Connect Bidco Limited

Guernsey Registered Company Number: 66187

Registered in England & Wales as ISAT Connect Bidco Limited, registered number FC037358

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

Contents Page

Strategic Report

Principal activities

Connect Bidco Limited (the "Company") is a company registered under the Companies (Guernsey) Law, 2008 and incorporated on 15 March 2019.

On 8 November 2021, Viasat, Inc. ("Viasat") and the Company announced a definitive agreement under which Viasat would acquire the Company in a transaction then valued at $7.3 billion, comprised of $850 million in cash (reduced to $551 million, post prior distribution to shareholders) approximately 46.36 million shares of Viasat common stock valued at $3.1 billion based on the closing price on Friday 5 November 2021, and the assumption of $3.4 billion of net debt (the "Transaction").

On 30 May 2023, the Transaction was completed and Viasat acquired Topco. Under the terms of the purchase agreement, at the closing of the transaction, Topco's shareholders received an aggregate of $551 million in cash, subject to adjustments, and approximately 46.36 million shares of Viasat common stock. The cash portion of the purchase price was reduced from $850 million to $551 million after the Company paid a $299 million special dividend to its shareholders in April 2022. The shares issued to Topco's shareholders at the closing of the Transaction represented an aggregate of approximately 38% of the total shares of Viasat common stock on a fully diluted basis, with each of Topco's shareholders receiving less than 10% of Viasat's fully diluted shares.

The principal activity of the Company is that of a holding company which derives its income from its subsidiary undertakings ("Subsidiaries"). The principal activity of the Company and its Subsidiaries (together the "Group"), as a leading provider of global mobile satellite communications services ("MSS"), is to provide data and voice connectivity to end-users worldwide.

The Group has over 40 years' experience in designing, launching and operating satellite-based networks. The Group has an in-orbit fleet of owned and operated satellites in geostationary orbit. This includes satellites using our L-band and Ka-band platforms, and also our S-band platform. In addition to our established L-band satellite services business, our Global Xpress ("GX") services offer seamless global coverage and deliver Ka-band satellite services with broadband speeds for users in the Government, Maritime, Enterprise and Aviation sectors.

The I-6 F1 satellite, with a dual payload (L-band and Ka-band), entered into commercial service during the year, which will enable the re-orientation of our L-band capabilities towards new growth opportunities. Our seventh generation of satellites, called GX7, 8 & 9, will have an improved and fully reconfigurable Ka-band payload for GX services as part of our long-term strategy to develop the most agile, flexible, diverse and cost-effective Ka-band constellation. With focused, ultra-high-power capacity layered over high demand flight routes and airport hubs during peak hours, the satellites will revolutionise aviation connectivity. The network will immediately relocate capacity in line with real-time flight patterns, new airline routes and seasonal demand surges across the globe, future-proofing the ability for airline customers to invest in a consistently high quality of service for passengers into the future.

In Q3 2023, the I-6 F2 satellite suffered a power subsystem anomaly during its orbit raising phase, as well as permanent battery failure. The manufacturing and launch costs of the satellite were insured and the anomaly does not impact any ongoing customer services. The full cost of the satellite has been impaired ($489.9m, including $124.0m of capitalised interest), partially offset by recognition of $349.0m with respect to the related insurance claim, which was filed in 2023.

The Directors do not envisage any material changes to the nature of the business in the foreseeable future.

Key financial and other performance indicators

($ in millions)	**2023**	**2022**
Revenue	1,619.8	1,474.1
EBITDA	878.1	849.5
Cash capital expenditure	430.0	316.0

Revenue is total Group revenue generated from operations. Revenue for the year was $1,619.8m, an increase of 10% from 2022. The Group has continued growth across all Business Units. Government revenue increase of 8.5% is attributed to growth in GX usage, increased equipment sales, and timing of contract milestones. Maritime has continued growth year on year, increasing by 4.4% primarily driven by legacy product price increases and continued strong growth of Fleet Xpress exceeding the decline in Fleet Broadband. In the Aviation business unit revenue has increased by 22.3% due to strong growth in the number of Jet Xpress installed aircraft and increased In Flight Connectivity revenue reflecting higher passenger usage. Enterprise revenue has increased by 8.2% driven by additional satellite phone handset sales, higher airtime from strong historical handset sales, partially offset by declines in usage from legacy products.

EBITDA is total Group profit before net financing costs, taxation, depreciation and amortisation, gains / losses on disposals of assets, impairment losses and share of profit of associates. EBITDA for the year was $878.1m, an increase of 3% from 2022. This reflected strong revenue growth, partially offset by higher costs in support of revenue growth, inflationary increases, and additional costs in relation to the Viasat transaction and integration.

Cash capital expenditure ("Cash capex") is the cash flow relating to tangible and intangible asset additions; it includes capitalised labour costs and excludes capitalised interest. Cash capex for the year was $430m, an increase of 27% from 2022 supporting the move of the London office, Inmarsat 8 payments and other infrastructure costs.

Alternative performance measures

In addition to IFRS measures, the Company uses a number of Alternative Performance Measures (APMs) in order to provide readers with a better understanding of the underlying performance of the business, and to improve comparability of our results for the year. More detail on APMs can be found on page 74.

Principal risks and uncertainties

Effective risk management is fundamental to the Company's ability to meet both its short-term and longer-term strategic objectives. Risk comes hand-in-hand with business opportunity. Risk is not something that should be driven out of the business but rather something to be identified, intelligently assessed and managed. The aim is not to eliminate all risks, but to foster a culture supportive of effective risk management by encouraging appropriate risk-taking to achieve objectives. The Group's approach to risk is brought together under an overarching risk management policy. This policy, together with the risk management framework, has been implemented to focus risk management on business objectives and mitigation of the largest risks.

The Group's risks, and the factors which mitigate them, are set out in more detail below:

Principal risks and uncertainties (continued)

Adverse geopolitical and macro-economic factors **–** Further deterioration of the geostrategic environment could cause broad economic disruption and dislocation that could impede our ability to access key growth markets, impacting revenue growth. Our ability to deliver continued business performance could be significantly affected by the individual or aggregate impact of an increasingly complex set of macro-economic factors, all of which may combine to generate difficult and unpredictable headwinds.

This risk is continuously increasing as the global geopolitical and macro-economic situation continues to worsen. The geopolitical tensions between China and other APAC countries as well as North Korea and other APAC countries continues to increase. The ongoing Russia-Ukraine war continues to exacerbate tensions between the West and Russia. In addition, the current situation in the Middle East could extend into other countries and the assessment of any potential impact arising from the situation in the Middle East is currently being considered. Elevated interest rates and continued high inflation could also all have a potential impact on revenue growth and profitability.

The Group continues to have strong relationships with in-country partners across the globe, which helps navigate any uncertainty. In addition, the Group has in-house experts who understand and manage sanctions compliance, and continually review and adapt its strategy in response to developing political or economic situations. Any emerging risks arising from political decisions that could impact the Group's business are monitored and assessed for mitigation.

Environmental, social & governance – Failure to run our business in a sustainable way by assessing the environmental impact of operations may result in damage to our corporate reputation or key stakeholder confidence.

The Group has an internal sustainability team that provides inputs into the strategy for future business. The Group collaborates with suppliers to reduce their Scope 3 emissions and targets 100% renewable energy to power new land earth stations. The Group is also committed to decarbonising its future buildings by committing to BREEAM certification.

Failure of smooth integration post-acquisition – Failure to properly integrate and adequately operate any acquired entities could result in lower-than-expected revenues, increased costs or capital expenditures (one-off or ongoing), non-delivery of key strategic goals or reduced operating efficiency.

The Group has created a global operating model, with open communication and accountability and organisational structures in place. The Group ensures that messages and output from culture surveys are acted on and supported by senior leaders. The Group is focused on outcome-oriented integration, including bridging teams and cultures to ensure focus, retention, coordination and effectiveness. Finally, the Group manages the complexities of working styles by seeking and providing continuous feedback.

Major security or cyber event – Failure to secure satellites, networks, information, data, systems, processes and services from a major security or cyber event could impact our business objectives, services to customers, performance and reputation.

The Group has policies, guidelines and standards consistent with a positive security culture and has a Continuous Information Security improvement programme. The Group has in depth, state-of-the-art countermeasures, and monitoring and a dedicated 24/7 Cyber Security operations centre. The Group undertakes a maturity assessment against the National Institute of Standards and Technology framework and maintains accreditations including ISO 270001 and Cyber Essentials Plus. The Group also has a broad cyber security awareness programme, including mandatory training.

Principal risks and uncertainties (continued)

Failure to attract and retain talent – Failure to invest in the key skills required to maintain competitive advantage in the current business environment could result in insufficient capacity or capability to deliver the core business plans and establish effective organisational structures.

The Group has a people strategy that identifies key employees, skills and skills gaps and has succession plans in place for critical roles. The Group also has performance reviews for employees and undertakes resource planning for each business unit and function on an annual basis. There is continued investment in training and development and recruitment strategies to support the business with required competencies. The Group also undertakes regular employee engagement and diversity and inclusion surveys.

Major operational failure – If there is a major operational event affecting our satellites, launches or IT networks (IT Disaster Recovery) then our reputation or delivery capability may be heavily compromised, with material business impact in the near and long term.

Our infrastructure and satellites are designed, built and maintained with a level of redundancy and resilience, and our space asset operation is in line with manufacturer instructions and industry best practices. Our protection against space weather and debris is enhanced through participation in industry and international bodies. The Group has distributed teams, sites and infrastructure, and facilitates operation of broad regional services and a global partner network to mitigate localised disruptions. There are also business continuity and IT disaster recovery arrangements in place.

As a result of the I-6 F2 loss, the Inmarsat I-3 satellites will have to be kept in operation for a further 4 years until the Inmarsat 8 satellites are commissioned. This increases the risk of being unable to properly decommission the I3 satellites should an in-orbit failure occurs. If this happens, we may also lose GMDSS accreditation. As a mitigating action, there is a technology refresh for the ground infrastructure of the Carabiner network to ensure its reliability over the extended period.

Supply chain dependency – Supply chain disruption, and our over reliance on key partners who are not aligned with our goals, may impact our ability to procure necessary hardware required to upgrade existing customers' technology or activate new customer accounts, resulting in dissatisfied customers and restricted revenue growth.

