

Interim Report

January–June 2023

Ovzon.com

New orders, launch of Ovzon T7 and progress with Ovzon 3

April–June 2023

- Revenue and adjusted revenue totaled SEK 69 million (78).
- Operating loss and adjusted operating loss totaled SEK -28 million (-9).
- Profit/loss after tax totaled SEK -24 million (16).
- Earnings per share totaled SEK -0.45 (0.32).
- Cash flow for the quarter totaled SEK -238 million (52).

January–June 2023

- Revenue totaled SEK 126 million (178).
Adjusted revenue totaled SEK 126 million (174).
- Operating loss totaled SEK -52 million (-26).
Adjusted operating loss totaled SEK -63 million (-26).
- Profit/loss after tax totaled SEK -43 million (4).
- Earnings per share totaled SEK -0.82 (0.09).
- Cash flow for the period totaled SEK -167 million (-44).

Outlook

Due to the weak start to the year, the company's assessment is that revenue for 2023 will be in line with 2022.

The company has provided an update on the launch of Ovzon 3, which is now expected to take place in the period between the end of 2023 and the start of 2024, given that the final integration and tests fall out as planned.

Significant events during the quarter

- Order of USD 4.8 million for SATCOM-as-a-Service from a European customer.
- Follow-up order of USD 0.3 million from Colombian partner Bansat.
- Follow-up order of USD 0.6 million from French partner Nigma.
- Order of USD 0.3 million through Vodafone Italia for continued SATCOM-as-a-Service to the Italian Fire and Rescue Services.
- Order for SATCOM-as-a-Service from the Swedish Space Corporation (SSC).
- Updated schedule for Ovzon 3. The launch will take place between the end of 2023 and the start of 2024.

Significant events after the end of the quarter.

- Launch of the new mobile satellite terminal Ovzon T7
- Order from the Italian Border Police for Ovzon SATCOM-as-a-Service.
- Service contract renewal from Airbus Defense and Space for continued support to the UK Government.

KEY PERFORMANCE MEASURES

SEK m	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Revenue	69	78	126	178	357
Operating profit/loss	-28	-9	-52	-26	-81
Profit/loss for the period after tax	-24	16	-43	4	-36
Order book	124	168	124	168	218
Earnings per share, SEK	-0.45	0.32	-0.82	0.09	-0.71
Equity/assets ratio, %	72	73	72	73	72
Share price at end of period, SEK	24.4	44.6	24.4	44.6	57.6

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

Vision

Connecting the world's critical missions via satellite.

Business idea

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

Operational goals

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

PERFORMANCE

60 Mbps

Transmission speed

MOBILITY

2.8 kg

Weight of the Ovzon T7 terminal

RESILIENCY

98.5%

Service uptime



New orders, launch of Ovzon T7 and progress with Ovzon 3

The second quarter and the first half year of 2023 has been intensely focused on customer success, shaping growth and delivering on the key development programs that Ovzon is embarked upon.

Satellite communications is today an integral part of communication technologies that connects and powers the world's critical missions. The continued geopolitical tension and environmental changes through global warming, coupled with the fact that the refugee streams have more than doubled in scope and natural disasters such as floodings, storms and wildfires fill the news daily. In critical situations it has become evident that the only means of guaranteed communication to protect and connect people, businesses and countries is satellite communications. For the Ovzon team and our customers, this harsh truth has become more and more obvious. This development, coupled with Ovzon's high performing, resilient, fast mobile connectivity and 24/7 delivery and support, has given us renewal of contracts with current customers such as the UK and US Governments, Italian Fire and Rescue Services as well as acquiring new customers such as the Spanish National Police and the Italian National Border Police (Polizia di Stato).

Multiple new orders and renewals from key customers

During the second quarter we announced five orders in total of our Ovzon SATCOM-as-a-Service solutions, and another two so far after the end of the quarter. The first order came through our partnership with Nigma Conseil for Ovzon's On-The-Move (OTM) satellite terminals. The second one, and the largest order in the quarter at the value of 4.8 MUSD, was from a European customer for Ovzon SATCOM-as-a-Service. We were also pleased to have closed a contract, in one

of our home markets, from Swedish Space Corporation (SSC). From a humanitarian perspective, we were very proud of the order through our partner Bansat to provide mobile satellite connectivity to the UDAPV (Attention Unit for Vulnerable Population), a department within the Colombian Civil Registry.

In June, we renewed our service to the Italian Fire and Rescue Services, this time through Vodafone Italia. With Vodafone Italia, who has frame agreements with Italian government authorities such as the Italian Ministry of Interior, Ovzon gets a fresh start in Italy. Even though this renewal is reduced in scope, we believe our prospects of increasing this service and deliveries to Italian government authorities will become more progressive with this customer as a reference. In

total, our order intake during the second quarter amounted to 5.5 MUSD.

