



Interim Report

January–March 2023

Ovzon.com

Eventful start to 2023

January–March 2023

- Revenue totaled SEK 57 million (100). Adjusted revenue totaled SEK 57 million (97)
- Operating profit/loss totaled SEK -23 million (-18). Adjusted operating profit/loss totaled SEK -34 million (18)
- Profit/loss after tax totaled SEK -19 million (-12)
- Earnings per share totaled SEK -0.37 (-0.23)
- Cash flow for the period totaled SEK -72 million (-96)

Outlook

Due to the weak start of the year the company's assessment is that the revenue for 2023 will be in line with 2022 and that the launch of Ovzon 3 will take place in the period July to September 2023, given that the final integration and tests fall out as planned.

Significant events during the quarter

- Announcement regarding the delay of the launch of Ovzon 3, and switch to SpaceX as launch partner
- Carried out a directed share issue of SEK 200 million and secured additional financing through debt to finance the shift of launch provider and delay of Ovzon 3
- New provisions of SEK 34 million charged to earnings for 2022
- Extended regulatory deadline regarding orbital position for Ovzon 3
- First order in Spain via partner Aicox Solutions

Significant events after the end of the quarter

- Follow-up order of USD 0.6 million from French partner Nigma Conseil

KEY PERFORMANCE MEASURES

SEK m	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Revenue	57	100	357
Operating profit/loss	-23	-18	-81
Profit/loss for the period after tax	-19	-11	-36
Order book	134	208	218
Earnings per share, SEK	-0.37	-0.23	-0.71
Equity/assets ratio, %	74	79	72
Share price at end of period, SEK	37.8	50.7	57.6

Ovzon offers world-class mobile satellite-based communication services to global customers with critical missions.

Vision Connecting the world's critical missions via satellite.	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 Ovzon'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.
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60

Mbps
in transmission
speed

PERFORMANCE

6

kg
weight of the Ovzon T6 terminal

MOBILITY

99.9

percent
in service uptime

RESILIENCY



Eventful start to 2023

For Ovzon, the first quarter was intense on many levels. We were compelled to address a number of challenges during the quarter such as a delay to Ovzon 3, a change of launch partner, increased loan financing and a directed share issue as a result of the delay. Furthermore, we made additional provisions for bad debt and thus also revised our earnings for 2022. On the positive side, in late 2022 we signed contracts with new customers via partners in Sweden, the UK, and France. This was followed in January by our first customer in Spain, and at the end of the quarter we received a follow-up order from our French partner. Deliveries related to these contracts began during the quarter.

Eventful beginning to the year

Early in the year, it became clear that our manufacturing partner Maxar was experiencing further delays in the completion of our first proprietary satellite, Ovzon 3, which in turn meant we were forced to postpone the launch date for the satellite. To ensure flexibility and an optimal launch date, we signed an agreement with a new launch provider and the decision was made to switch from Arianespace to SpaceX. The work on the satellite is now in an intensive final phase. Our assessment continues to be that the launch of Ovzon 3 will take place in the period July to September 2023, given that the final integration and tests fall out as planned. However, there is still some uncertainty around the exact time of completion, which could potentially lead to some further delay.

In March, we were notified that our regulatory deadline for the use of the spectrum for orbital position 59.7 ° East had been extended – a position that is intended for use by Ovzon 3.

The delay notwithstanding, we are seeing continued strong interest from new and existing customers relating to Ovzon 3 and the unique new communication methods that the satellite enables.

Provisions for bad debt

The delay of Ovzon 3 and its consequences have increased the total cost of the project by approximately USD 25 million. Financing for these costs was secured during the quarter through

an increase to the existing credit facility with P Capital Partners and a directed share issue to several of the company's larger existing shareholders as well as new institutional investors. Shortly after we published our Year-end report for 2022 in February, new information emerged pertaining to the ability of the company's Italian distributor to fulfill its payment commitments to Ovzon. Regardless of the payment plan we agreed on, in addition to a pledge on the assets of



the Italian distributor, we chose to set aside additional provisions for bad debt. A further SEK 34 million was charged to our income statement for the fourth quarter and full year 2022.

Long sales cycles in concluding business

Revenue for the first quarter totaled SEK 57 million. Revenue was lower than the first quarter previous year, which is attributable largely to the major delivery last year of mobile satellite terminals to the US Department of Defense (U.S. DOD). We also chose not to recognize revenue of SEK 21.8 million (USD 2.1 million) from our Italian distributor during the quarter. Order intake during the quarter totaled USD 0.4 million, corresponding to roughly SEK 4 million. We have strengthened our position in the market, and we are encouraged by the orders we have recently received. At the same time we want to reduce the long lead times we experience in concluding major business transactions.

The operating loss for the quarter totaled SEK -23 million. Our focus is on improving profitability by increasing utilization of leased satellite capacity and win new business.

