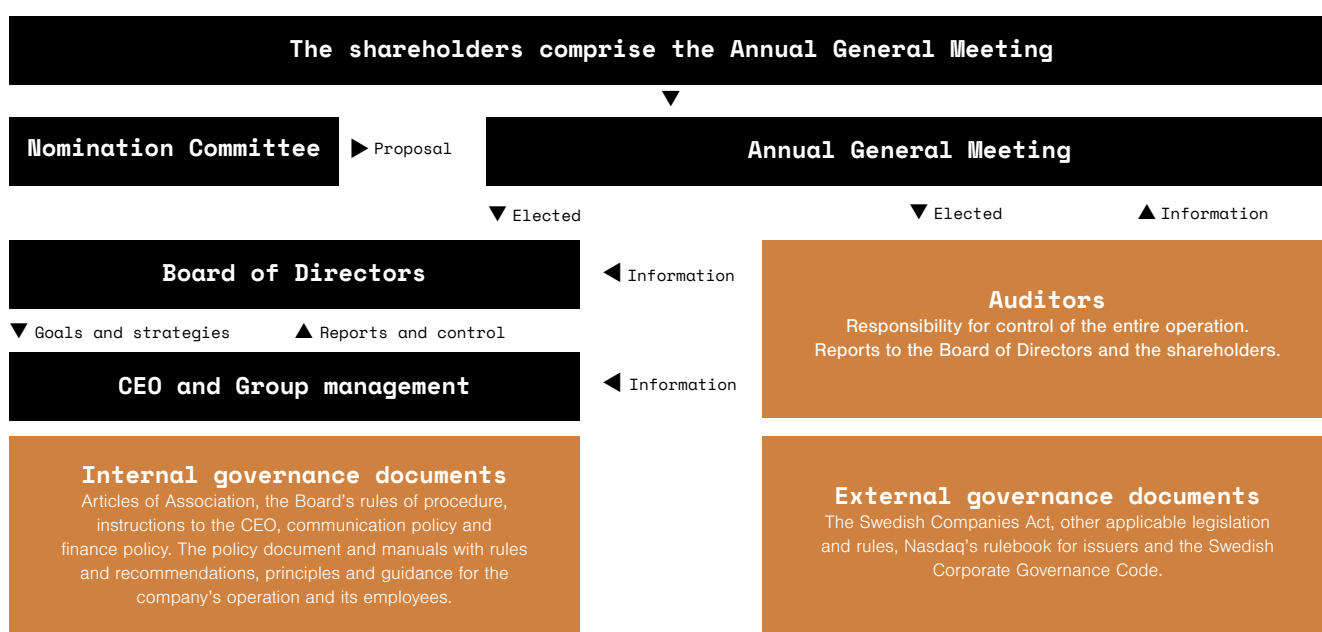
The chair of the Audit Committee is responsible for routinely informing the Board of Directors about the activities of the Committee and will hand matters over to the Board for decision as needed.

The Committee’s opportunities for in-depth discussions with the auditors do not replace the meetings between the auditors and the full Board of Directors. Such meetings must take place at least once a year, normally in conjunction with the Annual Report.

The CEO and Group management

The CEO is responsible for the routine 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 to the CEO. The CEO keeps the Board continually informed of the company’s operations, results of operations and financial position through monthly reports and other measures. The CEO is responsible for preparing reports and compiling information for Board meetings and for presenting these materials at the Board meetings.

Magnus René is the President and CEO, and manages the company’s operations together with CFO Johan Brandt, COO Tom Hopkins, Chief Development and Product Supply Officer Nils Norén, CCO Daniel Gager, Head of Sales Per Wahlberg, Head of Business Development Pål Ekberg, CTO Kennet Lejnell and Key Accounts Manager Jim Gerow.



Remuneration and terms of employment

Board of Directors

The amount of remuneration granted to the Board of Directors, including the Chairman, is determined by resolution at the AGM. At the AGM on April 1, 2020, it was resolved that fees of SEK 175,000 would be paid to Board members not employed by the company and that a fee of SEK 350,000 would be paid to the Chairman. Additionally, remuneration of SEK 80,000 would be paid to the chair, and SEK 35,000 to other members of the Audit Committee, and SEK 25,000 to the chair, and SEK 20,000 to the other members of the Remuneration Committee.

