

Ovzon

Annual Report



www.ovzon.com

An aerial satellite photograph of a coastal region, showing a mix of green land, brownish terrain, and blue water. A large, bold, black "2021" is superimposed over the center of the image.

2021

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Ovzon offers world-class mobile satellite communications solutions, SATCOM-as-a-Service to customers around the globe

While every care has been taken in the translation of this report, readers are reminded that the official report, signed by the Board of Directors, is in Swedish and prepared in the European single electronic format (ESEF), published at www.ovzon.com.

Ovzon offers the most advanced mobile satellite communications solutions to its global customers

Ovzon offers satellite-based mobile communications services over proprietary and leased satellite capacity to customers around the world. Using the company’s satellite technology and portable terminals, developed in-house, mobile users can connect anywhere and transmit large amounts of data in a short period of time. Ovzon’s SATCOM-as-a-Service meets the growing demand for global connections from customers – such as defense forces, rescue services, NGOs, media and commercial organizations – with stringent requirements for performance and security. The company’s skilled, committed and experienced teams ensure that these advanced services are delivered to demanding customers. Founded in 2006, Ovzon has offices in Stockholm, Sweden as well as Herndon, VA and Tampa, FL in the US. Ovzon is listed on Nasdaq Stockholm Mid Cap.

Vision

To revolutionize mobile broadband via satellite providing global coverage with the highest bandwidth through the smallest terminals.

Business idea

The Group provides a unique satellite-based communication service for demanding customers who have a need for sending and receiving at high data rates from small portable or mobile satellite terminals.

Operational goals

The company’s goals are to pursue profitable growth and to continue growing and expanding its current service offering while preparing for the launch of its first satellite, developed to Ovzon’s specification.

Customer segments

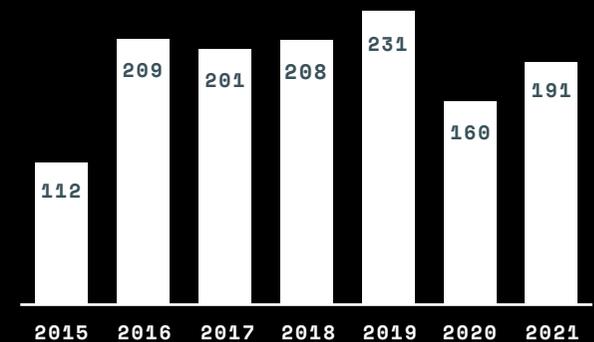
Government & Defense
 Emergency & Rescue Services
 NGOs
 Media
 Commercial organizations

Key trends

Increased demand for:

- Cybersecurity
- Integrated solutions
- Efficient bandwidth
- High mobility

Sales, MSEK



2021

Listing on Nasdaq Stockholm Mid Cap.

Transformation of the distribution chain and production system with industry partner Syntronic.

Significant expansion of service orders from the US Department of Defense totaling USD 22.3 million (14.6).

Directed share issue of approximately SEK 238 million.

New key order of USD 9.8 million from the Italian Fire and Rescue Services.

Additional orders from US Department of Defense, the UK Ministry of Defence, SAAB, the UN, and the Colombian government.

2020

Partnership agreement with Airbus, and new distributors in Benelux, Colombia, Peru and France.

Launch of the Ovzon T6 terminal.

Capital raised totaling approximately SEK 590 million in three stages.

Contract with Intelsat for capacity on IS-39 and IS-37. Substantially expanded capacity and geographic reach.

2019

Signed agreement with Arianespace regarding launch of proprietary satellite.

Order from Intelsat of approximately SEK 520 million.

Financing secured for Ovzon 3.

2018

Version 3 (current) of satellite design produced.

Ovzon listed on Nasdaq First North Premier Growth Market.

Agreement signed with Maxar for production of the proprietary satellite Ovzon 3.

2017

Development of Ovzon-designed

On-Board Processor (OBP) commenced.

2015

A second satellite design produced.

2014

First phase of Ovzon's mobile satellite communications services launched.

2013

The Ovzon T5 mobile satellite terminal developed.

2010

Application for the first patents submitted.

Development of the Tactical Variant (TV) terminal, the prototype for Ovzon T5.

2009

First frequency license, 59.7° E on Cyprus, received. First satellite design produced.

2006

What would become Ovzon was founded as OverHorizon Plc. in Nicosia, Cyprus.

A stronger Ovzon

In 2021, Ovzon strengthened its position and took several significant steps towards its long-term goal of offering SATCOM-as-a-Service with proprietary high-performance satellites and the company's patented technology integrated into both the terrestrial and space segments. The company's financial position was strengthened, and the manufacture of the company's first proprietary satellite continued, with launch planned for 2022. An increasing number of customer agreements were signed with both new and existing customers, which resulted in a gradually increased rate of growth. Moreover, the company's sales and delivery capacity – as well as the reach of its services – were expanded through new partnerships. New products and services were launched.

TSEK	2021	2020
Net sales	191,378	160,477
Operating loss	-113,383	-48,284
Operating margin, %	neg	neg
Profit/loss after tax	-83,854	-104,049
Earnings per share	-1.78	-2.52

Important events in 2021

Q4

- Orders of USD 1.92 million pertaining to 50 Ovzon T6 terminals from a new customer in the US Department of Defense.
- Renewed order of USD 14.6 million for SATCOM-as-a-Service from the US Department of Defense.
- Ovzon chose Syntronic as a production partner.
- Renewed order from Airbus for the UK Ministry of Defence.
- Order for SATCOM-as-a-Service to support Colombia's presidential election.
- Order of USD 9.8 million from the Italian Fire and Rescue Services.

Q3

- Order for Ovzon T6 terminals from the US Department of Defense for use in airborne and helicopter operations.
- New order from Airbus UK.
- Order of USD 5.9 million from the US Department of Defense.
- The launch of Ovzon 3 postponed until Q2 2022.
- Directed share issue of shares of approximately SEK 238 million.

Q2

- Listing on Nasdaq Stockholm Mid Cap on April 20, 2021.
- Subordinated USD 35 million of existing loan facilities.
- Expanded order from the Italian Fire and Rescue Services.
- Per Norén was appointed as new CEO of Ovzon on May 1, 2022.
- 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.

Q1

- Ovzon became ISO 9001 certified.
- Order from Saab pertaining to tests of some of Saab's mobile platforms.
- Renewed order from the Italian Ministry of Defence

Increase in order intake and profitable growth in the core business

During the year, Ovzon took many important steps to enable increased momentum toward profitable growth in its core business. Orders for nearly SEK 250 million were signed in the fourth quarter alone, which is clear proof that our SATCOM-as-a-Service offering has been well received by the market.

It is gratifying to see that, through a large order from the Italian Fire and Rescue Services, Ovzon has now broken ground within a new important customer segment: international rescue organizations. As we sum up 2021, it is clear that the company has advanced its position, especially in terms of creating a growth platform through industrialization, profitable growth and innovation.

Industrialization

– progress provides increased predictability

During the year, we invested much energy in transforming our business, making it more process-driven and thus able to quickly scale up and deliver globally. Above all, this applies primarily to our production and supply chain for mobile satellite terminals. The strategic choice of Syntronic as Ovzon's production partner for our terminals took place during the fourth quarter. The transfer went according to plan

with an initial focus on knowledge transfer, testing, production and quality control. Having a professional production partner is a key prerequisite now that we are significantly scaling up delivery volumes, primarily with regards to the Ovzon T6 terminal.

The partnership with Maxar on the production of the Ovzon 3 satellite continues to function well. However, the global challenges of a component shortage and delivery problems have unfortunately continued, affecting the completion of Ovzon 3 as well as a large number of other satellites in the industry. We have announced that the launch of the Ovzon 3 satellite will be delayed. It is now planned for late 2022. This rescheduling will not impact Ovzon's current business and deliveries to new or existing customers, since the company previously had already strategically secured leased satellite capacity.



COMMENTS FROM THE CEO

Another important milestone in the company's history was the listing on Nasdaq Stockholm Mid Cap in April 2021.

Growth – now with two distinct customer segments

The most important advances in 2021 are our growth and the increased order intake. We experienced a distinct improvement in the ability to conduct business with an intense focus on customers, services and sales. In our core business, we have strengthened the partnership with the US Department of Defense, through both renewed contracts with existing customer and new contracts with more customers in this extensive organization. During the year, we signed contracts with the US Department of Defense with a total value of approximately SEK 205 million. Through the partnership with Airbus, we also received our second order from the UK Ministry of Defence – an important reference for future expansion and deeper customer dialog.

From a strategic perspective, the order of USD 9.8 million from the Italian Fire and Rescue Services on the very last day of the year was a real breakthrough for Ovzon. The order confirmed the interest in and need for high transmission speed for data and voice communication, as well as for the transmission of high-resolution video for critical rescue missions. With this order, the company now has two major revenue streams as well as two distinct customer segments. The contract was signed through our partner, Gomedia Satcom, and illustrates the importance of productive partner relationships. We also strengthened our cooperation with international partners and distributors such as Network Innovations, Bansat and Orbita during the year, with several initial orders as a result.

Innovation – remains in focus

Ovzon's focus on continual improvement and innovation has taken the company to our current market position with a leading SATCOM-as-a-Service offering for high-performance satellite-based mobile communication. Today, Ovzon's integrated satellite network, purchased satellite capacity, including steerable beams offers global reach. Once we have Ovzon 3 in orbit, our capacity, speed and performance will further accelerate through unique functionality, including our proprietary On-Board-Processor (OBP), the only one of its kind in the world. This will further secure our unique position and create the conditions for expansion for many years to come. We are also extremely proud of the Ovzon T6, the next generation of mobile satellite terminal. In 2021, we successfully demonstrated our unique satellite-based communication services on aircraft and helicopters. We plan to use these insights and experiences to create new products and services based on these applications in the future. All this emphasizes that our innovations and development of applications are important for creating distinct competitive advantages and broadening our offer. Innovation will undoubtedly be in the limelight, and the ability to turn innovations into products that are world leaders will be a success factor in the future as well.

2022 will perhaps be the most important year in Ovzon's history. We have important milestones to achieve and ambitious profitable growth targets to meet. The year has started well, and we have the foundation in place to be able to deliver on the orders we took in 2021 and the orders we will receive in 2022 while simultaneously increasing the pace of our sales. We started 2022 with an order book of USD 29.2 million, which is nearly double that of 2021. Ovzon's core operations are strong.

With an increased focus on business, a shift in momentum and scalable production, delivery and service capacity, we look forward with confidence to creating new business and expanding our offering of products and services, thereby positioning Ovzon as a de facto standard for SATCOM-as-a-Service globally.

We believe that the market for satellite-based communication services that require high mobility and performance will continue to develop positively, and that our sales for 2022 will be higher than in 2021.

We are monitoring the current geopolitical instability and its impact in our operations. This also applies to the increasing number of environmental catastrophes, which illustrates for the increased need of satellite-based communication services in situations where traditional channels of communication are unavailable.

In conclusion, I would like to thank everyone who contributed to Ovzon's positive performance in 2021. This of course applies to our employees, who have displayed a great deal of drive and commitment despite the special work situation caused by the pandemic. I would also like to thank our customers, partners and shareholders who have entrusted us with developing Ovzon into a trailblazing company and delivering our unique offering.

Per Norén, CEO Ovzon

Ovzon's vision is to offer mobile broadband via satellite with the highest bandwidth through the smallest terminals. The company's strategic goals can be categorized into three phases:

Today

Service based on leased satellite capacity

Ovzon's existing service was launched in 2014 and is based on leased capacity from a number of external satellites in combination with Ovzon's proprietary terminal technology and service offering. Ovzon will lease additional satellite capacity as needed to further increase service coverage and total available bandwidth. Currently, the company has global reach for its SATCOM-as-a-Service offering and a significant increase in its order intake.

In 2022

Service based on own satellite capacity

Ovzon's strategic goal is to offer broadband via satellite to mobile terminals, using proprietary satellite and terminal technology, in a service offering with considerably higher performance than what is currently available.

The company's first proprietary satellite, Ovzon 3, will increase service performance considerably, thereby making possible the use of even smaller terminals, and entirely new functionalities. Ovzon 3 will also expand coverage areas and available bandwidth. Interest in the new functionality is significant, and a number of customers have visited our supplier to inspect the satellite. The manufacture of Ovzon 3 is well into advanced stages. Launch is expected in 2022. Capacity agreements pertaining to services on Ovzon 3 have been signed over the last two years.

Within 10 years

A fleet of proprietary satellites

Ovzon's long-term vision is to have several proprietary satellites that facilitate global coverage with proprietary satellite technology that makes Ovzon a leading supplier of satellite-based mobile communication.

Ovzon's plan is a gradual expansion, and the company already has orbital positions that ensure future global coverage. The company currently has ten orbital positions registered with the International Telecommunication Union (ITU).

Ovzon has the smallest terminals for satellite communication in the market – a position the company intends to preserve and strengthen. A fleet of proprietary satellites equipped with the company's technology forms a solid base for this.

How satellite communication works

A satellite orbits the Earth in a circular or elliptical path – typically at a height of between 160 and 35,800 kilometers. Satellite communication requires a free line of sight between the satellite and a station or terminal on Earth. The satellite's view of Earth and, accordingly, the area that can be served by it, varies according to the altitude of the satellite's orbit. There are three primary altitudes where communication satellites are placed.

Communication is conducted via radio frequencies

Satellites transmit information to receivers on Earth by way of radio waves, which means that high-quality communication can be made available to remote areas in the world without requiring large investments in terrestrial equipment. The frequency of the radio waves is significant for a number of properties that are important in satellite communication:

- Frequency bands with a higher frequency typically have greater available bandwidth, which in theory entails higher data rates and higher total capacity.
- On the other hand, higher frequencies are affected and attenuated more by atmospheric effects and weather conditions.

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

- 1. Ku and Ka bands (10–31 GHz):** The bands are typically used for TV broadcasting, VSAT networks, and maritime and aeronautical services. The Ku band is the band used for Ovzon's services.
- 2. C band (4–6 GHz):** Generally used for TV broadcasting, data and voice communication, especially in areas of heavy precipitation.
- 3. L band (1.5–1.6 GHz):** The L band is for example used for satellite phone services. The relatively narrow spectrum severely limits the total data rate.
- 4. X band (8 – 12 MHz):** Mainly used for defense applications.

Historically, the satellite-based communication market has been divided into two segments: Fixed Satellite Service (FSS) and Mobile Satellite Service (MSS). These boundaries are not as clearly defined as they once were, as increased investments in new satellites with steerable beams and small mobile terminals blur the dividing lines, a trend that is expected to continue.

LEO
Low Earth Orbit, up
to 2,000 km from Earth

MEO
Medium Earth Orbit,
2,000–36,000 km
from Earth

GEO
Geostationary Earth Orbit, 36,000 km from Earth. The orbit is in the Earth's equatorial plane and the satellite's orbital period matches the Earth's rotation. Accordingly, a GEO satellite appears to be fixed in the sky when viewed from Earth. The satellite's view of the Earth corresponds to approximately one third of the planet's surface, and the entire Earth can thus be covered with only four satellites. For this reason, GEO satellites are used for more than 90 percent of all satellite telecommunication. Ovzon's service currently uses GEO satellites and the company's planned proprietary satellite will be located in a geostationary orbit.

Unique services for satellite-based mobile communication with global reach

Ovzon's SATCOM-as-a-Service offering delivers unique capability and performance to customers worldwide. Ovzon's solutions are unique in that they can manage large amounts of data and extremely transmit intensive applications and uses. The company's SATCOM-as-a-Service offering of satellite-based mobile broadband services was launched in 2014. The offering has been well received and Ovzon's revenues increased from SEK 53.3 million in 2014 to SEK 191.4 million in 2021.

Ovzon's unique SATCOM-as-a-Service offering makes it possible for users to obtain the highest data rates with the smallest mobile satellite terminals. The service builds on capacity that is leased from existing satellites and satellite operators, but in 2022 the company plans to launch its first proprietary satellite, Ovzon 3, which will further improve its service. The service is sold as a complete solution and includes terminals, satellite capacity, network management, service and support.

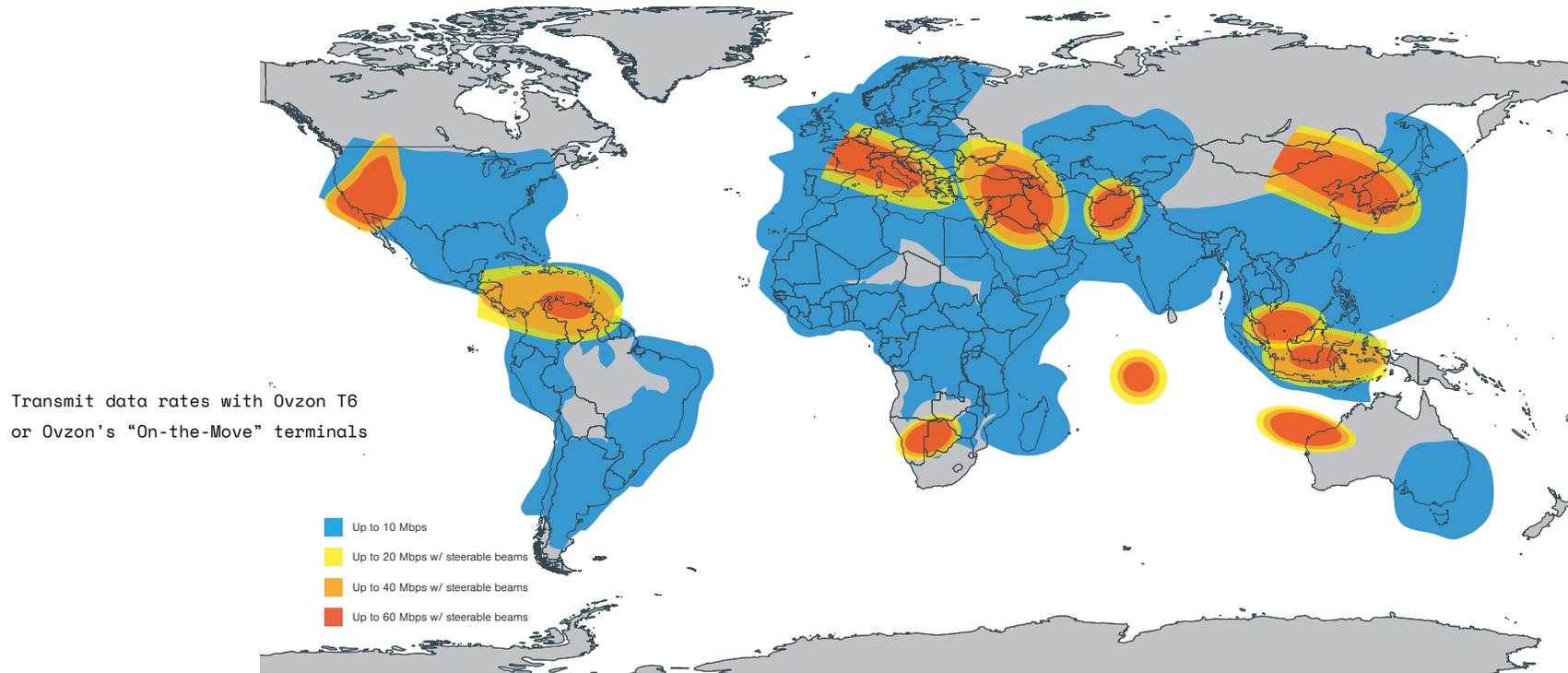
The smallest terminals and highest data rates

Ovzon's offering combines secure, high-bandwidth satellite communications services with the smallest, most mobile terminals on the market. The user terminals, with antenna sizes starting at 15 cm, can be used when the user is stationary (On-the-Pause) or On-The-Move. (On-the-Move). The terminals are easy to carry, or they can be placed in moving vehicles such as UAVs, helicopters, marine vessels or land vehicles. Ovzon's mobile services currently have the highest up- and downlink data rates in the market; sending up to 70 Mbit/sec and receiving up to 120 Mbit/sec.

Simple, secure use

Ovzon's terminals have been developed for ease-of-use and provide the user with quick connections (<60 seconds). Sending data with Ovzon's services also mean secure communication with government authorities, defense customers, rescue services and media customers around the globe. In 2021, Ovzon became ISO 9001 certified. Ovzon's certified quality management system strengthens the company's position and capacity for meeting its customers' needs and expectations for secure and reliable satellite communication. Customer support is provided around the clock, seven days a week, via the company's network operations center (NOC) in Tampa, Florida.

OPERATIONS AND THE SERVICE



Best link availability

The service has also been designed to function in the most distant and challenging geographical locations around the world. The technology has been proven in Arctic cold, extreme heat and under tropical conditions, regardless of atmospheric conditions.

Global coverage

Ovzon's services use satellites that cover the US and Latin America, Asia, Europe and Africa. In Europe and Africa, there are gateways that are the backbone of satellite connections. Ovzon has secured capacity and coverage through contracts with Intelsat using three powerful steerable beams on the Intelsat 39 (IS-39) and Intelsat 37 (IS-37) satellites. The company has also signed an agreement with Hellas Sat under which Ovzon was granted access to satellite capacity over large parts of Europe and the Middle East, as well as a similar agreement with Hispasat. Ovzon can thus now offer satellite capacity over nearly the entire globe. With the company's proprietary Ovzon 3 satellite, its coverage will be further expanded.

High rate of innovation and new launches

Given the company's experience and knowledge of development and integration of small satellite terminals, Ovzon is well equipped to meet the challenge of developing the next generation of terminals and services, which are suited for the satellites utilized by Ovzon. Over the last few years, Ovzon has kept a high rate of innovation, with launches of new terminals and services.

