

# Interim report

January–March 2024

Ovzon.com

## Strong order intake – good start to 2024

### January–March 2024

- Revenue totaled 65 MSEK (57)  
Adjusted revenue totaled 64 MSEK (57)
- Operating loss and totaled -25 MSEK (-23)  
Adjusted operating loss totaled -25 MSEK (-34)
- Loss after tax totaled -43 MSEK (-19)
- Earnings per share totaled -0.39 SEK (-0.37)
- Cash flow for the quarter totaled -77 MSEK (72)

### Significant events during the quarter

- Successful launch of Ovzon 3 on January 3, 2024
- U.S. DOD first to order the new Ovzon T7 mobile satellite terminal
- Renewal for delivery to the Italian Fire and Rescue Services
- Order of 9.7 MUSD from a European customer
- New order of 6 MSEK from Swedish Space Corporation

### Significant events after the end of the quarter

No significant events have occurred after the end of the quarter

### KEY PERFORMANCE MEASURES

MSEK	Jan–Mar 2024	Jan–Mar 2023	Jan–Dec 2023
Revenue	65	57	290
Operating profit/loss	-25	-23	-95
Profit/loss for the period after tax	-43	-19	-60
Order book	204	134	143
Earnings per share, SEK	-0.39	-0.37	-1.09
Equity/assets ratio, %	68	74	70
Share price at end of period, SEK	13.3	37.8	14.5

# 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, while the company prepares the operationalization of its own satellite Ovzon 3.

### PERFORMANCE

**60** Mbps

Transmission speed

### MOBILITY

**2.8** kg

Weight of the Ovzon T7 terminal

### RESILIENCY

**100%**

Service uptime



# Strong order intake – good start to 2024

For Ovzon, the first months of 2024 have started in the same positive manner as we finished 2023. The launch of our own first satellite Ovzon 3 on January 3<sup>rd</sup> 2024 was not only a significant milestone for the company, it is also the ignition for active in-depth customer dialogues and demonstrations of the enhanced performance, mobility and resiliency that Ovzon's next generation SATCOM-as-a-Service will offer. Even though Ovzon 3 is not entering service until mid-2024, our accelerated sales efforts and strengthened position among our defense, national security and public safety customers, especially in Europe, have already resulted in important contract wins for Ovzon.

I am pleased with the order intake in the first quarter, which came in strong at 11.1 MUSD (0.5), following a solid fourth quarter 2023. The largest order in the quarter was a 12-month contract with a European customer at a value of 9.7 MUSD. It includes both mobile satellite terminals as well as our high-performing SATCOM-as-a-Service. The service starts in the second quarter. This win is important as it is a significant expansion of our installed base in Europe.

We also renewed the continued delivery of our integrated SATCOM-as-a-Service solution to the Italian Fire and Rescue Services throughout 2024. Furthermore, we received another new order from Swedish Space Corporation (SSC). In February, the U.S. DOD was the first customer to place an order for the recently launched Ovzon T7 mobile satellite terminal – the smallest and most powerful mobile satellite terminal in the industry.

During the first quarter we actively engaged with customers at the satellite industry's most prominent event, Satellite 2024 in Washington D.C.

This flagship exhibition attracted 350 exhibitors and more than 15,000 visitors. We won a prestigious award as the industry's best on-orbit innovation with Ovzon 3. I am proud to conclude that Ovzon during the last year has raised its profile considerably.

### **Ovzon – unique integrated solutions, beyond cutting-edge technology**

Ovzon is today positioned in the premium segment of mission critical connectivity, delivering integrated mobile satellite

communications by utilizing cutting-edge technologies. We continue to receive positive feedback for our dedicated customer service where we are committed to Service Level Agreements, delivering the highest level of performance and customer support. Our service model includes local, 24/7 expert support, to ensure that any anomalies are resolved in real time. Our customers view Ovzon as a true partner and our commitment to customer service is one of our most distinct critical success factors.



### Setting the pace for the company's next phase

Ovzon 3's orbital raising progress is fully on track. The satellite is very healthy and in good shape. We are actively preparing for its entry into the service. By mid-year, when the satellite is operational, we will be in an improved position. With Ovzon 3 online we will be managing a hybrid network with a mix of our own satellite and leased capacity which creates flexibility in terms of geographical coverage, performance and cost effectiveness. It allows us to meet customer demands, optimize our services and capacity utilization. In parallel, we are continuously evaluating the company's mid to long-term strategy.

Many nations, alliances and organizations are accelerating and strengthening their capabilities for total defense, national security, and civil defense. Space, and satellite communications, plays a vital role and is rapidly becoming a critical part of any nation's overall strategy.