The Group has a Supplier Relationship Management framework in place and has contractual options with multiple launch vehicle providers. The Group is continuously looking to widen the scope and number of terminal manufacturers and ensure competition, wherever possible, to avoid technical or capability lock-in with any supplier. The Group has also placed advanced orders to give suppliers the best chance of on-time delivery. Finally, the Group monitors geopolitical impacts and prepares contingency plans when disruptions may occur.

Access to long-term funding – Unavailability of working capital and long-term funding necessary to fund the business model could impede our ability to continue to invest for future growth.

The Group works proactively to minimise interest expense and the Group's positive credit agency ratings allow the Group to seek new funding if required. A large component of the Group's current funding is fixed rate debt that matures in late 2026, which minimises the impact of interest rate volatility. The Group has a sound control framework and competent Treasury team in place.

Principal risks and uncertainties (continued)

Competition and market activity – Rapid, well-funded and widely publicised growth of new LEO or MEO satellite operators and/or technologies may disrupt and cannibalise the Satcom market, driving a deterioration in our relative competitiveness and growth prospects.

The Group is working on projects (such as ELERA and ORCHESTRA) to enhance its services. The Group proactively supports satellite operators in forums, where appropriate, to defend broader satellite interests from use by terrestrial operators. The Group also invests in market intelligence to understand longer-term pricing dynamics and prepare responses in advance. In addition, the Group reinforces its market focus and customer intimacy through its business units. The Group continuously looks to increase its operational agility by mobilising its network capacity to leverage cost/bit capabilities.

Finally, the Group reviews and ensures its roadmap has relevant capabilities in place to support roaming by forming strategic partnerships to deliver direct-to-device (D2D) offerings.

Sector consolidation – Further sector consolidation (vertical or horizontal) produces stronger competitors, which could enable competitors to offer more compelling solutions, forcing existing customers to leave the Group and new would-be customers to opt for the competitor’s solutions, which could result in lost revenue and market share.

The Group mitigates this risk by developing commercial strategies to retain customers in response to changes in the marketplace, which may include developing new product capabilities or revised commercial offers to satisfy customer requirements. The Group is broadening its market presence beyond pure connectivity to capture new value-added services to include empowered connectivity capabilities, managed services and related activities, and digital capabilities and partnerships.

Reliance on key channel partners – The Group is reliant on key channel partners, which exposes it to risks associated with the misalignment of objectives between the Group and a partner. The financial or reputational failure of a key channel partner could also impact the distribution capability needed to grow the Group's market share.

The Group is continuously working to better understand customer needs and developing new value propositions to meet those needs. The Group also reviews its channel partner community in response to changing market dynamics and collaborates dynamically with existing partners to grow their revenues. The Group promotes fair play in its distribution channels and obtains in-country market access for its distribution channels in advance, where possible, to make licensing requirements as straightforward as possible for its partners.

Compliance breach – If there is a major compliance failure, emergent regulatory constraint or non-compliance with Government performance specifications, the Group may face penalties and reputational damage, including exclusion from Government bids, resulting in increased costs or a market or sector being closed to the Group.

The Group undertakes compliance horizon scanning to maintain awareness of new legislation and introduces new policies and training into the business when required. External advisors and in-house experts advise the business and help mitigate compliance risks.

Principal risks and uncertainties (continued)

The Group's compliance teams are involved from the outset of any relevant new projects to ensure compliance risk is managed. Compliance programmes and training are in place for anti-bribery and corruption, export controls, sanctions, conflicts of interest and whistleblowing, and compliance policies and processes are maintained and updated quarterly. The Group also operates a gift and hospitality register process, which is reviewed by the compliance team.

Ligado litigation – Ligado may seek to challenge the Group in respect of the Cooperation Agreement, which could result in an adverse financial outcome.

The Group seeks to work collaboratively with Ligado to promote long-term sustainability. For example, the Group amended the Cooperation Agreement multiple times in 2023 to update the financial arrangements and operating terms.

European Aviation Network (EAN) – Failure to find an appropriate solution to the EAN may result in the network closure which would significantly impact our reputation and could prevent the Group from winning airline and other contracts.

Following detailed discussions with third parties and customers, new agreements are in place for the EAN to ensure continuity of service to existing and new customers.

Spectrum access – Failure to maintain adequate spectrum access (orbital slots, orbital planes and frequency licenses) that are well coordinated for the Group's current and planned requirements could result in loss of competitive advantage, ability to offer service to customers and loss of revenue opportunities.

The Group works with regulators globally through ITU forums, including the World Radiocommunication Conference 2023, and proactively makes ITU filings for orbital slots through several national administrations for its ongoing spectrum and orbital slot requirements. The Group also works with in-country partners/regulators to secure licenses and market access to allow its services to operate in key countries and engages with regulators to defend against spectrum allocations to alternative technologies. The Group regularly improves the efficiency of its spectrum usage through innovation and system enhancements and updates regulators and governments about the socio-economic contributions of its mobile satellite services.

Failure to innovate – Failure to innovate or delays to deliver modern technologies, deploy satellites, secure sufficient capacity in market/customer-prioritised locations, introduce new products and services, or develop new propositions could make the Group uncompetitive or unattractive to customers, which could result in missed revenue opportunities.

The Group has introduced new services with common technologies and developed more competitive pricing strategies. In addition, the Group maximises spectrum opportunities, where possible, to enable service provision. The Group prioritises its investment to meet customer demand. One example of the Group's commitment to innovation is its I-6 F1 satellite, which provides L-band and Ka-band services.

By order of the Board

DocuSigned by:
Elizabeth Palmer
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Elizabeth Palmer
Director

Directors' Report

The Directors submit their report and financial statements for Connect Bidco Limited (the "Company" or together with its subsidiaries, the "Group") for the year ended 31 December 2023. Details of future developments are included in the Strategic Report.

Responsibility Statement

The Responsibility Statement made by the Board regarding the preparation of the financial statements is set out on page 10.

Business review, strategic report and future developments

A description of the Company's principal activities are set out in the Strategic Report on page 1.

Principal risks and uncertainties

Details of principal risks and uncertainties are provided on pages 2 to 6.

Financial risk management

Details of the financial risk management objectives and policies of the Group, including exposure of the entity to market risk, credit risk, liquidity risk and cash flow risk are given in notes 3 and 31 to the financial statements.

Results and dividends

A 2023 financial review is provided in the Strategic Report, along with the results for the year being shown in the Consolidated Income Statement on page 11.

No dividends were declared during the year.

Post balance sheet events

There have been a number of events which have occurred post the balance sheet and are considered non-adjusting. These have been discussed in detail within note 35.

Going concern

In order to confirm that the business should adopt the going concern basis in preparing the consolidated financial statements for 2023, the Board and Management have considered compliance with banking covenants, ability to generate future profits and positive cash flows, and the business risks. The Group has a robust and resilient business model, positive free cash flow generation, and is compliant with all banking covenants.

As at 31 December 2023, the Group has $1,015.2m of liquid resources (cash: $285.2m, short-term deposits: $30.0m, undrawn RCF: $700.0m) and a continued expectation that the Group will generate positive free cash flow and reduce leverage over the medium to long term. The undrawn RCF of $700.0m expires in November 2024, the Group refinanced the facility on 28th March 2024, refer to note 35 for further details. On 8 November 2021 the shareholders of the Company's ultimate parent company, Connect Topco Limited accepted an offer from Viasat Inc. to purchase the Group for approximately $7.3 billion. On 30 May 2023 Viasat, Inc. completed the acquisition of the Company which resulted in Viasat, Inc. acquiring control of the Group. The going concern assessment has been performed using the Group's financial performance and position.

Connect Bidco Limited
Directors' Responsibility Statement
For the year ended 31 December 2023

Going concern (continued)

The Board and Management have also considered a number of possible scenarios and their impact on future revenues, EBITDA and liquidity. Under all scenarios there continues to be sufficient headroom to the Financial Performance Covenant under the debt agreements. The Group has assessed future compliance through the most recently approved budget, which considered the maturity profile of the existing debt facilities and the $700 million undrawn revolving credit facility as discussed in note 20 of the annual report.

After considering current financial projections and facilities available and after making enquiries with the new owners, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Consequently, the Group continues to adopt the going concern basis in preparing the 2023 consolidated financial statements. Further discussion of the Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Reports.

Directors

A full list of the individuals who were Directors of the Company during the year ended 31 December 2023 is set out below:

Eric Hargrave (resigned 30 May 2023)

Pascal Keutgens (resigned 30 May 2023)

Inaki Echave (resigned 30 May 2023)

Max Fowinkel (resigned 30 May 2023)

Alison Claire Horrocks, Secretary (resigned 30 May 2023)

Retired General Robert Kehler (resigned 30 May 2023)

Pierre Gonzague de L'honeux (resigned 30 May 2023)

Christoph Romanus Mueller (resigned 30 May 2023)

Salim Nathoo (resigned 30 May 2023)

Rene Richard Obermann (resigned 30 May 2023)

Andrew Sukawaty (resigned 30 May 2023)

Rajeev Suri (resigned 30 May 2023)

Hisham Said Awad (appointed 30 May 2023, resigned 1 December 2023)

Robert James Blair (appointed 30 May 2023)

Elizabeth Palmer (appointed 30 May 2023)

Jason Stewart Smith (appointed 1 December 2023)

Nicholas Mark Watson (appointed 5 April 2024)

Ogier Global (Guernsey) Limited, Secretary

Indemnification of Directors'

Directors' and Officers' insurance cover has been established for all Directors and Officers to provide cover against their reasonable actions on behalf of the Company. In accordance with our Articles of Association and to the extent permitted by the laws of Guernsey, Directors and the Company Secretary have been granted indemnities from the Company in respect of liabilities incurred as a result of their office. Neither our indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently. No payments have been made under any of these indemnities during the year.

Branches

The Group has activities operated through many jurisdictions.

Political donations

During the period, no political donations were made (2022: $nil). It remains the policy of the Company not to make political donations or incur political expenditure.

Research and development

The Group continues to invest in new services and technologies necessary to support its activities through research and development programmes.

Disclosure of information to auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation should be interpreted in accordance with the provision of section 249 of the Companies (Guernsey) Law, 2008.

Independent auditors

Deloitte LLP, having expressed their willingness to act, were appointed auditors of the Company.

