

Ovzon

Annual Report



www.ovzon.com

A large, bold, black "2023" is centered over a background image of a rocket launch. The rocket is ascending vertically, leaving a bright, glowing trail of fire and smoke. The launch is set against a dark sky, with the ground and silhouettes of trees and structures visible in the foreground. The overall color palette is dominated by the orange and yellow hues of the rocket's exhaust.

2023

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Cover: Photo credits Official SpaceX

While every care has been taken in the translation of this report, readers are reminded that the official report, signed by the Board of Directors, is in Swedish and prepared in the European single electronic format (Esef), published at www.ovzon.com.



Photo credits: Official SpaceX and Krister Majander

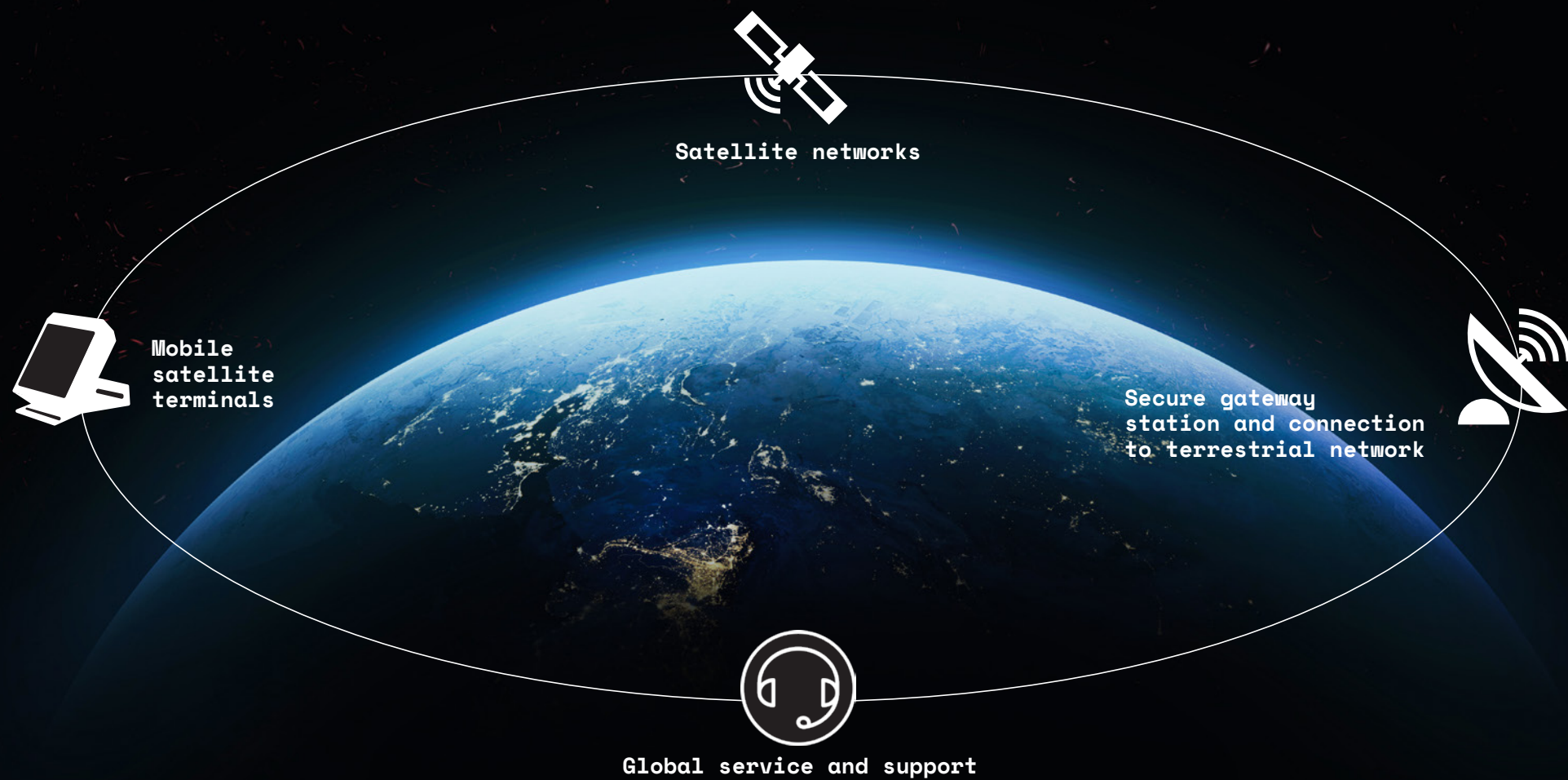


Photo credits: Ovzon / Official SpaceX, Krister Majander and Colmenares Brothers.

Connecting the world's critical missions via satellite

Performance
Mobility
Resiliency

Ovzon's unique solution



Ovzon at glance

Facts

Ovzon offers world-leading integrated mobile satellite communications services, SATCOM-as-a-Service, to customers globally. The services combine high throughput satellite networks, mobile satellite terminals, gateway services, and dedicated customer support. Ovzon's offerings meet the growing demand for mission critical connectivity for customers with high performance, mobility and resiliency requirements such as Defense, National security and Public safety. In January 2024, Ovzon's proprietary developed geostationary satellite Ovzon 3 was successfully launched from Cape Canaveral, FL.

Vision

Connecting the world's critical missions via satellite

Performance

Mobility

Resiliency



Key figures

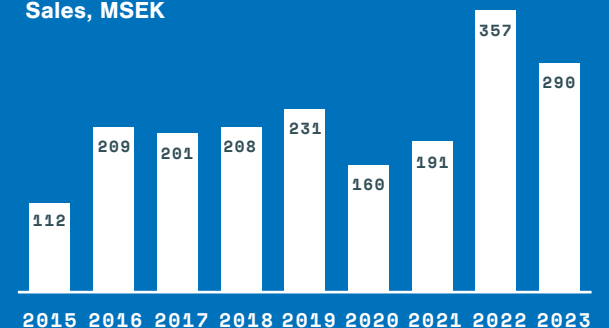
290

Ovzon revenue 2023, MSEK

2,203

Capex 2019-2023, MSEK

Sales, MSEK



OVZON'S HISTORY

2024

Successful launch of the satellite Ovzon 3.
Order of 9.7 MUSD from European customer.

2023

Completed a directed shares issue raising in total 200 MSEK and a rights issue raising in total 250 MSEK, financing the finalization of Ovzon 3 and the change of launch provider for Ovzon 3 as well as requirements for working capital.

Launch of the new Ovzon T7 mobile satellite terminal.

Order of 4.8 MUSD for SATCOM-as-a-Service from European customer.

Renewed order totaling 3.1 MUSD from the U.S. DOD for SATCOM-as-a-Service.

Order of 135 MSEK from SSC for Ovzon's SATCOM-as-a-Service, including Ovzon mobile satellite terminals.

Contract renewal from Airbus Defence and Space for continued support to the UK Government.

2022

Start of deliveries to the Italian Fire and Rescue Services.

Renewed order totaling 17.9 MUSD from the U.S. DOD pertaining to SATCOM-as-a-Service.

Renewed order totaling 1.1 MUSD from the UK Ministry of Defence, and a new order of 2.9 MUSD from UK partner GRC.

Signed new French partner, Nigma, and new collaboration with Swedish Space Corporation, SSC.

Increased growth through high levels of sales activity, product demonstrations, and tests with new and existing customers.

2021

Listing on Nasdaq Stockholm Mid Cap.

Sytronic new partner for managing production and logistics for mobile satellite terminals.

Significant expansion of service orders from the U.S. Department of Defense totaling 22.3 MUSD (14.6).

Directed share issue of approximately SEK 238 million.

Order of 9.8 MUSD from the previous Italian distributor.

Additional orders from U.S. DOD, the UK Ministry of Defence, SAAB, the UN, and the Colombian government.

Launch of the Ovzon T6 terminal.

2020

Partnership agreement with Airbus, and new distributors in Benelux, Colombia, Peru and France.

Capital raised totaling approximately 590 MSEK in three stages.

Contract with Intelsat for capacity on IS-39 and IS-37. Substantially expanded capacity and geographic reach.

2019

Signed agreement with Arianespace regarding launch of proprietary satellite.

Financing secured for Ovzon 3.

Agreement signed with Maxar for production of the proprietary satellite Ovzon 3.

2018

Version 3 (current) of satellite design produced.

Ovzon listed on Nasdaq First North Premier Growth Market.

2017

Development of Ovzon-designed On-Board-Processor commenced.

2015

The second satellite design produced.

2014

First phase of Ovzon's satellite-based mobile communications services launched.

Initial order from the U.S. Department of Defense (U.S. DOD).

2013

The Ovzon T5 mobile satellite terminal developed.

2010

Application for the first patents submitted.

Development of the Tactical Variant (TV) terminal, the prototype for Ovzon T5.

2009

First frequency license, 59.7° E on Cyprus, received. First satellite design produced.

2006

What would become Ovzon was founded as OverHorizon Plc. in Nicosia, Cyprus.

Important events in 2023

Q4

- Order of 3.1 MUSD for SATCOM-as-a-Service from U.S. DOD.
- Order of 135 MSEK from Swedish Space Corporation (SSC).
- Preferential rights issue was closed on December 6 and the company emitted 55,263,572 new shares amounting to 250 MSEK before transaction costs.
- Regina Donato Dahlström new Chairman of the Board of Directors.

Q3

- Launch of the new Ovzon T7 mobile satellite terminal.
- 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.

Q2

- Order of 4.8 MUSD for SATCOM-as-a-Service from a European customer.
- Follow-up order of 0.3 MUSD from Colombian partner Bansat.
- Follow-up order of 0.6 MUSD from French partner Nigma.
- Order of 0.3 MUSD 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).

Q1

- Announcement regarding the delay of the launch of Ovzon 3, and switch to SpaceX as launch partner.
- Carried out a directed share issue of 200 MSEK and secured additional financing through debt to finance the shift of launch partner and delay of Ovzon 3.
- Extended regulatory deadline regarding orbital position for Ovzon 3.
- First order in Spain via partner Aicox Solutions.

Events after the end of the period

- Successful launch of the satellite Ovzon 3 and the Ovzon On-Board-Processor.
- Order of 9.7 MUSD from European customer.

Successful launch of Ovzon 3 and strong finish to 2023

Ovzon certainly had an eventful 2023, with a strong finish in terms of order intake and revenue. This manifests a strengthened position among our European Defense, National security and Public safety customers during the year. The most significant milestone was of course the launch of our first own satellite – Ovzon 3 – in early January 2024, backed by a lot of disciplined execution, preparations and supplementary financing throughout 2023. This historic milestone further strengthens our unique cutting-edge next generation SATCOM-as-a-Service. In 2024 Ovzon’s primary focus will be on customer and market interactions, demonstrating our boosted performance, mobility and resiliency – the distinct differentiators of our offering.

Improved order intake towards year-end

Ovzon’s order intake was modest during the first three quarters of 2023 but clearly improved in the fourth quarter, with new orders as well as renewals. The improved order intake and sales contributed to us reaching our adjusted outlook of at least 290 MSEK in full-year revenue. The largest order for the year was received in the fourth quarter from Swedish Space Corporation (SSC) with a total order value of 135 MSEK. The order comprises Ovzon’s integrated 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 has become an increasingly important geographical market for Ovzon. Following the escalating geopolitical tension, especially in Europe and the Middle East, satellite communication continues to be a strategic capability for the world’s

government, defense and humanitarian organizations.

Sweden is one of the countries that is rapidly advancing its position, now also with an important membership in NATO.

Towards the end of 2023, we also received orders from the U.S. Department of Defense for Ovzon SATCOM-as-a-Service. One of them was an annual renewal, which this time was rescoped to an 8-months contract and reduced compared to previous years, mostly explained by a complex political and fiscal situation in the USA resulting in new budget considerations and processes.

Going forward, our relationship with the U.S. DOD remains solid, long-term and strategic, where our current and new products and services, including the Ovzon 3 satellite, the Ovzon On-Board-Processor and the Ovzon T7 terminal, are important capabilities.



COMMENTS FROM THE CEO

In early 2024, U.S. DOD was also the first customer to place an order for the new Ovzon T7 mobile satellite terminal. The Ovzon T7 is the smallest, most powerful and easiest-to-use mobile 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 independently of a teleport.

Successful launch of Ovzon 3 – a historic 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 prepared and ready to be launched 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 ever privately funded and developed Swedish geostationary communications satellite. It was achieved by hard work by our extraordinary employees and in teaming with our partners Maxar and SpaceX. As always when working with space missions, risks 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 excellent shape. We are closely monitoring its progress in detail. For a real-time position of Ovzon 3, please follow this link:

<https://www.keeptrack.space/app/?sat=58698&-search=OVZON>.

Broadened and enlarged shareholder base

In December 2023 we concluded a rights issue raising approximately 250 MSEK. The issue was oversubscribed. I would like to thank our long-term, loyal existing shareholders for their continued solid trust. Our main shareholders also supported us with a financing of 200 MSEK in early 2023, in connection with a delay in production and thereby a forced change of launch partner for Ovzon 3. The December 2023

share issue, in combination with a strong public interest in the company coupled with the launch of Ovzon 3, has increased our shareholder base by approximately 20 percent. I wish to warmly welcome all our new shareholders. The proceeds of the financing will partly be used for the final investments in the Ovzon 3 project, the Ovzon On-Board-Processor and Ovzon T7, where some investments remain until the Ovzon 3 satellite solutions are fully operational. It will also be used to finance our daily operations in 2024 and 2025.

Focus on profitable growth – capitalize on the growing need for mission critical mobile satellite communication

The world proved to be more resilient than expected in 2023. Despite significant monetary tightening and lingering policy uncertainties worldwide, Ovzon is entering 2024 with a strong focus on driving profitable growth. We are dedicated to focus on targeted sales, business development and marketing activities, and in-depth partnering with selected partners. We have clearly defined customer segments and key geographical markets. Moreover, we will continue to accelerate our industrialization initiatives such as scale-up of quantity, quality and efficiency when it comes to volume production of mobile satellite terminals.

One of our main objectives in 2024 is, of course, to operationalize Ovzon 3 and enter it into commercial service. We are in close dialogue with customers about our next cutting-edge SATCOM-as-a-Service based on our newly launched technology platforms.

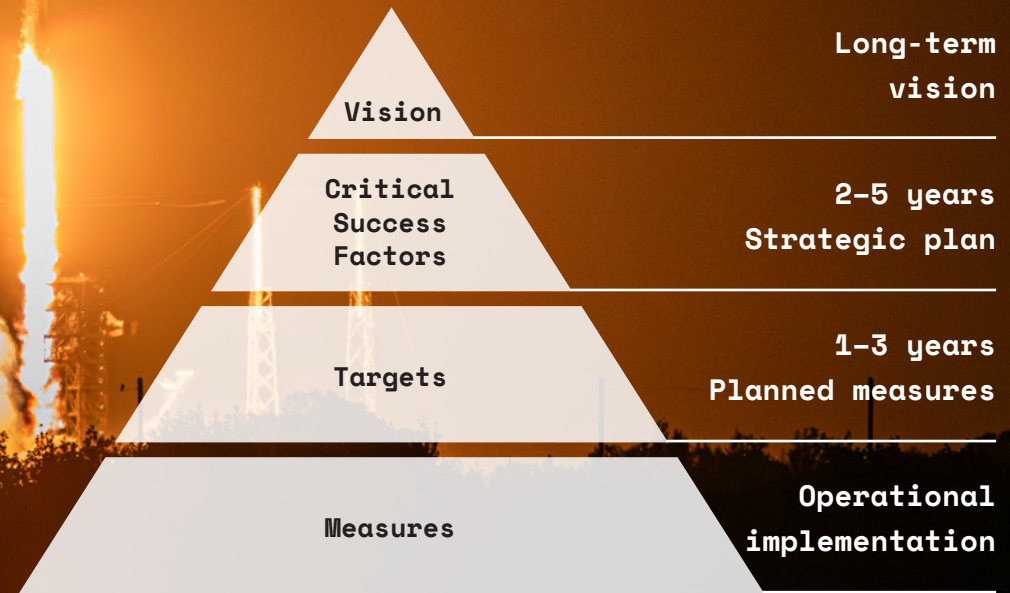
We continue to foresee a growing need for mission critical mobile satellite communications in the years to come. In times of multiple conflicts and climate change, bringing uncertainty to lives and livelihoods of millions, we take pride in supporting stability by protecting and connecting people, societies, businesses, and countries.

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

Per Norén, CEO Ovzon

MSEK	2023	2022
Revenue	290	357
Operating loss	-95	-81
Operating margin, %	neg	neg
Loss after tax	-60	-36
Earnings per share, SEK	-1.09	-0.71

During 2023, Ovzon focused its strategic plan for the coming years. The company's strategic targets can be divided into four parts:



Operational implementation

Service based on leased satellite capacity

Ovzon's existing service is based on leased capacity from a number of external satellite operators in combination with Ovzon's proprietary mobile satellite terminal technology and integrated service offerings; SATCOM-as-a-Service. The main focus in 2023 has been on finalizing the Ovzon 3 satellite, Ovzon On-Board-Processor and the launch of the Ovzon T7 mobile satellite terminal alongside increased and close customer dialogue and delivering on contracts and customer commitments. Ovzon continues to scale-up the business and drive industrialization, advance product development and further enhance the company's world leading customer delivery, customer support and customer service. Ovzon focus on Government markets, foremost military and civil defense as well as national security and public safety. The US market has always been core to Ovzon and the European market is rapidly growing and will be a focus for Ovzon for 2024 and beyond.

Planned measures 1–3 years

Recurring revenue, profitable and scalable growth

In 2024, the company will continue the activities that begun in 2023. The company's first proprietary satellite, Ovzon 3, will considerably increase performance in the company's unique integrated service offerings for guaranteed connectivity driven by performance, mobility and resiliency. Ovzon 3 will also expand coverage areas with improved and efficient bandwidth. Interest in the new functionality is significant. In the next few years, the company will focus on sales, business development and targeted marketing to achieve full utilization of Ovzon 3. SATCOM-as-a-Service is the core of Ovzon's offering, which will generate recurring revenue and scalable growth. The company will continue to focus on direct sales, as well as on an expanded network of partners for sales, deep customer interactions, service and support. Connectivity with the highest availability, performance, mobility and resiliency are critical requirements from the customers and in Ovzon's favor. The company's innovative services and solutions will be clearly positioned and guaranteed connectivity and a premium service makes a significant difference.

Strategic plan 2–5 years

Service based on own satellite capacity

Ovzon's strategic goal is to offer integrated satellite communications solutions with the highest performing satellite networks to the smallest and most resilient mobile satellite terminals. Ovzon develops and delivers proprietary satellite, payload and mobile satellite terminal technology designed to deliver the highest performance. The company's five-year plan goes hand in hand with the measures previously described, and can be grouped into five building blocks:

- Integrated solutions
- Global satellite networks
- Mobile satellite terminals
- Global and sovereign gateways
- Customer delivery, service and support

Long-term vision

Connecting the world's critical missions via satellite

Ovzon's long-term vision is to provide its customers with a fleet of proprietary satellites that makes Ovzon a leading provider of satellite-based mobile communication.

Ovzon's plan is to drive growth via a step change in expansion, and the company already has orbital positions that ensure future global coverage. The company currently has ten orbital positions registered with the International Telecommunication Union (ITU).

Ovzon provides the smallest and lightest mobile satellite terminals for satellite-based communication in the market – a position the company intends to preserve and strengthen. A fleet of Ovzon-owned satellites equipped with the company's technology, which could be mixed with leased capacity for improved coverage, forms a solid base for this.

How satellite-based communication works

A satellite orbits the Earth in a circular or elliptical path – typically at a height of between 160 and 36,000 kilometers. Satellite-based communication requires a free line of sight between the satellite and a station or terminal on Earth. The satellite's view of Earth and, accordingly, the area that can be served by it, varies according to the altitude of the satellite's orbit and position. There are three primary altitudes where communication satellites are placed: LEO, MEO, and GEO.

Communication is conducted via radio frequencies

Satellites transmit information to receivers on Earth by way of radio waves, which means that high-quality communication can be made available to remote areas in the world without requiring large investments in terrestrial equipment. The frequency of the radio waves is significant for several properties that are important in satellite-based communication:

- Higher-frequency bands typically have greater available bandwidth, which in theory entails higher data rates and higher total capacity.
- On the other hand, higher frequencies are affected and dampened more by atmospheric effects and weather conditions.

The most common frequency bands used by GEO communication satellites are:

1. Ku and Ka bands (10–31 GHz): The bands are typically used for TV broadcasting, VSAT networks, and maritime and aeronautical services. The Ku band is the band used for Ovzon's services.

2. C band (4–6 GHz): Generally used for TV broadcasting, data and voice communication, especially in areas of heavy precipitation.

3. L band (1.5–1.6 GHz): The L band is for example used for satellite phone services. The relatively narrow spectrum severely limits the total data rate.

4. X band (8–12 MHz): Mainly used for defense applications.

Historically, the satellite-based communication market has been divided into two segments: Fixed Satellite Service (FSS) and Mobile Satellite Service (MSS). These boundaries are not as clearly defined as they once were, as increased investments in new satellites with steerable beams and small mobile terminals blur the dividing lines, a trend that is expected to continue.

OPERATIONS AND SOLUTIONS



LEO
Low Earth Orbit, up
to 2,000 km from Earth



MEO
Medium Earth Orbit,
2,000–36,000 km
from Earth



GEO

Geostationary Earth Orbit, 36,000 km from Earth. The orbit is in the Earth's equatorial plane and the satellite's orbital period matches the Earth's rotation. Accordingly, a GEO satellite appears to be fixed in the sky when viewed from Earth. The satellite's view of the Earth corresponds to approximately one third of the planet's surface, and the entire Earth can thus be covered with only four satellites. For this reason, GEO satellites are used for more than 90 percent of all satellite telecommunication. Ovzon's service currently uses GEO satellites and the company's proprietary satellite Ovzon 3 will be located in a geostationary orbit.

Unique services for satellite-based mobile communication with global reach

Ovzon's SATCOM-as-a-Service offering delivers unique capacity and performance to customers worldwide. Ovzon's solutions are unique in that they can manage large amounts of data and extremely transmission-intensive applications. The company's SATCOM-as-a-Service offering of satellite-based mobile connectivity services was launched in 2014. The Ovzon solution has been well received and the company's revenue increased from 53.3 MSEK in 2014 to 290 MSEK in 2023.

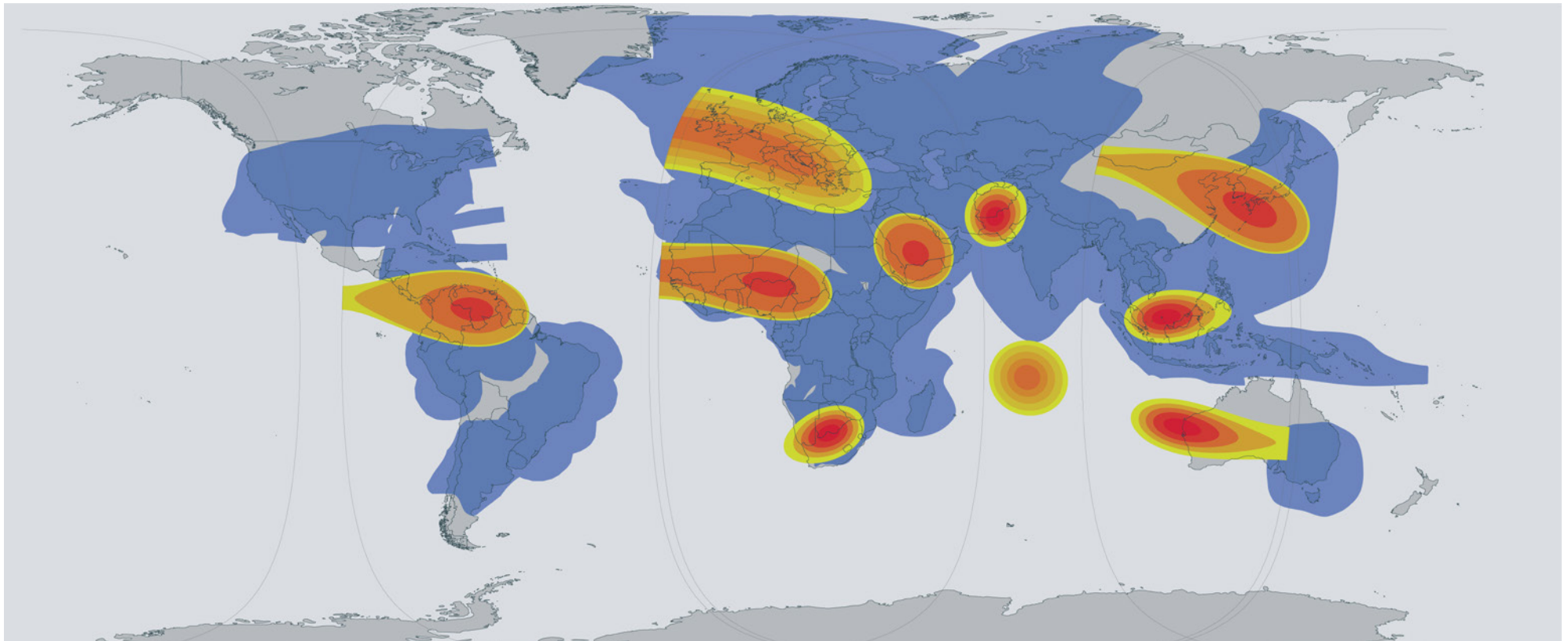
Ovzon's unique SATCOM-as-a-Service offering makes it possible for users to obtain the highest data rates with the smallest mobile satellite terminals. The service builds on capacity that is leased from existing satellites and satellite operators. When the company's own satellite Ovzon 3 becomes operational in mid-2024, Ovzon's offering will contain a mix of own capacity and leased capacity. The service is sold as an end-to-end solution and includes terminals, satellite capacity, network management, service, and support.

The smallest terminals and highest data rates

Ovzon's offering combines secure, high-bandwidth satellite-based communication services with the smallest, most mobile terminals on the market. The user terminals, with antenna sizes starting at 15 cm, can be used when the user is stationary (On-the-Pause) or mobile (On-the-Move). The terminals are easy to carry in the accompanying bags and can also be placed in moving vehicles such as UAVs, helicopters, marine vessels or land vehicles. Ovzon's mobile services currently have the highest up- and download data rates in the market; they can send up to 70 Mbps and receive up to 120 Mbps.

Simple, secure use

Ovzon's terminals have been developed for ease-of-use and provide the user with quick connections (<60 seconds). Sending data with Ovzon's services means secure communication for defense, national security and public safety customers around the globe. Ovzon has been ISO 9001 certified since 2021 and renewed its certification in 2023. Ovzon's certified quality management system strengthens the company's position and capacity for meeting its customers' needs and expectations for secure and reliable satellite-based communication. Dedicated customer support is provided around the clock, seven days a week, via the company's network operations center (NOC) in Tampa, Florida.



Best performance in all environments

The service has been designed to function in the most remote and challenging geographical locations around the world. The technology has been proven in Arctic cold, extreme heat and under tropical conditions, regardless of atmospheric conditions.

Global coverage

Ovzon’s services currently use satellites that cover the USA, Latin America, Asia, Europe and Africa. In Europe and Africa,

there are gateways that are the backbone of satellite connections. Over the years, Ovzon has built up lengthy strategic relationships with a large number of global satellite operators. The company has an agreement with Intelsat that grants exclusive access to powerful steerable beams. Ovzon also has agreements with several other operators, which facilitates both short- and long-term access to satellite capacity and networks globally. Ovzon can thus now offer satellite capacity over nearly the entire globe. With the company’s recently launched proprietary Ovzon 3 satellite, its coverage will be further expanded.

High rate of innovation and new launches

With extensive experience and knowledge of development and integration of small satellite terminals, Ovzon is well equipped for the challenge of developing the next generation of terminals and services, which are well suited for the satellites utilized by Ovzon. Over the last few years, Ovzon has kept a high rate of innovation, with launches of new terminals and services.

Services

In contrast to private market customers who primarily want to receive data, Ovzon's customers need to send large amounts of data in real time from, for example, sensors, high-resolution cameras or mobile devices. Ovzon's services are therefore uniquely developed to send at high data rates from small mobile terminals. Ovzon has narrowed its target groups to focus on Defense, National security and Public safety as these customers are deemed to have the greatest need and resources for the unique performance, mobility and resiliency offered by Ovzon SATCOM-as-a-Service. At present, Ovzon's services and satellite coverage encompass the USA, Latin America, Asia, Europe, Africa and Australia. Teleports with secure trunk connections are located in Europe and Africa. The services are provided, monitored, and controlled via the company's dedicated customer support in Tampa, Florida (USA).

