

Year-end report

January–December 2023

Ovzon.com

Successful launch and strong finish to 2023

October–December 2023

- Revenue totaled 91 MSEK (101)
- Operating loss and totaled -14 MSEK (-43)
- Profit after tax totaled 12 MSEK (-43)
- Earnings per share totaled 0.23 SEK (-0.83)
- Cash flow for the quarter totaled 191 MSEK (-57)

Full year, January–December 2023

- Revenue totaled 290 MSEK (357).
Adjusted revenue totaled 290 MSEK (354)
- Operating loss totaled -95 MSEK (-81).
Adjusted operating loss totaled -106 MSEK (-81). Operating profit/loss was impacted by a provision for bad debt of -7 MSEK (-50)
- Loss after tax totaled -60 MSEK (-36)
- Earnings per share totaled -1.09 SEK (-0.71)
- Cash flow for the period totaled -31 MSEK (-161)
- The Board of Directors proposes that no dividend be paid for the financial year 2023

Significant events during the quarter

- Order of 135 MSEK from the Swedish Space Corporation (SSC)
- Order of 3.1 MUSD from the U.S. DOD for SATCOM-as-a-Service
- Ovzon receives approximately SEK 250 MSEK after oversubscribed rights issue
- Regina Donato Dahlström new Chairman of the Board

Significant events after the end of the quarter

- Successful launch of Ovzon 3 on January 3, 2024
- CFO Noora Jayasekara to leave the company in the first half of 2024
- U.S. DOD first to order the new Ovzon T7 mobile satellite terminal

KEY PERFORMANCE MEASURES

MSEK	Oct–Dec 2023	Oct–Dec 2022	Jan–Dec 2023	Jan–Dec 2022
Revenue	91	101	290	357
Operating profit/loss	-14	-43	-95	-81
Profit/loss for the period after tax	12	-43	-60	-36
Order book	143	218	143	218
Earnings per share, SEK	0.23	-0.83	-1.09	-0.71
Equity/assets ratio, %	70	72	70	72
Share price at end of period, SEK	14.5	57.6	14.5	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 while preparing for the launch of its first satellite, developed to Ovzon's specifications.

PERFORMANCE

60 Mbps

Transmission speed

MOBILITY

2.8 kg

Weight of the Ovzon T7 terminal

RESILIENCY

98.8%

Service uptime



Successful launch and strong finish to 2023

Ovzon certainly had an eventful fourth quarter 2023, with a strong finish in terms of order intake. This manifests a strengthened position among our European defense and national security customers during the year. The most significant milestone was of course the launch of our own first satellite Ovzon 3. The satellite was ready to be launched in December 2023 but the launch was, due to severe weather, pushed into early January 2024. This historic milestone facilitates our cutting-edge next generation SATCOM-as-a-Service. Hence, Ovzon's focus for 2024 will be on customers interactions, displaying our boosted performance, mobility and resiliency – the true differentiators of our offering.

Ovzon's order intake for the fourth quarter amounted to 17.6 MUSD (186 MSEK), with new orders as well as renewals. The improved order intake and sales contributed to reaching our adjusted outlook of at least 290 MSEK in full-year revenue.

The largest order in the quarter was received from the Swedish Space Corporation (SSC) with a total order value of 135 MSEK. The order was for the integrated Ovzon SATCOM-as-a-Service, which includes mobile satellite terminals, with start of delivery of the mobile satellite terminals already in December 2023. This order underpins the fact that Europe is becoming an increasingly important geographical market for Ovzon. Following the increased geopolitical tension, especially in Europe and the Middle East, satellite communication is a strategic capability for the world's government and defense organizations. Sweden is one of the countries that is rapidly advancing its position.

Moreover, we received two orders from the U.S. DOD of a total of 4.3 MUSD during the quarter for Ovzon SATCOM-as-a-Service. The first one was an additional order of 1.2 MUSD and the second one was an annual renewal, which this time was rescoped to an 8-months contract of 3.1 MUSD. This renewal was lower in

size compared to previous years, mostly explained by a complex political and fiscal situation in the USA resulting in new budget considerations and processes. However, our relationship with the U.S. DOD remains solid, long-term and strategic, where our next generation of products and services, including the Ovzon 3 satellite, the Ovzon On-Board-Processor and the Ovzon T7 terminal, are important capabilities.