By order of the Board

DocuSigned by:
Elizabeth Palmer
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Elizabeth Palmer
Director

Connect Bidco Limited
Directors' Responsibility Statement
For the year ended 31 December 2023

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 ("Law") requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Company's financial statements in accordance with international accounting standards in conformity with the requirements of the Law. The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Directors have also chosen to prepare the Parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing the parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business for the foreseeable future.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
- Make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

By order of the Board

DocuSigned by:
Elizabeth Palmer

Elizabeth Palmer, Director

Connect Bidco Limited
Consolidated Income Statement
For the year ended 31 December 2023

Consolidated Income Statement

($ in millions)	**Note**	**2023**	**2022**
Revenue	5	**1,619.8**	**1,474.1**
Employee benefit costs	7	(393.7)	(311.2)
Network and satellite operations costs		(179.6)	(178.9)
Reversal of impairment of financial assets[1]		4.1	17.9
Other operating costs		(226.6)	(196.0)
Own work capitalised		54.1	43.6
Total net operating costs		**(741.7)**	**(624.6)**
EBITDA		**878.1**	**849.5**
Depreciation and amortisation		(609.5)	(600.8)
Loss on disposal of assets		(4.1)	(4.1)
Impairment of assets	6	(494.2)	(0.5)
Proceeds from insurance	6	349.0	-
Share of profit of associates	16	7.1	7.2
Operating profit	6	**126.4**	**251.3**
Financing income		136.2	75.4
Financing costs		(210.8)	(190.8)
Net financing costs	9	**(74.6)**	**(115.4)**
Profit before tax		**51.8**	**135.9**
Taxation charge	10	(34.7)	(30.7)
Profit for the year		**17.1**	**105.2**
Attributable to:			
Equity holders		16.9	104.6
Non-controlling interest[2]		0.2	0.6

1 $30m was received from Ligado in Q2 2023 which released a $4.5m impairment on the existing receivable. $30.0m was also received from Ligado in Q4 2022 which released a $15.3m impairment on the existing receivable owing at that time. (refer note 4(a)).

2 Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf. During Q2 2023 Inmarsat acquired the remaining shareholding in Inmarsat Solutions ehf.

The accompanying notes are an integral part of the financial statements.

Connect Bidco Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

Consolidated Statement of Comprehensive Income

($ in millions)	**Note**	**2023**	**2022**
Profit for the year		**17.1**	**105.2**
Other comprehensive income			
Items that may be reclassified subsequently to the Income Statement:			
Foreign exchange translation differences		(0.4)	(0.1)
Net (loss) / gain accumulated in hedge reserve on interest rate caps	26	(34.4)	79.1
Tax credited / (charged) directly to equity	10, 26	9.1	(21.3)
Items that will not be reclassified subsequently to the Income Statement:			
Re-measurement of pension assets and liabilities	28	(0.8)	3.8
Tax credited / (charged) directly to equity	10	0.2	(1.1)
Other comprehensive (loss) / gain for the year, net of tax		**(26.3)**	**60.4**
Total comprehensive income for the year, net of tax		**(9.2)**	**165.6**
Attributable to:			
Equity holders		(9.4)	165.0
Non-controlling interest[1]		0.2	0.6

1 Non-controlling interest refers to the Group's 51% shareholding in Inmarsat Solutions ehf. During Q2 2023 Inmarsat acquired the remaining shareholding in Inmarsat Solutions ehf.

The accompanying notes are an integral part of the financial statements.

Connect Bidco Limited
Consolidated Balance Sheet
As at 31 December 2023

Consolidated Balance Sheet

($ in millions)	Note	As at 31 December 2023	As at 31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	13	2,776.1	3,258.7
Intangible assets	14	2,621.3	2,757.5
Right of use assets	15	81.6	26.4
Investments	16	30.4	28.4
Finance lease receivable		0.2	0.4
Other receivables	18	1,248.6	1,122.2
Derivative financial instruments	31	4.7	38.0
Deferred tax asset	23	41.8	34.6
		6,804.7	**7,266.2**
Current assets			
Cash and cash equivalents	17	285.2	233.8
Short-term deposits	17	30.0	109.1
Trade and other receivables	18	707.3	304.9
Lease receivable		0.2	1.3
Inventories	19	71.1	57.2
Current tax assets	23	18.3	3.1
Derivative financial instruments	31	44.2	45.0
		1,156.3	**754.4**
Total assets		**7,961.0**	**8,020.6**
Liabilities			
Current liabilities			
Borrowings	20	17.5	17.5
Trade and other payables	21	1,317.0	1,354.4
Provisions	22	9.7	3.6
Current tax liabilities	23	132.4	176.6
Lease obligations	15	19.0	9.9
		1,495.6	**1,562.0**
Non-current liabilities			
Borrowings	20	3,644.4	3,630.8
Other payables	21	14.0	12.8
Provisions	22	4.3	3.7
Deferred tax liabilities	23	754.5	808.8
Lease obligations	15	81.1	23.9
		4,498.3	**4,480.0**
Total liabilities		**5,993.9**	**6,042.0**
Net assets		**1,967.1**	**1,978.6**
Shareholders' equity			
Ordinary shares	25	2,361.5	2,361.5
Hedge and other reserves		35.7	61.4
Retained earnings		(430.1)	(445.1)
Equity attributable to shareholders		**1,967.1**	**1,977.8**
Non-controlling interest[1]		**-**	**0.8**
Total equity		**1,967.1**	**1,978.6**

1 Non-controlling interest refers to the Group's 51% shareholding in Inmarsat Solutions ehf. During Q2 2023 Inmarsat acquired the remaining shareholding in Inmarsat Solutions ehf.

Connect Bidco Limited
Consolidated Balance Sheet
As at 31 December 2023

The accompanying notes are an integral part of the financial statements.

The consolidated financial statements of the Group were approved by the Board of Directors on 2 May 2024 and were signed on its behalf by:

DocuSigned by:

Elizabeth Palmer

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Elizabeth Palmer
Director

Connect Bidco Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

Consolidated Statement of Changes in Equity

($ in millions)	Share capital	Hedge reserve	Other reserves	Retained earnings	NCI[1]	Total
As at 1 January 2022	**2,361.5**	**4.0**	**(0.3)**	**(552.4)**	**0.9**	**1,813.7**
Dividend declared	-	-	-	-	(0.7)	(0.7)
Comprehensive Income:						
Profit for the year	-	-	-	104.6	0.6	105.2
OCI – before tax	-	79.1	(0.1)	3.8	-	82.8
OCI – tax	-	(21.3)	-	(1.1)	-	(22.4)
As at 31 December 2022	**2,361.5**	**61.8**	**(0.4)**	**(445.1)**	**0.8**	**1,978.6**
As at 1 January 2023	**2,361.5**	**61.8**	**(0.4)**	**(445.1)**	**0.8**	**1,978.6**
Dividend declared	-	-	-	-	(0.5)	(0.5)
Acquisition of remaining shares in Inmarsat Solutions ehf.[1]	-	-	-	(1.3)	(0.5)	(1.8)
Comprehensive Income:						
Profit for the year	-	-	-	16.9	0.2	17.1
OCI – before tax	-	(34.4)	(0.4)	(0.8)	-	(35.6)
OCI – tax	-	9.1	-	0.2	-	9.3
As at 31 December 2023	**2,361.5**	**36.5**	**(0.8)**	**(430.1)**	**-**	**1,967.1**

1 Non-controlling interest refers to the Group's 51% shareholding in Inmarsat Solutions ehf. During Q2 2023 Inmarsat acquired the remaining shareholding in Inmarsat Solutions ehf.

The accompanying notes are an integral part of the financial statements.

Connect Bidco Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2023

Consolidated Statement of Cash Flows

($ in millions)	Note	2023	2022
Cash flow from operating activities			
Cash generated from operations	24	802.3	843.5
Interest received		14.0	3.0
Tax paid		(122.1)	(23.6)
Net cash flow from operating activities		**694.2**	**822.9**
Cash flow from investing activities			
Purchase of property, plant and equipment		(305.0)	(204.0)
Additions to intangible assets		(80.1)	(77.4)
Own work capitalised		(44.9)	(34.6)
Net investment in short-term deposits		79.1	(79.1)
Issue of intergroup borrowings		-	(299.3)
Net cash used in investing activities		**(350.9)**	**(694.4)**
Cash flow from financing activities			
Dividends paid relating to NCI[1]		(0.5)	(0.7)
Repayment of borrowings		(17.5)	(17.5)
Interest paid		(259.6)	(230.2)
Cash payments for the principal portion of lease obligations		(10.5)	(10.5)
Acquisition of remaining shares in Inmarsat Solutions ehf.[1]		(1.7)	-
Other financing activities		(1.8)	(1.8)
Net cash used in financing activities		**(291.6)**	**(260.7)**
Net increase / (decrease) in cash and cash equivalents		**51.7**	**(132.2)**
Cash and cash equivalents			
At beginning of the year		233.8	364.0
Net increase / (decrease) in cash and cash equivalents		51.7	(132.2)
Exchange (loss) / gain on cash and cash equivalents		(0.3)	2.0
At end of the year		**285.2**	**233.8**
Comprising:			
Cash at bank and in hand		119.6	192.1
Short-term deposits with original maturity less than 3 months		165.6	41.7
Cash and cash equivalents		**285.2**	**233.8**
Net cash and cash equivalents at end of year	17	**285.2**	**233.8**

1 Non-controlling interest refers to the Group's 51% shareholding in Inmarsat Solutions ehf. During Q2 2023 Inmarsat acquired the remaining shareholding in Inmarsat Solutions ehf. which resulted in a cash outflow of $1.7m to the previous shareholders.

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

1. General information

Connect Bidco Limited (the "Company" or, together with its subsidiaries, the "Group") is a private company limited by shares incorporated in Guernsey. The address of its registered office is Redwood House, St Julian's Avenue, St Peter Port, GY1 1WA, Guernsey.

On 30 May 2023, Viasat, Inc. completed the acquisition of Connect Topco Limited (ultimate parent company of the Company) which resulted in Viasat, Inc. acquiring control of the Group.

Until 30 May 2023, the ultimate controlling party and parent of the Company is Connect Topco Limited which is an entity based in Guernsey. From completion of the transaction on 30 May 2023, the ultimate controlling party is Viasat, Inc., which is an entity based in the United States.

As at 31 December 2022 and until 30 May 2023, the smallest and largest group into which the results of the Company are consolidated is headed by Connect Topco Limited. The address of its registered office is Redwood House, St Julian's Avenue, St Peter Port, GY1 1WA, Guernsey.