Focus on profitable growth for the rest of 2023

For the rest of 2023, we will continue to focus on the completion and launch of Ovzon 3, with its unique On-Board-Processor, and on launching Ovzon T7, our latest mobile satellite terminal. This will be done in combination with continued close dialogue and engagement with distributors and end customers in order for us to generate business and utilize the increased demand we are seeing. We have strengthened our organization with key competence, with increased focus on business development, growth, and delivery of our crucial technology projects.

Despite the eventful start of the year, I am proud of the fact that in February, Ovzon was named one of the ten hottest companies in the satellite industry by Via Satellite, an acknowledged leader in industry news and analysis.

Our agenda for the coming year is clear. Our commercial focus will continue to be defense, rescue services, and NGOs in the US and Europe. We have advanced our market position and are now working even closer with new and existing partners in combination with end customers. We know that we will be able to meet the world's rapidly increasing need for high performing, resilient, fast mobile solutions.

PER NORÉN, CEO OVZON

Recognition by acknowledged industry player

Via Satellite, the satellite industry's foremost news and analysis company, has selected Ovzon as one of the ten hottest companies in the industry.

Via Satellite highlights Ovzon's growth, unique character, and value offering:

"Ovzon stands out in the crowd of European space companies thanks to a multi-layered strategy bundling its satellite capacity and terminals together in SATCOM-as-a-Service (SaaS). The combination of its own satellites, terminals, and its SaaS offering is one of the most exciting components of its strategy. The company wants to become the *de facto* standard for SaaS for



Financial overview

Revenue and order intake

The quarter

Revenue totaled SEK 57 million (100) in the first quarter. Adjusted revenue amounted to SEK 57 million (97), as the comparison quarter also includes compensation for the sale of the production stock to Syntronic of SEK 3 million. Growth in the first quarter was -43 percent (169) and adjusted for currency effects the growth was -46 (132) percent. A large quantity of mobile satellite terminals was delivered to the U.S. DOD in the first quarter of 2022 related to the orders totaling SEK 39 million received in the second and fourth quarters of 2021. The corresponding deliveries did not take place to the same extent in the first quarter of 2023, which largely explains the downturn, for further information see Note 5.

Nor do the company's revenue for the first quarter include revenue from the company's Italian distributor pertaining to deliveries to the Italian Fire and Rescue Services. Due to current uncertainties regarding the customer's payment ability, the invoiced deliveries for the period amounting to USD 2.1 million (SEK 21.8 million), have not been recognized as revenue. This is related to the uncertainty regarding the solvency of the distributor and the related provisions for bad debt made during 2022.

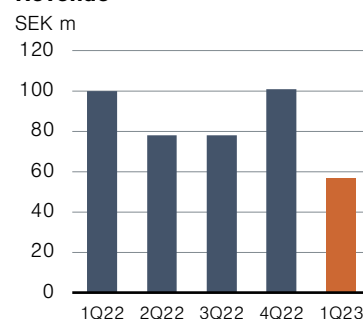
Revenue for Ovzon SATCOM-as-a-Service totaled SEK 54 million (58), for more information see Note 5.

Order intake in the quarter totaled USD 0.4 million (0.0), corresponding to roughly SEK 4 million (0).

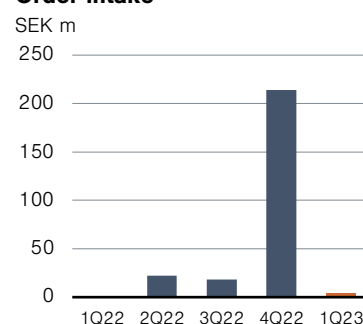
At the end of the period, the order book totaled USD 13 million (22), corresponding to SEK 134 million (208).

The downward trend in the order book is attributable primarily to the fact that the current order with the Italian fire and rescue services will be concluded in April 2023. Discussions regarding a possible extension with the end customer are ongoing.

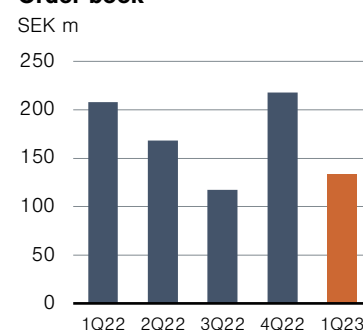
Revenue



Order intake



Order book



PERFORMANCE, QUARTERLY OVERVIEW

SEK m	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021
Revenue	57	101	78	78	100	73	48	33
Operating profit/loss	-23	-43	-12	-9	-18	-29	-23	-31
Profit/loss for the period after tax	-19	-43	2	16	-12	-22	-12	-11
Order book	134	218	117	168	208	302	121	107
Earnings per share, SEK	-0.37	-0.85	0.04	0.32	-0.21	-0.42	-0.26	-0.24
Total cash flow	72	-57	-60	52	-96	-59	145	-94
Equity/assets ratio, %	74	73	71	73	79	78	80	95

FINANCIAL OVERVIEW

Operating profit/loss

The quarter

The operating loss for the quarter totaled SEK -23 million (-18). The operating loss was adversely impacted in part by the lower delivery of SATCOM-as-a-Service, and in part by a smaller number of mobile satellite terminals delivered during the quarter compared with the year-earlier quarter. During the quarter, the operating loss was positively affected by SEK 11 million related to the repayment from the former launch partner Arianespace. When this positive exchange rate effect is excluded from the operating loss the adjusted operating loss amounts to SEK -34 million. The operating margin for the quarter was -41 percent (-18) and was adversely impacted by higher overheads pertaining to sales and personnel.