After the end of quarter, U.S. DOD was also the first customer to place an order

for the new Ovzon T7 mobile satellite terminal. The Ovzon T7 mobile satellite terminal is the smallest, most powerful and easiest-to-use satellite terminal in the industry. Together with the Ovzon On-Board-Processor, the Ovzon T7 will be capable of frequency hopping, below the noise floor signaling, and operating independent of a teleport.



Successful launch of Ovzon 3 – a historical milestone

The most important milestone in the history of our company was the launch of Ovzon 3 from Cape Canaveral, Florida on January 3, 2024. The satellite was ready to be launch in mid-December 2023 but due to unfavorable weather conditions it was pushed to early January 2024. We are immensely proud to have launched the first privately funded and developed Swedish geostationary communications satellite ever. It's been achieved through hard work by our extraordinary employees and in teaming with our partners Maxar and SpaceX. As always when working in space, risks still remain before the satellite enters into service, but so far the Ovzon 3 orbital raising to its final destination is fully on track. The satellite is healthy and in great shape. We are closely monitoring its progress in detail. For a real-time position of Ovzon 3, please click on the link to the right.

Growing need for mission critical mobile satellite communications

In December 2023 we concluded our rights issue raising approximately 250 MSEK. The issue was oversubscribed. I would like to thank our long-term and loyal existing shareholders for their solid trust. The process, in combination with a great public interest in the company and the launch of Ovzon 3, has increased our shareholder base with approximately 20 percent. I wish to warmly welcome all our new shareholders. The proceeds of the financing will be used for the final investments in Ovzon 3, the Ovzon On-Board-Processor and Ovzon T7, where some cost still remain until the Ovzon 3 satellite solution is fully operational. It will also be used to finance our daily operations in 2024 and 2025.

Entering 2024, we are focused on getting Ovzon 3 ready for use and to drive profitable growth. We continue to foresee a growing need for mission critical mobile satellite communications in the years to come. We take great pride in supporting a more stable world by protecting and connecting societies, people, businesses, and countries.

I am confident that Ovzon is playing a critical role for a safer world. We will continue to work hard and decisive to deliver customer satisfaction, invest in and protect our technology leadership and sharpen our market activities to accelerate future growth.

PER NORÉN, VD OVZON

Follow Ovzon 3 on it's way to orbit (satellite tracker): <https://www.keep-track.space/app/?sat=58698&search=OVZON>

Order of 135 MSEK from Swedish Space Corporation

"Resilient communications services via satellite are an important tool in both civil society and national security. With the help of Ovzon, we can offer a robust satcom service which is attractive to both traditional space actors and new industries", comments Stefan Gustafsson, Senior Vice President Strategy & Sustainable Business at SSC.

This significant order strengthens our collaboration with SSC and emphasizes our joint focus on supporting Swedish government agencies. Having a strategic presence in space and being able to ensure reliable satellite communications is of critical importance for both security and the wider public infrastructure in today's society

Ovzon SATCOM-as-a-Service distinguishes itself in the market by its unique ability to support critical missions with assured connectivity that can transmit and receive large amounts of data by seamlessly integrating performance, mobility and resiliency.

Financial overview

Revenue and order intake

The quarter

Revenue totaled 91 MSEK (101) in the fourth quarter. Growth in the fourth quarter was -10 percent (38), and adjusted for exchange-rate effects, growth was -15 percent (57). The decrease was driven largely by changes to the level of service delivery in the Italian Fire and Rescue Services. The downturn was partially offset by sales to new customers and distributors; refer further to Note 5.

Order intake in the quarter totaled 17.6 MUSD (20.8), corresponding to 186 MSEK (214). Order intake was positively impacted by orders received from SSC and U.S. DOD. During the quarter, Ovzon received an order for 1.8 MUSD from a European customer that was canceled later in the quarter.

Full year

Revenue for 2023 totaled 290 MSEK (357). Growth was -19 percent (87), and adjusted for exchange-rate effects growth was -22 percent (74). The decrease is mainly due to the fact that the service for the Italian Fire and Rescue Services via the former Italian distributor was renewed to a lower level after the expiration of the contract in April 2023.