Services

In contrast to private market customers who primarily want to receive data, Ovzon's customers need to send large amounts of data in real time from, for example, sensors, high-resolution cameras or mobile devices. Ovzon's services are therefore uniquely developed to transmit at high data rates from small mobile terminals.

The target groups consist primarily of government authorities and defense organizations, non-government organizations and operations that offer humanitarian assistance, border surveillance, disaster aid and police, fire and rescue services as well as media and news monitoring. At present, the company's services and satellite coverage encompass the US and Latin America, Asia, Europe, Africa and Australia. Teleports with secure trunk connections are located in Europe and Africa. The services are provided, monitored and controlled via Ovzon's Network Operations Center (NOC) in Tampa, Florida (US).

Ovzon Hero

Ovzon Hero is an advanced, customized high-performance service developed for the most demanding customers to perform the most critical tasks. The service facilitates uplink rates of up to 70 Mbit/s and downlink rates of up to 120 Mbit/s. These services are achieved using Ovzon's "On-the-Pause" and "On-the-Move" terminals, and are based on Ovzon's global network and satellite capacity, including steerable, high-performance coverage areas.

Ovzon Go

Ovzon Go is a unique satellite service that provides users with access to a flexible, high-bandwidth connection that is easy to use from the smallest terminals. The service is delivered with Ovzon's market-leading "On-the-Move" and "On-the-Pause" terminals. Ovzon Go is offered with data rates of up to 10 Mbps, and the service is based on Ovzon's regional satellite capacity.

Ovzon Plus

This service offers global accessibility using Ovzon's global network of satellites. Ovzon Plus offers data rates of up to 4/4 Mbps and can easily be upgraded to the Ovzon Go service as needed. The service can be launched in less than 90 seconds.



Products

Ovzon T5 On-The-Pause

Ovzon's T5 terminal was launched in 2014. The Ovzon 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 a standard laptop bag or backpack.

Ovzon T6 On-The-Pause

In the autumn of 2020, Ovzon launched its latest terminal; the Ovzon T6. This is the smallest of its type in the world and is constructed for the most challenging situations and most distant places. In 2021, Ovzon received a large number of orders pertaining to the Ovzon T6, including from the US Department of Defense and the Italian Fire and Rescue Services.

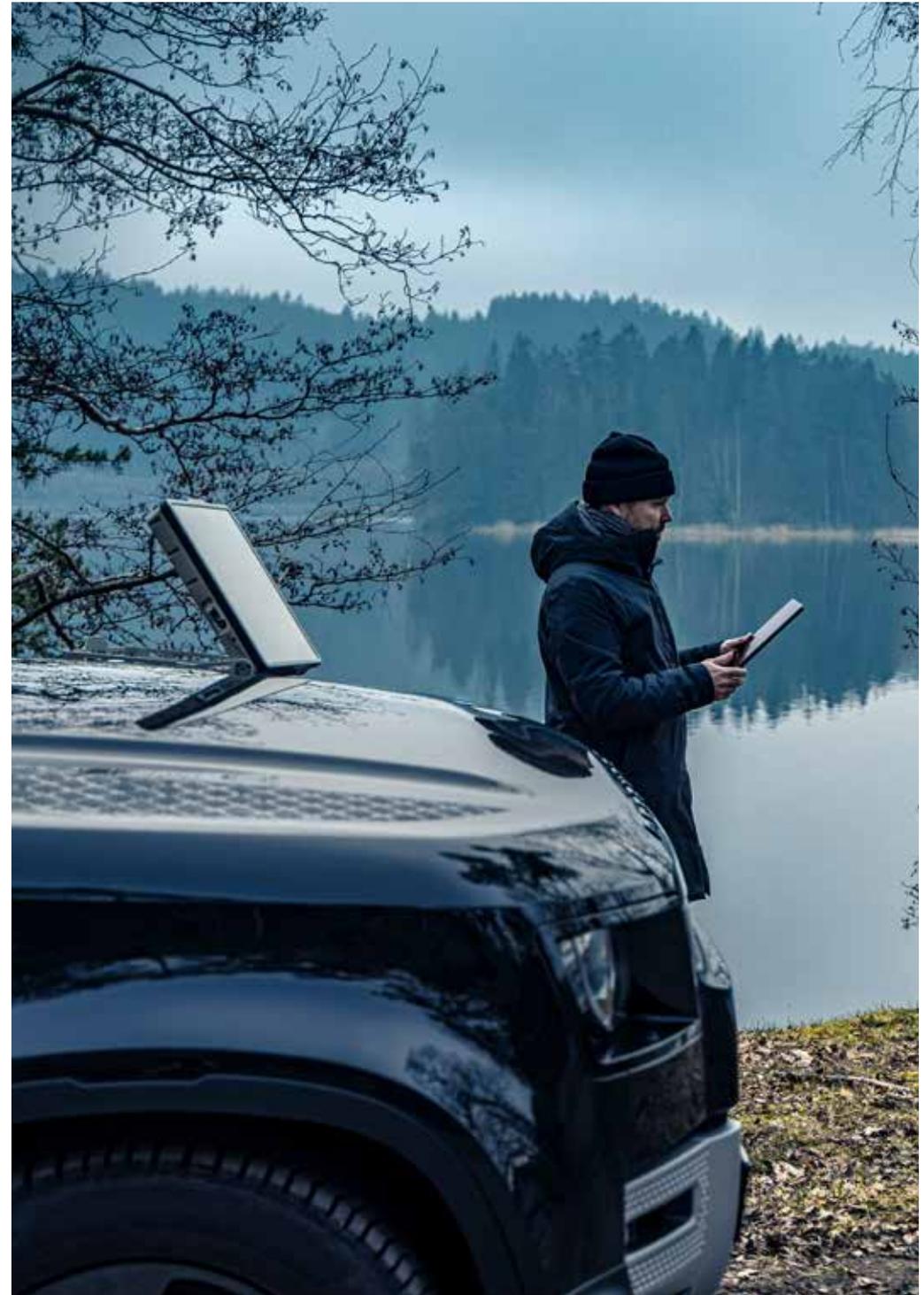
Ovzon Mini On-The-Move and Ovzon Medium On-The-Move

These robust high-performance satellite terminals are optimized for On-The-Move applications. In combination with Ovzon's satellite-based services, they offer mobility, a user-friendly experience and high data speeds in the most demanding environments. They are ideal for vehicles, aircraft, helicopters, and UAVs as well as marine vessels.

Innovation and the next generation of Ovzon's mobile satellite terminals

Ovzon's SATCOM-as-a-Service, a globally unique satellite-based communication service that enables the highest speeds through the smallest terminals, is built on the latest range of innovative, small, easy-to-use On-the-Pause and On-the-Move terminals. The company's new satellite, Ovzon 3, will not only significantly improve performance in these terminals but will also facilitate the introduction of a new generation of even smaller terminals that approach the form factors of smart phones more closely than traditional mobile satellite terminals do.

Ovzon's objective is to always deliver the highest data transfer capacity in the smallest, lightest, most easy-to-use portable format. Megabit for megabit, pound for pound and inch for inch, we are improving and developing our products.



Ovzon chooses Syntronic as production partner

The demand for Ovzon's mobile satellite terminals experienced a significant increase in 2021. Ovzon's terminals are an important part of the company's integrated SATCOM-as-a-Service offering. This has led to the company choosing to outsource the production of terminals to a strategic, high-quality global partner.

After a comprehensive and careful selection process, the choice fell to Syntronic Production Services. With over 1,500 employees and operations in eight countries, Syntronic specializes in electronics and electromechanics as well as technical and administrative software development. For Ovzon, having a professional partner that can provide reliable deliveries and is capable of scaling up volumes,

managing global distribution and delivering throughout all parts of a product life cycle is crucial. Ovzon's goal is to strengthen, develop and globalize its production and supply chain to guarantee the best products at the highest quality. This is necessary to meet the stringent demands of both the company and its customers.



“We are honored to have been entrusted with this comprehensive assignment from Ovzon. We look forward to collaborating closely. We will focus on production and delivery capacity as well as quality,” says Roger Lindholm, CEO of Syntronic Production Services.

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Change of production partner to meet increased demand



Since I began my employment at Ovzon in April 2021, much time has been spent on securing sufficient material in order to meet increased sales volumes. It has been a challenge, considering the prevalent global component shortage in many industries. There has also been a great deal of focus on the shift we have accomplished as a result of the change of production partner. For us, it is important to have a partner capable of scaling up volumes in pace with the increase in demand for our products and services.

Anders Johansson,
Supply Chain Manager

Continued confidence from the US Department of Defense and a distinct new customer segment

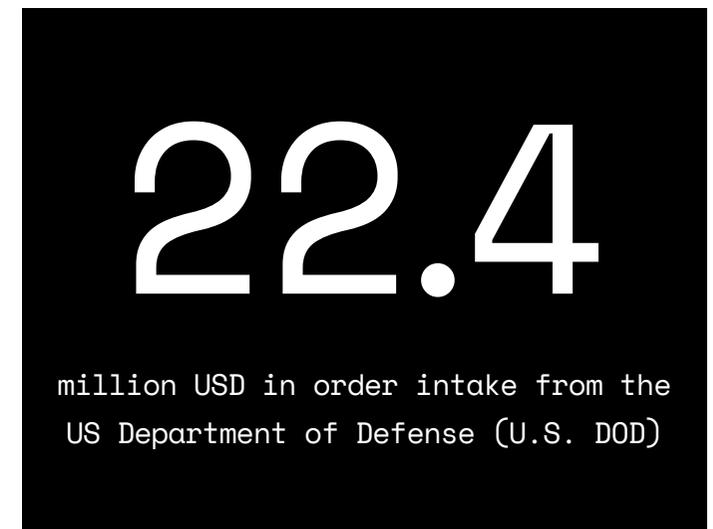
During the year, Ovzon extended and expanded its long-term partnership with the US Department of Defense through more contracts and more customers within the organization. Moreover, Ovzon has a new and significant customer segment in the form of Emergency and Rescue Services through a large order from the Italian Fire and Rescue Services. The company has also signed new and smaller contract in Europe and South America, and has continued to develop its unique SATCOM-as-a-Service offering.

Ovzon focuses on developing and marketing its services to government agencies and defense, media and non-governmental organizations (NGOs) as these customers are deemed to have the greatest need for high bandwidth and high-mobility communication solutions. Sales and customer contacts are made either through the company's sales organization or in partnership with distributors and resellers.

Several contracts in government and defense

Currently, Ovzon has contracts with the US Department of Defense, either directly or through resellers. In 2021, the company once again renewed its contracts with the US Department of Defense – a partnership that was initiated

in 2013. During the year, new and renewed contracts were secured and the order book at the end of the year amounted to USD 29.9 million. These orders enable the US Department of Defense to use Ovzon's SATCOM-as-a-Service – which includes our new and existing Ovzon terminals – in even more locations globally, with increased functionality and performance for both “On-the-Move” and “On-the-Pause”. Ovzon's customers both depend and rely on the company's services to be able to perform their assignments and operate in remote places across the globe where infrastructure is nonexistent or unreliable, and when they absolutely need a guaranteed communication solution. During the year, Ovzon continued its partnership with the well-established system integrator Airbus Defence & Space, which also resulted in contracts from a customer in the UK.





In the government and defense customer segment, there are many areas of application for Ovzon's services – applications that markedly simplify and streamline the customer's operations and communication on the ground, in the air and at sea. There are also areas of operation where Ovzon's services are exceptionally well suited. Monitoring borders both on land and at sea, for example, is a challenge for many countries in conjunction with humanitarian crises that result in large streams of refugees. Ovzon's service can provide completely new possibilities for video monitoring and data communication in these situations. Also in other situations where UAVs are used, for e.g. inspections and monitoring of large land areas of forest, animals or other assets, Ovzon's service can provide enhancements to efficiency and increased security. The same applies to natural catastrophes, when ordinary communication infrastructure is down or non-functional.

New, distinct customer segment

At the end of 2021, Ovzon received a large order totaling USD 9.8 million for 14 months of SATCOM-as-a-Service from the Italian Fire and Rescue Services. This means that the company has established an additional distinct customer segment for its services outside of its defense customers. Using Ovzon's integrated SATCOM-as-a-Service, the Italian Fire and Rescue Services will establish a secure communication network to support the need for high transmission speeds for data and voice communication as well as the transmission of high-resolution video. Fires are an increasing threat in Italy, where global climate change is affecting areas such as the Mediterranean. The increasing complexity and risk in rescue missions in the area require rapid, reliable communication. This also applies to situations such as avalanches and other disaster management. Read more on page 41.

9.8

million USD from the Italian
Fire and Rescue Services.

Airbus partnership gains momentum

In April 2020, Ovzon and Airbus – Europe’s largest aerospace company – entered into a partnership in which Airbus, as reseller for Ovzon, would include Ovzon’s mobile satellite communications solutions in its portfolio. The first order from Airbus, pertaining to a customer in the UK, was received in December of that year. In August 2021, a new 12-month contract – also from a customer in the UK – was received from Airbus.

Ovzon and Airbus jointly market Ovzon’s advanced services and complete solutions, including Ovzon’s mobile terminals and support. As of 2022, the offering will also be expanded with Ovzon’s proprietary satellite, Ovzon 3. Airbus is Europe’s leading system integrator that provides advanced, secure satellite-based communication and network services.

Airbus has the contractual framework for delivery of satellite-based services for the UK Ministry of Defence. In 2021, Airbus once again received an inquiry from the UK Ministry of Defence, where Airbus proposed Ovzon’s solutions

for meeting that specific need. In these situations, Airbus markets Ovzon’s services in all parts of the UK defense organization. Ovzon and Airbus conduct regular reviews and meet groups of end users in the UK to promote solutions and provide joint training. Airbus also provides first-tier support for Ovzon’s services to the UK Ministry of Defence.

In 2022, Ovzon intends to strengthen and expand its collaboration with key partners such as Airbus into more geographic areas.

“We always look for the best solutions for our customers, so that they can benefit from the latest and best technology in the solutions we offer. By offering our customers Ovzon’s advanced satellite-based communication services in combination with spacing between last two lines looks strange the best solutions.”

Richard Budd, Head of Secure Communications UK & US, Airbus Defence and Space

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We adapt to our
customers' needs



In 2021, Ovzon continued to carefully listen to its customers needs and developed both technical and commercial solutions to better meet their requirements. For example, we have seen that our customers demand smaller, more capable satellite terminals, both of which are properties of our Ovzon T6 terminal and our future models. This way, we guarantee continual improvements to capacity and possibilities that Ovzon can offer, something I am very proud of.”

Julian Hewson,
Global Sales

Ovzon 3 – Final Countdown

Since its founding, Ovzon's objective has been to deliver the most advanced mobile satellite communications solutions to its customers. In dialog with customers and stakeholders, the company has created its own insights and unique technologies, which in turn have led to the development of a new generation of satellites. All this to deliver the fastest, the most secure and best satellite communications solutions to Ovzon's customers.

OVZON 3

The launch of Ovzon's first satellite, Ovzon 3 – perhaps the most important milestone to date in the company's history – is planned for 2022. Previously, the launch had been planned for the fourth quarter of 2021. The postponement is a consequence of the shortage of a key component, which also affected the completion of a large number of other satellites in the industry. This rescheduling will not impact Ovzon's current business and deliveries to new or existing customers, since the company previously had already strategically secured leased satellite capacity for Ovzon's in-demand SATCOM-as-a-Service offering.

Ovzon's customers continue to show significant interest in the use of Ovzon 3, which is designed to deliver leading industry performance once the satellite has reached its final orbit. Ovzon 3 will deliver higher and make new services possible. Ovzon delivers its current satellite communications solutions through leased capacity on other operators' satellites. Using the company's unique technology for both communication and terminals – which send and receive signals – the company already has an offering that yields significantly faster data transfer than its competitors. The future proprietary satellite entails a number of advantages for Ovzon's customers:

	Leased regional satellite		Proprietary satellite
Control	Control over coverage and networks by owner	Increased control	Control over coverage and networks by Ovzon
Data rate	Up to 20Mbps/40Mbps (up/down)	Up to 5x faster	Up to 100Mbps/200Mbps (up/down)
Mobility	Ovzon T6 terminal – laptop size	Smaller terminals	3.5" terminal
New functionality		New functionality	Incl. single-hop direct communication from terminal to terminal

With proprietary satellites, Ovzon's patented technology can be fully utilized.



Advantages of a proprietary satellite:

1. Increased control

With a proprietary satellite, the company can control which portion of the Earth's surface communication to cover and can better customize its services. Designing the satellite for Ovzon's service and technology adapts it to our customers' needs. Ovzon has control over the design of the satellite, the technology on board, regulatory issues and any potential relocation and steering of the satellite in space.

2. Faster service

At present, Ovzon's broadband service is significantly faster than its closest competitor. With a proprietary satellite, the strength and speed of the communication offered can be further increased.

3. Possibility of smaller terminals

Ovzon's terminals, developed in-house, are currently the smallest and most mobile on the market. Ovzon's T5 and T6 models are comparable to a laptop in size. With Ovzon 3 carrying the company's unique technology and being tailored to the company's services, Ovzon's ground terminals can be made even smaller and more mobile, which is of extreme importance for Ovzon's customer segment. In principle, terminals the size of a handheld computer – with broadband capability – could be developed.

4. New functionality

With Ovzon 3, Ovzon introduces its On-Board-Processor (OBP), developed in-house, which functions as the central hub of the satellite. The OBP makes it possible to offer new functionality – for example, single-hop routing, which means a user on the ground can communicate directly with another user via the satellite. Previously, users communicated with one another through a signal being sent to the satellite and then via a gateway on the Earth's surface up to the satellite again and then down to the recipient. With single-hop routing, the signal no longer needs to be routed via a gateway – communication between users goes directly via the satellite. This means delays decrease, bandwidth and security increase and the risk of signal disruptions diminishes.

From blueprint to high-tech satellite in orbit

The manufacture of Ovzon's first proprietary satellite, Ovzon 3, commenced in the summer of 2019. Manufacturing a new, and for Ovzon customized, satellite requires meticulous preparations. The work in partnership with Maxar and Arianespace – two highly experienced partners in manufacturing and launches – can be divided into the following phases:

1. Planning, design and sourcing ✓

2. Detailed design ✓

3. Manufacture, testing and verification

4. Launch

5. The satellite in place

3. Manufacture, testing and verification

Final manufacture and assembly of all satellite parts will take place at Maxar in Palo Alto, California. Equipment and components have been delivered from around the world including Sweden, where several important units were developed. The primary load-bearing structure is being assembled, and equipment is being installed on the satellites' large side panels. The final testing of functionality, integration and quality assurance, which will also verify that the satellite meets all specified requirements, will take place at Maxar in the first half of 2022. After the end of the period, all test data will be audited and a pre-shipment review (PSR) will then be conducted.

4. Launch of the satellite

After the PSR, the satellite will be sent to the satellite launch facility in French Guiana in South America, south of the Caribbean archipelago. Considering the size of the satellite, the transportation itself is complicated. The launch site is ideal, since the satellite will orbit over the equator. Launch is planned for 2022. The satellite will be launched using an Ariane 5 rocket and released at an altitude of 250 km. The satellite's journey to its determined orbital position begins from there. It will take several months for Ovzon 3 to move into position. The journey itself will be unique. The satellite will maneuver with the help of a rocket engine that uses electrically powered propulsion, in which an ionized gas

is expelled from the engine and gives rise to adjustable propulsion. The electrically powered propulsion method is extremely efficient for its weight, which gives the satellite a long service life and excellent overall economy.

5. The satellite in place

Once the satellite is in place in its orbital position, the communication system – Ovzon's unique OBP – and other functionality will be tested. These in-orbit tests (IOTs) will take around a month. After that, the satellite will be ready to be put into operation.

Launch planning in parallel

The launch is being planned with Ovzon's partner Arianespace in

parallel with the phases outlined above. These efforts have included a mission analysis that includes calculations of the course and the orbit the rocket will take, and where the satellite will be released. The satellite's weight, rigidity and center of gravity are crucial parameters in this equation. After the critical design review, this mission analysis will be updated and completed.

Preparations for satellite control

In 2020, Eutelsat was contracted to manage control of Ovzon 3 once the satellite is up. Eutelsat's satellite control center in Paris has conducted validation tests against the satellite at the plant.

Major investments and continued healthy growth in the satellite industry

The total market for satellite communication is significant, with total global sales of approximately USD 118 billion in 2020 according to the latest report from the Satellite Industry Association (SIA). The industry continues to demonstrate growth, with an increased flow of investments from both new and existing operators.

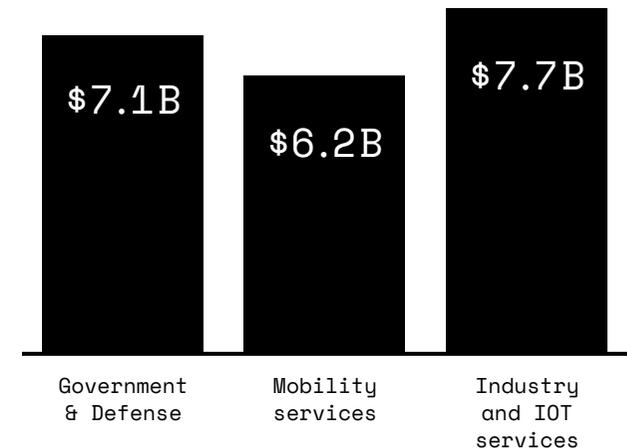
The industry is characterized by large increases in the volume of satellites being put into operation while the industry in general is undergoing changes with consolidations among operators throughout the value chain. The trend is for satellite operators, who previously only sold capacity, in part to begin acting through acquisitions of service companies in order to offer the market a complete solution and a broader offering of products and services. We have also seen a certain amount of consolidation of satellite operators, for example ViaSat's acquisition of Inmarsat. Another trend is the addition of new operators in all parts of the value chain.