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. Remuneration to the members of the Board of Directors for the 2020 financial year amounted to a total of SEK 1,245,000.

The CEO and Group management

Ovzon will offer market-based total compensation that permits recruitment and retention of senior executives. Compensation will comprise fixed salary, earnings-based remuneration, share shavings programs, pensions and other remuneration. Altogether, these portions composed the total compensation to an individual.

The fixed salary will take into account the individual's areas of responsibility and experience, and will be reviewed annually. The performance-based remuneration will depend on the individual's fulfillment of qualitative and quantitative goals. For senior executives, the variable portion can constitute up to 50 percent of the fixed salary.

The Board of Directors decides on the remuneration policy for the CEO and Group management. As of the date of publication of this Annual Report, the applicable policy is designed in accordance with the guidelines for remuneration of the CEO and Group management, as adopted by the Annual General Meeting. Individual remuneration to the CEO is proposed by the Remuneration Committee and approved by the Board of Directors, whereas individual remuneration to other members of Group management is proposed by the CEO and approved by the Board of Directors.

During the financial year, the CEO received a salary of TUSD 426. Variable remuneration to the company's CEO for 2020 that will be settled in 2021 totals TUSD 56.8.

Auditing

The company's statutory auditor is appointed at the Annual General Meeting. During the year, the Board receives presentations from the company's auditors, who have reviewed whether the company's internal control and external reporting meet the requirements placed on a listed company. Carl-Johan Regell from Grant Thornton Sweden AB was appointed as auditor for 2020. During the year, the company's auditor provided a report of their audits to the Audit Committee

and Board of Directors on three occasions. For the 2020 financial year, the total remuneration to the company's auditor amounted to TSEK 1,333.

Internal control and risk management

The Board of Directors is responsible for internal control. Internal control and risk management regarding financial reporting is a process designed by the Audit Committee and the Board of Directors for the purpose of providing the Board, management and others concerned in the organization with reasonable assurance concerning reliability in the external financial reporting, and whether the financial reports have been prepared in accordance with accepted business practice and applicable laws and ordinances as well as other requirements for listed companies.

Control environment

The basis for the internal control environment is the allocation of authority and responsibility among the Board of Directors, its committees, the CEO and the rest of company management. Within the company, the most substantial components of the control environment are documented in the Board's rules of procedure and the instructions to the CEO as well as policies and other governing documents.

Control activities

Suitable control activities are a prerequisite for managing substantial risks in internal control. To safeguard this internal control, the Company has both automated system-based controls and manual controls, for example, in the form of check-offs and inventories. Financial analyses of the company's earnings and monitoring of plans and forecasts supplement the controls, providing an overall confirmation of the quality of the reporting.

Internal audit

Ovzon has established a governance and internal control system, compliance with which is monitored regularly at different levels in the company. In light of this, the Board of Directors is of the opinion that there is currently no need to inaugurate a special audit function. This assessment is reviewed annually by the Board.

Information and communication

The company's governing documentation in the form of policies, guidelines and manuals in terms of internal and external communication is kept updated and is communicated internally through the relevant channels, such as internal meetings and internal news mails. The company's communication policy, containing the guidelines for how information is to be disclosed, applies to communication with external parties. The purpose of this policy is to ensure that the company meets its disclosure obligations correctly and completely in accordance with applicable legislation and rules.

Stockholm, March 18, 2021

Board of Directors of Ovzon AB

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Ovzon AB (publ), corporate identity number 559079-2650

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2020 on pages 38-41 and 44-47 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