Our progress in the Italian market was further solidified with signing a new customer after the quarter, the Italian National Border Police. It is a positive signal that our position and reputation leads to new customers and new contracts. When it comes to the situation with our former Italian distributor, resulting in bad debt provisions during 2022, we still have 7 MSEK of related exposure in our balance sheet. We have received some payments during the quarter, but unfortunately, we still see delays in payments.

Ovzon 3 in its final phase

The tests, assembly, and finalization of Ovzon 3 has progressed well during second quarter and the spacecraft completed the so important dynamics test in



early August. While important work still remains, the satellite is in the final stages of development. I am pleased to confirm that our adjusted timeline, that we communicated in June 2023, currently holds which points to a launch of Ovzon 3 no earlier than late 2023 or early 2024. We will communicate a more narrow and specific time for launch sometime in the fourth quarter.

As previously communicated, the re-scheduling of Ovzon 3 is not impacting our current commercial activities or the delivery of Ovzon SATCOM-as-a-Service to our current and new customers worldwide.

Market launch of Ovzon T7

We are excited to have announced the market launch of the industry first mobile satellite terminal Ovzon T7. This unique mobile satellite terminal has the smallest and lightest formfactor and weighs only 2.8 kg.

It has dual-modems of which one is an On-Board-Processor modem. All these distinct new capabilities without sacrificing the highest performance. The demonstrations that we have already started to perform with customers and partners are showing strong interest.

Ovzon T7 is specifically designed for military, civil defense, police, and emergency services. It is designed for use with Ovzon 3 and is the start of the go to market activities with our unique next generation SATCOM-as-a-Service based on Ovzon 3, Ovzon On-Board-Processor, Ovzon T7 and Ovzon T6. We believe this will further boost our ability to deliver value to customers and set us apart from competition in terms of performance, mobility, resiliency.

Focus on growth and delivery for the rest of 2023

For the rest of 2023, we are focused on driving growth, and we will obviously continue to concentrate on the completion of Ovzon 3 to achieve a launch as fast as possible.

We have also added new key industry experiences, competence, and leadership to our Executive Team, with emphasis on growth, business development, delivery and development of our crucial technology programs.

We continue to work closely with all stakeholders which includes customers, partners and end-customers to deliver value and advance our market position. We are confident that we will be able to meet the world's rapidly increasing need for high performing, resilient and fast mobile connectivity via satellite.

PER NORÉN, CEO OVZON

Ovzon continues to provide SATCOM-as-a-Service to the Colombian Government

Ovzon and its Colombian partner Bansat have been awarded an eight-month order to provide mobile satellite connectivity to the UDAPV (Attention Unit for Vulnerable Population), a department within the Colombian Civil Registry.

The Colombian government and the UDAPV have previously used the Ovzon SATCOM-as-a-Service solution for different purposes and were very satisfied with the guaranteed connectivity, reliability, performance, mobility, and ease of use.

Financial overview

Revenue and order intake

The quarter

Revenue totaled SEK 69 million (78) in the second quarter. Growth in the second quarter was -12 percent (135), and adjusted for exchange-rate effects, growth was -17 percent (96). The decrease is due to the fact that the service for the Italian Fire and Rescue Services via Gomedica Satcom was not renewed after the expiration of the contract in 2023. However, the service for the fire and rescue service will continue via, Vodafone Italia – but at a significantly lower level –through December 2023. The downturn was partially offset by sales to new customers and distributors, refer further to Note 5.

The period

Revenue totaled SEK 126 million (178) for the period January–June. Growth in the period was -29 percent (153), and adjusted for exchange-rate effects, growth was -33 percent (108). The decrease is due to the fact that the service for the Italian Fire and Rescue Services via the distributor Gomedica Satcom was not renewed after the expiration of the contract in 2023.

Due to the current uncertainty concerning the customer’s ability to pay, invoiced deliveries for the period at a total value of USD 2.8 million (SEK 30.4 million) have not been recognized as revenue.

This is related to the uncertainty regarding the solvency of the distributor and the related provisions for bad debt made during 2022.

The decline is also attributable to the fact that a large number of terminals with a total value of SEK 39 million were delivered to the U.S. DOD in the first quarter of 2022. The corresponding deliveries did not take place to the same extent in the first six months of 2023. The downturn was partially offset by sales to new customers and distributors, refer further to Note 5.

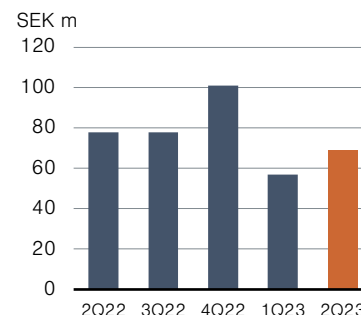
Revenue for Ovzon SATCOM-as-a-Service totaled SEK 117 million (135); refer further to Note 5.