Countries with little to no satellite infrastructure are now shaping plans to create sovereign systems that allow for more autonomy in an increasingly space-based geopolitical environment. This enables governments to build a more resilient communications infrastructure. The Ovzon 3 satellite and the unique Ovzon proprietary developed On-Board-Processor will shortly bring capabilities online that will be more important now than ever.

At the moment, our main focus is getting Ovzon 3 into service which will enhance our ability to grow by utilizing our own capacity and capabilities. This in addition to our commitment to deliver the highest level of customer satisfaction, further sharpen our market activities and invest in and protect our technology leadership to drive profitable growth.

PER NORÉN, CEO OVZON

## Order of 9.7 MUSD expands SATCOM-as-a-Service in Europe

The combination of high performance, mobility and resiliency makes Ovzon SATCOM-as-a-Service the ideal solution to support critical humanitarian, national security and public safety missions.

The 12-month order represents a significant expansion of Ovzon's integrated SATCOM-as-a-Service offering in Europe. The order includes a high-powered Ovzon spot beam powered network and a number of Ovzon's "On-The-Move" mobile satellite terminals. The service will start in the second quarter of 2024.

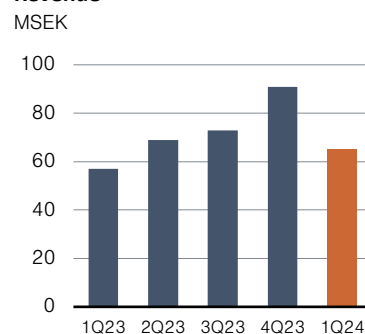
# Financial overview

## Revenue and order intake

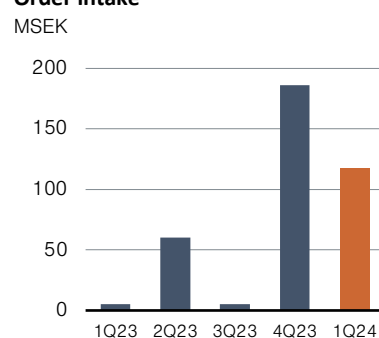
Revenue totaled 65 MSEK (57) in the first quarter. Adjusted revenue totaled 64 MSEK (57). The adjustment relates to the sale of production stocks. Growth in the first quarter was 13 percent (-43), and adjusted for exchange-rate effects, growth was 16 percent (-46). Increased deliveries of SATCOM-as-a-Service in Europe and sales of mobile satellite terminals compensates the decline in deliveries of SATCOM-as-a-Service in the US; refer further to Note 5.

Order intake in the quarter totaled 11.1 MUSD (0.5), corresponding to 118 MSEK (5). Order intake was positively impacted by orders received from European customers.

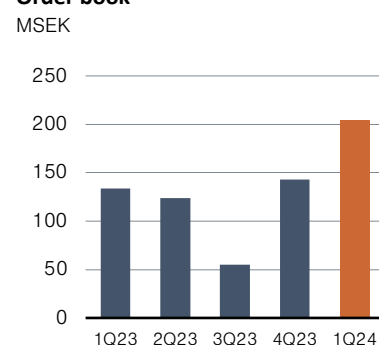
### Revenue



### Order intake



### Order book



## PERFORMANCE, QUARTERLY OVERVIEW

MSEK	Jan-Mar 2024	Oct-Dec 2023	Jul-Sep 2023	Apr-Jun 2023	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022
Revenue	65	91	73	69	57	101	78	78
Operating profit/loss	-25	-14	-29	-28	-23	-43	-12	-9
Profit/loss for the period after tax	-43	12	-30	-24	-19	-43	2	16
Order book	204	143	55	124	134	218	117	168
Earnings per share, SEK	-0.39	0.23	-0.54	-0.45	-0.37	-0.83	0.04	0.32
Total cash flow	-74	191	-55	-238	72	-57	-60	52
Equity/assets ratio, %	68	70	73	72	74	73	71	73

## FINANCIAL OVERVIEW

### Operating profit/loss

The operating loss for the quarter amounted to -25 MSEK (-23). Adjusted operating loss amounted to -25 MSEK (-34). The comparative quarter was positively affected by a currency effect of 11 MSEK, which was excluded from the adjusted operating loss. Operating income and adjusted operating income were positively affected by higher utilization of leased satellite capacity and sales of mobile satellite terminals. Increased expenses related to sales efforts in connection with the launch of the services for Ovzon 3, and higher personnel costs had a negative impact on the result.