Profit/loss after tax

The quarter

Loss after tax for the quarter totaled SEK -19 million (-11). Adjusted for currency effects, the loss totaled SEK -22 million (-15). Earnings per share for the quarter amounted to SEK -0.37 (-0.23).

Cash flow

The quarter

Cash flow from operating activities for the quarter amounted to SEK -5 million (-67). The improvement to cash flow from operating activities is linked primarily to reductions in working capital.

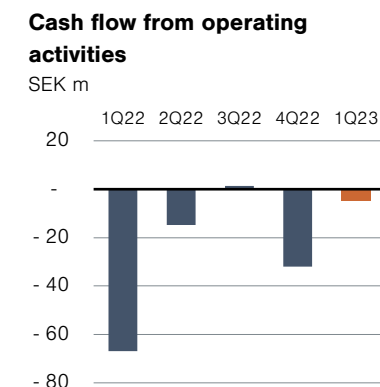
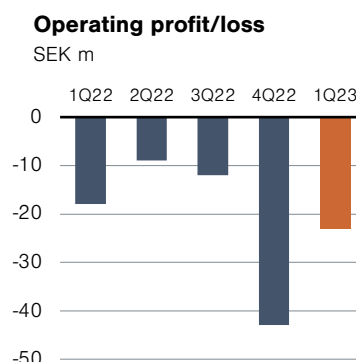
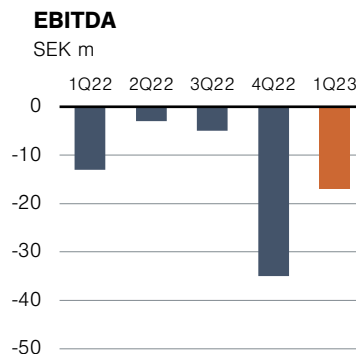
Cash flow from investing activities for the quarter amounted to SEK -116 million (-29). The investments were attributable primarily to development of new mobile satellite terminals and the company's first proprietary satellite, Ovzon 3, a project that is estimated to be completed in the period between July and September 2023 (refer further to Note 8).

Cash flow from financing activities for the quarter amounted to SEK 193 million (0), linked to the previously communicated directed share issue. During the quarter, the company paid loan fees totaling SEK 19 million (10). Of this expenditure, interest paid for the quarter totaled SEK 17 million (8). These have been capitalized and thus recognized as part of investing activities in the statement of cash flows.

Financial position

The Group's cash and cash equivalents amounted to SEK 346 million at the end of the reporting period, compared to SEK 276 million at the beginning of the year. Equity at March 31, 2023 totaled SEK 1,568 million (1,435). The debt/equity ratio was 74 percent (79). Interest-bearing net debt totaled SEK 126 million (18), an increase year-on-year. Net indebtedness increased due to investments in above all Ovzon 3 and the development of a new mobile satellite terminal, both of which adversely impacted cash and cash equivalents. At the same time, non-current liabilities increased.

Of the company's total credit facility of USD 65 million (SEK 673 million), USD 20 million (SEK 207 million) was unutilized as of the end of the reporting period. Refer further to Note 6.



Other information

Employees

At the end of the quarter, the number of employees in the Group was 44 (36).

Shares, share capital, and shareholders

The total number of shares in Ovzon AB on March 31, 2023 was 55,765,258 with a par value of 0.1, corresponding to share capital of SEK 5,576,525.80. The total number of shareholders was 6,338.

Shareholder	Number of shares	%
Bure Equity	6,984,629	12.5
Investment AB Öresund	6,763,985	12.1
Futur Pension	5,603,288	10.0
Handelsbanken Fonder	5,238,651	9.4
Fjärde AP-fonden	5,141,065	9.2
AFA Försäkring	4,238,599	7.6
Staffan Persson	3,152,281	5.6
Stena	1,772,954	3.2
Avanza Pension	914,228	1.6
Per Wahlberg	676,046	1.3

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 financing activities.

The turbulence resulting from the war in Ukraine, with the accompanying energy crisis and higher inflation in large parts of the world, has impacted the Group with higher costs for input goods, and financing for both Ovzon and its customers. This could also have an impact on the investment plans of Ovzon's current and presumptive customers.

In times of unrest, it is natural that minor currencies such as the Swedish krona weaken against the dollar and euro, which the company has noticed recently as a result of its exposure to the dollar. Once the situation in the business environment has stabilized, the krona will likely strengthen

against the dollar, which could result in currency effects having an impact on the company's earnings.