From completion of the transaction on 30 May 2023, the smallest group into which the results of the Company will be consolidated is headed by Connect Topco Limited and largest group into which the results of the Company will be consolidated is headed by Viasat, Inc. The address of Viasat, Inc's registered office is 6155 El Camino Real Carlsbad, California 92009.

2. Material accounting policies

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies (Guernsey) Law, 2008 and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except for certain financial instruments that have been measured at fair value, as described later in these accounting policies.

Going concern

In order to confirm that the business should adopt the going concern basis in preparing the consolidated financial statements for 2023, the Board and Management have considered compliance with banking covenants, ability to generate future profits and positive cash flows, and the business risks. The Group has a robust and resilient business model, positive free cash flow generation, and is compliant with all banking covenants.

As at 31 December 2023, the Group has $1,015.2m of liquid resources (Cash: $285.2m, short-term deposits: $30.0m undrawn RCF: $700.0m) and a continued expectation that the Group will generate positive free cash flow and reduce leverage over the medium to long term. The undrawn RCF of $700.0m expires in November 2024, the Group refinanced the facility on 28th March 2024, refer to note 35 for further details. On 8 November 2021 the Connect Topco shareholders accepted an offer from Viasat Inc. to purchase the Group for approximately $7.3 billion. On 30 May 2023 Viasat, Inc. completed the acquisition of the Company which resulted in Viasat, Inc. acquiring control of the Group. The going concern assessment has been performed using the Group financial performance and position.

2. Material accounting policies (continued)

Going concern (continued)

The Board and Management have also considered a number of possible scenarios and their impact on future revenues, EBITDA and liquidity. Under all scenarios there continues to be sufficient headroom to the Financial Performance Covenant under the debt agreements. The Group continues to have sufficient headroom to the Financial Performance Covenant under the debt agreements. The Group has assessed the future compliance through the most recently approved budget, which has considered the maturity profile of the existing debt facilities and the $700 million undrawn revolving credit facility as discussed in note 20 of the annual report.

After considering current financial projections and facilities available and after making enquiries with the new owners, the Directors have a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Consequently, the Group continues to adopt the going concern basis in preparing the 2023 consolidated financial statements. Further discussion of the Groups business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Reports.

Basis of accounting

The consolidated financial statements are presented in U.S. Dollars, which is the functional currency of the Company and most of the Group's subsidiaries. The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the year. Although these estimates are based on management's best estimate of the amount, event or actions, the actual results ultimately may differ from these estimates. Further discussion on these estimates and assumptions are disclosed in note 4.

Accounting standard changes and amendments

New and amended accounting standards adopted by the Group during 2023 which have no material impact include amendments to IFRS 17 Insurance Contracts, amendments to IAS 1 Presentation of financial statements, amendments to IAS 8 Accounting policies, changes in accounting estimates and errors, amendments to IAS 12 income taxes, and amendments to IFRS 16 Leases.

New and amended accounting standards that have been issued but are not yet effective and have not been adopted by the Group are provided below. All are effective for years beginning on or after 1 January 2024 and none will have a material impact on the Group.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates.
- Amendments to IAS 1 Presentation of Financial Statements: Non current liabilities with covenants.
- Amendments to IAS 7 and IFRS 7 financial arrangements with suppliers.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries, and incorporate the share of the results of associates using the equity method of accounting.

The results of subsidiary undertakings established or acquired during the year are included in the consolidated income statement from the date of establishment or acquisition of control. The results of subsidiary undertakings disposed of during the period are included until the date of disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All transactions, balances, income and expenses with and between subsidiary undertakings have been eliminated on consolidation.

2. Material accounting policies (continued)

Basis of consolidation (continued)

Non-controlling interests in the net assets of consolidated subsidiaries, which consist of the amounts of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination, are not material to the Group's financial statements.

Business combinations

Business combinations are accounted for using the acquisition method. When the Group acquires a business, it identifies the assets and liabilities of the acquiree at the date of acquisition and measures them at fair value. Only separately identifiable intangible assets are recognised. Any assets or disposal groups held for sale at the acquisition date are measured at fair value less costs to sell.

Consideration is the fair value at the acquisition date of the assets transferred and liabilities incurred in acquiring the business and includes the fair value of any contingent consideration. Changes in fair value of contingent consideration after the acquisition date are recognised in the income statement. Acquisition-related costs are expensed as incurred and included in operating costs.

Foreign currency translation

The functional currency of the Company and most of the Group's subsidiaries, as well as the presentation currency of the Group, is U.S. Dollar. This is as the majority of operational transactions and financing are denominated in U.S. Dollars.

Foreign exchange gains and losses resulting from the settlement of transactions and the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the income statement line which most appropriately reflects the nature of the item or transactions.

On consolidation, assets and liabilities of foreign operations are translated into the Group's presentation currency at the prevailing spot rate at year end. The results of foreign operations are translated into U.S. Dollars at the average rates of exchange for the year. Foreign currency translation differences resulting from consolidating foreign operations are recognised in other comprehensive income.

Revenue

The Group applies the 5 step-model as required by IFRS 15 in recognising its revenues. A contract's transaction price is allocated to each distinct performance obligation and recognised as revenue when, or as, the performance obligation is satisfied. Revenue is only recognised when it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services to be transferred to the customer.

Mobile satellite communications service revenues result from utilisation charges that are recognised as revenue over the minimum contract period. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the products or services to be provided. Because of control transferring over time, revenue is recognised based on the extent of progress towards completion of the performance obligation. Deferred income attributable to mobile satellite communications services or subscription fees represents the unearned balances remaining from amounts received from customers pursuant to prepaid contracts.

The Group enters into minimum spend contracts with customers, known as 'take-or-pay' contracts, whereby customers agree to purchase a minimum value of mobile satellite communications services over a fixed period. Any unused portion of the prepaid contracts or the take-or-pay contracts ('breakage') that is deemed highly probable to occur by the expiry date is estimated at contract inception and recognised over the contract period in line with the pattern of actual usage of units by the customer.

2. Material accounting policies (continued)

Revenue (continued)

Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime and subsequently recognised over time. Breakage from prepaid credit deferrals which is considered highly probable is estimated and recognised from contract inception. Mobile satellite communications service revenues from capacity sold are recognised on a straight-line basis over the term of the contract concerned, which is typically between one and 12 months, unless another systematic basis is deemed more appropriate.

Revenue from spectrum coordination agreements, is recognised at a point in time based on standalone selling prices.

Revenue from service contracts is recognised as the service is provided over time based on the contract period.

Revenue of terminals and other communication equipment sold are recognised at the point in time when control is transferred to the customer. Installation revenues relating to this are also recognised at a point in time. Revenue from installation of terminals and other communication equipment owned by Inmarsat and used in the delivery of the service to the customer is however recognised over the contract term.

The Group offers certain products and services as part of multiple deliverable arrangements. Consistent with all other contracts, the Group will assess whether the performance obligations are distinct by considering whether 1) the customer can benefit from the good or service on its own; or together with other readily available resources and 2) the good or service is distinct in the context of the contract. The transaction price is allocated to each performance obligation based on its standalone selling price relative to the total of all performance obligations' standalone selling prices under the contract.

The nature of the contracts within the Group may give rise to variable consideration. This is estimated as the most likely amount based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available and is included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

Where a contract contains a significant financing component, the Group adjusts the transaction price to a present value where the effect of discounting is deemed to be material. The Group has adopted the practical expedient whereby it is not required to adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or services is expected to be one year or less. For contracts with an overall duration greater than one year, the practical expedient also applies if the period between performance and payment for that performance is one year or less.

A contract asset or a contract liability will arise when the performance of either party exceeds the performance of the other. Contract assets are rights to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time. Contract liabilities are obligations to transfer goods or services to a customer for which the entity has received consideration, or for which an amount of consideration is due to the customer. These are referred to as deferred income within the Group.

Contract costs to obtain a contract and fulfil a contract are capitalised and amortised on a systematic basis, consistent with the pattern of transfer of the goods or services to which the capitalised cost relates. As a practical expedient, a cost to obtain contract with a customer will be immediately expensed if it has an amortisation period of one year or less.

2. Material accounting policies (continued)

Financing income and financing cost

Financing income comprises interest receivable on intergroup lending, funds invested in short-term deposits, and interest on the net defined benefit and post-employment asset/liability.

Financing costs comprise interest payable on borrowings including the Senior Notes and Term Loan, amortisation of deferred financing costs, and interest on lease liabilities. Finance charges are recognised in the income statement at the effective interest rate.

Financial assets

Trade and other receivables

Trade and other receivables, including prepaid and accrued income, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The Group stratifies trade debtors based on internal credit ratings. The Group calculates the loss allowance for trade receivables and contract assets based on lifetime expected credit losses under the IFRS 9 simplified approach.

Cash and cash equivalents

Cash and cash equivalents, measured at fair value, comprises cash balances, deposits held on call with banks, money market funds and other short-term, highly liquid investments with an original maturity of three months or less. Bank overdrafts are shown as current liabilities within borrowings on the balance sheet.

Short-term deposits

Short-term deposits, measured at fair value, comprises deposits held with banks, money market funds and other short-term, highly liquid investments with an original maturity of four to twelve months.

Intergroup lending

Intergroup lending includes interest-bearing loans with other entities which are 100% owned by the ultimate parent company. This is initially recognised at fair value which equates to the proceeds provided, net of direct transaction and arrangement costs. They are subsequently measured at amortised cost. Finance income is charged to the income statement over the term of the borrowing using the effective interest rate method.

Financial liabilities and equity

Equity instruments

An equity instrument is any contract that evidences a residual interest in the net assets of the Group. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue cost.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings

Borrowings, comprising interest-bearing bank loans, are initially recognised at fair value which equates to the proceeds received, net of direct transaction and arrangement costs. They are subsequently measured at amortised cost. Finance charges related to borrowings, including amortisation of direct transaction costs, are charged to the income statement over the term of the borrowing using the effective interest rate method.

Borrowings are generally classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date, in which case borrowings are classified as non-current liabilities.

2. Material accounting policies (continued)

Financial liabilities and equity (continued)

Senior Notes and term loan

The Group has issued Senior Notes and a term loan that are included within borrowings, and are initially recognised at fair value which equates to the proceeds received, net of direct transaction costs and any premium or discount. These instruments are subsequently measured at amortised cost. Finance charges, including amortisation of direct transaction costs and any premium or discount, are recognised in the income statement over the term of the borrowing at the effective interest rate method.