The operating margin in the quarter amounted to -38 (-41) percent. The operating margin in the quarter was positively impacted by improved satellite capacity utilization.

### Profit/loss after tax

Loss after tax for the quarter totaled -43 MSEK (19). Adjusted for unrealized currency translations, the loss amounted to -25 MSEK (-22). Earnings per share for the quarter amounted to -0.39 SEK (-0.37).

### Cash flow

Cash flow from operating activities for the quarter amounted to -3 MSEK (-5). The improvement is linked to improved capital employed, mainly customer payments.

Cash flow from investing activities for the quarter amounted to -74 MSEK (-116). The investments are attributable primarily to the company's first proprietary satellite, Ovzon 3 (refer further to Note 8) as well as the development of new mobile satellite terminals.

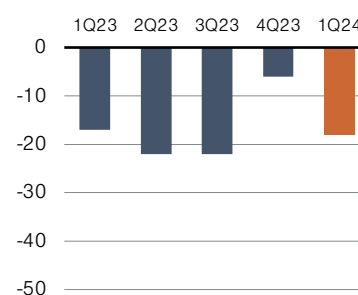
Cash flow from financing activities for the quarter amounted to 0 MSEK (193). During the quarter, the company paid loan fees totaling 27 MSEK (19). Of this expenditure, interest paid for the quarter totaled 26 MSEK (17). This expenditure has been capitalized and thus recognized as part of investing activities in the statement of cash flows.

### Financial position

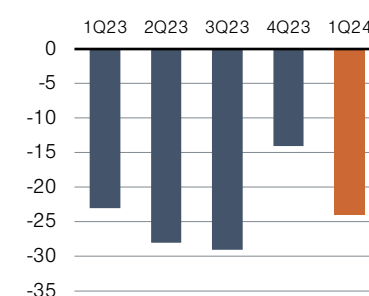
The Group's cash and cash equivalents amounted to 172 MSEK at the end of the reporting period, compared to 247 MSEK at the beginning of the year. Equity at March 31, 2024 totaled 1,720 MSEK (1,568). The equity/assets ratio was 68 percent (74). Interest-bearing net debt totaled 507 MSEK (120), an increase year-on-year owing to investments in above all Ovzon 3 and the development of a new mobile satellite terminal, both of which impacted cash and cash equivalents negatively.

Of the company's total credit facility of 65 MUSD (55), 0 MUSD (20) was unutilized as of the end of the reporting period. Refer further to Note 6 Financing and Note 4 Significant judgements, financial risks and going concern.

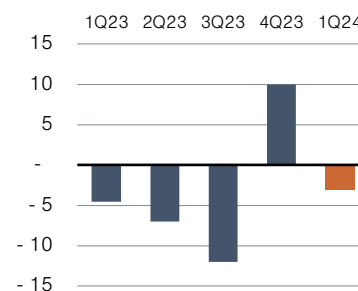
### EBITDA MSEK



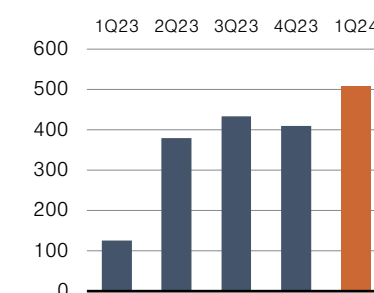
### Operating profit/loss MSEK



### Cash flow from operating activities MSEK



### Interest-bearing net debt MSEK



# Other information

## Employees

At the end of the quarter, the number of employees in the Group was 46 (43).

## Shares, share capital, and shareholders

The total number of shares in Ovzon AB on March 31, 2024 was 111,530,516 with a par value of 0.1, corresponding to share capital of 11,153,051.60 SEK. The total number of shareholders was 7,749.

Shareholder	Number of shares	%
Bure Equity	14,209,525	12.7
Investment AB Öresund	13,527,970	12.1
Grignolino AB	12,574,192	11.3
Handelsbanken Fonder	10,655,555	9.6
Fjärde AP-fonden	10,282,130	9.2
Futur Pension	5,694,533	5.1
Avanza Pension	3,603,208	3.2
Stena	3,545,908	3.2
Per Wahlberg	2,551,254	2.3
Patrik Björn	1,755,000	1.6

## 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.

The turbulence resulting from the geopolitical situation, 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.

Owing to the prevailing global turbulence, the company sees a risk of potential disruptions in the customer and 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 Group has accumulated bad debt from the previous Italian distributor, which has continued to show a weak financial position. That is why the company set aside a reserve of 82 MSEK for anticipated credit losses, out of the total receivable of 82 MSEK as of March 31, 2024. The provision is the same as at the December 2023 closing date. The company is working actively and closely with the party that is behind on its payments to ensure settlement of the debt.