The key part in the entire chain is of course the customers, meaning the users of satellite capacity and other products, services and applications. In the past, customers' use of satellite-based communication services has been a compromise between mobility, satellite coverage areas, capacity,

flexibility or data rates. This is still valid to some extent, but Ovzon's products and services are unique in that they have global reach and enable the highest transmission rates for the smallest and lightest mobile satellite terminals – a fully integrated service with the highest performance and delivery capacity.

Previously, Ovzon categorized its addressable market according to those parts of the market called FSS (Fixed Satellite Service) and MSS (Mobile Satellite Service). Even if these terms are still of interest, the boundary is not as sharp and distinct as it was earlier. These boundaries are being erased as investments increase in new satellites with steerable beams and small mobile terminals, a trend that is expected to continue. This, in combination with the fact that various market and industry analyses do not always sum up the market in accordance with the above categories, makes

Ovzon's addressable markets (USD)



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Satellite value chain and example companies



estimating an addressable market using earlier models difficult. Ovzon has therefore decided to begin using data from an industry leader, Northern Sky Research (NSR), to define the scope of the company's market.

Ovzon operates in a section of the market known as the advanced satellite connectivity market, which NSR estimates is worth approximately USD 21 billion – according to NSR, a segment with a high rate of growth.

Ovzon's addressable market is divided between government agencies and defense organizations (USD 7.1 billion), mobility services for land, air and marine transportation (USD 6.2 billion) and industrial solutions (USD 7.7 billion). Solutions that are adapted to the industry consist of media, aid organizations, transportation, mine operation, oil and gas, energy and the internet of things (IoT). Other parts of the satellite connectivity market such as broadband access or broadband internet, are not priorities for Ovzon. Ovzon

believes that the company's unique offering is well positioned to meet the needs of the addressable market: a service with truly mobile communication, meaning small and portable terminals that have secure direct connections and can send/receive the highest data rates with guaranteed availability of communication globally.

Key market drivers

Ovzon believes that the overall driver in the satellite communications market is based on the need for high-speed data transfer in combination with a high degree of mobility and portability, guaranteed availability and security. Globally, the need for communication in all sectors of society is growing. Stringent demands and expectations are being placed on access to connections with high data rates and mobility in pace with greater mobility and a robust increase in data and content. This requires constant connections with small, portable communication devices that can transmit large amounts of data, both in cities and in areas with insufficient

or nonexistent infrastructure and in the most remote and isolated areas in the world. Moreover, the demand for secure communication is growing. More government organizations and companies are being exposed to cyberattacks, meaning hacking and attacks via ground networks that threaten to paralyze operations and government agencies for long periods.

The value chain

The market is also characterized by many different operators acting as both generalists and specialists. This is evidenced by a small number of satellite operations who have significant market shares. Ovzon's clear strategy and offering create competitive advantages through a strategic balance of important characteristics adapted to the company's focus on specific customer segments and their unique needs such as mobility, high data rates (both up- and downlinks), a high degree of link accessibility and a high level of security. Ovzon believes competition in this part of the market is

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limited.

One of Ovzon's closest competing offerings comes from the satellite operator Inmarsat, with BGAN. This service includes satellite terminals that are equal in size to Ovzon's satellite communication terminals, but with a transmission speed and capacity that is significantly lower. There are also competing offerings from Intelsat, for example, with terminals that are somewhat larger but have only the capacity to transmit at lower data rates.

Geostationary orbit (GEO)-based services

Our competitors' services are largely based on high-capacity geostationary (GEO) satellites such as Intelsat's EPIC and Inmarsat's GlobalXpress and (the delayed) Viasat 3. They have been designed to offer the largest possible total accumulated bandwidth in the satellite, equally distributed over a large geographical area. The main competitive advantages of these types of services are coverage area and a price that is often lower. From a mobility perspective, however, this service design has involved clear disadvantages in the form of relatively lower transmission speeds and a need for larger terminals on the ground. They are thus more difficult to manage for mobile solutions, take longer to install and the transmission speed is significantly lower than the one Ovzon offers.

It should be noted that GEO satellite communication always has priority over LEO satellites (refer to the section on LEO below), which means that if a disruption occurs from LEO satellites, the GEO satellites always take precedence.

Compared with many other satellites, the new generation of GEO satellites – where Ovzon 3 is leading development –

have more antennas with a large amount of targeted power. This means that data transmission capacity and rates are much higher. Ovzon 3 will also be delivered with a unique on-board processor (OBP), which will be the most advanced processor that a commercial company has launched into space.

Ovzon 3 will thus enable continued innovations of even smaller portable terminals on the ground with higher data rates, unbeatable flexibility and built-in security. The development of new types of applications that are not currently available in satellite communication, such as direct communication between two small terminals without needing to connect via a teleport, will also be on offer. This increases protection against disruptions and will result in unbroken communication even if the ground network and other communication alternatives are knocked out, and will reduce latency.

Low Earth Orbit (LEO)-based services

Over the last few years, low earth orbit (LEO) satellites have garnered attention in the industry. Major investments in the segment were made in 2019 and 2020, with several launches as a result. LEO satellites are smaller in size, and the business model is based specifically on having a larger number of smaller satellites that create a network. One example of a company that aims to build a global LEO network is SpaceX, with its Starlink satellites. To date, they have launched over 1,800 satellites. SpaceX aims to launch 40,000 satellites at an estimated cost of approximately SEK 400 billion. StarLink is designed primarily to provide high-speed internet – especially downlink speeds – initially for the consumer market. The service is targeted at consumers around the world who lack access to the internet, and in addition to other LEO projects competes with terrestrial internet and 4G/5G.

The Canadian company Telesat, which is already an established GEO player, announced several years ago that they intended to launch an LEO network with only around 300 satellites at a cost of approximately SEK 50 billion. In parallel, Amazon has initiated Project Kuiper and applied to launch over 3,000 LEO satellites. Another project, OneWeb, had sent up 72 satellites through March 2020, when they went bankrupt. The company re-emerged in late 2020 with newly invested capital and a reconstructed ownership group, and launched approximately 350 satellites in 2021. A new LEO company, AST Space Mobile, could potentially be considered to have the most audacious concept from a technological and regulatory perspective. They aim to launch satellites into an orbit 700 km over the Earth's surface that will communicate directly with a regular mobile phone without extra equipment. However, the company announced delays in 2021.

Challenges for LEO

The challenges for LEO systems are many. From a historical perspective, achieving profitability in these projects has proven difficult. There are fundamental obstacles that are in part based on the global nature of the LEO systems, and in part to the fact that large portions of the Earth are uninhabited and there are few to no potential paying customers on approximately 90 percent of the Earth's surface. In parallel, the pace of continual expansion of the terrestrial communication network is increasing. A number of similar LEO projects were launched in the early 2000s. Some were shut down before launch, while others such as Iridium, Orbcomm, ICO Global Communications and Globalstar later went bankrupt.

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What is often ignored is that the LEO satellites must be replaced more frequently – up to every five years – since they are closer to Earth and are thus more affected by its gravitational pull. This can be compared with GEO satellites, which have a service life of approximately 15 years. In most cases, the investments referred to in LEO projects thus concern the initial investment.

There are other challenges as well – technical and regulatory, for example – that have already been mentioned above. For example, GEO always has regulatory priority over LEO satellites, which means that LEO satellites have little to no protection if a disruption occurs.

A certain advantage of the LEO project is lower signal delay owing to the satellites' proximity to Earth. Applications that have been highlighted to benefit from lower signal delay of this kind is computer gaming and equities trading. It should be noted, however, that passing through teleports/gateways and other satellites increases signal delay and also creates a risk of hacking.

Potential business partners for Ovzon

As mentioned previously, the investments in the LEO segment are large and developments are progressing both within the segment and for the industry as a whole. This is a positive for the entire satellite communication industry and its customers. Ovzon believes that, like previous ventures in the LEO segment, challenges remain for many of these ventures in scaling up in accordance with the plans that these operators have communicated. If any of these projects are realized in accordance with plans, however, these LEO players and their services are an excellent complement and potential partners for Ovzon, which addresses other customer needs.

It is important to emphasize that Ovzon's existing SATCOM-as-a-Service offering was not designed to provide internet to a consumer market in sparsely populated areas, even though the service can be used for these purposes as well. Ovzon's SATCOM-as-a-Service is specifically designed for the most demanding customers and is used in critical situations where the capacity to provide the highest data rates – both sending and receiving – with the smallest portable terminals and a secure connection are primary and crucial.

The launch of Ovzon 3 creates additional delivery capacity and enables new revolutionary functions that are currently not available in the market. Moreover, the system is designed to function even during external digital attacks, for example, if for some reason terrestrial stations are eliminated, have stopped working or are taken out of operation entirely.

Ovzon's choice of basing the company's unique SATCOM-as-a-Service offering on GEO satellites has to do with the demands of the company's customers for high-performance

and integrated complete solutions. This means the company is in a unique position and has a brand in the markets it has chosen to operate in. Ovzon has always focused primarily on understanding its customers' needs and requirements, today and in the future. Accordingly, the technology and innovation are designed and applied to deliver the best products and services.

The market for satellite communication continues to attract a great deal of venture capital and major investments via high-quality investors. This drives development rapidly forward and generates continual progress. Ovzon has a strong position as a leader owing to the company's proximity to its customers. This, in combination with a great deal of foresight and the capacity for creating technological solutions as well as delivering a world leader in guaranteed communication via satellite, makes the company highly relevant for the selected markets. Ovzon is the only service provider that furnishes an integrated portfolio of products and services for high-performance satellite-based mobile communication.



Many factors speak in favor of Ovzon

Ovzon's services are designed to deliver competitive advantages to our customers through a unique combination of high mobility owing to handheld terminals, a high degree of accessibility and security and high data rates. Moreover, Ovzon's proprietary satellite design facilitates future launches of even smaller terminals and new applications.

1 Growing market for satellite-based communication

Ovzon operates in a section of the market known as the advanced satellite connectivity market, which the industry organization NSR estimates is worth approximately USD 21 billion – according to NSR, a segment with a high rate of growth.

2 Increased demand for mobility

The need for advanced communication is growing globally and in all sectors of society. Greater demands and expectations are thus being imposed for access to high-speed connections and increased mobility. At the same time, there is a robust increase in data and content. This requires constant connection by small, portable communication devices that can transmit large amounts of data, both in cities and in areas with or without insufficient infrastructure and in the most remote and isolated areas in the world. Moreover, the demand for secure communication is growing. More government organizations and companies are being exposed to cyberattacks, meaning hacking and attacks via ground networks that threaten to paralyze operations and government agencies for long periods.

3 Ovzon's unique offering

Ovzon has designed its SATCOM-as-a-Service offering to provide high data rates – on uplink and downlink – combined with mobility, where small handheld user terminals provide the same data throughput capacity as large fixed satellite terminals. The service is designed to work even in areas with severe weather conditions or in areas where the infrastructure is insufficient or nonexistent. This applies as well to areas that have been hit with environmental catastrophes or geopolitical instability. This also places great demands on secure communication. The service has been designed primarily to meet increased needs among organizations and customers that have the strictest requirements for mobility and data rates. Ovzon has designed – and is now preparing for – the launch of Ovzon 3, its proprietary satellite. Its purpose is to offer even greater mobility with the introduction of even smaller terminals and higher data transfer rates. In addition, it facilitates the introduction of completely new functions, including signal capacity and security.

STRENGTHS AND COMPETITIVE ADVANTAGES

4 Leading technology and solutions

Ovzon has developed a unique solution and technology that facilitates such features as the ability of small, handheld satellite-based communication terminals to communicate directly with other small handheld terminals using the highest data transfer rates. Terminals with antennas as small as 3.5" can be used. Signals can be hidden in order to obstruct detection. The service has also been developed to meet the requirements of more advanced customers for being able to send at high data rates. Ovzon thus distinguishes itself in relation to operators who orient on the consumer market, where the typical need is for receiving large amounts of data. Additionally, the company's service has been designed to work around the world, in all kinds of weather. The On-Board Processor, which will be aboard Ovzon 3, has been uniquely developed by Ovzon and contains the most powerful circuits ever to be launched into space. They will facilitate completely new functionality that is currently unavailable in the market.



5 Major barriers to entry owing to patents, frequency licenses and orbital positions

Ovzon's value proposition and position are protected by a number of barriers to entry:

- **Strong patent portfolio:** A significant part of the patent portfolio pertains to methods for detecting and handling interference, a major challenge in providing communication services in the Ku band.
- **Ku band frequencies:** Ovzon's strategic positioning in the Ku band allows for a unique combination of high data throughput, operational reliability, availability and mobile terminals.
- **Orbital positioning ensuring global coverage:** Ovzon has registered ten orbital positions with the ITU, one through Cyprus and the other nine through PTS, the Swedish Post and Telecom Authority. The planning and maintenance of the orbital positions requires coordination with other satellite systems to avoid interference.
- **Ovzon develops and delivers small terminals capable of communicating at high data rates:** Ovzon offers SATCOM-as-a-Service, a unique total solution, with terrestrial terminals as well as service and support as part of its offering. Ovzon works actively on continuing innovations in order to offer even smaller terminals.

6 Company leadership and employees with experience of the satellite communications industry

Ovzon's management has thorough, successful and in-depth experience in the management and international expansion of both technology and satellite communication companies. Ovzon's employees have extensive, unique competence in the satellite communication industry. Moreover, Ovzon's management has long-standing relationships with state and commercial customers, and a successful, proven track record of commercialization, business development, technological development and innovation.



Sustainability in space

Ovzon is revolutionizing mobile broadband via satellite, delivering the highest data rate through the smallest satellite-based communication terminals. By offering high-quality communication to remote locations on the planet, Ovzon can make high-speed broadband available without requiring major investments in terrestrial equipment. Ovzon's business model and offering thus have a positive impact for people around the world and can promote increased security and prosperity globally.

Ovzon is dedicated to conducting responsible operations for its employees and stakeholders as well as for the sake of the planet. Sustainability initiatives are therefore a vital component of operations, forming the basis of how the company acts, develops and performs. The ambition is for operations to have a positive impact on the community where the company operates, and thereby promote sustainable development. Ovzon's main contributions in this area are facilitating communication for a more secure world, and the company's solutions promoting a decreased need for travel and thereby reducing emissions. Ovzon's travel policy states that employees must always select the most environmentally friendly travel alternative, and virtual meetings are encouraged if they can be accomplished without undermining quality.

Governance

Ovzon's Board of Directors bears ultimate responsibility for the company's sustainability initiatives. Sustainability issues are a part of the Board's annual agenda, and any necessary updates and improvements are discussed. The Management Group bears ultimate responsibility for updating policy documents and ensuring that the information reaches the rest of the organization. Operating activities are conducted and secured by the respective area managers. All employees must accept the company's policies and act accordingly. The company has a Code of Conduct that encompasses all of Ovzon and its employees. It covers how Ovzon is to conduct business, the company's work environment and corporate culture, and how Ovzon is to carry out environmentally sustainable operations.

Ovzon strives to develop itself in its sustainability initiatives, and routinely reviews how its operations can promote positive development going forward.

Policies in place in 2021:

- Environmental policy
- Travel policy
- Anti-corruption policy
- Code of Conduct for employees

In its sustainability initiatives, Ovzon has chosen to work on four focus areas, with priority issues in each area. The focus areas are selected based on internal and external feedback as well as identification by the Management Group and the Board of Directors of the company's material areas for improvement.

- Reduce environmental impact
- Responsible business
- Contribute to society
- An attractive employer

Reduce environmental impact

Ovzon works to reduce the environmental impact of its operations and thereby promote positive performance in the industry. Competence development is a key component of these efforts, and the goal is for all employees to have a basic awareness of the company's environmental initiatives.

Ovzon's main contribution to a better environment is that its services generate a reduced need for travel, since satellite communications make virtual meetings a more attractive alternative and also reduce the customer's travel costs. Ovzon's services thus promote a global reduction in CO2 emissions.

Space debris

In general, there is increasing awareness of how the planet's environment needs to be protected and how operations should be conducted to minimize their climate impact. On the other hand, awareness of efforts to protect environments beyond the boundaries of the planet is more limited. The UN General Assembly has recognized that "space debris is an issue of global concern and that the likelihood of future accidental collisions is expected to increase as more objects are placed into orbit". In the near future, space debris therefore constitutes an imminent threat to global access to space and an increased risk of satellite collisions.



SIA sustainability requirements for members

All members undertake to promote long-term sustainable development in line with UN requirements and regulations. This entails requirements such as the following:

- Minimize the intentional creation of space debris from orbit, including debris generated as a by-product of satellite and launch systems.
- Partner with national and international organizations to demonstrate the best possible approach for sustainable development in space.
- Integrate sustainability topics in the selection of launch service supplier.

Read more at www.sia.org.

What is space debris?

Space debris is all the non-functional artificial objects – including fragments and components of these objects – that are orbiting the Earth or re-entering the atmosphere.

For Ovzon, producing satellites that do not contribute to the debris orbiting Earth has been important from the very beginning. The company's small, specially built satellites are designed, manufactured and tested to safely disappear far away in geostationary orbit, 36,000 kilometers from Earth. Starting with the launch of its first proprietary satellite, Ovzon will continually monitor its health and status to detect faults that could have a negative impact on waste management.

Ovzon complies with the Swedish Space Activities Act, and all the company's partners for satellite manufacture, launch and operation comply with the Space Debris Mitigation Guidelines from the Inter-Agency Space Debris Coordination Committee (IADC). The regulations describe how space debris is to be avoided, minimized and managed internationally. Ovzon is also a member of the Satellite Industry Association (SIA), which works for responsible operations in space and ensures future accessibility to space.

Ovzon will work to minimize the impact of its operations to the greatest possible extent and always choose the most environmentally friendly alternative. The company operates on the principle of replacing all bad and outdated technology with more energy-efficient and climate-smart technology. According to the EU waste hierarchy, the technology to be scrapped must be re-used to the greatest extent possible, or otherwise recycled. The company's emissions must continually be reduced, and internal environmental initiatives must be conducted in order to continually develop operations.

Responsible business

Data security

Ovzon operates in an industry where the flow of information is critical, and the communication that occurs via the company's satellites is often highly confidential. This means that the company must have a high level of security in its systems and conduct its business responsibly. Ovzon complies with all laws and regulations concerning information management, including the General Data Protection Regulation (GDPR). All data is stored with robust security protection, and checks are conducted continually so that no data reaches unauthorized parties.

Responsible relationships

Ovzon has a zero-tolerance policy toward corruption. All employees must accept the company's anti-corruption policy, which has been approved by the Board. No one in the operation or its value chain may, under any circumstances whatsoever, offer or accept bribes. This includes consultants, partners, distributors and suppliers. Ovzon partners primarily with local suppliers, and all distributors and suppliers are informed about and must accept the company's values.

Conducting ethical operations is a fundamental value for Ovzon. According to the company's Code of Conduct, its business must be conducted on a sound ethical basis where human rights are always respected. Regardless of where in the world business is conducted, laws and regulations must be complied with, on a basis of sound corporate governance in all stages.

Product safety

All the products that Ovzon sells undergo thorough quality controls to ensure that hazardous products do not reach the market. A qualitative selection of components is carried out during construction of the terminals, and suppliers are continually audited to ensure that they meet Ovzon's requirements. The components are quality-assured primarily before the components reach Ovzon, but in certain cases there is also a need for checks on arrival. Several checks are conducted and documented during installation, and all installers are routinely trained in order to minimize incorrect installations. Once the terminal has undergone all quality assurance checks and testing, the process is concluded with a factor acceptance test (FAT) in which the terminal is tested against a satellite. All terminals are also checked through a visual inspection before they are sent to the customer. No products are sent out to customers without having undergone all the tests, whereby Ovzon can guarantee secure, quality products.

ISO 9001

In order to ensure the company's compliance with the required high security standards, Ovzon has implemented a formal quality management system. The system is ISO 9001 certified, which means that the company is audited annually by an ISO-certified third party. Through certification, the company strengthens its position and capacity for meeting its customers' needs for and expectations for secure and reliable satellite communication.



Contribute to society



Innovation and dissemination of know-how

Ovzon works to increase interest in satellite technology in society, and encourages young people to learn more about the field in various ways by promoting external courses. Swedish universities offer courses in the subject where the company's employees lecture on subjects such as satellite system technology.

Increased security

Good communications are vital to crucial functions regardless of where they are in the world. Rescue personnel in extreme environments – whether tropical heat or Arctic cold – need reliable channels of communication. Ovzon's satellite services can be decisive here. Ovzon's technology has been proven to maintain a high level of quality regardless of atmospheric conditions and enabled rescue personnel to perform their tasks without any technical difficulties.

Ovzon's service has long been a key component of rescue efforts in conjunction with events such as volcanic eruptions, avalanches and earthquakes where terrestrial telecommunications either broke down or could not reach. With Ovzon's satellite-based mobile communication, rescue personnel can smoothly connect to high-speed networks, thus saving lives. In 2021, Ovzon continued to assist the US Department of Defense with ultra-light mobile satellite terminals for help in various initiatives and emergency situations.