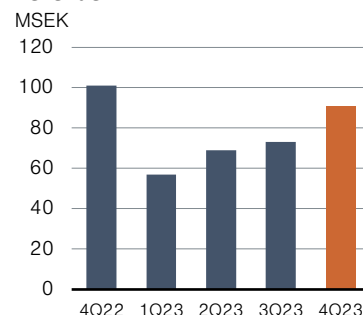
Owing to the uncertainty concerning the former distributor's ability to pay, invoiced deliveries for the year at a total value of 2.8 MUSD (28 MSEK) have not been recognized as revenue. The downturn is also attributable to the fact that the comparison year contains a major terminal delivery of 39 MSEK to the U.S. DOD. Sales to new customers and distributors partially offset this. For disaggregation of revenue, refer further to Note 5.

Revenue for Ovzon SATCOM-as-a-Service totaled 234 MSEK (294); refer further to Note 5.

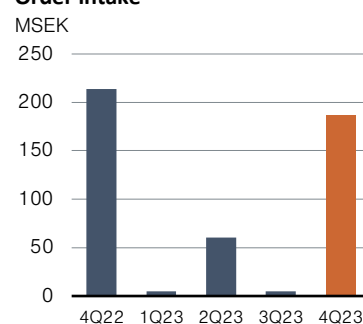
Order intake for the year totaled 24.0 MUSD (24.3), corresponding to 255 MSEK (254).

At the end of the year, the order book totaled 14.2 MUSD (20.9), corresponding to 143 MSEK (218). The lower order book year-on-year is related mainly to the changed level of service deliveries to the Italian Fire and Rescue Services as well as a decrease in orders from the U.S. DOD.

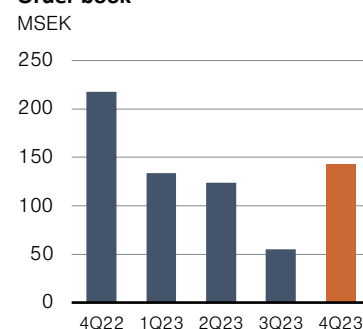
Revenue



Order intake



Order book



PERFORMANCE, QUARTERLY OVERVIEW

MSEK	Oct-Dec 2023	Jul-Sep 2023	Apr-Jun 2023	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022
Revenue	91	73	69	57	101	78	78	100
Operating profit/loss	-14	-29	-28	-23	-43	-12	-9	-18
Profit/loss for the period after tax	12	-30	-24	-19	-43	2	16	-12
Order book	143	55	124	134	218	117	168	208
Earnings per share, SEK	0.23	-0.54	-0.45	-0.37	-0.83	0.04	0.32	-0.21
Total cash flow	191	-55	-238	72	-57	-60	52	-96
Equity/assets ratio, %	70	73	72	74	73	71	73	79

FINANCIAL OVERVIEW

Operating profit/loss

The quarter

The operating loss for the quarter totaled -14 MSEK (-43). The comparison period contains a bad debt provision of -44 MSEK. The operating loss for the quarter was adversely impacted by lower deliveries of SATCOM-as-a-Service and higher overheads owing to costs in conjunction with the launch of Ovzon 3.

The operating margin for the quarter amounted to -15 percent (-42). The operating margin for the quarter was positively impacted due to reduced costs for unutilized capacity.

Full year

Operating loss for the year totaled -95 MSEK (-81). The operating loss was adversely impacted in part by lower deliveries of SATCOM-as-a-Service, and in part by a smaller number of mobile satellite terminals delivered during the year compared to the year-earlier period. The operating loss was impacted by less utilization of leased satellite capacity.

A further -7 MSEK related to the company's former Italian distributor was reserved as a bad debt provision during the third quarter. After this bad debt provision, no further accounting exposure to the former distributor remained.

Operating loss during the first quarter was positively impacted by 11 MSEK related to currency effects from the repayment from former launch partner Arianespace and the sale of terminals from non-current assets. Adjusted for the positive exchange-rate effect from the operating loss, the adjusted operating loss amounts to -106 MSEK (-81).

The operating margin for the year totaled -33 percent (-23) and was adversely impacted by higher overheads pertaining to sales, marketing and personnel.

Profit/loss after tax

The quarter

Profit after tax for the quarter totaled 12 MSEK (-43). Adjusted for unrealized currency translations, the loss amounted to -13 MSEK (-41). Earnings per share for the quarter amounted to 0.23 SEK (-0.83).