Order intake in the quarter totaled USD 5.5 million (2.1), corresponding to SEK 60.4 million (22.0). Order intake for the period totaled USD 6.0 million (2.1), corresponding to SEK 65.6 million (22).

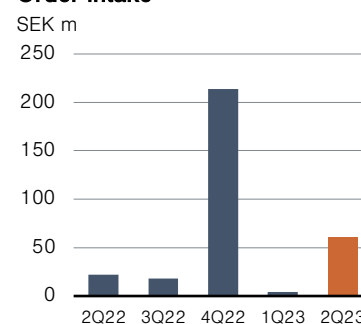
At the end of the period, the order book totaled USD 11.4 million (16.5), corresponding to SEK 124 million (168).

The declining trend in the order book is attributable primarily to the fact that the previous order with the Italian Fire and Rescue Services via the partner Gomedica Satcom was concluded in April 2023. The Italian Fire and Rescue Services renewed the service in Q2 with Vodafone Italia, but at lower levels than previously.

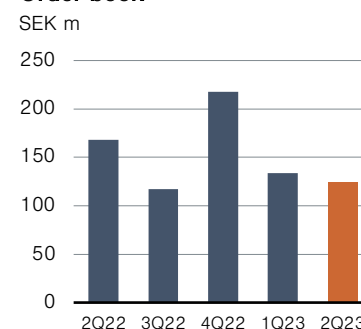
Revenue



Order intake



Order book



PERFORMANCE, QUARTERLY OVERVIEW

SEK m	Apr–Jun 2023	Jan–Mar 2023	Oct–Dec 2022	Jul–Sep 2022	Apr–Jun 2022	Jan–Mar 2022	Oct–Dec 2021	Jul–Sep 2021
Revenue	69	57	101	78	78	100	73	48
Operating profit/loss	-28	-23	-43	-12	-9	-18	-29	-23
Profit/loss for the period after tax	-24	-19	-43	2	16	-12	-22	-12
Order book	124	134	218	117	168	208	302	121
Earnings per share, SEK	-0.45	-0.37	-0.85	0.04	0.32	-0.21	-0.42	-0.26
Total cash flow	-238	72	-57	-60	52	-96	-59	145
Equity/assets ratio, %	72	74	73	71	73	79	-78	80

Operating profit/loss

The quarter

The operating loss for the quarter totaled SEK -28 million (-9). The operating loss was adversely impacted in part by the lower delivery of SATCOM-as-a-Service and increased costs owing to factors including a weakened Swedish krona compared to the year-earlier quarter. Operating loss was positively impacted related to the sale of terminals from non-current assets. The operating loss has been affected by unused contracted satellite capacity. The operating margin for the quarter was -41 percent (-11) and was adversely impacted by higher overheads pertaining to sales and personnel.

The period

Operating loss for the period totaled SEK -52 million (-26). The operating loss was adversely impacted in part by the lower delivery of SATCOM-as-a-Service, and in part by a smaller number of mobile satellite terminals delivered during the period compared to the year-earlier period. The operating loss has been affected by unused contracted satellite capacity. Operating loss was positively impacted by SEK 11 million related to the repayment from 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 SEK -63 million (-26). The operating margin for the period was -41 percent (-15) and was adversely impacted by higher overheads pertaining to sales and personnel.

Profit/loss after tax

The quarter

Loss after tax for the quarter totaled SEK -24 million (profit: 16). Adjusted for unrealized financial currency translations, the loss amounted to SEK -21 million (-7). Tax income of SEK 8 million attributable to the correction of tax in the US for fiscal year 2019 was recognized during the quarter. Earnings per share for the quarter amounted to SEK -0.45 (0.32).

The period

Loss after tax for the period totaled SEK -43 million (4). Adjusted for unrealized currency translations, the loss amounted to SEK -43 million (-22). Tax income of SEK 8 million attributable to the correction of tax in the US for fiscal year 2019 was recognized during the period. Earnings per share for the period amounted to SEK -0.82 (0.09).

Cash flow

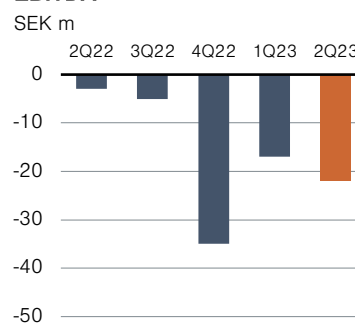
The quarter

Cash flow from operating activities for the quarter amounted to SEK -7 million (-15). The improvement to cash flow from operating activities is linked primarily to reductions in working capital.

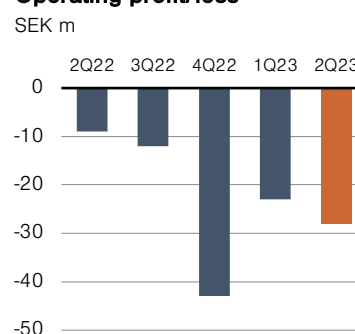
Cash flow from investing activities for the quarter amounted to SEK -230 million (-36). The investments were attributable primarily to the company's first proprietary satellite, Ovzon 3, a project that is estimated to be completed in the period between the end of 2023 and the beginning of 2024 (refer further to Note 8) as well as the development of new mobile satellite terminals.