A compelling workplace

Well-being and development

Ovzon's employers are the key factor in the company's continued development and success. That is why their health and well-being is always in focus. If current and future employees are to continue choosing Ovzon as an employer, it is also important that they feel they have space for personal development. This applies to all roles, Management Group included. To achieve this, Ovzon conducts annual performance reviews with all employees. This also creates better understanding of how employees are doing, and their expectations of Ovzon as an employer.

Since Ovzon has offices on two continents – in Sweden and the US – this means that the entire company needs to be committed in order to create a comfortable work environment. In 2021, a year that was still marked by the coronavirus pandemic, this has been extremely important since circumstances made it more difficult to meet in person. To maintain good communication and commitment, large group and company meetings were held online on a continual basis throughout the year.

Equality and diversity

Ovzon works for an equitable workplace where everyone is to be treated equally, and with respect. There is a zero-tolerance policy toward all types of discrimination and harassment at the workplace. Should this occur despite everything, these incidents will be handled with integrity and measures will be taken. Ovzon has a whistleblower function where incidents are reported to the CEO, CFO or Chairman of the Board. The information is handled discreetly in order to protect the anonymity of the whistleblower. In a recruitment process, all candidates will be treated equally and employed on merit, personal qualities and skills. At the end of the year, Ovzon had 36 (32) employees in Sweden and the US, representing seven different nationalities. Four of these are women and 32 are men. Ovzon is aware that the company operates in a male-dominated industry and that the organization would benefit from a higher level of equality. To achieve this, the Management Group works actively to review how the company's recruitment process can be developed to bring in more women, in both executive positions and the rest of the organization.

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Our strength
is ourselves

Our strength has always been ourselves; we are experts at what we do. In combination with a warm atmosphere and humor, this is really a fantastic place to be. We are a small company with offices on two continents. At our office in Solna, Sweden, I have the opportunity to meet my colleagues on a daily basis, and we learn about each other's work. I always look forward to meeting our colleagues in the US, and hope for more of the same in 2022.

Sara Bergenius Gavler,
Spectrum Manager

Risk management is an important part of our strategy

Ovzon is exposed to a number of different risks that could have a direct or indirect impact on the operations. Some of the risk factors and significant circumstances that are considered to have a materially negative impact on the company's operations, financial position and earnings are described below, in no specific order and with no claim of being exhaustive.

Market

A competitive market

Ovzon faces competition today from a number of very large and established companies. It is likely that Ovzon will continue to face increasing competition in some or all of its market segments in the future.

Management

Ovzon routinely monitors the competitive situation for the purpose of proactively responding to any initiatives from competitors.

New technology could make the services obsolete

The space and communications industries are subject to rapid advances and innovations in technology. Innovations could render the current technologies less competitive by satisfying end-user demand in more attractive or cost-effective ways.

Management

Ovzon's service is based on proprietary and patent-protected technology. In addition, the company invests in maintaining its technological lead. Ovzon currently has a revolutionary service that combines high bandwidth with high mobility. The company considers itself to be unique in this position, which will be further strengthened when the company's first proprietary satellite is put into operation in 2022.

Customers

Limited number of end users

Ovzon sells its current services to a small number of separate end users, including the US Department of Defense (US DoD). Spending authorizations for defense-related and other programs have fluctuated in the past, and future levels of expenditure and authorization for these programs may decrease, remain constant or shift to programs in areas where Ovzon does not currently provide services.

Management

Ovzon works constantly to broaden its customer base, and over the past two years the company signed agreements with partners that facilitated such an expansion, which resulted in a few smaller orders. In addition, the company conducted a number of successful pilot tests in several supplementary market niches.

Lengthy sales cycles in contracting new customers

Ovzon currently depends on individual customers. If Ovzon cannot retain its existing customers, the company could be negatively impacted.

Management

In order to reduce its dependency on individual customers, Ovzon is making efforts to expand its customer base and develop new segments for its services. New and existing

RISKS

customers have shown interest in Ovzon launching its own satellite. In 2020 and 2021, the company took several important steps toward launching a satellite in 2022. Funding for Ovzon's proprietary satellite has been secured and production is proceeding according to plan. Renewed contracts with existing customers have been secured, as have significant agreements for the future proprietary satellite. New products and services that further strengthen our offering have been launched.

Partners

Dependence on third parties

Ovzon is dependent on the availability of satellite capacity from third parties with relevant geographic coverage areas, orbital positions and performance in relation to current customer requirements.

Management

Ovzon has good relations with established and recognized suppliers of satellite capacity. The company has further expanded its partner base over the last several years, and can today offer in principle global coverage of its services. The company intends to launch its own satellite to strengthen its independence and take further control of its value chain.

Financial stability

Ovzon is active in an industry characterized by major infrastructure investments. Many companies, including Ovzon's partners, are severely indebted and it cannot be ruled out that they will experience financial difficulties if interest rate levels and/or their debtors' view of their ability to repay changes.

Management

Ovzon carefully monitors the situation of its partners.

Dependence on cooperation with Intelsat General Corporation

Ovzon provides its services to end customers primarily through a third party, IGC (Intelsat). The agreement is renewed annually. If the agreement is not renewed in accordance with its terms, Ovzon may be unable to continue providing its services in the short term or at all.

Management

Ovzon currently has a desirable service that IGC sells and the parties have a long-term relationship.

Delivery of contracted capacity from Intelsat General Corporation

Ovzon signed a contract with Intelsat in 2020 for capacity on IS-39 and IS-37 via three powerful steerable beams, which substantially enhances the capacity and reach of Ovzon's offerings.

Management

Ovzon engages in continual dialogue with Intelsat and the parties have a long-term relationship.

Dependence on external manufacturers for parts of the manufacture and installation of current products

Ovzon relies on third-party manufacturers, including for part of the installation and manufacture of the company's T5 and T6 terminals. If demand for the terminals were to increase significantly, there is a risk that Ovzon would not be able to meet it.

Management

Ovzon continuously reviews its product, partner and manufacturing strategy and plans for future growth. In 2021, Ovzon significantly increased its manufacturing capacity through its partner, Syntronic.

Strategy

Implement strategy and meet goals

Ovzon's long-term strategy is built on the introduction of proprietary satellite capacity. The launch of a proprietary satellite depends on access to capital, suppliers and partners. Successful implementation of the strategy is thus dependent on assumptions relating to the development of the market, future demand, costs of the launch, ability to implement new and sustainable pricing, success in increasing the customer base and creating new customer segments and the ability to secure additional satellite capacity to resell.

Management

Over the last three years, Ovzon implemented a number of measures that reduced these risks – for example, in the form of funding a proprietary satellite, new customer contracts, new customers and agreements with strategic partners such as Hispasat, Gomedia, Hellas Sat, Airbus and more.

Financing

Financing and insufficient working capital

In the future, Ovzon could seek further financing, and renegotiate and refinance existing loans. Future financing could depend on such factors as the general situation in the financial markets, Ovzon's creditworthiness and Ovzon's capacity to manage its indebtedness. Accordingly, Ovzon may be forced to obtain financing on less advantageous terms.

Management

Over the last three years, Ovzon has successfully financed the company's plans to launch its own satellite. The company believes that any future financing needs can be solved with loans or equity.

RISKS

For a more detailed description of the financial risks – credit and counterparty risks, for example – and how they are managed, refer to Note 3.

Other

Satellites are subject to operational risks

Satellites in orbit are subject to operational risks. These risks include functional disruptions (commonly referred to as anomalies) that may be attributable to several different factors such as faults in manufacture, problems regarding the satellites' power or steering systems and general faults attributable to managing a satellite in space. A satellite can also be struck by meteoroids.

Management

Ovzon has chosen a recognized and well-qualified manufacturer for the company's planned satellite, based on Ovzon's specifications. This choice of manufacturer means that the risk of anomalies is reduced.

The satellite's service life is not achieved

Ovzon's opportunities for generating long-term revenue from its proprietary satellite depend on the satellite's service life. A number of factors affect a satellite's useful life, including the quality of its construction, the durability of its components, the ability to maintain a proper orbit and control over the satellite's functions, the efficiency of the satellite, and the remaining on-board fuel following launch.

Management

Ovzon has chosen a recognized and well-qualified manufacturer for the company's planned satellite, based on Ovzon's specifications. Well-planned manufacturing is the most reliable protection for achieving the planned service life.

Failed launches or other damage to the satellite

Failed launches result in significant delays due to the time required for organizing a replacement satellite, typically 20 months or more. In addition, carrier rockets may underperform, in which case the satellite can still be put into use by deploying its drive system to reach the desired orbit. This, however, reduces their useful life.

Management

Prior to the launch of Ovzon's own satellite, insurance is taken out to provide compensation for damage and a potential failed launch.

Risks related to intellectual property rights

Ovzon holds a number of patents and may acquire or develop further 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. Once the term of a patent has expired, there is a risk that Ovzon will not be able to prevent competitors and other market participants from using Ovzon's products or technical solutions. There is also a risk of Ovzon infringing on, or being accused of infringing on, third-party intellectual property rights, which may entail expenses either to defend itself or to settle an infringement dispute.

Management

Since the company's inception, Ovzon has been thorough in protecting the company's innovations using patents and other intellectual property assets. This is a key part of the company's strategy moving forward, as the company offers services that are unique in terms of scope and performance.

Recruitment and employees

Technological competence and innovation are critical to Ovzon's business, and depend to a significant degree on the work of technically skilled employees. In addition, Ovzon is also dependent on attracting and retaining personnel capable of establishing and maintaining relationships with customers. The market for these types of employees is competitive.

Management

Ovzon intends to continue to offer an attractive environment for existing and future employees using the right remuneration terms and incentives, a positive corporate culture and a unique service with technological superiority.

Regulation in Ovzon's areas of operation

Ovzon's business is subject to regulation. Compliance with rules and regulations entail costs for Ovzon, 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 such factors as the ability to obtain required frequency licenses and authorizations in a timely manner, at reasonable costs and on satisfactory terms and conditions.

Management

Today, Ovzon meets all regulatory requirements that are placed on the company. The company has good insight, planning and foresight regarding increased costs for compliance moving forward.

Ovzon's SATCOM-as-a-Service supports rescue missions in Italy

In 2020, Ovzon received its first order from Italy's Ministero della Difesa through its local partner Gomedia Satcom. This order was extended and expanded in the spring of 2021. At the end of 2021, Ovzon received a significant order from Corpo dei Vigili del Fuoco, the Italian Fire and Rescue Services, for USD 9.8 million.

Using Ovzon's integrated satellite service, the Italian Fire and Rescue Services will establish a secure communication network to support the need for high transmission speeds for data and voice communication as well as the transmission of high-resolution video. Fires are an increasing threat in Italy, where global climate change is affecting areas such as the Mediterranean. This also applies to avalanches and other disaster situations. The increasing complexity and risk in rescue missions in the area require rapid, reliable communication.

Ovzon will provide its SATCOM-as-a-Service offering to vehicles and smaller teams – where mobility is important – while maintaining the high data rates that are normally only provided in fixed installed systems. The purpose is to provide all 20 local regional offices of CNVVF, the Italian Fire and Rescue Services, with Ovzon's satellite-based mobile

solution. The service has already successfully been used in a number of situations, including during a rescue mission after an avalanche that struck the Italian region of L'Aquila.

Understanding how the service fits the customer's needs is crucial. The service's high level of performance is often, but not always, key. Equally as important is understanding the customer's communicative needs, and the contexts in which they arise.

"Managing efficient communication to support rescue operations requires a high level of situational awareness among decision-makers and first response teams." Gaetano Morena, CEO Gomedia.

A real situation in which the Italian Fire and Rescue Services was compelled to conduct a safety and rescue mission was

in the Monte Velino region of the Apennine mountains. The alarm sounded on January 26, 2021. Four mountain hikers had disappeared in Monte Velino, a mountainous area in the Abruzzo region of Italy. The weather conditions were terrible and the heavy snowfall limited access to the area – one with nonexistent or insufficient communication infrastructure.

Rome's operating force, Vigili del Fuoco, used helicopters to transport personnel and equipment to the area. They were able to quickly install the Ovzon T5 mobile satellite terminal and establish a communications link for voice, video and data – an entirely critical component of the efforts for all personnel involved in the rescue operations.

The rescue efforts involved more than 100 individuals over 15 days. Despite all the efforts, the missing hikers were unfortunately not found alive.

Opcion Legal – Ovzon’s mobile satellite services facilitate humanitarian efforts in Colombia

In June 2021, Ovzon received an order from Opcion Legal, an NGO in Colombia, through its partner Bansat. Linked to the UN High Commission for Refugees, the organization provides services such as community education, resource administration, land reclamation and legal aid to victims of violence in remote communities and has a critical humanitarian task. For Ovzon, it is an honor to be part of supporting these efforts.

Ovzon’s service is used to provide satellite-based mobile broadband connections to UDAPV (the Division for Vulnerable Populations), which is a part of the Colombian civil registration authority. The service is used in the most remote and hard-to-reach areas in Colombia, where large sections of the country lack broadband connections and access to the internet. Ovzon’s satellite services with easy-to-use mobile terminals make it possible for UDAPV personnel to support humanitarian efforts through offering secure identification services at remote locations in Colombia – regions such as Guajira, Norte de Santander, Atlántico and Arauca. The order is a key reference order for Ovzon as regards other potential NGO customers and aid organizations. Ovzon’s ambition in 2022 is to extend and upgrade the contract, since the customer is extremely satisfied with Ovzon’s service and support.



Opcion Legal needed a solution that was easy to launch and easy to use for their personnel. It should be easy to transport and could guarantee a connection even in the most remote locations in Colombia. Ovzon’s light terminals and bandwidth availability have completely changed how Opcion Legal’s personnel can work today.”

Luis Guillermo Sandoval O., CEO Bansat

Share and shareholder information

Ovzon's disclosures to shareholders and the rest of the capital market are aimed at providing a fair view of the company's development, minimizing the risk of rumors and increasing interest in the company's share.

The ambition is always to provide clear and current financial information.

Since April 20, 2021, Ovzon AB has been listed on the Nasdaq Stockholm main list. Prior to that, starting on May 18, 2018, the company had been listed on Nasdaq First North Premier Growth Market.

Market capitalization and sales

The last price paid on December 30, 2021, was SEK 62.8, entailing a market capitalization for Ovzon of SEK 3,219 million. During the period January 1 through December 30, an average of 68,710 shares were traded per day and in total, 17.3 million Ovzon shares were traded at a value of SEK 1,197 million. The lowest price paid was SEK 46.7 (on October 11) and the highest price paid was SEK 100.8 (on January 26). The price decrease in 2021 was 20.6 percent, which can be compared with the Nasdaq OMX Small Cap Sweden GI index, which rose by 37.5 percent during the same period.

Share capital

On December 31, 2021, Ovzon's share capital amounted to SEK 5,127,087.60 distributed among 51,270,876 shares with a par value of SEK 0.1 per share. According to the Articles of Association, which were adjusted in conjunction with an

Extraordinary General Meeting on December 27, 2018, the share capital is to be not less than SEK 3,358,556 and not more than SEK 13,434,224 distributed among not fewer than 33,585,596 shares and not more than 134,342,384 shares. Each share carries an equal right to participation in the company's assets and earnings. At the Annual General Meeting, each share provides entitlement to one vote and all shareholders can vote for the full number of shares held without restrictions to voting rights. The shares can be freely transferred.

Analysts

Analysts who continuously monitor the company:

Simon Granath
ABG
+46 8 566 286 32
simon.granath@abgsc.se

Mikael Laséen
Carnegie
+46 8 588 687 21
mikael.laseen@carnegie.se

Directed share issue, September 2021

In September 2021, Ovzon undertook a directed share issue of shares of approximately SEK 238 million. Accordingly, share capital increased to SEK 5,127,087.60 and the number of shares in the company increased to 51,270,876.

10 largest shareholders at December 31, 2021

	Shareholder	Number of shares	Percentage, %
1	Öresund Investment AB	6,089,828	11.9
2	Bure Equity AB (publ)	5,861,034	11.4
3	Pension, Futur	4,966,598	9.7
4	Fourth Swedish National Pension Fund	4,669,195	9.1
5	Handelsbanken Fonder	4,500,832	8.8
6	AFA Försäkring	3,713,068	7.2
7	Nortal Investments AB	3,143,548	6.1
8	AB Stena Finans	1,630,064	3.2
9	Insurance company, Avanza Pension	1,036,989	2.0
10	Barchan, Jan	547,473	1.1
	Total	33,787,507	65.9

SHARE AND SHAREHOLDER INFORMATION

Dividend and dividend policy

Ovzon's Board of Directors has not adopted a dividend policy because the company is in a growth phase.

Warrants issued

In conjunction with raising a subordinated credit facility of TSEK 200,000 on July 3, 2019, 1,500,000 warrants were issued to the subordinated creditors. Following the rights issues in June 2020, the terms for the warrants were recalculated. Each warrant provides entitlement to subscribe for 1.02 new shares in the company at a price of SEK 98.16 per share. The warrants run for a maximum of five years and can be exercised for subscription for shares up to and including July 3, 2024. An Extraordinary General Meeting on May 18, 2020 resolved on issuing a maximum of 900,000 warrants under the 2020/2023 warrants program. The company's Management Group has subscribed for the maximum number of warrants allotted – 500,000 in total – and other personnel have subscribed for a total of 200,000 options. Each warrant provides entitlement to subscribe for one new share in the company at a price of SEK 102.10 per share. If all warrants allotted are used in the option program, a dilution of 1.4 percent of the shares and votes in the company will occur. The exercise period for all warrants runs from June 18, 2023 until July 18, 2023. The Annual General Meeting on April 13, 2021 resolved to issue a maximum of 1,100,000 warrants under the 2021/2024 warrants program. The company's Management Group has subscribed for a total of 410,000 warrants and other personnel have subscribed for a total of 186,000 options. Each warrant provides entitlement to subscribe for one new share in the company at a price of SEK 145.6 per share. If all warrants allotted are used in the option program, a dilution of 1.2 percent of the shares and votes in the company will occur. The exercise period for the warrants runs from May 15, 2024 until June 15, 2024.

Financial information

Ovzon publishes four interim reports and one annual report per year. All reports are available to read and download from the company's website, www.ovzon.com.

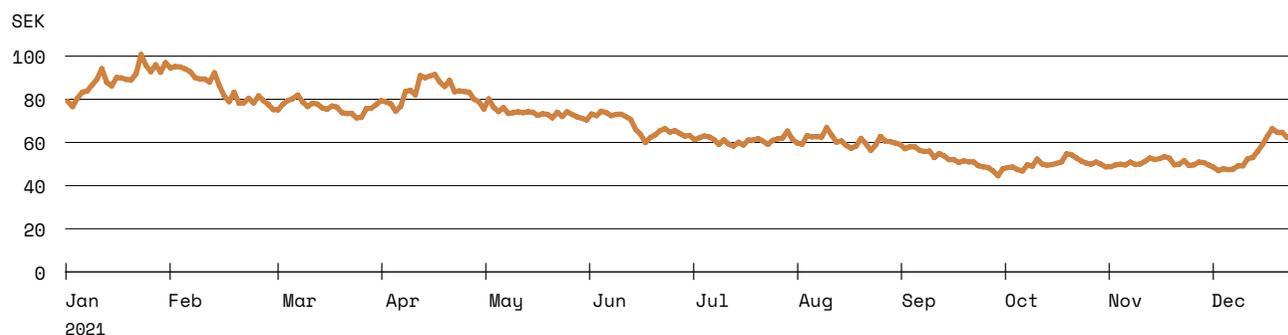
Annual General Meeting for 2022

The Annual General Meeting of Ovzon AB will be held on April 21, 2022 in the company's premises at Anderstorpsvägen 10, Solna, Sweden.

Share capital development

Year	Transaction	Change in number of shares	Change in share capital, SEK	Total share capital, SEK	Total number of shares
2016	–	–	–	500,000	5,000
1/1 2017	–	–	–	500,000	5,000
1/1 2018	–	–	–	500,000	5,000
2/7 2018	Share split	4,995,000	–	500,000	5,000,000
5/18 2018	Rights issue	2,699,971	269,997	769,997	7,669,971
6/11 2018	Exercise of the over-allotment option	696,428	69,643	839,640	8,396,399
1/30 2019	Rights issue	25,189,197	2,518,920	3,358,560	33,585,596
1/29 2020	Directed share issue	1,358,559	135,855	3,494,415	34,944,155
5/26 2020	Directed share issue	7,446,809	744,681	4,239,097	42,390,964
6/24 2020	Rights issue	3,853,724	385,372	4,624,469	46,244,688
6/9 2021	New share issue (TO 2018/2021)	203,940	20,394	4,644,862.80	46,448,628
7/29 2021	New share issue (TO 2018/2021)	161,260	16,126	4,660,988.80	46,609,888
9/22 2021	Directed share issue	4,660,988	466,098.80	5,127,087.60	51,270,876

Share price



Corporate Governance Report

Ovzon was listed on Nasdaq First North Premier Growth Market until April 19, 2021 and has been listed on Nasdaq Stockholm since April 20, 2021. The share is listed in the Mid Cap segment. Ovzon complies with statements from the Swedish Securities Council regarding best practice in the Swedish securities market, and applies the Swedish Corporate Governance Code (“the Code”). The Board of Directors is of the opinion that in all respects, Ovzon complied with the Code in 2021 and therefore has no deviations to report or explain. This Corporate Governance Report does not form part of the formal Annual Report, but is a separate report that has been reviewed by the company’s auditor.

