

Year-end report

January–December 2022

www.ovzon.com



Record quarter and eventful start to 2023

January–December 2022

- Revenue increased to TSEK 356,993 (191,378)
- Operating profit/loss amounted to TSEK -46,958 (-113,383)
- Profit/loss after tax amounted to TSEK -2,079 (-83,854)
- Earnings per share amounted to SEK -0.04 (-1.78)
- Cash flow for the period amounted to TSEK -161,291 (208,880)
- The Board of Directors proposes that no dividend be paid for the financial year 2022

October–December 2022

- Revenue increased to TSEK 101,109 (73,209)
- Operating profit/loss amounted to TSEK -8,685 (-29,030)
- Profit/loss after tax amounted to TSEK -8,585 (-21,723)
- Earnings per share amounted to SEK -0.17 (-0.42)
- Cash flow for the period amounted to TSEK -57,250 (-59,266)

Significant events during the quarter

- Noora Jayasekara was appointed CFO starting November 1, 2022
- Order of MUSD 2.9 for SATCOM-as-a-Service from GRC in UK
- Order of MUSD 16 for SATCOM-as-a-Service from U.S. DOD
- Order of MSEK 10 for SATCOM-as-a-Service from Swedish Space Corporation
- Order of MUSD 1 for SATCOM-as-a-Service from new French partner Nigma

Significant events after the quarter

- Postponement of the launch of Ovzon 3 and change to SpaceX as launch partner
- Secured additional financing through loans and confirmed interest in new issue
- Publication of preliminary financial figures for the fourth quarter of 2022
- Notice of completed directed new share issue of MSEK 200
- Notice of extraordinary general meeting on March 3, 2023

Outlook

- The company assessment is that sales for 2023 will be higher than in 2022 and that the launch of Ovzon 3 will take place in the period from July to September 2023, given that the final integration and tests fall out as planned.

Key figures

TSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Full-Year 2021
Revenue	101 109	73 209	356 993	191 378
Operating profit/loss	-8 685	-29 030	-46 958	-113 383
Profit/loss for the period after tax	-8 585	-21 723	-2 079	-83 854
Earnings per share, SEK	-0,17	-0,42	-0,04	-1,78
Total cash flow	-57 250	-59 266	-161 291	208 880
Equity ratio, %	73	78	73	78
Order book, SATCOM services, MUSD	20,8	29,1	20,8	29,1
Share price end of period, SEK	57,60	62,80	57,60	62,80

CEO comments

Record quarter and eventful start to 2023

We can look back on a strong quarter for Ovzon. We extended the contract with our largest customer, the U.S. DOD, for 16 MUSD and broadened our customer base in Europe. Our focus in driving profitable growth had great effects and we signed agreements with new customers in Sweden, UK and France. We also got our first new customer in Spain at the beginning of 2023. Earlier in February we announced preliminary figures for the fourth quarter - our strongest to date both in terms of revenue and profitability. At the same time, we announced that the timing of the launch of Ovzon 3 is planned for July–September 2023 and will be carried out with SpaceX, which has resulted in increased costs for the project. We have therefore secured additional financing through an extended loan and a directed share issue.



Best quarter in Ovzon's history

Let's take it in turn. The fourth quarter was the best ever for Ovzon with sales growth of 38 percent and clearly improved profitability. During the quarter, we managed to utilize all satellite capacity and in addition used our inventory of mobile satellite terminals in an efficient way. Even more gratifying is that we have significantly advanced our positions in the European market through new contracts, via partners, with mainly military and civil defense organizations in England, France, Sweden and, after the end of the quarter, also in Spain. We are thus beginning to see the results of all the progressive dialogues we had during the year. We also renewed contracts with the U.S. DOD and UK MoD. The order intake for Ovzon SATCOM-as-a-Service during the quarter thus amounted to 17.8 MUSD. Extended and expanded relationships with existing customers as well as a broadened customer base, profitable growth and the launch of Ovzon 3 will also be in focus in 2023. Our cash flow is improving gradually, even though the quarter was negatively affected by increased inventory and late customer payments. We always work closely with our partners and we are in an active process to secure the late payments from one of our resellers.