Ovzon Plus

This service offers global accessibility using Ovzon's global network of satellites. Ovzon Plus offers data rates of up to 4/4 Mbps and can easily be upgraded to the Ovzon Go service as needed. The service can be launched in less than 90 seconds.

Ovzon Go

Ovzon Go is a unique satellite service that provides users with access to a flexible, high-bandwidth connection that is easy to use from the smallest terminals. The service is delivered with Ovzon's market-leading On-the-Move and On-the-Pause terminals. Ovzon Go is offered with data rates of up to 10 Mbps, and the service is based on Ovzon's regional satellite capacity.

Ovzon Hero

Ovzon Hero is an advanced, customized high-performance service developed for the most demanding customers to perform the most critical missions. The service facilitates data rates of up to 120 Mbps. These services are achieved using Ovzon's On-the-Pause and "On-the-Move" terminals and are based on Ovzon's global network and satellite capacity, including steerable, high-performance coverage areas.

Ovzon 3 new Services

Ovzon Pegasus

Ovzon Pegasus enables by Ovzon 3 bringing a steerable beam service offering, specifically developed for the critical tasks of the most demanding customers. Ovzon Pegasus facilitates data rates of up to 200 Mbps.

Ovzon Orion

Exclusive to the Ovzon T7 and enabled by the Ovzon 3 On-board Processor. The service allows for the most advanced features specifically for the mission-critical applications of customers operating in the near-peer environment. Ovzon Orion facilitates data rates of up to 100 Mbps.

Service plans



Ovzon satellite service plans

Ovzon offers three categories of satellite services with global reach using Ovzon's satellite network. The services come with user terminals included, On-The-Pause to be hand-carried in small laptop bags or On-The-Move to be placed on moving platforms such as UAVs, helicopters, airplanes, sea vessels or land vehicles. Same high performance, capable of transmissions of up to 70 Mbps and receiving up to 120 Mbps, regardless of On-The-Move or On-The-Pause applications. With the launch of Ovzon 3 we plan to launch several unique new services in 2024.

Ovzon SATCOM-as-a-Service includes:

- Ovzon Airtime
- Ovzon mobile satellite terminals On-The-Pause and On-The-Move
- Internet Gateway access
- Terrestrial Backbone connectivity
- Dedicated customer service & support

Products

Ovzon On-The-Pause satellite terminals

Ovzon T6

The Ovzon T6 was launched in the autumn of 2020, offering a rugged all-in-one, laptop-sized broadband terminal that provides access to Ovzon's high-throughput satellite service. It is designed for the most challenging situations and most remote places. In 2023, Ovzon received several orders pertaining to the Ovzon T6, with one of the largest coming from the Swedish Space Corporation.

Ovzon T7

The newly launched Ovzon T7 is an ultra-small, lightweight, power-efficient "On-the-Pause" (OTP) broadband satellite terminal. Engineered to perform in the most challenging situations and austere environments, the Ovzon T7 can reliably transmit and receive true broadband data rates in a form factor smaller than more common L Band terminals. Together with Ovzon 3, it provides the ultimate user experience. For more information about the Ovzon T7, see page 22.

Ovzon On-The-Move satellite terminals

Ovzon F25 (Mini) and Ovzon F50 (Medium)

These robust high-performance satellite terminals are optimized for On-the-Move applications. In combination with Ovzon's satellite services, they offer mobility, a user-friendly experience, and high data speeds in the most demanding environments. They are ideal for vehicles, aircraft, helicopters, and UAVs as well as marine vessels. At present, Ovzon purchases these terminals from a thirds parties and adapts them for Ovzon's services.

Innovation and the next generation of Ovzon's mobile satellite terminals

Ovzon's SATCOM-as-a-Service is built on the latest range of innovative, small, easy-to-use On-the-Pause and On-the-Move terminals. The company's new satellite, Ovzon 3, will not only significantly improve performance in these terminals but will also facilitate the introduction of a new generation of even smaller terminals that approach the form factors of smart phones more closely than traditional mobile satellite terminals do.

Ovzon's objective is to always deliver the highest data transfer capacity in the smallest, lightest, most easy-to-use portable format. Megabit for megabit, kilo for kilo and centimeter for centimeter, we are improving and developing our products.



Ovzon T7 and T6

Ovzon T7 revolutionizes the user experience



Lars-Ola Klockervold,
Chief Engineer at Ovzon

Lars-Ola Klockervold, Chief Engineer at Ovzon, oversees the development of the advanced technology onboard the Ovzon 3 satellite, as well as the solutions needed on the ground segment to control the satellite and mobile satellite terminals. He is also responsible for the supply chain and production of Ovzon’s mobile satellite terminals. Below he explains the crucial role of the Ovzon T7 terminal and the unique capabilities it brings for the end customer.

What role does Ovzon T7 play in the launch of Ovzon 3?

The Ovzon T7 mobile satellite terminal plays a central role in the launch, as this is a unique terminal with a dual-mode capability that provides backwards compatibility with our legacy networks, as well as the new unique capability that comes with the Ovzon 3 satellite and the advanced reprogrammable processor.

The Ovzon On-Board-Processor will enable features like direct communication from small terminals, such as Ovzon T7, to other terminals of equal size. Moreover, the On-Board-Processor enables connection of terminals on different beams into a single autonomous network, operating without a hub in emergency situations. This will open the way for advanced new use cases that weren’t previously possible.

What are the unique capabilities of Ovzon T7?

Communicating directly with another user on the same satellite beam or on another satellite beam at high data speeds will provide unique opportunities and allow quicker response and coordination between groups on the ground. The capacity this generates will enable more effective operations and quicker rescue and response efforts. The compact size of the mobile satellite terminal creates the possibility of integrating the capabilities of smaller vehicles of different kinds.

How will Ovzon T7 enable the end customer?

Since the mobile satellite terminal is as small as it can fit in a small-size back-pack, it makes new use cases possible for our customers. The small size and low weight enable the user to carry it with them while still demonstrating the high data rates required by modern applications, which

we take for granted today. There are many examples of user situations where mobility really matters. A satellite terminal the size of the Ovzon T7 can be carried without problem, while a larger terminal would have slowed down the mission - which would have meant that the user had to do without communication.

What do you look forward to in 2024?

I look forward to getting up to full speed in production, delivering the most advanced, highest-quality mobile satellite terminals, and implementing the required ground system components for the Ovzon 3 services. Finalizing these solutions will allow the company to demonstrate the advanced technology onboard the Ovzon 3 satellite. We’ve been working hard on this for a long time, and in 2024 we are looking forward implementing it into operations and in the hands of our customers.



Ovzon T7 unique capabilities:

- Easier and faster: deploys in less than one minute
- Dimensions: 20.2 x 17.9 x 7.8 cm
- Total weight: only 2.8 kg
- Low power consumption
- Resilient: Ovzon On-Board-Processor compatible
- Rugged: performs in demanding environments

Ovzon 3



The most important milestone in the company's history

Since its founding, Ovzon's objective has been to deliver the most advanced, high-performance and resilient mobile satellite-based communication service to its customers. In its continual, in-depth dialogue with customers and trusted advisors, the company has combined these insights and requirements with their own insights, experiences, and unique technology. This has led to the design and development of a new generation of satellites with integrated leading-edge technology. All this to be able to deliver the highest performing, unique and resilient industry leading satellite communications services – Ovzon SATCOM-as-a-Service – to Ovzon's customers.

Ovzon 3 was successfully launched on January 3 2024 from Cape Canaveral, Florida, using a SpaceX Falcon 9 rocket. The launch of Ovzon 3 is the most important milestones to date in the company's history. The satellite is now on track towards its GEO orbit position of 59.7E, which it is planned to reach mid-2024. The satellite's movements in real time can be tracked; there are several good tracking web sites and the satellite can be found by using either its NORAD ID (58698) or by its name, Ovzon 3.

The launch of the satellite will enable Ovzon to significantly ramp up its position in the market, while continuing to offer its current market leading Ovzon SATCOM-as-a-Service. Ovzon will continue to offer services based on leased capacity, but once Ovzon 3 becomes operational in mid-2024 it will strengthen the company's offering by adding more unique Ovzon 3-based services, thereby ensuring that Ovzon maintains and strengthens its leading position in the market.

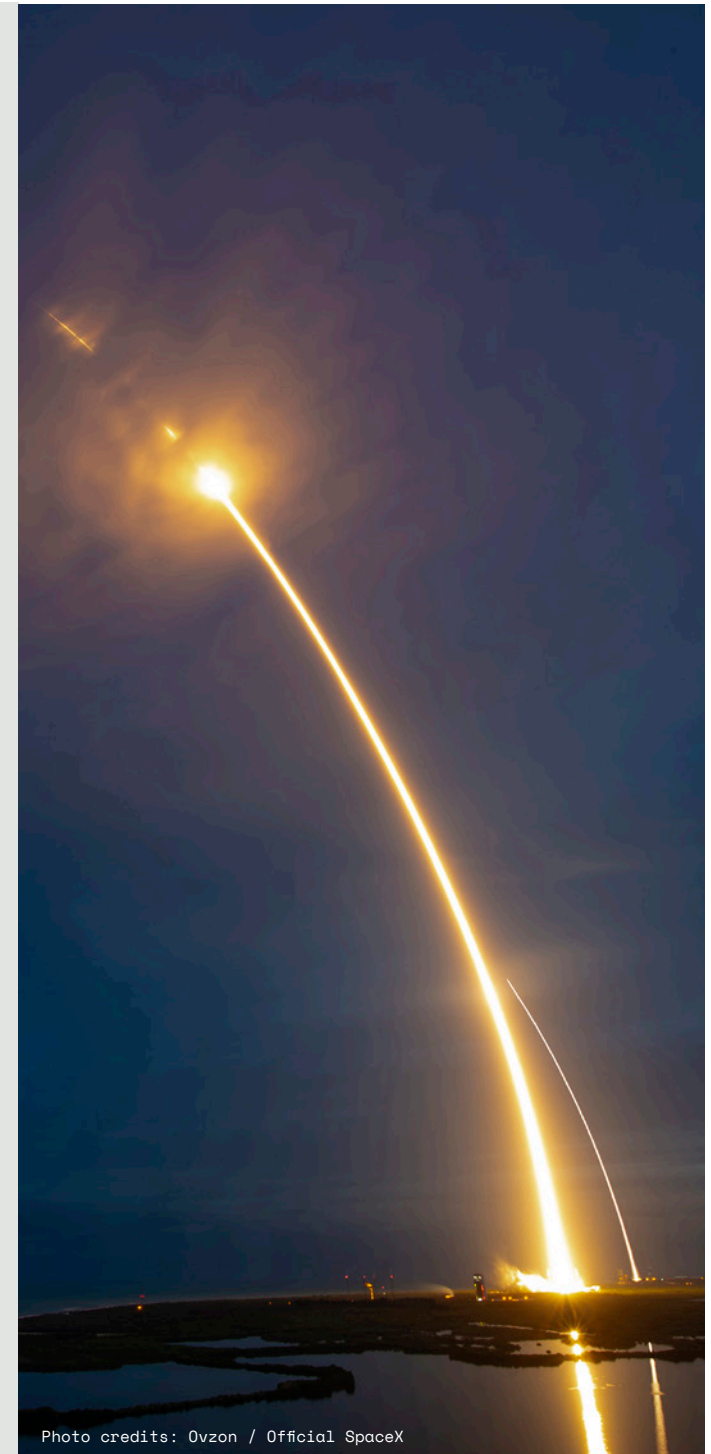


Photo credits: Ovzon / Official SpaceX

Successful launch on January 3, 2024

The preoperational work to enable the launch of Ovzon 3 consisted of hard work by the company's employees in teaming with the partners Maxar and SpaceX. Ovzon used the launch to highlight this milestone together with customers, partners, investors, media and employees. In December, the company gathered over 150 stakeholders for the planned launch in Florida. Even though unfavourable weather prevented the witnessing of the actual launch at that time, it was a unique opportunity to emphasize all the benefits of the company's new technology and solutions platform. When the launch took place on January 3, a smaller VIP launch event in Florida was arranged as well as viewings events in Sweden and the USA.



December 14 -19 Cape Canaveral

- Launch event in Florida for customers, investors, partners, Ovzon Board, management and staff. 150 people attended.



January 3 Cape Canaveral

- Launch event in Florida for customers, investors and Ovzon management.
- Watched the launch at Cape Canaveral, Saturn V launch viewing area.



January 3 Stockholm

- Launch viewing event in Stockholm for investors, partners, media, Ovzon Board and management.
- Watched the launch via SpaceX feed from Cape Canaveral.
- Recorded pre-launch and launch webcast.



January 3 Solna / Tampa

- Two events for Ovzon staff at offices in Solna and Tampa.
- Watched launch via SpaceX feed and studied satellite telemetry data.

Advantages of a proprietary satellite

1. Increased control

With a proprietary satellite, Ovzon's customers can choose which portion of the Earth's surface their satellite-based communication will cover. This makes the service better adapted to customers' specific needs. Ovzon's design of the satellite for SATCOM-as-a-Service means the technology, and the satellite's unique ability, are adapted to both current and future customer needs. Ovzon will be able to provide flexible and rapid steerability of the satellite's coverage area.

2. Faster, more efficient service

Ovzon's SATCOM-as-a-Service offering is already significantly faster and more efficient than its competitors'. With Ovzon-owned satellites, data transfer, communication speeds, and efficiency will increase even further.

3. Smaller and lighter mobile satellite terminals

Ovzon's mobile satellite terminals, developed in-house, are currently the smallest, lightest, and most user-friendly on the market. Both the first generation of mobile satellite terminal, Ovzon T5, and the current industry-leading terminal, Ovzon T6, are comparable in size to a laptop. Ovzon 3 is designed with the end user in mind, and therefore contains unique integrated technology for secure and efficient communication

both via satellite and on the ground. 2023 saw continued efforts to develop the next mobile satellite terminal: Ovzon T7, which is even smaller and lighter and contains unique technology specifically adapted to the Ovzon 3 satellite. Ovzon T7 was launched during the second half of 2023 and Ovzon received the first order for the new mobile satellite terminal from the customer U.S. DOD in the first quarter of 2024.

4. New revolutionary functionality

With Ovzon 3, the company introduces its On-Board-Processor, developed in-house, which functions as the central hub of the satellite. The Ovzon On-Board-Processor will make it possible to offer the following functionality:

- The use of Ovzon's mobile satellite terminals as temporary teleports/gate-ways, meaning the part of the communication chain that connects the signal to the terrestrial network (e.g., the internet).
- The facilitation of "single-hop communication," which involves a user on the ground being able to communicate directly with another user via the satellite.

Read more on page 27.

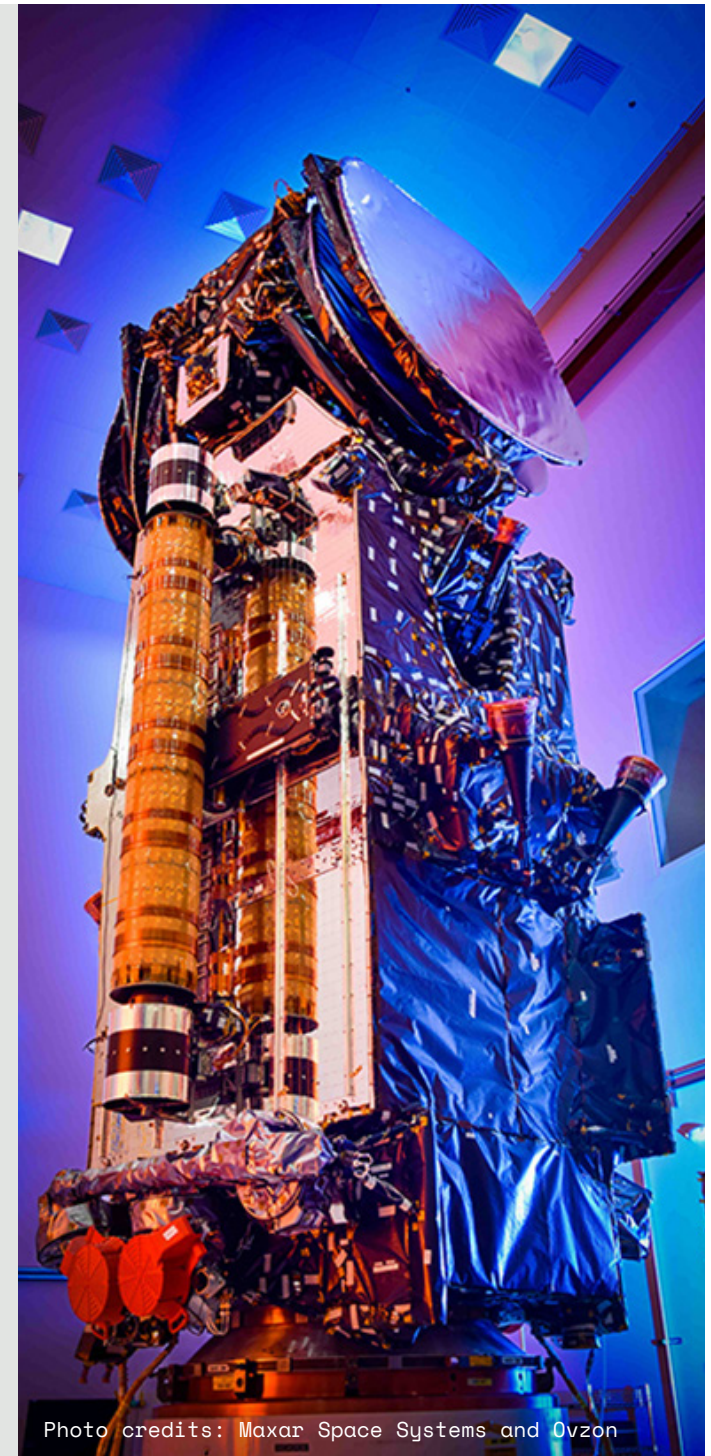


Photo credits: Maxar Space Systems and Ovzon

Ovzon On-Board-Processor

With Ovzon 3, Ovzon introduced the industry's first software-defined On-Board-Processor with unique capabilities to support customer requirements.

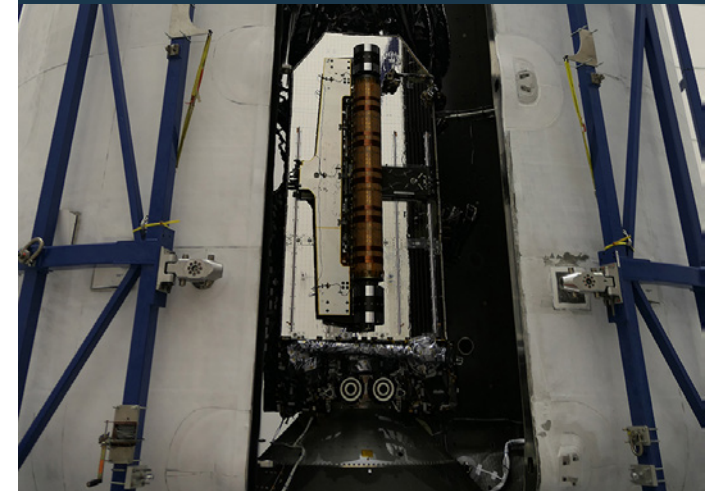
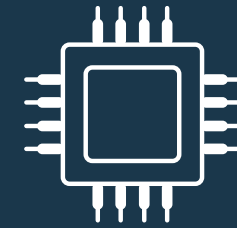
Ovzon On-Board-Processor is the next generation of proprietary and software-defined data processor in space. It facilitates new applications and unique functions that will allow Ovzon's customers to benefit fully from Ovzon's SATCOM-as-a-Service solution.

The On-Board-Processor architecture facilitates mesh networks and single-hop communication among Ovzon's mobile satellite terminals, such as the Ovzon T7. The architecture is distributed across several steerable beams, with minimal delay and full data rates on uplink and downlink. Customers can thus maintain a simultaneous, direct, and secure connection with a gateway and other users, regardless of whether they are in the same or different coverage areas on the ground.

Stability and reliability are keywords and properties that characterize the design. Encrypted monitoring and control links form the foundation of a secure, nominal network setting while a fully autonomous state can be activated for scenarios where no terrestrial connection other than the user network is available or desired. The system supports features such as frequency-hopping to counteract jamming and use in environments without GPS coverage.

The On-Board-Processor platform can be reconfigured and reprogrammed in orbit, which makes the Ovzon service future-proof, and new functions can be activated as customer needs develop over time.

In addition, the next generation of satellite terminals – Ovzon T7 – has a built-in modem (On-Board-Processor compatible) to benefit fully from the advanced functions in the Ovzon On-Board-Processor.



Ovzon On-Board-Processor capabilities:

- Single-hop communication
- Cross-connections and routing within and between steerable coverage areas
- Encrypted control links
- Autonomous state
- Frequency-hopping

Ovzon 3 beam steerability

Ovzon 3 delivers five independent, powerful steerable spot beams that dynamically deliver capacity to the right place at the right time. Ovzon 3's steerable spot beams provide the best combination of power density (EIRP) and antenna receive performance (G/T) in orbit.

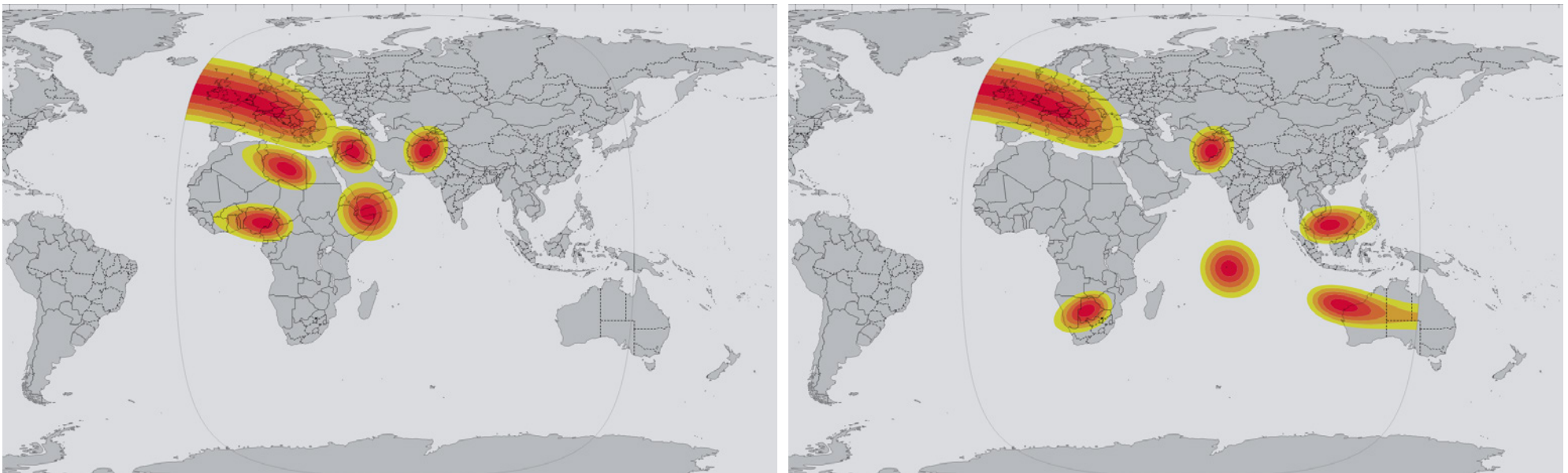


Illustration of Ovzon 3 beam steerability bringing high power spot coverage where needed within minutes.

Ovzon 3's unique capabilities

Security

Very Low Signal-to-Noise Ratio (VLSNR) functionality:

Operating below the noise floor provides a crucial advantage in military operations by not allowing for the identification of these weak, concealed signals. This enhances situational awareness, allowing for covert communication, early threat detection, and improved electronic warfare capabilities.

TRANSEC (Transport Security):

The Ovzon On-Board-Processor delivers what is a TRANSEC comparable capability enhancing operational confidentiality, integrity, and reliability, contributing to mission success and overall military effectiveness.

Encryption:

Having NSA-approved Encrypted TT&C (Telemetry, Tracking, and Command) ensures secure control and command of the Ovzon 3 satellite, meaning that the mission of the satellite will not be compromised in any way by rogue states.

Resiliency

All weather capability:

The system is designed to provide high link availability in varying conditions and facilitate mobile satellite communications in any climate.

Autonomous operation:

Ability to continue operation through a direct link between Ovzon 3 and Ovzon mobile satellite terminals even if the ground control station is compromised.

Future proof and customer-specific network-adaptable:

Ovzon On-Board-Processor is reprogrammable in orbit to add new functionality and meet specific demands as they arise.

Flexibility

Steerable high-power beams:

The multiple steerable beams can dynamically move capacity where and when needed.

Packet Routing:

Full cross-connectivity routing between beams at individual packet level on the Ovzon 3 satellite ensures uninterrupted connectivity, optimized data transfer, and strategic operational advantages for military users.

Single-Hop/Mesh:

Allows direct communications between ultra-small terminals enables real-time video, voice, and data applications with minimal latency and high resilience in contested environments.

Ovzon 3 Highlights



On-Board-Processor



Steerable beams



Global Reach



Higher Speed



Dedicated Service
and Support

Ovzon satellite roadmap

Ovzon 3 is the first proprietary Ovzon satellite that will expand the company's global reach to meet the customers' increasing SATCOM-as-a-Service needs. The satellite carrying the Ovzon On-Board-Processor continues its journey to the final position in GEO orbit, colloquially referred to as the "parking slot", at 59.7 degrees east. The satellite's movements towards its GEO orbital position can be tracked following the QR-code on this page. Apart from Ovzon 3's designated parking slot, the company holds ten other GEO orbital positions.



Pioneering mobile satellite communication



Sytze Veldman, Satellite and Launch Development manager at Ovzon

In summarizing the past year, Ovzon shares insights into the groundbreaking developments surrounding Ovzon 3. Here Sytze Veldman, Satellite and Launch Development manager at Ovzon, shares his thoughts on the year that has passed and what the future holds for Ovzon’s own satellite.

Can you describe your role at Ovzon?

My team and I deliver the system that Ovzon 3 will be operational in, performs the procurement by preparing procurement documentation, solicits and evaluates proposals, negotiates with and thereafter comes to an agreement with a supplier, and subsequently leads and oversees the execution of the project for Ovzon up until the launch of Ovzon 3. My responsibility is for the production of the satellite and the ground segment. Additionally, I have supported the work with the Ovzon On-Board-Processor.

What is the uniqueness of Ovzon 3?

Without a doubt, the standout feature of Ovzon 3 is the Ovzon On-Board-Processor, which facilitates mesh networks and single-hop communication among Ovzon’s mobile satellite terminals. In addition to the On-Board-Pro-

cessor, we are excited about showcasing other innovations such as the Redwire Roll-Out Solar Arrays (ROSAs) and 3-axis thruster arms (TSM), which position Ovzon 3 as a frontrunner in the satellite industry.

How will Ovzon 3 impact the end customer?

Our customers can look forward to using the smallest mobile satellite terminals available while enjoying unparalleled bandwidth – truly “the highest bandwidth through the smallest terminals”. Our revolutionary On-Board-Processor enables single-hop communication, reducing latency by conducting switches on board the satellite instead of at a terrestrial gateway station. This, coupled with the increased security and resilience provided by the On-Board-Processor, elevates the overall quality of the service. Furthermore, Ovzon 3’s numerous steerable beams give customers high performance anywhere the satellite is visible, providing the customers with the highest performance and throughput.

What has been the most rewarding about your work with Ovzon 3 this past year?

Looking back over the past year, one particularly rewarding moment was navigating the change of launch vehicle from Ariane 5 to Falcon 9. Our ability to arrange the reuse of the payload adapter, minimizing further delays, demonstrates resilience and adaptability that are crucial in the fast-paced world of satellite development. And of course, there is the launch itself, which took place in early January of 2024.

What do you look forward to in 2024?

Looking ahead, I am enthusiastic about planning the future trajectory for Ovzon 3. Contributing to the preparation of the ground segment and operational procedures is a priority, as is training colleagues in our dedicated customer support. As we move forward, Ovzon remains dedicated to shaping the future of satellite communication by setting new standards and delivering unparalleled services to our customers.