Cash flow from financing activities for the quarter amounted to SEK -1 million (103). During the quarter, the company paid loan fees totaling SEK 20 million (14). Of this expenditure, interest paid for the quarter totaled SEK 18 million (10). These have been capitalized and thus recognized as part of investing activities in the statement of cash flows.

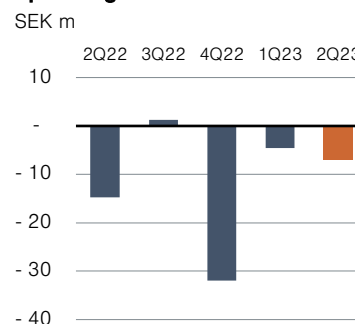
EBITDA



Operating profit/loss



Cash flow from operating activities



The period

Cash flow from operating activities for the period amounted to SEK -12 million (-82). The improvement to cash flow from operating activities is linked primarily to reductions in working capital.

Cash flow from investing activities for the quarter amounted to SEK -346 million (-65). The investments were attributable primarily to the company's first proprietary satellite, Ovzon 3, a project that is estimated to be completed in the period between the end of 2023 and the beginning of 2024 (refer further to Note 8) as well as the development of new mobile satellite terminals. The majority of the investments during the period were attributable to payment of launch costs totaling SEK 279 million to SpaceX.

Cash flow from financing activities for the period amounted to SEK 191 million (103) and pertain largely to the new share issue conducted in the first quarter.

During the period January–June, the company paid loan fees totaling SEK 39 million (24). Of this expenditure, interest paid for the period totaled SEK 36 million (18). This expenditure has been capitalized and thus recognized as part of investing activities in the statement of cash flows.

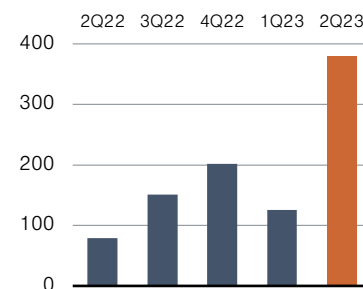
Financial position

The Group's cash and cash equivalents amounted to SEK 115 million at the end of the reporting period, compared to SEK 276 million at the beginning of the year. Equity at June 30, 2023 totaled SEK 1,533 million (1,436). The equity/assets ratio was 72 percent (73). Interest-bearing net debt totaled SEK 379 million (79), an increase year-on-year. Net indebtedness increased owing to investments in above all Ovzon 3 and the development of a new mobile satellite terminal, both of which adversely impacted cash and cash equivalents. At the same time, non-current liabilities increased.

Of the company's total credit facility of USD 65 million (SEK 705 million), USD 20 million (SEK 217 million) was unutilized as of the end of the reporting period. Refer further to Note 6.

Interest-bearing net debt

SEK m



Other information

Employees

At the end of the quarter, the number of employees in the Group was 45 (40).

Shares, share capital, and shareholders

The total number of shares in Ovzon AB on June 30, 2023 was 55,765,258 with a par value of 0.1, corresponding to share capital of SEK 5,576,525.80. The total number of shareholders was 6,132.

Shareholder	Number of shares	%
Bure Equity	6,984,629	12.5
Investment AB Öresund	6,763,985	12.1
Grignolino AB	6,287,096	11.3
Handelsbanken Fonder	5,277,320	9.5
Fjärde AP-fonden	5,141,065	9.2
AFA Försäkring	4,244,935	7.6
Futur Pension	2,424,677	4.4
Stena	1,772,954	3.2
Avanza Pension	924,716	1.7
Per Wahlberg	776,046	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 financing activities.

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

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

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

According to what was previously communicated regarding the Italian distributor, a payment plan was established in 2023 regarding unpaid invoices. Ovzon then chose to make provisions of SEK 52 million in bad debt, while SEK 7 million of the total receivable was deemed likely to be received. The payment plan has not been fully followed and the company is working actively to secure the entire claim.

The Board of Directors and the Management Group are monitoring the course of events in Ukraine and the altered security policy situation in other parts of the world in order to evaluate and proactively manage potential risks and

opportunities. A detailed report of Ovzon's risks and uncertainties and their management can be found in Ovzon's 2022 Annual Report.

Warrants outstanding

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

An Extraordinary General Meeting on May 18, 2020 resolved on issuing a maximum of 900,000 warrants under the 2020/2023 warrants program. The company's Management Group has subscribed for the maximum number of options allotted – 500,000 in total – and other personnel have subscribed for a total of 200,000 options. Each warrant provides entitlement to subscribe for one new share in the company at a price of SEK 102.10 per share. If all warrants allotted are used in the option program, a dilution of 1.4 percent of the shares and votes in the company will occur. The exercise period for all warrants runs from June 18, 2023 until July 18, 2023. No warrants were subscribed, which is why no subscription of shares will take place either.