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, Patrik Tigerschiöld, Dan Jangblad and Cecilia Driving. Magnus René was also appointed as the new Chairman of the Board.
- Grant Thornton Sweden AB was reappointed auditor for the company. Grant Thornton Sweden AB announced that Carl-Johan Regell would 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	6,089,828	11.9
2. Bure Equity	5,861,034	11.4
3. Futur Pension	4,966,598	9.7

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 up until a new Nomination Committee is appointed, the Nomination Committee comprises Andreas Hofmann, nominated by Investment AB Öresund; Sophie Hagströmer, nominated by Bure Equity; Thomas Ehlin, nominated by the Fourth Swedish National Pension Fund; and Magnus René, Chairman of the Board of Ovzon.

No remuneration is paid to the members of the Nomination Committee. The Nomination Committee is entitled to request

CORPORATE GOVERNANCE REPORT

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 2021 AGM: Anders Björkman, Nicklas Paulson, Patrik Tigerschiöld, Magnus René, Cecilia Driving and Dan Jangblad. Magnus René was elected Chairman of the Board. The CEO is not a member of the Board but is always in attendance at Board meetings (see pages 51–54 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 activities

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 clarified 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 2021, 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 during the year comprised Anders Björkman and Dan Jangblad. The company has an Audit Committee consisting of Cecilia Driving (convener), Nicklas Paulson and Patrik Tigerschiöld. The Board held 20 minutes meetings in 2021.

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 plans, 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.

Board of Directors

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
Magnus René	Chairman	2018	No	Yes	20/20	–
Anders Björkman	Board member	2019	Yes	Yes	20/20	3/3
Patrik Tigerschiöld	Board member	2018	Yes	No	18/20	7/8
Nicklas Paulson	Board member	2018	Yes	No	20/20	8/8
Cecilia Driving	Board member	2020	Yes	Yes	20/20	8/8
Dan Jangblad	Board member	2020	Yes	Yes	20/20	3/3

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 chairman 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.

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.

Per Norén has been President and CEO since May 1, 2021 and manages the company’s operations together with CFO Johan Brandt, COO Tom Hopkins, Chief Development and Product Supply Officer Nils Norén, CCO Dan Gager, EVP Business Development Per Wahlberg, VP Satellite Operations 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 13, 2021, it was resolved that fees of SEK 185,000 would be paid to Board members not employed by the company and that a fee of SEK 370,000 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.

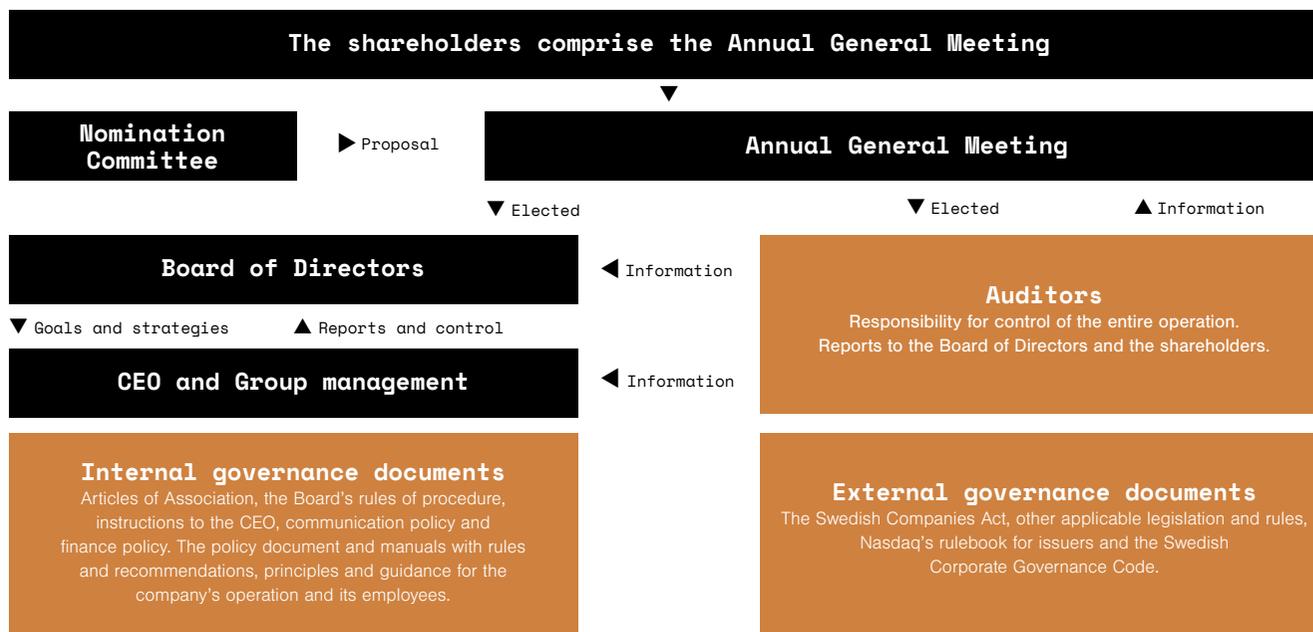
The members of the Board of Directors are not entitled to any benefits upon ceasing to serve as members of the Board of Directors. Remuneration to the members of the Board of Directors for the 2021 financial year amounted to a total of SEK 1,490,000.

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



CORPORATE GOVERNANCE REPORT

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 Remuneration Committee.

Magnus René, who was CEO until April 30, 2021 received a salary of TUSD 142 during the financial year. Variable remuneration to Magnus René for 2021 amounted to TUSD 3.6, and for 2020 that was settled in 2021 amounted to TUSD 56.8.

Per Norén, who took office as CEO on May 1, 2021, received a salary of TUSD 280 during the financial year. Variable remuneration to the company's CEO for 2021 totals TUSD 7.

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 2021. For the 2021 financial year, the total remuneration to the company's auditor amounted to TSEK 1,364.

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.

Solna, March 25, 2022

Board of Directors of Ovzon AB

The Auditor´s Examination of the Corporate Governance report

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

Engagement and responsibility

The Board of Directors is responsible for that the corporate governance report of the fiscal year 2021-01-01 – 2021-12-31, on page 45-48 has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the corporate governance report is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance report. This means that our examination of the corporate governance report is different and a 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.

Opinion

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

Stockholm 25 march 2022

Grant Thornton Sweden AB

Carl-Johan Regell
Authorized public accountant

Board of Directors, Auditor and Group Management



Board of Directors



Magnus René

Chairman of the Board (since 2021),
Board member (since 2018)

Born 1962.

Nationality: Swedish.

Education: Electrical Engineering,
Chalmers Institute of Technology.

Current engagements: Board member of
SLM Solutions Group AG, Inkbit Corporation
and Bomill AB. Member of the Royal
Swedish Academy of Engineering (IVA).

Previous engagements/Experience: CEO
Ovzon AB 2019–2021; 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 share-
holders.

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.



Anders Björkman

Board member (since 2019)

Born 1959.

Nationality: Swedish.

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

Current engagements: Chairman of the
Board of Vinnergi AB, Maven Wireless AB
and Elonroad AB. Board member of Allgon
AB and KebNi AB.

Previous engagements/Experience: Anders
has a background in the telecommuni-
cations 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. Chairman of
the Board of Ovzon, 2019–2021.

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.



Patrik Tigerschiöld

Board member (since 2018)

Born 1964.

Nationality: Swedish.

Education: M.Sc. in 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.



Nicklas Paulson

Board member (since 2018)

Born 1970.

Nationality: Swedish.

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

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

Previous engagements/Experience: Invest-
ment 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.

Board of Directors, cont.



Cecilia Driving

Board member (since 2020)

Born 1971.

Nationality: Swedish.

Education: LL.M. and a B. Sc. 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 1,000 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

Group Management



Per Norén

CEO (since 2021)

Born 1965.

Nationality: Swedish and US.

Education: Economics, School of Business, Economics and Law, University of Gothenburg. Swedish Infantry Officers College, Executive Education, Harvard Business School.

Current engagements: Board member of the National Nordic Museum in Seattle, WA.

Previous engagements/Experience: President, Anuvu 2017–2021. Vice President, The Boeing Company, 2007-2017. President and CEO Carmen Systems AB 1998–2007.

Per Norén owns 20,000 shares in the company. In addition, Per holds 100,000 warrants in the 2021/2024 option program.



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 program in 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 676,046 shares in the company. In addition, Per holds 50,000 warrants in the 2020/2023 warrants program and 50,000 warrants in the 2021/2024 option program.



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 289,017 shares in the company. In addition, Kennet holds 50,000 warrants in the 2020/2023 option 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: EVP and CFO at Arcam AB; CFO at Nimbus; Authorized Public Accountant at EY.

Johan Brandt (including related parties) holds 30,645 shares in the company. In addition, Johan holds 50,000 warrants in the 2020/2023 option program as well as 50,000 warrants in the 2021/2024 option program.

Group Management, cont.



Tom Hopkins

COO
Born 1962.
Nationality: US.
Education: MBA, Benedictine College and BA in Political Science, University of Connecticut.
Current engagements: –
Previous engagements/Experience: 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 the 2020/2023 option program and 50,000 warrants in the 2021/2024 option program.



Daniel Gager

Chief Commercial Officer
Born 1971.
Nationality: US.
Education: B. Sc. in Science and Technology, Cameron University.
Current engagements: –
Previous engagements/Experience: VP 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 2020/2023 option program and 10,000 warrants in the 2021/2024 option program.



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 the 2020/2023 option program as well as 50,000 warrants in the 2021/2024 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/Experience: VP Sales at Swe-Dish Satellite Systems, consultant at the Swedish Trade Council (Exportrådet) and lieutenant in the Swedish Air Force Reserve.
Pål Ekberg holds 140,000 shares in the company. In addition, Pål holds 50,000 employee stock options in the 2020/2023 option program and 50,000 warrants in the 2021/2024 option program.



Jim Gerow

Key Accounts Manager
Born 1961.
Nationality: US.
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 50,000 warrants in the 2020/2023 option program as well as 50,000 warrants in the 2021/2024 option program.

Annual Report

2021

Administration Report

The Board of Directors and CEO of Ovzon AB (publ), Corporate Registration Number 559079-2650, hereby submit the Annual Report and consolidated financial statements for the 2021 financial year. It is proposed that the Annual General Meeting on April 21, 2022, approve the Annual Report. The company is listed on Nasdaq Stockholm Mid Cap under the symbol OVZON, and has its registered office in Solna, Sweden. The Annual Report is prepared in Swedish kronor and in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

General information about the operations

Parent Company

Ovzon AB (publ) is the Parent Company of a Group established in 2006, offering satellite-based mobile communication over own and leased satellite capacity to customers around the world. The Parent Company's operations comprise senior management and staff functions and other central functions.

Group

The Group's operations comprise providing SATCOM-as-a-Service over proprietary and leased satellite capacity with user-friendly, light and compact terminals. Since its start in 2006, Ovzon has developed a complete solution to meet the increasing need for mobile broadband connections in areas that do not have traditional telecom services and where connections do not achieve the desired performance.

With advanced satellite communication over unique compact, portable terminals, packaged as a service that provides high-speed data, the company resolves many specific needs for different customer segments. Our customers consist of defense forces, rescue services, commercial organizations, media and NGOs who are dependent on, for example, real-time sensors and video upload, either from mobile platforms or from on-site staff carrying the terminals with them. Ovzon's solution provides a transfer speed that is markedly faster than competing offerings.

The company's current service offering is provided with leased capacity on existing satellites. In 2019, the company began a project to build and launch Ovzon 3, its first proprietary satellite. Launch of the satellite is planned for 2022, and it will supply high-performance steerable beams that will make services such as direct communication between small terminals possible.

The company has a strong patent portfolio and in addition currently has ten orbital positions with associated frequency licenses for global coverage. The orbit positions are registered by the International Telecommunication Union (ITU) in the GEO stationary orbit.

The company has its head office in Solna, Sweden, and also has offices in Tampa, Florida and Herndon, Virginia, both in the US.

Vision

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

Financial targets

The company's financial targets are to continue growing and expanding its current service offering over the coming years while preparing for the launch of its first satellite, developed to Ovzon's specification.

Significant events during the financial year

In 2021, Ovzon strengthened its position and took several significant steps towards its long-term goal of offering SATCOM-as-a-Service with proprietary satellites.

In the first quarter Ovzon obtained ISO 9001 certification, which strengthened the company's position and capacity for meeting its customers' needs for and expectations for secure and reliable satellite communication. In addition, Ovzon received an order from the Swedish defense supplier Saab regarding tests of the company's satellite services on some of Saab's mobile platforms. Through its partner Gomedia, orders from the Italian defense force were renewed during the quarter.

In the second quarter, Ovzon's application to admit the company's shares for trading on Nasdaq Stockholm's main list was approved. The expected results of the listing include better conditions for additional institutional ownership, increased awareness of and profiling of the company and its share from analysts and the media, and increased interest in general. Several orders valued at approximately USD 5 million were received during the quarter from customers including the US Department of Defense (US DoD) and Opcion Legal in Colombia via Bansat, as well as increased orders from the Italian defense force. Ovzon also utilized USD 35 million of its loan facility from Proventus. In May 2021, Per Norén took office as CEO, and former CEO Magnus René was elected the new Chairman of the Board at the 2021 Annual General Meeting.

In the third quarter, Ovzon received several new orders for the US Department of Defense totaling USD 6.3 million. In addition, an order was also received from Airbus UK pertaining to a new customer in the UK. The contract began in August and runs for 12 months. The company's financial position was further strengthened through a directed share issue of SEK 238 million. Ovzon also announced that the launch of the Ovzon 3 satellite had been delayed until Q2 2022.

In the fourth quarter, the company received an order for 50 Ovzon T6 mobile satellite terminals from the US Department of Defense at a value of USD 1.9 million. Moreover, a renewed order for SATCOM-as-a-Service was received from Intelsat General Communications (IGC) for the US Department of Defense. The contract extension runs for 12 months and the order value totals USD 14.6 million. Through Gomedia, Ovzon also received an order from the Italian Fire and Rescue Services for USD 9.8 million. With this order, the company has now broken ground within a new important customer segment: international rescue organizations. In addition to these orders, Ovzon also received orders via its partners Bansat and Airbus. A total order value of almost USD 26.9 million in the fourth quarter is clear proof that Ovzon's SATCOM-as-a-Service offering has been well received by the market. To meet the increased demand for Ovzon's services, Syntronic Production Services AB was chosen as a new production partner.

The market and events

The company is experiencing continued strong interest in its service, from defense-related operators as well as other customer segments in need of mobile broadband services via satellite in areas without functioning infrastructure. The company has more clearly expanded its marketing through agreements with several distributors and resellers, thereby reaching new customer groups in new geographical markets.

During the year, a number of market activities and demonstrations were conducted of Ovzon's mobile broadband service in the US and for Europe's leading defense organizations and other relevant customer segments. The applications demonstrated included high-definition video, data acquisition from terrestrial and airborne sensors, broadband Internet access, telephony, Push-To-Talk which was communicated via satellite in real time between vehicles (on-the-move) and handheld manpack terminals.

The company's customer activities during the year were limited due to COVID-19. The company participated in a number of trade exhibitions such as Satellite 2021 in Washington, DC (US) and Global MILSATCOM in London (UK).

Financial performance

During the year – the last half of the year in particular – Ovzon significantly advanced its positions as the company signed several key agreements with new and existing customers.

The increase in sales for 2021 compared with 2020 is a result of the new key contracts that were signed with the US Department of Defense, the UK Ministry of Defence and the Italian Fire and Rescue Services. The sales figures for the full year also include revenues of SEK 19.2 million for the production inventory that was sold to the company's new production partner, Syntronic.

In line with what we wrote in the year-end report for 2020, our earnings were impacted by the strategic investment in and the initially lower capacity utilization of better and global leased satellite capacity. The unsold capacity of SEK 55 million (20) which is charged to earnings, was instead used to a significant extent for tests and customer demonstrations of the company's satellite service. The course of events in the second half of the year show that we have laid a solid foundation for future growth.

The order intake for SATCOM services (excluding terminals) for the full year amounted to USD 34.2 million (26.7), and the order book pertaining to undelivered SATCOM services (excluding terminals) amounted to USD 29.2 million (15.7) at year-end (excluding sold capacity on Ovzon 3).

Earnings

Net sales in 2021 amounted to SEK 191.4 million (160.5). Operating loss for the year amounted to SEK -113.4 million (-48.3). Net loss for the period amounted to MSEK -83.9 (-104.0).

Cash flow information

Cash flow from operating activities amounted to SEK -75.9 million (-153.7) for the full year. Cash flow from investing activities amounted to SEK -273.8 million (-496.1) for the full year. Cash flow from financing activities amounted to SEK 558.6 million (581.8) for the full year. During the year, the company strengthened its liquidity through a directed share issue that generated SEK 229.3 million for the company after issue expenses of SEK 8.8 million. Alongside the directed share issue, the company also chose to utilize SEK 307.5

million (USD 35 million) of its credit facility during the financial year and issued 365,200 shares linked to the 2018/2021 incentive plan, which generated SEK 21.3 for the company.

Investments

Investments in property, plant and equipment related to SEK -273.8 million (-475.8). Investments in 2021 pertained primarily to the Ovzon 3 satellite.

Financial position

The Group's cash and cash equivalents amounted to SEK 406.1 million (185.0) at the balance-sheet date.

Equity amounted to SEK 1,450.3 million (1,292.6) and the company's equity ratio was 78 percent (97). It is proposed that no dividend be paid for the 2021 financial year.

Parent Company

Net sales in 2021 amounted to SEK 24.8 million (19.8) and operating profit was SEK 0.2 million (-1.5).

Board activities

Six members were elected at the 2021 AGM: Anders Björkman, Nicklas Paulson, Patrik Tigerschiöld, Magnus René, Cecilia Driving and Dan Jangblad. Magnus René was elected Chairman of the Board.

During the year, the Board of Directors held 20 meetings, at which it addressed issues of technical development, sales, Ovzon 3, financing and financial statements. The Board is responsible for the company's organization and management and continuously assesses the company's financial situation. The Board has adopted written rules of procedure, which regulate such matters as Board meetings, business submitted to the Board, financial reports and instructions for the CEO. The company's creditor, Proventus Capital Partners ("PCP") has the right to appoint an observer who is co-opted onto the Board (without voting rights). Refer further to the Corporate Governance Report on page 45, which is not part of the formal Annual Report but constitutes a report in its own right that is reviewed by the company's auditors.

Consolidated multi-year overview	2021	2020	2019	2018	2017
Net sales, TSEK	191,378	160,477	231,642	207,883	201,050
Operating profit/loss, TSEK	-113,383	-48,284	11,419	-17,536	24,025
Operating profit/loss, TSEK (adjusted)	-113,383	-48,284	23,716	8,524	41,072
Operating margin, % (adjusted)	neg	neg	10	4	20
Profit/loss after financial items, TSEK	-83,886	-106,998	38,788	-24,637	7,807
Profit/loss after tax, TSEK	-83,854	-104,049	29,230	-25,640	6,100
Balance sheet total, TSEK	1,853,318	1,329,365	891,985	131,150	95,037
Average number of employees	35	29	22	16	12

Guidelines for salaries and other remuneration to senior executives

The Board complies with the guidelines established by the general meeting of shareholders for determining salary and other remuneration for the CEO and other members of company management. Remuneration is paid in the form of fixed salary and bonus programs set annually on the basis of the established earnings targets.

The Board of Directors of Ovzon AB (publ) proposes that the unchanged guidelines remain in force for determining salaries and other remuneration to senior executives in the company for the period from the 2022 Annual General Meeting through the end of the 2023 Annual General Meeting:

- Remuneration to Group Management will encompass fixed salary, variable remuneration (if any), pensions and other benefits, as well as company cars (if any), occupational health services and more. The total remuneration shall be under market conditions and competitive, and reflect the individual's performances and responsibilities, and – with regard to any share-based incentive plans – the further performance of the company's share that accrues to the shareholders.
- Any variable cash salary will presume that defined and measurable performance-based targets have been met. Variable cash salary will total a maximum of 50 percent of the annual fixed salary of the respective senior executives. Programs for variable remuneration will grant the Board of Directors, under exceptional economic conditions, to limit or forbear from payment of variable remuneration if such action is deemed necessary as reasonable and compatible with the company's responsibilities toward its shareholders, employees and other stakeholders.
- Pension benefits will be defined-contribution. The retirement age will follow from the pension regulations in the specific country.

Personnel

The company continued to strengthen its organization in 2021; at the end of the year, the number of employees in the Group was 36 (32).

Sustainability

See the separate section concerning Ovzon's sustainability efforts on page 32 of this Annual Report.

The share and share capital

At December 31, 2021, Ovzon's share capital amounted to SEK 5,127,087.6 distributed among 51,270,876 shares with a par value of SEK 0.1 per share. According to the Articles of Association, the share capital is to be not less than SEK 3,358,556 and not more than SEK 13,434,224 distributed among not fewer than 33,585,596 shares and not more than 134,342,384 shares.

The company's major shareholders

At the end of the year: Investment AB Öresund (11.9%), Bure Equity AB (11.4%), Futur Pension (9.7%), the Fourth Swedish National Pension Fund (9.1%), Handelsbanken Fonder (8.8%), AFA Försäkring (7.2%), Nortal Investment AB (6.1%), and other shareholders (35.8%). At the balance-sheet date, the number of shares amounted to 51,270,876.

Transactions with related parties

Apart from transactions with subsidiaries on market terms and contractual remuneration to the Board of Directors and CEO, the company had no transactions with related parties in 2021 or 2020.

Significant events after the end of the financial year

The announcement in February 2022 that the launch of Ovzon 3 had been delayed but is planned for 2022.

