

Interim report

January-June 2021

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Interim report, January–June 2021

New orders pave the way for next step

January–June 2021

- Revenue amounted to TSEK 70,346 (94,559)
- Operating profit amounted to TSEK -61,568 (-11,958)
- Profit after tax amounted to TSEK -49,792 (-18,186). The result includes currency conversions and financial transaction costs of TSEK 11,948 (-9,147)
- Earnings per share amounted to SEK -1.08 (-0.51)

April–June 2021

- Revenue amounted to TSEK 33,216 (34,983)
- Operating profit amounted to TSEK -30,910 (-17,313)
- Profit after tax amounted to TSEK -38,538 (-51,891). The result includes currency conversions costs of TSEK -7,451 (-37,668)
- Earnings per share amounted to SEK -0.84 (-1.42)

Significant events during the period

- Listing on Nasdaq Stockholm Mid Cap on April 20, 2021
- Ovzon has utilized USD 35 million through its loan facility from Proventus
- Extended order from the Italian National Fire Corps
- Per Norén assumed the role as new CEO on May 1
- Order of USD 1.8 million from the US Department of Defense
- Order from Opcion Legal in Colombia via Bansat
- Order of USD 2 million from the US Department of Defense

Significant events after the period

- Order from the US Department of Defense on Ovzon T6 terminals for use in air operations
- Order of USD 5.9 million, corresponding to approximately MSEK 51, from the US Department of Defense
- Notice of rescheduled launch of the satellite Ovzon 3

Key figures

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full-year 2020
<i>TSEK</i>					
Revenue	33 216	34 983	70 346	94 559	160 477
Operating profit/loss	-30 910	-17 313	-61 568	-11 958	-48 284
Profit/loss for the period after tax	-38 538	-51 891	-49 792	-18 186	-104 049
Earnings per share, SEK	-0,84	-1,42	-1,08	-0,51	-2,52
Total cash flow	218 032	290 405	123 630	291 115	-68 042
Equity ratio, %	78	94	78	94	97
Share price end of period, SEK	66,4	53,0	66,4	53,0	75,2



New orders pave the way for next step

The first 90 days as the new CEO of Ovzon have passed very quickly. It has been intense, inspiring, and insightful to get to know such a dedicated and competent team. The experience has made me even more optimistic about our future. Over the years I have developed a very simple, yet relevant leadership philosophy that will fit nicely at Ovzon: people first – customers always – business ubiquitously.

My clear goal for the first 30 days was to meet all our stakeholders globally. It took every one of the 30 days. Each engagement was very valuable. After meeting these important and motivated stakeholders consisting of customers, employees, partners, board members and owners, it became clear to me that my leadership and focus will be to lead Ovzon to reaching its full potential as quickly as possible.

I have had the opportunity to meet with most of our customers and participate in customer engagements and demonstrations. It quickly became very apparent to me that Ovzon is a customer-centric organization; everything we do starts with our customers and ends with our customers. We have a unique competency, understanding and passion for 'being the customer'. All our customers, in all our markets have vital needs and requirements. They fully trust our services to be able to operate in remote places across the globe with non-existent or unreliable infrastructure. They require truly global and truly mobile solutions where our Satellite-as-a-Service offering delivers a unique value. We have made a commitment to provide our customers with a solution that is best in class in terms of technology, reliability, security, mobility and performance. Ovzon's focus will continue to grow and to deliver on our unique solutions.

Additional orders

Additional second quarter orders totaling 3,8 million USD as well as the most recent order of USD 5.9 million from our largest customer, the U.S. DoD, offer excellent proof of the value we bring to the world's most technically sophisticated and demanding organizations. These new orders include an expanded global footprint, Ovzon's On-The-Move (OTM) terminals for simple integration on mobile platforms, as well as the newly launched Ovzon T6 terminal for On-The-Pause (OTP) satellite communications. The orders offer further strong confirmation of our relevance to the U.S. DoD's global mission and is a solid indication of demand for the important Satcom-as-a-Service capacity of the upcoming launch of Ovzon's new satellite. These orders pave the way for the next step in development and level of performance for Ovzon. The orders during the first half of 2021 from the U.S. DoD create a good foundation for a much stronger second half. The revenue for the second quarter is in line with previous year. The lower revenue during the first half of the year is a result of the, compared with Q1 2020, current lower contract sizes with the U.S. DoD, relatively speaking. It is also an effect of the pandemic as it has been more difficult to meet with customers and create solutions together. Our cost base has increased according to plan, which is a consequence of the fact that we have continued to invest in the future in the form of increased satellite capacity with higher performance - a capacity for which we did not gain full customer utilization for during the first half of the year. At the same time, we have been able to use this capacity for trials and demonstrations for our next generation of products and services.