Continued expansion of customers and partners

The global geopolitical tension has increased during the last couple of years, not the least within Europe and the middle-east. Ovzon has therefor focused its sales, business development and marketing focus to the customer segments Defense, National security and Public safety. These organizations are deemed to have the greatest need and resources for the unique performance, mobility and resiliency offered by Ovzon SATCOM-as-a-Service and its applications. Throughout 2023, Ovzon continued to expand its base of customers and partners, resulting in multiple new and renewed orders that confirm the company's growth model.

In the Government and Defense customer segment, there are many areas of application for Ovzon's SATCOM-as-a-Service – applications that markedly simplify and streamline the customer's operations and communication on the ground, in the air and at sea. There are areas of operation where Ovzon's services are exceptionally well suited; for example, monitoring borders both on land and at sea is a challenge for many countries in conjunction with the humanitarian crises that result in large streams of refugees. Ovzon's service can provide completely new possibilities for video monitoring and data communication in these situations. Also, in situations where UAVs are used, such as inspections and monitoring of large terrestrial areas of forest, animals, or other assets, Ovzon's service can improve efficiency and

increase security. The same applies in the event of natural catastrophes when ordinary communication infrastructure is down or non-functional.

Ovzon's ability to support its customers reacting to global events in real time was highlighted on multiple occasions in 2023. This includes providing support relief efforts for natural disasters in Turkey and Libya, as well as for geopolitical unrest in the Middle East. In many cases Ovzon provided network support within hours of an initial customer request; in some cases, Ovzon's spot beams were moved and networks were established before our customers had even arrived in the affected area. Ovzon's ability to react quickly to so many unpredictable events is unique – and in many cases exceeded customer expectations.

A model for growth

To access these Defense, other National security related organizations and Public safety, Ovzon relies on traditional distributors and resellers as well as consultants and/or small business partners that bring relationships and an understanding of target markets that are both unique. Many of these partners already have established relationships with potential customers. When Ovzon receives an order, it is therefore normally signed via the partner. The company's partner network has grown in recent years. Towards the end of 2022, Ovzon gained several new customers via new partners in strategically important markets especially in Europe. They resulted in follow-up orders during 2023 and all carry significant future potential.

CUSTOMERS AND APPLICATIONS



USA

Ovzon continued to deliver SATCOM-as-a-Service to the U.S. DOD, which remained the company's largest customer in 2023 in terms of deliveries and revenue. Order intake from this customer decreased, however, as the U.S. Congress failed to pass the Federal budget for full-year 2024 before the end of 2023. This fiscal uncertainty forced the customer to replan its use of total satellite networks which for Ovzon led to rescoping of their annual renewal with Ovzon in December 2023. Ovzon's relationship with the U.S. DOD, supporting its critical missions around the world, remains strong and long-term.

Sweden

2023 was the year when Ovzon really achieved a breakthrough in Sweden through its collaboration with the Swedish Space Corporation (SSC). In December, Ovzon was awarded an order for SATCOM-as-a-Service, including Ovzon's market leading Ovzon T6 mobile satellite terminals, at a total value of 135 MSEK. The service will be delivered during large parts of 2024 beginning in the first quarter. SSC acts as

the main party in dialogue with customers, primarily among Swedish government agencies and essential organizations, as well as a partner for delivery of service. Both represent key parts in the complete solution that has now been created to meet the specific critical needs.

United Kingdom

For the third consecutive year, Ovzon was awarded a 12-month service renewal contract in the UK from Airbus Defence and Space to deliver Ovzon SATCOM-as-a-Service to the UK Government. The contract renewal continues the mission-critical support Ovzon provides to the United Kingdom and its growing demand for small, lightweight, and highly resilient end-to-end satellite communication terminals.

Italy

In the first half of 2022, Ovzon successfully delivered SATCOM-as-a-Service solution to the Italian Fire and Rescue Services. Throughout 2023 and into the early months of 2024, renewal agreements with the Italian Fire and Rescue Services were signed through a new distributor. The latest

agreement includes a 12-month order for delivery throughout 2024. Ovzon SATCOM-as-a-Service solution has been instrumental in supporting disaster recovery operations for the Italian Fire and Rescue Services during the past year.

Spain

Ovzon also received its first SATCOM-as-a-Service order from its Spanish partner, Aicox Solutions, in 2023. The order was for an initial test and validation phase for an important end user in the Civil Protection sector.

Colombia

Ovzon's services have been used in Colombia since 2022 through the Colombian partner Bansat. In connection with the 2022 presidential election, Ovzon's services were used to provide communication solutions to the voting stations throughout the country. Following this success, Ovzon continued to provide mobile satellite connectivity in 2023 to the Attention Unit for Vulnerable Populations (UDAPV), a department within the Colombian Civil Registry, with the aim of reaching every corner of the country with connectivity.

Growth in the satellite market gains momentum

After a few years of tepid development following the pandemic, growth within the satellite market is gaining momentum, according to industry forecasts¹. Overall revenue in the satellite sector is expected to grow with 6.8 percent CAGR in the period between 2018 and 2031, and an even higher growth rate is forecast for targeted segments for Ovzon within this market.

For the overall satellite market there are several key market drivers and take-aways:

- Service segment (applications and connectivity) is the fastest growing area, and will surpass infrastructure spend in 2026.
- Satellite constellations in non-GEO orbit (NGSO), such as Starlink, are driving GEO constellations towards new architectures, like software-defined capabilities, to remain competitive.
- Increased global geopolitical tensions have renewed the focus on the status and needs of national state equipment.
- Sovereign capabilities in existing satellite services are crucial for addressing national requirements and improving time to market.
- Government and Defense continues to be a complex market and technology innovation is becoming crucial for addressing complex requirements.

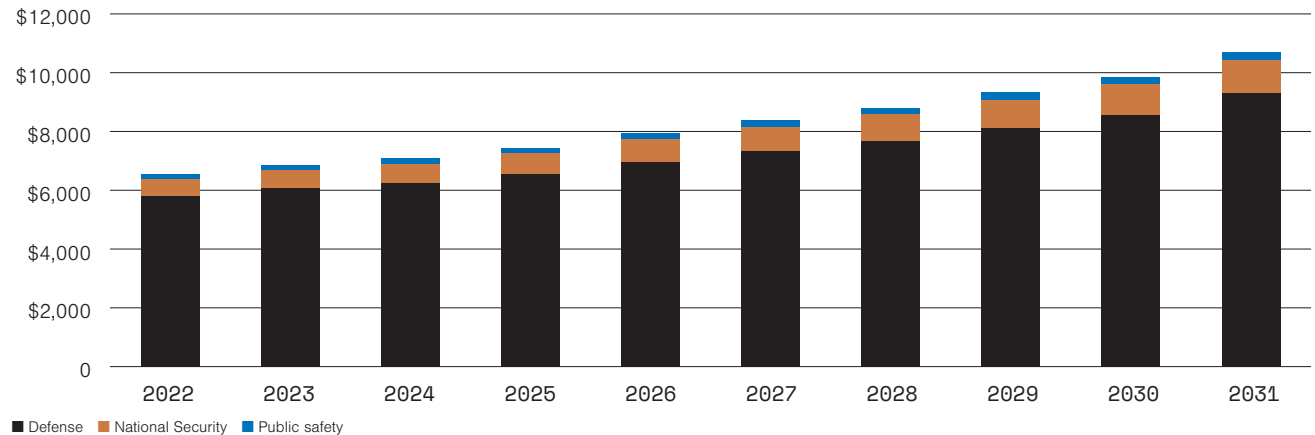
Ovzon operates in the Satellite and Space Communications sector, which is predicted to grow faster than the satellite market as a whole and become the largest of the three main areas comprising the sector (Infrastructure, Communications and Applications) over the coming period up through 2031.

Ovzon focuses on the Government and Defense market within the communication sector. Retail revenue (service + hardware) is forecast to grow from USD 6.9 billion in 2023 to over USD 10 billion by 2031.²

1) Industry organization NSR report, September 2023.

2) Ovzon projections based on industry organization NSR report, September 2023.

Government and Defense retail revenues, by use case, global, 10 years



MARKET

Ovzon's target segment of Government and Defense is divided into three main areas, with estimated sales in 2023:

- Defense segment – USD 6.1 billion with forecast growth of 7 percent.
- National security segment – USD 0.6 billion with forecast growth of 8 percent.
- Public safety segment – USD 0.2 billion with forecast growth of 3 percent.

Commercial SATCOM solutions will increase in importance for Government and Defense in coming years, leading to higher growth in Ovzon's target segments. After a slow-down due primarily to the pandemic and infrastructure plan disruptions, global growth is expected to be around CAGR 6 percent up to 2031. The key trends are:

- Europe will continue to be a hot spot of conflicts, resulting in even higher growth rates in spending on SATCOM for Government and Defense.
- Key requirements for new investments are for high-performance, secure and resilient network services with a high degree of mobility.
- One example of key sector is Unmanned Aircrafts (UAS), where new airframes require smaller terminals that require stronger satellites favoring operators with high-power beams, like the ones that Ovzon 3 is equipped with.

Ovzon believes that the company's unique offering is well positioned to meet the needs of the addressable market. The company's service offers truly mobile communication, meaning small and portable terminals that have secure direct connections and can send/receive at the highest data speeds with guaranteed availability of communication globally. With the launch of Ovzon 3, these capabilities are further enhanced with software-defined capabilities through our On-Board-Processor and the ability to deliver targeted

capacity through high-powered steerable beams, thereby meeting national state requirements.

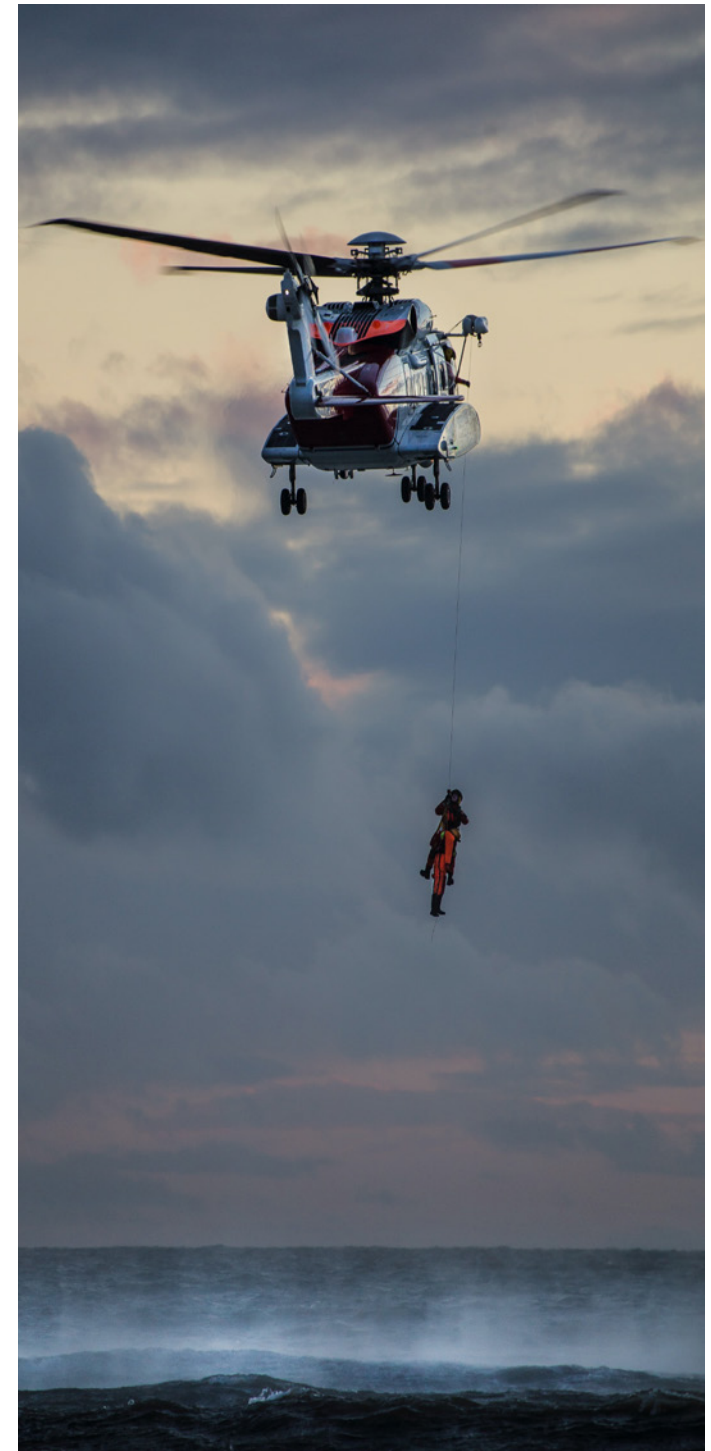
Ovzon believes that the main driver continues to be based on the need for services with a high degree of mobility, high-speed data transfer, and resilience.

The demand and market for satellite-based communication in 2023 was further impacted by continued geopolitical turbulence, which was evident above all in Europe. The war in Ukraine and the regional instability it has created are major concerns for most European nations, resulting in an expected increase in expenditure for military as a share of GDP over the next decade. Ovzon 3 is highly suited to meet Europe's need for robust, resilient, and secure communication, thus addressing the needs by European nation states for sovereign capabilities. The European market will remain in focus for Ovzon, and additional resources and investments will be targeted at this region in 2024.

Other parts of the satellite-based communication market, such as broadband access or broadband internet, are neither a priority for nor addressed by Ovzon.

The value chain

The market comprises many different operators acting as generalists, integrators, and specialists. This is evidenced by the fact that a small number of satellite operations have significant market shares. Ovzon's clear strategy and offering creates competitive advantages through a strategic balance of important characteristics adapted to the company's focus on specific customer segments that have stringent requirements characterized by unique needs such as mobility, high data rates (both uplink and downlink), a high degree of link accessibility and a high level of security.



MARKET

One of Ovzon’s closest competing offerings comes from mobile satellite service (MSS) operators. These services include satellite terminals that are equal in size to Ovzon’s, but with transmission speed and performance that are significantly lower. There are also competing offerings from high throughput satellite (HTS) operators with satellite-based communication terminals that are somewhat larger but have only the capacity to transmit at lower data rates.

GEO satellite-based communication services

The geostationary earth orbit (GEO) is a circular orbit on the Earth’s equatorial plane, at a distance where a satellite in this orbit rotates around the Earth in the same direction and with the same orbital period as the Earth’s rotational period.

Ovzon’s satellite – Ovzon 3 – is a leader in the development of a new generation of GEO satellites and, compared with many other satellites, has more antennas with a larger amount of targeted capacity and energy. It is also software-defined, using a unique and proprietary On-Board-Processor. It can thus be said that the addressable market is being provided with a new type of functionality as well as a higher degree of mobility, data rates, and resilience.

Ovzon 3 will thus enable continued innovations of even smaller portable terminals on the ground with higher data rates, unbeatable flexibility and mobility, and built-in security. The development of new types of applications that are not currently available in satellite-based communication, such as direct communication between two small satellite-based communication terminals without the need to connect via a teleport/gateway located on earth and connected to the internet will also be part of the company’s offering. These will

increase protection against disruptions and thereby result in unbroken communication, even if the ground network and other communication alternatives are rendered inoperable. This also reduces delays.

LEO-based services

The introduction of services that use, or are intended to use, low earth orbit (LEO) satellites is continuing. LEO satellites are smaller in size, and the business model is based on a larger number of smaller satellites that create a network. For decades, the satellite-based communication industry has sought to develop LEO communication solutions. In recent years, this development has progressed rapidly due to major investments in, for example, companies such as SpaceX with its Starlink offering. To date, Starlink has launched over

5,200 satellites, of which 4,400 remain operational. Starlink intends to launch 42,000 satellites at an estimated initial cost of approximately SEK 400 billion. Starlink is designed primarily to provide high-speed internet – especially downlink speeds – and initially for the consumer market. The service is targeted above all at consumers who lack access to the internet and competes primarily with terrestrial internet and 4G/5G.

There are several other LEO satellite companies, with Eutelsat/OneWeb, Telesat among the larger ones, each with a few hundred satellites in orbit. Amazon’s Kuiper project is another company with ambitious plans to launch 3,000 LEO satellites. However, this project has been delayed and the first satellite has not yet been launched.

Ovzon SATCOM-as-a-Service vs LEO

Ovzon SATCOM-as-a-Service

LEO

Designed and built for Defense/Intelligence community

Designed and built for home internet consumers

Guaranteed Service – always available

Subject to alignment with providers political views

Dedicated bandwidth specifically managed for user priorities

Shared bandwidth based on consumer demand on system

Priorities set by users in real-time to support operations

No prioritization possible: best effort based on system load

Traffic routed through secure, trusted earth stations

Teleports within LEO footprint

Guaranteed bandwidth allocation and access for users

Performance and access subject to demand from all users

Reference: NCR Ovzon Data

MARKET

The strength of GEO presents challenges for LEO

Looking at Ovzon SATCOM-as-a-Service, based on GEO satellites, the company sees several competitive advantages for the addressed customer segments compared to LEO services.

Even though several LEO solutions have made significant progress and are offering their services commercially, many challenges remain. From a historical perspective, achieving profitability in these projects has been proven difficult. There are fundamental obstacles that are in part based on the global nature of the LEO systems, and in part to the fact that large portions of the Earth are uninhabited and there are thus very few or no potential paying customers on approximately 90 percent of the Earth's surface. In parallel, the pace of continual expansion among terrestrial communication networks is increasing. A number of similar LEO projects were launched in the early 2000s. Some were shut down before launch, while others such as Iridium, Orbcomm, ICO Global Communications and Globalstar later went bankrupt – though some of these, such as Iridium, later re-emerged.

What is often ignored is that the LEO satellites must be replaced more frequently – up to every five years – since they are closer to Earth and are thus more affected by its gravitational pull. These can be compared with GEO satellites, which have a service life of approximately 15 to 20 years. In most cases, the investments referred to in LEO projects thus concern the initial investment.

There are other challenges – such as technical and regulatory – as well. GEO satellites always have regulatory priority over LEO satellites, which means that LEO satellites have

no protection if a disruption occurs. A certain advantage of the LEO project is lower signal delay due to the satellites' proximity to Earth. However, passing through teleports/gateways and other satellites increases signal delay and creates a risk of hacking.

Add-ons, and potential collaboration and business partners for Ovzon

As mentioned, investments in the LEO segment are considerable, driving developments forward within the segment and for the industry. This is positive for the entire satellite-based communication industry and its customers. If any of these projects are realized in accordance with plans, however, these LEO players and their services are an excellent complement and potential partners for Ovzon, which addresses other customer needs. Ovzon is focused on

markets, customers, and segments that require guaranteed secure communication capability, which is a supplement to LEO-based best effort services.

Ovzon's market-leading satellite-based communication service

Ovzon holds a strong leading position due to the company's proximity to its customers and its capacity for integrating hardware, software, and satellite-based communication. In combination with the company's position on the leading edge of technological solutions, this means that the company is highly relevant for the customers and markets that it has chosen to address. Ovzon is the only service provider that furnishes a fully integrated portfolio of products and services for high-performance satellite-based mobile communications.



Ovzon holds a unique position

Ovzon's services are designed to deliver competitive advantages to customers through a unique combination of high mobility handheld terminals, a high degree of accessibility, security, and high data rates. Moreover, Ovzon's proprietary satellite design facilitates launches of even smaller satellite-based communication terminals and new applications, which can communicate directly with one another without needing to be linked via a terrestrial station.

1 Growing market for satellite-based communication services

Ovzon focuses on the Government and Defense market within the space communication sector. Retail revenue (service + HW) is forecast to grow from USD 6.9 billion 2023 to over USD 10 billion by 2031¹.

2 Increased demand for mobility

The need for advanced communication is growing globally and in all sectors of society. There are thus greater demands and expectations regarding access to high-speed connections and increased mobility. At the same time, there is a robust increase in data and content. This requires constant connection using small, portable communication devices that can transmit large amounts of data, both in cities and in areas with or without reliable infrastructure and in the most remote and isolated areas in the world. Moreover, the demand for secure communication is growing. More government organizations and companies are being exposed to cyberattacks, meaning hacking and attacks via terrestrial networks that threaten to paralyze operations and government agencies for long periods.

3 Ovzon's unique offering

Ovzon has designed its SATCOM-as-a-Service offering to provide high data rates – on uplink and downlink – combined with mobility, where small handheld user terminals provide the same data throughput capacity as larger, fixed satellite terminals. The service is designed to work even in areas with severe weather conditions or in areas where the infrastructure is insufficient or non-existent. This applies as well to areas that have been affected by natural catastrophes or geopolitical instability. This also places great demands on secure communication. The service has been designed primarily to meet increased need among organizations and customers that have the strictest requirements for mobility and data rates. Ovzon has designed – and now launched – its proprietary satellite, Ovzon 3. Its purpose is to offer even greater mobility with the introduction of even smaller terminals and higher data transfer rates. In addition, it facilitates the introduction of completely new functions, including signal capacity and security.

1) Industry organization NSR report, September, 2023.

STRENGTHS AND COMPETITIVE ADVANTAGES

4

Leading technology and solutions

Ovzon has developed a unique solution and technology that facilitates such features as the ability of small, handheld satellite-based communication terminals to communicate directly with other small handheld terminals using the highest data transfer rates. Terminals with antennas as small as 3.5 inches/9 cm can be used. Signals can be hidden to avoid detection. The service has also been developed to meet the requirements of more advanced customers for being able to send at high data rates. Ovzon thus distinguishes itself from operators who are focused on the consumer market, where the typical need is for receiving large amounts of data. Additionally, the company's service has been designed to work around the world, in all kinds of weather. The Ovzon On-Board-Processor has been uniquely developed by Ovzon and contains the most powerful circuits ever launched into space. They will facilitate completely new functionality that is currently unavailable in the market.

5

Major barriers to entry due to patents, frequency licenses and orbital positions

Ovzon's value proposition and position are protected by several barriers to entry:

- **Strong patent portfolio:** A significant part of the patent portfolio pertains to methods for detecting and handling interference, a major challenge in providing communication services in the Ku band.
- **Ku band frequencies:** Ovzon's strategic positioning in the Ku band allows for a unique combination of high data throughput, operational reliability, availability, and mobile terminals.
- **Orbital positioning ensuring global coverage:** Ovzon has registered ten orbital positions with the ITU, one through Cyprus and the other nine through PTS, the Swedish Post and Telecom Authority. Planning and maintenance of orbital positions requires coordination with other satellite systems to avoid interference.
- **Ovzon develops and delivers small terminals capable of communicating by high data rates:** Ovzon offers SATCOM-as-a-Service, a unique end-to-end solution, with terrestrial terminals as well as service and support as part of its offering. Ovzon is actively engaged in continuing innovations, to offer even smaller terminals.

6

Management and employees with broad experience in satellite-based communication, and the hardware and software industries

Ovzon's management has thorough, successful, and in-depth experience in the management and international expansion of both technology and satellite-based communication. Ovzon's employees have extensive, unique competence in the satellite-based communication industry as well as the software and hardware industries. Moreover, Ovzon's management has long-standing relationships with state and commercial customers, and a successful, proven track record of commercialization, business development, technological development, and innovation.

Sustainability in space

Ovzon provides a unique satellite-based communication service for the most demanding customers who have a need for sending and receiving at high data rates via the smallest mobile satellite terminals in the market. By conducting responsible operations, Ovzon aims to contribute to a sustainable development.

Based on its vision, “Connecting the world’s critical missions via satellite”, Ovzon can provide infrastructure through its unique SATCOM-as-a-Service solution that supports people and the planet and upholds democratic values. This means that Ovzon’s solution enables effective communication in the most remote places that currently lack comparable infrastructure. This is a critical capability for the company’s clientele in Defense organizations, National security, and Public safety, as their missions ultimately require reliable communication to save lives.

Ovzon is committed to conducting responsible operations for its employees, stakeholders, and the environment. Sustainability initiatives are thus integral to its operations, shaping the company’s actions, development, and performance. The ambition is for operations to positively impact the communities where the company operates and, consequently, foster sustainable development.

In this regard, Ovzon’s primary contributions involve enhancing communication for a more secure world, with its solutions also advocating for reduced need for travel which in turn can result in a decrease in emissions.

Governance

The Board of Directors have the main responsibility for the company’s sustainability performance. Sustainability is part of the Board’s annual agenda, and any necessary updates and measures for improvement are discussed at the meetings. The Management Group bears the responsibility for updating policy documents and ensuring that information is distributed throughout the organization. Furthermore, the operating activities are conducted and secured by respective area managers. All employees must accept the company’s policy documents and act accordingly. This includes the Code of Conduct, which encompasses all of Ovzon and its employees and covers

how Ovzon conducts business, the company’s work environment and corporate culture, and how Ovzon is to carry out environmentally responsible operations. The Code of Conduct also covers all suppliers and is included as an appendix to all supplier agreements.

Ovzon is dedicated to developing its sustainability performance and consistently assesses how its operations can promote positive development in the future. Following 2022 year’s adjustment in the vision and business model, the focus areas and key performance indicators were updated. This year, Ovzon has presented comparative results, presented on page 42, that show the development of the company’s sustainability program and its trajectory.

Focus areas

As part of its sustainability program, Ovzon has chosen to work with three focus areas, including prioritized issues in each area. The focus areas have been identified through industry benchmarking, company experts and dialogue with both internal and external stakeholders. The identified areas are those where Ovzon is expected to have the largest impact, in both positive and negative terms, on the environment and humans. To put Ovzon's impact in a global perspective, the focus areas were surveyed against the UN Sustainable Development Goals (SDGs); there is a more detailed description on the right of which SDG the respective focus areas are expected to promote.

Nasdaq Transparency Partner

The Nasdaq Transparency Partner certification was developed by Nasdaq to increase market transparency and thereby also raising the reporting standard for selected key performance measures. Ovzon continued being a certified partner during 2023, meaning that key performance measures in the areas of environment, social relations, and governance were reported to Nasdaq. A selection of measures is presented in this annual report under the respective focus areas.



Environmental responsibility

- Emissions
- Efficient resource management
- Space debris



Justification: Ovzon's design ensures that satellites that have reached the end of their lives can leave the geostationary orbit 36,000 kilometers away from Earth, ending up in graveyard orbit which is an additional 300 kilometers away. It means that Ovzon's products will not contribute to increasing the amount of space debris, and that Ovzon manages the waste associated with its services responsibly. In addition, Ovzon is committed to being as resource-efficient an operation as possible, basing its efforts on existing international frameworks.

Social responsibility

- Societal responsibility with high-quality communication infrastructure
- An attractive employer



Justification: Using Ovzon's services, geographical areas that have limited traditional terrestrial communications can get access to high-quality satellite-based communication, which in certain cases can lead to increased safety and security for people in the region. By using these services, Ovzon's customers can work to maintain a more peaceful and safer world where democratic values are protected.

Governance

- Data security and integrity
- Product quality
- Responsible relationships



Justification: Using Ovzon's technology, customers can enable access to high-quality communication technology for more people. The products can be used in the most remote locations in the world without requiring major investments in terrestrial equipment, which creates good conditions for increased global digitization and prosperity.

Environmental responsibility

By surveying and obtaining a better understanding of its environmental impact, Ovzon can further develop its initiatives and as a result reduce the negative impact from operations. Competence development is a key component of these efforts, and the goal is for all employees to have a basic awareness of the company's environmental initiatives and impact.

Emissions

Ovzon reports its CO₂ emissions according to the Greenhouse Gas Protocol, split into Scope 1, 2 and 3 with 2022 as a base year. Scope 1 contains the direct emissions that the company generates; Scope 2 contains indirect emissions such as energy and heating consumption and and Scope 3 contains the indirect emissions that arise in Ovzon's value chain, both up and downstream. The increase of CO₂ reported for Scope 3 during 2023 can specifically be derived to the business travels made during the launch event in December. The company's emissions must continually be reduced, and internal environmental initiatives must be conducted in order to continually develop operations.

Tonnes CO ₂ e	2023	2022 ¹
Scope 1	–	–
Scope 2	23	14
Scope 3	894	457

1) Data from 2022 has been adjusted due to improved data collection during the year.

Ovzon 3

In January 2024, Ovzon launched its own first satellite into space at the SpaceX center at Cape Canaveral in Florida. Read more about the launch on page 25. Ovzon has acknowledged the fact that launching a satellite into space generates large amounts of emissions, including CO₂ and soot, both which are contributors to climate change. However, as this is the first satellite launch for Ovzon, additional data must be collected to obtain a deeper understanding of the environmental impact of the launch.

As a step towards lowering the satellite's environmental impact, Roll-Out Solar Arrays (ROSA) were installed on the Ovzon 3's 10-meter-long wings on each side. This was the first time the technology was used in a commercial geostationary orbit (GEO) satellite. The solution has the advantage of being 20 percent lighter and 75 percent smaller compared to traditional solar panels with the same effect, resulting in more efficient energy use and potential costs savings.