Net borrowings

Net borrowings consist of total borrowings less cash and cash equivalents and short-term deposits. Borrowings exclude accrued interest and any derivative financial liabilities.

Derivative financial instruments

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivatives are initially recognised at fair value on the date the contract is entered into and subsequently measured at fair value. The gain or loss on remeasurement is recognised in the income statement, except where the derivative is used to hedge against risks such as fluctuations in interest rates or foreign exchange rates. The accounting policy for hedging follows below.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all the hedge effectiveness criteria.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Group applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and accumulated in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement within financing costs.

Where there is a material contract with a foreign currency exposure, a specific hedge to match the specific risk will be evaluated. The Group has previously hedged certain foreign currency milestone payments for the construction of the I-6 satellites.

2. Material accounting policies (continued)

Derivative financial instruments (continued)

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised, or when a forecast sale occurs. When the hedged item is the future purchase of a non-financial asset or non-financial liability, the amount recognised as other comprehensive income is transferred to the initial carrying amount of the non-financial asset or liability.

IFRS 9 requires the Group to value and account for foreign currency basis. Changes in the fair value of currency basis are recognised as a separate component of equity in other comprehensive income.

IBOR Reform

The Group applies the Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39 and IFRS 7 issued in August 2020 ('Phase 2 relief'). These amendments modify (provide relief to) specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In relation to borrowing, the IFRS reliefs mean the Group can update its effective interest rate for the change to the new risk-free rate without recognising an immediate gain or loss. For hedge accounting, the reliefs mean existing hedge accounting will not terminate and updates to hedge documentation relating to IBOR reform will not result in a de-designation event for existing hedge relationships. Hedge ineffectiveness will continue to be recorded in the income statement. In order to qualify for the relief the Group will ensure that transition is economically equivalent to the previous LIBOR basis.

The group obtained the necessary lender consent to transition the credit agreement governing its term loan and revolving credit facility from LIBOR to Term SOFR as a result of the cessation of LIBOR as a reference rate which became unavailable from 1 July 2023. The group used the ISDA Fallbacks Protocol to transition the interest rate hedges applicable to the term loan from USD LIBOR to Compound SOFR effective from 30 June 2023. There were no material changes to existing systems and processes and the primary impact arose as a result of differences between LIBOR and SOFR and between Compound and Term SOFR rates.

All financial instruments with a reference rate linked to LIBOR were transitioned to the Term SOFR benchmark. At 31 December 2023 the Group has a term loan of $1.68bn (2022: $1.70bn) and interest rate caps with a notional amount of $1.66bn (2022: $1.66bn), which now are indexed to Compound SOFR. The interest rate caps are designated in a cash flow hedge relationship hedging the term loan.

Employee benefits

Wages, salaries, social security contributions, accumulating annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are performed by the employees of the Group.

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it has demonstrably committed to either terminate the employment of current employees or to provide termination benefits, as a result of an offer made to encourage voluntary redundancy.

Cash based LTIP is a remuneration scheme for executives and senior management, which runs over three years. The scheme awards are accrued in the financial statements for the duration of the award. The accrual is based on the values assessed for the applicable schemes, taking into account the duration of the individual scheme, and by comparing the Group's performance against the criteria used to award payments. These are recognised as the present value of the benefit obligation. Where the Group's performance does not meet the criteria for the LTIP to be awarded, no accruals are recognised.

2. Material accounting policies (continued)

Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement as it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided on temporary differences arising between assets and liabilities' tax bases and their carrying amounts (the balance sheet method). Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary deductible differences or tax loss carry forwards can be utilised.

Deferred tax liabilities are provided on all taxable temporary differences except on those:

- Arising from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit.
- Associated with investments in subsidiaries and associates, but only to the extent that the Group controls the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set them off, when they relate to income taxes levied by the same taxation authority and if the Group intends to settle its current tax assets and liabilities on a net basis.

Uncertain tax positions

The Group's policy is to comply with all enacted laws in the relevant jurisdictions in which the Group prepares its tax returns. However, tax legislation, especially as it applies to corporate taxes, is not always prescriptive and more than one interpretation of the law may be possible. In addition, tax returns in many jurisdictions are filed in arrears a year or more after the end of the accounting period to which they relate. The tax authorities often have a significant period in which to enquire into these returns after their submission. As a result, differences in view, or errors in returns, may not come to light until some time after the initial estimate of tax due is determined. This necessarily leads to a position of uncertain tax positions.

Where the Group is aware of significant areas where the law is unclear and where this has been relied upon in a filing position of a tax return, or, in an area where different outcomes and interpretations are possible and may lead to a different result, the Group provides for the uncertain tax position. A provision is made when, based on the available evidence, the Group considers that it is probable that further amounts will be payable, or a recoverable tax position will be reduced, and the adjustment can be reliably estimated.

The Group calculates the uncertain tax position using a single best estimate of the most likely outcome on a case-by-case basis.

2. Material accounting policies (continued)

Property, plant and equipment

General

Property, plant and equipment assets are initially recognised at cost and subsequently treated under the cost model at cost less accumulated depreciation and any accumulated impairment losses.

Space segment assets

Space segment assets comprise satellite construction, launch and other associated costs, including ground infrastructure. Expenditure charged to space segment projects includes invoiced progress payments, amounts accrued appropriate to the stage of completion of contract milestones, external consultancy costs and direct internal costs. Internal costs, comprising primarily staff costs, are only capitalised when they are directly attributable to the construction of an asset. Progress payments are determined on milestones achieved to date together with agreed cost escalation indices. Deferred satellite payments represent the net present value of future payments dependent on the future performance of each satellite and are recognised in space segment assets when the satellite becomes operational. The associated liability is stated at its net present value and included within borrowings. Depreciation on space segment assets is recognised over the life of the satellites from the date they become operational and are placed into service.

Assets in the course of construction

These assets are carried at cost with no depreciation charged whilst in the course of construction. The assets will be transferred and depreciated over the life of the satellites or services once they become operational and placed into service.

Capitalised borrowing costs

The Group incurs borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for its intended use or sale. Such borrowing costs are capitalised as part of the cost of the asset. Capitalisation commences when the Group begins to incur the borrowing costs and related expenditures for the asset, and when it undertakes the activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs ceases when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete, or when the asset is no longer intended to be used.

Other fixed assets

Other fixed assets are initially recognised at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated to write-off the historical cost less residual values, if any, of fixed assets, except land, on a straight-line basis over the expected useful lives of the assets concerned. The Group selects its depreciation rates and residual values carefully and reviews them annually to take into account any changes in circumstances or expectations. When determining useful lives, the principal factors considered are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used. Any change in useful lives is accounted for prospectively. The Group also reviews the residual values and depreciation methods on an annual basis.

Derecognition

An item of property plant or equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the income statement.

2. Material accounting policies (continued)

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. A grant that relates to an expense item is recognised as income on a systematic basis over the period(s) that the related costs are expensed. A grant that relates to an asset is deducted from the cost of the relevant asset, thereby reducing the depreciation charge over the useful life of the asset.

Intangible assets

Intangible assets comprise goodwill, trademarks, software, terminal development and network access costs, spectrum rights, orbital slots, unallocated launch slots and licences, customer relationships and intellectual property.

Intangible assets acquired separately are initially recognised at cost. Intangible assets acquired as part of a business combination are initially recognised at their fair values as determined at acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill

Goodwill is initially measured at cost as the difference between the fair value of the consideration for the acquisition and fair value of the net identifiable assets acquired, including any identifiable intangible assets other than goodwill. If the assessment of goodwill results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (‘CGUs’) that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Research and development costs

Research costs related to internally generated intangibles are expensed in the year that the expenditure is incurred.

Development costs are expensed when the costs are incurred unless it meets criteria for capitalisation under IAS 38. Development costs are only capitalised if the technical feasibility, availability of appropriate technical, financial and other resources and commercial viability of developing the asset for subsequent use or sale have been demonstrated and the costs incurred can be measured reliably. Capitalised development costs are amortised in the income statement on a straight-line basis over the period of expected future benefit.

Amortisation

Intangible assets with a finite useful life are amortised on a straight-line basis over the useful life of the asset. The amortisation period and method are reviewed on an annual basis. Intangible assets with an indefinite useful life, such as goodwill, are not amortised but reviewed annually for impairment.

Impairment reviews

Goodwill is not amortised but is tested at least annually for impairment. Impairment losses in respect of goodwill are not reversed.

2. Material accounting policies (continued)

Impairment reviews (continued)

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the full carrying amount may not be recoverable. Indicators of impairment may include changes in technology and business performance. An asset is tested for impairment on an individual basis as far as possible to determine its recoverable amount. Where this is not possible, assets are grouped and tested for impairment in a cash generating unit. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An asset will be impaired if the carrying amount exceeds its recoverable amount, which is the higher of the fair value less costs to sell the asset and the value in use. The impairment loss will be recognised in the income statement.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Subsequent to an impairment loss, if indications exist that an asset's recoverable amount might have increased, the recoverable amount will be reassessed and any impairment reversal recognized below operating profit in the income statement. An impairment loss is reversed only to the extent that the asset's carrying amount will not exceed the depreciated historical cost (what the carrying amount would have been had there been no initial impairment loss).

Leases

Contracts which convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases by the Group. At the commencement date, the Group, as lessee, recognises a right-of-use asset and a lease liability. The lease liability is measured at the present value of the lease payments that are not paid at that date, discounted using the rate implicit in the lease, unless such a rate is not readily determinable, in which case the incremental borrowing rate is used. The right-of-use asset comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs incurred by the Group. Lease term is determined as the non-cancellable period of a lease adjusted for any reasonably certain extension or termination option.

After commencement date, the right-of-use asset is depreciated on a straight-line basis to the end of the lease term. The lease liability is accounted for by reducing the carrying amount to reflect the lease payments made, and increasing the carrying amount to reflect the interest on the lease liability.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As lessor for operating leases, the Group recognises lease payments as income. The underlying asset is depreciated on a straight-line basis over its expected useful life. As lessor for finance leases, the Group recognises lease receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

2. Material accounting policies (continued)

Inventories

Inventories are stated at the lower of cost (determined by the weighted average cost method) and net realisable value. Allowances for obsolescence are recognised in other operating costs when there is objective evidence that inventory is obsolete.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The expense relating to a provision is recognised in the income statement, except where the obligation is to dismantle or restore an item of property, plant or equipment, in which case the amount is capitalised to the cost of the asset. The capitalised amount is subsequently depreciated to the income statement over the remaining useful life of the underlying asset.