The Board of Directors and the Management Group are monitoring the course of events and the altered global security policy situation 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 2023 Annual Report.

As the company does not yet generate positive cash flows, there is also a financing risk; refer further to Note 4.

## Warrants outstanding

In conjunction with raising a subordinated credit facility of 200 MSEK on July 3, 2019, 1,500,000 warrants were issued to the subordinated creditors. Following the rights issues in June 2020 and December 2023, the terms for the warrants were recalculated. Each warrant provides entitlement to subscribe for 1.32 new shares in the company at a price of 76.06 SEK 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.

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 112.08 SEK per share. If all warrants allotted are used in the warrants 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 2022, 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 62.72 per share. If all options issued are used in the warrants 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 5 MSEK (5) with loss after financial items of -83 MSEK (2). During the quarter, a capital contribution of 64 MSEK was paid to Ovzon Sweden AB and, following an impairment test in connection with the December 2023 financial statements and associated sensitivity analysis, the shares in Ovzon Sweden AB were impaired by a corresponding amount during the quarter. Cash and cash equivalents at the end of the reporting period are 89 MSEK and at the beginning of the year 191 MSEK. Equity totaled 1,530 MSEK, compared with 1,613 MSEK at the beginning of the year. The number of employees was 3 (3).

#### **Annual General Meeting**

Ovzon's Annual General Meeting for 2024 will be held in Solna on April 19, 2024. For more information about the Annual General Meeting, visit [www.ovzon.com](http://www.ovzon.com).



## Webcast

In conjunction with this interim report, a webcast will be conducted at 1:30 pm CEST on April 19, 2024. 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://www.finwire.tv/webcast/ovzon/q1-2024/>

The telephone number to participate in the teleconference is +46 8 5050 0829 (then enter the meeting ID: 872 7895 6683, followed by #).

To ask a question, enter \*9 on your telephone. To withdraw the

question, enter \*9 again.

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

## Financial calendar

Interim report Jan–Jun 2024: August 16, 2024

Interim report Jan–Sep 2024: October 25, 2024

## Review by the auditors

This interim report has not been subject to review by the company's auditors.

## Assurance of the CEO

The CEO gives 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 19, 2024

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 was submitted, through the agency of the contact person set out above, on the date indicated by Ovzon AB's (publ) news distributor MFN.

# Consolidated financial statements

## Consolidated income statement

MSEK	Note	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Revenue	5	65	57	290
Other operating income		3	12	38
Capitalized own development		4	4	14
Purchased satellite capacity and other direct costs		-40	-52	-219
Other external costs		-20	-15	-75
Employee benefit expenses		-25	-21	-89
Depreciation/amortization and impairment of property, plant and equipment, and intangible assets		-7	-7	-28
Other operating expenses		-4	-2	-25
<b>Operating profit/loss</b>		<b>-25</b>	<b>-23</b>	<b>-95</b>
Financial income	7	0	4	30
Financial expenses	7	-18	0	-2
<b>Profit/loss after financial items</b>		<b>-42</b>	<b>-19</b>	<b>-67</b>
Tax	9	-1	0	7
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>-43</b>	<b>-19</b>	<b>-60</b>
Net profit/loss for the period attributable to:				
Shareholders of the Parent Company		-43	-19	-60
Basic earnings per share, attributable to shareholders of the Parent Company, SEK		-0.39	-0.37	-1.09
Diluted earnings per share, SEK		-0.39	-0.37	-1.09
Weighted average number of shares		111,530,516	52,337,340	54,728,671

## Consolidated statement of comprehensive income

MSEK	Note	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Profit/loss for the period		-43	-19	-60
Other comprehensive income:				
Items that have been subsequently reclassified to the income statement:				
- Exchange differences on translating foreign operations		-17	2	11
Other comprehensive income net after tax		-17	2	11
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-60</b>	<b>-18</b>	<b>-48</b>
Comprehensive income for the period attributable to:				
Shareholders of the Parent Company		-60	-18	-48