Anticipated future development

The company is of the opinion that the market for satellite communication services that require high mobility and performance will develop positively and that sales in 2022 will be higher than in 2021. Business outside the US is increasing, and in 2022 the company expects to continue contracting new customers who will also be interested in capacity on Ovzon 3.

Other significant conditions

The Group's satellite operations currently generate revenue from customer agreements that are renewed every year for continued validity. Satellite operations usually require permits. However, operations are currently being conducted using leased satellites and it is the responsibility of the satellite owners to provide the required frequency licenses and other permits.

Significant risks and uncertainties

Risks associated with the Group's operations can generally be divided into strategic and operational risks related to business activities and risks related to financial activities. There were no crucial changes to material risks or uncertainties during the year. The Board is responsible for ensuring that the company manages its risks correctly and that there is compliance with the established policies for financial statements and internal control.

On pages 38–40 and in Note 3 of this Annual Report, Ovzon reports in greater detail on the company's principal risks and the measures taken to reduce these. A summary of the risks is set out below.

Market

Technical development and competition

Ovzon has developed and validated a commercially viable satellite communications service. To fully capitalize on the service's potential, one or more proprietary satellites are required. Delays in the Ovzon 3 project, either due to insufficient resources or because of unforeseen technical challenges, cannot be ruled out.

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 and terminal technologies not available for Ovzon's frequency bands. Progress or technical innovations could render the company's current technologies less competitive by satisfying end-user demand in more attractive or cost-effective ways.

Partners

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. 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.

Customers

The majority of Ovzon's services are sold indirectly to an individual end user. Through its customer agreement with IGC (a subsidiary of Intelsat), Ovzon provides its current services to a single end user: the US Department of Defense and other departments and agencies. For the 2021 financial year, over 80 percent of Ovzon's revenues were attributable to this customer.

On May 14, 2020, Intelsat announced that the company had voluntarily applied for Chapter 11 proceedings and bankruptcy protection under US bankruptcy law. The reorganization was concluded on February 23, 2022. However, the company's contractual counterparty, IGC, was not subject to the proceedings.

Distributors and agents

In the majority of its markets, Ovzon depends on distributors and agents that both provide valuable customer contacts and are responsible for local expertise and implementation regarding regulatory requirements in their respective markets.

Financing

Financing and sufficient working capital

In 2019, the company signed a senior credit facility of USD 60 million in order to ensure financing of its proprietary satellite, Ovzon 3. USD 35 million of the senior credit facility had been utilized as of December 31, 2021. The loan runs up to six years with an interest rate, in USD, of LIBOR 3m + 10 percent.

The company's financing risk corresponds to potential difficulties in obtaining financing for activities at a given time. In addition, there is a risk that the company will be unable to comply with the conditions that the credit facilities impose.

Ovzon's future profit potential is highly dependent on the market's future performance. In the company's opinion, the existing cash flow and working capital are adequate for 12 months ahead.

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 company is required to make significant advance payments in conjunction with the procurement and planning of satellites. If the company cannot recoup the advance payments made, it could have a significant negative impact on the Group's financial position and earnings. The Group endeavors to work primarily with established customers with a documented capacity to pay and competitive operations.

Liquidity risk

The company's liquidity is managed with caution, which entails that cash and cash equivalents are deposited in a bank. The company has the objective of maintaining a strong cash balance.

Other

Risks relating to regulation in the company's areas of operation The maintenance and expansion of Ovzon's business depends on such factors as the ability to obtain required frequency licenses and authorizations in a timely manner, at reasonable costs and on satisfactory terms and conditions.

Employees

There are a number of key employees at Ovzon, who have a high level of competence and established customer relations. Ovzon is dependent on recruiting and retaining personnel capable of developing the company's technology, and establishing and maintaining relationships with core customers.

COVID-19

As a consequence of COVID-19, the company was impacted in the form of substantially decreased and delayed commercial activities such as fewer trade exhibitions and reduced travel to meet potential customers and demonstrate the company's services. Moreover, the company sees an increased risk of potential disruptions in the supply chains as well as to financial stability in the company's customers and suppliers, which could impact delivery times and component quality. Further, there is a risk that well-being among the company's employees could be materially impaired, which could impact operating activities.

The war in Ukraine

The war in Ukraine and the altered security policy situation has not yet had an appreciable impact on Ovzon, but the Board of Directors and the Management Group are monitoring the course of events in order to evaluate and manage potential risks.

Currency risk

The Group's policy is to balance revenue and expenses as far as possible as assets and liabilities through exposure in the same currency. The Group's revenues for the satellite operation are in USD. The satellite capacity purchased on existing satellites is also in USD, as are most of the Group's operating expenses. See also Note 3 Financial risk management.

Proposed allocation of profits

The following profits are at the disposal of the Annual General Meeting (SEK)

Profit brought forward	1,779,893,732
Profit for the year	39,101,147
	1,818,994,879

The Board of Directors proposes that the following be carried forward	1,818,994,879
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For the Group's and Parent Company's earnings and position otherwise, refer to the income statements and balance sheets, cash-flow statements and supplementary disclosures below. All amounts are expressed in thousands of Swedish kronor (TSEK) unless otherwise stated.

Consolidate financial statements

Consolidated income statement

TSEK	Note	Jan – Dec 2021	Jan – Dec 2020
Operating income, etc.			
Net sales	5, 6	191,378	160,477
Capitalized work on own account		10,535	9,972
Other operating income		–	2,676
Operating expenses			
Purchased satellite capacity and other direct costs		-177,313	-108,986
Other external costs	7	-58,868	-48,368
Employee benefit expenses	8	-65,618	-55,988
Depreciation/amortization and impairment of property, plant and equipment and intangible assets	9	-9,895	-6,370
Other operating expenses		-3,602	-1,697
Operating loss		-113,383	-48,284
Income from financial items			
Financial income	10	29,865	45
Financial expenses	11	-368	-58,759
		29,497	-58,714
Loss after financial items		-83,886	-106,998
Tax on the profit for the year	12	32	2,949
LOSS FOR THE YEAR		-83,854	-104,049

TSEK	Note	Jan – Dec 2021	Jan – Dec 2020
Net profit for the year attributable to:			
Shareholders of the Parent Company		-83,854	-104,049
Total profit/loss for the year		-83,854	-104,049
Earnings per share and share data			
	13		
Earnings per share attributable to Parent Company, SEK			
– before dilution		-1.78	-2.52
Average number of shares before dilution		47,023,823	41,345,031
Warrants		–	581,760
Average number of shares after dilution		47,023,823	41,926,791
– after dilution		-1.78	-2.52

Consolidated statement of comprehensive income

TSEK	Jan – Dec 2021	Jan – Dec 2020
Loss for the year	-83,854	-104,049
Other comprehensive income:		
Items that can be subsequently reclassified to the income statement:		
– Translation differences	-11,085	16,903
Other comprehensive income net after tax	-11,085	16,903
COMPREHENSIVE INCOME FOR THE YEAR	-94,939	-87,146
Comprehensive income for the year attributable to:		
Shareholders of the Parent Company	-94,939	-87,146
COMPREHENSIVE INCOME FOR THE YEAR	-94,939	-87,146

Consolidated balance sheet

TSEK	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized expenditure for development	14	–	421
Patents and licensing rights	15	23,862	20,289
		23,862	20,710
Property, plant and equipment			
Equipment, tools, fixtures and fittings	16	28,023	7,010
Right-of-use assets	17	6,653	5,040
Construction in progress and advance payments	18	1,317,280	977,196
		1,351,956	989,246
Financial assets			
Deferred tax assets		102	64
		102	64
Total fixed assets		1,375,920	1,010,020
Current assets			
Inventory, etc.			
Goods in production		25,259	34,686
		25,259	34,686
Current receivables			
Trade receivables	20	32,532	7,054
Current tax assets		–	1,673
Other receivables		6,986	3,277
Prepaid expenses and accrued income	21	6,537	87,630
		46,055	99,634
Cash and cash equivalents	22	406,084	185,025
Total current assets		477,398	319,345
TOTAL ASSETS		1,853,318	1,329,365

TSEK	Note	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES			
Equity			
	23		
Share capital		5,127	4,624
Other paid-in capital		1,812,438	1,560,446
Reserves		5,034	16,119
Accumulated deficit including loss for the year		-372,331	-288,578
Equity attributable to the Parent Company's shareholders		1,450,268	1,292,611
Total equity		1,450,268	1,292,611
Non-current liabilities			
Liabilities to credit institutions	24	316,529	–
Lease liabilities	17	7,139	5,343
		323,668	5,343
Current liabilities			
Trade payables		52,219	20,547
Current tax liabilities		231	–
Other liabilities		3,681	3,459
Accrued expenses and deferred income	25	23,251	7,405
		79,382	31,411
TOTAL EQUITY AND LIABILITIES		1,853,318	1,329,365

Consolidated statement of changes in equity

Equity attributable to the Parent Company's shareholders						
TSEK	Note	Share capital	Other paid-in capital	Reserves	Accumulated loss incl. profit/loss for the year	Total equity
Equity at January 1, 2020		3,359	978,517	-784	-184,796	796,296
Loss for the year		-	-	-	-104,049	-104,049
Other comprehensive income		-	-	16,903	-	16,903
Total comprehensive income		-	-	16,903	-104,049	-87,146
Warrants		-	2,201	-	-	2,201
Rights issue		1,265	587,357	-	-	588,622
Costs attributable to the issue		-	-7,629	-	-	-7,629
Share-based remuneration		-	-	-	267	267
Total transactions with shareholders:		1,265	581,929	-	267	583,461
Equity at December 31, 2020	23	4,624	1,560,446	16,119	-288,578	1,292,611
Equity at January 1, 2021		4,624	1,560,446	16,119	-288,578	1,292,611
Loss for the year		-	-	-	-83,854	-83,854
Other comprehensive income		-	-	-11,085	-	-11,085
Total comprehensive income		-	-	-11,085	-83,854	-94,939
Warrants		-	2,283	-	-	2,283
Rights issue		503	258,505	-	-	259,008
Costs attributable to the issue		-	-8,796	-	-	-8,796
Share-based remuneration		-	-	-	100	100
Total transactions with shareholders:		503	251,992	-	100	252,596
Equity at December 31, 2021	23	5,127	1,812,438	5,034	-372,331	1,450,268

Consolidated cash flow statement

TSEK	Note	Jan – Dec 2021	Jan – Dec 2020
Operating activities			
Operating loss		-113,383	-48,284
Adjustments for non-cash items	27	9,895	5,957
Capital gains and interest received, etc.		10,514	45
Capital losses and interest paid, etc.		-368	-14,822
Income tax paid		-673	3,474
Cash flow from operating activities before changes in working capital	18	-94,015	-53,630
Cash flow from changes in working capital			
Decrease(+)/increase(-) in inventory		9,428	-22,264
Decrease(+)/increase(-) in trade receivables		-25,478	-7,520
Decrease (+)/increase (-) in current receivables		-13,833	-17,776
Decrease (-)/increase (+) in trade payables		31,672	-52,104
Decrease (-)/increase (+) in current liabilities		16,298	-413
Total change in working capital		18,087	-100,077
Cash flow from operating activities		-75,928	-153,707

TSEK	Note	Jan – Dec 2021	Jan – Dec 2020
Investing activities			
Acquisition of intangible assets	15	-2,610	-21,388
Acquisition of property, plant and equipment	16, 18	-271,204	-475,791
Sale of financial assets		-	1,052
Cash flow from investing activities		-273,814	-496,127
Financing activities			
Rights issue	23	259,008	588,622
Costs in conjunction with issue		-8,796	-7,629
Remuneration received for warrants	8	2,283	2,201
Amortization of lease liability		-1,348	-1,402
Loans raised	24	307,475	-
Cash flow from financing activities		558,622	581,792
Cash flow for the year		208,880	-68,042
Cash and cash equivalents at the beginning of the year		185,025	257,382
Exchange rate difference in cash and cash equivalents		12,179	-4,315
Cash and cash equivalents at the end of the year		406,084	185,025

Parent Company financial statements

Parent Company income statement

TSEK	Note	Jan – Dec 2021	Jan – Dec 2020
Operating income, etc.			
Net sales	5, 6	24,818	19,824
Other operating income		1,260	3,246
		26,078	23,070
Operating expenses			
Other external costs	7	-15,233	-15,241
Employee benefit expenses	8	-10,613	-9,320
		-25,846	-24,561
Operating profit/loss		232	-1,491
Income from financial items			
Other interest income and similar items	10	175,925	33,780
Interest expenses and similar items	11	-137,056	-53,871
		38,869	-20,091
Profit/loss after financial items		39,101	-21,582
Tax on profit for the year	12	-	49
PROFIT/LOSS FOR THE YEAR		39,101	-21,533

Parent Company statement of comprehensive income

TSEK	Note	Jan – Dec 2021	Jan – Dec 2020
Profit/loss for the year		39,101	-21,533
Other comprehensive income		-	-
COMPREHENSIVE INCOME FOR THE YEAR		39,101	-21,533

Parent Company balance sheet

TSEK	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Financial assets			
Participations in Group companies	19	1,395,491	1,033,491
Receivables from Group companies	29	375,136	295,192
		1,770,627	1,328,683
Total fixed assets			
		1,770,627	1,328,683
Current assets			
Other receivables		269	2,111
Prepaid expenses and accrued income	21	384	86,428
		653	88,539
Cash and cash equivalents			
	22	380,551	122,559
Total current assets			
		381,204	211,098
TOTAL ASSETS			
		2,151,831	1,539,781

TSEK	Note	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES			
Equity			
23			
Restricted equity			
Share capital		5,127	4,624
		5,127	4,624
Unrestricted equity			
Profit brought forward		1,779,894	1,549,434
Profit/loss for the year		39,101	-21,533
		1,818,995	1,527,901
Total equity			
		1,824,122	1,532,525
Non-current liabilities			
24			
Liabilities to credit institutions		316,529	-
		316,529	-
Current liabilities			
Trade payables		1,052	4,741
Current tax liabilities		231	265
Other liabilities		1,375	463
Accrued expenses and deferred income	25	8,522	1,787
		11,180	7,256
TOTAL EQUITY AND LIABILITIES			
		2,151,831	1,539,781

Parent Company statement of changes in equity

TSEK	Restricted equity	Unrestricted equity	Total equity
	Share capital	Profit/loss brought forward, incl. profit/loss for the year	
Equity at January 1, 2020	3,359	967,504	970,863
Loss for the year	–	-21,533	-21,533
Other comprehensive income	–	–	–
Total comprehensive income	–	-21,533	-21,533
New share issue	1,265	587,358	588,623
Issue expenses	–	-7,629	-7,629
Other paid-in capital	–	2,201	2,201
Equity at December 31, 2020	4,624	1,527,901	1,532,525
Equity at January 1, 2021	4,624	1,527,901	1,532,525
Profit for the year	–	39,101	39,101
Other comprehensive income	–	–	–
Total comprehensive income	–	39,101	39,101
New share issue	503	258,505	259,008
Issue expenses	–	-8,796	-8,796
Other paid-in capital	–	2,283	2,283
Equity at December 31, 2021	5,127	1,818,995	1,824,122

Parent Company cash flow statement

TSEK	Note	Jan – Dec 2021	Jan – Dec 2020
Operating activities			
Operating profit/loss		232	-1,491
Interest received, etc.		175,925	33,780
Interest paid		-128,001	-53,871
Income tax paid		-34	314
Cash flow from operating activities before changes in working capital		48,122	-21,268
Cash flow from changes in working capital			
Decrease (+)/increase (–) in current receivables		87,886	-21,902
Decrease (–)/increase (+) in trade payables		-3,689	-20,037
Decrease (–)/increase (+) in current liabilities		7,647	-1,672
Total change in working capital		91,844	-43,611
Cash flow from operating activities		139,966	-64,879
Investing activities			
Shareholders' contributions paid		-362,000	-1,006,886
Changes in receivables in Group companies		-79,944	400,059
Cash flow from investing activities		-441,944	-606,827
Financing activities			
Rights issue	23	259,008	588,623
Costs in conjunction with issue		-8,796	-7,629
Loans raised from credit institutions	24	307,475	–
Remuneration received for warrants	8	2,283	2,201
Cash flow from financing activities		559,970	583,195
Cash flow for the year		257,992	-88,511
Cash and cash equivalents at the beginning of the year		122,559	211,070
Cash and cash equivalents at the end of the year		380,551	122,559

Notes

NOTE 1 – GENERAL INFORMATION

Ovzon AB (publ) is the Parent Company of a Group established in 2006, offering satellite-based mobile communication over own and leased satellite capacity to customers around the world.

The Parent Company, Ovzon AB (publ), with corporate registration number 559079-2650 is a limited liability company registered in Sweden, with its head office in Solna. The address of the head office is Andertorpsvägen 10, SE-171 54 Solna, Sweden.

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.

The Annual Report and consolidated financial statements were approved by the Board of Directors on March 25, 2022 and will be presented for approval at the upcoming Annual General Meeting on April 21, 2022.

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 January 1, 2021. The Parent Company prepares its financial statements in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. The financial statements have been prepared under the assumption that the Group is conducting its operations as a going concern.

The Group has applied a number of new standards and interpretations since January 1, 2021. None of the new standards and interpretations that the Group has applied since January 1, 2021, 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 recognized at these values. 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 (TSEK), unless otherwise stated. The income statement is organized 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.

2.2 Standards, interpretations and amendments that entered force in 2021

No new standards and interpretations that Ovzon has applied since January 1, 2021, has resulted in any material impact on the consolidated financial statements.

2.3 New standards, interpretations and amendments that have been published but have not yet entered force

A number of new standards and interpretations enter force for the financial years commencing after 2021 and have not been applied in advance during the preparation of this financial report. New standards and amendments are not deemed to have any material effect on the consolidated financial statements.

2.4 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 have been eliminated.

Subsidiaries

Subsidiaries include 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. All of the Group's subsidiaries are wholly owned.

2.5 Segment reporting

Operating segments are reported in a manner that corresponds to the internal reporting that is submitted to the highest decision-making officer. The highest decision-making officer is the function with responsibility for the allocation of resources and assessment of the operating segment's results. In the Group, this function has been identified as the CEO. The regular internal reporting to the CEO of results that meet the criteria for constituting a segment is done for the Group in its entirety. The Group in total is therefore reported as the company's only segment.

2.6 Foreign currency translation

2.6.1 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.

2.6.2 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 recognized in the income statement.

2.6.3 Translation of foreign subsidiaries

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 recognized 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 currency of the acquired operation and translated at the year-end exchange rate on the reporting date.

2.7 Revenue

The basic principle of IFRS 15 Revenue from Contracts with Customers is that the company recognizes the revenue when the customer takes control of the good or service. The amount recognized as revenue is the remuneration the company expects to have the right to in exchange for the transfer of the product or service to the customer. The company's performance obligation is met over time in conjunction with the service being delivered and the transaction price comprises a relatively small share of the length of the service contract.

2.7.1 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 recognized on a straight-line basis over the length of the contract period, which is normally six to twelve months or alternately based on data used or connection time. Contract conditions are "matched" to the widest possible extent between leased and sold capacity.

2.7.2 Other operating income

Other operating income consists primarily of internally capitalized development activities.

2.7.3 Financial income and expenses

Financial income primarily comprises interest income on cash and cash equivalents and the translation of intra-Group loans. Financial expenses comprise interest expenses and translation of intra-Group loans.

2.8 Government support

During 2018, the Swedish National Space Agency decided to support Ovzon's technical development through grant funding of approximately SEK 10 million. This support is recognized in accordance with IAS 20 when there is reasonable certainty that the Group will meet the conditions associated with the contribution and that the contribution will be received.

The support is related to the investment and development of assets. The support is recognized as deferred income until there is matching capitalization, at which point the carrying amount of the asset is reduced by the amount of the grant. The grant is recognized in earnings during the depreciable asset's useful life, in the form of reduced depreciation.

In 2021, the company received state support in the US linked to COVID-19 totaling SEK 1.8 million.

2.9 Leases

IFRS 16 replaced IAS 17 as of January 1, 2019. Under the new standard, the company recognized an asset (regarding a right to

use) and a financial liability (regarding an obligation to make lease payments) in the balance sheet. The company further divided the cost of the leased asset into amortization and interest payments.

The company's contracts with Intelsat concerning capacity on IS-39 and IS-37 total USD 39.4 million and run for four years. Since the capacity leased on the beams does not correspond materially to the full capacity of the beam, those portions of capacity that have been leased are not identified assets, and therefore the contracts are deemed not to meet the definition of a lease under IFRS 16.

2.10 Employee benefits

Salaries, national insurance contributions, bonuses and other current remuneration to employees are recognized when the employee has performed the service. The Group has only defined-contribution pension plans. For these, the Group pays contributions to 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 recognized as personnel expenses when they fall due for payment.

In 2018, the company issued warrants for employees in Sweden and employee stock options for employees in the US. In 2020, the company issued warrants for employees in both Sweden and the US. The options under the Warrants Programs were transferred to employees on market terms. On the acquisition of warrants by the employee, the payment received is booked against other paid-in capital. When the options are exercised, the share capital increases by the par value of each newly issued share and the associated surplus price is added to the other paid-in capital. The options under the Employee Stock Option Program were transferred at no charge to employees and are recognized in accordance with IFRS 2 and UFR7. The fair value of the allotted options is recognized as an employee expense with a corresponding increase in equity. The fair value is calculated at the time of allotment and distributed across the vesting period (three years). Since the employee options are deemed to qualify as employee stock options, they are not deemed to incur any costs in the form of social contributions.

2.11 Taxes

Tax for the period comprises current tax and, when applicable, deferred tax. Taxes are recognized in the income statement except when the underlying transaction is recognized in other comprehensive income or directly in equity, in which case the associated tax effect is also recognized 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, adjusted for any current tax attributable to prior periods.