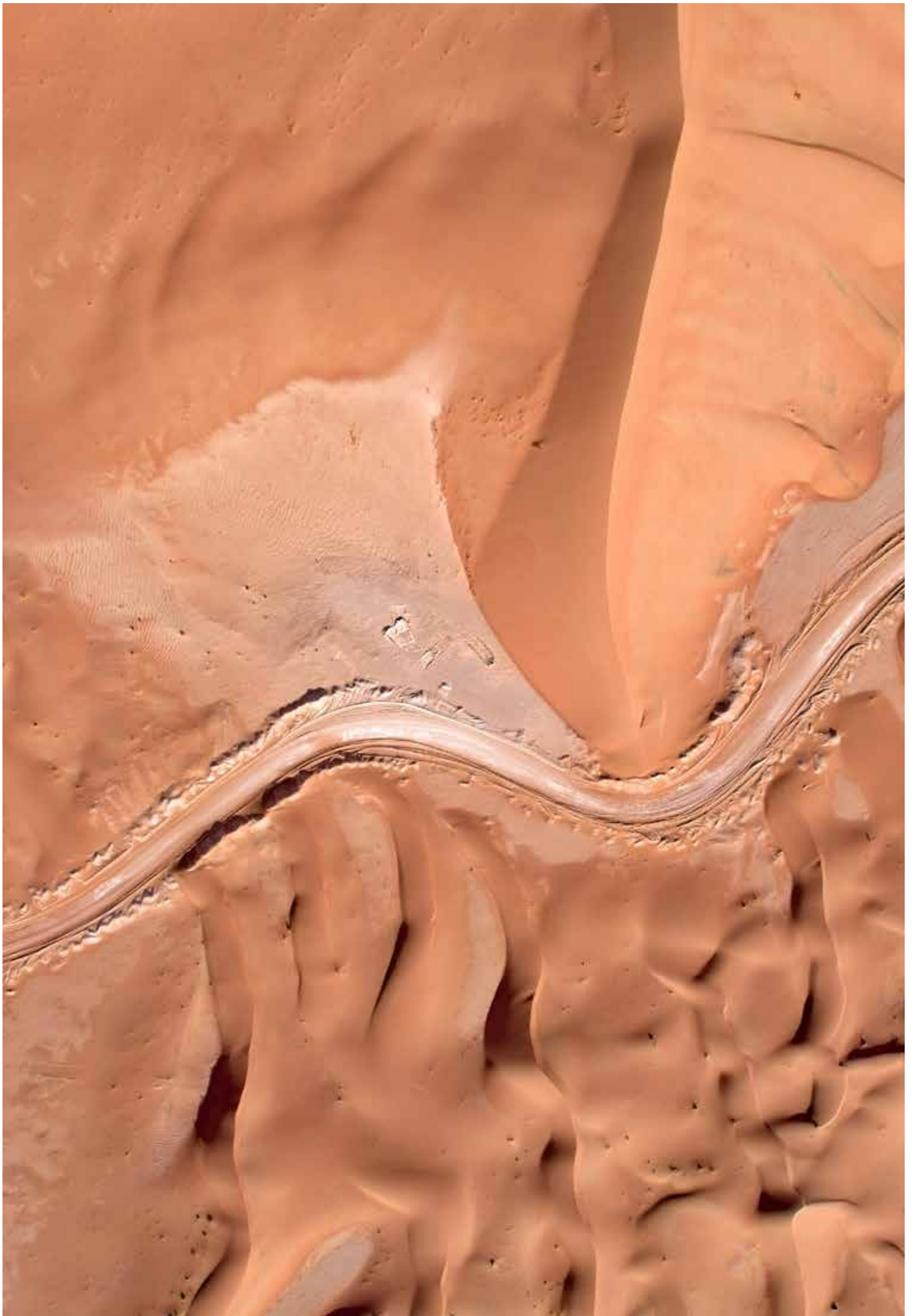
Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 18, 2021

Grant Thornton Sweden AB

Carl-Johan Regell
Authorized Public Accountant



Board of Directors and Auditor



Anders Björkman

Chairman of the Board (since 2019).

Born 1959.

Nationality: Swedish.

Education: M.Sc. from Chalmers Institute of Technology, Gothenburg.

Current engagements: CEO of Vinnergi Holding Ab, Elonroad AB and Macven Wireless AB. Board member of Allgon AB and Tele2 AB.

Previous engagements/Experience:

Anders has a background in the telecommunications industry, where he was a driving force in the formation of what is now the Swedish telecom operator Tele2. He worked for Ericsson AB, was the CEO for Joint Ventures between OnePhone Holding with KPN and British Telecom and CEO of Argnor Wireless Ventures as well as a partner in Brainheart Capital. Independent in relation to the company and Group management. Independent in relation to the company's principal owners.

Anders Björkman holds 4,363 shares and 30,000 call options in the company.



Cecilia Driving

Board member (since 2020).