## Consolidated balance sheet

MSEK	Note	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets		91	65	84
Equipment, tools, fixtures and fittings		31	41	31
Construction in progress and advance payments	8	2,137	1,542	2,071
Right-of-use assets		4	6	4
Deferred tax assets		-	0	-
<b>Total fixed assets</b>		<b>2,171</b>	<b>1,654</b>	<b>2,190</b>
<b>Current assets</b>				
Inventory		51	54	41
Trade receivables		18	31	35
Other receivables		6	6	5
Prepaid expenses and accrued income		13	25	26
<b>Cash and cash equivalents</b>		<b>172</b>	<b>346</b>	<b>247</b>
<b>Total current assets</b>		<b>261</b>	<b>462</b>	<b>355</b>
<b>TOTAL ASSETS</b>		<b>2,523</b>	<b>2,116</b>	<b>2,545</b>

**Consolidated balance sheet, cont.**

MSEK	Note	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		11	6	11
Other paid-in capital		2,243	2,006	2,243
Reserves		-23	-15	-6
Accumulated deficit including loss for the year		-512	-428	-468
<b>Equity attributable to the Parent Company's shareholders</b>		<b>1,720</b>	<b>1,568</b>	<b>1,780</b>
<b>Total equity</b>		<b>1,720</b>	<b>1,568</b>	<b>1,780</b>
<b>Non-current liabilities</b>				
Borrowing		680	466	640
Lease liabilities		2	7	4
Other provisions		1	1	1
<b>Total non-current liabilities</b>		<b>683</b>	<b>474</b>	<b>646</b>
<b>Current liabilities</b>				
Borrowing		13	-	13
Trade payables		31	26	84
Current tax liabilities		1	-	0
Other liabilities		8	2	3
Accrued expenses and deferred income		68	45	20
<b>Total current liabilities</b>		<b>121</b>	<b>74</b>	<b>119</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,523</b>	<b>2,116</b>	<b>2,545</b>

## Consolidated statement of changes in equity

MSEK	Share capital	Other contributed capital	Reserves	Accumulated deficit including loss for the year	Total Equity
Equity at January 1, 2023	5	1,813	-17	-408	1,393
Profit/loss for the year	-	-	-	-60	-60
Other comprehensive income	-	-	11	-	11
Total comprehensive income	-	-	11	-60	-48
Rights issue	6	445	-	-	451
Costs attributable to the issue	-	-15	-	-	-15
Total transactions with shareholders	6	430	-	-	436
Equity at December 31, 2023	11	2,243	-6	-468	1,780

MSEK	Share capital	Other contributed capital	Reserves	Accumulated deficit including loss for the year	Total Equity
Equity at January 1, 2024	11	2,243	-6	-468	1,780
Profit/loss for the year	-	-	-	-43	-43
Other comprehensive income	-	-	-17	-	-17
Total comprehensive income	-	-	-17	-43	-60
Equity at March 31, 2024	11	2,243	-23	-511	1,720

## Consolidated cash flow statement

MSEK	Note	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
<b>Operating activities</b>				
Operating profit/loss		-25	-23	-95
Adjustments for non-cash items		3	8	28
Interest received, etc.		0	1	4
Interest paid, etc.		-	0	-0
Income tax paid		-	0	7
<b>Cash flow from operating activities before changes in working capital</b>		<b>-22</b>	<b>-14</b>	<b>-57</b>
Decrease(+)/increase(-) in inventory		-10	0	13
Decrease(+)/increase(-) in trade receivables		17	-1	-44
Decrease (+)/increase (-) in current receivables		12	-15	-14
Decrease (-)/increase (+) in trade payables		-53	7	64
Decrease (-)/increase (+) in current liabilities		53	18	24
<b>Total change in working capital</b>		<b>19</b>	<b>10</b>	<b>42</b>
<b>Cash flow from operating activities</b>		<b>-3</b>	<b>-5</b>	<b>-14</b>
<b>Investing activities</b>				
Acquisition of intangible assets		-6	-6	-27
Acquisition of property, plant and equipment		-70	-112	-648
Sale of property, plant and equipment		2	2	8
<b>Cash flow from investing activities</b>		<b>-74</b>	<b>-116</b>	<b>-668</b>
<b>Financing activities</b>				
New share issue		-	200	451
Costs in conjunction with issue		-	-7	-15
Remuneration received for warrants		-	-	-
Amortization of lease liability		0	0	-4
Loans raised		-	-	219
<b>Cash flow from financing activities</b>		<b>0</b>	<b>193</b>	<b>651</b>
<b>Cash flow for the period</b>		<b>-77</b>	<b>72</b>	<b>-31</b>
Cash and cash equivalents at beginning of period		247	276	276
Exchange rate difference in cash and cash equivalents		2	-1	2
<b>Cash and cash equivalents at end of period</b>		<b>172</b>	<b>346</b>	<b>247</b>