Full year

Loss after tax for the year totaled -60 MSEK (-36). Adjusted for unrealized currency translations, the loss amounted to -86 MSEK (-80). Tax income of 7 MSEK was recognized in 2023 and is attributable to the correction of tax in the US for fiscal year 2019. Earnings per share for the year amounted to -1.09 SEK (-0.71).

Cash flow

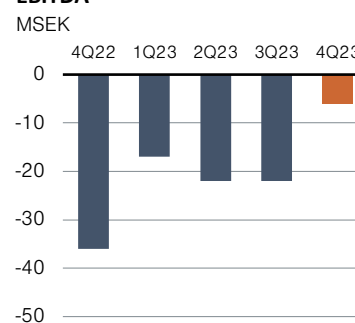
The quarter

Cash flow from operating activities for the quarter amounted to 10 MSEK (-32). The improvement is linked primarily to savings implemented, better utilization of contracted satellite capacity and sales of stock.

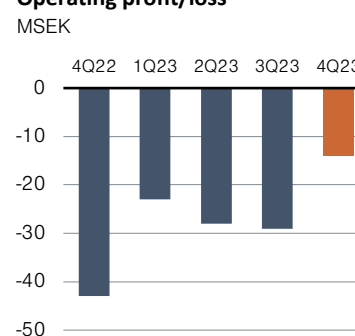
Cash flow from investing activities for the quarter amounted to -279 MSEK (-24). The investments are attributable primarily to the company's first proprietary satellite, Ovzon 3 (refer further to Note 8) as well as the development of new mobile satellite terminals.

Cash flow from financing activities for the quarter amounted to 461 MSEK (-1). During the quarter, the company paid loan fees totaling 32 MSEK (17). The inflow consisted of loan and new share issue. Of this expenditure, interest paid for the quarter totaled 22 MSEK (16). This expenditure has been capitalized and thus recognized as part of investing activities in the statement of cash flows.

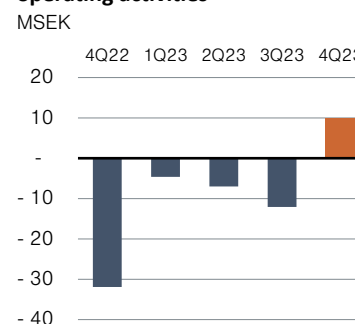
EBITDA



Operating profit/loss



Cash flow from operating activities



Full year

Cash flow from operating activities for the year amounted to -14 MSEK (-112). The improvement to cash flow from operating activities is linked primarily to reductions in working capital.

Cash flow from investing activities for the year amounted to -668 MSEK (-151). 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 year amounted to 651 MSEK (102) and pertain to new share issues conducted during the year and utilization of loan facilities.

The company paid loan fees totaling 95 MSEK (58) during the year. Of this expenditure, interest paid for the year totaled 77 MSEK (49). This expenditure has been capitalized and thus recognized as part of investing activities in the statement of cash flows.

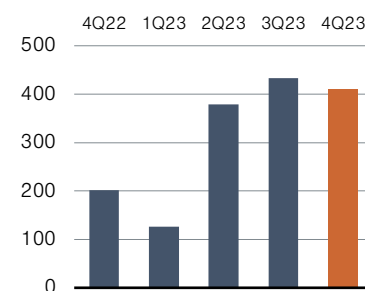
Financial position

The Group's cash and cash equivalents amounted to 247 MSEK at the end of the reporting period, compared to 276 MSEK at the beginning of the year. Equity at December 31, 2023 totaled 1,780 MSEK (1,393). The equity/assets ratio was 70 percent (73). Interest-bearing net debt totaled 410 MSEK (202), 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 (10) 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.

Interest-bearing net debt

MSEK



Other information

Employees

At the end of the year, the number of employees in the Group was 45 (43).

Shares, share capital, and shareholders

A directed share issue was carried out in February 2023 for Swedish and international financial investors through an accelerated book building procedure. The subscription price was set at 44.50 SEK per share and the directed share issue included 4,494,382 shares. The issue was approved at an Extraordinary General Meeting on March 3, 2023 and the company received 200 MSEK before transaction costs.