Updated timetable for Ovzon 3

The start of 2023 has also included challenges. During the first part of 2023, it became clear to us that our manufacturing partner Maxar experienced further delays in the completion of our first own satellite Ovzon 3. This led to intensive dialogues with the contracted launch partner Arianespace to find a new possible time for launch, which Arianespace finally could not satisfy. To ensure flexibility and the most optimal time for launching the satellite, we instead entered into an agreement with SpaceX. Ovzon 3 will thus be launched later this year, planned in the period July–September 2023, with a Falcon 9 rocket from Cape Canaveral, Florida.

While we are clearly disappointed by the continued delays in satellite manufacturing, we are fully confident in the market demand for Ovzon 3, as evidenced by the continued positive engagements with existing and new customers regarding Ovzon 3, the Ovzon On-Board-Processor as well as the unique



capabilities of our new mobile satellite terminal Ovzon T7. The delay will have no effect on our current business commitments or new sales as we have access to satellite capacity to ensure ongoing deliveries, service and sales.

As a consequence of the delayed commercial service date for Ovzon 3, Intelsat General Communications (IGC) has opted to execute their termination right for the pre-capacity commitment for Ovzon 3. In light of our continued solid relationship and cooperation with Intelsat and IGC and the increased demand for Ovzon services, it is our assessment that this will not have any impact on future revenues for Ovzon 3.

Continued support from major shareholders and credit partners

The delay is expected to increase the total cost of the satellite project by approximately 25 MUSD. We have therefore secured financing for this by increasing the current loan facility with P Capital Partners and through a directed share issue of 200 MSEK to a number of the company's current major shareholders such as Öresund, Bure, Handelsbanken Fonder, Fjärde AP-fonden and AFA Försäkring as well as new shareholders. The strong commitment and long-term support that our shareholders and creditors have shown with short notice in this situation is a tremendous strength for the company. It also shows confidence in the unique technology and the paradigm shift in terms of mobility, performance and reliability that Ovzon 3 entails.

Good starting position for 2023

We enter 2023 with a strong confidence and drive for several reasons. We are today the only provider in the world that can deliver a unique integrated satellite communication service (Ovzon SATCOM-as-a-Service) that includes networks with strong bandwidth, mobile satellite terminals, tested and secure connection to the Internet and global support 365/24/7. Through our unique technology and integrated solutions, we today deliver the highest data transfer speed and the smallest mobile satellite terminals on the market in a secure manner. We can also quickly expand our capacity if needed. In addition, we have strengthened the organization with new key recruitments. Last but not least, through our collaborative partner strategy, nearness to the end-users, and through our own efforts, we can continue to broaden our base of quality customers where reliable, fast and high-performing satellite communication is absolutely crucial.

Per Norén, CEO Ovzon



About Ovzon

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

Vision

Connecting the world's critical missions via satellite

Business idea

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

Financial targets

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

Ovzon at a glance

Customer segments

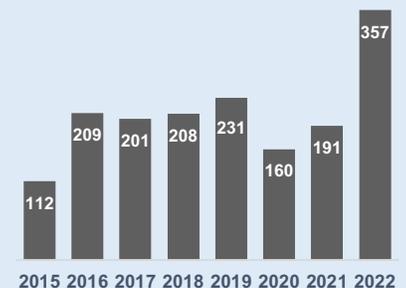
Defense
Government
Emergency services
NGOs
Media

Key trends

Increased demand for:

- Integrated solutions
- Bandwidth
- Mobility

Sales, MSEK





Financial overview

Development during the period

	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
TSEK	2022	2022	2022	2022	2021	2021	2021	2021
Revenue	101 109	78 069	77 928	99 887	73 209	47 823	33 216	37 131
Operating profit/loss	-8 685	-11 954	-8 810	-17 508	-29 030	-22 785	-30 910	-30 658
Profit/loss for the period after tax	-8 585	2 024	16 263	-11 780	-21 723	-12 339	-38 538	-11 254
Earnings per share, SEK	-0,17	0,04	0,32	-0,21	-0,42	-0,26	-0,84	-0,24
Total cash flow	-57 250	-60 406	51 933	-95 568	-59 266	144 516	218 032	-94 402
Equity ratio, %	73	71	73	79	78	80	78	95

Revenue and order intake

Revenue for the quarter amounted to TSEK 101,109 (73,209), which corresponds to a growth of 38 (118) percent. Adjusted for currency movements growth amounted to 16 (136) percent. During the fourth quarter of 2021, the production stock was sold to the company's new production partner Syntronic for TSEK 19,247. Adjusted for this one-off effect, the growth for the quarter was 87 (60) percent, and adjusted for exchange rate effects, growth was 57 (74) percent during the quarter. The higher turnover in the fourth quarter is partly attributable to new agreements with customers and the following higher capacity utilization of previously long-term purchased satellite capacity, as well as the sale of terminals.