The Annual General Meeting on April 13, 2021 resolved to issue a maximum of 1,100,000 warrants under the 2021/2024 warrants program. The company's Management Group has subscribed for a total of 410,000 warrants and other personnel have subscribed for a total of 186,000 options. Each warrant provides entitlement to subscribe for one new share in the company at a price of SEK 145.60 per share. If all warrants allotted are used in the option program, a dilution of 1.2 percent of the shares and votes in the company will occur. The exercise period for the warrants runs from May 15, 2024 until June 15, 2024.

The Annual General Meeting on April 21, 2022 resolved to issue a maximum of 450,000 options under two incentive plans: The 2022/2025 warrants program (maximum 225,000 warrants transferred at market value) and the 2022/2025 employee stock option program (maximum 225,000 employee stock options that were issued at no charge). In May, the company's Management Group subscribed for the maximum number of warrants allotted – 250,000 in total – and other personnel subscribed for a total of 140,000 options. In December 2022, new employees in the second half of 2022 were offered the opportunity to subscribe for the remaining options, of which a total of 25,000 options and 10,000 employee stock options were subscribed. Each warrant and employee stock option provides entitlement to subscribe for one new share in the company at a price of SEK 80.93 per share. If all options issued are used in the option programs, a dilution of 0.9 percent of the shares and votes in the company will occur. The exercise period for the warrants runs from June 1, 2025 until June 30, 2025.

Parent Company

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

The Parent Company's revenue for the quarter totaled SEK 5 million (5) with profit after financial items of SEK -7 million (27). Cash and cash equivalents were SEK 102 million at the end of the reporting period and SEK 225 million at the beginning of the year. Equity totaled SEK 2,067 million (1,861), compared with SEK 1,879 million at the beginning of the year. The number of employees was 3 (2).

Webcast

In conjunction with this interim report, a webcast will be conducted at 2:00 pm CEST on August 18, 2023. Ovzon's CEO Per Norén and CFO Noora Jayasekara will present the results and answer questions.

The webcast can be reached via the following link:
<https://www.finwire.tv/webcast/ovzon/q2-2023/>

The telephone number to participate in the teleconference is +46 8 4468 2488 (then enter the meeting ID: 862 7452 5060, 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–Sep 2023: October 20, 2023

Interim report Jan–Dec 2023: February 23, 2024

Review by the auditors

This interim report has not been reviewed 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, August 18, 2023

Per Norén
CEO

Magnus René
Chairman of the Board

Cecilia Driving
Board member

Dan Jangblad
Board member

Marcus Messerer
Board member

Nicklas Paulson
Board member

Patrik Tigerschiöld
Board member

Regina Donato Dahlström
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 and the Swedish Securities Market Act (SFS 2007:528). 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

SEK m	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating income, etc.						
Revenue	5	69	78	126	178	357
Capitalized own development		4	4	8	6	13
Other operating income		8	3	20	3	14
Operating expenses						
Purchased satellite capacity and other direct costs		-56	-54	-108	-137	-246
Other external expenses		-14	-12	-29	-25	-105
Employee benefit expenses		-24	-20	-45	-37	-79
Depreciation/amortization and impairment of property, plant and equipment, and intangible assets		-7	-5	-13	-10	-23
Other operating expenses		-9	-2	-10	-4	-12
Operating profit/loss		-28	-9	-52	-26	-81
Financial income	7	-2	25	2	31	46
Financial expenses	7	0	0	0	0	0
Profit/loss after financial items		-31	16	-50	5	-36
Income tax	9	7	0	7	0	0
PROFIT/LOSS FOR THE PERIOD		-24	16	-43	4	-36
Net profit/loss for the period attributable to:						
Shareholders of the Parent Company		-24	16	-43	4	-36
Basic earnings per share, attributable to shareholders of the Parent Company, SEK		-0.45	0.32	-0.82	0.09	-0.71
Diluted earnings per share, SEK		-0.45	0.32	-0.82	0.09	-0.71
Weighted average number of shares		55,765,258	51,270,876	52,337,340	51,270,876	51,270,876

Consolidated statement of comprehensive income

SEK m	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Profit/loss for the period		-24	16	-43	4	-36
Other comprehensive income:						
Items that have been subsequently reclassified to the income statement:						
- Exchange differences on translating foreign operations		-12	-16	-10	-19	-22
Other comprehensive income net after tax		-12	-16	-10	-19	-22
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-35	0	-53	-15	-58
Comprehensive income for the period attributable to:						
Shareholders of the Parent Company		-35	0	-53	-15	-58