Born 1971.

Nationality: Swedish.

Education: LL.M. and a Bachelor of Science in Business Administration from Stockholm University.

Current engagements: EVP Biovica International AB, Board member of Adom AB and Biovica Services AB.

Previous engagements/Experience:

Several positions as CFO in life science, private equity, research and telecom companies

Independent in relation to the company and Group management. Independent in relation to the company's principal owners.

Cecilia Driving holds 563 shares in the company.



Dan Jangblad

Board member (since 2020).

Born 1958.

Nationality: Swedish.

Education: M.Sc. in Mechanical Engineering, Linköping University.

Current engagements: Owner and CEO of Emmern Konsult AB, including commission as Senior Adviser to CEO of Saab AB. Board member of Combitech AB; Chairman of the Board of Visual Sweden Vinnäx Innovation Program (Vinnova) and Vice Chairman of the Board of Linköping University.

Previous engagements/Experience: Head of business areas and CSO for Saab AB, CEO of Swedish Space Corporation SSC. Responsible for Saab's venture capital portfolio and Chairman of the Board of Combitech AB. Chairman of the Board of Defense Innovation Sweden (SOFF) and Board member of Swedish ICT and LIU Holding AB.

Independent in relation to the company and Group management. Independent in relation to the company's principal owners.

Dan Jangblad holds 650 shares in the company.

Auditor in Charge

Carl-Johan Regell

Born 1963.

Authorized Public Accountant,
Grant Thornton Sweden AB



Nicklas Paulson

Board member (since 2018).

Born 1970.

Nationality: Swedish.

Education: M.Sc. Economics, Stockholm University.

Current engagements: CEO of Investment AB Öresund. Board member of Bilia AB.

Previous engagements/Experience: Investment Banking at Carnegie Investment Bank AB (publ) and Alfred Berg ABN AMRO.

Independent in relation to the company and Group management. Not independent in relation to the company's principal owners.

Nicklas Paulson (including related parties) holds 10,907 shares in the company.



Magnus René

CEO

Born 1962.

Nationality: Swedish.

Education: M.Sc. Electrical Engineering, Chalmers Institute of Technology.

Current engagements: CEO and Board member of the company, Board member of SLM Solutions and Inkbit.

Previous engagements/Experience: CEO Arcam AB, 2001–2018. CEO and business area president Hogia Teknik 1999–2000. VP Customer Service Mycronic, 1990–1999.

Not independent in relation to the company and Group management. Independent in relation to the company's major shareholders.

Magnus René holds 87,272 shares and 200,000 call options in the company. In addition, Magnus holds 100,000 warrants in the 2020/2023 option program.



Patrik Tigerschiöld

Board member (since 2018).

Born 1964.

Nationality: Swedish.

Education: M.Sc. Business and Economics, Stockholm University.

Current engagements: Chairman of the Board of Bure Equity AB, Mycronic AB, Cavotec S/A, ACO Bure AB, the Association for Generally Accepted Practices in the Securities Market. Board member of SNS and Fondita AB. Member of the Royal Swedish Academy of Engineering Sciences (IVA).

Previous engagements/Experience: CEO of Bure Equity AB 2010–2013, CEO of Skanditek Industriförvaltning 1999–2010, CEO of SEB Allemansfonder AB 1995–1999.

Independent in relation to the company and Group management. Not independent in relation to the company's principal owners.

Patrik Tigerschiöld holds 218,181 shares in the company.

Group Management



Magnus René



Per Wahlberg



Kennet Lejnell



Johan Brandt



Jim Gerow



Pål Ekberg



Daniel Gager



Nils Norén



Tom Hopkins

Magnus René

CEO.

Born 1962.

Nationality: Swedish.

Education: M.Sc. Electrical Engineering, Chalmers Institute of Technology.

Current engagements: CEO and Board member of the company, Board member of SLM Solutions and Inkbit.

Previous engagements/Experience: CEO Arcam AB, 2001–2018. CEO and business area president Hogia Teknik, 1999–2000. VP Customer Service Mycronic, 1990–1999.

Not independent in relation to the company and Group management. Independent in relation to the company's major shareholders.

Magnus René holds 87,272 shares and 200,000 call options in the company. In addition, Magnus holds 100,000 warrants in the 2020/2023 options program.