As a result of COVID-19 and general global turbulence, the company sees a continued risk of potential disruptions in the supply chains as well as to financial stability among the company's customers and suppliers. This could impact delivery times and the quality of components from suppliers, or customers' short-term ability to pay.

The Board of Directors and the Management Group are monitoring the course of events in Ukraine and the altered security policy situation in other parts of the world in order to evaluate and proactively manage potential risks and opportunities. A detailed report of Ovzon's risks and uncertainties and their management can be found in Ovzon's 2022 Annual Report.

Warrants outstanding

In conjunction with raising a subordinated credit facility of SEK 200 million 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 options 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.

OTHER INFORMATION

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 145.60 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.

The Annual General Meeting on April 21, 2022 resolved to issue a maximum of 450,000 options under two incentive plans: The 2022/2025 warrants program (maximum 225,000 warrants transferred at market value) and the 2022/2025 employee stock option program (maximum 225,000 employee stock options that were issued at no charge). In May, the company's Management Group subscribed for the maximum number of warrants allotted – 250,000 in total – and other personnel subscribed for a total of 140,000 options. In December 2022, new employees in the second half of 2022 were offered the opportunity to subscribe for the remaining options, of which a total of 25,000 options and 10,000 employee stock options were subscribed. Each warrant and employee stock option provides entitlement to subscribe for one new share in the company at a price of SEK 80.93 per share. If all options issued 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 until June 30, 2025.

Parent Company

The Parent Company's operations comprise senior management and staff functions and other central expenses. The Parent Company invoices the subsidiaries for these expenses.

The Parent Company's revenue for the quarter totaled SEK 5 million (5) with profit after financial items of SEK 2 million (9). Cash and cash equivalents were SEK 299 million

at the balance-sheet date and SEK 225 million at the beginning of the year. Equity totaled SEK 2,074 million (1,833), compared with SEK 1,879 million at the beginning of the year. The number of employees was 3 (2).

Webcast

In conjunction with this interim report, a webcast will be conducted at 2:00 pm CEST on April 25, 2023. Ovzon's CEO Per Norén and CFO Noora Jayasekara will present the results and answer questions.

The webcast can be reached via the following link:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=5C3AA446-7320-4458-9723-9526BB246BD4>

If you wish to participate in the teleconference, you can register via this

link: <https://register.vevent.com/register/BI4d15d76db7a0431b902aa5fa8ea7915a>

After registration, you will receive a telephone number and a conference ID to log in to the conference. There will be opportunities to ask questions via the teleconference.

The presentation will be given in English, with the possibility of asking questions in Swedish.

Financial calendar

Interim report Jan–Jun 2023: August 18, 2023

Interim report Jan–Sep 2023: October 20, 2023

Year-end report Jan–Dec 2023: February 23, 2024

Annual General Meeting

Ovzon's 2023 Annual General Meeting will be held in Solna, Sweden on April 20, 2023. For more information on the Annual General Meeting, visit www.ovzon.com.

OTHER INFORMATION

Review by the auditors

This interim report has not been reviewed by the company's auditors.

Assurance of the CEO

The CEO give their assurance that this interim report provides a true and fair overview of the development of the operations, financial position and earnings of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, April 20, 2023

Per Norén
CEO

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This information is such that Ovzon AB (publ) is obligated to make public pursuant to the EU Market Abuse Regulation, (EU) No. 596/2014. The information in this press release has been published through the agency of the contact persons set out below, on the date indicated by Ovzon AB's (publ) news distributor Cision upon the publication of this press release.

Consolidated financial statements

Consolidated income statement

SEK m	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Operating income, etc.				
Revenue	5	57	100	357
Capitalized own development		4	3	13
Other operating income		12	0	14
Operating expenses				
Purchased satellite capacity and other direct costs		-52	-83	-246
Other external expenses		-15	-14	-105
Employee benefit expenses		-21	-17	-79
Depreciation/amortization and impairment of property, plant and equipment, and intangible assets		-7	-4	-23
Other operating expenses		-2	-2	-12
Operating profit/loss		-23	-18	-81
Financial income	7	4	6	46
Financial expenses	7	0	0	0
Profit/loss after financial items		-19	-11	-36
Income tax	9	0	-1	0
PROFIT/LOSS FOR THE PERIOD		-19	-12	-36
Net profit/loss for the period attributable to:				
Shareholders of the Parent Company		-19	-12	36
Basic earnings per share, attributable to shareholders of the Parent Company, SEK		-0.37	-0.23	-0.71
Diluted earnings per share, SEK		-0.37	-0.23	-0.71
Weighted average number of shares		52,337,340	51,270,876	51,270,876