Consolidated balance sheet

SEK m	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Intangible assets				
Capitalized development costs		40	21	34
Patents		33	26	26
		72	47	59
Property, plant and equipment				
Equipment, tools, fixtures and fittings		35	44	43
Right-of-use assets		6	9	8
Construction in progress and advance payments	8	1,770	1,366	1,435
		1,811	1,419	1,485
Financial assets				
Deferred tax assets	9	0	0	0
		0	0	0
Total non-current assets		1,883	1,466	1,545
Current assets				
Inventory		57	39	54
		57	39	54
Current receivables				
Trade receivables		56	44	30
Other receivables		16	22	5
Prepaid expenses and accrued income		10	5	12
		82	71	47
Cash and cash equivalents		115	391	276
Total current assets		254	501	377
TOTAL ASSETS		2,137	1,967	1,922

Consolidated balance sheet, cont.

SEK m	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
EQUITY AND LIABILITIES				
Equity				
Share capital		6	5	5
Other contributed capital		2,006	1,813	1,813
Reserves		-27	-14	-17
Retained earnings		-451	-368	-408
Equity attributable to the Parent Company's shareholders		1,533	1,436	1,393
Total equity		1,533	1,436	1,393
Non-current liabilities				
Borrowing		488	460	470
Lease liabilities		6	10	8
Other provisions		1	1	1
		496	471	479
Current liabilities				
Trade payables		44	29	20
Current tax liabilities		1	1	0
Other liabilities		3	3	2
Accrued expenses and deferred income		61	28	27
		109	60	49
TOTAL EQUITY AND LIABILITIES		2,137	1,967	1,922

Consolidated statement of changes in equity

SEK m	Share capital	Other contributed capital	Reserves	Retained earnings	Total Equity
Equity at January 1, 2022	5	1,812	5	-372	1,450
Profit/loss for the period	—	—	—	4	4
Other comprehensive income	—	—	-19	—	-19
Total comprehensive income	—	—	-19	4	-15
Warrants	—	1	—	—	1
New share issue	—	—	—	—	—
Costs attributable to the issue	—	—	—	—	—
Employee stock options	—	—	—	—	—
Total transactions with shareholders	—	1	—	—	1
Equity at June 30, 2022	5	1,813	-14	-368	1,436

SEK m	Share capital	Other contributed capital	Reserves	Retained earnings	Total Equity
Equity at January 1, 2023	5	1,813	-17	-408	1,393
Profit/loss for the period	—	—	—	-43	-43
Other comprehensive income	—	—	-10	—	-10
Total comprehensive income	—	—	-10	-43	-53
Warrants	—	—	—	—	—
New share issue	0	200	—	—	200
Costs attributable to the issue	—	-7	—	—	-7
Employee stock options	—	—	—	0	—
Total transactions with shareholders	—	192	—	—	193
Equity at June 30, 2023	6	2,005	-27	-451	1,533

Consolidated cash flow statement

SEK m	Note	Apr–Jun 2023	Apr–Jun 2022*	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Operating activities						
Operating profit/loss		-28	-9	-52	-26	-81
Adjustments for non-cash items		2	-2	10	3	26
Interest received, etc.		0	–	2	–	2
Interest paid, etc.		0	–	0	–	–
Income tax paid		8	–	7	–	–
Cash flow from operating activities before changes in working capital		-18	-10	-33	-24	-53
Decrease(+)/increase(-) in inventory		-3	-15	-3	-14	-29
Decrease(+)/increase(-) in trade receivables		-25	1	-26	-11	2
Decrease (+)/increase (-) in current receivables		5	-3	-9	-13	-3
Decrease (-)/increase (+) in trade payables		17	17	24	-23	-32
Decrease (-)/increase (+) in current liabilities		17	-4	35	4	2
Total change in working capital		11	-5	21	-58	-60
Cash flow from operating activities		-7	-15	-12	-82	-112
Investing activities						
Acquisition of intangible assets		-7	-21	-13	-21	-34
Acquisition of property, plant and equipment		-229	-15	-341	-44	-129
Sale of property, plant and equipment		6	–	8	–	12
Cash flow from investing activities		-230	-36	-346	-65	-151
Financing activities						
New share issue		–	–	200	–	–
Issuance costs		0	–	-7	–	–
Remuneration received for warrants		–	–	–	–	1
Amortization of lease liability		-1	–	-1	–	-1
Proceeds from borrowings		–	103	–	103	102
Cash flow from financing activities		-1	103	191	103	102
Cash flow for the period		-238	52	-167	-44	-161
Cash and cash equivalents at beginning of period		346	316	276	406	406
Exchange rate difference in cash and cash equivalents		8	23	6	28	31
Cash and cash equivalents at end of period		115	391	115	391	276

*) The comparison figures for Q2 2022 have been updated; compare with previously reported data. However, the total cash flow for the quarter remains unchanged in relation to previous reports.