Provisions are discounted to a present value at initial recognition where the effect of discounting is deemed to be material. Discounted provisions will unwind over time using the amortised cost method with finance cost recognised in the income statement. Provision estimates are revised each reporting date and adjustments recognised in line with the provision's initial recognition (either in the income statement or recognised against the cost of the asset).

Asset retirement obligations

The fair value of legal obligations associated with the retirement of tangible property, plant and equipment is recognised in the financial statements in the year in which the liability is incurred. Upon initial recognition of a liability for an asset retirement obligation, a corresponding asset retirement cost is added to the carrying amount of the related asset, which is subsequently amortised to income over the remaining useful life of the asset. Following the initial recognition of an asset retirement obligation, the carrying amount of the liability is increased for the passage of time by applying an interest method of allocation to the liability with a corresponding accretion cost reflected in operating expenses.

Revisions to either the timing or the amount of the original estimate of undiscounted cash flows are recognised each year as an adjustment to the carrying amount of the asset retirement obligation.

Alternative performance measures

In addition to IFRS measures the Group uses a number of Alternative Performance Measures ('APMs') in order to provide readers with a better understanding of the underlying performance of the business, and to improve comparability of our results for the year. More detail on IFRS and APMs can be found on page 74.

3. Financial risk management

Financial risk factors

The Group's operations and significant debt financing expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign currency exchange rates, credit risks, liquidity risks and interest rates. The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group by using forward exchange contracts to limit exposure to foreign currency risk and to limit the impact of fluctuating interest rates by minimising the amount of floating rate long-term borrowings.

3. Financial risk management (continued)

Financial risk factors (continued)

The Board of Directors has delegated to the treasury department the responsibility for setting and implementing the financial risk management policies applied by the Group. The treasury department has an operating manual that sets out specific guidelines for managing foreign exchange risk, interest rate risk and credit risk (see note 31). The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

<u>(a) Market risk</u>

(i) Foreign exchange risk

The functional currency of the Company and its principal subsidairies is the U.S. Dollar. All of the Group's long-term borrowings are denominated in U.S. Dollars, the majority of its revenue is earned in U.S. Dollars and the majority of capital expenditure is denominated in U.S. Dollars, which are therefore not subject to risks associated with fluctuating foreign currency rates of exchange.

However, the Group operates internationally, resulting in 5% (2022: 3%) and 34% (2022: 32%) of total revenue and total expenditure, respectively, being denominated in currencies other than the U.S. Dollar. 34% (2022: 28%) of the Group's operating costs are denominated in Pounds Sterling. The Group's exposure therefore needs to be carefully managed to avoid variability in future cash flows and earnings caused by volatile foreign exchange rates.

For the year ended 31 December 2023, a hypothetical 10% increase in the U.S. Dollar/Sterling year-end exchange rate (U.S.$1.27/£1.00 to U.S.$1.40/£1.00) would have decreased the 2023 profit before tax and equity by $13.5m (2022: $1.0m). Management believes that a 10% sensitivity rate provides a reasonable basis upon which to assess expected changes in foreign exchange rates.

(ii) Price risk

The Group is not exposed to significant equity securities price risk or commodity price risk.

(iii) Inflation risk

The Group faces inflationary risks which cause an increase in costs across the business. The Group has partially mitigated this risk through tight cost control, and targeted price increases.

<u>(b) Interest rate risk</u>

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has interest-bearing assets such as cash and cash equivalents, short-term deposits, and non-current other receivables, however the interest rate risk arises from its long-term borrowings specifically a Term Loan and Senior Notes 2026. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings related to Senior Notes due 2026 are charged at a fixed rate.

As at 31 December 2023 the Group had drawn down $1.68bn (2022 $1.70bn) on the Term Loan which is repayable in quarterly instalments over 7 years. The credit agreement will mature in 2026. Drawings under this credit agreement incur interest at a variable rate of LIBOR +3.5% until June 2023 and SOFR + 3.5% from July 2023 onwards (2022: LIBOR+3.5%).

The Group has entered into interest rate cap arrangements to hedge the variable interest rates on the Term Loan. The cap provides protection of USD LIBOR (SOFR from July 2023 onwards) up to 2% and covers 99% of the total nominal amount of the Term Loan. As at 31 December 2023 it is estimated that a hypothetical 1% increase in interest rate would have decreased the 2023 profit before tax by approximately $36.5m (2022: $37.0m).

3. Financial risk management (continued)

Financial risk factors (continued)

Management believes that a 1% sensitivity rate provides a reasonable basis upon which to assess expected changes in variable interest rates, given Senior Notes are charged at a fixed rate and the Term Loan is supported by an interest rate cap arrangement, therefore materially mitigating interest rate risk.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. A debt will be deemed uncollectable and therefore written off based on one or more of the following criteria:

- Insolvency (formal or just ceased trading).
- Debtor cannot be located.
- Debt uneconomical to pursue.

For any write-offs, a standard procedure is followed with authorisations obtained in-line with the Group's framework.

Financial instruments that potentially subject the Group to a concentration of credit risk consist of cash and cash equivalents, short-term deposits, trade receivables, other receivables, accrued income and derivative financial instruments. The credit risk on liquid funds (cash and cash equivalents and short-term deposits) and derivative financial instruments is limited because the counterparties are highly rated financial institutions.

The maximum exposure to credit risk as at 31 December is:

($ in millions)	Note	2023	2022
Cash and cash equivalents	17	285.2	233.8
Short-term deposits	17	30.0	109.1
Trade receivables, other receivables and accrued income	18	654.4	262.3
Intergroup lending	18	1,238.9	1,118.8
Total credit risk exposure		**2,208.5**	**1,724.0**

The Group's average age of trade receivables as at 31 December 2023 was approximately 58 days (2022: 56 days).

At 31 December 2023, $281.6m (2022: $260.2m) of trade receivables were not yet due for payment. No interest is charged on trade receivables until the receivables become overdue for payment. Thereafter, interest may be charged at varying rates depending on the terms of the individual agreements.

The Group has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilises both internal and third-party collection processes for overdue accounts. The Group maintains provisions for potential credit losses that are assessed on an ongoing basis. The provision for uncollectible trade receivables has decreased to $13.7m (excluding Ligado Networks - refer note 4(a)) as at 31 December 2023 (2022: $14.7m).

For 2023, the Group had one customer with revenue of 10% ($174.6m) of the Group's total revenue, with none of the remaining customers comprising greater than 10% (2022: one customer).

(d) Liquidity risk

The Group is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and short-term deposits and the availability of funding through an adequate amount of committed credit facilities.

3. Financial risk management (continued)

Financial risk factors (continued)

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The available liquidity of the Group as at 31 December is:

($ in millions)	**Note**	**2023**	**2022**
Cash and cash equivalents	17	285.2	233.8
Short-term deposits	17	30.0	109.1
Available but undrawn borrowing facilities[1]	20	700.0	700.0
Total available liquidity		**1,015.2**	**1,042.9**

1 Relates to the Senior Revolving Credit Facility (see note 20).

The Directors currently believe the Group's liquidity position is more than sufficient to meet its needs for the foreseeable future.

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Revenue in respect of Ligado Networks

In December 2007, Inmarsat and Ligado Networks LLP (formerly LightSquared LP and LightSquared Inc.), and Ligado Networks (Canada) Inc. (formerly Skyterra (Canada) Inc.) entered into a 100 year Cooperation Agreement for the efficient use of L-band spectrum over North America. The Cooperation Agreement has been modified a number of times, and this has been assessed against IFRS 15 as to whether the modification is treated as a new contract or an amendment to an earlier contract. Amendment 5 & 6, signed in 2020, provided a $700m payment from Ligado which reduced all future quarterly payments by 60% and deferred Q2 2020 to Q4 2022 quarterly payments as well as all previously deferred amounts to 1 January 2023, at which date a payment of $395m, including interest, falls due. Additionally, there is a call option available until 15 October 2025 for Ligado to buy out all remaining payment obligations to 2107 for a cash payment ranging between $825m - $968m.

Given the level of uncertainty around the collection of future monies, the Group ceased to apply the IFRS 15 five-step model from Q2 2020 to Amendments 5 & 6. Based on the continued level of uncertainty, no change to this assessment has arisen from Amendment 7 to 13 (as discussed below) and no revenue has been recognised in relation to spectrum and deferrals.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Should the collectability assessment change in future, the Group would re-calculate the revenue to be recognised under the contract (including all the amendments), in line with the requirements of IFRS 15 and would recognise revenue catch up between c.$30m and c.$200m based on a number of factors including the expected length of contract and the date from which that catch up revenue would apply. However, this could materially change based on facts and circumstances at the time this change in assessment occurs.

Amendment 7 was signed on 23 December 2022 and Ligado subsequently paid the Group $30.0m. This was a payment on the $395m due 1 January 2023 ("extraordinary payment") and provided a deferral of the remaining $365m due, to 1 April 2023. After interest, $373m was due to be payable from Ligado on 1 April 2023. Amendment 8 was signed on 31 March 2023 pursuant to which the Group granted Ligado a further 90 days to pay the deferred amounts subject to making a $30.0m part payment, which was made on 3 April 2023 at which point $350m was due (with interest) on 30 June 2023. Further to this, the March 2023 quarterly payment was also deferred (with interest) to 30 June 2023.

During the year, the Group and Ligado signed multiple further Amendments (Amendment 9 to 13) for no further consideration, pursuant to which the Group agreed to defer the extraordinary payment due of $364.8m (with interest) as well as the quarterly payments due in March, June, September, and December 2023 (with interest), as well as the March 2024 quarterly payment (with interest) to 31 May 2024. This has resulted in a total amount of $455m (with interest) due on 31 May 2024. Amendments 7 to 13 provided no further amendment to existing obligations and Ligado retained spectrum rights during this period.

Following Inmarsat's acquisition by Viasat Inc., the Group reviewed the terms of the collective agreements between all parties to date and again assessed collectability based on current facts and circumstances including current discussion between the parties regarding resolution of such matters and concluded that collectability of the spectrum rights receivables remains no probable and no revenue will be recognized in the current period in accordance with IFRS 15.