The first order from South America

I have also met with many of our partners. They play a key role in our profitable growth strategy. We will continue being selective but expand our network of partners and motivate, educate, and incentivize them on how to represent Ovzon and bring our products and services to a global market that we cannot reach in the same speed alone. In Q2, we received an order through our partner Bansat from Opcion Legal, an NGO in Colombia affiliated with the UN Refugee Agency. The service will be used in the most remote areas of Colombia for an initial contract period of six months that started in July. We won this order because large parts of Colombia are lacking broadband connectivity to the internet. This is a first and important step in establishing and expanding our services in South America.



Ovzon 3 and future growth

Ovzon 3, which is in final production and testing with our partner Maxar was planned to be launched during Q4 2021 and operational in Q2 2022. We have worked hard to maintain our launch schedule, but as communicated in a press release on August 17, this will unfortunately not be possible. The global pandemic and industry-wide supply chain issues have forced our production partner Maxar and one of their subcontractors, Honeywell, to delay the completion of Ovzon 3. We therefore plan for a rescheduled launch at the end of the second quarter 2022, and the satellite is thus expected to be operational during the fourth quarter. We have informed our customers and they continue to be committed and motivated to take advantage of our satellite's unique strength in their global networks. The delay will not affect Ovzon's current business and deliveries to existing or new customers. We have previously, strategically, secured leased satellite capacity for Ovzon's requested Satcom-as-a-Service offering. The launch of Ovzon 3 is a daily focus for myself and our team, and we confidently look forward to the launch during 2022.

The recently announced major contract we received from our largest customer the U.S. DoD of USD 5.9 million is another important expansion and reference order. With the launch of Ovzon 3, we will expand our offering with unprecedented capabilities for our customers. It will be a clear catalyst for market expansion and profitable growth. I am convinced that Ovzon has the potential to multiply growth as we continue our path to deliver groundbreaking, integrated and mobile Satcom-as-a-Service solutions to customers around the world.

Per Norén, CEO Ovzon

This information is information that Ovzon AB (publ) is obligated to make public pursuant to the EU Market Abuse Regulation 596/2014 and the Securities Markets Act (2007:528). The information in this press release has been published through the agency of the contact persons set out below, at the time stated by Ovzon AB's (publ) news distributor Cision upon publication of this press release.



About Ovzon

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

Vision

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

Business idea

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

Financial targets

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

Ovzon at a glance

Customer segments



Key trends

- Increased demand for:
- Bandwidth
 - Mobility

Sales, MSEK





Financial overview

Development during the quarter

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
TSEK	2021	2021	2020	2020	2020	2020	2019	2019
Revenue	33 216	37 131	33 633	32 285	34 983	59 576	65 315	56 979
Operating profit/loss	-30 910	-30 658	-19 326	-17 000	-17 313	5 355	13 666	2 142
Profit/loss for the period after tax	-38 538	-11 254	-55 683	-30 180	-51 891	33 705	-5 447	26 259
Earnings per share, SEK	-0,84	-0,24	-1,20	-0,55	-1,42	0,98	-0,16	0,78
Total cash flow	218 032	-94 402	-288 789	-70 368	290 405	710	-196 844	-278 424
Equity ratio, %	78	95	97	88	94	86	89	89

Revenue

Revenue for the quarter amounted to TSEK 33,216 (34,983). Revenue for the first six months amounted to TSEK 70,346 (94,559).

The revenue for the quarter is in line with previous year. The lower revenue is a result of the, in comparison with Q1 2020, current lower contract sizes with the US Department of Defense, attributable to changing geographical needs and budget constraints. In addition to the smaller customer contracts, revenues and operating profit were also negatively affected by the lower average exchange rate for USD during the first quarter, which was 8.40 (9.67).

Operating profit

Operating profit for the first quarter amounted to TSEK -30,910 (-17,313). The operating profit for the first six months amounted to TSEK -61,568 (-11,958).