Revenue for the full year amounted to TSEK 356,993 (191,378), which corresponds to a growth of 87 (19) percent. Adjusted for currency movements, the growth was 58 (28) percent. Adjusted for the one-off effect in the fourth quarter of 2021, the growth rate for the full year was 107 (7) percent and adjusted for currency movements 76 (15) percent. The higher turnover for the full year 2022 is driven by new agreements with customers followed by higher capacity utilization of previously long-term purchased satellite capacity, as well as the sale of terminals.

Order intake for SATCOM-as-a-Service amounted to MUSD 17.8 (25.0) for the quarter and MUSD 21.08 (34.2) for the full year. The order book for undelivered SATCOM-as-a-Service amounted to MUSD 20.8 (29.1) at the end of the period.

Ovzon's Satellite Managed Services Agreement (SMSA) with Intelsat General Communications LLC (IGC) included a pre-capacity commitment from IGC for Ovzon 3 services totaling \$56.2 million over three years. The SMSA provided IGC a termination right if Ovzon 3 were not in commercial service by 30 June 2022, and IGC chose to exercise that termination right in December of 2022. The agreement had provided IGC exclusive rights to sell in certain markets, hence the termination provides now Ovzon the ability to sell direct or through other partners in these markets. The SMSA, in principle, involved no agreed increase or new sales and the agreement has therefore not been included in Ovzon's order book. With background of Ovzon's good relationship and cooperation with Intelsat and IGC, and the increased demand for Ovzon's services, it is the company's assessment that this will not have any impact on future revenues for Ovzon 3.



Operating profit/loss

The operating loss for the quarter amounted to TSEK -8,685 (-29,030). Operating profit has been positively affected both by improved capacity utilization and new contracts and by the sale of terminals in the quarter. The operating margin in the quarter amounted to -4.3 (-19.8) percent. The operating margin in the quarter has been positively affected by increased sales of previously unsold, long-term purchased capacity. The quarter is negatively affected by a provision for doubtful accounts receivable of MSEK 10. The company works actively and closely with the customer to ensure payments, including the establishment of a payment plan for the customer.

The operating loss for the full year amounted to TSEK -46,958 (-113,383) and the operating margin for the full year amounted to -6.6 (-29.6) percent. Profitability has gradually been improved by the fact that capacity utilization in the steerable beams on the long-term purchased satellites improved during the year. In total, unsold capacity on the steerable beams has affected the operating profit by TSEK -37,647 (-58,269). The full year has been negatively affected by a provision for doubtful accounts receivable of MSEK 16 (0). The company works actively and closely with the customer to ensure payments, including the establishment of a payment plan for the customer.

During the second quarter of 2021, the company received government grants in the USA linked to Covid-19 of TSEK 1,789. The operating profit was then further negatively affected by listing costs of TSEK 2,282 linked to the company's move to Nasdaq Stockholm in the spring of 2021.

Profit/loss after tax

Loss after tax during the quarter amounted to TSEK -8,585 (-21,723). Adjusted for currency conversions, the result amounted to TSEK -6,580 (-29,750). Earnings per share amounted to SEK -0.17 (-0.42) for the quarter. For the full year, loss after tax amounted to TSEK -2,079 (-83,854) and adjusted for currency conversions, the loss amounted to TSEK -45,395 (-111,889). Earnings per share amounted to SEK -0.04 (-1.78) for the full year.

Cash flow

Cash flow from operating activities amounted to TSEK -36,050 (17,321) for the quarter and TSEK -116,322 (-77,370) for the full year. The deterioration in cash flow from operating activities is primarily linked to increased inventory and late customer payments.

The cash flow from investment activities amounted to TSEK -19,755 (-76,300) for the quarter and TSEK -146,384 (-273,814) for the full year. The investments were mainly attributable to the development of new terminals and the company's first own satellite Ovzon 3, a project which is expected to be completed during the period July to December 2023 (see further note 8).