At 31 December 2023, deferred income of $930.2m (2022: $906.1m) was recorded on the balance sheet. $206.1m (2022: $206.1m) represents services not yet performed relating to issues including interference resolution for which payment has already been received from Ligado. No costs were incurred in relation to interference resolution in 2023 with no corresponding amount of revenue released (2022: $0.4m).

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately above), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

(b) Capitalisation of space segment assets and associated borrowing costs

The net book value of space segment assets is currently $1,905.1m (2022: $1,450.2m). There have been additions of $61.2m in the year (2022: $0.5m) and transfers from assets in the course of construction of $674.4m (2022: $10.0m). The key judgements involved in the capitalisation of space segment assets and associated borrowings costs are:

- Whether the capitalisation criteria of the underlying IAS have been met.
- Whether an asset is ready for use and as a result further capitalisation of costs should cease and depreciation should commence.
- Whether an asset is deemed to be substantially complete and as a result capitalisation of borrowing costs should cease.

(c) Proxy board arrangement

The Group has made key judgements in determining the appropriateness of consolidating Inmarsat Government Inc.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Group's accounting policies (continued)

The U.S. Government element of Inmarsat's Government business unit is managed through the U.S. trading entity, Inmarsat Government Inc., a wholly-owned subsidiary of the Group. The business is managed through a Proxy agreement as required by the U.S. National Industrial Security Program ('NISP'). A Proxy agreement is an instrument intended to mitigate the risk of foreign ownership, control or influence when a foreign person owns, acquires or merges with a U.S. entity that has a facility security clearance under the NISP. The Proxy agreement conveys the foreign owner's voting rights to the Proxy Holders, comprised of the Proxy board. There are three Proxy holders who are U.S. citizens cleared and approved by the U.S. Defence Security Service ('DSS').

The Proxy holders have a fiduciary duty, and agree, to perform their role in the best interests of the Group (including the legitimate economic interest), and in a manner consistent with the national security interests of the U.S.

The DSS requires Inmarsat Government Inc. to enter into a Proxy agreement because it is indirectly owned by the Group and it has contracts with the Department of Defence which contain certain classified information. The Proxy agreement enables Inmarsat Government Inc. to participate in such contracts with the U.S. Government despite being owned by a non-U.S. corporation.

Under the Proxy agreement, the Proxy holders have the power to exercise all privileges of share ownership of Inmarsat Government Inc. In addition, as a result of the Proxy agreement, certain limitations are placed on the information which may be shared, and the interaction which may occur, between Inmarsat Government Inc. and other Group companies.

The Group maintains its involvement in Inmarsat Government Inc.'s activities through normal business activity and liaison with the Chair of the Proxy Board. Inmarsat Government Inc.'s commercial and governance activity is included in the business update provided in regular Executive reports to the Board. This activity is always subject to the confines of the Proxy regime to ensure that it meets the requirement that Inmarsat Government Inc. must conduct its business affairs without direct external control or influence, and the requirements necessary to protect the U.S. national security interest.

In accordance with IFRS 10 'Consolidated financial statements', an assessment is required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the financial statement treatment is appropriate. On the basis of the Group's ability to affect the financial and operating policies of the entity, we have concluded that the Group meets the requirements of IFRS 10 in respect of control over the entity and, therefore, consolidates the entity in the Group's consolidated accounts. There have been no changes in circumstances which impact any of the key judgements made by the Group.

<u>(d) Impairment assessment of I-6 F2 satellite and related ground station assets</u>

The I-6 F2 satellite suffered a power subsystem anomaly during its orbit raising phase, as well as permanent battery failure. The manufacturing and launch costs of the satellite were insured and the anomaly does not impact any ongoing customer services. The full cost of the satellite has been impaired ($490m, including $124m of capitalized interest), partially offset by recognition of $349.0m with respect to the related insurance claim, which was filed before year end. As a result, a net impairment has been recognised in the Q3 2023 of $141m. Subsequent to year end 31 December 2023 the full amount ($349.0m) of the insurance claim has been received.

Additionally, management have performed a detailed impairment review on the costs associated with the ground station of the I-6 F2 satellite. The impairment review of the related ground station assets is more complex given the nature of the ground development, the potential re-use of equipment with other networks, and the fact that there are no physical issues with any of the ground network. As at 31 December 2023, the total net book value of the related ground station assets was $126m (including $14.6m of capitalized interest), this includes a large portion of assets that are associated with the I-6 F1 satellite and therefore will continue to be used.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Group's accounting policies (continued)

As per IAS 36 management have performed an impairment review which included a detailed review with the appropriate program managers in which each asset has been assessed to determine whether or not the asset still holds value to the Company as an asset and therefore should remain on the balance sheet. For each asset, management have assessed whether this asset is still required to support the I-6 F1 satellite operations. Where an asset does not support I-6 F1, management have further assessed whether there is the opportunity and means to re-purpose the asset to support other satellite/ infrastructure operations. This is the key judgment in determining the re-use of the assets. All remaining costs are deemed to have no residual value to the Company and have therefore been impaired. As a result of the impairment review, an impairment of $2.6m was recognised in 2023.

As at 31 December 2023, following the thorough review of the assets management have concluded that the remaining assets do not required further impairment and should remain as assets on the balance sheet.

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5. Segmental information

The Group have identified the provision of global mobile satellite communications services to customers around the world as the only operating segment. The Board of Directors review the Group's financial reporting on a consolidated basis and approves those proposals for the allocation of the Group's resources and have therefore been identified as the chief operating decision maker. The Group's revenue is categorised by four business units, namely:

- Maritime: focusing on worldwide commercial maritime services including safety services;
- Government: focusing on military and other government services to the U.S. and other international governments;
- Aviation: focusing on commercial aviation, business and general aviation; and providing operational and safety services to support both of these segments; and
- Enterprise: focusing on worldwide land-based Internet of Things, lease, broadband, and voice segments.

These four business units are supported by 'Central Services' which includes satellite operations, technology, corporate functions, backbone infrastructure, and any income that is not directly attributable to a business unit, such as Ligado.

Segment results 2023

($ in millions)	Government	Maritime	Aviation	Enterprise	Central Services	Total
Revenue	571.8	538.4	380.2	115.1	14.3	1,619.8
Ligado revenue	-	-	-	-	-	-
Total revenue	**571.8**	**538.4**	**380.2**	**115.1**	**14.3**	**1,619.8**

Cash capital expenditure	430.0
Financing costs capitalised in the cost of qualifying assets	70.0
Cash flow timing[1]	(16.2)
Total capital expenditure	**483.8**

1 Cash flow timing represents the difference between accrued capex and the actual cash flows.

Segment results 2022

($ in millions)	Government	Maritime	Aviation	Enterprise	Central Services	Total
Revenue	526.9	515.5	310.8	106.4	14.1	1,473.7
Ligado revenue	-	-	-	-	0.4	0.4
Total revenue	**526.9**	**515.5**	**310.8**	**106.4**	**14.5**	**1,474.1**

Cash capital expenditure	316.0
Financing costs capitalised in the cost of qualifying assets	76.0
Cash flow timing[1]	19.8
Total capital expenditure	**411.8**

1 Cash flow timing represents the difference between accrued capex and the actual cash flows.

5. Segmental information (continued)

Timing of revenue recognition

($ in millions)	2023	2022
At a point in time	124.3	95.6
Over time	1,495.5	1,378.5
Total	**1,619.8**	**1,474.1**

Segmental analysis by geography

The Group's operations are located in the geographical regions listed below. Revenues are allocated to countries based on the billing address of the customer. For wholesale customers, this is the distribution partner who receives the invoice for the service, and for retail customers this is the billing address of the customer for whom the service is provided. Assets and capital expenditure are allocated based on the physical location of the assets.

	2023		2022	
($ in millions)	Revenue	Non-current segment assets	Revenue	Non-current segment assets
United Kingdom	61.8	4,465.3	64.9	4,719.6
Rest of Europe	455.3	202.3	405.9	216.3
United States	667.9	113.4	600.2	98.2
Rest of North America	59.9	35.1	45.0	43.5
Asia and Pacific	260.6	123.6	253.9	111.0
Rest of the world	114.3	75.5	104.2	61.7
Unallocated[1]	-	1,743.0	-	1,943.3
	1,619.8	**6,758.2**	**1,474.1**	**7,193.6**

1 Unallocated items relate to satellites which are in orbit.

Remaining performance obligations

The table below shows the remaining revenue to be derived from unsatisfied (or partially unsatisfied) performance obligations under non-cancellable contracts with customers at the end of the year.

($ in millions)	As at 31 December 2023	As at 31 December 2022
Within one year	538.4	496.0
Between two to four years	673.1	609.9
Five years and greater	498.3	282.5
	1,709.8	**1,388.4**

All other contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. Operating profit

Costs are presented by the nature of the expense to the Group. Network and satellite operation costs comprise costs to third parties for network service contracts and services. A breakdown of employee benefit costs is given in note 7.

Operating profit is stated after charging / (recovering) the following items:

($ in millions)	Note	2023	2022
Depreciation of property, plant and equipment	13	364.3	347.6
Amortisation of intangible assets	14	231.1	243.9
Depreciation of right-of-use assets	15	14.1	9.3
Viasat transaction and integration costs[1]		95.8	22.8
Loss on disposal of assets		4.1	4.1
Impairment of assets[2]		494.2	0.5
Insurance claim proceeds[2]		(349.0)	-
IT support		43.0	39.0
Cost of inventories recognised as an expense		108.6	88.5
Write downs of inventories recognised as an expense	19	4.8	6.8
Research costs expensed		21.5	16.9

1 Viasat transaction costs primarily relate to professional fees and other expenses supporting the Viasat acquisition and integration.

2 Impairment of assets predominantly reflects the impairment of the I-6 F2 satellite ($489.9m) and insurance claim proceeds reflects the related claim ($349.0m). The remaining impairment of assets relates to a write-down in the value of intangible assets ($0.7m) and other tangible assets ($3.6m). The 2022 impairment ($0.5m) relates to the impairment of intangible assets.

Remuneration payable to the Group's auditors in the year:

($ in millions)	2023	2022
Audit fees		
Annual audit of the Company	0.1	0.1
Annual audit of subsidiary companies	1.5	1.3
Total audit fees	**1.6**	**1.4**
Audit-related assurance services	0.9	0.3
Other assurance services[1]	0.3	0.3
Total audit and audit-related fees	**2.8**	**2.0**
Other services	0.1	0.1
Total non-audit fees	**0.1**	**0.1**
Total auditor's remuneration	**2.9**	**2.1**

1 Fees paid for audit-related and other assurance services relate to additional assurance over historical Group financial information, in support of the Viasat acquisition including interim review and other SEC related filings.