A preferential rights issue was carried out in November 2023 for Swedish and international financial investors. The subscription price was set at 4.50 SEK per share and the preferential rights issue included 55,765,258 shares. The issue was approved at an Extraordinary General Meeting on November 15, 2023 and the company received 250 MSEK before transaction costs.

The total number of shares in Ovzon AB on December 31, 2023 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 7,326.

Shareholder	Number of shares	%
Bure Equity	14,209,525	12.5
Investment AB Öresund	13,527,970	12.1
Grignolino AB	12,574,192	11.3
Handelsbanken Fonder	10,866,666	9.7
Fjärde AP-fonden	10,282,130	9.2
Futur Pension	5,681,650	6.9
Stena	3,545,908	4.3
Avanza Pension	2,844,762	3.2
Per Wahlberg	2,551,254	1.7
Patrik Björn	1,587,000	1.4

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 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.

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.

According to what was previously communicated regarding the former Italian distributor, a payment plan regarding unpaid invoices was established in early 2023. Ovzon then chose to make provisions of 50 MSEK regarding bad debts (as of December 31, 2022) while 7 MSEK of the total receivable (at the exchange rates applicable at the time) was deemed likely to be received. The payment plan has not been fully followed, which led to a further bad debt provision for the remaining receivable. As of December 31, 2023, there is no further accounting exposure to the former Italian distributor. Ovzon is actively working to secure the entire claim, amounting to 89 MSEK, and has taken legal action.

The Board of Directors and the Management Group are monitoring the course of events in Ukraine 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 2022 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, 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 24 MSEK (9) with loss after financial items of -696 MSEK (-7). Following an impairment test and associated sensitivity analysis, the shares in Ovzon Sweden AB were impaired by 750 MSEK during the quarter. Cash and cash equivalents were 191 MSEK at the end of the reporting period and 225 MSEK at the beginning of the year. Equity totaled 1,613 MSEK, compared with 1,879 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 21, 2024. For more information about the Annual General Meeting, visit www.ovzon.com.

The Nomination Committee for the AGM 2024 consists of representatives appointed by the three largest shareholders, and the chairman of the company. The Nomination Committee consists of Sophie Hagströmer, appointed by Bure Equity, Øystein Engebretsen, appointed by Investment AB Öresund, Staffan Persson, appointed by Grignolino AB and Regina Donato Dahlström, chairman of Ovzon.

Shareholders wishing to submit proposals to the Nomination Committee may do so by e-mail to sophie.hagstromer@bure.se or by phone at +46 701 89 62 11 or by letter addressed to Ovzon AB, Attention; Nomination Committee, Anderstorpsvägen 10, SE-171 54 Solna, Sweden, no later than March 14, 2024.

Dividend

At the Annual General Meeting on April 20, 2023, it was decided that no dividend will be paid for the 2022 financial year. The Board of Directors proposes that the next Annual General Meeting resolves that no dividend be paid for the financial year 2023.

Webcast

In conjunction with this interim report, a webcast will be conducted at 2:00 pm CET on February 21, 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/year-end-report-2023/>

The telephone number to participate in the teleconference is +46 8 4468 2488 (then enter the meeting ID: 823 5061 1850, 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

Annual Report 2023: March 27, 2024
Annual General Meeting 2024: April 19, 2024
Interim report Jan–Mar 2024: April 19, 2024
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 Board of Directors and the CEO

The Board of Directors and 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, February 21, 2024

Per Norén
CEO

Regina Donato Dahlström
Chairman of the Board

Cecilia Driving
Board member

Dan Jangblad
Board member

Marcus Messerer
Board member

Nicklas Paulson
Board member

Patrik Tigerschiöld
Board member

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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	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating income, etc.					
Revenue	5	91	101	290	357
Capitalized own development		4	4	14	13
Other operating income		12	8	38	14
Operating expenses					
Purchased satellite capacity and other direct costs		-59	-58	-219	-245
Other external expenses		-25	-61	-75	-105
Employee benefit expenses		-23	-23	-89	-79
Depreciation/amortization and impairment of property, plant and equipment, and intangible assets		-8	-7	-28	-23
Other operating expenses		-6	-7	-25	-12
Operating profit/loss		-14	-43	-95	-81
Financial income	7	28	0	30	46
Financial expenses	7	-1	-0	-2	-0
Profit/loss after financial items		12	-43	-67	-36
Tax	9	0	0	7	0
PROFIT/LOSS FOR THE PERIOD		12	-43	-60	-36
Net profit/loss for the period attributable to:					
Shareholders of the Parent Company		12	-43	-60	-36
Basic earnings per share, attributable to shareholders of the Parent Company, SEK		0.23	-0.83	-1.09	-0.71
Diluted earnings per share, SEK		0.23	-0.83	-1.09	-0.71
Weighted average number of shares		60,917,483	51,270,876	54,728,671	51,270,876