Cash flow from financing activities amounted to TSEK -1,445 (-288) for the quarter and TSEK 101,415 (560,063) for the full year. During the quarter, the company paid loan expenses totaling TSEK 16,996 (10,875). During the year, loan expenses amounted to TSEK 57,541 (36,134). Of the loan expenses, interest paid comprises TSEK 16,259 for the quarter and TSEK 48,754 for the year. These have been capitalized and are thus reported as part of investment activities in the cash flow analysis.

Of the company's available loan facility of a total of MUSD 55, MUSD 10 is unused as of the balance sheet date. See further note 6.



Financial position

The group's cash and cash equivalents at the balance sheet date amounted to TSEK 275,612 compared to TSEK 406,084 at the beginning of the year. Equity amounted to TSEK 1,426,925 as of December 31, 2022 (1,450,268). The equity ratio amounted to 73 (78) percent. The interest-bearing net debt amounted to 202,435 (-82,415), an increase compared to the previous year. Indebtedness increased due to increased storage of terminals, negative development of working capital and investments mainly in Ovzon 3. At the same time, the long-term debt has increased.

Net debt	Dec 31	Dec 31
TSEK	2022	2021
Long-term liabilities, interest bearing	478 046	323 668
Current liabilities, interest bearing	–	–
Cash and cash equivalents	-275 612	-406 084
Net debt, interest bearing	202 435	-82 415
<i>Related to leasing</i>	<i>8 377</i>	<i>7 139</i>
Net debt, interest bearing, excl leasing	194 057	-89 554
Equity ratio, %	73	78
Net debt, interest bearing / adjusted EBITDA 12 month	neg	0,8x



Other information

Options outstanding

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

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

The Annual General Meeting on April 13, 2021, resolved to issue a maximum of 1,100,000 warrants under the “Warrant Program 2021/2024”. The company’s management team has subscribed for a total of 410,000 options and other personnel have subscribed for a total of 186,000 options. Each warrant entitles the holder to subscribe for one new share in the company at a price of SEK 145.6 per share. If all granted warrants and options in the program are used, 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, to June 15, 2024.

The Annual General Meeting on April 21, 2022, resolved to issue a maximum of 450,000 warrants under two incentive programs: “Warrant Program 2022/2025” (maximum 225,000 warrants that are transferred at market value) and “Employee Stock Option Program 2022/2025” (maximum 225,000 employee stock options that are issued free of charge). The company’s management team has signed the maximum number of allocated options, a total of 250,000, and other personnel have signed a total of 140,000 options. New employees during the second half of 2022 were in December 2022 offered to subscribe for remaining options, of which a total of 25,000 warrants and 10,000 employee stock options were subscribed. Each warrant or employee stock option entitles the holder to subscribe for one new share in the company at a price of SEK 80.93 per share. If all issued options are used in the option programs, a dilution of 0.9 percent of the shares and votes in the company will occur. The exercise period for the warrants runs from June 1, 2025, to June 30, 2025.

Management and organization

The number of employees in the Group at the end of the quarter was 43 (35). The company’s CFO Johan Brandt left the company at the end of September. Noora Jayasekara was appointed as the new CFO of Ovzon on October 11, 2022. She starts her employment with the company on October 20, 2022, and assumed the position as CFO on November 1, 2022, see further note 11.

Significant risks and uncertainties

Risks associated with the Group’s operations can generally be divided into strategical and operational risks related to business activities and risks related to financing activities.

The uncertainty in the world following the war in Ukraine, the subsequent energy crisis and higher inflation in large parts of the world affect the Group with higher costs for inputs and financing for both



Ovzon and Ovzon's customers. This may also have an impact on the investment plans of Ovzon's current and prospective customers.

In troubled times, it is natural for smaller currencies, such as the Swedish krona (SEK), to weaken against the US dollar and euro, which the company has clearly noticed recently with its large exposure to the US dollar. When the global situation stabilizes, we will probably be able to see a strengthening of the SEK against the USD, which will mean that the currency effects may affect the company's results.

As a result of Covid-19 and a overall global uncertainty, the company sees a continued risk of potential disruptions in supply chains and the financial stability of the company's customers and suppliers. This could affect the delivery time and quality of components from suppliers or the short-term solvency of customers.