Johan Brandt

CFO.

Born 1974.

Nationality: Swedish.

Education: MBA, Gothenburg University.

Other engagements: Founder and owner of Axellen AB. Chairman of the Board of Enairon AB.

Previous engagements/Experience: Authorized Public Accountant at EY, CFO of Nimbus, EVP and CFO of Arcam AB.

Johan Brandt (including related parties) holds 19,636 shares in the company. In addition, Johan holds 25,000 warrants in the 2018/2021 option program as well as 50,000 warrants in the 2020/2023 option program.

Daniel Gager

Chief Commercial Officer

Born 1971.

Nationality: USA.

Education: B.Sc. in Business and Military Science, Cameron University.

Current engagements: –

Previous engagements/Experience: Vice VD Business Development at Comsat, Director of Government Business at Iridium, various positions at SATCOM with the US Department of Defense.

Daniel Gager holds 50,000 warrants in the Option Program 2020/2023.

Per Wahlberg

Deputy CEO

Born 1966.

Nationality: Swedish.

Education: History of Science and Ideas, Umeå University, radio link technician, Swedish Air Force tele-technical school and tele-technical upper secondary school.

Current engagements: Deputy CEO responsible for innovation and business development in the company, deputy CEO and Board member for Ovzon Sweden AB, founder and Board member of Ethern AB.

Previous engagements/Experience: Satellite operator Tele-X and project manager at Swedish Space Corporation, co-founder of Swe-Dish Satellite Systems AB.

Per Wahlberg (including related parties) holds 595,706 shares in the company. In addition, Per holds 39,000 warrants in Option Program 2018/2021 as well as 50,000 options in Warrants Program 2020/2023.

Jim Gerow

Key Accounts Manager

Born 1961.

Nationality: American.

Education: Bachelor of Science in Electrical Engineering, University of Connecticut.

Current engagements: –

Previous engagements/Experience: President of Swe-Dish Satellite Systems LLC; Government Program Manager at USSOCOM, Department of the Army (DOA); USSOCEUR, Department of the Navy (DON) at the Naval Air Warfare Center.

Jim Gerow (including related parties) holds 42,254 shares in the company. In addition, Jim holds 39,000 employee stock options in Option Program 2018/2021 and 50,000 warrants in Option Program 2020/2023.

Nils Norén

Chief Product Development & Supply Officer

Born 1961.

Nationality: Swedish.

Education: M. Sc. Electrical Engineering, Chalmers University of Technology.

Current engagements: –

Previous engagements/Experience: Chief Development & Production Officer at Zound Industries AB, 2012–2020. Head of System & Requirements at Platform Development, Sony Ericsson, 2010–2012. Head of Electronics R&D, Sony Ericsson Beijing, 2007–2010.

Nils Norén (including related parties) owns 21,818 shares in the company. In addition, Nils holds 50,000 warrants in Option Program 2020/2023.

Kennet Lejnell

CTO.

Born 1968.

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 and Bahnhof AB.

Previous engagements/Experience: CTO and CSO at Swe-Dish Satellite Systems.

Kennet Lejnell (including related parties) holds 274,597 shares in the company. In addition, Kennet holds 25,000 warrants in the 2018/2021 option program as well as 50,000 warrants in the 2020/2023 option program.

Pål Ekberg

VP Satellite Operations

Born 1972.

Nationality: Swedish.

Education: Political Science and Economics, Lund University.

Current engagements: CEO of OverHorizon LLC.

Previous engagements: VP Sales at Swe-Dish Satellite Systems, consultant at the Swedish Trade Council (Exportrådet) and lieutenant in the Swedish Air Force Reserve.

Pål Ekberg owns 134,162 shares in the company. In addition, Pål holds 39,000 employee stock options in Option Program 2018/2021 and 50,000 warrants in Option Program 2020/2023.

Tom Hopkins

COO

Born 1962.

Nationality: American.

Education: MBA, Benedictine College and BA in Political Science, University of Connecticut.

Current engagements: –

Previous engagements: Executive Director for Raytheon Blackbird Technologies, Inc; commissioned officer (colonel) in the United States Army, with several positions of command in crucial organizations.

Tom Hopkins holds 50,000 warrants in Option Program 2020/2023.