Consolidated statement of comprehensive income

MSEK	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Profit/loss for the period		12	-43	-60	-36
Other comprehensive income:					
Items that have been subsequently reclassified to the income statement:					
- Exchange differences on translating foreign operations		21	13	11	-22
Other comprehensive income net after tax		21	13	11	-22
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		33	-29	-48	-58
Comprehensive income for the period attributable to:					
Shareholders of the Parent Company		33	-29	-48	-58

Consolidated balance sheet

MSEK	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development costs		60	34
Patents		24	26
		84	59
Property, plant and equipment			
Equipment, tools, fixtures and fittings		31	43
Right-of-use assets		4	8
Construction in progress and advance payments	8	2,071	1,435
		2,106	1,485
Financial assets			
		–	0
Total non-current assets		2,190	1,545
Current assets			
Inventory		41	54
		41	54
Current receivables			
Trade receivables		35	30
Other receivables		5	5
Prepaid expenses and accrued income		26	12
		67	47
Cash and cash equivalents		247	276
Total current assets		355	377
TOTAL ASSETS		2,545	1,922

Consolidated balance sheet, cont.

MSEK	Note	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
Equity			
Share capital		11	5
Other contributed capital		2,243	1,813
Reserves		-6	-17
Accumulated deficit including loss for the year		-468	-408
Equity attributable to the Parent Company's shareholders		1,780	1,393
Total equity		1,780	1,393
Non-current liabilities			
Borrowing		640	470
Lease liabilities		4	8
Other provisions		1	1
		646	479
Current liabilities			
Borrowing		13	-
Trade payables		84	20
Current tax liabilities		0	0
Other liabilities		3	2
Accrued expenses and deferred income		20	27
		119	49
TOTAL EQUITY AND LIABILITIES		2,545	1,922

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, 2022	5	1,812	5	-372	1,450
Profit/loss for the year	—	—	—	-36	-36
Other comprehensive income	—	—	-22	—	-22
Total comprehensive income	—	—	-22	-36	-58
Warrants	—	1	—	—	1
Employee stock options	—	—	—	0	0
Total transactions with shareholders	—	1	—	—	1
Equity at December 31, 2022	5	1,813	-17	-408	1,393

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
New share issue	6	445	—	—	451
Costs attributable to the issue	—	-15	—	—	-15
Employee stock options	—	—	—	0	0
Total transactions with shareholders	6	430	—	—	436
Equity at December 31, 2023	11	2,243	-6	-468	1,780

Consolidated cash flow statement

MSEK	Note	Oct-Dec 2023	Oct-Dec 2022*	Jan-Dec 2023	Jan-Dec 2022
Operating activities					
Operating profit/loss		-14	-43	-95	-81
Adjustments for non-cash items		4	4	28	26
Interest received, etc.		2	2	4	2
Interest paid, etc.		-0	-0	-0	-0
Income tax paid		0	—	7	—
Cash flow from operating activities before changes in working capital		-8	-36	-57	-53
Decrease(+)/increase(-) in inventory		15	-7	13	-29
Decrease(+)/increase(-) in trade receivables		-16	23	-44	2
Decrease (+)/increase (-) in current receivables		-14	-3	-14	-3
Decrease (-)/increase (+) in trade payables		33	-13	64	-32
Decrease (-)/increase (+) in current liabilities		-1	5	24	2
Total change in working capital		18	4	42	-60
Cash flow from operating activities		10	-32	-14	-112
Investing activities					
Acquisition of intangible assets		-8	-8	-27	-34
Acquisition of property, plant and equipment		-271	-29	-648	-129
Sale of property, plant and equipment		—	12	8	12
Cash flow from investing activities		-279	-24	-668	-151
Financing activities					
New share issue		251	—	451	—
Issuance costs		-8	—	-15	—
Remuneration received for warrants		—	1	—	1
Amortization of lease liability		-2	-1	-4	-1
Proceeds from borrowings		219	0	219	102
Cash flow from financing activities		461	-1	651	102
Cash flow for the period		191	-57	-31	-161
Cash and cash equivalents at beginning of period		60	349	276	406
Exchange rate difference in cash and cash equivalents		-4	-16	2	31
Cash and cash equivalents at end of period		247	276	247	276