The board and management follow the development of events in Ukraine and the changed security policy situation in other parts of the world to evaluate and proactively manage potential risks and opportunities. For a detailed description of Ovzon's risks and uncertainties and how they are managed, see further Ovzon's Annual Report 2021.

Parent company

Parent company operations comprise costs for parts of senior management and staff functions as well as other central costs. The Parent Company invoices the subsidiaries for these costs.

The parent company's revenue for the quarter amounted to TSEK 9,489 (9,950) with a loss after financial items of TSEK -6,646 (12,767). Revenue for the year amounted to TSEK 24,357 (24,818) with a profit after financial items of TSEK 54,144 (39,101). Cash and cash equivalents at the balance sheet date are TSEK 224,933 and at the beginning of the year TSEK 380,551. Investments during the year are TSEK 448,000 (362,000). Equity amounted to TSEK 1,879,026, compared to TSEK 1,824,122 at the beginning of the year. The number of employees is 3 (2).

The company's major shareholders

The number of shares in Ovzon AB as of 31 December 2022 amounted to 51,270,876 shares with a quota value of 0.1, corresponding to a share capital of SEK 5,127,087.60. The number of shareholders amounted to 6,185. The eight largest shareholders at the end of the period were Investment AB Öresund (11.9 percent), Bure Equity AB (11.4 percent), Futur Pension (9.7 percent), Fjärde AP-fonden (9, 1 percent), Handelsbanken Fonder (8.0 percent), AFA Försäkring (7.6 percent), Swedia Invest AB (6.1 percent), AB Stena Finans (3.2 percent). Other shareholders' holdings amounted to (33.1 percent).

Outlook

The company believes that revenue for 2023 will be higher than in 2022 and that the launch of Ovzon 3 will take place in the period from July to September 2023, given that the final tests fall out as planned.



Webcast

In connection with this interim report, a webcast will be held at 2 p.m. CET on February 21, 2023.

Ovzon's CEO, Per Norén, and CFO, Noora Jayasekara, will present the results and answer questions.

The webcast will be available via the following link:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=088D4C9E-2761-48B9-89DB-A2FFBED2E559>

If you wish to participate via conference call, please register via the following link:

<https://register.vevent.com/register/BI92974a8eea864af89477a314ef0cf6bc>.

After registration, you will get a phone number and a conference ID to access the conference.

The presentation will be held in English, with the opportunity to ask questions in Swedish if desired.

Financial calendar

Annual Report 2022	March 24, 2023
Annual General Meeting 2023	April 20, 2023
Interim report January–March 2023	April 27, 2023
Interim report January–June 2023	August 18, 2023
Interim report January–September 2023	October 20, 2023

Annual General Meeting

Ovzon's annual general meeting for 2023 will be held in Solna on April 20, 2023. For more information about the annual general meeting, visit www.ovzon.com.

The Nomination Committee for the AGM 2023 consists of representatives appointed by the three largest shareholders, and the chairman of the company. The Nomination Committee consists of Andreas Hofmann, appointed by Investment AB Öresund, Sophie Hagströmer, appointed by Bure Equity AB, Thomas Ehlin, appointed by The Fourth Swedish National Pension Fund, AP4 and Magnus René, chairman of Ovzon.

Shareholders wishing to submit proposals to the Nomination Committee may do so by e-mail to andreas.hofmann@oresund.se or by phone at +46 8 402 33 03 or by letter addressed to Ovzon AB, Attention; Nomination Committee, Anderstorpsvägen 10, SE-171 54 Solna, Sweden, no later than March 15, 2023.

Dividend

At the Annual General Meeting on April 21, 2022, it was decided that no dividend will be paid for the 2021 financial year. The Board of Directors proposes that the next Annual General Meeting resolves that no dividend be paid for the financial year 2022.



Review by auditors

The interim report has not been subject of review by the company's auditors.