Efficient resource management

The Earth resources are finite, which means that there is a general need for more efficient resource use and circular flow of materials. At Ovzon, the aim is to efficiently manage the resources needed and reduce energy consumption in its operations. For example, Ovzon ensures that all materials from end-of-life terminals are recycled and that the resources can be recirculated into the production of new technology.

Ovzon aims to minimize the impact of its operations to the greatest possible extent and will always choose the most environmentally friendly alternative. The company operates on the principle of replacing all bad and outdated technology with more energy-efficient and climate-smart technology.

Energy consumption	2023	2022
Electricity, MWh	87	50
Heating, MWh	59	61
Total energy consumption, MWh	146	111
Of which renewable %	50.1	–
Of which non-renewable %	49.9	–

What is space debris?

Space debris is all the non-functional artificial objects - including fragments and components of these objects - that are orbiting the Earth or re-entering the atmosphere.

The accumulation of space debris poses a significant threat to active satellites and other spacecraft, as well as the long-term sustainability of space activities. It can result in collisions, generating more fragments and exacerbating the problem. Protection of environments beyond the boundaries of Earth is an area where awareness is currently insufficient and where joint efforts are required. International efforts are made within both the UN and the Inter-Agency Space Debris Coordination Committee (IADC), and several nations have established guidelines which covers how the satellites should be managed before, during and after their mission has ended.¹

At Ovzon

Since its founding, Ovzon has been committed to creating a service that steers clear of contributing to the accumulation of space debris around Earth. The company's specially crafted satellite was designed, manufactured, and tested to safely exit the geostationary orbit, positioned 36,000 kilometers above the Earth's surface. The debris ends up in the "graveyard orbit" a further 300 kilometers away from the geostationary orbit. The company continually monitors the satellite's health and status and promptly addressing any potential faults that could hinder effective space waste management.

Ovzon complies with the Swedish Space Activities Act, and all the company's partners for satellite manufacture, launch and operation comply with the Space Debris Mitigation Guidelines from the IADC. The regulations describe how space debris is to be avoided, minimized and managed internationally. Ovzon is also a member of the Satellite Industry Association (SIA), which works for responsible operations in space and ensures future accessibility to space.

1) <https://orbitaldebris.jsc.nasa.gov/library/iadc-space-debris-guidelines-revision-2.pdf>

Social responsibility



Raising awareness of satellite technology in society and of the benefits that satellite-based communication can provide are two important aspects for Ovzon in regards to the company's social impact. Good communication is key to many crucial societal functions. Ovzon's employees are the most important resource for delivering good communication, and therefore their health and safety are one of Ovzon's main priorities.

The impact of high-quality communication infrastructure

Ovzon aims to increase society's awareness of and interest in space, satellites, and communication technology, and encourages the younger generation to take inspiration from and learn more within these fields. This includes providing places for internships and supporting thesis work. Ovzon's employees are involved with several universities, lecturing in core areas alongside other activities.

Effective communication is essential for critical societal functions worldwide, especially for rescue personnel operating in extreme environments, whether tropical heat or Arctic cold. Reliable communication channels are crucial, and Ovzon's satellite services play a pivotal role in these scenarios. Proven to maintain high-quality communication irrespective of atmospheric conditions, Ovzon's technology ensures that rescue personnel can carry out their tasks seamlessly without technical difficulties. Ovzon's services have consistently been instrumental in rescue efforts during events such as volcanic eruptions, avalanches, and earthquakes, where terrestrial telecommunications were either inoperative or inaccessible.

With Ovzon's satellite-based mobile communication, rescue personnel gain trouble-free access to high-speed networks, which ultimately can contribute to life-saving missions. In 2023, Ovzon continued its support for various defense forces by providing ultra-light mobile satellite terminals for assistance in diverse initiatives and emergency situations. This proved to be very important during the past year, when incidents related to both conflicts caused by humans and natural disasters caused by climate change have increased rapidly.



The launch of Ovzon 3 is a historic achievement within the Swedish business community, accomplished by the entire Ovzon team.

An attractive employer

Ovzon recognizes the crucial role its employees play in the continuous development and success of the company. Therefore, their health and well-being remain a constant focus. In order to attract and retain current and future talent, it is imperative that employees are able to pursue opportunities for personal development within the company. This principle is applicable to all roles, including the Management Group. To achieve this, annual performance reviews are conducted with all employees and their immediate supervisors, generating a deeper understanding of employee sentiments and expectations from Ovzon as an employer. Additionally, daily physical activity is actively encouraged across all offices, and employees in Swedish offices are provided with a health care allowance. These initiatives collectively contribute to creating a positive and inspiring work environment at Ovzon.

Ovzon have offices on two continents – in Sweden and the USA – meaning that the entire company needs to be engaged in order to create an enjoyable work environment.

A shared culture in which all employees thrive and feel committed to Ovzon’s development is therefore key.

Equality and diversity

Ovzon is dedicated to offer a fair and inclusive workplace where every individual is treated with equality and respect. The company maintains a zero-tolerance policy towards all forms of discrimination and harassment within the workplace. In the event of any such incidents, they will be addressed with integrity, and appropriate measures will be taken.

During the recruitment process, all candidates are considered equally and are selected based on merit, personal qualities, and skills. Recognizing the predominantly male-oriented nature of the industry, The company understands the importance of promoting higher levels of gender equality within the organization. To achieve this, the Management Group is actively assessing and enhancing the company’s recruitment processes to attract more women, both in executive positions and across departments.



**Regina Donato Dahlström,
Chairman of the Board**

Working with technology, especially the kind of services that Ovzon provides, is about contributing to the strengthening of our society. In this effort, we’d ideally aim for a 50/50 balance between women and men. I am positive and hopeful that in the coming years, we will achieve an even better equilibrium.

Key performance measures

	2023		2022		Age distribution, %	2023	2022
	Men	Women	Men	Women			
Gender distribution, %							
Organization	88	12	90	10	<30	4	2
Management Group	83	17	88	12	30-50	62	61
Board of Directors	67	33	83	17	>50	36	37

Responsible business

Ovzon is dedicated to conduct ethical, responsible business, with great respect for human rights and democratic values. By guaranteeing secure flows of information for the company's customers, perform comprehensive quality checks and ethical business relationships throughout the value chain, Ovzon can promote positive change in the market and lead by example towards a more resilient industry.

Data security

Operating in an industry where the flow of information is vital for clients' operations and where often highly confidential information is communicated, Ovzon's systems must at all times maintain a very high security standard. Ovzon is committed to strict adherence to all applicable laws and regulations governing information management, including compliance with the General Data Protection Regulation (GDPR). Robust security systems are in place to ensure that all data is securely stored, and continuous checks are done to prevent any unauthorized access to sensitive information.

High quality products

All of Ovzon's products are subject to rigorous quality controls to prevent the distribution of hazardous items in the market. A thorough selection of components is carried out during terminal design, and suppliers undergo continuous audits to ensure compliance with Ovzon's standards. Quality assurance measures are implemented before components reach Ovzon, with additional checks upon arrival when and if necessary. During installation, several checks are done and detailedly documented, and installers receive regular training to

minimize errors. After completing all quality assurance and testing procedures, the process concludes with a factory acceptance test (FAT) where the terminal is tested against a satellite. Prior to customer shipment, all terminals undergo a visual inspection. No products are sent to customers without undergoing comprehensive testing, allowing Ovzon to guarantee secure and high-quality products being released to the market.

ISO 9001

In order to ensure the company's compliance with the required high security standards, Ovzon has implemented a formal quality management system. ISO 9001 certification means that the company is audited annually by an ISO-certified third party. The audit was successfully conducted in October 2023, confirming Ovzon's steadfast commitment to maintaining top-tier quality management systems and continuous improvement across all facets of operations. Furthermore, with this certification, the company strengthens its position and capacity for meeting its customers' needs and expectations of secure and reliable satellite-based communication.

Key performance measures	2023	2022
Data security incidents	0	0
Employees who have read and acknowledged the Code of Conduct	100%	100%
Incidents of corruption	0	0

Ethical business

Ovzon maintains a strict zero-tolerance against corruption. All employees and suppliers are required to acknowledge and adhere to the company's anti-corruption policy, which is approved by the Board. No individual within the operation or value chain is permitted, under any circumstances, to offer or accept bribes. This includes consultants, partners, distributors, and suppliers. Ovzon mainly collaborates with local suppliers, where all of the distributors and suppliers are well-informed about and agree with the company's values. Ovzon has a whistleblower function where all incidents are reported to the CEO, CFO or Chairman of the Board. The information is handled confidentially to safeguard the whistleblower's anonymity.

For Ovzon, conducting ethical operations is a fundamental value. Following the company's Code of Conduct, business activities must be carried out on a foundation of sound ethical principles, with a steadfast commitment to respecting human rights. Regardless of the geographical location of business operations, strict compliance with laws and regulations is always mandated, emphasizing the importance of sound corporate governance at all stages.

CASE

Ovzon continues to facilitate mobile satellite connectivity in Colombia

During the Colombian 2022 presidential election, Ovzon's services were used to provide communication solutions to the voting stations throughout the country. Following this success, Ovzon and its Colombian partner Bansat continued to provide mobile satellite connectivity in 2023 to the Attention Unit for Vulnerable Populations (UDAPV), a department within the Colombian Civil Registry, with the aim of reaching every corner of the country with connectivity.

Many locations in Colombia do not have access to reliable infrastructure for basic civic functions such as government administration, leaving parts of the population in remote villages partly isolated. Hence, Ovzon's services offers guaranteed connectivity, reliability, performance, mobility, and ease-of-use. SATCOM-as-a-Service includes satellite coverage, bandwidth, and Ovzon T6 – the all-in-one, laptop-sized broadband terminal. Ovzon's unique solution enables the brigades carried out by the National Civil Registry to reach out to the most remote areas in Colombia, where some of these areas do not have electricity for more than

four hours per day. In this case, Ovzon's technology made it possible to issue national identification cards and birth certificates as well as providing technical assistance to the villages and other administrations acknowledging their civil rights.

Ovzon's services were utilized by the engineer Cristian Lamprea, who travelled across Colombia to install Ovzon T6 terminals across several remote locations within the country. This is truly a great example of how Ovzon's services can provide connectivity, even in the most remote places in the world, via satellite.



“Ovzon SATCOM-as-a-Service is ideal for supporting the UDAPV's mission, and together with our partner Bansat, we are offering our unique service to the Colombian government. We are very honored to continue to provide them with support in this critical mission,” says Per Norén, CEO of Ovzon.

Risk management is an important part of the strategy

Ovzon is exposed to a number of different risks that could have a direct or indirect impact on the operations. A partial list of the essential risk factors and significant circumstances that are considered to have an impact on the company's operations, financial position, and results is presented below, in no particular order. In addition to the risk description, the company's strategy for addressing and managing these risks has also been outlined.

RISKS

Market

Risk	Description	Mitigation
A competitive market	Ovzon faces competition today from a number of very large and established companies. It is likely that Ovzon will continue to face increasing competition in some or all of its market segments in the future.	Ovzon routinely monitors the competitive situation for the purpose of proactively responding to any initiatives from competitors.
New technology could make the services obsolete	The space and communications industries are subject to rapid advances and innovations in technology. Innovations could render the current technologies less competitive by satisfying end-user demand in more attractive or cost-effective ways.	Ovzon's service is based on proprietary and patent-protected technology. In addition, the company invests in maintaining its technological lead. Ovzon currently has a revolutionary service that combines high bandwidth with high mobility. The company considers itself to be unique in this position, which will be further strengthened when the company's first proprietary satellite becomes operational by mid-2024.

Customers

Risk	Description	Mitigation
Limited number of customers and lengthy sales cycles	Ovzon sells its current services to a limited number of customer organizations, including the U.S. Department of Defense (U.S. DOD) and the Swedish Space Corporation (SSC). If those specific customers reprioritize their spending, it will materially impact Ovzon over the short term.	Ovzon works constantly to broaden its customer base, and over the past three years the company has signed agreements with partners that facilitated such an expansion, which has resulted in an increasing number of orders and a broadening of the customer base. In addition, securing long-term contracts and actively participating in larger framework agreements are integral components of the risk mitigation strategy. Moreover, new and existing customers have shown interest in the satellite Ovzon 3 and the Ovzon T7 terminal, which was launched in 2023 and further strengthens the customer offering.

RISKS

Partners

Risk	Description	Mitigation
Dependence on third parties	Up until the launch of Ovzon 3, Ovzon had been dependent on the availability of satellite capacity from third parties with relevant geographic coverage areas, orbital positions and performance in relation to current customer requirements. Although Ovzon 3 will be operational by mid-2024, Ovzon will still base a part of the service on leased satellite capacity, which implies further dependency.	Ovzon has good relations with established and recognized suppliers of satellite capacity. The company has further expanded its partner base in past years and can today offer in principle double the amount of global coverage for its services. The Ovzon 3 satellite strengthens independence and provides the company with enhanced control of its value chain.
Financial stability	Ovzon is active in an industry characterized by major infrastructure investments. Many companies, including Ovzon's partners, are severely indebted and it cannot be ruled out that they will experience financial difficulties if interest rate levels and/or their debtors' view of their ability to repay change.	Ovzon carefully evaluates its partners through a credit check when initiating new partnerships. Prepayments are required in some cases to secure receivables and mitigate financial risk.
Dependence on cooperation with Intelsat General Corporation	Ovzon provides its services to end customers primarily through third parties. In the case of Ovzon's largest customer in 2023, Intelsat (IGC), which delivers to U.S. Department of Defense, these agreements are most often renewed annually. If the agreement is not renewed in accordance with its terms, Ovzon may be unable to continue providing its services over the short term or at all.	Ovzon currently has a close and long-term relations with the end customer, the U.S. DOD.
Dependence on external manufacturers for parts of the manufacture and installation of current products	Ovzon relies on third-party manufacturers, including for part of the installation and manufacture of the company's Ovzon T6 and Ovzon T7 terminals. If demand for the terminals were to increase significantly, there is a risk that Ovzon would not be able to meet this demand.	Ovzon continuously reviews its product, partner and manufacturing strategy and plans for future growth.

RISKS

Strategy

Risk	Description	Mitigation
Implement strategy and meet targets	<p>Ovzon's long-term strategy is built on the introduction of proprietary satellite capacity. The launch of another proprietary satellite depends on access to capital, suppliers and partners.</p> <p>Successful implementation of the strategy is thus dependent on assumptions relating to the development of the market, future demand, costs of the launch, ability to implement new and sustainable pricing, success in increasing the customer base and creating new customer segments and the ability to secure additional satellite capacity to resell.</p>	<p>Over the last three years, Ovzon implemented a number of measures that reduced these risks – for example, in the form of funding and launching a proprietary satellite, new customer contracts, new customers and agreements with strategic partners such as Swedish Space Corporation, Hispasat, Bansat, Hellas Sat, Airbus and more.</p>

Financing

Risk	Description	Mitigation
Financing and insufficient working capital	<p>In recent years, Ovzon has returned negative operating earnings, which affects working capital. This is mostly due to the effect of initiatives for increased growth, higher operating costs and provisions for doubtful trade receivables. If expected sales growth does not materialize and/or costs increase, this could lead to requirements for further financing in the future, and/or to renegotiate and refinance existing loans. Future financing could depend on such factors as the general situation in the financial markets, Ovzon's creditworthiness and its capacity to manage its indebtedness. Accordingly, Ovzon may be forced to obtain financing on less advantageous terms.</p>	<p>Over the last three years, Ovzon has successfully financed the company's plans to launch its own satellite and its working capital needs. Cost control and prepayments of contracts, when applicable, have also reduced working capital. The company believes that any future financing requirements can be solved with loans or equity. For a more detailed description of the financial risks and how they are managed – for example, credit and counterparty risks – refer to Note 3.</p>
Credit and counterparty risk	<p>The Group's financial transactions give rise to credit risks in relation to its financial counterparties. 'Credit and counterparty risk' means the risk of losses if a counterparty does not meet its obligations. In the event the counterparty's ability to pay is deemed to be uncertain, a bank guarantee, surety, or other proof of ability to pay is required.</p>	<p>The Group endeavors to work primarily with established customers who have both a documented ability to pay and competitive operations. Ovzon also demands prepayments from customers when applicable. The financial position of the Group's customers is subject to credit checks through measures including a documented due diligence procedure.</p>

RISKS

Other

Risk	Description	Mitigation
<p>Satellites are subject to operational risks</p>	<p>Satellites in orbit are subject to operational risks. These risks include functional disruptions (commonly referred to as anomalies) that may be attributable to several different factors such as faults in manufacture, problems regarding the satellites' power or steering systems and general faults attributable to managing a satellite in space. A satellite can also be struck by meteoroids.</p>	<p>Ovzon has chosen a recognized and highly qualified manufacturer for its satellite, based on the company's specifications. This choice of manufacturer means that the risk of anomalies is reduced. Also, the satellite is monitored by a reputable partner during its full lifetime. Moreover, the functionality of the satellite is partly software-based, which means the satellite operability can be upgraded and improved during its lifetime.</p>
<p>The satellite's service life is not achieved</p>	<p>Ovzon's opportunities for generating long-term revenue from its proprietary satellite depend on the satellite's service life. Several factors affect a satellite's useful life, including the quality of its construction, the durability of its components, the ability to maintain a proper orbit and control over the satellite's functions, the efficiency of the satellite, and the remaining on-board fuel following launch.</p>	<p>Ovzon has chosen a recognized and highly qualified manufacturer for its satellite, based on the company's specifications. Properly planned manufacturing is the most reliable protection for achieving the planned service life. Moreover, the functionality of the satellite is partly software-based, which means the satellite's operability can be upgraded, thereby prolonging its service life.</p>
<p>Risks related to intellectual property rights</p>	<p>Ovzon holds a number of patents and may acquire or develop further products and technical solutions that can be patented, registered or protected in some other way. There is a risk that Ovzon will not be able to maintain patents and other intellectual property rights and that registration applications for new intellectual property rights will not be granted or, if granted, will be limited in scope or by geography. Once the term of a patent has expired, there is a risk that Ovzon will not be able prevent competitors and other market participants from using Ovzon's products or technical solutions.</p> <p>There is also a risk of Ovzon infringing on, or being accused of infringing on, third-party intellectual property rights, which may entail expenses either to defend itself or to settle an infringement dispute.</p>	<p>Since the company's inception, Ovzon has been thorough in protecting the company's innovations using patents and other intellectual property assets. This is a key part of the company's strategy moving forward, as the company offers services that are unique in terms of scope and performance.</p>
<p>Recruitment and employees</p>	<p>Technological competence and innovation are critical to Ovzon's business and depend to a significant degree on the work of technically skilled employees. In addition, Ovzon is also dependent on attracting and retaining personnel capable of establishing and maintaining relationships with customers. The market for these types of employees is competitive.</p>	<p>Ovzon intends to continue to offer an attractive environment for existing and future employees using the right remuneration terms and incentives, a positive corporate culture and a unique service with technological superiority.</p>

RISKS

Other

Risk	Description	Mitigation
Regulation in Ovzon's areas of operation	Ovzon's business is subject to regulation. Compliance with rules and regulations entails costs for Ovzon, and any non-compliance could expose Ovzon to fines and could limit Ovzon's ability to provide existing and new services. The maintenance and expansion of Ovzon's business is dependent upon such factors as the ability to obtain required frequency licenses, orbital positions, and authorizations in a timely manner, at reasonable costs and on satisfactory terms and conditions.	<p>Today, Ovzon meets all regulatory requirements that are placed on the company. The company has insight, planning and foresight regarding increased costs for compliance moving forward, as well as the company's ability to retain or expand frequency licenses, orbital positions, and permits.</p> <p>The Radio Regulations Board (RRB) of the International Telecommunications Union (ITU) has approved an extension of the regulatory deadline for Bring Into Use (BIU), the regulatory filings for the orbital position intended for the Ovzon 3 satellite, to July 4, 2024.</p>

Share and shareholder information

Ovzon's disclosures to shareholders and the rest of the capital market are aimed at providing a fair view of the company's development, minimizing the risk of rumors and increasing interest in the company's share. The ambition is always to provide clear and current financial information.

Since April 20, 2021, Ovzon AB has been listed on the Nasdaq Stockholm main list. Prior to that, starting on May 18, 2018, the company had been listed on Nasdaq First North Premier Growth Market.

Market capitalization and sales

The last price paid on December 29, 2023, was 14.48 SEK, entailing a market capitalization for Ovzon of 1,615 MSEK. During the period January 2 through December 29, an average of 116,818 shares were traded per day and in total, 29.3 million Ovzon shares were traded at a value of 447.3 MSEK. The lowest price paid was 5.3 SEK (on November 22) and the highest price paid was 65.0 SEK (on January 9). The price decrease in 2023 was 74.9 percent, compared with the Nasdaq OMX Small Cap Sweden GI index, which increased by 12.4 percent during the same period.

Share capital

At December 31, 2023, Ovzon's share capital amounted to 11,153,051 SEK distributed among 111,530,516 shares with a par value of 0.10 SEK per share. According to the Articles

of Association, which were adjusted in conjunction with an Extraordinary General Meeting on December 27, 2018, the share capital is to be not less than 3,358,556 SEK and not more than 13,434,224 SEK distributed among not fewer than 33,585,596 shares and not more than 134,342,384 shares. Each share carries an equal right to participation in the company's assets and earnings. At the Annual General Meeting, each share provides entitlement to one vote and all share-holders can vote for the full number of shares held without restrictions to voting rights. The shares can be freely transferred.

Dividend and dividend policy

Ovzon's Board of Directors has not adopted a dividend policy because the company is in a growth phase.

Financial information

Ovzon publishes four interim reports and one annual report per year. All reports are available to read and download from the company's website, www.ovzon.com.

Analysts

Analysts who continuously monitor the company:

Simon Granath

ABG

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Mikael Laséen

Carnegie

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10 largest shareholders at December 31, 2023

	Shareholder	Number of shares	Percentage, %
1	Bure Equity	14,209,525	12.74
2	Investment AB Öresund	13,527,970	12.13
3	Grignolino AB	12,574,192	11.27
4	Handelsbanken Fonder	10,866,666	9.74
5	Fjärde AP-fonden	10,282,130	9.22
6	Futur Pension	5,681,650	5.09
7	Stena	3,545,908	3.18
8	Avanza Pension	2,844,762	2.55
9	Per Wahlberg	2,551,254	2.29
10	Patrik Björn	1,587,000	1.42
	Total	77,671,057	69.64

SHARE AND SHAREHOLDER INFORMATION

Warrants issued

In conjunction with raising a subordinated credit facility of 200,000 TSEK on July 3, 2019, 1,500,000 warrants were issued to the subordinated creditors. Following the rights issues in June 2020, the terms for the warrants were recalculated. Each warrant provides entitlement to subscribe for 1.32 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.

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 warrants 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 options were subscribed, hence no subscription of shares has taken place.

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 76.08 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 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.

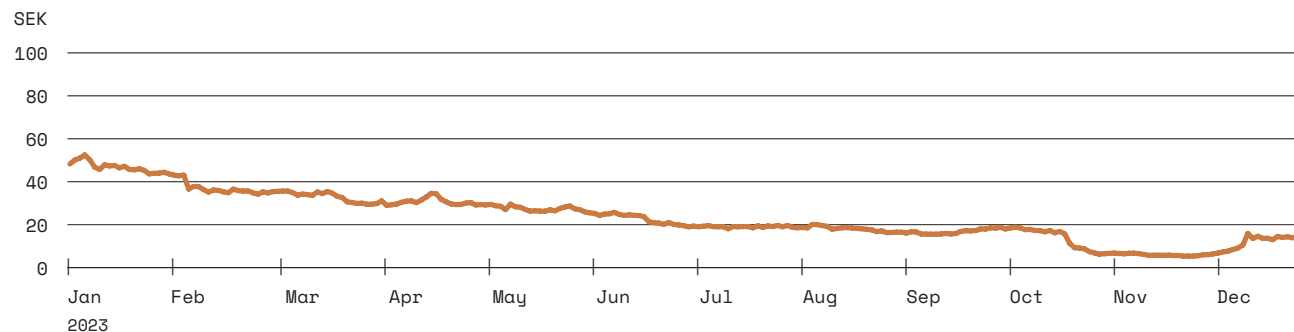
Annual General Meeting for 2024

The Annual General Meeting of Ovzon AB will be held on April 19, 2024 in the company's premises at Anders-torpsvägen 10, Solna, Sweden.

Share capital development

Year	Transaction	Change in number of shares	Change in share capital, SEK	Total share capital, SEK	Total number of shares
2016	—	—	—	500,000	5,000
2/7/2018	Share split	4,995,000	—	500,000	5,000,000
5/18/2018	Rights issue	2,699,971	269,997	769,997	7,669,971
6/11/2018	Exercise of the over-allotment option	696,428	69,643	839,640	8,396,399
1/30/2019	Rights issue	25,189,197	2,518,920	3,358,560	33,585,596
1/29/2020	Directed share issue	1,358,559	135,855	3,494,415	34,944,155
5/26/2020	Directed share issue	7,446,809	744,681	4,239,097	42,390,964
6/24/2020	Rights issue	3,853,724	385,372	4,624,469	46,244,688
6/9/2021	New share issue (TO 2018/2021)	203,940	20,394	4,644,862.80	46,448,628
7/29/2021	New share issue (TO 2018/2021)	161,260	16,126	4,660,988.80	46,609,888
9/22/2021	Directed share issue	4,660,988	466,098.80	5,127,087.60	51,270,876
6/2/2023	Directed share issue	4,494,382	449,438.20	5,576,525.80	55,765,258
7/12/2023	Rights issue	55,762,258	5,576,525.80	11,153,051.60	111,530,516

Share price



Corporate Governance Report

Ovzon AB is listed on Nasdaq Stockholm Small Cap. Ovzon complies with statements from the Swedish Securities Council regarding best practice in the Swedish securities market, and applies the Swedish Corporate Governance Code (“the Code”). The Board of Directors is of the opinion that in all respects, Ovzon complied with the Code in 2023 and therefore has no deviations to report or explain. This Corporate Governance Report does not form part of the formal Annual Report, but is a separate report.

General meetings

Pursuant to the Companies Act, the general meeting of shareholders is the company’s supreme decision-making body and shareholders exercise their voting rights at such meetings. The Annual General Meeting (AGM) must be held within six months of the end of each preceding financial year to consider such matters as statutory accounts and reports, disposition of profit or loss and discharging the Board members from liability. Ovzon’s Articles of Association stipulate that the notice to attend the AGM shall be published in the Official Swedish Gazette (Post- och Inrikes Tidningar) and be made available on Ovzon’s website. Announcement of the notice to attend shall be published in the Swedish daily newspaper Svenska Dagbladet. The notice to attend the AGM shall be published no earlier than six weeks and no later than four weeks prior to the meeting.

Extraordinary General Meetings are held when the Board of Directors considers such meetings appropriate, or when either the auditor or shareholders representing at least 10 percent of all shares outstanding request such a meeting in writing for a specific purpose.

2023 AGM

- Re-election of Board members, Nicklas Paulson, Magnus René, Patrik Tigerschiöld, Dan Jangblad and Cecilia Driving. New election of Board members Markus Messerer and Regina Donato Dahlström. Magnus René was also re-elected as Chairman of the Board.
- KPMG AB was appointed as the auditor of the company with Marc Karlsson as the auditor in charge.
- The Meeting resolved to adopt guidelines for remuneration to senior executives in accordance with the Board’s proposal. The guidelines remained essentially unchanged from previous years.

Major shareholders

Ovzon’s three largest shareholders are:

Shareholder	Number of shares	Percentage, %
1. Bure Equity	14,209,525	12.74
2. Öresund	13,527,970	12.13
3 Grignolino	12,574,192	11.27

2023 March EGM

- Resolution to approve the board of directors to issue a maximum of 4,494,382 shares, without preferential rights for the Company’s shareholders with a total increase of the company’s share capital amounted to a maximum of 449,438.20 SEK.

2023 November EGM

- The meeting resolved that the board shall consist of six directors without deputies.
- Approval of the board of directors’ proposal from October 20, 2023, regarding a new issue of up to 55,765,258 shares. The subscription price for each new share was 4.50 SEK, totaling 250,943,661 SEK. Total increase of share capital of up to 5,576,525.80 SEK.

Nomination Committee

The purpose of the Nomination Committee is to submit proposals regarding the chairman at general meetings, candidates for Board members including the position of Chairman of the Board, fees and other remuneration to each member of the Board of Directors, and remuneration for committee work as well as the election of and remuneration to the external auditor.