Parent Company financial statements

Parent Company income statement

SEK m	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating income, etc.						
Revenue		5	5	10	10	24
Other operating income		0	1	1	1	1
Operating expenses						
Other external expenses		-5	-3	-12	-7	-16
Employee benefit expenses		-3	-3	-6	-5	-10
Operating profit/loss		-3	0	-7	-1	0
Income from financial items						
Other interest income and similar items		36	42	42	61	111
Interest expenses and similar items		-39	-14	-39	-24	-58
		-3	27	3	37	54
Profit/loss after financial items		-7	27	-5	36	54
Income tax		–	–	–	–	–
PROFIT/LOSS FOR THE PERIOD		-7	27	-5	36	54

Parent Company statement of comprehensive income

SEK m	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Profit/loss for the period		-7	27	-5	36	54
Other comprehensive income:		–	–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-7	27	-5	36	54

Parent Company balance sheet

SEK m	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Intangible assets				
Other intangible assets		0	0	0
		0	0	0
Financial assets				
Participations in Group companies		2,054	1,441	1,843
Receivables from Group companies	12	294	423	283
		2,349	1,864	2,127
Total non-current assets		2,349	1,864	2,127
Current assets				
Current receivables				
Receivables from Group companies	12	111	108	–
Other receivables		2	1	1
Prepaid expenses and accrued income		5	0	1
		117	109	1
Cash and cash equivalents		102	355	225
Total current assets		219	463	226
TOTAL ASSETS		2,568	2,328	2,353
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		6	5	5
		6	5	5
Unrestricted equity				
Retained earnings		2,066	1,820	1,820
Profit/loss for the period		-5	36	54
		2,061	1,856	1,874
Total equity		2,067	1,861	1,879
Non-current liabilities				
Liabilities to credit institutions		488	460	470
		488	460	470
Current liabilities				
Trade payables		2	2	1
Liabilities to Group companies		6	1	–
Current tax liabilities		–	–	0
Other liabilities		1	1	1
Accrued expenses and deferred income		4	4	3
		13	7	5
TOTAL EQUITY AND LIABILITIES		2,568	2,328	2,353

Notes

Note 1 Basis for preparation and accounting policies for the Group

The consolidated financial statements for Ovzon AB (publ) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups. The Parent Company financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The interim report for the period January–June 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

The company's financing risk corresponds to the fact that there may be difficulties in obtaining financing for the business at a given time. In addition, there may be a risk that the company cannot comply with the conditions set by the credit facilities. Ovzon's earning capacity is highly dependent on the company's ability to grow its sales through agreements with new and old customers, as well as on the market's future development. There is a risk that agreements are delayed or that deliveries are delayed and that this affects the earning

capacity. There is also a risk that the market for satellite communications will develop worse than at present.

Furthermore, there is a risk of further increased costs in the event that the company's own satellite is further delayed. The remaining claim on the company's Italian distributor, in the event that the contractual party does not fulfill its obligations in accordance with the payment plan, may affect the company's cash flow negatively. Regardless of the above risks, the company's assessment is that any additional financing needs can be solved with loans or equity and that the existing cash flow and working capital are sufficient for a 12-month period.

In accordance with IFRS 16 Leases, an asset (related to a right-to-use asset) and a financial liability (regarding an obligation to make lease payments) are recognized in the balance sheet. The lessee will further divide the cost of the leased asset into depreciation and interest payments.

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

Note 5 Disaggregation of revenue

SATCOM-as-a-Service	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Italy	1	4	1	23	66
USA	46	52	93	107	208
Rest of World	16	21	23	5	20
Total	63	77	117	135	294
Terminals	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Italy	–	–	–	–	–
USA	–	2	–	40	40
Rest of World	6	1	9	3	23
Total	6	1	9	43	63
Total	69	78	126	178	357

Note 6 Financing

In 2019, the company signed a senior credit facility of USD 60 million (SEK 621 million) in order to ensure financing of its proprietary satellite, Ovzon 3. USD 35 million (SEK 362 million) of the credit facility was utilized in 2021. A further USD 10 million (SEK 104 million) was utilized in the second quarter of 2022. In January 2023, a change in the credit

facility was agreed on, expanding it to USD 65 million (SEK 705 million). As of the end of the reporting period, the total unutilized facility was thus USD 20 million (SEK 217 million). The loan extends up to six years with an interest rate, in USD, of LIBOR 3m + 10 percentage points.

Note 7 Net financial items

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

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

Ongoing investment pertains to the company's own satellite, Ovzon 3, the completion of which is estimated between late 2023 and early 2024.

Ongoing investment Ovzon 3, SEK m	Jun. 30, 2023	Dec. 31, 2022
Opening balance, accumulated cost	1,447	1,330
Investments for the year	335	90
Translation difference	–	28
Closing balance, accumulated cost ¹⁾	1,782	1,447
Impairment, opening balance	-12	-12
Impairment for the year	–	–
Accumulated impairment, closing balance	-12	-12
Carrying amount, closing balance	1,770	1,435

1) Of total investments in Ovzon 3, SEK 39 million (29) pertains to capitalized internal costs.