# Parent Company financial statements

## Parent Company income statement

MSEK	Note	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
<b>Operating income, etc.</b>				
Revenue		5	5	39
Other operating income		0	1	1
		5	5	41
<b>Operating expenses</b>				
Other external expenses		-10	-6	-28
Employee benefit expenses		-3	-3	-11
		-13	-10	-40
<b>Operating profit</b>		<b>-8</b>	<b>-4</b>	<b>1</b>
<b>Income from financial items</b>				
Other interest income and similar items		7	6	143
Interest expenses and similar items		-18	-0	-96
Income from participations in Group companies		-64	-	-750
		-75	6	-703
<b>Profit/loss after financial items</b>		<b>-83</b>	<b>2</b>	<b>-702</b>
Tax		-	-	-
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>-83</b>	<b>2</b>	<b>-702</b>

## Parent Company statement of comprehensive income

MSEK	Note	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Profit/loss for the period		-83	2	-702
Other comprehensive income:		-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-83</b>	<b>2</b>	<b>-702</b>

## Parent Company balance sheet

MSEK	Note	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets				
Capitalized expenditure for development and similar items		0	0	0
		0	0	0
<b>Property, plant and equipment</b>				
<b>Construction in progress</b>				
		0	–	0
		0	–	0
<b>Financial assets</b>				
Participations in Group companies		1,719	1,843	1,719
Receivables from Group companies	12	366	281	344
		<b>2,084</b>	<b>2,124</b>	<b>2,063</b>
<b>Total fixed assets</b>		<b>2,085</b>	<b>2,125</b>	<b>2,064</b>
<b>Current assets</b>				
<b>Current receivables</b>				
Receivables from Group companies	12	60	108	19
Other receivables		0	0	2
Prepaid expenses and accrued income		1	20	1
		<b>62</b>	<b>128</b>	<b>23</b>
Cash and cash equivalents		<b>89</b>	<b>299</b>	<b>191</b>
<b>Total current assets</b>		<b>150</b>	<b>426</b>	<b>214</b>
<b>TOTAL ASSETS</b>		<b>2,235</b>	<b>2,551</b>	<b>2,278</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Restricted equity</b>				
Share capital		11	6	11
		<b>11</b>	<b>6</b>	<b>11</b>
<b>Unrestricted equity</b>				
Profit brought forward		1,602	2,066	2,304
Profit/loss for the period		-83	2	-702
		<b>1,519</b>	<b>2,068</b>	<b>1,602</b>
<b>Total equity</b>		<b>1,530</b>	<b>2,074</b>	<b>1,613</b>
<b>Non-current liabilities</b>				
<b>Borrowing</b>				
Borrowing		680	466	640
		<b>680</b>	<b>466</b>	<b>640</b>
<b>Current liabilities</b>				
<b>Borrowing</b>				
Borrowing		13	–	13
Trade payables		3	2	6
Current tax liabilities		1	5	–
Other liabilities		3	1	1
Accrued expenses and deferred income		5	3	5
		<b>26</b>	<b>11</b>	<b>25</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,236</b>	<b>2,551</b>	<b>2,278</b>



# 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 IFRS® Redovisningsstandarder (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 2024 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 2023 Annual Report. New and amended IFRS and interpretations applied as of 2024 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 meets 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 whole 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, financial risks and going concern

The Group's liquidity reserve shall provide freedom of action to implement decided investments and fulfill payment obligations. The Group Management actively monitors the liquidity situation so that liquidity risks can be addressed in a timely fashion.

The Group has a granted credit facility amounting to 65 MUSD (65 MUSD as of March 31, 2023). The liquidity reserve consists of cash and cash equivalents as well as the unutilized portion of the credit facility. As of the end of the

reporting period, 0 MSEK (20 MUSD as of March 31, 2023) of the credit limit was unutilized.

Ovzon has commitments toward creditors, known as covenants, where the credit facility is conditional on the company meeting certain financial covenants including key financial metrics such as loans to cost (loans in relation to the investment in Ovzon 3), a lowest level of cash balances, and a ratio in the valuation of the subsidiaries. Ovzon fulfilled these covenants during the quarter.

The need for refinancing is regularly reviewed by the company and the Board of Directors in order to secure financing for the company's expansion and investments. The management prepares ongoing forecasts for the Group's liquidity on the basis of expected cash flows.

The Group's contractual and undiscounted interest-rate payments, and repayments of financial liabilities, are indicated in the Annual Report 2023, Note 27 Supplementary disclosures, financial assets and liabilities.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates are based on experience and assumptions that management and the Board of Directors believe are reasonable under the circumstances. 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 below.