CORPORATE GOVERNANCE REPORT

For the period up until a new Nomination Committee is appointed, the Nomination Committee comprises Öystein Engebretsen, nominated by Investment AB Öresund; Sophie Hagströmer, nominated by Bure Equity; Staffan Persson, nominated by Grignolino AB; and Regina Donato Dahlström, Chairman of the Board of Ovzon.

No remuneration is paid to the members of the Nomination Committee. The Nomination Committee is entitled to request remuneration from the company for reasonable expenses that are necessary for the Nomination Committee to fulfill its assignment. The mandate period of the Nomination Committee extends until such time as a new Nomination Committee is announced. In conjunction with the work of the Nomination Committee and for its own improvement efforts, the Board of Directors conducts a self-evaluation of its work and efficiency on an annual basis. The results are reported to the Nomination Committee.

Board of Directors

Composition of the Board

According to the company's Articles of Association, the Board of Directors shall consist of no less than three ordinary members and no more than ten ordinary members. Seven members were elected at the 2023 Annual General Meeting: Nicklas Paulson, Patrik Tigerschiöld, Magnus René, Cecilia Driving, Dan Jangblad, Markus Messerer and Regina Donato Dahlström. Magnus René was elected Chairman of the Board. On October 19, 2023, it was announced that Magnus René would be stepping down from the Board of Directors, whereupon Board member Regina Donato Dahlström was appointed as the new Chairman of the Board until the next Annual General Meeting. The CEO is not a member of the Board but is always in attendance at Board meetings (refer to pages 61–65 in this Annual Report for more information on the Board of Directors and CEO). The company's CFO serves as the secretary to the Board.

Board observer

On July 3, 2019, the company secured a credit facility of 60 MUSD from Proventus Capital Partners (PCP). The loan was granted on the condition that PCP be given the right to appoint an observer who is co-opted onto the Board (without voting rights). The observer will be provided with financially significant information, regardless of whether or not it comprises insider information and could have an impact on the assessment of the credit risk for the loan. Additionally, the observer will be provided with all other information that does not comprise insider information, and has been sent to the Board members prior to Board meetings and presented at the meetings. PCP has requested to be permitted to study this information in order to materially facilitate PCP's continual assessment of how the

company's financial risk is developing, ultimately for the purpose of being able to more efficiently contribute to solving the company's upcoming financial challenges.

The company ensures through procedures and agreements that, to the extent the observer receives insider information, it will remain confidential and will be handled in a structural manner. The company is of the opinion that the structure is in compliance with Article 17 of the Market Abuse Regulation (MAR). Additionally, the company also deems the participation of the observer not to be in violation of the Companies Act.

Board activities

The Board of Directors bears ultimate responsibility for governing the company's operations between Annual General Meetings. The Board decides on issues pertaining to the company's strategic approach, financing, major investments, acquisitions, divestments, organizational issues, incentive principles and key policies. The Board's work is regulated, for example, by the Swedish Companies Act (ABL), the Articles of Association, the rules of procedure that the Board has established for its work and the Board's instructions to the CEO. The Board's Articles of Association clarify the responsibilities of the individual members, especially the Chairman, as well as the allocation of responsibilities between the Board and CEO and the authority of the latter. These are further clarified in the instructions

to the CEO. The rules of procedure also indicate, at a general level, the topics that the Board of Directors will normally address during the work year and the allocation of time for the work. In 2023, the Board of Directors reviewed its rules of procedure, the instructions to the CEO and the reporting instructions, and evaluated the work of the CEO. The Board has appointed a Remuneration Committee that during the year comprised Regina Donato Dahlström (chairman) and Dan Jangblad. The company has an Audit Committee consisting of Cecilia Driving (chairman), Nicklas Paulson and Patrik Tigerschiöld. The Board held 23 minuted meetings in 2023.

The tasks of the Remuneration Committee

The Remuneration Committee prepares items and/or material for decisions concerning the following remuneration issues:

- Providing the Board with proposals for remuneration guidelines and other conditions of employment for the CEO and other senior executives (in accordance with the regulations of the Companies Act) at the first scheduled Board meeting of the financial year. This includes policies regarding salaries, remuneration and other conditions of employment for Ovzon's management. Examples of these are policies for short- and long-term bonus and incentive plans, pension policies, policies for basic salaries, and other conditions of employment.

Board of Directors

Name	Position	Elected	Independent in relation to the company and Group Management	Independent in relation to the company's major shareholders	Attendance at Board meetings	Audit committee	Remuneration committee
Regina Donato Dahlström ¹	Chairman	2023	Yes	Yes	12/12		2/2
Magnus René ²	Chairman	2018	No	Yes	18/18		
Anders Björkman ³	Board member	2019	Yes	Yes	11/11		2/2
Patrik Tigerschiöld	Board member	2018	Yes	No	23/23	8/10	
Nicklas Paulson	Board member	2018	Yes	No	23/23	10/10	
Cecilia Driving	Board member	2020	Yes	Yes	23/23	10/10	
Dan Jangblad	Board member	2020	Yes	Yes	22/23		4/4
Markus Messerer ⁴	Board member	2023	Yes	Yes	10/12		

1) Elected in April 2023, Chairman since October 2023 2) Chairman until October, 2023 3) Board member until April 2023 4) Elected in April 2023

- Proposals regarding individual salaries and other remuneration to the CEO.
- In accordance with proposals from the CEO, decisions on individual salaries and other remuneration to directors who report directly to the CEO.

The tasks of the Audit Committee

The Audit Committee monitors the company’s financial reporting. The Committee is tasked with reviewing the procedures for the company’s risk management and control, as well as financial reporting. Through continual contact with the company’s auditors and treasury function, the Committee ensures that external audits fulfill the necessary requirements and that relevant policies and governance documents exist and discusses the scope and focus of audit activities. The Audit Committee annually reviews the auditors’ proposal for an audit plan, evaluates audit measures and approves additional services that the company purchases from the external auditors. The Committee also helps the Nomination Committee in preparing proposals for auditors. The chairman of the Audit Committee is responsible for routinely informing the Board of Directors about the activities of the Committee and will hand matters over to the Board for decision as needed.

The Committee’s opportunities for in-depth discussions with the auditors do not replace the meetings between the auditors and the full Board of Directors. Such meetings must take place at least once a year, normally in conjunction with publication of the Annual Report.

CEO and Group Management

The CEO is responsible for the routine management of the company’s affairs and the daily operations. The division of work between the Board of Directors and CEO is set forth in the company’s rules of procedure for the Board of Directors and the instructions to the CEO. The CEO keeps the Board continually informed of the company’s operations, results of operations and financial position through monthly reports and other measures. The CEO is responsible for preparing reports and compiling information for Board meetings and for presenting these materials at the Board meetings.

Per Norén has been President and CEO since May 1, 2021 and the management group at December 31, 2023 comprised CFO Noora Jayasekara, COO Tom Hopkins, CMO Kristofer Alm, CTO Kennet Lejnell and Chief engineer Lars-Ola Klockervold.

Remuneration and terms of employment

Board of Directors

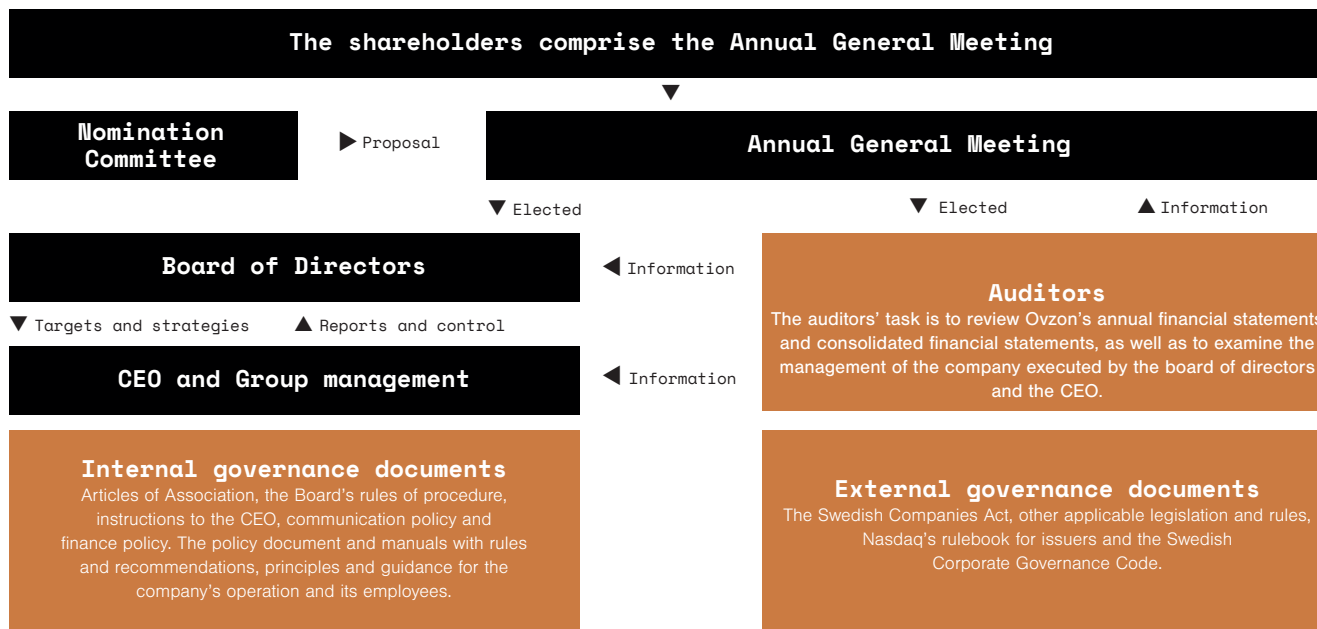
The amount of remuneration granted to the Board of Directors, including the Chairman, is determined by resolution at the AGM. At the AGM on April 20, 2023, it was resolved that fees of 210,000 SEK would be paid to Board members not employed by the company and that a fee of 420,000 SEK would be paid to the Chairman. Additionally, remuneration of 85,000 SEK would be paid to the chair, and 37,000 SEK to other members of the Audit Committee, and 27,000 SEK to the chair, and 21,000 SEK to the other members of the Remuneration Committee. The members of the Board of Directors are not entitled to any benefits upon ceasing to serve as members of the Board of Directors. Remuneration to the members of the Board of Directors for the 2023 financial year amounted to a total of 1,756,000 SEK. The remuneration report can be found as a whole at the company’s web page.

CEO and Group Management

Ovzon will offer market-based total compensation that permits recruitment and retention of senior executives. Compensation will comprise fixed salary, earnings-based remuneration, share savings programs, pensions and other remuneration. Altogether, these portions composed the total compensation to an individual.

The fixed salary will take into account the individual’s areas of responsibility and experience, and will be reviewed annually. The performance-based remuneration will depend on the individual’s fulfillment of qualitative and quantitative targets. For senior executives, the variable portion can constitute up to 50 percent of the fixed salary.

The Board of Directors decides on the remuneration policy for the CEO and Group Management. As of the date of publication of this Annual Report, the applicable policy is designed in accordance with



CORPORATE GOVERNANCE REPORT

the guidelines for remuneration of the CEO and Group Management, as adopted by the Annual General Meeting. Individual remuneration to the CEO is proposed by the Remuneration Committee and approved by the Board of Directors, whereas individual remuneration to other members of Group Management is proposed by the CEO and approved by the Remuneration Committee. During the financial year, CEO Per Norén drew a salary of 438 (280) TUSD. Variable remuneration to the company's CEO for 2023 totals 28 (7) TUSD.

Auditing

The company's statutory auditor is appointed at the Annual General Meeting. During the year, the Board receives presentations from the company's auditors, who have reviewed whether the company's internal control and external reporting meet the requirements placed on a listed company. Marc Karlsson from KPMG AB was appointed as auditor for 2023. For the 2023 financial year, the total remuneration to the company's auditor amounted to 1,532 TSEK, of which 300 TSEK related to activities beyond the scope of the audit assignment.

Internal control and risk management

The Board of Directors is responsible for internal control. Internal control and risk management regarding financial reporting is a process designed by the Audit Committee and the Board of Directors for the purpose of providing the Board, management and others concerned in the organization with reasonable assurance concerning reliability in the external financial reporting, and whether the financial reports have been prepared in accordance with accepted business practice and applicable laws and ordinances as well as other requirements for listed companies.

Control environment

The basis for the internal control environment is the allocation of authority and responsibility among the Board of Directors, its committees, the CEO and the rest of company management. Within the company, the most substantial components of the control environment are documented in the Board's rules of procedure and the instructions to the CEO as well as policies and other governing documents.

Control activities

Suitable control activities are a prerequisite for managing substantial risks in internal control. To safeguard this internal control, the Company has both automated system-based controls and manual controls, for example, in the form of check-offs and inventories. Financial analyses of the company's earnings and monitoring of plans and forecasts supplement the controls, providing an overall confirmation of the quality of the reporting.

Internal audit

Ovzon has established a governance and internal control system, compliance with which is monitored regularly at different levels in the company. In light of this, the Board of Directors is of the opinion that there is currently no need to inaugurate a special audit function. This assessment is reviewed annually by the Board.

Information and communication

The company's governing documentation in the form of policies, guidelines and manuals in terms of internal and external communication is kept updated and is communicated internally through the relevant channels, such as internal meetings and internal news mails.

The company's communication policy, containing the guidelines for how information is to be disclosed, applies to communication with external parties. The purpose of this policy is to ensure that the company meets its disclosure obligations correctly and completely in accordance with applicable legislation and rules. Ovzon submitted the interim reports for 2023 to Finansinspektionen on time.

Solna, March 27, 2024

Board of Directors of Ovzon AB

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Ovzon AB (publ), corporate identity number 559079-2650

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2023 on pages 56 - 59 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 27 March 2024

KPMG AB

Marc Karlsson
Authorized Public Accountant

Board of Directors, Auditor and Group Management



Board of Directors



Regina Donato Dahlström

Chairman of the board (since 2023),
Board member (since 2023)

Born 1978

Nationality: Swedish.

Education: Market economics, London School of Business 2006-2009.

Current engagements: CEO Equinix Sweden.

Previous engagements/Experience: CEO, GlobalConnect Sweden, Leading positions, Telia Company, including Halebop, Cloud Networking and Skanova.

Independent in relation to the Company and the Group management. Independent in relation to the Company's major shareholders.

As of December 31, 2023, Regina Donato Dahlström holds 40,000 shares in the company, of which 20,000 direct and 20,000 through closely associated persons.



Cecilia Driving

Board member (since 2020)

Born 1971

Nationality: Swedish.

Education: LL.M. and a B. Sc. in Business Administration from Stockholm University.

Current engagements: Group CFO Mabtech AB. Member of the board of Embracer Group AB.

Previous engagements/Experience: EVP CFO/HR/IR Biovica International AB. She has held several CFO positions in life-science, private equity, research and telecom companies.

Independent in relation to the Company and the Group management. Independent in relation to the Company's major shareholders.

As of December 31, 2023, Cecilia Driving holds 2,000 shares in the company.



Dan Jangblad

Board member (since 2020)

Born 1958

Nationality: Swedish.

Education: M.Sc. Mechanical Engineering, Linköpings University, Linköping, Sweden.

Current engagements: Owner and CEO of Emmern Konsult AB. Chairman of the Visual Sweden Vinnväx innovation program (Vinnova).

Previous engagements/Experience: Head of business areas and CSO of Saab AB, CEO of Swedish Space Corporation SSC. Responsible for Saab's Venture capital portfolio. Chairman of Combitech AB and Vricon Systems Inc. Vice chairman of Linköpings University and senior advisor to the CEO of Saab AB. Chairman of the association of Swedish Defense industries (SOFF) and board member of Swedish ICT and LIU Holding AB.

Independent in relation to the Company and the Group management. Independent in relation to the Company's major shareholders.

As of December 31, 2023, Dan Jangblad holds 4,858 shares.



Markus Messerer

Board member (since 2023)

Born 1981

Nationality: Austrian.

Education: PLD Program, Harvard Business School 2017-2019, PhD., International Management, Pan European University 2009-2011, Executive MBA Program, Arkansas State University 2006-2006, Master in Business Consulting, University of Applied Science 2001-2005.

Current engagements: Senior Vice President, Chief Strategy & Commercial Officer, Telia Company AB. Board member of C More Entertainment AB, TV4 Aktiebolag, TV4 Media AB, TV4 Media Holding AB and cyan AG.

Previous engagements/Experience: CEO of Alltron AG, Head of Corporate Strategy at Swisscom.

Independent in relation to the Company and the Group management. Independent in relation to the Company's major shareholders.

Markus Messerer holds no shares in the company.

Board of Directors, cont.



Nicklas Paulson

Board member (since 2018)

Born 1970

Nationality: Swedish.

Education: M.Sc., Business and Economics, Stockholm University.

Current engagements: CEO of Investment AB Öresund. Board member of Bilta AB.

Previous engagements/Experience: Investment banking at Carnegie Investment Bank AB (publ) and Alfred Berg ABN AMRO.

Independent in relation to the Company and the Group management. Not independent in relation to the Company's major shareholders.

As of December 31, 2023, Nicklas Paulson holds 42,000 shares in the company, of which 35,140 direct and 6,860 through closely associated persons.



Patrik Tigerschiöld

Board member (since 2018)

Born 1964

Nationality: Swedish.

Education: M.Sc., Business and Economics, Stockholm University.

Current engagements: Chairman of the Board of Bure Equity AB, Mycronic AB, Cavotec S/A, Yubico AB and SNS. Member of the Royal Swedish Academy of Engineering Science (IVA).

Previous engagements/Experience: CEO at Bure Equity AB 2010-2013, CEO at Skanditek Industriförvaltning 1999-2010, CEO at SEB Allemansfonder AB 1995-1999.

Independent in relation to the Company and the Group management. Not independent in relation to the Company's major shareholders.

As of December 31, 2023, Patrik Tigerschiöld hold 436,362 shares.

Auditor



Marc Karlsson

Chief Auditor

Born 1980

Authorized auditor

KPMG AB

Group Management



Per Norén

Chief Executive Officer (since 2021)

Born 1965

Nationality: Swedish and American.

Education: Economics, School of Business, Economics and Law, University of Gothenburg. Swedish Military Academy. Executive Education, Harvard Business School.

Current engagements: Board member, National Nordic Museum, Seattle, WA.

Previous engagements/Experience: President, Anuvu 2017-2021. Vice President, The Boeing Company 2007-2017. CEO Carmen Systems AB 1998-2007.

As of January 11 2024, Per Norén holds 139,500 shares in the company and 100,000 warrants of the 2021/2024 program, 50,000 employee stock options of the 2022/2025 program and 200,000 call options (expiring May 2025).



Noora Jayasekara

Chief Financial Officer (since 2022)

Born 1978

Nationality: Finnish and Swedish.

Education: Master in Economics with a major in Business Finance.

Current engagements: Board member of Doro AB.

Previous engagements/Experience: CFO at Humana AB, Manager and consult at consultancy group EY.

As of December 31, 2023, Noora Jayasekara holds 1,000 shares in the company and 5,000 warrants of the 2022/2025 program.



Tom Hopkins

Chief Operating Officer (since 2020)

Born 1962

Nationality: American.

Education: MBA, Benedictine College and BA in Political Science, University of Connecticut.

Current engagements: –

Previous engagements/Experience: Director of Raytheon Blackbird Technologies, Inc., Commissioned Officer (Colonel) in the US Army with multiple command positions in key organizations.

As of December 31, 2023, Tom Hopkins holds 42 750 shares in the company and 50,000 warrants of the 2021/2024 program and 25,000 employee stock options of the 2022/2025 program.



Kennet Lejnell

Chief Technology Officer (since 2019)

Born 1968

Nationality: Swedish.

Education: PhD in Theoretical Physics, Stockholm University and Princeton University.

Current engagements: Board member of Equi Performance Sweden AB and Bahnhof AB.

Previous engagements/Experience: CTO and CSO at Swe-Dish Satellite Systems.

As of December 31, 2023, Kennet Lejnell holds 515,017 shares in the company and 25,000 warrants of the 2022/2025 program.

Group Management, cont.



Kristofer Alm

Chief Marketing Officer (since 2023)

Born 1973

Nationality: Swedish.

Education: Master of Science in business administration, Stockholm University, Sweden.

Current engagements: –

Previous engagements/Experience:

Senior Director Sourcing Telia company, Head of Sales & commercial Management, Ericsson AB.

Kristofer Alm hold no shares in the company.



Lars-Ola Klockervold

Chief Engineer (since 2023)

Born 1964

Nationality: Swedish.

Education: Master of Science Mechanical Engineering. Royal Institute of Technology, Sweden.

Current engagements: –

Previous engagements/Experience:

Managing Director Syntronic Research and Development AB, Vice President R&D Rock Tools Sandvik Mining, Senior Manager Offering and Product Development Process Sandvik Mining & Construction.

As of December 31, 2023 Lars-Ola Klockervold holds 2,600 shares in the company.

Annual Report

2023

Administration Report

The Board of Directors and CEO of Ovzon AB (publ), Corporate Registration Number 559079-2650, hereby submit the Annual Report and consolidated financial statements for the 2023 financial year. It is proposed that the Annual General Meeting on April 19, 2024, approve the Annual Report. The company is listed on Nasdaq Stockholm Small Cap under the symbol OVZON, and has its registered office in Solna, Sweden. The Annual Report is prepared in Swedish kronor and in accordance with the IFRS® Accounting Standards (IFRS) as adopted by the EU.

General information about the operations

Parent Company

Ovzon AB (publ) is the Parent Company of a Group established in 2006, offering mobile satellite-based communication services over own and leased satellite capacity to customers around the world. The Parent Company's operations comprise senior management and staff functions and other central functions.

Group

The Group's operations comprise providing SATCOM-as-a-Service over proprietary and leased satellite capacity with user-friendly, light and compact terminals. Since its start in 2006, Ovzon has developed a complete solution to meet the increasing need for mobile broadband connections in areas that do not have traditional telecom services and where connections do not achieve the desired performance.

Ovzon offers world-leading integrated mobile satellite-based communication services, SATCOM-as-a-Service, to customers around the globe. These services include satellite networks with high data rates, mobile satellite terminals, gateway services and dedicated customer support. Ovzon's offering meets the growing demand for guaranteed connections for customers such as Defense, National security and Public safety with critical missions and stringent requirements for performance, mobility and resilience. The company's current service offering is provided with leased capacity on existing satellites.

In 2019, the company began a project to build and launch Ovzon 3, its first proprietary satellite. The satellite was launched on January 3, 2024, and is expected reach orbit in mid-2024. Once Ovzon 3 goes into operation, it will provide high-performance steerable beams and proprietary technology that facilitates direct communication among the Ovzon T7 terminals, developed in-house. The company has a strong patent portfolio and, moreover, currently has a further ten orbital positions with associated frequency licenses in order to achieve global coverage. The orbital positions are registered by the International Telecommunication Union (ITU) in geostationary orbit. The company has its head office in Solna, Sweden, and also has offices in Tampa, Florida and Herndon, Virginia, both in the US.

Vision

Connecting the world's critical missions via satellite.

Operational targets

The company's goals are to pursue profitable growth and to continue developing and expanding its current service offering while preparing for its proprietary satellite, Ovzon 3, to become operational.

Significant events during the financial year

In 2023, Ovzon strengthened its position and took several significant steps toward expanding and broadening its business and SATCOM-as-a-Service offering, with a focus on profitable growth.

In the first quarter came the announcement of the delay in the launch of Ovzon 3 and the change of launch partner to SpaceX. The change of launch partner involved increased costs, and a directed share issue was successfully carried out. The launch was planned for the end of 2023.

In the second quarter, the company's customer base was expanded as it received an order from a new European customer of 4.8 MUSD regarding SATCOM-as-a-Service and several "On the Move" (OTM) terminals.

In the third quarter Ovzon launched its new light, portable and powerful Ovzon T7 terminal. The Ovzon T7 is built for use in environments where minimum size, low weight and durable power supply are necessary without forgoing the highest performance. This robust, ultra-light terminal weighs just 2.8 kilograms and measures 17 centimeters. Both new and experienced users will find the Ovzon T7 easy to connect. The Ovzon T7 has achieved transfer speeds of 10 Mbps for sending and 60 Mbps for receiving.

In the fourth quarter, Ovzon conducted a preferential rights issue of 250 MSEK, with a great deal of interest from investors. Ovzon also received its first large order in Sweden when the Swedish Space Corporation (SSC) placed an order for a total of 100 Ovzon T6 terminals and the appurtenant SATCOM-as-a-Service, with a total order value totaling MSEK 135.

The market and events

The company is experiencing continued strong interest in its service, from defense-related operators as well as customers in national security and public safety who need guaranteed connection for critical missions and stringent requirements for performance, mobility and resilience.

During the year, we focused on a number of marketing activities and demonstrations of the company's mobile satellite service, with our main orientation on the US and Europe. We demonstrated how our solution with our market-leading terminals can offer the best performance, mobility and resilience in the market. In 2023, the company participated and exhibited in a number of trade fairs in the US and Europe.

In the US, the most important events were Satellite 2023 and SOF Week 2023, and in Europe we broadened our focus and took part in several key trade fairs such as GOVSATCOM in Luxembourg, SOFINS in Bordeaux, Defence in Space in London and the Swedish Security Forum in Stockholm.

Financial performance

During the year, Ovzon expanded its customer base and concluded several key contracts with new customers. The lower level of sales in 2023 compared to 2022 was largely due to changed levels of service deliveries to the Italian Fire and Rescue Services.

The results for full-year 2023 were impacted by costs pertaining to unsold, strategically purchased capacity. This unsold capacity was instead used to a significant extent for testing and customer demonstrations of the company's satellite service. The unutilized capacity was terminated in the second half of the year. Earnings were further adversely impacted by provision of 7 MSEK for bad debt related to the company's former Italian distributor due to missed payments. There is no further accounting exposure to the former distributor. Ovzon is actively working to secure the entire claim, amounting to 89 MSEK, and has taken legal action. The order intake for for the full year amounted to 24.0 MUSD (24.3), corresponding to 255 MSEK (254) and the order book pertaining to undelivered SATCOM-as-a-Service (excluding terminals) amounted to 14.2 MUSD (20.9) at year-end, corresponding to 143 MSEK (218).

Earnings

Revenue for full-year 2023 totaled 290 MSEK (357), which corresponds to growth of -19 percent (87); adjusted for exchange rate fluctuations, growth was -22 percent (58). The lower level of sales for full-year 2023 is due primarily to the lower level of service for the Italian Fire and Rescue Services, and was offset to some extent by sales of terminals.

Operating loss totaled -95 MSEK (-81) and the operating margin totaled -33 percent (-23). Profitability was adversely impacted during the year by lower capacity utilization in the steerable beams on satellites IS 37 and IS 39 that were procured on long-term contracts. In total, unsold capacity on the steerable beams impacted the operating loss by -46 MSEK (-38). The year was adversely impacted by provisions for bad debt of -7 MSEK (-50). Loss after tax totaled -60 MSEK (-36); excluding currency translations, the loss was -86 MSEK (-80). Earnings per share totaled -1.09 SEK (-0.71).

Cash flow information

Cash flow from operating activities totaled -14 MSEK (-112). The increase in cash flow from operating activities is linked primarily to reductions in stock.

Cash flow from investing activities totaled -668 MSEK (-151). The investments were attributable primarily to development of new terminals and the company's first proprietary satellite, Ovzon 3, a project that is expected to be complete around mid-2024 when the satellite goes into operation.

Cash flow from financing activities totaled 651 MSEK (102) and consisted of newly issued capital of 436 MSEK (—) as well as loans raised of 219 MSEK (102). During the year, loan expenditure totaled 95 MSEK (58). Of this expenditure, interest paid totaled 77 MSEK (49). These have been capitalized and thus recognized as part of investing activities in the statement of cash flows. Of the company's total credit facility of 65 MUSD (55), 0 MUSD (10) was unutilized as of the end of the reporting period.

Investments

Investments in property, plant and equipment and intangible assets amounted to 675 MSEK (163). Investments in 2023 pertained primarily to the Ovzon 3 satellite, the Ovzon On-Board Processor and the new Ovzon T7 mobile satellite terminal.

Financial position

The Group's cash and cash equivalents amounted to 247 MSEK (276) at the end of the reporting period. Equity amounted to 1,780 MSEK (1,393) and the company's debt/equity ratio was 70 percent (73). It is proposed that no dividend be paid for the 2023 financial year.