*) The comparison figures for Q4 2022 have been updated; compare with previously reported data. However, the total cash flow for the quarter remains unchanged.

Parent Company financial statements

Parent Company income statement

MSEK	Note	Oct–Dec 2023	Oct–Dec 2022	Jan–Dec 2023	Jan–Dec 2022
Operating income, etc.					
Revenue		24	9	39	24
Other operating income		1	0	1	1
Operating expenses					
Other external expenses		-10	-5	-28	-16
Employee benefit expenses		-3	-3	-11	-10
Operating profit		12	2	1	0
Income from financial items					
Other interest income and similar items		73	8	143	111
Interest expenses and similar items		-32	-17	-96	-58
Income from participations in Group companies		-750	-	-750	-
		-708	9	-703	54
Profit/loss after financial items		-696	-7	-702	54
Tax		-	-	-	-
PROFIT/LOSS FOR THE PERIOD		-696	-7	-702	54

Parent Company statement of comprehensive income

MSEK	Note	Oct–Dec 2023	Oct–Dec 2022	Jan–Dec 2023	Jan–Dec 2022
Profit/loss for the period		-696	-7	-702	54
Other comprehensive income:		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-696	-7	-702	54

Parent Company balance sheet

MSEK	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure		0	0
		0	0
Intangible assets			
Construction in progress		0	
		0	
Financial assets			
Participations in Group companies		1,719	1,843
Receivables from Group companies	12	344	283
		2,063	2,127
Total non-current assets		2,064	2,127
Current assets			
Current receivables			
Receivables from Group companies	12	19	—
Other receivables		2	1
Prepaid expenses and accrued income		1	1
		23	1
Cash and cash equivalents		191	225
Total current assets		214	226
TOTAL ASSETS		2,278	2,353
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		11	5
		11	5
Unrestricted equity			
Profit brought forward		2,304	1,820
Profit/loss for the period		-702	54
		1,602	1,874
Total equity		1,613	1,879
Non-current liabilities			
Borrowing		640	470
		640	470
Current liabilities			
Borrowing		13	—
Trade payables		6	1
Current tax liabilities		0	0
Other liabilities		1	1
Accrued expenses and deferred income		5	3
		25	5
TOTAL EQUITY AND LIABILITIES		2,278	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 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–December 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 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 company's financing risk corresponds to potential difficulties in obtaining financing for activities at a given time. In addition, there is a risk that the company will be unable to comply with the conditions that the credit facilities impose. Ovzon's earning capacity is highly dependent on the company's ability to grow its sales through contracts with new and existing customers, as well as on future market

performance. There is a risk that contracts will be delayed, or that deliveries will be delayed, and that this affects the earnings capacity. There is also a risk that the market for satellite-based communication will develop worse than at present. Furthermore, there is a risk of further increased costs in the event the company's own satellite cannot be put into operations according to the planned schedule.

Ovzon has conducted an impairment test regarding ongoing new installations during the quarter. 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. An 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.

The aforementioned risks notwithstanding, the Board of Directors is of the opinion that any additional need for financing can be resolved with loans or equity, and that the existing cash flow and working capital will be sufficient for the coming 12 months.