The financial statements have been prepared under the assumption of a going concern. By confirming the assumption of a going concern when preparing the reports, the Group took the following specific factors into consideration:

- The management group prepares an annual budget and long-term strategy plans, including an assessment of cash flow needs, and continues to monitor actual outcome against budget and plans throughout the reporting period. Based on these facts, the management group has reasonable expectations that the Group has, and will have, adequate resources to continue its operations.
- The Group strengthened its capital base through several new share issues, and secured loan financing.
- There is a risk that the company may not comply with the terms set forth by the credit facilities.
- Several new customers and businesses have been acquired during the year.

The Board of Directors and Executive Management believe that together, the strong capital base and long-term earnings capacity will ensure the Group's continued operation.

Ovzon has conducted an impairment test regarding ongoing new installations. The impairment test did not indicate an impairment requirement, but the difference between the book value and the estimated recoverable amount has decreased

in 2023. The estimate of the value of the Ovzon 3 asset is dependent on the company's ability to achieve a certain capacity utilization at an expected price level in 2024 and 2025. An impairment test is based on estimates and the outcome may vary. A smaller adjustment of significant assumptions in the impairment test, such as price level, capacity utilization and WACC, could therefore result in an impairment requirement. There is uncertainty regarding Ovzon's assessment of the value of the Ovzon 3 asset, which is dependent on the company's ability to increase capacity utilization to the expected price level in 2024 and 2025. Impairment testing of the Group's satellite is described in the Annual Report 2023, note 16.

### Note 5 Disaggregation of revenue

SATCOM-as-a-Service	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Sweden	20	-	7
Italy	2	-	4
UK	2	-	30
USA	13	47	186
Rest of World	0	7	8
<b>Total</b>	<b>36</b>	<b>54</b>	<b>235</b>

Terminals	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023
Sweden	29	-	30
UK	-	-	23
USA	-	-	-
Rest of World	-	3	3
<b>Total</b>	<b>29</b>	<b>3</b>	<b>55</b>
<b>Total</b>	<b>65</b>	<b>57</b>	<b>290</b>

### Note 6 Financing

In 2019, the company signed a senior credit facility of 60 MUSD (640 MSEK) in order to ensure financing of its proprietary satellite, Ovzon 3. 35 MUSD (SEK 373 MSEK) of the credit facility was utilized in 2021, and a further 10 MUSD (107 MSEK) was utilized in 2022. In January 2023, a change in the credit facility was agreed on, expanding it to 65 MUSD (693 MSEK). The remaining unutilized facility of 20 MUSD (219 MSEK) was utilized in the fourth quarter of 2023, the loan facility is thus fully utilized. The loan is due for payment on December 31, 2025 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.

Other financial expenses in the Parent Company pertain to financing costs that are invoiced onward in the Group and capitalized there as fixed assets in the Ovzon 3 project.

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

Ongoing investment pertains to the company's proprietary satellite, Ovzon 3, which was launched on January 3, 2024 and will reach its orbit in mid-2024.

Ongoing investment Ovzon 3, MSEK	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Opening balance, accumulated cost	2,084	1,447	1,447
Investments for the year	67	108	636
Translation difference	-	-	-
<b>Closing balance, accumulated cost <sup>1)</sup></b>	<b>2,151</b>	<b>1,555</b>	<b>2,084</b>
<b>Impairment, opening balance</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>
Impairment for the year	-	-	-
<b>Accumulated impairment, closing balance</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>
<b>Carrying amount, closing balance</b>	<b>2,139</b>	<b>1,543</b>	<b>2,071</b>

1) Of total investments in Ovzon 3, 44 MSEK (37) pertains to capitalized labor costs.

Of the year's investments, SEK 27 MSEK (19) consist of capitalized borrowing expenses.

### Note 9 Tax

At the end of the 2023 financial year, a total of 202 MSEK (170) in tax loss carryforwards had been saved.

Tax income of 7 MSEK attributable to the correction of tax paid in the US for fiscal year 2019 was recognized in June 2023. A deferred tax receivable of an equal amount had not been previously recognized owing to uncertainty around the matter. The correction was approved and the amount was disbursed in July 2023.

### Note 10 Pledged assets and contingent liabilities

4 MSEK (4) 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, 2024	Mar 31, 2023	Dec 31, 2023	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Shares in subsidiaries	1,931	1,360	1,909	1,718	1,843	1,718
Receivables from Group companies	-	-	-	352	262	306
Restricted bank funds	4	4	4	-	-	-
<b>Total</b>	<b>1,935</b>	<b>1,364</b>	<b>1,913</b>	<b>2,070</b>	<b>2,106</b>	<b>2,024</b>

### Note 11 Events after the end of the reporting period

- No significant events have occurred after the end of the quarter.