Deferred tax is recognized according to the balance sheet method, whereby deferred tax liabilities are recognized 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 recognized 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 recognized only to the extent that it is probable that the amount can be utilized 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 realized or the deferred tax liability settled.

In 2017, a new interpretation regarding recognition of income taxes, IFRIC 23, was issued. The statement clarifies how doubtful tax items are to be recognized and measured. The company applies IFRIC 23 as of January 1, 2019. The modified retroactive application means that comparative figures have not been restated.

2.12 Intangible assets

An intangible asset is recognized 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 capitalized and recognized 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.

Research and development

Expenses for research are expensed immediately and consist exclusively of direct costs. Expenses relating to development projects (attributable to the design and testing of new or improved products) are carried forward as intangible assets to the extent that these expenses are expected to generate future financial benefits. Since the basic technology development is completed, the company is of the opinion that future development expenses will be mainly expensed and that, accordingly, only a small part will be capitalized. Development costs expensed earlier are not brought forward as an asset in subsequent periods. Development costs brought forward are amortized straight line over the period that the anticipated benefits are expected to accrue to the company and from the time that commercial production commences. In the consolidated balance sheet, capitalized development expenses are recognized at cost less accumulated amortization and impairment. The amortization period is based on the estimated period in use, which for development is four years.

Patents, trademarks and licenses

Patents, trademarks and licenses acquired separately are recognized at cost. Patents, trademarks and licenses acquired through a business combination are recognized at their fair value at the acquisition date. Patents, trademarks and licenses have a finite useful life and are recognized at cost less accumulated amortization. Amortization is carried out on a straight-line basis to allocate the cost of patents, trademarks and licenses over their estimated useful life of 15 years.

2.13 Property, plant and equipment

Property, plant and equipment are recognized 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 recognized 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 derecognized from the balance sheet. All other forms of repair and maintenance are recognized as expenses in the income statement in the period in which they arise.

Depreciation of property, plant and equipment is recognized 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.

Accounting policies regarding ongoing investments and advance payments

Ongoing investments regarding the company's first proprietary satellite are assessed as direct internal and external expenses directly attributable to getting the satellite into a usable condition in accordance with the intentions of Executive Management.

The company has signed an agreement with Maxar Technology for the construction of a satellite. While the supplier of the satellite is carrying out their side of the agreement, the company has its own expenses for its part of the work. An integrated part of this project is that the company finances the project in pace with its progress. This means that for a certain amount of time, the financing is an advance payment that then transitions into being the ongoing satellite project.

Since this is such an integrated project regarded by the company as a project, the company has chosen to recognize the project in an integrated item designated in the balance sheet as Construction in progress and advance payments.

Borrowing expenses during construction are capitalized as part of the cost. The capitalized borrowing expenses are based on the specific borrowing by the Group for the investment, and are described in Note 2.21.

2.14 Impairment of non-financial assets

Intangible assets with an indefinite useful life or property, plant and equipment not yet available for use are not amortized but are tested for impairment annually. Assets that are amortized are considered with regard to impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.15 Financial instruments

Financial assets recognized in the balance sheet include – on the asset side – loans, 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 recognized when the rights under the agreement have been realized or have expired. A financial liability, or portion thereof, is recognized 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 owing to events that have occurred. For all financial assets and liabilities, the carrying amount is considered to be a good approximation of the 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 recognized amounts and an intention to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.16 Inventory

During the year, the manufacture of terminals has resulted in components and finished terminals being held in stock.

The inventory is measured at the lowest of cost and net sales value. The cost is calculated according to the weighted average prices and includes fees that arise on the acquisition of inventory assets and their transport to their current place and state. The net realizable value is defined as sales price less costs of production and sales costs.

2.17 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 recognized at a nominal amount on an undiscounted basis in accordance with the amortized 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 recognized in the income statement.

2.18 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 recognized at their nominal amount.

2.19 Equity

Equity in the Group comprises the following items:

- Share capital - represents the par value of issued and registered shares.
- Other paid-in capital - contributions that the company has received from its shareholders and that are not recognized as share capital.
- Reserves - comprises exchange differences referable to translation of foreign subsidiaries.
- Accumulated deficit, incl. profit/loss for the year - corresponds 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 recognized in equity, net of tax, as a reduction in the proceeds.

The costs for employee stock options allotted in 2018 are expensed straight line across the vesting period and recognized against equity in accordance with IFRS 2.

2.20 Provisions

A provision differs from other liabilities as there is uncertainty regarding the time of payment or the size of the amount for the settlement of the provision. A provision is recognized in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2.21 Borrowing

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowing is subsequently recorded at amortized cost and any difference between the amount received (net of transaction costs) and the amount repaid is recognized 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.

Borrowing costs directly attributable to the acquisition, construction or manufacture of a qualifying asset are capitalized during the period of time required for completing and preparing the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they arise and are recognized under Finance costs (refer to Note 12).

Transaction costs paid before loans are raised are recognized as prepaid costs, and recognized against the loan when the loan is realized, in accordance with IFRS 9. Transaction costs are subsequently included as part of the effective interest rate.

2.22 Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade payables are categorized as other financial liabilities. As the maturities of trade payables are expected to be short, the value is reported at a nominal amount.

2.23 Contingent liabilities

A contingent liability is recognized when there is a possible assumption caused by an event or a future uncertainty that is not recognized 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 recognized as a liability or provision.

2.24 Cash flow statement

Cash flow statements are prepared in accordance with the indirect method. This means that cash flow from operating activities is recognized by adjusting profit or loss for the effects of transactions

of a non-cash nature and also for revenue and expenses associated with the cash flows from investing or financing activities.

2.25 Parent Company accounting policies

General

The Parent Company has prepared this Annual 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 statements issued by the Swedish Financial Reporting Board also apply to listed companies. RFR 2 entails that, in the annual report of the legal entity, the Parent Company is to apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act and in regard to the connection between accounting and taxation. The recommendation states the exceptions and additions that are to be made to IFRS.

Accordingly, the Parent Company applies the policies presented in Note 2 of the consolidated financial statements above, with the exception of what is stated below. The policies are applied consistently for all years presented, unless otherwise stated.

Classification and structures

The Parent Company's income statement and balance sheet follow the Annual Accounts Act in their structure. The differences compared with IAS 1 Presentation of Financial Statements, applied in the presentation of the Group's financial statements, mainly pertain to the recognition of financial income and expenses, fixed assets, equity and the recognition of provisions under a separate heading in the balance sheet.

Participations in Group companies

Participations in Group companies are recognized in the Parent Company in accordance with the cost method. Acquisition-related costs for Group companies, which are expensed in the consolidated financial statements, are included as part of the cost of shares in Group companies.

Group contributions and shareholder contributions for legal entities

The Parent Company recognizes Group contributions and shareholder contributions in accordance with statement RFR2 from the Swedish Financial Reporting Board. Group contributions are recognized as appropriations. In the Parent Company, shareholder contributions are capitalized as shares and participations. Impairment testing is also made as required of shareholder contributions together with other holdings in the receiving company.

Leases

All leases are recognized in the Parent Company in accordance with the regulations for operating leases. Lease payments made under operating lease agreements are expensed on a straight-line basis over the term of the lease.

NOTE 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 minimize 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 fulfill 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 endeavors to obtain loan commitments for all major investments to minimize 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 endeavors to have a loan portfolio that has a broad spread of credit maturities and facilitates amortization.

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 rates 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. 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 endeavors to work primarily with established customers who have a documented capacity to pay and competitive operations. Measures include a credit check of the financial position of the Group's customers by obtaining information from credit rating agencies. In the event the counterparty's ability to pay is deemed to be uncertain, a bank guarantee or other guarantee is required.

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/amortization, approximately 50 percent occurs in USD and approximately 50 percent 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 percent lower in 2021, sales would have declined to the same extent and operating profit would have improved by SEK 5 to 10 million.

Ovzon's net financial liabilities in USD on the balance-sheet date amounted to USD 12.9 million (0). During the year, the company subordinated USD 35 million of the USD 60 million credit facility signed in 2019. See also the Administration Report under Financial risks.

3.1.6 Terms of loans

The terms of loans are shown in Note 24 Liabilities to credit institutions.

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 provided by a third party. Ovzon's services are sold indirectly to an individual end user.

3.3 Sensitivity analysis

Apart from the sensitivity analyses presented above in Section 3.1.5, no further analyses have been prepared.

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 performance measure is calculated 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.

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. Actual outcomes may then differ from these assessments if other conditions 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 Group strengthened its capital base through several rights issues, which the management deems will ensure continued operation.

4.2 Uncertainty in accounting estimates

The estimates and assumptions that could entail a risk for adjustments to the carrying amounts of assets and liabilities in the next financial years are:

- Useful life of intangible assets and property, plant and equipment.
- Ability to comply with creditors' terms for financing of the ongoing satellite construction.
- Provision for income tax and measurement of deferred tax assets.

4.2.1 Income tax

Thorough assessments are required in order to establish the provision for income tax. There are transactions and calculations where the final tax is uncertain. In the event that the final tax for these differs from the amount originally recognized, these differences will impact current and deferred tax receivables and liabilities during the period in which these taxes were established. No deferred tax receivable has been recognized owing to uncertainty concerning the possibility of utilizing the tax loss carry forward that the tax is attributable to.

NOTE 5 – BREAKDOWN OF NET SALES

	Group		Parent Company	
	2021	2020	2021	2020
Satellite services				
Sweden	34,618	777	–	–
USA	156,760	159,700	–	–
	191,378	160,477	0	0
Management services				
Sweden	–	–	7,538	2,544
USA	–	–	17,000	17,000
Cyprus	–	–	280	280
	–	–	24,818	19,824
Total	191,378	160,477	24,818	19,824

The Group is dependent on a few customers, one of which accounts for 80 percent of the Group's revenue. The Group's revenues are received entirely in USD.

Total current assets by geographic market

	Dec 31, 2021	Dec 31, 2020
Sweden	1,150,731	843,680
Cyprus	21,018	18,596
USA	204,171	147,744
Total	1,375,920	1,010,020

NOTE 6 – DISCLOSURES ON INTRA-GROUP PURCHASES AND SALES, ETC.

Parent Company	2021	2020
Purchases, %	16	16
Sales, %	100	100

Pertains to the share of the Parent Company's revenue and external costs, respectively, managed within the Group.

NOTE 7 – DISCLOSURES ON AUDITOR FEES AND REMUNERATION

	Group		Parent Company	
	2021	2020	2021	2020
Grant Thornton				
Audit engagements	715	663	688	594
Auditor activities other than audit engagements	145	95	145	95
Tax consultancy	379	50	379	50
Other services	125	525	125	525
Total	1,364	1,333	1,337	1,264
Fees to other audit firms for other services	54	–	54	–
Total	1,418	1,333	1,391	1,264

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, SALARIES, OTHER REMUNERATION AND PAYROLL OVERHEADS

Average no. of employees	Group		Parent Company	
	2021	2020	2021	2020
Women	4	4	–	–
Men	31	25	2	2
Total	35	29	2	2

Subsidiaries	Group		Of which, women	
	2021	2020	2021	2020
Sweden	21	15	4	4
USA	14	12	–	–
Total	35	27	4	4

Gender breakdown in Board of Directors	Group		Parent Company	
	2021	2020	2021	2020
Number of Board members	6	6	6	6
– of which, women	(1)	(1)	(1)	(1)
Number of senior executives incl. CEO	9	9	2	2
– of which, women	(–)	(–)	(–)	(–)

Salaries and remuneration amount to:	2021			2020		
	Board of Directors and CEO (of which bonuses)	Other employees	Total	Board of Directors and CEO (of which bonuses)	Other employees	Total
Parent Company	1,490	4,122	5,612	1,245	3,678	4,923
	(–)		(–)	(–)		(–)
Subsidiaries						
Sweden	–	15,429	15,429	–	12,636	12,636
USA	4,167	20,224	24,391	3,921	17,205	21,126
	(568)		(568)			
Total remuneration subsidiaries	4,167	35,653	39,820	3,921	29,841	33,762
	(478)		(478)	(–)		(–)
Statutory and contractual national insurance costs:						
– Parent Company	468	1,295	1,763	391	1,156	1,547
– Subsidiaries	245	7,933	8,177	235	7,421	7,656
Pension expenses:						
– Parent Company	–	1,161	1,161	–	1,516	1,516
– Subsidiaries	204	4,965	5,169	196	4,216	4,412
Total social contributions and pensions	917	15,355	16,271	822	14,309	15,131
Group total	6,573	55,130	61,703	5,988	47,828	53,816

Pensions

The company and Group have no outstanding pension commitments. Premiums for pension insurance must correspond primarily to the supplementary pensions for salaried employees (ITP) plan. However, the American subsidiary, Ovzon LLC, pays premiums under a defined-benefit plan.

Remuneration to senior executives

Board members Anders Björkman, Nicklas Paulson, Magnus René, Patrik Tigterschiöld, Cecilia Driving and Dan Jangblad were re-elected at the 2021 AGM. Board fees (including fees for committee activities) were paid according to the table below.

Until April 30, 2021, Chairman of the Board Magnus René was CEO of the company and thus employed in the subsidiary,

Ovzon LLC. As CEO, Magnus René received a basic salary of TUSD 142, received variable remuneration of TUSD 57 for financial year 2020 and TUSD 4 for financial year 2021. During the period from January 1 to April 30, 2021, he had the right to insurance corresponding to the 401K plan in the US. No additional benefits were paid out.

Per Norén, the company's CEO, is employed in the subsidiary Ovzon LLC and receives an annual salary of TUSD 420. Per Norén succeeded Magnus René on May 1, 2021 and during the period from May 1 to December 31, 2021 drew a basic salary of TUSD 280 as well as variable remuneration of TUSD 7 for 2021. The CEO has the right to insurance equivalent to a 401k insurance plan in the US, but no other benefits are paid in addition to this.

2021 Remuneration to senior executives	Basic salary / invoiced fees	Variable remuneration	Board of Directors fees	Other benefits	Pension cost	Total
Magnus René, Chairman	1,196	508	370	–	84	2,158
Anders Björkman, Board member	–	–	210	–	–	210
Nicklas Paulson, Board member	–	–	220	–	–	220
Patrik Tigterschiöld, Board member	–	–	220	–	–	220
Cecilia Driving, Board member	–	–	265	–	–	265
Dan Jangblad, Board member	–	–	205	–	–	205
Per Norén, Chief Executive Officer	2,403	60	–	–	120	2,583
Other senior executives (7)	15,100	2,347	–	–	2,139	19,586
Total	18,699	2,915	1,490	–	2,342	25,446

2020 Remuneration to senior executives	Basic salary / invoiced fees	Variable remuneration	Board of Directors fees	Other benefits	Pension cost	Total
Magnus René, CEO/Board member	3,921	–	–	–	196	4,117
Anders Björkman, Chairman.	–	–	375	–	–	375
Nicklas Paulson, Board member	–	–	210	–	–	210
Cecilia Driving, Board member	–	–	255	–	–	255
Dan Jangblad, Board member	–	–	195	–	–	195
Patrik Tigterschiöld, Board member	–	–	210	–	–	210
Other senior executives (7)	14,014	1,350	–	–	2,108	17,472
Total	17,935	1,350	1,245	–	2,304	22,834

Incentive plans

In 2018, the company inaugurated two incentive plans: the 2018/2021 warrants program and the 2018/2021 employee stock option program. The company's Management Group has subscribed for the maximum number of warrants allotted – 167,000 in total – and other personnel have subscribed for 121,000 options. Following the rights issues in January 2019 and June 2020, the terms for the warrants program and the employee stock option program were restated. Each warrant provides entitlement to subscribe for 2.06 new shares in the company at a price of SEK 58.32 per share. Under these programs, 365,200 warrants were subscribed during the vesting period (May 15 to June 15, 2021).

An Extraordinary General Meeting on May 18, 2020 resolved on issuing a maximum of 900,000 warrants under the 2020/2023 warrants program. The company's Management Group has subscribed for the maximum number of warrants allotted – 500,000 in total – and other personnel have subscribed for a total of 200,000 options. Each warrant provides entitlement to subscribe for one new share in the company at a price of SEK 102.10 per share. If all options allotted are used in the option programs, a dilution of 1.4 percent of the shares and votes in the company will occur. The exercise period for all warrants runs from June 18, 2023 until July 18, 2023.

The Annual General Meeting on April 13, 2021 resolved to issue a maximum of 1,100,000 warrants under the 2021/2024 warrants program. The company's Management Group has subscribed for a total of 410,000 warrants and other personnel have subscribed for a total of 186,000 options. Each warrant provides entitlement to subscribe for one new share in the company at a price of SEK 145.6 per share. If all warrants allotted are used in the option program, a dilution of 1.2 percent of the shares and votes in the company will occur. The exercise period for the warrants runs from May 15, 2024 until June 15, 2024.

2018/2021 option program

Group	2021	2020
Warrants allotted and outstanding in Sweden	–	145,000
Employee stock options allotted and outstanding in the US	–	143,000
Useful life of the options	3 yrs	3 yrs
Value per option at allocation, under Black & Scholes model (SEK)	5.63	5.63
Subscription rights (Number of shares per option)*	2.06	2
Subscription price (SEK)*	58.32	58
IFRS 2 Costs of employee stock options in the US for the period (TSEK)	100	267
Vesting period: May 15, 2021 to June 15, 2021		
Number of shares issued in conjunction with redemption in 2021	365,200	–

* Following the rights issues in January 2019 and June 2020, the terms for warrants programs and employee stock option programs were recalculated.

2020/2023 option program

Group	2021	2020
Warrants allotted and outstanding	700,000	700,000
Useful life of the options	3 yrs	3 yrs
Value per option at allocation, under Black & Scholes model (SEK)	3.05	3.05
Subscription rights (Number of shares per option)	1.00	1.00
Subscription price (SEK)	102.10	102.10
Vesting period: June 18, 2023 to July 18, 2023.		

2021/2024 option program

Group	2021	2020
Warrants allotted and outstanding	596,000	-
Useful life of the options	3 yrs	-
Value per option at allocation, under Black & Scholes model (SEK)	3.83	-
Subscription rights (Number of shares per option)	1.00	-
Subscription price (SEK)	145.60	-
Vesting period: June 18, 2023 to July 18, 2023.		

Other option programs

In conjunction with raising the subordinated credit facility of TSEK 200,000 on July 3, 2019, 1,500,000 warrants were issued to the subordinated creditors. Following the rights issues in June 2020, the terms for the warrants were recalculated. Each warrant provides entitlement to subscribe for 1.02 new shares in the company at a price of SEK 98.16 per share. The warrants run for a maximum of five years and can be exercised for subscription for shares up to and including July 3, 2024.

NOTE 9 – DEPRECIATION/AMORTIZATION AND IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE FIXED ASSETS

	Group		Parent Company	
	2021	2020	2021	2020
Amortization and impairment of intangible fixed assets:	-1,684	-2,779	-	-
Depreciation of right-of-use assets:	-2,072	-1,523	-	-
Depreciation and impairment property, plant and equipment:	-6,139	-2,068	-	-
Total	-9,895	-6,370	-	-

NOTE 10 – FINANCIAL INCOME

	Group		Parent Company	
	2021	2020	2021	2020
Exchange gains	29,863	-	26,699	-
Interest income	2	45	12,173	33,780
Other items	-	-	137,053	-
Total	29,865	45	175,925	33,780

NOTE 11 – FINANCIAL EXPENSES

	Group		Parent Company	
	2021	2020	2021	2020
Exchange losses	-	-43,649	-	-39,053
Interest expenses	-4	4	-3	0
Interest expenses, IFRS 16, leased assets	-364	-288	-	-
Other financial expenses	-	-14,818	-137,053	-14,818
Total	-368	-58,759	-137,056	-53,871

NOTE 12 – TAX ON PROFIT FOR THE YEAR

	Group		Parent Company	
	2021	2020	2021	2020
The following components are included in the tax expense:				
Current tax	-	2,924	-	49
Deferred tax related to:				
- Temporary differences	32	25	-	-
Tax reported	32	2,949	-	49
Recognized profit/loss before tax				
	-83,886	-106,998	39,101	-21,582
Tax under applicable tax rate	17,281	22,898	-8,055	4,619
Tax effect of:				
Deductible expenses recognized against equity	1,812	1,633	1,812	1,633
Other deductible expenses not in recognized earnings	-	-	-	-
Adjustment of tax from prior years	-	3,094	-	49
Adjustments, net interest items	-	-	259	4,956
Non-deductible expenses	-16,779	-10,298	0	-23
Effect attributable to other tax rates in subsidiaries	515	-274	-	-
Effect of uncapitalized loss carry forwards, net	-2,796	-14,104	5,984	-11,185
Tax reported	32	2,949	-	49

The Group companies operate in different countries and are thus subject to different income tax rates, which are as follows:

	2021	2020
Cyprus, %	12.5	12.5
Sweden, %	20.6	21.4
USA, %	21.0	21.0

At the end of the financial year, there were saved tax loss carry forwards totaling TSEK 118,442 (88,666) in the Group. The following table indicates the losses carried forward broken down by country (amounts in TSEK):

	Dec 31, 2021	Dec 31, 2020
Cyprus	-	14,685
Sweden	79,925	49,923
US	38,517	24,058

There is a time limit of five years for the loss carry forwards in Cyprus and time limit of 20 years for the loss carry forwards in the US. There is no time limit for the loss carry forwards in Sweden. Based on the Group's financial situation, no value has been assigned for deferred tax assets on saved loss carry forwards in the balance sheet.