Certification

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

Stockholm, February 21, 2023

Per Norén
CEO

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

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Group financial statements

Group income statements

TSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Revenue ^{note 5}	101 109	73 209	356 993	191 378
Other operating income	11 412	3 026	27 206	10 535
Purchased satellite capacity and other direct costs	-57 600	-68 370	-245 450	-177 313
Other external costs	-26 794	-16 906	-71 154	-58 867
Employee benefit expenses	-22 618	-15 893	-78 786	-65 618
Depreciation/amortisation	-6 917	-3 727	-23 380	-9 895
Other operating expenses	-7 277	-369	-12 386	-3 602
Operating profit/loss	-8 685	-29 030	-46 958	-113 383
Financial income	214	7 390	45 786	29 865
Financial expenses	-120	-89	-500	-368
Profit/loss after financial items ^{note 7}	-8 591	-21 729	-1 671	-83 886
Tax on the profit for the period	6	7	-407	32
NET PROFIT/LOSS FOR THE PERIOD	-8 585	-21 723	-2 079	-83 854
<i>Net profit/loss for the period attributable to:</i>				
Shareholders of the Parent Company	-8 585	-21 723	-2 079	-83 854
<i>Earnings per share attributable to shareholders of the Parent Company, SEK</i>				
Earnings per share attributable to shareholders of the Parent Company, SEK	-0,17	-0,42	-0,04	-1,78
Earnings per share after dilution	-0,17	-0,42	-0,04	-1,78
Average number of shares	51 270 876	51 270 876	51 270 876	47 023 823

Group statements over comprehensive income

TSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Profit/loss for the period	-8 585	-21 723	-2 079	-83 854
Other comprehensive income:				
<i>Items that can be subsequently reclassified to the income statement:</i>				
- Translation differences	13 364	-4 193	-22 182	-11 085
Other comprehensive income after tax	13 363	-4 193	-22 182	-11 085
Comprehensive income/loss for the period	4 778	-25 916	-24 261	-94 939
<i>Comprehensive income/loss for the period attributable to:</i>				
Shareholders of the Parent Company	4 778	-25 916	-24 261	-94 939
Comprehensive income/loss for the period	4 778	-25 916	-24 261	-94 939



Consolidated condensed balance sheets

TSEK	Dec 31 2022	Dec 31 2021
ASSETS*		
Intangible fixed assets	59 478	23 862
Property, plant and equipment ^{note 8}	1 477 668	1 345 303
Access rights assets	7 787	6 653
Financial fixed assets	144	102
Inventory	53 922	25 259
Current receivables	81 164	46 055
Cash and cash equivalents	275 612	406 084
TOTAL ASSETS	1 955 776	1 853 318
EQUITY AND LIABILITIES*		
Equity	1 426 925	1 450 268
Long-term liabilities, interest bearing ^{note 6}	469 669	316 530
Liabilities related to leasing, interest-bearing	8 377	7 139
Warranty provisions	1 400	–
Current liabilities, non-interest-bearing	49 404	79 382
TOTAL EQUITY AND LIABILITIES	1 955 776	1 853 318

*Reported values for financial assets and liabilities are either valued at fair value or constitute a good approximation of fair value.

Consolidated condensed statement of changes in equity

TSEK	Dec 31 2022	Dec 31 2021
Equity at the beginning of the year	1 450 268	1 292 611
Comprehensive income/loss for the period	-24 261	-94 939
Share issue, net after transaction costs	–	250 212
Employee stock options (according to IFRS 2)	158	100
Issued warrants	761	2 283
EQUITY AT THE END OF THE PERIOD	1 426 925	1 450 268



Consolidated condensed cash flow statements

TSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Sep 2022	Jan-Dec 2021
Cash flow from operating activities before changes in working capital	-6 379	-13 054	-22 572	-95 457
Total change in working capital	-29 671	30 376	-93 750	18 087
Cash flow from operating activities	-36 050	17 321	-116 322	-77 370
Cash flow from investing activities	-19 755	-76 300	-146 384	-273 814
Cash flow from financing activities	-1 445	-288	101 415	560 063
CASH FLOW FOR THE PERIOD	-57 250	-59 266	-161 291	208 880
Cash and cash equivalents at the beginning of the period	349 016	461 513	406 084	185 025
Exchange-rate difference in cash and cash equivalents	-16 154	3 837	30 819	12 179
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	275 612	406 084	275 612	406 084