Consolidated statement of comprehensive income

SEK m	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Profit/loss for the period		-19	-12	-36
Other comprehensive income:				
Items that will be subsequently reclassified to the income statement:				
- Exchange differences on translating foreign operations		2	-3	-22
Other comprehensive income net after tax		2	-3	-22
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-18	-15	-58
Total:				
Shareholders of the Parent Company		-18	-15	-58

FINANCIAL STATEMENTS

Consolidated balance sheet

SEK m	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Intangible assets				
Capitalized development costs		40	0	34
Patents		25	24	26
		65	24	59
Property, plant and equipment				
Equipment, tools, fixtures and fittings		41	50	43
Right-of-use assets		6	9	8
Construction in progress and advance payments	8	1,542	1,327	1,435
		1,589	1,385	1,485
Financial assets				
Deferred tax assets	9	0	0	0
		0	0	0
Total non-current assets		1,654	1,409	1,545
Current assets				
Inventory		54	24	54
		54	24	54
Current receivables				
Trade receivables		31	44	30
Other receivables		6	19	5
Prepaid expenses and accrued income		25	5	12
		62	68	47
Cash and cash equivalents		346	316	276
Total current assets		462	408	377
TOTAL ASSETS		2,116	1,817	1,922

FINANCIAL STATEMENTS

Consolidated balance sheet, cont.

SEK m	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
EQUITY AND LIABILITIES				
Equity				
Share capital		6	5	5
Other contributed capital		2,006	1,813	1,813
Reserves		-15.4	2	-17
Retained earnings		-428	-382	-408
Equity attributable to the Parent Company's shareholders		1,568	1,435	1,393
Total equity		1,568	1,435	1,393
Non-current liabilities				
Borrowing		466	324	470
Lease liabilities		7	9	8
Other provisions		1	1	1
		474	335	479
Current liabilities				
Trade payables		26	12	20
Current tax liabilities		—	1	0
Other liabilities		2	4	2
Accrued expenses and deferred income		45	31	27
		74	47	49
TOTAL EQUITY AND LIABILITIES		2,116	1,817	1,922

FINANCIAL STATEMENTS

Consolidated statement of changes in equity

SEK m	Share capital	Other contributed capital	Reserves	Retained earnings	Total Equity
Equity at January 1, 2022	5	1,812	5	-372	1,450
Profit/loss for the period	—	—	—	-12	-12
Other comprehensive income	—	—	-3	—	-3
Total comprehensive income	—	—	-3	-12	-15
Warrants	—	—	—	—	—
New share issue	—	—	—	—	—
Costs attributable to the issue	—	—	—	—	—
Employee stock options	—	—	—	—	—
Total transactions with shareholders	—	—	—	—	—
Equity at March 31, 2022	5	1,812	2	-384	1,435

SEK m	Share capital	Other contributed capital	Reserves	Retained earnings	Total Equity
Equity at January 1, 2023	5	1,813	-17	-408	1,393
Profit/loss for the period	—	—	—	-19	-19
Other comprehensive income	—	—	2	—	2
Total comprehensive income	—	—	2	-19	-18
Warrants	—	—	—	—	—
New share issue	0	200	—	—	200
Costs attributable to the issue	—	-7	—	—	-7
Employee stock options	—	—	—	—	—
Total transactions with shareholders	—	193	—	—	193
Equity at March 31, 2023	6	2,006	-15	-428	1,568

FINANCIAL STATEMENTS

Consolidated cash flow statement

SEK m	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Operating activities				
Operating profit/loss		-23	-18	-81
Adjustments for non-cash items		8	4	26
Interest received, etc.		1	—	2
Interest paid, etc.		0	0	0
Income tax paid		0	—	—
Cash flow from operating activities before changes in working capital				
Decrease(+)/increase(-) in inventory		0	1	-29
Decrease(+)/increase(-) in trade receivables		-1	-12	2
Decrease (+)/increase (-) in current receivables		-15	-10	-3
Decrease (-)/increase (+) in trade payables		7	-40	-32
Decrease (-)/increase (+) in current liabilities		18	7	2
Total change in working capital		10	-53	-60
Cash flow from operating activities		-5	-67	-112
Investing activities				
Acquisition of intangible assets		-6	—	-34
Acquisition of property, plant and equipment		-112	-29	-129
Sale of property, plant and equipment		2	—	12
Cash flow from investing activities		-116	-29	-151
Financing activities				
New share issue		200	—	—
Issuance costs		-7	—	—
Remuneration received for warrants		—	—	1
Amortization of lease liability		0	—	-1
Proceeds from borrowings		—	—	102
Cash flow from financing activities		193	—	102
Cash flow for the period		72	-96	-161
Cash and cash equivalents at beginning of period		276	406	406
Exchange rate difference in cash and cash equivalents		-1	5	31
Cash and cash equivalents at end of period		346	316	276