Operating profit was affected by the lower volume of the contracts with the US Department of Defense. In line with the information in the year-end report, the year started with lower utilization of contracted satellite capacity. One of the steerable antennas on IS-39 and satellite capacity on IS-37 remained unsold during the quarter but were used significantly for tests and customer demonstrations of the company's satellite service. The new capacity agreement with Intelsat regarding capacity on IS-39 and IS-37 runs for a total of 48 months beginning November 1, 2020.

During the period, the company received government grants in the US linked to Covid-19 of TSEK 1,789. The operating profit for the first quarter was affected by listing costs of TSEK 2,282 for the company's move to Nasdaq Stockholm.



Profit/loss after financial items

Net financial items for the quarter amounted to TSEK -7,638 (-37,668) with a loss after financial items of TSEK -38,548 (-54,981). Net financial items for the first six months amounted to TSEK -11,758 (-9,307) with a loss after financial items of TSEK -49,810 (-21,265). Along with significant currency effects on the part of the company's liquidity and group balances held in US dollars, the net financial items for the previous year include prepaid transaction expenses in connection with financing of TSEK -14,818.

Profit/loss after tax

Loss after tax for the quarter amounted to TSEK -38,538 (-51,891). Loss after tax for the first six months amounted to TSEK -49,792 (-18,186).

Cash flow

Cash flow from operating activities for the quarter amounted to TSEK -51,221 (-62,691) and for the first six months to TSEK -70,301 (-49,018).

Cash flow from investing activities for the quarter amounted to TSEK -61,513 (143,262) and for the first six months to TSEK -136,835 (-240,160). The investments were attributable primarily to the Ovzon 3 project, the company's first proprietary satellite that is expected to be completed in 2021 (see also Note 6).

Cash flow from financing activities for the quarter amounted to TSEK 330,766 (496,358) and for the first six months to TSEK 330,766 (580,293). During the quarter, the company strengthened its liquidity by utilizing USD 35 million of the loan facility and issued 365,200 shares linked to the 2018/2021 warrant program (see below), which added TSEK 21,298 to the company.

Financial position

The Group's cash and cash equivalents amounted to TSEK 312,973 compared with TSEK 185,025 at the beginning of the year. Equity amounted to TSEK 1,263,080, compared to TSEK 1,292,611 at the beginning of the year. The equity ratio is 78 percent (94).



Incentive program

During 2018, the company introduced two new incentive programs: Warrant Program 2018/2021 and Employee Option Program 2018/2021. Following the rights issue in January 2019 and in June 2020, the terms of the warrant program and employee option program have been restated. Each option entitled the holder to subscribe for 2.06 new shares in the company at a price of SEK 58.32 per share. The exercise period for the options and warrants ran from 15 May 2021 until 15 June 2021. During these programs, 365,200 shares were subscribed for during the exercise period, of which 161,260 are reported as an ongoing new share issue as of the balance sheet date.

In connection with the raising of the subordinated loan facility of TSEK 200,000 on July 3, 2019, 1,500,000 warrants were issued to the subordinated lenders. Following the rights issue in June 2020, the terms of the warrants have been restated. Each option entitles the holder to subscribe for 1.02 new shares in the company at a price of SEK 98.16 per share. The warrants run over a maximum of 5 years and may be exercised for subscription of shares up to and including July 3, 2024.

An Extraordinary General Meeting on May 18, 2020 resolved to issue a maximum of 900,000 warrants under Warrant Program 2020/2023. The company's management team has subscribed for the maximum number of warrants granted a total of 500,000 and other personnel have subscribed for a total of 200,000 options. Each warrant entitles the holder to subscribe for one new share in the company at a price of SEK 102.10 per share. If all granted warrants and options in the programs are used, a dilution of 1.4 percent of the shares and votes in the company will occur. The exercise period for the warrants runs from 18 June 2023 to 18 July 2023.

The Annual General Meeting on April 13, 2021 resolved to issue a maximum of 1,100,000 warrants under Warrant Program 2021/2024. The company's management team has subscribed for a total of 410,000 warrants and other employees have subscribed for a total of 186,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company at a subscription price of 145,6 SEK per share. If all granted warrants are used in the option program, there will be a dilution of 1.3 percent of the shares and votes in the company. The warrants may be used for subscription of shares during the period from May 15, 2024 to June 15, 2024.