Financial statements, Parent Company

Condensed parent company income statements

TSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Revenue	9 489	9 950	24 357	24 818
Other operating income	379	207	1 419	1 260
Other external costs	-5 088	-3 900	-15 655	-15 233
Personnel costs	-2 672	-3 303	-9 822	-10 613
Operating profit/loss	2 108	2 954	299	232
Financial revenues	8 248	21 202	111 448	175 925
Financial expenses	-17 002	-11 389	-57 603	-137 056
Profit/loss after financial items ^{note 7}	-6 646	12 767	54 144	39 101
Tax	–	–	–	–
NET PROFIT/LOSS FOR THE PERIOD	-6 646	12 767	54 144	39 101

Parent company statements of comprehensive income

TSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Profit/loss for the period	-6 646	12 767	54 144	39 101
Other comprehensive income:	–	–	–	–
Comprehensive income for the period	-6 646	12 767	54 144	39 101

Condensed parent company balance sheet

TSEK	Dec 31 2022	Dec 31 2021
ASSETS*		
Intangible fixed assets	439	–
Shares in Group companies	1 843 491	1 395 491
Receivables from Group companies ^{note 12}	283 176	375 136
Current receivables	1 457	654
Cash and cash equivalents	224 933	380 551
TOTAL ASSETS	2 353 496	2 151 832
EQUITY AND LIABILITIES*		
Equity	1 879 026	1 824 122
Long term liabilities, interest bearing ^{note 6}	469 669	316 530
Current liabilities, non-interest bearing	4 801	11 180
TOTAL EQUITY AND LIABILITIES	2 353 496	2 151 832

*Reported values for financial assets and liabilities are either valued at fair value or constitute a good approximation of fair value.



Condensed parent company statement of changes in equity

TSEK	Dec 31 2022	Dec 31 2021
Equity at the beginning of the year	1 824 122	1 532 525
Comprehensive income for the period	54 144	39 101
Share issue, net after transaction costs	-	250 212
Issued warrants	761	2 283
EQUITY AT THE END OF THE PERIOD	1 879 026	1 824 122

Notes

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

Ovzon applies the International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board RFR 1, Supplementary Accounting Rules for Groups. The Group's financial reports are prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. The interim report for the period January – September 2022 was prepared in accordance with IAS 34 Interim Reporting and the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34 are provided in notes as well as elsewhere in the interim report. The same accounting principles and calculation methods are applied as in the latest Annual Report. New or revised IFRS and interpretations with application from 2022 are not considered to have any significant impact on Ovzon's financial reports.

Note 2: Business segment reporting

The regular internal reporting of results to the CEO and that meets the criteria to constitute a segment takes place for the Group as a whole. The total Group is therefore reported as the company's only segment. In other respects, information is provided for the Group as a whole regarding the breakdown of income from various products and services and geographical areas respectively, see note 5.

Note 3: Fair value of financial instrument

The Group has no derivative instruments or other financial instruments measured at fair value. The fair value of long-term and current interest-bearing liabilities is not considered to deviate materially from their carrying amount. For financial instruments measured at amortized cost (accounts receivable, other receivables, cash and cash equivalents, trade payables and other interest-free liabilities), their fair value is considered equal to their carrying amount.

Note 4: Leasing

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

The company's agreement with Intelsat regarding capacity on IS-39 and IS-37 amounts to MUSD 39.4 and runs over 4 years, starting November 1, 2020. Since the capacity leased on the antennas does not correspond to substantially the entire capacity of the antennas, the capacity parts leased are not identified assets and therefore the agreements are not deemed to meet the definition of a leasing agreement in accordance with IFRS 16.

Note 5: Net sales

Distribution of net sales	Group			
	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Satellite services	80 574	53 961	293 475	169 798
Terminals	19 997	-	60 377	2 332
Other	538	19 247	3 141	19 247
Total	101 109	73 209	356 993	191 378



Net sales by geography	Group			
	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Europe	56 191	22 845	109 045	35 332
US	44 918	50 364	247 948	156 046
Total	101 109	73 209	356 993	191 378

Note 6: Financing

In 2019, the company signed a senior loan facility of MUSD 60 to secure the financing of its own satellite Ovzon 3. During 2021, MUSD 35 was utilized and during the first quarter 2022 MUSD 5 of the unused part of the loan facility expired. During the second quarter 2022 another MUSD 10 has been utilized. Total unused facility as of the balance sheet date thus amounts to MUSD 10. The loan runs over up to 6 years with an interest rate of USD 3m Libor + 10 percent.