Note 5 Disaggregation of revenue

SATCOM-as-a-Service	Oct–Dec 2023	Oct–Dec 2022	Jan–Dec 2023	Jan–Dec 2022
Sweden	–	–	7	–
Italy	2	22	4	66
UK	2	–	30	–
USA	50	45	186	208
Rest of World	1	14	7	20
Total	56	81	234	294
Terminals	Oct–Dec 2023	Oct–Dec 2022	Jan–Dec 2023	Jan–Dec 2022
Sweden	30	–	30	–
UK	6	–	23	–
USA	–	–	–	40
Rest of World	0	20	3	23
Total	35	20	55	63
Total	91	101	290	357

Note 6 Financing

In 2019, the company signed a senior credit facility of 60 MUSD (650 MSEK) in order to ensure financing of its proprietary satellite, Ovzon 3. 35 MUSD (SEK 379 MSEK) of the credit facility was utilized in 2021, and a further 10 MUSD (108 MSEK) was utilized in 2022. In January 2023, a change in the credit facility was agreed on, expanding it to 65 MUSD (653 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	Dec 31, 2023	Dec 31, 2022
Opening balance, accumulated cost	1,447	1,330
Investments for the year	636	90
Translation difference	—	28
Closing balance, accumulated cost ¹⁾	2,084	1,447
Impairment, opening balance	-12	-12
Impairment for the year	—	—
Accumulated impairment, closing balance	-12	-12
Carrying amount, closing balance	2,071	1,435

¹⁾ Of total investments in Ovzon 3, 42 MSEK (35) pertains to capitalized labor costs.

Of the year's investments, SEK 95 MSEK (58) 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	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Shares in subsidiaries	1,909	1,019	1,637	1,843
Receivables from Group companies	—	—	306	247
Restricted bank funds	4	4	—	—
Total	1,913	1,023	1,943	2,090

Note 11 Events after the end of the reporting period

- Successful launch of Ovzon 3 on January 3, 2024
- CFO Noora Jayasekara to leave the company in the first half of 2024
- U.S. DOD first to order the new Ovzon T7 mobile satellite terminal

Note 12 Transactions with related parties

Total receivables in Group companies, MSEK	Dec 31, 2023	Dec 31, 2022
Ovzon Sweden AB	17	0
OverHorizon OHO 1 Limited	39	35
Ovzon LLC	306	247
Ovzon US LLC	2	1
Total	364	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 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

	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Adjusted operating profit/loss				
Operating profit/loss	-14	-43	-95	-81
Realized positive foreign exchange rate effect related to repayment of advances from launch partner	-	-	-11	-
Adjusted operating profit/loss	-14	-43	-106	-81
Operating profit/loss, last 12 months			Jan 2023– Dec 2023	Jan 2022– Dec 2022
Operating profit/loss, last 12 months, MSEK				
Operating profit/loss, current period			-95	-81
+ Operating profit/loss, preceding year			-81	-113
- Operating profit/loss from last year			81	113
Operating profit/loss, last 12 months			-95	-81
EBITDA and adjusted EBITDA				
Operating profit/loss	-14	-43	-95	-81
Excluding depreciation/amortization	8	7	28	23
EBITDA	-6	-36	-66	-57
Realized positive foreign exchange rate effect related to repayment of advances from launch partner	-	-	-11	-
Adjusted EBITDA	-6	-36	-77	-57
Adjusted revenue and adjusted revenue growth				
Revenue	91	101	290	357
Sale of production inventory	-	-	-	-3
Adjusted revenue	91	101	290	354
Average exchange rate for the period, SEK/USD	10.8095	10.7253	10.6128	10.1245
Adjusted revenue, MUSD	9	10	27	35
Revenue growth	-10%	38%	-19%	87%
Adjusted revenue growth adjusted for currency effects	-15%	57%	-22%	74%
Profit/loss excluding currency translations				
Profit/loss for the period	12	-43	-60	-36
Excluding unrealized financial currency effects	-26	2	-26	-43
Profit/loss excluding currency translations	-13	-41	-86	-80
Interest-bearing net debt, and interest-bearing net debt excluding lease liabilities, MSEK				
Non-current liabilities, interest-bearing	644	478		
Current liabilities, interest-bearing	13	-		
Cash and cash equivalents	-247	-276		
Interest-bearing net debt	410	202		
of which, lease liabilities	4	8		
Interest-bearing net debt excluding lease liabilities	406	194		
Equity/assets ratio	70%	72%		
Interest-bearing net debt / Adjusted EBITDA, 12 months, multiple	neg	neg		
Closing rate at the end of the reporting period				
EUR	Dec 2023 11.0960	Dec 2022 11.1283		
GBP	12.7680	12.5811		
USD	10.0416	10.4371		