NOTE 13 – EARNINGS PER SHARE AND SHARE DATA

	2021	2020
Earnings attributable to Parent Company shareholders, TSEK	-83,854	-104,049
Earnings per share attributable to Parent Company shareholders, SEK	-1.78	-2.52
Earnings per share attributable to Parent Company shareholders after dilution, SEK	-1.78	-2.52
Average number of shares before dilution ^{††}	47,023,823	41,345,031
Average number of shares after dilution ^{††}	47,023,823	41,926,791
Total number of shares issued	51,270,876	46,244,688
Number of shares outstanding at the balance-sheet date after dilution ^{††}	51,270,876	46,826,448

NOTE 14 – CAPITALIZED EXPENDITURE FOR DEVELOPMENT

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Cost, opening balance	20,320	23,185	-	-
Exchange difference	2,171	-2,865	-	-
Accumulated cost, closing balance	22,491	20,320	-	-
Amortization, opening balance	-19,899	-20,513	-	-
Exchange difference	-2146	2,763	-	-
Amortization for the year	-446	-2,149	-	-
Accumulated cost, closing balance	-22,491	-19,899	-	-
Carrying amount, closing balance	-	421	-	-

NOTE 15 – PATENTS AND LICENSING RIGHTS

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Cost, opening balance	20,982	589	-	-
Purchases	2,610	23,001	-	-
Exchange difference	2332	-2,608	-	-
Accumulated cost, closing balance	25,924	20,982	-	-
Amortization, opening balance	-693	-151	-	-
Exchange difference	-131	88	-	-
Depreciation for the year	-1,238	-630	-	-
Accumulated cost, closing balance	-2,062	-693	-	-
Carrying amount, closing balance	23,862	20,289	-	-

NOTE 16 – EQUIPMENT, TOOLS FIXTURES AND FITTINGS

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Cost, opening balance	11,182	4,775	-	-
Purchases	26,181	4,619	-	-
Exchange difference	1,359	-499	-	-
Reclassifications	678	2,287	-	-
Accumulated cost, closing balance	39,400	11,182	-	-
Amortization, opening balance	-4,172	-2,541	-	-
Exchange difference	-521	437	-	-
Reclassifications	-545	-	-	-
Amortization for the year	-6,139	-2,068	-	-
Accumulated amortization, closing balance	-11,377	-4,172	-	-
Carrying amount, closing balance	28,023	7,010	-	-

NOTE 17 – LEASES

Right-of-use assets	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Carrying amount at the beginning of the year	8,106	8,488	-	-
Future right-of-use assets	3,144	-	-	-
Exchange difference	541	-382	-	-
Accumulated cost, closing balance	11,791	8,106	-	-
Amortization, opening balance	-3,066	-1,543	-	-
Amortization for the year	-2,072	-1,523	-	-
Accumulated amortization, closing balance	-5,138	-3,066	-	-
Carrying amount, closing balance	6,653	5,040	-	-
Lease liabilities	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Short-term	2,122	1,416	-	-
Long-term	5,017	3,927	-	-
Carrying amount, closing balance	7,139	5,343	-	-

NOTE 18 – CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Cost, opening balance	989,494	542,156	-	-
Prepaid expenses and advances paid	323,820	469,609	-	-
Reclassifications	-	-2,287	-	-
Exchange difference	16,264	-19,984	-	-
Accumulated cost, closing balance	1,329,578	989,494	-	-
Impairment, opening balance	-12,298	-12,298	-	-
Impairment for the year	-	-	-	-
Accumulated amortization, closing balance	-12,298	-12,298	-	-
Carrying amount, closing balance	1,317,280	977,196	-	-

Since loan facilities were utilized in 2021, borrowing expenses of TSEK 137,053 were capitalized during the year, of which TSEK 35,952 consisted of interest and commitment expenditures in 2021. These expenditures were paid by Ovzon AB but were charged onward by Ovzon Sweden AB; these are included in prepaid expenses and advances paid for the year.

Construction in progress has been impairment tested as part of the value of shares in subsidiaries. The impairment test was conducted based on the budget and forecasts, in which the first year of the forecast is based on the company's budget and the subsequent years on company management's forecasts for the future. The forecasts were prepared internally by company management based on historical data, the aggregate experience of management and their best assessment of the company's potential for growth and of market growth.

The present value of the forecast cash flows was calculated using a discount rate of 10.8 percent before tax. The key variables in the forecast are growth, gross margin and investments. Operating capital is assumed to change in proportion with revenue. Reasonable changes to these assumptions over time are felt not to give rise to any indication that the carrying amount of construction in progress cannot be justified.

NOTE 19 – PARTICIPATIONS IN GROUP COMPANIES

Parent Company	Dec 31, 2021	Dec 31, 2020
Cost, opening balance	1,033,491	26,605
Shareholders' contributions	362,000	1,006,886
Accumulated cost, closing balance	1,395,491	1,033,491
Carrying amount, closing balance	1,395,491	1,033,491

Directly owned subsidiaries

Company name	Number of votes	Votes/Shares of capital, %	Carrying amount	
			Dec 31, 2021	Dec 31, 2020
Ovzon Sweden AB	1,000	100	1,313,535	951,535
OverHorizon OHO 1 Limited	1,000	100	81,956	81,956
Ovzon US, LLC	1,000	100	0	0
	-	-	1,395,491	1,033,491

Directly owned subsidiaries

Company name	Corp. ID number	Domicile	Country	Profit/loss for the year	Equity
OverHorizon AB	556679-1181	Stockholm	Sweden	-65,146	1,172,643
OverHorizon OHO 1 Limited	262622	Nicosia	Cyprus	3,138	5,443
Ovzon US, LLC	S226247-7	Arlington, VA	USA	-65,264	-129,338

Subsidiaries indirectly owned through Ovzon US LLC

Company name	Corp. ID number	Domicile	Country	Votes/share of capital, %
Ovzon LLC	S226246-9	Arlington, VA	USA	100

NOTE 20 TRADE RECEIVABLES

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Receivables not due	28,204	5,896	-	-
Receivables due, <30 days	1,039	1,158	-	-
Receivables due, 31-60 days	828	-	-	-
Receivables due, 61-90 days	1,095	-	-	-
Receivables due, >120 days	1,366	-	-	-
Total	32,532	7,054	-	-

The Group has no significant amounts of trade receivables due on the respective balance sheet dates and thus reports no provision for doubtful trade receivables. 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 21 – PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Prepaid leases	167	241	-	10
Prepaid transaction costs	-	86,201	-	86,201
Prepaid satellite capacity	4,591	-	-	-
Other prepaid expenses	1,779	1,188	384	217
Total	6,537	87,630	384	86,428

NOTE 22 – CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Cash and bank balances	406,084	185,025	380,551	122,559
Total	406,084	185,025	380,551	122,559

NOTE 23 – EQUITY

Class of share	Dec 31, 2021				Dec 31, 2020			
	No. of shares	Par value (SEK)	No. of votes per share	Share capital	No. of shares	Par value (SEK)	No. of votes per share	Share capital
Class A shares	51,270,876	0.10	1	5,127	46,244,688	0.10	1	4,624
Total	51,270,876		51,270,876	5,127	46,244,688		46,244,688	4,624

Share capital development - past two years

Year	Event	No. of new shares	No. of Class A shares	No. of Class B shares	Total no. of shares	Change in share capital, TSEK	Total share capital, TSEK
2020	Opening balance	–	–	–	33,585,596	–	3,359
Jan 29, 2020	New share issue	1,358,559	–	–	34,944,155	135	3,494
May 26, 2020	New share issue	7,446,809	–	–	42,390,964	745	4,239
Jun 24, 2020	New share issue	3,853,724	–	–	46,244,688	385	4,624
Jun 30, 2021	New share issue	203,940	–	–	46,448,628	20	4,644
Jul 30, 2021	New share issue	161,260	–	–	46,609,888	16	4,661
Sep 30, 2021	New share issue	4,660,988	–	–	51,270,876	466	5,127

Note 24 – LIABILITIES TO CREDIT INSTITUTIONS

Non-current	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Liabilities to credit institutions	316,529	–	316,529	–
Total	316,529	–	316,529	–

In 2019, the company signed a senior credit facility of USD 60 million in order to ensure financing of its proprietary satellite, Ovzon 3. In 2021, a number of loan terms were renegotiated, and the company has strengthened its liquidity by utilizing USD 35 million of the credit facility. The loan runs up to six years with an interest rate, in USD, of LIBOR 3m + 10 percent. The aforementioned credit agreement also contains covenants, which are monitored on a quarterly basis. Ovzon fulfills the conditions in the credit agreement in effect.

NOTE 25 – ACCURED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Accrued personnel expenses	7,439	2,049	2,986	730
Other accrued expenses	15,812	5,356	5,536	1,057
Total	23,251	7,405	8,522	1,787

Otherwise, refer to the Group's and the Parent Company's Specifications of change in equity.

Other paid-in capital

Other paid-in 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 profit or loss in Ovzon. Other transactions with owners, such as dividends, are also reported here when applicable.

NOTE 26 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

TSEK 7,023 of the Group's cash and cash equivalents consist of frozen funds.

In conjunction with the utilization of the credit facility in April 2021, the company and its subsidiaries have pledged central assets under the loan agreement and related collateral agreements, including but not limited to the following: shares in the company's subsidiaries, certain intellectual property rights, certain intra-Group liabilities, central supplier contracts in the Ovzon 3 project (and signed direct contracts between certain suppliers and creditors) as well as certain bank balances, and the subsidiaries have taken over the loan agreement and guarantee the loans during the tenor of the loan agreement.

Pledged assets	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Shares in subsidiaries	1,048,753	–	1,395,491	–
Receivables from Group companies	–	–	375,136	–
Pledged bank funds	7,023	7,013	–	–
Total	1,055,776	7,013	1,770,627	–

Contingent liabilities

No contingent liabilities existed at the balance-sheet date.

NOTE 27 – SUPPLEMENTARY DISCLOSURES ON CASH FLOW STATEMENT

Adjustments for non-cash items	Group		Parent Company		Change in liabilities with cash flows in financing activities, Group	Liabilities to credit institutions	Lease liabilities	Total
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020				
	Depreciation/amortization and impairment fixed assets	9,895	6,370	–				
Other items	–	-413	–	–	Amortization	–	-1,811	-1,811
Total	9,895	5,957	–	–	Closing balance, December 31, 2020	–	5,343	5,343
					Opening balance January 1, 2021	–	5,343	5,343
					Loans raised	307,475	–	307,475
					Amortization	–	-1,348	-1,348
					<i>Non-cash items</i>			
					Future lease liabilities, IFRS 16	–	3,144	3,144
					– capitalized interest and currency effects, net	9,054	–	9,054
					Closing balance, December 31, 2021	316,529	7,139	323,668

NOTE 28 – 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.

Financial assets and liabilities by measurement category

Dec 31, 2021	Loans and trade receivables	Other financial liabilities	Total carrying amount	Accrued fair value	Dec 31, 2020	Loans and trade receivables	Other financial liabilities	Total carrying amount	Accrued fair value
Financial assets measured at amortized cost					Financial assets measured at amortized cost				
Other non-current receivables	–	–	–	–	Other non-current receivables	–	–	–	–
Trade receivables	32,532	–	32,532	32,532	Trade receivables	7,054	–	7,054	7,054
Cash and cash equivalents	406,084	–	406,084	406,084	Cash and cash equivalents	185,025	–	185,025	185,025
Total	438,616	–	438,616	438,616	Total	192,079	–	192,079	192,079
Financial liabilities measured at amortized cost					Financial liabilities measured at amortized cost				
Liabilities to credit institutions	–	316,529	316,529	316,529	Lease liabilities	–	5,343	5,343	5,343
Lease liabilities, IFRS 16 Leases	–	7,139	7,139	7,139	Trade payables	–	20,547	20,547	20,547
Trade payables	–	52,219	52,219	52,219	Other current liabilities	–	3,459	3,459	3,459
Other current liabilities	–	3,681	3,681	3,681	Total	–	29,349	29,349	29,349
Total	–	379,568	379,568	379,568					

The Group's maturity structure in respect of undiscounted cash flows for financial liabilities

Nominal amount at December 31, 2021	Within 1 year	1–2 years	2–5 years	More than 5 years	No due date
Liabilities to credit institutions	40,390	40,390	397,309	–	–
Lease liabilities, IFRS 16 Leases	2,328	2,328	3,831	–	–
Trade payables	52,219	–	–	–	–
Other current liabilities	3,681	–	–	–	–
Total	98,618	42,718	401,140	–	–

Nominal amount at December 31, 2020	Within 1 year	1–2 years	2–5 years	More than 5 years	No due date
Lease liabilities, IFRS 16 Leases	1,629	1,629	2,450	–	–
Trade payables	20,547	–	–	–	–
Other current liabilities	3,459	–	–	–	–
Total	25,635	1,629	2,450	–	–

NOTE 29 – TRANSACTIONS WITH RELATED PARTIES

Balances with related parties

Parent Company	Dec 31, 2021	Dec 31, 2020
Ovzon Sweden AB	9,112	11,196
OverHorizon OHO 1 Limited	32,800	43,253
Ovzon US LLC	845	502
Ovzon LLC	332,379	240,240
Total	375,136	295,191

For remuneration to the Board of Directors, the CEO and other senior executives in the company, refer to Note 8.

NOTE 30 – SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The announcement in February 2022 that the launch of Ovzon 3 had been delayed but is planned for 2022.

NOTE 31 – PROPOSED ALLOCATION OF PROFITS

The following profits are at the disposal of the Annual General Meeting (SEK):	1,818,994,879
The Board of Directors proposes that the following be carried forward (SEK):	1,818,994,879

The Board of Directors and Chief Executive Officer give their assurance that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden, and that the consolidated financial statements have been prepared in accordance with international accounting standards as referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and consolidated financial statements provide a true and fair account of the financial position and earnings of the Parent Company and the Group. The Administration Reports for the Parent Company and the Group provide a true and fair overview of the development of the operations, financial position and earnings of the Parent Company and the Group, and describe material risks and uncertainties faced by the Parent Company and the companies included in the Group.

As indicated above, the Annual Report and consolidated financial statements have been approved for issue by the Board of Directors and the CEO on March 25, 2022.

Magnus René
Chairman of the Board

Anders Björkman
Board member

Cecilia Driving
Board member

Dan Jangblad
Board member

Nicklas Paulson
Board member

Patrik Tigerschiöld
Board member

Per Norén
CEO

Our audit report was submitted on March 25, 2022

Grant Thornton Sweden AB

Carl-Johan Regell
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Ovzon AB (publ)

Corporate identity number 559079-2650

Report on the annual accounts

Opinions

We have audited the annual accounts of Ovzon AB (publ) for the year 2021 except for the Corporate Governance Report on pages 45-48. The annual accounts of the company are included on pages 55-80 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Ovzon AB (publ) as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our statements do not include the corporate governance report on pages 45-48. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Our statements in this report on the annual report are consistent with the content of the supplementary report that has been submitted to the company's board of directors in accordance with Article 11 Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of Ovzon AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, to the best of our knowledge, no prohibited services listed in article 5.1 of Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities have been provided to the audited company, or where appropriate, to its parent company or controlled company within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key Audit Matters Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and

consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts, but we do not provide a separate opinion on these matters.

Revenue recognition

Revenues amount to KSEK 191,378 for the financial year 2021 and mainly consist of revenue for sold broadband services, but also to some extent of self-develops products sold in forms of terminals. Revenues from broadband services are accounted for on a straight-line bases over the agreement period, normally 6-12 months, or alternatively based on consumed data or used connection time. Revenue is reported at the time of delivery and based on the fulfillment of performance commitments. The Group's revenues are considered a significant amount, why revenue recognition has been considered a key audit matter in the audit. Information regarding accounting principles can be found in Note 2 in the Annual report for Ovzon AB (publ). Our audit included, but was not limited to, the following audit procedures:

- Audit of the routines and controls for revenue recognition,
- Revenues from sold broadband services and products sold were reconciled against customer agreements and received payments,
- Audit of the valuation of income-related assets,
- Audit that the applied revenue accounting principles are in accordance with IFRS and that the information provided in the Annual report essentially meets the requirements.

Valuation of tangible fixed assets (the Group) and valuation of participations in Group companies (Parent company)

Ovzon Group's booked value of property, plant and equipment amounts to KSEK 1,345,303, and mainly pertains to an ongoing investment in their own satellite Ovzon 3, which is expected to be completed in 2022. A corresponding impairment test is performed by the parent company regarding the value of participations in Group companies (Ovzon Sweden AB of KSEK 1,313,535).

An impairment test has been performed to ensure that there is no need for impairment, by calculation a recoverable amount. This is based on management's assessment of factors such as sales growth, margin development, investment needs, weighted average cost of capital and perpetual growth rate. The groups principles for accounting for property, plant and equipment and additional information are described in Note 2 and 18. The parent company's principles for reporting participations in Group companies are set out in Note 2 and 19.

The reported value is significant and impairment tests are sensitive to changes in assumptions, why we considered this to be a key audit matter in our audit. Our audit included, but was not limited to;

- Audit and assessment of the Group's routines for impairment tests,.
- Evaluation of the reasonableness of management's assumptions and forecasts regarding future cash flows, including an assessment of sales growth and margin development,
- Together with our valuation specialists, compare and challenge significant assumptions in the management's valuation model for calculating the recoverable amount, including an assessment of the weighted average costs of capital and perpetual growth rate,
- Audit that the applied accounting principles are in accordance with IFRS and that the and that the information provided in the Annual report essentially meets the requirements.

Information other than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information than the annual accounts. The other information is found on pages 41-54 and 86-87 (but does not include the annual report and our auditor's report regarding it).

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also consider our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board with a statement that we have complied with relevant professional ethics requirements regarding independence and address all relationships and other circumstances that may reasonably affect our independence, and, where applicable, associated countermeasures. Of the areas communicated to the Board, we determine which of these areas have been the most significant for the audit of the annual report, including the most important assessed risks of material misstatement, and which therefore constitute the areas that are particularly important for the audit. We describe these areas in the auditor's report unless laws or other regulations prevent information on the matter.

Report on other legal and regulatory requirements

The auditor's audit of the administration of the Board of Directors and the Managing Director and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ovzon AB (publ) for the financial year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of Ovzon AB (Publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and

risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report Opinion

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report)

pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Ovzon AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #5b417e925aa537f86b-11c2308a5eb03498e91bb83582a9b295aacdb7fa72ac2 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Ovzon AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director

determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow. Grant Thornton Sweden AB, Stockholm, was appointed the auditor for Ovzon AB (publ) at the Annual General Meeting on 13th April 2021 and has been the company's auditor since 17th January 2017.

Stockholm 25 march 2022

Grant Thornton Sweden AB
Carl-Johan Regell
Authorized Public Accountant

Alternative performance measures

The company reports alternative performance measures in this Annual 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 Annual 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 margin refers to operating profit/loss in relation to net sales.

Adjusted operating margin

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

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/assets ratio

Equity expressed as a percentage of total assets.

Information for shareholders

The Board of Directors of Ovzon AB has issued notice of the Annual General Meeting.

Time: Thursday, April 21, 2022.

Venue: The company's premises at Anderstorpsvägen 10, Solna, Sweden.

Registration in the share register and notification

Shareholders wishing to attend the Annual General Meeting must:

- i. be registered on the record date, which is Monday, April 11, 2022, in the share register maintained by Euroclear Sweden AB; and
- ii. by April 19, 2022 at the latest register themselves and any assistants (maximum of 2) in writing by post to Baker & McKenzie Advokatbyrå, Attn: Carl Isaksson, Box 180, SE-101 23 Stockholm, Sweden (please mark the envelope "Årsstämma 2022 Ovzon AB (publ)") or by e-mail to carl.isaksson@bakermckenzie.com. The registration should indicate the full name, personal or corporate identity number, shareholding, share type, address, telephone number and (where applicable) information on representatives, proxies or assistants. Where applicable, the registration should be accompanied by power of attorney, proof of registration and other authorizing documents.

When registering, the shareholder should state their full name, personal identification number or corporate registration number, address and daytime telephone number. Shareholders are requested when registering to also provide details of representatives, proxy holders and advisors where applicable. Shareholders whose shares are registered under a nominee share holder at a bank or other nominee must temporarily register the shares under their own name through the agency of the nominee in order to have the right to attend the meeting. Such registration, which normally takes a few days, must be completed by Monday, April 11, 2022 and should therefore be requested from the nominee well in advance of that date. Voting rights registration that has been requested by the shareholders at such time that the registration was carried out by the relevant nominee by Wednesday, April 13, 2022 at the latest will be taken into consideration in producing the share register.

Dividend

The Board of Directors of Ovzon AB will propose to the Annual General Meeting that no dividend be paid for the 2021 financial year. In the coming years, Ovzon AB will primarily use generated cash flow for continued expansion.

Financial calendar

Annual General Meeting 2022	April 21, 2022
Interim Report January – March 2022	April 28, 2022
Interim Report January – June 2022	August 18, 2022
Interim Report January – September 2022	October 21, 2022

Contact information

Magnus René
Chairman of the Board
magnus.rene@mareadvisory.com

Per Norén
CEO
pno@ovzon.com

Ovzon AB (publ)
Anderstorpsvägen 10
SE-171 54 Solna,
Sweden
www.ovzon.com
+46 8 508 600 60



Ovzon

Ovzon AB (publ)
Andertorpsvägen 10, SE-171 54 Solna, Sweden
www.ovzon.com
+46 8 508 600 60
Corp. ID No. 559079-2650