Since parts of the credit facility have been unutilized since April 2021, borrowing expenses of SEK 39 million (24) were capitalized in 2023. These are included in investments for the year.

Note 9 Tax

Deferred tax assets on accumulated loss carryforwards have not been recognized as deferred tax assets, considering the uncertainty pertaining to taxable surplus to use the loss against in the foreseeable future. At the end of the financial year 2022, there were saved tax loss deductions totaling SEK 135 million (118).

In June 2023, a tax income of SEK 8 million has been reported which is attributable to the correction of tax paid in the

USA for the accounting year 2019. A deferred tax asset of the corresponding amount has not been reported previously due to the uncertainty surrounding it. The correction was approved, and the amount was paid out in July 2023.

Note 10 Pledged assets and contingent liabilities

SEK 4 million (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	
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2023	Dec. 31, 2022
Shares in subsidiaries	1,535	1,019	2,054	1,843
Receivables from Group companies	–	–	299	247
Restricted bank funds	4	4	–	–
Total	1,539	1,023	2,354	2,090

Note 11 Events after the end of the reporting period

- Launch of the new mobile satellite terminal Ovzon T7
- Order from the Italian Border Police for Ovzon SATCOM-as-a-Service.
- Service contract renewal from Airbus Defense and Space for continued support to the UK Government.

Note 12 Transactions with related parties

Total receivables in Group companies, SEK m	Jun. 30, 2023	Dec. 31, 2022
Ovzon Sweden AB	52	0
OverHorizon OHO 1 Limited	38	35
Ovzon LLC	299	247
Ovzon US LLC	10	1
Total	399	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/loss	Profit/loss before financial items and tax.	This metric is used to monitor the performance of the business independent of how the company has been financed, or its tax position.
Adjusted operating profit/loss	Profit/loss adjusted for items affecting comparability.	Items affecting comparability are adjusted 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 key 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

Key performance measures	Definition	Justification
		of time, and to show the underlying performance in operating activities independent of exchange-rate fluctuations or items affecting comparability.
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

Adjusted operating profit/loss	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating profit/loss	-28	-9	-52	-26	-81
Realized positive foreign exchange rate effect related to repayment of advances from launch partner	—	—	-11	—	—
Adjusted operating profit/loss	-28	-9	-63	-26	-81
Operating profit/loss, last 12 months			Jul 2022–Jun 2023	Jul 2021–Jun 2022	
Operating profit/loss, current period			-52	-26	
+ Operating profit/loss, preceding year			-81	-113	
– Operating profit/loss from the year-earlier period			26	62	
Operating profit/loss, last 12 months			-106	-77	
EBITDA and adjusted EBITDA	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating profit/loss	-28	-9	-52	-26	-81
Excluding depreciation/amortization	7	5	13	10	23
EBITDA	-22	-3	-38	-17	-57
Realized positive foreign exchange rate effect related to repayment of advances from launch partner	—	—	-11	—	—
Adjusted EBITDA	-22	-3	-49	-17	-57
Adjusted revenue and adjusted revenue growth	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Revenue	69	78	126	178	357
Sale of production inventory	—	—	—	-3	-3
Adjusted revenue	69	78	126	174	354
Average exchange rate for the period, SEK/USD	10.5145	9.8317	10.4705	9.6715	10.1245
Adjusted revenue, USD m	7	8	12	18	35
Revenue growth	-12%	135%	-29%	153%	87%
Adjusted revenue growth adjusted for currency effects	-17%	96%	-33%	108%	76%
Profit/loss excluding currency translations	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Profit/loss for the period	-24	16	-43	4	-36
Excluding unrealized financial currency effects	3	-23	0	-26	-43
Profit/loss excluding currency translations	-21	-7	-43	-22	-80
Interest-bearing net debt, and interest-bearing net debt excluding lease liabilities, SEK m	Jun. 30, 2023	Jun. 30, 2022	Dec. 31, 2022		
Non-current liabilities, interest-bearing	494	469	478		
Current liabilities, interest-bearing	—	—	—		
Cash and cash equivalents	-115	-391	-276		
Interest-bearing net debt	379	79	202		
of which, lease liabilities	6	10	8		
Interest-bearing net debt excluding lease liabilities	373	69	194		
Equity/assets ratio	72%	73%	72%		
Interest-bearing net debt / Adjusted EBITDA, 12 months, multiple	neg	neg	neg		
Closing rate at the end of the reporting period	Jun. 2023	Jun. 2022	Dec. 2022		
EUR	11.7917	10.6801	11.1283		
GBP	13.7202	12.4127	12.5811		
USD	10.8509	10.2194	10.4371		