Consolidated multi-year overview	2023	2022	2021	2020	2019
Net sales, TSEK	290	357	191	160	232
Operating profit/loss, MSEK	-95	-81	-113	-48	11
Operating profit/loss, MSEK (adjusted)	-95	81	-113	48	24
Operating margin, % (adjusted)	neg	neg	neg	neg	10
Profit/loss after financial items, MSEK	-67	-36	-84	-107	39
Profit/loss after tax, MSEK	-60	-36	-84	-104	29
Balance sheet total, MSEK	2,545	1,922	1,853	1,329	892
Average number of employees	42	39	35	29	22

Parent Company

Revenue in 2023 amounted to 41 MSEK (24) and operating profit was 1 MSEK (0).

Board activities

Six members were elected at the 2023 Annual General Meeting: Nicklas Paulson, Patrik Tigerschiöld, Magnus René, Cecilia Driving, Dan Jangblad, Regina Donato Dahlström and Markus Messerer. Magnus René was elected Chairman of the Board. In October, Magnus René resigned his positions as Board member and Chairman of the Board, and Regina Donato Dahlström was appointed as new Chairman of the Board up until the next Annual General Meeting.

During the year, the Board of Directors held 23 meetings, at which it addressed issues of technical development, sales, Ovzon 3, credit risks, financing, and financial statements. Additionally, the activities of the Board in 2023 were assessed, and the results were reported to the Nomination Committee. The Board is responsible for the company's organization and management and continuously assesses the company's financial situation. The Board has adopted written rules of procedure, which regulate such matters as Board meetings, business submitted to the Board, financial reports and instructions for the CEO. The company's creditor, P Capital Partners, has the right to appoint an observer who is co-opted onto the Board (without voting rights). Refer further to the Corporate Governance Report on pages 56–59, which is not part of the formal Annual Report but constitutes a report in its own right that is confirmed by the company's auditors.

Guidelines for salaries and other remuneration to senior executives

The Board complies with the guidelines established by the general meeting of shareholders for determining salary and other remuneration for the CEO and other members of company management. Remuneration is paid in the form of fixed salary and bonus programs set annually on the basis of the established earnings targets. The Board of Directors of Ovzon AB (publ) proposes that the unchanged guidelines remain in force for determining salaries and other remuneration to senior executives in the company for the period from the 2023 Annual General Meeting through the end of the 2024 Annual General Meeting:

- Remuneration to Group Management will encompass fixed salary, variable remuneration (if any), pensions and other benefits, as well as company cars (if any), occupational health services and more. The total remuneration shall be under market conditions and competitive, and reflect the individual's performances and responsibilities, and — with regard to any share-based incentive plans — the further performance of the company's share that accrues to the shareholders.
- Any variable cash salary will presume that defined and measurable performance-based targets have been met. Variable cash salary will total a maximum of 50 percent of the annual fixed salary of the respective senior executives. Programs for variable remuneration will grant the Board of Directors, under exceptional economic conditions, to limit or forbear from payment of variable remuneration if such action is deemed necessary as reasonable and compatible with the company's responsibilities toward its shareholders, employees and other stakeholders.
- Pension benefits will be defined-contribution. The retirement age will follow from the pension regulations in the specific country.

For complete report of the guidelines for salaries and other remuneration to senior executives please see <https://www.ovzon.com/en/remuneration/>

Personnel

The company continued to strengthen its organization in 2023. At the end of 2023, the number of employees in the Group was 45 (43).

Sustainability

See the separate section concerning Ovzon's sustainability initiatives on pages 40–46 of this Annual Report.

The share and share capital

At December 31, 2023, Ovzon's share capital amounted to 11,153,051.6 distributed among 111,530,516 shares with a par value of SEK 0.10 per share. According to the Articles of Association, the share capital is to be not less than SEK 3,358,556 and not more than SEK 13,434,224 distributed among not fewer than 33,585,596 shares and not more than 134,342,384 shares.

The company's major shareholders

At the end of the year: Bure Equity AB (12.7 percent), Investment AB Öresund (12.1 percent), Grignolino AB (11.3 percent), Handelsbanken Fonder (9.7 percent), Fjärde AP-Fonden (9.2 percent), Futur Pension (5.1 percent), AB Stena Finans (3.2 percent), Avanza Pension (2.6 percent), Per Wahlberg (2.3 percent) and Patrik Björn (1.4 percent). The holdings of the remaining shareholders totaled 30.4 percent. At the end of the reporting period, the number of shares amounted to 111,530,516.

Transactions with related parties

Apart from transactions with subsidiaries on market terms and contractual remuneration to the Board of Directors and CEO, the company had no transactions with related parties in 2023. In conjunction with the new share issue in December 2023, Per Norén, Per Wahlberg and three main shareholders stood as guarantors for a part of the new share issue, at which point market-based remuneration of 3 percent of the guaranteed amount was received. In total, Per Norén and Per Wahlberg received 30 KSEK each, while the three other guarantors received 470 KSEK each.

Significant events after the end of the financial year

- 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
- Renewal for delivery of SATCOM-as-a-Service to the Italian Fire and Rescue Services. The 12-months order will be delivered throughout 2024. The order value amounts to 0.5 MUSD.
- New order for Ovzon's SATCOM-as-a-Service from Swedish Space Corporation (SSC) for delivery during 2024. The total order value amounts to 6 MSEK.
- A European customer place a 12 month order for SATCOM-as-a-Service and a number of OTM terminals. Total order value amounts to 9.7 MUSD.

Other significant conditions

The Group's satellite operations currently generate revenue from customer agreements that are renewed every year for continued validity. Satellite operations usually require permits. However, operations are currently being conducted using leased satellites and it is the responsibility of the satellite owners to provide the required frequency licenses and other permits.

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. There were no crucial changes to material risks or uncertainties during the year. The Board is responsible for ensuring that the company manages its risks correctly and that there is compliance with the established policies for financial statements and internal control. On pages 48–53 and in note 3 of this Annual Report, Ovzon reports in greater detail on the company's principal risks and the measures taken to reduce these. A summary of the risks is set out below.

Market

Technical development and competition

Ovzon has developed and validated a commercially viable satellite-based communication service. Ovzon has developed a unique technology to boost its competitiveness, which will be available in Ovzon 3, its proprietary satellite. The space and communications industries are subject to rapid advances and innovations in technology. In addition to competition from current systems, Ovzon may therefore face competition in the future from companies using new technologies and new satellite and terrestrial systems, such as smart antenna systems and terminal technologies not available for Ovzon's frequency bands. Progress or technical innovations could render the company's current technologies less competitive by satisfying end-user demand in more attractive or cost-effective ways.

Partners

Ovzon relies on the availability of satellite capacity within the relevant frequency band and orbital positions from third parties for the provision of its current communications services. However, the availability of suitable third-party satellite capacity is subject to certain limitations as well as certain risks and uncertainties, many of which cannot be foreseen.

Customers

Ovzon sells its services to end users both directly and through partners. Historically, the majority of Ovzon's services have been sold indirectly to an individual end user. Through its customer agreement with IGC (a subsidiary of Intelsat), Ovzon provides its current services to the US defense industry through its Department of Defense and other departments and agencies. For the 2023 financial year, approximately 64 percent of Ovzon's revenues were attributable to this customer.

Distributors and agents

In many of its markets, Ovzon depends on distributors and agents that both provide valuable customer contacts and are responsible for local expertise and implementation regarding regulatory requirements in their respective markets.

Financing

Financing and assumption that the business is a going concern

In 2019, the company signed a senior credit facility of USD 60 MSEK with P Capital Partners in order to ensure financing of its proprietary satellite, Ovzon 3. After the news about the further delay of the company's first proprietary satellite and thereby additional costs, a directed share issue was conducted in February 2023 that generated roughly 200 MSEK less expenses. In addition, an agreement was signed to increase the credit facility with P Capital Partners from USD 60 MUSD to 65 MUSD, which as of the end of the reporting period had been fully utilized. The loan extends up to six years with an interest rate, in USD, of LIBOR 3m + 10 percent. The terms of the loan include the customary covenants, which are reconciled on a quarterly basis; refer to Note 23. 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, which will thus impact earnings capacity. There is also a risk that the market for satellite-based communication will perform more poorly than it is at present.

Furthermore, there is a risk of further increased costs in the event the company's own satellite cannot be deployed according to the planned schedule.

The company conducted an impairment test regarding construction in progress during the quarter. This impairment test did not indicate a need for impairment, but the difference between the carrying amount and the estimated recoverable amount decreased in 2023. The estimate of the value of the Ovzon 3 asset depends on the company's ability to achieve a certain level of capacity utilization at an expected price level during 2024 and 2025. An impairment test is based on estimates, and the outcome may vary. A minor adjustment of material assumptions such as price levels, capacity utilization and WACC in the impairment test could thus mean that a need for impairment arises.

There is some uncertainty around Ovzon's assessment of the value of the Ovzon 3 asset, which depends on the company's ability to increase its capacity utilization at expected price levels during 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.

Credit and counterparty risk

In 2022 and 2023, the company accumulated a bad debt from its Italian distributor. Ovzon is actively engaged in securing payments and has initiated legal measures. For further information, refer to note 20.

Liquidity risk

The company's liquidity is managed with caution, which entails that cash and cash equivalents are deposited in a bank. The company has the objective of maintaining a strong cash balance.

Other

Risks relating to regulation in the company's "Maintenance and expansion of Ovzon's business" area of operation depends on such factors as the ability to obtain required frequency licenses and authorizations in a timely manner, at reasonable costs and on satisfactory terms and conditions.

Employees

There are a number of key employees at Ovzon, who have a high level of competence and established customer relations. Ovzon is dependent on recruiting and retaining personnel capable of developing the company's technology, and establishing and maintaining relationships with core customers.

Global turbulence

The wars in Ukraine and the Middle East – as well as the altered security policy situation – have not yet had an appreciable impact on Ovzon, but the Board of Directors and the Management Group are monitoring the course of events in order to evaluate and manage potential risks.

Currency risk

The Group's policy is to balance revenue and expenses as far as possible as assets and liabilities through exposure in the same currency. The Group's revenues for the satellite operation are in USD. The satellite capacity purchased on existing satellites is also in USD, as are most of the Group's operating expenses. See also Note 3 Financial risk management.

Proposed allocation of profits

The following profits are at the disposal of the Annual General Meeting (SEK).

Profit brought forward	2,303,451,431
Loss for the year	-701,714,419
	1,601,737,012

The Board of Directors proposes

that the following be carried forward **1,601,737,012**

For the Group's and Parent Company's earnings and position otherwise, refer to the income statements and balance sheets, cash-flow statements and supplementary disclosures below. All amounts are expressed in millions of Swedish kronor (MSEK) unless otherwise stated. Figures may be rounded up or down in tables and statements.

Consolidated financial statements

Consolidated income statement

MSEK	Note	Jan – Dec 2023	Jan – Dec 2022
Net sales	5	290	357
Other operating income		38	14
Capitalized work on own account		14	13
Purchased satellite capacity and other direct costs		-219	-245
Other external costs	7	-75	-105
Employee benefit expenses	8	-89	-79
Depreciation/amortization and impairment	9	-28	-23
Other operating expenses		-25	-12
Operating loss		-95	-81
Income from financial items			
Financial income	10	30	46
Financial expenses	11	-2	0
		28	45
Loss after financial items		-67	-36
Tax on profit for the year	12	7	0
LOSS FOR THE YEAR		-60	-36

MSEK	Note	Jan – Dec 2023	Jan – Dec 2022
Net profit for the year attributable to: Shareholders of the Parent Company		-60	-36
Total loss for the year		-60	-36
Earnings per share and share data	13		
Earnings per share attributable to Parent Company, SEK ¹⁾			
– before dilution		-1.09	-0.71
– after dilution		-1.09	-0.71

Consolidated statement of comprehensive income

MSEK	Jan – Dec 2023	Jan – Dec 2022
Loss for the year	-60	-36
Other comprehensive income:		
Items that can be subsequently reclassified to the income statement:		
– Translation differences	11	-22
Other comprehensive income net after tax	11	-22
COMPREHENSIVE INCOME FOR THE YEAR	-48	-55
Comprehensive income for the year attributable to: Shareholders of the Parent Company	-48	-58
COMPREHENSIVE INCOME FOR THE YEAR	-48	-58

Consolidated balance sheet

MSEK	Note	Dec. 31, 2023	Dec. 31, 2022
ASSETS			
Fixed assets			
Intangible assets	14	84	59
Equipment, tools, fixtures and fittings	15	31	43
Construction in progress and advance payments	16	2,071	1,435
Right-of-use assets	17	4	8
Deferred tax assets		—	0
Total fixed assets		2,190	1,545
Current assets			
Inventory	18	41	54
Trade receivables	19	35	30
Other receivables		5	5
Prepaid expenses and accrued income	20	26	12
Cash and cash equivalents	21	247	276
Total current assets		355	377
TOTAL ASSETS		2,545	1,922

MSEK	Note	Dec. 31, 2023	Dec. 31, 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	22	11	5
Other paid-in 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	23	640	470
Lease liabilities	17	4	8
Other provisions		1	1
Non-current liabilities		646	479
Current liabilities			
Borrowing	23	13	—
Trade payables		84	20
Current tax liabilities		0	0
Other liabilities		3	2
Accrued expenses and deferred income	24	20	27
Total current liabilities		119	49
TOTAL EQUITY AND LIABILITIES		2,545	1,922

Consolidated statement of changes in equity

MSEK	Equity attributable to the Parent Company's shareholders				
	Share capital	Other paid-in capital	Reserves	Retained earnings	Total equity
Equity at January 1, 2022	5	1,812	5	-372	1,450
Loss for the year	—	—	—	-36	-36
Other comprehensive income	—	—	-22	—	-22
Total comprehensive income	—	—	-22	-36	-58
Transactions with shareholders:					
Warrant issue	—	1	—	—	1
Share-based remuneration	—	—	—	0	0
Total transactions with shareholders:	—	1	—	0	1
Equity at December 31, 2022	5	1,813	-17	-408	1,393
Equity at January 1, 2023	5	1,813	-17	-408	1,393
Loss for the year	—	—	—	-60	-60
Other comprehensive income	—	—	11	—	11
Total comprehensive income	—	—	11	-60	-48
Transactions with shareholders:					
Rights issue	6	445	—	—	451
Costs attributable to the issue	—	-15	—	—	-15
Total transactions with shareholders:	6	430	—	—	436
Equity at December 31, 2023	11	2,243	-6	-468	1,780

Consolidated cash flow statement

MSEK	Note	Jan – Dec 2023	Jan – Dec 2022
Operating activities			
Loss before tax		-95	-81
Adjustments for non-cash items, etc.	26	28	76
Interest received		4	2
Interest paid		-0	-0
Income tax paid		7	—
Cash flow from operating activities before changes in working capital		-57	-2
Cash flow from changes in working capital			
Decrease(+)/increase(-) in inventory		13	-29
Decrease(+)/increase(-) in trade receivables		-44	-48
Decrease (+)/increase (-) in current receivables		-14	-3
Decrease (-)/increase (+) in trade payables		64	-32
Decrease (-)/increase (+) in current liabilities		24	2
Total change in working capital		42	-110
Cash flow from operating activities		-14	-112
Investing activities			
Acquisition of intangible assets		-27	-34
Acquisition of property, plant and equipment		-648	-129
Sale of property, plant and equipment		8	12
Cash flow from investing activities		-668	-151

The comparison figures for 2022 have been updated compared with previously reported data. However, the total cash flow remains unchanged.

MSEK	Note	Jan – Dec 2023	Jan – Dec 2022
Financing activities			
New share issue		451	—
Costs in conjunction with issue		-15	—
Remuneration received for warrants		—	1
Amortization of lease liability		-4	-1
Loans raised		219	102
Cash flow from financing activities		651	102
Cash flow for the year		-31	-161
Cash and cash equivalents at the beginning of the year		276	406
Exchange rate difference in cash and cash equivalents		2	31
Cash and cash equivalents at the end of the year		247	276

Group Notes

NOTE 1 – GENERAL INFORMATION

Ovzon AB (publ) is the Parent Company of a Group that has the objective of providing broadband satellite services through its own and leased satellite capacity to customers in various parts of the world.

The Parent Company, Ovzon AB (publ), with corporate registration number 559079-2650 is a limited liability company registered in Sweden, with its head office in Solna. The address of the head office is Andertorpsvägen 10, SE-171 54 Solna, Sweden.

The operations of the Parent Company Ovzon AB (publ) comprise exclusively Group coordinating assignments and the assets comprise mainly shares and participations in Group companies, as well as transactions among Group companies.

The Annual Report and consolidated financial statements were approved by the Board of Directors on March 27, 2024 and will be presented for approval at the upcoming Annual General Meeting on April 19, 2024.

NOTE 2 – ACCOUNTING POLICIES

In accordance with the amended IAS 1 Presentation of Financial Statements, which entered force on January 1, 2023, the Group submits disclosures regarding material accounting policies. Material accounting policies means that the underlying transaction is material and that the information in the accounting policy is material for understanding the transaction, for example, if the Group has made a choice of policy, the accounting policy is adapted specifically for the company, the accounting policy has changes since the previous financial year, or if reporting of the transaction is complex. In cases where the Group applies an accounting policy as it is described in IFRS® Accounting Standards (IFRS), no disclosure regarding the policy has been submitted.

In addition to material accounting policies that are presented in this note, material accounting policies are also presented in direct connection with the note that the accounting policy pertains to.

2.1 Basis of preparation

The consolidated financial statements were prepared in accordance with the IFRS® Accounting Standards (IFRS) as adopted by the EU for the financial year beginning January 1, 2023, as well as the Swedish Annual Accounts Act (SFS 1995:1554) and RFR 1 *Supplementary Accounting Rules for Groups*. The Parent Company prepares its financial statements in accordance with the Swedish Annual Accounts Act (SFS 1995:1554) and RFR 2 *Accounting for Legal Entities*.

The functional currency for the Parent Company and the Group's reporting currency is Swedish kronor (SEK). All amounts have been rounded to the nearest million Swedish kronor (MSEK) unless otherwise indicated. Amounts in brackets pertain to the preceding year.

Preparing financial statements in accordance with IFRS requires the application of some key estimates for accounting purposes. Further, the Board of Directors and the management are required to make certain judgments in the application of the company's accounting policies. The areas requiring a high degree of judgment, which are complex or areas in which assumptions and estimates are of material importance for the consolidated financial statements, are described in Note 4.

The financial statements have been prepared under the assumption that the Group is conducting its operations as a going concern, which entails an assumption that the Group will be able to settle its debts as they fall due.

2.2 Standards, interpretations and amendments that entered force in 2023

The group applies the change in IAS 1 Presentation of financial reports which aims to present essential accounting principles in accordance with the description in Note 2 Accounting principles. Other new or amended standards have had no material impact on Ovzon's financial statements.

2.3 New standards, interpretations and amendments that have been published but have not yet entered force

A number of new standards and interpretations enter force for the financial years commencing after 2023 and have not been applied in the preparation of this financial report. New standards and amendments are not deemed to have any material effect on the consolidated financial statements.

2.4 Foreign currency transactions

Foreign currency transactions are translated into the functional currency according to the exchange rates applicable on the date of the transaction or the day on which the items are revalued. Currency gains and losses, resulting from settlement of such transactions and when translating monetary assets and liabilities in foreign currency at the year-end rate, are recognized in the income statement. Currency gains and losses on operating receivables and liabilities are recognized in operating profit/loss, whereas exchange gains and losses on financial receivables and liabilities are recognized as financial items. Currency gains and losses are presented net in operating profit/loss and as financial items, respectively.

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group is exposed to various financial risks through its activities: credit risk, market risks (interest-rate risk, currency risk and other price risk) as well as liquidity risk and refinancing risk. The Board of Directors has overall responsibility for the Group's risk management work, including financial risks. Risk management efforts are intended to clarify and analyze the risks the company encounters, as well as preventing and limiting any potential negative effects as much as possible.

These risk management activities include identifying, assessing and measuring the risks faced by the Group. The priority is on those risks that, in an aggregate assessment pertaining to possible impact, likelihood and consequences, are deemed to have the greatest negative effect for the Group. The Group's overall objective for financial risks is to manage financial exposures in order to decrease volatility in the Group's earnings and financial position, protect future values in the cash flow, and optimize and secure financing.

3.1.1 Liquidity risk and refinancing risk

Liquidity risk is the risk that a company will encounter difficulties in fulfilling obligations that are linked to financial liabilities that are settled with cash or other financial asset. The Group's liquidity reserve shall provide freedom of action to implement decided investments and fulfill payment obligations. The Group manages this liquidity risk through continual monitoring of its operations, with liquidity forecasts being routinely updated. Group Management actively monitors the liquidity situation so that liquidity risks can be addressed in a timely fashion.

The Group has been granted a total credit limit of 653 MSEK (470 as of December 31, 2022). The liquidity reserve consists of cash and cash equivalents as well as the unutilized portion of the credit limit. As of the end of the reporting period, 0 MSEK (104 as of December 31, 2022) of the credit limit was unutilized.

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

Refinancing risk also pertains to the risk that financing cannot be obtained, extended, expanded or refinanced, or that such financing can only be obtained on terms that are unfavorable to the company. The need for refinancing is regularly reviewed by the company and the Board of Directors in order to secure financing for the company's expansion and investments. The refinancing risk is limited as the Group always plans ahead during refinancing negotiations. For larger loans, the procedure begins at the latest 18 months before the maturity date of the loan. The Group endeavors to obtain loan commitments for all major investments to minimize financing risk. The Board of Directors determines the ongoing level of capital tied up in the loan portfolio. The management prepares ongoing forecasts for the Group's liquidity on the basis of expected cash flows. The Group endeavors to have a loan portfolio that has a broad spread of credit maturities.

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

3.1.2 Market risk

Market risk is the risk that the fair value of, or the future cash flows from, a financial instrument will vary owing to changes in market prices. In accordance with IFRS, market risks are divided into three types: currency risk, interest-rate risk and other price risks. The market risks that impact the Group comprise primarily currency risks and interest-rate risks.

3.1.3 Currency risk

Currency risk is the risk that the fair value of, or the future cash flows from, a financial instrument will vary owing to changes in foreign currency exchange rates. Currency risks are found in the translation of the assets and liabilities of operations abroad into the Parent Company's functional currency; this is known as translation exposure. To some extent, the Group's sales and purchases are also in foreign currencies, which gives rise to transaction exposure. Group Management continually monitors currency exposure and acts in accordance with the Group's guidelines. The basic principle of the guidelines is to balance costs and revenue, as well as assets and liabilities, in the respective currencies. No currency hedging was used during the year.

The Group's operations are mainly conducted in the US and Sweden, as well as to a lesser extent in Cyprus. The sale of satellite services is made in its entirety in USD. Associated capacity costs are also in USD. Of the other operating expenses, excluding depreciation/amortization, approximately 40 percent occurs in USD and approximately 60 percent in SEK. Purchases in EUR occur to a minor extent. The Group's borrowing is mostly in USD, which impacts financing costs both through changes in value to debts and in interest-rate payments.

Sensitivity analysis, exchange-rate fluctuation against SEK	2023		2022	
	Effect on	Effect on	Effect on	Effect on
	equity	earnings before tax	equity	earnings before tax
USD – 10%	59	40	40	24

Ovzon's net financial liabilities in amounted as per closing date to 410 MSEK (202).

3.1.4 Interest-rate risk

Interest-rate risk is the risk that the fair value of, or the future cash flows from, a financial instrument will vary owing to changes in market interest rates. The objective is not to be vulnerable to future fluctuations in interest rates that impact the Group's cash flow and earnings to a greater extent than Ovzon is able to manage. The Group's revenue and cash flows from its operation are basically independent of changes in market rates of interest as the Group has no significant interest-bearing assets. One significant factor that impact interest-rate risk is the interest-rate refixing period. The Group is exposed primarily to interest-rate risk pertaining to the Group's loan facility. Fixed interest borrowing exposes the Group to interest-rate risk in terms of fair value. The table below specifies the terms and repayment dates for the respective interest-bearing liabilities:

Interest-bearing liability	Currency	Due date	Interest	Carrying amount	
				12/31/23	12/31/22
Borrowing P Capital Partners	USD	12/31/25	Variable	653	470

Given the interest-bearing assets and liabilities as of the end of the reporting period, an upswing/downswing of 1 percentage unit (1) would have an impact of 7 MSEK (5) on earnings before tax.

3.1.5 Credit and counterparty risk

Credit risk is the risk that the Group's counterparty in a financial instrument cannot fulfill its obligation, thereby causing a financial loss for the Group. The Group's credit risk is attributable primarily to trade receivables and contractual assets (accrued income). On every reporting date, the Group assesses the credit risk of existing exposures, taking forward-looking factors into account. The Group endeavors to work primarily with established customers who have a documented capacity to pay and competitive operations. Measures include a credit check of the financial position of the Group's customers by obtaining information from credit rating agencies. In the event the counterparty's ability to pay is deemed to be uncertain, a bank guarantee, surety, or other proof of ability to pay is required.

Refer also to the description of anticipated credit losses in Note 19 Trade receivables.

In addition to reserves for anticipated credit losses pertaining to trade receivables and contractual assets, the Group also monitors the need for reserves in other financial instruments. In the event the amounts are deemed not to be insignificant, a reserve for anticipated credit losses is set aside for these financial instruments as well.

3.2 Operating risks and external risks

The most important operating risks and external risks are attributable to competition and commercial success and also dependency on key personnel, cooperating partners and individual major customers. Furthermore, Ovzon is dependent on access to satellite capacity provided by a third party. Ovzon's services are sold indirectly to an individual end user.

3.3 Asset management

The Group's objective in respect of its capital structure is to secure the Group's ability to continue its operations so that it can continue to generate returns for shareholders while creating benefits for other stakeholders, and to maintain an optimal capital structure as a means of reducing the cost of capital.

To maintain or adjust its capital structure, the Group may decide to change the dividend paid to shareholders, repay capital to its shareholders, issue new shares or sell assets to reduce its liabilities.

The Board of Directors and management continually evaluate the Group's long-term capital requirements and various financing alternatives, and have running contacts as regards financing solutions.

The Group assesses its capital based on interest-bearing net debt. This measurement is defined as borrowing excluding any interest-rate derivatives, less cash and cash equivalents and interest-bearing assets. Interest-bearing net debt is calculated as follows:

Interest-bearing net debt and interest-bearing net debt excluding lease liabilities, MSEK	12/31/23	12/31/22
Non-current liabilities, interest-bearing	644	475
Current liabilities, interest-bearing	13	3
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

NOTE 4 – IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The management must make assessments and assumptions in order to prepare accounts in accordance with generally accepted accounting principles. These affect reported asset and liability items and income and expense items and also information otherwise provided. These assessments are based on experience and assumptions that the management and Board of Directors consider to be reasonable under the prevailing circumstances. Actual outcomes may then differ from these assessments if other conditions arise. The assessments that are most important when preparing the financial statements are described below.

4.1 Important assessments of the management

4.1.1 Assumption that the business is a going concern

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

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

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

4.2 Important sources of uncertainty in estimates

The company has carried out an impairment test regarding construction in progress. The impairment test showed not on a need for impairment but the difference between book value and estimated recovery value has decreased in 2023. The estimate of the value of the asset Ovzon 3 is dependent on the company's ability to achieve a certain capacity utilization to an expected price level in 2024 and 2025. An impairment test is based on estimates and the outcome may vary. A minor adjustment of significant assumptions in the impairment test, such as for example price

level, capacity utilization and WACC would mean that write-down needs arise. There is thus an uncertainty regarding Ovzon's assessment of the value of the asset Ovzon 3, which is dependent on the company's ability to increase capacity utilization to expected price level in 2024 and 2025. Impairment test of the group's satellite is described in note 16.

NOTE 5 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Material accounting policies

The Group's operations comprise providing SATCOM-as-a-Service over proprietary and leased satellite capacity with user-friendly, light and compact terminals. Using advanced satellite-based communication with unique compact, portable terminals, packaged as a service that provides high-speed data, the company resolves many specific needs for different customer segments. Our customers consist of Defense, National security and Public safety customers who are dependent on, for example, real-time sensors and video upload, either from mobile platforms or from on-site staff carrying the terminals with them.

The company's current service offering is provided with leased capacity on existing satellites. In 2019, the company began a project to build and launch Ovzon 3, its first proprietary satellite. The satellite was launched in early 2024, and it will supply high-performance steerable beams and proprietary technology that will make direct communication between small terminals possible.

Sales of SATCOM-as-a-Service

The Group leases capacity on existing satellites, and markets and sells broadband services via this leased capacity. The transaction price comprises a relatively share of the length of the service contract. The company's performance obligation is met over time in conjunction with the service being delivered, whereupon revenue from sales of broadband services is recognized on a straight-line basis over the length of the contract period. This period is normally 6 to 12 months, or alternately based on consumed data.