Parent Company financial statements

Parent Company income statement

SEK m	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Operating income, etc.				
Revenue		5	5	24
Other operating income		1	0	1
Operating expenses				
Other external expenses		-6	-4	-16
Employee benefit expenses		-3	-2	-10
Operating profit/loss		-4	-1	0
Income from financial items				
Other interest income and similar items		6	52	111
Interest expenses and similar items		-0	-42	-58
		6	10	54
Profit/loss after financial items		2	9	54
Income tax		-	-	-
PROFIT/LOSS FOR THE PERIOD		2	9	54

Parent Company statement of comprehensive income

SEK m	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Profit/loss for the period		2	9	54
Other comprehensive income:		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2	9	54

Parent Company balance sheet

SEK m	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Intangible assets				
Other intangible assets		0	–	0
		0	–	0
Financial assets				
Participations in Group companies		1,843	1,395	1,843
Receivables from Group companies	12	281	384	283
		2,124	1,780	2,127
Total non-current assets		2,125	1,780	2,127
Current assets				
Current receivables				
Receivables from Group companies	12	108	87	–
Other receivables		0	4	1
Prepaid expenses and accrued income		20	0	1
		128	91	1
Cash and cash equivalents		299	295	225
Total current assets		426	387	226
TOTAL ASSETS		2,551	2,166	2,353
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		6	5	5
		6	5	5
Unrestricted equity				
Retained earnings		2,066	1,819	1,820
Profit/loss for the period		2	9	54
		2,068	1,828	1,874
Total equity		2,074	1,833	1,879
Non-current liabilities				
Liabilities to credit institutions		466	324	470
		466	324	470
Current liabilities				
Trade payables		2	0	1
Liabilities to Group companies		5	–	–
Current tax liabilities		–	–	0
Other liabilities		1	2	1
Accrued expenses and deferred income		3	7	3
		11	9	5
TOTAL EQUITY AND LIABILITIES		2,551	2,166	2,353

Notes

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

The consolidated financial statements for Ovzon AB (publ) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups. The Parent Company financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The interim report for the period January–March 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Disclosures under IAS 34 are provided both in the notes and elsewhere in this interim report. The accounting policies and calculation methods applied are in agreement with those described in the 2022 Annual Report. New and amended IFRS and interpretations applied as of 2023 have not materially impacted the financial statements.

Figures may be rounded up or down in tables and statements.

Note 2: Operating segment reporting

The regular internal reporting to the CEO of financial performance 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. Disclosures for the Group are otherwise provided as a total for the Group regarding disaggregation of revenue from various products and services and geographic areas, respectively; refer to Note 5.

Note 3: Fair value of financial instruments

The Group has no derivatives or other financial instruments measured at fair value. Fair value for long- and short-term interest-bearing liabilities are not deemed to have deviated materially from their carrying amounts. For financial instruments measured at amortized cost (trade receivables, 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: Significant judgements

In accordance with IFRS 16 Leases, an asset (related to a right-to-use asset) and a financial liability (regarding an obligation to make lease payments) are recognized in the

balance sheet. The lessee will further divide the cost of the leased asset into depreciation and interest payments.

The company's contracts with Intelsat concerning capacity on IS-39 and IS-37 amounts to USD 39.4 million (SEK 408 million) with a contract term of four years starting from November 1, 2020. Since the capacity rented on the beams does not represent substantially all of the capacity of the beam, those portions of capacity that are rented do not meet the criteria of an identified asset, and therefore the contracts are deemed not to meet the definition of a lease under IFRS 16.

Note 5: Disaggregation of revenue

	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
SATCOM-as-a-Service			
Italy	–	4	66
USA	47	52	208
Rest of World	8	2	20
Total	54	58	294

	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Terminals			
Italy	–	–	–
USA	–	39	40
Rest of World	3	3	23
Total	3	42	63
Total	57	100	357

Note 6: Financing

In 2019, the company signed a senior credit facility of USD 60 million (SEK 621 million) in order to ensure financing of its proprietary satellite, Ovzon 3. USD 35 million (SEK 362 million) of the credit facility was utilized in 2021, and USD 5 million (SEK 52 million) of the unutilized portion of the facility was forfeit in the first quarter of 2022. A further USD 10 million (SEK 104 million) was utilized in the second quarter of 2022. In January 2023, a change in the credit facility was agreed on, expanding it to USD 65 million (SEK 673 million). As of the balance sheet date, the total unutilized facility was thus USD 20 million (SEK 207 million). The loan extends up to six years with an interest rate, in USD, of LIBOR 3m + 10 percentage points.

Note 7: Net financial items

Consolidated net financial items comprise primarily currency effects on that part of the company's interest-bearing net debt and Group balances held in USD. Aggregate currency effects are recognized accumulated, net, which means that individual quarters may present negative earnings or positive costs depending on whether the accumulated net items have gone from an exchange-rate gain in one quarter to an exchange-rate loss in the subsequent quarter, or vice versa.

Note 8: Construction in progress pertaining to property, plant and equipment, and advance payments

Ongoing investment pertains to the company's own satellite, Ovzon 3, the completion of which is estimated for the period from July to September, 2023.