Management and organization

Per Norén took over as CEO on May 1, at which time Magnus René assumed the role as Chairman of the Board. The number of employees in the Group at the end of the period was 35 (29).

Significant risks and uncertainties

Risks associated with the Group's operations can generally be divided into strategical and 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 detailed description of Ovzon's risks and uncertainties and how they are managed, refer to Ovzon's 2020 Annual Report.



Parent company

Parent company operations comprise costs for parts of senior management and staff functions as well as other central costs. The Parent Company invoices the subsidiaries for these costs. The parent company's net sales for the quarter amounted to TSEK 4,956 (1,412) with a loss after financial items of TSEK -6,697 (-34,829). Net sales for the first six months amounted to TSEK 9,912 (2,824) with a profit after financial items of TSEK 14,933 (-3,878). Cash and cash equivalents at the balance sheet date are TSEK 289,092 and at the beginning of the year TSEK 122,559. Investments during the year are TSEK – (-). Equity amounted to TSEK 1,570,650, compared with TSEK 1,532,525 at the beginning of the year. The number of employees is 2 (2).

The company's major shareholders

At the end of the reporting period, the company's major shareholders were: Investment AB Öresund (11.8%), Bure Equity AB (11.3%), Futur Pension (8.9%), Fjärde AP-fonden (8.7%), Handelsbanken Fonder (8.4%), AFA Försäkring (7.5%), Nortal Investment AB (6.1%) and other shareholders (37.3%). Through the redemption of the warrant program 2018/2021, the number of shares in the company increased by 203,940 during the period. As of June 30, the total number of shares was 46,448,628.

Covid-19

As a consequence of Covid-19, the company has been affected in the form of significantly reduced and delayed commercial activities such as fewer trade fairs and reduced travel to meet potential customers and demonstrate the company's service. In addition, the company sees an increased risk of potential disruptions in the supply chains as well as the financial stability of the company's customers and suppliers, which could affect the delivery time and the quality of components. Furthermore, there is a risk that the well-being of the company's employees may significantly deteriorate, which could affect the operational business.

Dividend

The Annual General Meeting on April 13, 2021 resolved that no dividend would be paid for the fiscal year 2020.

Outlook

External factors continue to pose challenges. The company believes that the market for satellite communications services that require high mobility and performance will develop positively and that sales for 2021 will be higher than in 2020. The US Department of Defense has signed several orders that extend over 12 months, the business outside of the US is increasing and the company expects to continue contracting new customers in 2021 who will also be interested in capacity on Ovzon 3 when it is put into service in 2022.

Financial calendar

Interim report January–September 2021
Year-end report 2021

October 21, 2021
February 18, 2022



Review by auditors

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

Certification

The Board of Directors and Chief Executive Officer hereby declare that the interim report provides a true and fair overview of the Parent Company and the Group's operations, financial position and earnings, and describes significant risks and uncertainties faced by the Parent Company and the companies of the Group.

Stockholm, August 18, 2021

Per Norén
Chief Executive Officer

Magnus René
Chairman of the Board

Dan Jangblad
Board member

Anders Björkman
Board member

Nicklas Paulson
Board member

Cecilia Driving
Board member

Patrik Tigerschiöld
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Auditor's review report of interim condensed financial information (interim report) prepared in accordance with IAS 34 and chapter 9 of the annual accounts act (1995:1554)

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

Introduction

We have reviewed the interim condensed financial information (interim report) for Ovzon AB (publ) at 30 June 2021 and the six-month period that ended on this date. The Board of Directors and Chief Executive Officer are responsible for preparing and presenting this interim report in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Opinion

Based on our review, no circumstances have emerged that give us reason to believe that the interim report, not in all material respects, has been prepared for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, August 18, 2021