Sales of terminals

Primarily, satellite terminals are included in SATCOM-as-a-Service, but there are customers whose wish or requirement is that they own the equipment themselves. In these cases, the Group both sells its in-house Ovzon T6 On-the-Pause (OTP) terminals, and is a distributor of On-the-Move (OTM) terminals. The income from sales of terminals is recognized when control is transferred to the customer, coinciding with the risk being transferred to the customer, which normally occurs when the terminals are shipped.

	2023	2022
SATCOM-as-a-Service		
Sweden	7	–
Italy	4	66
UK	30	–
USA	186	208
Rest of World	8	20
	235	294
Terminals		
Sweden	29	–
UK	23	–
USA	–	40
Rest of World	3	23
	55	63
Total	290	357

The Group's revenues pertaining to satellite-based communication are received entirely in USD.

The Group's revenue agreements have an original anticipated term of a maximum of one year.

Contractual assets	12/31/23	12/31/22
Opening balance	7	–
Material changes in contractual assets		
Change attributable to ordinary operations	9	7
Other		
Closing balance	16	7

Contractual assets comprise accrued but not invoiced revenue from satellite services.

Contractual assets	12/31/23	12/31/22
Opening balance	9	–
Material changes in contractual assets		
Change attributable to ordinary operations	-8	9
Closing balance	1	9

Contractual liabilities pertain to advance payments from customers for which the performance commitments have not been fulfilled.

NOTE 6 – SEGMENT DISCLOSURES

Material accounting policies

Operating segments are reported in a manner that corresponds to the internal reporting that is submitted to the highest decision-making officer. The highest decision-making officer is the function with responsibility for the allocation of resources and assessment of the operating segment's results. In the Group, this function has been identified as the CEO. The regular internal reporting to the CEO of results that meet the criteria for constituting a segment is done for the Group in its entirety. The Group in total is therefore reported as the company's only segment.

For the distribution of net revenue by geographic market, refer to Note 5 Revenue from Contracts with Customers. The Group is dependent on a few customers, one of which accounts for more than 64 percent of the Group's revenue.

Total non-current assets by geographic market	12/31/23	12/31/22
Sweden	2,146	1,492
Cyprus	20	31
USA	24	23
Rest of World	—	—
	2,190	1,545

Non-current assets according to the table above include intangible assets; property, plant and equipment; and right-of-use assets.

NOTE 7 – DISCLOSURES ON AUDITOR FEES AND REMUNERATION

	2023	2022
KPMG		
Audit engagements	1	—
Auditor activities other than audit engagements	0	—
Tax consultancy	—	—
Other services	—	—
Total	2	—
Grant Thornton		
Audit engagements	—	1
Auditor activities other than audit engagements	—	0
Tax consultancy	—	0
Other services	—	0
Total	—	1
Total	2	1

The term audit engagement pertains to the auditors' work on the statutory audit, and auditor activities other than audit engagements pertain to various types of quality assurance services. Other services are those not included in the audit engagements, audit business or tax consultancy.

NOTE 8 – AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATION AND PAYROLL OVERHEADS

	2023			2022		
	Average number of employees	of which women	of which men	Average number of employees	of which women	of which men
Medelantalet anställda, %						
Parent Company	3	33%	67%	3	33%	67%
<i>Subsidiaries in:</i>						
Parent Company	22	18%	82%	19	16%	84%
– USA	18	0%	100%	17	0%	100%
Parent Company	42	12%	88%	39	10%	90%
Könsfördelning styrelse och ledande befattningshavare, %	2023			2022		
	Number at end of reporting period	of which women	of which men	Number at end of reporting period	of which women	of which men
Board members	6	33%	67%	6	17%	83%
<i>CEO and other senior executives:</i>						
– Employed in Parent Company	1	100%	0%	2	0%	100%
– Employed in subsidiaries	5	0%	100%	7	0%	100%
Total in Group	12	25%	75%	15	7%	93

	2023	2022
Salaries and remuneration		
Parent Company		
<i>Board of Directors and senior executives</i>		
Salaries and other remuneration	5	6
Of which, bonuses	0	–
Social security contributions	2	2
Pension expenses	–	1
Total	9	9
<i>Other employees</i>		
Salaries and other remuneration	1	0
Social security contributions	0	0
Pension expenses	0	0
Total	2	0
Subsidiaries		
<i>Board of Directors and senior executives</i>		
Salaries and other remuneration	17	20
Of which, bonuses	–	1
Social security contributions	2	3
Pension expenses	2	1
Total	21	24
<i>Other employees</i>		
Salaries and other remuneration	41	33
Social security contributions	5	7
Pension expenses	9	4
Total	55	44
Total in Group	87	77

Pensions

The company and Group have only defined-contribution pension plans. Premiums for pension insurance correspond mainly to the ITP plan. The American subsidiary, Ovzon LLC, pays premiums under a defined-benefit plan that is classified as a defined-contribution plan.

Remuneration to senior executives

At the 2023 Annual General Meeting, the following Board members were re-elected: Cecilia Driving, Dan Jangblad, Nicklas Paulson, Magnus René and Patrik Tigerschiöld. At the same time, Markus Messerer and Regina Donato Dahlström were elected as new Board members. In October 2023, Chairman of the Board Magnus René resigned and was replaced as chair by Regina Donato Dahlström. Board fees were paid according to the table below. Per Norén, the company's CEO, is employed in the subsidiary Ovzon LLC and draws an annual salary of TUSD 426. As of the end of the reporting period, variable remuneration of TUSD 0 (28) has been reserved to the company's CEO for 2023. The CEO has the right to insurance equivalent to a 401k insurance plan in the US, but no other benefits are paid in addition to this. For the other nine (nine) senior executives – none of whom (none) are hired through companies – remuneration is paid on market terms.

2023 Amounts in TSEK	Basic salary/ invoiced fees	Variable remuneration	Board of Directors fees	Other benefits	Pension cost	Total
Regina Donato Dahlström, Chairman from october 20	–	–	193	–	–	193
Magnus René, Chairman til october 19	–	–	343	–	–	343
Nicklas Paulson, Boardmember	–	–	243	–	–	243
Patrik Tigerschiöld, Boardmember	–	–	243	–	–	124
Cecilia Driving, Boardmember	–	–	290	–	–	290
Dan Jangblad, Boardmember	–	–	227	–	–	116
Markus Messerer, Boardmember	–	–	140	–	–	140
Anders Björkman, Boardmember	–	–	75	–	–	75
Per Norén, Chief Executive Officer	5,030	300	–	–	175	5,505
Other senior executives (7)	15,897	447	–	8	2,389	18,740
Total	20,927	747	944	8	2,564	25,188

2022 Amounts in TSEK	Basic salary/ invoiced fees	Variable remuneration	Board of Directors fees	Other benefits	Pension cost	Total
Magnus René, Chairman of the Board	–	–	400	–	–	400
Anders Björkman, Board member	–	–	225	–	–	225
Nicklas Paulson, Board member	–	–	235	–	–	235
Patrik Tigerschiöld, Board member	–	–	235	–	–	235
Cecilia Driving, Board member	–	–	280	–	–	280
Dan Jangblad, Board member	–	–	220	–	–	220
Per Norén, Chief Executive Officer	4,435	283	–	–	222	4,940
Other senior executives (9)	18,551	749	–	–	1,997	21,296
Total	22,985	1,032	1,595	–	2,219	27,831

Warrants program for Management Group and other personnel

Warrants issued at market price

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 112.08 per share. If all options 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.

Warrants issued to employees on market terms	Average strike price	Number of warrants
Equity at January 1, 2022	122,10	1,296,000
Allotted	80,93	425,000
Forfeit		
Redeemed		
Matured		
Outstanding December 31, 2022	112,10	1,501,000
Redeemable December 31, 2022	-	-
Allotted		
Forfeit	102,10	-700,000
Redeemed		
Matured		
Outstanding December 31, 2023*	99,40	801,000
Redeemable December 31, 2023	-	-

* The strike price have been recalculated after the new rights issue in December.

	12/31/23	12/31/22
Remaining weighted average contract period for warrants outstanding at end of the period, year	1	2
Strike price interval for warrants outstanding at end of the period, SEK	62,72-112,08	80,93-145,60

Fair value of the warrants was established in accordance with the table below:

	Warrant program 2020/2023	Warrant program 2021/2024	Warrant program 2022/2025
Warrant valuation model	Black & Scholes	Black & Scholes	Black & Scholes
Value per warrant at allocation	3.05	3.83	3.70
Weighted average share price	52,70	73,70	43,10
Strike price	102,10	112,08	62,72
Anticipated volatility	35 %	35 %	37 %
Tenor of the warrant	3 yrs	3 yrs	3 yrs
Expected dividend	0	0	0
Risk-free interest rate	-0.23 %	-0.27 %	1.43 %

The anticipated volatility in the share price is based on historical volatility (based on the remaining tenor of the warrant) adjusted for the expected changes in future volatility as a result of available public information.

Share-based remuneration

Material accounting policies

The options under the Employee Stock Option Program were transferred at no charge to employees and are recognized in accordance with IFRS 2 and UFR7. The fair value of the allotted options is recognized as an employee expense with a corresponding increase in equity. The fair value was calculated at the time of allotment using the Black & Scholes model and distributed across the vesting period (3 years). Since the employee stock options are deemed to qualify as incentive stock options, they are not deemed to incur any costs in the form of social contributions.

Employee stock options	Average strike price	Number of warrants
Outstanding at January 1, 2022	-	-
Allotted	80,93	220,000
Forfeit		
Redeemed		
Matured		
Outstanding at December 31, 2022	80,93	220,000
Redeemable at December 31, 2022	-	-
Allotted		
Forfeit		
Redeemed		
Matured		
Outstanding at December 31, 2023*	60.72	220,000
Redeemable at December 31, 2023		

* The strike price have been recalculated after the new rights issue in December.

	12/31/23	12/31/22
Remaining weighted average contract period for warrants outstanding at end of the period	1.5 yrs	2.5 yrs
Strike price interval for warrants outstanding at end of the period	62.72 SEK	80.93 SEK

Fair value of the warrants was established in accordance with the table below:

2022/2025 warrants program	
Warrant valuation model	Black & Scholes
Value per warrant at allocation	3.70 SEK
Weighted average share price	43.10
Strike price	62.72
Anticipated volatility	37 %
Tenor of the options	3 yrs
Expected dividend	0
Risk-free interest rate	1.43 %

The anticipated volatility in the share price is based on historical volatility (based on the remaining tenor of the warrant) adjusted for the expected changes in future volatility as a result of available public information.

NOTE 9 – DEPRECIATION/AMORTIZATION

	2023	2022
Amortization of intangible assets:	-2	-2
Depreciation of right-of-use assets:	-3	-3
Depreciation of property, plant and equipment:	-24	-19
Impairment of property, plant and equipment:	—	—
Total depreciation/amortization	-28	-23

NOTE 10 – FINANCIAL INCOME

	2023	2022
Assets measured at amortized cost		
Interest-rate income, other financial assets	4	2
Total interest-rate income under effective interest method	4	2
Other financial income		
Exchange gains	26	43
Other items	0	0
Total other financial income	30	43
Total	30	46

NOTE 11 – FINANCIAL EXPENSES

	2023	2022
Interest expenses under effective interest method		
Interest expenses, other financial liabilities	-2	0
Interest expenses, lease liabilities	-0	0
Total interest expenses under effective interest method	-2	-0
Other financial expenses		
Exchange losses	—	—
Other financial expenses	—	—
Total other financial expenses	—	—
Total	-2	-0

The financing costs for Ovzon 3 are capitalized as fixed assets in the Ovzon 3 project.

NOTE 12 – TAX ON PROFIT FOR THE YEAR

	2023	2022
The following components are included in the tax expense:		
Current tax	7	0
Deferred tax related to:		
Temporary differences	—	0
Tax reported	7	0
Recognized loss before tax	-69	-36
Tax under applicable tax rate (20.6%)	14	7
Tax effect of:		
Deductible expenses recognized against equity	—	—
Adjustment of tax from prior years	7	-1
Non-taxable income	0	0
Adjustments, net interest items	—	—
Non-deductible expenses	0	0
Effect attributable to other tax rates in the subsidiaries	0	0
Effect of uncapitalized loss carryforwards, net	-14	-7
Tax reported	7	0

The Group companies operate in different countries and are thus subject to different income tax rates, which are as follows:

Percent	2023	2022
Cyprus	12.5	12.5
Sweden	20.6	20.6
USA	21.0	21.0

At the end of the financial year, there were saved tax loss carry-forwards totaling 240 MSEK (170) in the Group. The table below indicates the distribution of loss carryforwards by country, in MSEK:

	2023	2022
Cyprus	—	—
Sweden	123	87
USA	109	84

For loss carryforwards in the US there is a time limit of 20 years, which means that the loss carryforwards will start to fall due in 2037. There is no time limit for the loss carry forwards in Sweden. Deferred tax receivables have not been recognized for the loss carryforwards, since it is not likely that the Group will use them for settlement against future taxable profits in the foreseeable future.

NOTE 13 – EARNINGS PER SHARE AND SHARE DATA

	2023	2022
Earnings attributable to shareholders of the Parent Company	-60	-36
Earnings per share attributable to shareholders of the Parent Company, SEK	-1.09	-0.71
Earnings per share attributable to Parent Company shareholders after dilution, SEK	-1.09	-0.71
Average number of shares before dilution ¹⁾	54,728,671	51,270,876
Average number of shares after dilution ¹⁾	54,728,671	51,270,876
Total number of shares issued	111,530,516	51,270,876
Number of shares outstanding at the end of the reporting period after dilution ¹⁾	111,530,516	51,270,876

The Group has issued instruments that could produce future dilution effects. 2,301,000 warrants have been issued to employees and creditors, and 220,000 employee stock options have been issued to employees. For further information on the terms of these programs, refer to Note 8 Average number of employees, salaries, other remuneration and payroll overheads, and Note 22 Equity.

NOTE 14 – INTANGIBLE ASSETS

Material accounting policies

An intangible asset is recognized in the balance sheet when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and when value of the asset can be measured reliably. Development costs are capitalized and recognized in the balance sheet as intangible assets if the criteria for recognition in the balance sheet in accordance with IAS 38 Intangible Assets have been satisfied.

Impairment tests are carried out in accordance with IAS 36 Impairment of Assets. The residual value and remaining useful life of an asset are regularly assessed, and this could lead to an adjustment of the depreciation period or an impairment.

Research and development

Expenses for research are expensed immediately and consist exclusively of direct costs. Expenses relating to development projects (attributable to the design and testing of new or improved products) are carried forward as intangible assets to the extent that these expenses are expected to generate future financial benefits.

Development costs expensed earlier are not brought forward as an asset in subsequent periods. Development costs brought forward are amortized straight line over the period that the anticipated benefits are expected to accrue to the company and from the time that commercial production commences. In the consolidated balance sheet, capitalized development expenses are recognized at cost less accumulated amortization and impairment. The amortization period is based on the estimated period in use, which for development is four years.

Expenditure for research and development that was expensed during the year totaled 30 MSEK (27).

Patents and licenses

Patents and licenses acquired separately are recognized at cost. Patents and licenses have a finite useful life and are recognized at cost less accumulated amortization. Amortization is carried out on a straight-line basis to allocate the cost of patents and licenses over their estimated useful life of 15 years.

Patents and licenses have a finite useful life and are recognized at cost less accumulated amortization. Amortization is carried out on a straight-line basis to allocate the cost of patents, trademarks and licenses over their estimated useful life of 15 years.

Accumulated cost	Patents	Intangible assets produced by the Group	Total
Accumulated cost, January 1, 2022	26	22	48
Produced by the company	—	34	34
Exchange rate differences	4	4	8
Accumulated cost, December 31, 2022	30	60	90
Acquired separately	1	—	1
Produced by the company	—	27	27
Exchange rate differences	-1	-1	-2
Accumulated cost, December 31, 2023	29	86	115

Accumulated amortization	Patents	Intangible assets produced by the Group	Total
Accumulated amortization, January 1, 2022	-2	-22	-25
Amortization for the year	-2	—	-2
Exchange rate differences	0	-4	-4
Accumulated amortization, December 31, 2022	-4	-26	-30
Amortization for the year	-2	—	-2
Exchange rate differences	0	1	1
Accumulated amortization, December 31, 2023	-6	-25	-31
Carrying amount, closing balance December 31, 2022	26	34	59
Carrying amount, closing balance December 31, 2023	23	61	84

The intangible assets produced by the Group pertain to development of the Ovzon T7 satellite terminal, which was in progress at the end of the reporting period. The cost includes directly attributable expenditures, which includes both external consultants and internal costs for direct salary and direct materials.

NOTE 15 – EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	12/31/23	12/31/22
Cost, opening balance	73	39
Purchases	17	40
Sales/scraping	-6	-9
Exchange difference	-2	4
Reclassifications	—	—
Accumulated cost, closing balance	83	73
Depreciation, opening balance	-31	-11
Sales/scraping	1	1
Exchange difference	1	-1
Reclassifications	—	—
Depreciation for the year	-24	-19
Accumulated depreciation, closing balance	-52	-31
Carrying amount, closing balance	31	43

NOTE 16 – CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS

Material accounting policies

Ongoing investments regarding the company's first proprietary satellite are assessed as direct internal and external expenses directly attributable to getting the satellite into a usable condition in accordance with the intentions of Executive Management.

The company has signed an agreement with Maxar Technology for the construction of a satellite. While the supplier of the satellite is carrying out their side of the agreement, the company has its own expenses for its part of the work. An integrated part of this project is that the company finances the project in pace with its progress. This means that interest and other financing costs are capitalized as part of the ongoing satellite project. Since this is such an integrated project regarded by the company as a project, the company has chosen to recognize the project in an integrated item designated in the balance sheet as Construction in progress and advance payments.

	12/31/23	12/31/22
Cost, opening balance	1,447	1,330
Purchases	636	90
Exchange difference	—	28
Accumulated cost, closing balance	2,084	1,447
Impairment, opening balance	-12	-12
Impairment for the year	—	—
Accumulated impairments, closing balance	-12	-12
Carrying amount, closing balance	2,071	1,435

Construction in progress and advance payments pertain to the costs that were put into Ovzon 3. The value of construction in progress is tested on an annual basis to assess whether there is a need for impairment. The annual impairment test is carried out by estimating the recoverable value, which consists of the value in use. The value in use is built on cash flow estimates, which are based on specific financial plans that are established by the management group for the next 15 years. The forecast period of 15 years corresponds to the general economic and technical service life of a satellite.

The cash flows are based on the assumptions of the degree of utilization of Ovzon 3, a 2 percent rate of growth in operating costs, and personnel costs. The degree of utilization in years 1 to 2 will gradually be increased, and thereafter remain constant for the

remainder of the forecast period. During year 3-10 it is assumed that investments will be made of 10 MSEK per year according to contracted payment plan with the satellite manufacturer. The present value of the estimated cash flows was calculated using a discount rate (WACC) of 11.9 percent after tax and 15.0 percent before tax. It is assumed that no further cash flows will occur after the forecast period.

Key assumptions in the assessment

The rate of growth is governed based on the degree of utilization in Ovzon 3, which has been assessed individually per year and is an assessment by the management group of how quickly we will be able to sell available capacity.

The discount rate (WACC) is produced by using a weighted average cost of capital for the industry, and reflects the current market-based evaluations of the time value of money and assessed specific risks.

	2023	2022
Forecast period, years from end of accounting period	15	16
Discount rate before tax, percent	15.0	13.8
Discount rate after tax, percent	11.9	10.9
Tax rate, percent	20.6	20.6

Sensitivity analysis

The company has carried out an impairment test regarding ongoing new facilities. The impairment test did not show an impairment requirement but the difference between book value and estimated recovery value has decreased in 2023. The estimate of the value of the asset Ovzon 3 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 outcome may vary.

A minor adjustment of material assumptions in the impairment test, such as, for example, price level, capacity utilization and WACC would mean that a need for write-downs arises. It exists thus an uncertainty about Ovzon's assessment of the value of asset Ovzon 3, which is dependent on the company's ability to increase the capacity utilization at the expected price level in 2024 and 2025.

Borrowing expenses

The Group has raised specific loans to finance the development of Ovzon 3. During the financial year, the Group capitalized borrowing expenses totaling 95 MSEK (58).

NOT 17 – LEASES

Material accounting policies

Ovzon applies IFRS 16 since 1 January 2019. All leasing agreements, except leasing agreements with a term of less than twelve months or leases where the underlying asset has a low value, are reported in the statement of financial position as right-of-use assets as well as interest-bearing leasing debts. The group's leasing agreement refers to leases on office premises and is classified as right-of-use assets regarding buildings. The right-of-use assets is written off on a straight-line basis over the lease term. The present value calculations of the future leasing costs are discounted with those of the leasing contract implicit interest rate. On each occasion when a new rental agreement is signed within the group, a new updated marginal loan interest is calculated for Ovzone used when discounting the contract. The company's agreement with Intelsat regarding capacity on IS-39 and IS-37 amounts to 39.4 MUSD and runs over 4 years from 1 November 2020. Because the capacity that is rented on the antennas do not essentially correspond to the entire antenna's capacity, they are capacity parts that are leased are not identified assets and are therefore assessed the agreements do not meet the definition of a leasing agreement according to IFRS 16.

Right-of-use assets	12/31/23	12/31/22
Carrying amount at the beginning of the year	15	12
Future agreements for the year	—	4
Agreements signed	-9	—
Exchange difference	0	0
Accumulated cost, closing balance	6	15
Depreciation, opening balance	-8	-5
Agreements signed	9	—
Depreciation for the year	-3	-3
Accumulated depreciation, closing balance	-2	-8
Carrying amount, closing balance	4	8
Lease liabilities	12/31/23	12/31/22
Current	2	3
Long-term	2	6
Carrying amount, closing balance	4	8

The amounts attributable to leases that were recognized during the year in the Group income statement are presented below:

	2023	2022
Depreciation of right-of-use assets	3	3
Interest expenses on lease liabilities	0	0
Cost pertaining to short-term leases	0	0
Cost for leases of		
low value	0	0
Costs for variable lease fees	0	0
Revenue from subletting	—	—
Total	3	3

The Group recognizes a cash flow attributable to leases totaling 4 MSEK (3) for financial year 2023. For a maturity assessment of the Group's lease liabilities, refer to Note 27 Supplementary disclosures, financial assets and liabilities.

NOT 18 – INVENTORY

Material accounting policies

The inventory is valued at the lower of acquisition value and net sales value. The acquisition value is calculated according to weighted average prices and includes expenses incurred in the acquisition of the inventory assets and transporting them to their current location and condition. Net sales value is defined as sales price reduced for costs of completion and sales costs.

	2023	2022
Färdiga terminaler	38	50
Reservdelar och tillbehör till terminaler	3	4
Summa	41	54

During the year, costs attributable to inventory were included in total MSEK 36 (49) in the result. The group reported an amount of MSEK 3 (3) as a result of write-downs of inventory due to the assessment of obsolescence.

NOTE 19 – TRADE RECEIVABLES

Material accounting policies

The simplified method is applied in recognizing anticipated credit losses, meaning that the evaluation is carried out on the remaining period, which is expected to fall below one year for all trade receivables and contractual assets (accrued income). This method means that a receivable is impaired by a certain percentage based on whether it is due and how long has passed since the due date. If there is information indicating that the receivable does not have a greater risk than trade receivables that have not fallen due for payment, the percentage rate for receivables that are not due for payment is used. The percentage rate applied is based on historical information adjusted for future expectations, if these entail a different expected outcome. The Group's customers have similar risk profiles, which is why assessments are applied collectively. If individual counterparties account for a significant portion of the outstanding receivables, an individual assessment is carried out. Reservations for trade receivables not due for payment use a ratings-based method. If an official credit rating is not available, the counterparty is assumed to have a low credit rating equivalent to "B" in the Standard & Poor ratings model.

Age analysis, trade receivables	12/31/23	12/31/22
Trade receivables not due	35	29
Receivables due, <60 days	0	18
Receivables due, 61–120 days	—	14
Receivables due, >120 days	82	18
Total trade receivables	117	80
Accrued income	—	—
Reserve for anticipated credit losses	-82	-50
Total	35	30

Reserve for anticipated credit losses	12/31/23	12/31/22
Reserved amount, opening balance	-50	—
Closing balance	-32	-50
Translation differences	—	—
Reserved amount, closing balance	-82	-50

The Group has accumulated bad debt from the previous Italian distributor, which has shown a weak financial position. That is why the company set aside a reserve of 82 MSEK for anticipated credit losses, out of the total receivable of 82 MSEK as of December 31, 2023. The company is working actively and closely with the party that is behind on its payments to ensure settlement of the debt.

All amounts are short-term. The net carrying amount for trade receivables is regarded as a reasonable approximation of fair value. A bad debt reserve are made following individual assessments of unpaid receivables.

NOTE 20 – PREPAID EXPENSES AND ACCRUED INCOME

	12/31/23	12/31/22
Prepaid leases	1	1
Accrued income	16	7
Prepaid satellite leases	—	2
Other prepaid expenses	9	2
Total	26	12

NOTE 21 – CASH AND CASH EQUIVALENTS

	12/31/23	12/31/22
Cash and bank balances	247	276
Total	247	276

Of consolidated cash and cash equivalents, 4 MSEK (4) comprises pledged bank funds.

NOTE 22 – EQUITY

Class of share	12/31/23			12/31/22				
	No. of shares	Par value (SEK)	No. of votes per share	Share capital	No. of shares	Par value (SEK)	No. of votes per share	Share capital
Class A shares	111,530,516	0.10	1	11	51,270,876	0.10	1	5
Total	111,530,516			11	51,270,876			5

Share capital development - past two years

Year	Event	No. of new shares	Total no. of shares	Change in share capital, MSEK	Total share capital, MSEK
2022	Opening balance	–	51,270,876	–	5
Feb 2023	New share issue	4,494,382	55,765,258	0	6
Dec 2023	New share issue	55,765,258	111,530,516	6	11

Otherwise, refer to the Group's and the Parent Company's Specifications of change in equity.

Other paid-in capital

Other paid-in capital includes the contributions that the company has received from its shareholders and that are not reported as share capital. Other paid-in capital also includes proceeds from warrants.

Warrants program for creditors

In conjunction with raising the 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, 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.

Warrants issued to creditors	Average strike price	Number of warrants
Outstanding at January 1, 2022	98.16	1,500,000
Outstanding at December 31, 2022	98.16	1,500,000
Redeemable December 31, 2022	98.16	1,500,000
Allotted	76.06	–
Forfeit	–	–
Redeemed	–	–
Matured	–	–
Outstanding at December 31, 2023	76.06	1,500,000
Redeemable at December 31, 2023	76.06	1,500,000

	12/31/23	12/31/22
Remaining weighted average contract period for warrants outstanding at end of the period	1 yr	2 yrs
Strike price interval for warrants outstanding at end of period	76.06 SEK	98.16 SEK

Fair value of the warrants was established in accordance with the table below:

Warrant valuation model	Black & Scholes
Value per warrant at allocation	3.70 SEK
Weighted average share price	58.88
Strike price	76.06
Anticipated volatility	30
Tenor of the options	5 yrs
Expected dividend	0
Risk-free interest rate	-0.59%

The anticipated volatility in the share price is based on historical volatility (based on the remaining tenor of the warrant) adjusted for the expected changes in future volatility as a result of available public information.

Reserves

The item fully comprises exchange differences referable to translation of foreign subsidiaries.

Retained earnings

This item includes accumulated losses in Ovzon. Other transactions with owners, such as dividends, are also reported here when applicable.

NOTE 23 – BORROWINGS

	12/31/23	12/31/22
Long-term liabilities to credit institutions	640	470
Current liabilities to credit institutions	13	0
Total	653	470
Sum total of borrowings	653	470

In 2019, the company signed a senior credit facility of 60 MUSD in order to ensure financing of its proprietary satellite, Ovzon 3. 35 MUSD of the credit facility was utilized in 2021, and a further 10 MUSD was utilized in 2022. An additional 20 MUSD was utilized in the fourth quarter 2023 since the facility was also increased to 65 MUSD. The loan extend up to six years with an interest rate of USD LIBOR 3m + 10 percent.

The credit facility is conditional on the company meeting certain financial covenants including key financial metrics such as loans to cost (loans in relation to the investment in Ovzon 3), a lowest level of cash balances, and a ratio in the valuation of the subsidiaries. The company met these covenants during the year.