### Note 12 Transactions with related parties

Total receivables in Group companies, MSEK	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Ovzon Sweden AB	22	81	0
OverHorizon OHO 1 Limited	42	35	39
Ovzon LLC	352	262	304
Ovzon US LLC	8	5	2
<b>Total</b>	<b>425</b>	<b>384</b>	<b>344</b>

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 indicators 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 indicators 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.

Key performance measures	Definition	Justification
Operating profit	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	Operating profit/loss adjusted for items affecting comparability.	Items affecting comparability are adjusted so as 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 so as 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 so as 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 so as 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 indicator Interest-bearing net debt / adjusted EBITDA 12 months, multiple.
Items affecting comparability	Items that are not expected to recur, and complicate comparability between two given periods.	Items affecting comparability are adjusted so as 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 reported 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 independent of exchange-rate fluctuations or items affecting comparability.

Key performance measures	Definition	Justification
Adjusted revenue growth	Growth in local currency for comparable companies adjusted for items affecting comparability.	This metric is used for monitoring revenue growth in the underlying business, excluding items affecting comparability and exchange-rate fluctuations.
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, 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.

## Reconciliations

	Jan–Mar 2024	Jan–Mar 2023	Jan–Dec 2023
<b>Adjusted operating profit/loss</b>			
Operating profit/loss	-25	-23	-95
Realized positive foreign exchange rate effect related to repayment of advances from launch partner	–	-11	-11
<b>Adjusted operating profit/loss</b>	<b>-24</b>	<b>-34</b>	<b>-106</b>
<b>Operating profit/loss, last 12 months</b>			
<b>Operating profit/loss, last 12 months, MSEK</b>	<b>Apr 2023– Mar 2024</b>	<b>Apr 2022– Mar 2023</b>	
Operating profit/loss, current period	-25	-23	
+ Operating profit/loss, preceding year	-95	-81	
– Operating profit/loss from last year	23	17	
<b>Operating profit/loss, last 12 months</b>	<b>-96</b>	<b>-87</b>	
<b>EBITDA and adjusted EBITDA</b>			
Operating profit/loss	-25	-23	-95
Excluding depreciation/amortization	7	7	28
<b>EBITDA</b>	<b>-18</b>	<b>-17</b>	<b>-66</b>
Realized positive foreign exchange rate effect related to repayment of advances from launch partner	–	-11	-11
<b>Adjusted EBITDA</b>	<b>-18</b>	<b>-28</b>	<b>-77</b>
<b>Adjusted revenue and adjusted revenue growth</b>			
Revenue	65	57	290
Sale of production inventory	-1	–	–
<b>Adjusted revenue</b>	<b>64</b>	<b>57</b>	<b>290</b>
Average exchange rate for the period, SEK/USD	10.3886	10.4280	10,6128
<b>Adjusted revenue, MUSD</b>	<b>6</b>	<b>5</b>	<b>27</b>
Revenue growth	13%	-43%	-19%
Adjusted revenue growth adjusted for currency effects	12%	-46%	-22%
<b>Profit/loss excluding currency translations</b>			
Profit/loss for the period	-43	-19	-60
Excluding unrealized financial currency effects	19	-3	-26
<b>Profit/loss excluding currency translations</b>	<b>-25</b>	<b>-22</b>	<b>-86</b>
<b>Interest-bearing net debt, and interest-bearing net debt excluding lease liabilities, MSEK</b>			
	<b>Mar 31, 2024</b>	<b>Mar 31, 2023</b>	<b>Dec 31, 2023</b>
Non-current liabilities, interest-bearing	681	473	644
Current liabilities, interest-bearing	13	–	13
Cash and cash equivalents	-172	-346	-247
<b>Interest-bearing net debt</b>	<b>522</b>	<b>126</b>	<b>410</b>
of which, lease liabilities	2	7	4
<b>Interest-bearing net debt excluding lease liabilities</b>	<b>520</b>	<b>120</b>	<b>406</b>
Equity/assets ratio	68%	74%	70%
Interest-bearing net debt / Adjusted EBITDA, 12 months, multiple	neg	neg	neg
<b>Closing rate at the end of the reporting period</b>			
	<b>31 Mar, 2024</b>	<b>31 Mar, 2023</b>	<b>31 Dec, 2023</b>
EUR	11.5250	11.2760	11.0960
GBP	13.4780	12.8142	12.7680
USD	10.6604	10.3539	10.0416