Grant Thornton Sweden AB

Carl-Johan Regell

Authorised Public Accountant

Consolidated financial statements

Consolidated income statement

TSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full-year 2020
Revenue	33 216	34 983	70 346	94 559	160 477
Other operating income	4 401	2 231	7 114	5 766	12 648
Purchased satellite capacity and other direct costs	-33 873	-28 382	-68 582	-57 634	-108 986
Other external costs	-14 074	-11 203	-29 077	-20 556	-48 368
Employee benefit expenses	-17 579	-16 600	-34 736	-29 341	-55 988
Depreciation/amortisation	-1 969	-1 548	-3 702	-3 224	-6 370
Other operating expenses	-1 031	3 206	-2 931	-1 528	-1 697
Operating profit/loss	-30 910	-17 313	-61 568	-11 958	-48 284
Financial income	-7 451	-22 770	11 948	5 671	45
Financial expenses	-187	-14 898	-190	-14 978	-58 759
Profit/loss after financial items	-38 548	-54 981	-49 810	-21 265	-106 998
Tax on the profit for the period	11	3 090	18	3 079	2 949
NET PROFIT/LOSS FOR THE PERIOD	-38 538	-51 891	-49 792	-18 186	-104 049
<i>Net profit/loss for the period attributable to:</i>					
Shareholders of the Parent Company	-38 538	-51 891	-49 792	-18 186	-104 049
<i>Earnings per share attributable to:</i>					
Shareholders of the Parent Company, SEK ¹	-0,84	-1,42	-1,08	-0,51	-2,52
Earnings per share after dilution	-0,83	-1,42	-1,08	-0,51	-2,52
Average number of shares	46 293 992	36 434 335	46 269 476	35 472 771	41 345 031

Consolidated statement of comprehensive income

TSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full-year 2020
Profit/loss for the period	-38 538	-51 891	-49 792	-18 186	-104 049
Other comprehensive income:					
Items that can be subsequently reclassified to the income statement:					
- Translation differences	2 052	9 601	-3 031	-641	16 903
Other comprehensive income after tax	2 052	9 601	-3 031	-641	16 903
Comprehensive income/loss for the period	-36 486	-42 290	-52 823	-18 827	-87 145
<i>Comprehensive income/loss for the period attributable to:</i>					
Shareholders of the Parent Company	-36 486	-42 290	-52 823	-18 827	-87 145
Comprehensive income/loss for the period	-36 486	-42 290	-52 823	-18 827	-87 145

Condensed consolidated balance sheet

TSEK	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Intangible fixed assets	20 504	25 133	20 710
Property, plant and equipment ^{note 7}	1 222 909	746 039	984 206
Access rights Assets	7 383	6 190	5 040
Financial fixed assets	84	2 207	64
Inventory	42 850	28 476	34 686
Current receivables ^{note 8}	12 619	87 574	99 634
Cash and cash equivalents	312 973	552 771	185 025
TOTAL ASSETS	1 619 322	1 448 390	1 329 365
EQUITY AND LIABILITIES			
Equity	1 263 080	1 358 750	1 292 611
Long-term liabilities, interest-bearing ^{note 5}	297 860	–	–
Liabilities related to leasing, interest-bearing	7 781	6 469	5 343
Current liabilities, non-interest-bearing	50 601	83 171	31 412
TOTAL EQUITY AND LIABILITIES	1 619 322	1 448 390	1 329 365

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

Condensed consolidated statement of changes in equity

TSEK	30 Jun 2021	30 Jun 2020	31 Dec 2020
Equity at the beginning of the year	1 292 611	796 296	796 296
Comprehensive income/loss for the period	-52 823	-18 827	-87 145
Share issue, net after transaction costs	20 908	580 994	580 994
Employee stock options, according to IFRS 2	100	134	265
Paid warrants	2 283	153	2 201
EQUITY AT THE END OF THE PERIOD	1 263 080	1 358 750	1 292 611



Condensed consolidated cash flow statement

TSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full-year 2020
Cash flow from operating activities before changes in working capital	-45 360	-12 997	-71 133	-6 422	-53 630
Total change in working capital	-5 861	-49 694	832	-42 596	-100 077
Cash flow from operating activities	-51 221	-62 691	-70 301	-49 018	-153 707
Cash flow from investing activities	-61 513	-143 262	-136 835	-240 160	-496 127
Cash flow from financing activities	330 766	496 358	330 766	580 293	581 792
CASH FLOW FOR THE PERIOD	218 032	290 405	123 630	291 115	-68 042
Cash and cash equivalents at the beginning of the period	92 765	265 401	185 025	257 382	257 382
Exchange-rate difference in cash and cash equivalents	2 176	-3 035	4 318	4 274	-4 315
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	312 973	552 771	312 973	552 771	185 025