Ongoing investment, Ovzon 3, SEK m	Mar 31, 2023	Dec 31, 2022
Opening balance, accumulated cost	1,447	1,330
Investments for the year	108	90
Translation difference	0	28
Closing balance accumulated cost 1)	1,543	1,447
Impairment, opening balance	-12	-12
Impairment for the year	—	—
Accumulated impairment, closing balance	-12	-12
Carrying amount, closing balance	1,534	1,435

1) Of total investments in Ovzon 3, SEK 37 million (35) pertains to capitalized internal costs.

Since parts of the credit facility have been unutilized since April 2021, borrowing costs of SEK 57 million were capitalized in 2022. These are included in investments for the year.

Note 9: Tax

Deferred tax assets on accumulated loss carryforwards have not been recognized as deferred tax assets, considering the uncertainty pertaining to taxable surplus to use the loss against in the foreseeable future.

Note 10: Pledged securities and contingent liabilities

SEK 4 million (7) of the Group's cash and cash equivalents consist of restricted funds.

In conjunction with the utilization of the credit facility in April 2021, the Parent Company and its subsidiaries have pledged central assets under the loan agreement and appurtenant collateral agreements, including but not limited to the following: shares in the company's subsidiaries, certain intellectual property rights, certain intra-Group receivables, 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 securities	Group		Parent Company	
	Mar 31, 2023	Dec 31, 2022	Mar 31, 2023	Dec 31, 2022
Shares in subsidiaries	1,360	1,019	1,843	1,843
Receivables from Group companies	—	—	262	247
Restricted bank funds	4	4	—	—
Total	1,364	1,023	2,106	2,090

Note 11: Events after the reporting period

- Follow-up order of USD 0.6 million from French partner Nigma Conseil

Note 12: Related-party transactions

Total receivables in Group companies, SEK m	Mar 31, 2023	Dec 31, 2022
Ovzon Sweden AB	81	0
OverHorizon OHO 1 Limited	35	35
Ovzon LLC	262	247
Ovzon US LLC	5	1
Total	384	283

Ovzon AB (publ) is the Parent Company of the Group, which also comprises the subsidiaries Ovzon Sweden AB, OverHorizon OHO 1 Ltd, and Ovzon US LCC, as well as Ovzon LLC, a wholly owned subsidiary of Ovzon US LLC.

All related-party transactions are conducted on market conditions.

Alternative performance measures

In addition to the financial performance measures that have been prepared in accordance with IFRS, Ovzon presents alternative performance measures that are not defined under IFRS. These alternative performance measures are considered to be important earnings and performance measures for investors and other users of the annual and interim reports. These alternative performance measures should be regarded as a supplement to, but not a replacement for, the financial information that has been prepared in accordance with IFRS. Ovzon's definitions of these measures, which are not defined under IFRS, are presented in this note and under Definitions. These terms can be defined differently by other companies, and are therefore not always comparable with similar measurements used by other companies.

Alternative performance measures	Definition	Justification
Operating profit/loss	Profit/loss before financial items and tax.	This metric is used to monitor the performance of the business independent of how the company has been financed, or its tax position.
Adjusted operating profit/loss	Profit/loss adjusted for items affecting comparability.	Items affecting comparability are adjusted to facilitate a fair comparison between two comparable periods of time, and to show the underlying performance in operating activities excluding non-recurring items.
Operating profit/loss, last 12 months	Operating profit/loss for the current period, plus operating profit/loss for the preceding year less operating profit/loss for the comparison period from the preceding year.	This metric is used to monitor adjusted operating profit/loss over a twelve-month period to be able to routinely compare with the latest full-year outcome and budgeted full year.
EBITDA	Operating profit/loss before depreciation, amortization, and impairment.	This metric is used to monitor the company's profit/loss generated by operating activities and facilitates comparisons of profitability among different companies and industries.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Items affecting comparability are adjusted to facilitate a fair comparison between two comparable periods of time, and to show the underlying performance in operating activities excluding non-recurring items.
Adjusted EBITDA, 12 months	Adjusted EBITDA calculated over a twelve-month period.	This metric is used to monitor adjusted EBITDA over a twelve-month period to be able to routinely compare with the latest full-year outcome and budgeted full year. It is also a partial component in the alternative performance measure Interest-bearing net debt / adjusted EBITDA 12 months, multiple.
Items affecting comparability	Items that are not expected to recur, and which complicate comparability between two given periods.	Items affecting comparability are adjusted to facilitate a fair comparison between two comparable periods of time, and to show the underlying performance in operating activities excluding non-recurring items.
Order book	The aggregate value of orders for SATCOM-as-a-Service and terminals that have been received but not yet delivered at the end of each disclosed period.	This metric is used to monitor the company's outstanding deliveries of SATCOM-as-a-Service and terminals.
Order intake	Value of new SATCOM-as-a-Service and terminal orders received.	This metric is used to monitor orders received for SATCOM-as-a-Service and terminals.
Adjusted revenue	Revenue adjusted for items affecting comparability.	Items affecting comparability are adjusted to facilitate a fair comparison between two comparable periods of time, and to show the underlying performance in operating activities excluding non-recurring items.
Adjusted revenue growth	Growth in local currency for comparable companies adjusted for items affecting comparability.	This metric is used for monitoring the growth in the underlying business excluding eventual items affect comparability and foreign exchange variations.