NOTE 24 – ACCRUED EXPENSES AND DEFERRED INCOME

Group	12/31/23	12/31/22
Accrued employee benefit expenses	7	6
Deferred income	1	9
Other accrued expenses	12	11
Total	20	27

NOTE 25 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	12/31/23	12/31/22
Liabilities to credit institutions		
Shares pledged in Group companies	1,909	1,019
Blocked bank funds	4	4
Total	1,913	1,023

Contingent liabilities

No contingent liabilities existed at the end of the reporting period.

NOTE 26 – SUPPLEMENTARY DISCLOSURES ON CASH FLOW STATEMENT

Group	12/31/23	12/31/22
Adjustments for non-cash items, etc.		
Depreciation/amortization and impairment, non-current assets	28	23
Impairment for anticipated credit losses	8	50
Other items	-8	3
Total	28	76

Change in liabilities attributable to financing activities	1/1/23	Cash flow from financing interest and activities	Non-cash items		12/31/23
			Capitalized interest and currency effects, net	New lease	
Liabilities to credit institutions	470	219	-36		653
Lease liabilities	8	-4	0		4
Total	478	215	-37	0	657

Change in liabilities attributable to financing activities	1/1/22	Cash flow from financing interest and activities	Non-cash items		12/31/22
			Capitalized interest and currency effects, net	New lease	
Liabilities to credit institutions	317	103	50		470
Lease liabilities	7	-2		4	8
Total	324	100	50	0	478

NOTE 27 – SUPPLEMENTARY DISCLOSURES, FINANCIAL ASSETS AND LIABILITIES

All of the Group's financial assets and liabilities that are measured under IFRS 9 Financial instruments meet the criteria for reporting at amortized cost. Liabilities to credit institutions have a floating rate and other financial instruments are current, which is why the carrying amount is considered to be a good approximation of fair value. The Group's maximum credit risk on financial assets consists of the carrying amounts in the table.

Financial assets and liabilities by measurement category

	12/31/23	12/31/22
Financial assets measured at amortized cost		
Trade receivables	35	30
Cash and cash equivalents	247	276
Total	282	306
Financial liabilities measured at amortized cost		
Liabilities to credit institutions	653	470
Trade payables	84	20
Other current liabilities	3	2
Total	740	492

The Group's maturity structure in respect of undiscounted cash flows for financial liabilities

Nominal amount at December 31, 2023	1–3 months	3–12 months	1–2 years	2–5 years	More than 5 years	No due date
Liabilities to credit institutions	25	89	737	–	–	–
Lease liabilities	1	2	2	–	–	–
Trade payables	84	–	–	–	–	–
Other current liabilities	3	–	–	–	–	–
Total	113	91	739	–	–	–
Nominal amount at December 31, 2022	1–3 months	3–12 months	1–2 years	2–5 years	and later	due date
Liabilities to credit institutions	16	47	47	501	–	–
Lease liabilities	1	2	3	4	–	–
Trade payables	20	–	–	–	–	–
Other current liabilities	2	–	–	–	–	–
Total	39	49	50	505	–	–

NOTE 28 – TRANSACTIONS WITH RELATED PARTIES

For remuneration to the Board of Directors, the CEO and other senior executives in the company, refer to Note 8 Average number of employees, salaries, other remuneration and payroll overheads. In conjunction with the new share issue in December 2023, Per Norén, Per Wahlberg and three main shareholders stood as guarantors for a part of the new share issue, at which point market-based remuneration of 3 percent of the guaranteed amount was received. In total, Per Norén and Per Wahlberg received 30 KSEK each, while the three other guarantors received 470 KSEK each.

NOTE 29 GROUP COMPANIES

The Parent company's, Ovzon AB, investments in direct and indirect group companies that is consolidated into this group financial statements are presented below table:

Company name	Corporate ID number	Domicile	Share of capital and votes	
			December 31, 2023	December 31, 2022
Ovzon AB	559079-2650	Solna	Parent Company	Parent Company
Ovzon Sweden AB	556679-1181	Stockholm	100%	100%
OverHorizon OHO 1 Limited	262622	Nicosia	100%	100%
Ovzon Communications Group, LLC	S226247-7	Herndon, VA	100%	100%
Ovzon LLC	S226246-9	Herndon, VA	100%	100%

**NOTE 30 – 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.
- Renewal for delivery of SATCOM-as-a-Service to the Italian Fire and Rescue Services. The 12-months order will be delivered throughout 2024. The order value amounts to 0.5 MUSD.
- New order for Ovzon's SATCOM-as-a-Service from Swedish Space Corporation (SSC) for delivery during 2024. The total order value amounts to 6 MSEK.
- A European customer placed an order regarding SATCOM-as-a-Service for 12 months and a number of OTM terminals. Total order value amounts to 9.7 MUSD.

Parent Company financial statements

Parent Company income statement

MSEK	Note	Jan – Dec 2023	Jan – Dec 2022
Operating income, etc.			
Net sales	P2	41	24
Other operating income		0	1
		41	26
Operating expenses			
Other external costs	P3, P4	-28	-16
Employee benefit expenses	P5	-11	-10
		-40	-26
Operating profit			
		1	0
Income from financial items			
Impairment of participations in Group companies	P11	-750	–
Other interest income and similar items	P6	143	111
Interest expenses and similar items	P7	-97	-58
		-703	54
Profit/loss after financial items			
		-702	54
Tax on profit for the year	M8	–	–
PROFIT/LOSS FOR THE YEAR		-702	54

Parent Company statement of comprehensive income

MSEK	Note	Jan – Dec 2023	Jan – Dec 2022
Profit/loss for the year			
		-702	54
Other comprehensive income			
		–	–
COMPREHENSIVE INCOME FOR THE YEAR		-702	54

Parent Company balance sheet

MSEK	Note	Dec. 31, 2023	Dec. 31, 2022
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure for development and similar items	P9	0	0
		0	0
Property, plant and equipment			
Construction in progress	P10	0	–
		0	-
Financial assets			
Participations in Group companies	P11	1,719	1,843
Receivables from Group companies	P17	344	283
		2,063	2,126
Total non-current assets		2,064	2,126
Current assets			
Current receivables			
Receivables from Group companies		19	–
Other receivables		2	1
Prepaid expenses and accrued income	P12	1	1
		23	2
Cash and bank balances	P13	191	225
Total current assets		214	227
TOTAL ASSETS		2,278	2,353

MSEK	Note	Dec. 31, 2023	Dec. 31, 2022
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 year		-702	53
		1,602	1,873
Total equity		1,613	1,878
Non-current liabilities			
Liabilities to credit institutions	P15	640	470
		640	470
Current liabilities			
Liabilities to credit institutions	P15	13	–
Trade payables		6	1
Other liabilities		1	1
Accrued expenses and deferred income	P16	5	3
		25	5
TOTAL EQUITY AND LIABILITIES		2,278	2,353

Parent Company statement of changes in equity

MSEK	Restricted equity	Unrestricted equity	Total equity
	Share capital	Profit/loss brought forward, incl. profit/loss for the year	
Equity at January 1, 2022	5	1,819	1,824
Profit for the year	—	54	54
Other comprehensive income	—	—	—
Total comprehensive income	—	54	54
Warrant issue	—	1	1
Equity at December 31, 2022	5	1,874	1,879
Equity at January 1, 2023	5	1,874	1,879
Profit for the year	—	-702	-702
Other comprehensive income	—	—	—
Total comprehensive income	—	-702	-702
Rights issue	6	445	451
Issue expenses	—	-15	-15
Other paid-in capital	—	—	—
Equity at December 31, 2023	11	1,602	1,613

Parent Company cash flow statement

MSEK	Note	Jan – Dec 2023	Jan – Dec 2022
Operating activities			
Operating profit		1	-1
Adjustments for non-cash items, etc.	P19	—	—
Interest received, etc.		109	135
Interest paid		-96	-58
Income tax paid		—	0
Cash flow from operating activities before changes in working capital		14	76
Cash flow from changes in working capital			
Decrease (+)/increase (-) in current receivables		-3	-1
Decrease (-)/increase (+) in trade payables		5	0
Decrease (-)/increase (+) in current liabilities		3	-6
Total change in working capital		5	-7
Cash flow from operating activities		19	70
Investing activities			
Shareholders' contributions paid	P11	-626	-448
Changes in receivables in Group companies		-80	92
Acquisition of intangible assets and property, plant and equipment		-1	0
Cash flow from investing activities		-708	-356
Financing activities			
New share issue		451	—
Costs in conjunction with issue		-15	—
Loans raised from credit institutions		219	102
Other changes		—	1
Cash flow from financing activities		655	103
Cash flow for the year		-33	-183
Cash and cash equivalents at the beginning of the year		225	381
Exchange rate difference in cash and cash equivalents		0	28
Cash and cash equivalents at the end of the year	P12	191	225

Parent Company notes

NOTE P1 – PARENT COMPANY ACCOUNTING POLICIES

Basis of preparation

The Parent Company has prepared this Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The statements issued by the Swedish Financial Reporting Board also apply to listed companies. RFR 2 entails that, in the annual report of the legal entity, the Parent Company is to apply all IFRS® Accounting Standards and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act and in regard to the connection between accounting and taxation. The recommendation states the exceptions and additions that are or can be made to IFRS.

Accordingly, the Parent Company applies the policies applied in the consolidated financial statements above, with the exceptions indicated below. The policies are applied consistently for all years presented, unless otherwise stated.

Presentation of financial statements

The Parent Company's income statement and balance sheet follow the Annual Accounts Act in their structure. The other sections follow the same format as that for the Group.

Participations in Group companies

Participations in subsidiaries are recognized in the Parent Company in accordance with the cost method. This means that the transaction costs are included in the carrying amount for the holding. Where the carrying amount exceeds the company's consolidation value, an impairment is charged to the income statement. The need for impairment is assessed at the end of every reporting period. Where a previous impairment is no longer justified, it is reversed. Impairment tests of the shares are carried out according to the same principles such as that made for tangible assets and described in note 16 for the group.

Assumptions are made concerning future conditions in order to estimate future cash flows that determine the recoverable amount. This amount is compared to the carrying amount for these assets, and forms the basis for any impairments or reversals. The assumptions with the greatest impact on the recoverable amount are future earnings performance, discount rates and exercise periods. If future business environment factors and conditions change, the assumptions may be impacted so that the carrying amount of the Parent Company's assets changes.

Group contributions and shareholder contributions

The Parent Company recognizes Group contributions both paid and received as appropriations. Shareholder contributions paid by the Parent Company are recognized in the Parent Company as an increase in participations in Group companies. Shareholder contributions received are recognized as an increase in unrestricted equity.

Leases

The Parent Company recognizes all leases as costs on a straight-line basis over the term of the lease, which means that the Parent Company does not recognize right-of-use assets and lease liabilities.

Financial instruments

The Parent Company applies the cost method in accordance with the Swedish Annual Accounts Act for financial instruments instead of complying with IFRS 9 in its entirety. The Parent Company measures fixed financial assets at cost and current financial assets at the lower of cost or net realizable value.

Impairments are applied to expected credit losses for financial instruments, using the method described in Group Note 19 Trade receivables.

The Parent Company applies the exception of not measuring financial warranty agreements for the benefit of subsidiaries in accordance with the regulations in IFRS 9, but instead applies the measurement policies under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Financial risks

For a description of financial risks, refer to Group Note 3 Financial risk management.

NOTE P2 – REVENUE ALLOCATION

	2023	2022
Management services		
Europe	21	7
USA	19	17
Cyprus	0	0
	41	24

NOTE P3 – DISCLOSURES ON AUDITOR FEES AND REMUNERATION

	2023	2022
KPMG		
Audit engagements	1	–
Audit activities other than audit engagements	0	–
Tax consultancy	–	–
Other services	–	–
Total	2	–
Grant Thornton		
Audit engagements	0	1
Audit activities other than audit engagements	–	0
Tax consultancy	0	0
Other services	0	0
Total	0	1
Total	2	1

The term audit engagement pertains to the auditors' work on the statutory audit, and audit activities other than audit engagements pertain to various types of quality assurance services. Other services are those not included in the audit engagements, audit activities or tax consultancy.

NOTE P4 – LEASES

Future minimum lease payments	2023	2022
Within 1 year	–	–
Between 1 and 5 years	–	–
More than 5 years	–	–
Total	–	–

The Parent Company did not expense any lease payments during the financial year.

NOTE P5 – EMPLOYEE BENEFIT EXPENSES

For disclosures concerning employees and remuneration to the Board of Directors, the CEO and other senior executives in the company, refer to Group Note 8 Average number of employees, salaries, other remuneration and payroll overheads.

NOTE P6 – FINANCIAL INCOME

	2023	2022
Assets measured at amortized cost		
Financial income	24	18
Total interest-rate income under effective interest method	24	18
Other financial income		
Exchange gains	23	36
Other items	96	58
Total other financial income	119	94
Total financial income	144	111

NOTE P7 – FINANCIAL EXPENSES

	2023	2022
Interest expenses under effective interest method		
Interest expenses	0	0
Total interest expenses under effective interest method	0	0
Other financial expenses		
Other financial expenses	-96	-58
Total other financial expenses	-96	-58
Total	-97	-58

NOTE P8 – TAX ON PROFIT FOR THE YEAR

	2023	2022
The following components are included in the tax expense:		
Current tax	–	0
Deferred tax related to:		
Temporary differences		
Tax reported	–	–
Profit/loss before tax	-702	54
Tax under applicable tax rate (20.6%)	145	-11
Tax effect of:		
Deductible expenses recognized against equity	3	–
Adjustment of tax from prior years		–
Non-taxable income		0
Adjustments, net interest items	5	4
Non-deductible expenses	-155	0
Effect of uncapitalized loss carryforwards, net	3	8
Tax reported	0	0

NOTE P9 – CAPITALIZED EXPENDITURE FOR DEVELOPMENT

	12/31/23	12/31/22
Cost, opening balance	0	–
Purchases	0	0
Accumulated cost, closing balance	0	0
Amortization, opening balance	–	–
Amortization for the year	0	–
Closing accumulated cost amortization	0	–
Carrying amount, closing balance	0	0

NOTE P10 – CONSTRUCTION IN PROGRESS

	12/31/23	12/31/22
Opening balance, accumulated cost	–	–
Purchases	0	–
Accumulated cost, closing balance	0	–
Carrying amount, closing balance	0	–

NOTE P11 – PARTICIPATIONS IN GROUP COMPANIES

	12/31/23	12/31/22
Cost, opening balance	1,843	1,395
Shareholders' contributions	626	448
Shareholders' contributions	-750	—
Accumulated cost, closing balance	1,719	1,843
Carrying amount, closing balance	1,719	1,843

Directly owned subsidiaries Company name	Number of votes/ of votes	Shares of votes/ capital, %	Carrying amount	
			12/31/22	12/31/21
Ovzon Sweden AB	1,000	100	1,637	1,762
OverHorizon OHO 1 Limited	1,000	100	82	82
Ovzon Communications Group, LLC	1,000	100	0	0
			1,719	1,843

Directly owned subsidiaries Company name	Corporate ID number	Profit/loss for the year	Equity
Ovzon Sweden AB	556679-1181	-47	1,575
OverHorizon OHO 1 Limited	262622	0	7
Ovzon Communications Group, LLC	S226247-7	-61	-252

Subsidiaries indirectly owned through Ovzon Communications Group, LLC	Corporate ID number	Share of votes/ capital, %
Ovzon LLC	S226246-9	100

NOTE P12 – PREPAID EXPENSES AND ACCRUED INCOME

	12/31/23	12/31/22
Other prepaid expenses	1	1
Total	1	1

NOTE P13 – CASH AND CASH EQUIVALENTS

	12/31/23	12/31/22
Cash and bank balances	191	225
Total	191	225

NOTE P14 – EQUITY

For specifications pertaining to the Parent Company's equity, refer to Group Note 22 Equity and the Parent Company statement of changes in equity.

NOTE P15 – BORROWINGS

	12/31/23	12/31/22
Long-term liabilities to credit institutions	640	470
Current liabilities to credit institutions	13	—
Total	653	470
Sum total of borrowings	653	470

In 2019, the company signed a senior credit facility of 60 MUSD in order to ensure financing of its proprietary satellite, Ovzon 3. 35 MUSD of the credit facility was utilized in 2021, and a further 10 MUSD was utilized in 2022. In 2023, the facility was increased to 65 MUSD, which was fully utilized in the fourth quarter. The loan extend up to six years with an interest rate, in USD, of LIBOR 3m + 10 percent.

The credit facility is conditional on the company meeting certain financial covenants including key financial metrics such as loans to cost (loans in relation to the investment in Ovzon 3), a lowest level of cash balances, and a ratio in the valuation of the subsidiaries. The company met these covenants during the year.

NOTE P16 – ACCRUED EXPENSES AND DEFERRED INCOME

	12/31/23	12/31/22
Accrued employee benefit expenses	1	1
Other accrued expenses	4	2
Total	5	3

NOTE P17 – TRANSACTIONS WITH RELATED PARTIES

	2023	2022
Purchases, %	8%	15%
Sales	100%	100%

Receivables in Group companies	12/31/23	12/31/22
Ovzon Sweden AB	0	0
OverHorizon OHO 1 Limited	39	35
Ovzon US LLC	2	1
Ovzon LLC	303	247
Total	344	283

For remuneration to the Board of Directors, the CEO and other senior executives in the company, refer to Group Note 8 Average number of employees, salaries, other remuneration and payroll overheads. In conjunction with the new share issue in December 2023, Per Norén, Per Wahlberg and three main shareholders stood as guarantors for a part of the new share issue, at which point market-based remuneration of 3 percent of the guaranteed amount was received. In total, Per Norén and Per Wahlberg received 30 KSEK each, while the three other guarantors received 470 KSEK each.

NOTE P18 – SUPPLEMENTARY DISCLOSURES ON CASH FLOW STATEMENT

Justerat för poster som inte ingår i kassaflödet	12/31/23	12/31/22
Depreciation/amortization and impairment fixed assets	–	–
Financial income	–	–
Financial expenses	–	–
Other items	–	–
Total	–	–

Change in liabilities attributable to financing activities

	1/1/23	Cash flow from financing activities	Non-cash items	12/31/23
Liabilities to credit institutions	470	219	-36	653
Total	470	219	-36	653

	1/1/22	Cash flow from financing activities	Non-cash items	12/31/22
Liabilities to credit institutions	317	103	50	470
Total	317	103	50	470

NOTE P19 – PROPOSED ALLOCATION OF PROFITS

The following profits are at the disposal of the Annual General Meeting (SEK):	2,303,451,431
The Board of Directors proposes that the following be carried forward (SEK):	-701 714 419
Total, SEK	1,601,737,012
The Board of Directors proposes that the following be carried forward, SEK	1,601,737,012

NOTE P20 – EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred after the balance sheet date.

The Board of Directors and Chief Executive Officer give their assurance that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden, and that the consolidated financial statements have been prepared in accordance with international accounting standards as referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and consolidated financial statements provide a true and fair account of the financial position and earnings of the Parent Company and the Group. The Administration Reports for the Parent Company and the Group provide a true and fair overview of the development of the operations, financial position and earnings of the Parent Company and the Group, and describe material risks and uncertainties faced by the Parent Company and the companies included in the Group.

As indicated above, the Annual Report and consolidated financial statements have been approved for issue by the Board of Directors and the CEO on March 27, 2024.

Regina Donato Dahlström
Chairman of the Board

Markus Messerer
Board member

Cecilia Driving
Board member

Dan Jangblad
Board member

Nicklas Paulson
Board member

Patrik Tigerschiöld
Board member

Per Norén
CEO

Our audit report was submitted on March 27, 2024

KPMG AB

Marc Karlsson
Authorized Public Accountant

Auditor's Report

To the general meeting of the shareholders of Ovzon AB (publ), corp. id 559079-2650

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ovzon AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 66-98 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Matter

The audit of the annual accounts for year 2022 was performed by another auditor who submitted an auditor's report dated 30 March 2023, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Construction in progress and advance payments (the group) and Participations in Group companies (the parent company)

See disclosure 4 and 16 (the group) and disclosure P11 (the parent company) and accounting principles on pages 77,84 and 96 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The recorded amount regarding construction in progress and advance payments in the consolidated accounts amounts to 2,071 MSEK as of December 31, 2023. In all material aspects, the amount is comprised of the group's internally-developed satellite Ovzon 3.

This year's additions regarding construction in progress and advance payments amount to 636 MSEK.

The recorded amount of participations in group companies in the parent company's balance sheet amounts to 1,719 MSEK as of December 31, 2023. The amount is primarily comprised of the subsidiary Ovzon Sweden AB. In the parent company's income statement, impairment of participations in group companies of 750 MSEK has been recognized.

The group performs an annual impairment test of construction in progress and advance payments based on discounted cash flows. Some of the significant assumptions in the impairment test include assessments regarding discount rate, degree of utilization, price and growth rate.

As disclosed in note 16 (on page 84), the impairment test of Ovzon 3 did not show a need for impairment, but the difference between book value and estimated recoverable value has decreased during 2023. A minor change in the significant assumptions in the impairment test, such as price level, degree of utilization or discount rate would result in a need for impairment.

A corresponding impairment test is carried out by the parent company regarding the value of participations in group companies. The conditions are similar to the descriptions above regarding construction in progress and advance payments.

Given construction in progress and advance payments' significant share of the group's total assets, as well as the element of judgement and estimates included in the impairment test and in the capitalization of expenses, this is a Key Audit Matter.

Response in the audit

Our audit procedures have, among other things, included an assessment of the group's process for capitalizing construction in progress and advance payments.

We have also, on a sample basis, performed procedures on additions carried out during the year.

We have assessed the group's process for preparing impairment tests, including review of assumptions and final impairment test. We have also assessed the group's model for impairment tests. In this assessment, we have involved an internal valuation specialist.

We have evaluated the assumptions that the group used in the impairment test regarding Ovzon 3 and participations in group companies, as well as assessed the group's sensitivity analysis.

We have checked the accuracy of the disclosures on ongoing construction in progress and advance payments given by group in notes 4 and 16 (the group) and note P11 (the parent company) in the the annual accounts and consolidated accounts, especially concerning elements of judgement and key assumptions used.

Revenue recognition

See disclosure 5 and accounting principles on page 77 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Net sales in 2023 amounted to 290 MSEK and constitute a significant item in the consolidated accounts. The revenue is generated partly from the sale of broadband services from leased capacity from existing satellites, partly from sales of terminals.

Revenue from the sale of broadband services over leased capacity from existing satellites are recognized in connection with the services being delivered, i.e. the performance obligation is met over time, whereupon revenue is recognized on a straight-line basis over the length of contract period. Revenue from sales of terminals is recognized in connection with the transfer of risk to the customer.

There is a risk that revenue is recognized in the incorrect period or with an incorrect amount, which is why revenue recognition is a Key Audit Matter.

Response in the audit

In our audit we have, among other things, evaluated the group's revenue streams in order to gain an understanding of how any errors could arise. Based on this evaluation, we have, among other things, carried out audit procedures including evaluation of design and implementation of relevant controls for revenue recognition.

Our substantive audit procedures have, among other things, included that we, for a sample of sales transactions, have reconciled recognized revenue against contract terms, payment documents and delivery documents to assess that revenue has been recognized in the correct period and to the correct amount.

In addition, we have obtained external confirmations for material outstanding accounts receivable as of the balance sheet date.

We have checked the accuracy of the disclosures on revenue given by the group in note 5 in the annual accounts and consolidated accounts.

Financing

See section "Financing" in the Administration Report and disclosure 3 and 4 and accounting principles on pages 70 and 75-77 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Cash and cash equivalents amounted to SEK 247 million as of December 31, 2023, and borrowing amounted to SEK 653 million.

Borrowing in the form of a utilized credit facility is conditional on the group meeting certain financial covenants including key financial metrics such as loans to cost (loans in relation to the investment in Ovzon 3), a lowest level of cash balances, and a ratio in the valuation of the subsidiaries.

The group met these covenants during 2023, but as described in the Administration Report on page 70, there might be a risk that the group in the future will be unable to comply with the conditions that the credit facilities impose. Ovzon's earning capacity is highly dependent on the group's ability to grow its sales through contracts with new and existing customers, as well as on future market performance.

During 2023, the group has carried out two share rights issues, amounting to a total of SEK 451 million before costs related to the issues.

Given the group's refinancing and liquidity risk, financing is a Key Audit Matter.

Response in the audit

In our audit, we have evaluated the group's financing process. In addition, we have assessed loan agreements and their financial covenants.

We have further assessed the group's decision to apply the going concern assumption. We have obtained the latest available forecast and considered the reasonableness and support of those judgments which is the basis for the liquidity forecast. We have discussed with group management how they have established their assumptions and have considered these in our assessment.

We have checked the accuracy of the disclosures on financing and the going concern assumption given by the group provides in the Administration Report and in notes 3 and 4 in the annual accounts and consolidated accounts, especially concerning elements of judgement and key assumptions used.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-55, 61-65 and 105-108. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the infor-

mation is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ovzon AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of

operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report)

pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Ovzon AB (publ) for year 2023. Our examination and our opinion relate only to the statutory requirements. In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Ovzon AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Ovzon AB (publ) by the general meeting of the shareholders on the 20 April 2023.

KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2023.

Stockholm 27 March 2024
KPMG AB
Marc Karlsson
Authorized Public Accountant

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.

Key performance measures	Definition	Justification
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.
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

MSEK	Jan – dec 2023	Jan – dec 2022
Adjusted operating profit/loss		
Operating profit/loss	-95	-81
Realized positive foreign exchange rate effect related to repayment of advances from launch partner	-11	-
Adjusted operating profit/loss	-106	-81
Operating profit/loss, last 12 months		
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	-95	-81
Excluding depreciation/amortization	28	23
EBITDA	-66	-57
Realized positive foreign exchange rate effect related to repayment of advances from launch partner	-11	-
Adjusted EBITDA	-77	-57
Adjusted revenue and adjusted revenue growth		
Revenue	290	357
Sale of production inventory	-	-3
Adjusted revenue	290	354
Average exchange rate for the period, SEK/USD	10.6128	10.1245
Adjusted revenue, MUSD	27	35
Revenue growth, %	-19	87
Adjusted revenue growth adjusted for currency effects, %	-22	74

MSEK	Jan – dec 2023	Jan – dec 2022
Profit/loss excluding currency translations		
Excluding unrealized financial currency effects	-60	-36
Exkluderat: orealiserade finansiella valutaeffekter	-26	-43
Profit/loss excluding currency translations	-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	11.0960	11.1283
GBP	12.7680	12.5811
USD	10.0416	10.4371

Information for shareholders

The Board of Directors of Ovzon AB has issued notice of the Annual General Meeting.

Time: Friday, April 19, 2024 at 3:00 p.m.

Venue: The company's premises at Anderstorpsvägen 10, Solna, Sweden.

Registration in the share register and notification

Shareholders wishing to attend the Annual General Meeting must:

- i. on the record date, which is on Thursday 11 April 2024, be registered in the share register maintained by Euroclear Sweden AB; and
- ii. notify the Company of their participation and any assistants (no more than two) in the annual general meeting no later than on Monday 15 April 2024. The notification shall be in writing to Baker McKenzie Advokatbyrå, Attn: Simon Olofsson, Box 180, 101 23 Stockholm or via e-mail to simon.olofsson@bakermckenzie.com. The notification should state the name, personal/corporate identity number, shareholding, address and telephone number and, when applicable, information about representatives, counsels and assistants. When applicable, complete authorization documents, such as registration certificates and powers of attorney for representatives and assistants, should be appended the notification.

When registering, the shareholder should state their full name, personal identification number or corporate registration number, address and daytime telephone number. Shareholders are requested when registering to also provide details of representatives, proxy holders and advisors where applicable. Shareholders whose shares are registered under a nominee share holder at a bank or other nominee must temporarily register the shares under their own name through the agency of the nominee in order to have the right to attend the meeting. Such registration, which normally takes a few days, must be completed by Thursday, April 11, 2024, and should therefore be requested from the nominee well in advance of that date. Voting rights registration that has been requested by the shareholders at such time that the registration was carried out by the relevant nominee by Monday, April 15, 2024 at the latest will be taken into consideration in producing the share register.

Dividend

The Board of Directors of Ovzon AB will propose to the Annual General Meeting that no dividend be paid for the 2023 financial year. In the coming years, Ovzon AB will primarily use generated cash flow for continued expansion.

Financial calendar

Annual General Meeting 2024	April 19, 2024
Interim Report January – March 2024	April 19, 2024
Interim Report January – June 2024	August 16, 2024
Interim Report January – September 2024	October 25, 2024

Kontaktuppgifter

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