Note 7: Net financial items

The Group's net financial items consist primarily of currency effects on the part of the company's net liquidity and Group balances held in US dollars. Aggregate currency effects are reported net, which means that individual quarters can present negative income or positive costs.

The Parent Company's net financial items include, in addition to the above items, debited loan expenses to Ovzon Sweden AB of TSEK 16,996 for the quarter and TSEK 57,540 for the full year.

Note 8: Current material fixed assets under construction and advance payments

Ongoing investment pertains to the company's proprietary satellite Ovzon 3, which is expected to be completed during the period July to September 2023.

Ongoing investment: Ovzon 3, TSEK	Dec 31 2022	Dec 31 2021
Opening balance accrued costs and advances paid	1 320 279	986 947
Costs and advances paid during the year	120 257	317 173
Translation difference	-	16 158
Closing balance accumulated capitalized costs ¹⁾	1 440 536	1 320 279
Opening balance write-downs	-12 297	-12 297
Write-downs for the year	-	-
Closing balance accumulated write-downs	-12 297	-12 297
Closing balance, reported value	1 428 239	1 307 982

1) Of the total capitalization TSEK 34 561 (23 703) relates to internal work.



As part of the loan facility has been utilized since April 2021, loan expenses of TSEK 57,540 were capitalized during 2022. These are included in costs and advances paid during the year.

In September 2022 a subcomponent in the Ovzon 3 project was sold from Ovzon LLC to Ovzon Sweden AB, therefore it does no longer exist any currency effect in the Ovzon 3 project.

Note 9: Tax

Deferred tax assets on tax-loss carry forwards are not included on the balance sheet.

Note 10: Pledged assets and contingent liabilities

TSEK 3,864 (7,023) of the Group's cash and cash equivalents consist of blocked funds.

In connection with the utilization of the credit facility in April 2021, the company and its subsidiaries have pledged the following central assets under the loan agreement and associated collateral agreements: the shares in the company's subsidiaries, certain intellectual property rights, certain intra-group liabilities, central supplier contracts in the Ovzon 3 project (between some of the suppliers and the lenders) as well as certain bank balances and that the subsidiaries have acceded to the loan agreement and guarantee the loans under the loan agreement.

Pledged assets	Group		Parent Company	
	Dec 31 2022	Dec 31 2021	Dec 31 2022	Dec 31 2021
Shares in subsidiaries	1 018 920	1 048 753	1 843 491	1 395 491
Receivables from Group companies	–	–	246 517	375 136
Pledged bank funds	3 864	7 023	–	–
Total	1 022 784	1 055 776	2 090 008	1 770 627

Note 11: Events after the balance sheet date

The company announced in February a postponement of the launch of Ovzon 3 and a change to SpaceX as launch partner. At the same time, the company announced that additional financing has been secured through loans and confirmed interest in a directed share issue. Due to this, the company chose at the same time to publish preliminary financial figures for the fourth quarter of 2022. The company has also announced its intention and carried out a directed share issue of SEK 200 million, as well as called an extraordinary general meeting on March 3, 2023.

Note 12: Related-party transactions

Total receivables from Group companies, TSEK	Dec 31 2022	Dec 31 2021
Ovzon Sweden AB	489	9 112
OverHorizon OHO 1 Limited	34 914	32 799
Ovzon LLC	246 516	332 379
Ovzon US LLC	1 256	845
Total	283 176	375 136



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

As the Parent Company's loan facility for financing Ovzon 3 has further been utilized, loan expenses of TSEK 16,996 have been debited to Ovzon Sweden AB during the quarter and TSEK 57,540 during the first nine months.



Alternative performance measures

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

Adjusted, revenue operating profit and adjusted EBITDA

Operating revenue, operating profit and EBITDA adjusted for items affecting comparability. Adjustment for non-recurring items is made to facilitate a fair comparison between two comparable periods and to show the underlying trend in operating activities excluding nonrecurring items.

Order book

The total value of orders received that have not yet been delivered.

Order intake

The value of new orders received.

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.

Interest-bearing net debt

Borrowing excluding interest rate derivatives less cash and cash equivalents and interest-bearing assets. Net debt is used as a simple way to illustrate and assess the Group's ability to meet financial commitments.

Operating margin

Operating profit/loss in relation to revenue.

Equity/asset ratio

Equity in relation to total assets.