Alternative performance measures	Definition	Justification
Profit/loss excluding currency effects	Profit/loss for the period adjusted for unrealized financial currency effects in the period.	Unrealized financial currency effects are adjusted because the company's earning can vary drastically depending on the performance of the USD. The company's internal loans, a large part of its cash and cash equivalents, and the company's external financing are denominated in USD.
Interest-bearing net debt	Borrowing excluding interest-rate derivatives and lease liabilities, less cash and cash equivalents and interest-bearing assets.	The metric is used to easily illustrate and assess the Group's possibilities for fulfilling its financial commitments.
Interest-bearing net debt excluding lease liabilities	Borrowing excluding interest-rate derivatives, less cash and cash equivalents and interest-bearing assets.	The metric is used to easily illustrate and assess the Group's possibilities for fulfilling its financial commitments.
Interest-bearing net debt / adjusted EBITDA, 12 months, multiple	Interest-bearing net debt divided by adjusted EBITDA.	This metric shows the Group's indebtedness in relation to adjusted EBITDA. It is used to illustrate the Group's possibility of fulfilling its financial commitments.
Operating margin (%)	Operating profit/loss divided by operating income, multiplied by 100.	This metric is used to understand the generation of the Group's profit.
Equity/assets ratio (%)	Equity including non-controlling interests, divided by the balance sheet total and multiplied by 100.	This metric shows how large a share of the assets are financed with equity. The purpose is to be able to assess the Group's ability to pay over the long term.

ALTERNATIVE PERFORMANCE MEASURES

Reconciliations

Adjusted operating profit/loss	Jan-Mar	Jan-Mar	Jan-Dec
SEK m	2023	2022	2022
Operating profit/loss	-23	-18	-81
Realized positive foreign exchange rate effect related to repayment of prepayment from launch partner	-11	-	-
Adjusted operating profit/loss	-34	-18	-81

Operating profit/loss, last 12 months	Apr 2022-Mar 2023	Apr 2021-Mar 2022
SEK m		
Operating profit/loss, current period	-23	-18
+ Operating profit/loss, preceding year	-81	-113
- Operating profit/loss from the year-earlier period	18	31
Operating profit/loss, last 12 months	-87	-100

EBITDA and adjusted EBITDA	Jan-Mar	Jan-Mar	Jan-Dec
SEK m	2023	2022	2022
Operating profit/loss	-23	-18	-81
Excluding depreciation/amortization	7	4	23
EBITDA	-17	-13	-57
Realized positive foreign exchange rate effect related to repayment of prepayment from launch partner	-11	-	-
Adjusted EBITDA	-28	-13	-57

Adjusted revenue and adjusted revenue growth	Jan-Mar	Jan-Mar	Jan-Dec
	2023	2022	2022
Revenue, SEK m	57	100	357
Sale of production inventory	-	-3	-3
Adjusted revenue, SEK m	57	97	354
Average exchange rate for the period, SEK/USD	10.4280	9.5715	10.1245
Adjusted revenue, USD m	5	10	35
Adjusted revenue growth adjusted for currency effects	-46%	132%	76%

Profit/loss excluding currency translations	Jan-Mar	Jan-Mar	Jan-Dec
SEK m	2023	2022	2022
Profit/loss for the period	-18	-15	-58
Excluding unrealized financial currency effects	-3	-3	-43
Profit/loss excluding currency translations	-21	-18	-102

ALTERNATIVE PERFORMANCE MEASURES, CONT.

Reconciliations

	Mar 31	Mar 31	Dec 31
	2023	2022	2022
Interest-bearing net debt, and interest-bearing net debt excluding lease liabilities			
SEK m	2023	2022	2022
Non-current liabilities, interest-bearing	473	334	478
Current liabilities, interest-bearing	—	—	—
Cash and cash equivalents	-346	-316	-276
Interest-bearing net debt	126	18	202
of which, lease liabilities	7	9	8
Interest-bearing net debt excluding lease liabilities	120	8	194

	Mar 31	Mar 31	Dec 31
	2023	2022	2022
Equity/assets ratio	74%	79%	72%
Interest-bearing net debt / Adjusted EBITDA, 12 months, multiple	neg	neg	neg

	Jan–Mar	Jan–Mar	Jan–Dec
	2023	2022	2022
Closing rate on the balance-sheet date			
EUR	11.2760	11.1283	10.3384
GBP	12.8142	12.5811	12.1702
USD	10.3539	10.4371	9.2641