Financial statements, Parent Company

Condensed Parent Company income statements

TSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full-year
	2021	2020	2021	2020	2020
Revenue	4 956	1 412	9 912	2 824	19 824
Other operating income	298	328	682	1 265	3 246
Other external costs	-5 266	-3 622	-8 488	-7 076	-15 241
Personnel costs	-2 733	-2 094	-5 165	-5 134	-9 320
Operating profit/loss	-2 745	-3 976	-3 059	-8 121	-1 491
Financial revenues ^{note 5,6}	112 369	-16 036	134 313	19 060	33 780
Financial expenses ^{note 5,6}	-116 321	-14 818	-116 321	-14 818	-53 871
Profit/loss after financial items	-6 697	-34 829	14 933	-3 878	-21 582
Tax	-	-	-	-	49
NET PROFIT/LOSS FOR THE PERIOD	-6 697	-34 829	14 933	-3 878	-21 533

Parent Company statements of comprehensive income

TSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full-year
	2021	2020	2021	2020	2020
Profit/loss for the period	-6 697	-34 829	14 933	-3 878	-21 533
Other comprehensive income:	-	-	-	-	-
Comprehensive income for the period	-6 697	-34 829	14 933	-3 878	-21 533

Condensed Parent Company balance sheet

TSEK	30 Jun	30 Jun	31 Dec
	2021	2020	2020
ASSETS *			
Shares in Group companies	1 033 491	26 605	1 033 491
Receivables from Group companies ^{note 13}	552 265	974 221	295 192
Current receivables	1 777	70 213	88 539
Cash and cash equivalents	289 092	482 347	122 559
TOTAL ASSETS	1 876 625	1 553 386	1 539 781
EQUITY AND LIABILITIES			
Equity	1 570 650	1 548 132	1 532 525
Long-term liabilities, interest-bearing ^{note 5}	297 860	-	-
Current liabilities, non-interest bearing	8 115	5 254	7 256
TOTAL EQUITY AND LIABILITIES	1 876 625	1 553 386	1 539 781

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	30 Jun 2021	30 Jun 2020	31 Dec 2020
Equity at the beginning of the year	1 532 525	970 863	970 863
Comprehensive income for the period	14 933	-3 878	-21 533
Share issue, net after transaction costs	20 908	580 994	580 994
2 201 Paid warrants	2 283	153	2 201
EQUITY AT THE END OF THE PERIOD	1 570 650	1 548 132	1 532 525



Notes

Note 1: Basis of preparation and accounting policies for the Group

Ovzon applies the International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board RFR 1, Supplementary Accounting Rules for Groups. The Group's financial reports are prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. This interim report for the period January – June 2021 was prepared in accordance with IAS 34 Interim Reporting and the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34 are provided in notes as well as elsewhere in the interim report. The same accounting principles and calculation methods are applied as in the latest Annual Report. New or revised IFRS and interpretations with application from 2021 are not considered to have any significant impact on Ovzon's financial reports.

Note 2: Business segment reporting

Segment information is not presented because the business activities comprise only 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 amortized 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: Leasing

According to IFRS 16 Leases, an asset (relating to a right of use) and a financial liability (relating to an obligation to pay lease fees) must be reported in the balance sheet. The lessee shall divide the cost of the leased asset into depreciation and interest payments.

The company's agreement with Intelsat regarding capacity on IS-39 and IS-37 amounts to USD 39.4 million and runs over 4 years. Since the capacity leased on the antennas does not substantially correspond to the entire capacity of the antennas, those parts of the capacity leased are not identified as assets and therefore the agreements are not deemed to meet the definition of a lease in accordance with IFRS 16.

Note 5: Financing

In 2019, the company signed a senior loan facility of USD 60 million to secure the financing of its own satellite Ovzon 3. The senior loan facility was unutilized as of the balance sheet date. After the balance sheet date, the company has strengthened its liquidity by utilizing USD 35 million of the loan facility. The loan runs up to 6 years with an interest rate of USD 3m Libor + 10 percent.



Note 6: Net financial items

The Group's net financial items primarily consist of currency effects on the part of the company's liquidity and group balances held in US dollars. Aggregate currency effects are reported net, which means that individual quarters can present negative income or positive costs. The net financial items for the previous year include prepaid transaction expenses in connection with financing of TSEK -14,818.

The parent company's net financial items, together with the above items, consist of the loan expenses of TSEK 116,321, which were debited to the subsidiary Ovzon Sweden AB during the period.

Note 7: Current material fixed assets under construction and advance payments

Ongoing investment pertains to the company's proprietary satellite Ovzon 3, which is expected to be completed in 2021.

	30 Jun 2021	31 Dec 2020
Ongoing investment: Ovzon 3, TSEK		
Opening balance accrued costs and advances paid	986 947	538 307
Costs and advances paid during the year	228 928	468 546
Translation difference	5 818	-19 906
Closing balance accumulated capitalized costs ¹⁾	1 221 693	986 947
Opening balance write-downs	-12 297	-12 297
Wrote-downs for the year		
Closing balance accumulated write-downs ²⁾	-12 297	-12 297
Closing balance, reported value ³⁾	1 209 396	974 650

1) Of total investments in Ovzon 3, TSEK 21,270 relates to internal work (of which TSEK 16,312 was activated during 2019 and 2020).

2) In accordance with IAS 23 and in connection with the use of the credit facility for the first time, borrowing expenses of TSEK 116,321 have been activated. Of activated borrowing expenses, TSEK 86,201 was paid before the financial year 2020.

As the loan facility has now been utilized (see Note 5), loan expenses of TSEK 116,321 have been capitalized during the period. These are included in the accrued costs and advances paid for the year.



Note 8: Receivables

The financing of the company's first proprietary satellite (Ovzon 3), which is currently under construction, consists partly of equity and partly of externally borrowed capital. Loan expenses during the construction period are capitalized as part of the acquisition value. As the loan facility is now utilized, loan expenses have been capitalized in accordance with the principle described in 2.13 and 2.21 in the annual report for 2020

	30 Jun 2021	31 Dec 2020
Total current receivables		
Prepaid transaction costs	–	86 201
Other receivables	12 619	13 433
Total	12 619	99 634

Note 9: Tax

Deferred tax assets on tax loss carryforwards are not included on the balance sheet.

Note 10: Pledged assets and contingent liabilities

Of the Group's cash and cash equivalents, TSEK 7,015 consists of blocked funds.

In connection with the utilization of the credit facility in April 2021, the Company and its subsidiaries have pledged the following central assets in accordance with the loan agreement and associated security agreements: the shares in the Company's subsidiaries, certain intellectual property rights, certain intra-Group liabilities, key supplier contracts in the Ovzon 3 project (as well signed direct agreements with some of the suppliers and the lenders) as well as certain bank balances and that the subsidiaries have entered into the loan agreement and guarantee the loans under the loan agreement.

Note 11: Distribution of net sales

As in the preceding year, the Group's services during the period were provided primarily to customers in the US.

Note 12: Events after the balance sheet date

Order from the US Department of Defense on Ovzon T6 terminals for use in air operations.
Order of USD 5.9 million, corresponding to approximately MSEK 51, from the US Department of Defense.
Notice of rescheduled launch of the satellite Ovzon 3.



Note 13: Transactions with related parties

	30 Jun	31 Dec
Receivables in group companies, TSEK	2021	2020
Ovzon Sweden AB	238 529	11 196
OverHorizon OHO 1 Limited	37 621	43 253
Ovzon LLC	275 454	240 240
Ovzon US LLC	661	503
Total	552 265	295 192

Ovzon AB (publ) is the parent company of the Group, which also consists of the subsidiaries Ovzon Sweden AB, OverHorizon OHO 1 Ltd, Ovzon US LLC and Ovzon LLC, a wholly owned subsidiary of Ovzon US LLC.

As the parent company's loan facility for financing Ovzon 3 has now been utilized, loan expenses of TSEK 116,321 were debited to Ovzon Sweden AB during the period.

During the previous financial year, Ovzon AB provided TSEK 925,000 in an unconditional shareholder contribution to Ovzon Sweden AB and TUSD 10,000 in an unconditional shareholder contribution to OverHorizon OHO1 Ltd.



Alternative performance measures

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

Adjusted operating profit/loss

Operating profit/loss excluding items affecting comparability.

Operating margin

Operating profit/loss in relation to net sales.

Adjusted operating margin

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

Earnings per share

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

Equity/asset ratio

Equity expressed as a percentage of total assets.