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7. Employee benefit costs

($ in millions)	Note	2023	2022
Wages and salaries		343.3	266.5
Social security costs		34.6	30.1
Defined contribution pension plan costs		15.6	13.8
Defined benefit pension plan costs[1]	28	-	0.6
Post-employment benefits costs[1]	28	0.2	0.2
Total employee benefit costs		**393.7**	**311.2**

1 Defined benefit pension plan costs and post-employment benefits costs includes current service costs (see note 28).

Employee numbers

The average monthly number of employees (including the Executive Director) employed is as follows:

By activity:	2023	2022
Operations	918	856
Sales and marketing	341	342
Development & engineering	214	221
Administration	399	379
	1,872	**1,798**

By business unit:	2023	2022
Maritime	88	84
Government	250	232
Enterprise	49	51
Aviation	75	66
Central Services	1,410	1,365
	1,872	**1,798**

The employee headcount numbers presented above refer to permanent full time and part time employees and exclude contractors and temporary staff.

8. Key management compensation

The Group's Executive and Non-Executive Directors are the key management personnel of the business. Details of the total amounts earned during the year are as follows:

($ in millions)	2023	2022
Short-term benefits	9.6	4.3
	9.6	**4.3**

In the current year, no Director has been a member of the Group's defined contribution pension plan.

9. Net financing costs

($ in millions)	**2023**	**2022**
Bank interest receivable and other interest	(15.6)	(5.6)
Intergroup loan interest receivable	(120.6)	(69.8)
Total financing income	**(136.2)**	**(75.4)**
Interest on Senior Notes and credit facilities	236.6	228.7
Amortisation of term loan gain	12.7	12.1
Amortisation of debt issue costs	21.2	20.0
Interest on lease obligations	6.4	1.6
Other interest	3.9	4.4
Financing costs pre amounts capitalised	**280.8**	**266.8**
Less: Amounts capitalised in the cost of qualifying assets	(70.0)	(76.0)
Financing costs	**210.8**	**190.8**
Net financing costs	**74.6**	**115.4**

Borrowing costs capitalised in the cost of qualifying assets during the year are calculated by applying a capitalisation rate to expenditures on such assets. The average interest capitalisation rate for the year was 7.3% (2022: 7.1%).

10. Taxation

The tax charge for the year recognised in the income statement:

($ in millions)	**2023**	**2022**
Current tax charge:		
Current year	69.6	35.4
Adjustments in respect of prior periods	17.3	(9.8)
Total current tax charge	**86.9**	**25.6**
Deferred tax charge:		
Origination and reversal of temporary differences	(47.7)	(8.4)
Adjustments due to changes in corporation tax rates	(3.9)	0.3
Adjustments in respect of prior periods	(0.6)	13.2
Total deferred tax (credit) / charge	**(52.2)**	**5.1**
Total taxation charge	**34.7**	**30.7**

The table below explains the differences between the expected tax expense, being the Group's profit multiplied by the UK tax rate, and the Group's total tax expense. The UK rate is used on the basis that this is our principal operating jurisdiction. The effective tax rate is 67% (2022: 22.6%) and is reconciled below:

($ in millions)	**2023**	**2022**
Profit before tax	**51.8**	**135.9**
Income tax at 23.5% (2022: 19.0%)	12.2	25.8
Differences in overseas tax rates	0.6	1.8
Adjustments in respect of prior periods	16.7	3.4
Adjustments due to change in the corporation tax rate	(3.9)	0.3
Impact of UK patent box regime	-	(2.2)
Other non-deductible expenses / non-taxable income	9.1	1.6
Total taxation charge	**34.7**	**30.7**

10. Taxation (continued)

Tax credited / (charged) directly to other comprehensive income:

($ in millions)	2023	2022
Deferred tax on re-measurement of derivatives	9.1	(21.3)
Deferred tax on re-measurement of pension assets and liabilities	0.2	(1.1)
Total tax credited / (charged) directly to other comprehensive	**9.3**	**(22.4)**

From 1 April 2023, the main rate of corporation tax increased from 19% to 25%.The income tax rate used for 2023 is a blended rate of 23.5% accounting for the change throughout the year. The 2023 effective rate of 67% (2022: 22.6%) differs from the UK blended rate of 23.5% mainly due the costs associated with the Viasat Transaction being capital in nature and adjustments for the closure of the Launch Costs enquiry up to 2017.

The Group acknowledges the introduction of the OECD's Anti-Global Base Erosion Rules (more commonly known as "Pillar 2"), which address the tax challenges of the digitalisation of the economy by imposing a minimum effective tax rate of 15% on multinational enterprises. Further, on 11 July 2023, Finance (No.2) Act 2023 was enacted in the United Kingdom, introducing a global minimum effective tax rate of 15%, in line with the OECD's Pillar 2 model. The legislation implements a domestic top-up tax and a multinational top-up tax effective for accounting periods starting on or after 31st December 2023.

Based on an initial assessment using prior year financial information, the Group expects to be subject to the top-up tax in relation to its operations in Qatar and Canada. However, since the newly enacted tax legislation in the United Kingdom is only effective from 1st January 2024, there is no current tax impact for the year ended 31 December 2023.

The Group has applied a temporary mandatory relief from recognising and disclosing information about deferred tax assets and liabilities in relation to top-up tax and accounts for it as a current tax when it is incurred.

If the top-up tax had applied in 2023, the additional tax expense relating to the Group's operations for the year ended 31st December 2023 would be immaterial. However, following the acquisition of the Group by Viasat, Inc on 30 May 2023, there is significant uncertainty about the position for the Group in accounting periods commencing 1 January 2024 and thereafter, due to the inclusion of Viasat group entities in the territorial assessment under Pillar 2. The potential impact is something the Group continues to evaluate.

11. Net foreign exchange gain

($ in millions)	Note	2023	2022
Pension and post-retirement liability	28	(0.5)	1.7
Other operating costs		22.3	7.2
Total foreign exchange gain		**21.8**	**8.9**

The gain in other operating costs was primarily driven by a one-off foreign exchange gain of $27.6 million (2022: nil) relating to the provision held for the HMRC launch costs case that was settled during 2023.

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12. Dividends

During 2023 the Board did not declare an interim or final dividend (2022: nil). During 2023 no dividends were paid to Company shareholders (2022: nil).

13. Property, plant and equipment

($ in millions)	Freehold land and buildings	Services equipment, fixtures and fittings	Space segment	Assets in the course of construction	Total
Cost:					
1 January 2022	**12.7**	**416.5**	**2,240.8**	**1,301.9**	**3,971.9**
Additions	-	13.8	0.5	302.8	317.1
Disposals	-	(64.7)	(0.6)	-	(65.3)
Transfers	-	-	(0.3)	-	(0.3)
Transfers from assets in the course of construction	-	41.2	10.0	(51.2)	-
31 December 2022	**12.7**	**406.8**	**2,250.4**	**1,553.5**	**4,223.4**
Additions	-	8.1	1.0	374.5	383.6
Disposals	(0.5)	(73.5)	(0.3)	-	(74.3)
Impairment	-	(1.0)	-	(492.5)	(493.5)
Transfers	-	3.4	-	0.1	3.5
Transfers from assets in the course of construction	-	52.1	734.6	(786.7)	-
31 December 2023	**12.2**	**395.9**	**2,985.7**	**648.9**	**4,042.7**
Accumulated Depreciation:					
1 January 2022	**(0.6)**	**(133.9)**	**(537.2)**	**-**	**(671.7)**
Charge for the year	(0.3)	(83.7)	(263.6)	-	(347.6)
Disposals	-	54.0	0.6	-	54.6
31 December 2022	**(0.9)**	**(163.6)**	**(800.2)**	**-**	**(964.7)**
Charge for the year	(0.3)	(83.5)	(280.5)	-	(364.3)
Disposals	0.3	62.0	-	-	62.3
Transfers	-	-	0.1	-	0.1
31 December 2023	**(0.9)**	**(185.1)**	**(1,080.6)**	**-**	**(1,266.6)**
Net book amount at 31 December 2022	**11.8**	**243.2**	**1,450.2**	**1,553.5**	**3,258.7**
Net book amount at 31 December 2023	**11.3**	**210.8**	**1,905.1**	**648.9**	**2,776.1**

13. Property, plant and equipment (continued)

Depreciation of property, plant and equipment is charged using the straight-line method over the estimated useful lives, as follows:

• Space segment assets:	
- Satellites	13–15 years
- Other space segment, including ground infrastructure	5–12 years
• Fixtures and fittings, and services-related equipment	3–15 years
• Buildings	50 years

Freehold land is not depreciated. At 31 December 2023, the Group was carrying various freehold land and buildings with a net book value of $11.3m (2022: $11.8m). The largest of the freehold land and buildings is a property held within the United Kingdom (net book value of $7.8m (2022: $7.8m). If this property had been revalued on a market basis, the carrying amount at 31 December 2023 would have been $8.9m (2022: $12.7m). Market valuation is based on the Directors' best estimates.

In 2023, the Group received government grants in relation to the purchase and construction of certain assets. The grants have been deducted from the cost of the relevant asset to arrive at the carrying amount. Government grants received in 2023 were $1.7m (2022: $2.6m).

Within the services equipment, fixtures and fittings class of property, plant and equipment the Group has $122.0m (2022: $139.5m) of net book value related to leased equipment, this includes additions for the year of $41.4m (2022: $47.1m) and depreciation charge of $50.4m (2022: $51.9m).

The I-6 F2 satellite suffered a power subsystem anomaly during its orbit raising phase, as well as permanent battery failure. The manufacturing and launch costs of the satellite were insured and the anomaly does not impact any ongoing customer services. The full cost of the satellite has been impaired ($489.9m, including $124.0m of capitalised interest), partially offset by recognition of $349.0m with respect to the related insurance claim, which was filed in 2023.

14. Intangible assets

($ in millions)	Goodwill	Trademarks	Software	Terminal development and network access costs	Customer relationships	Other	Total
Cost:							
1 January 2022	**868.4**	**160.5**	**333.9**	**73.5**	**1,655.7**	**298.4**	**3,390.4**
Additions	-	-	58.3	8.0	-	28.4	94.7
Disposals	-	-	(26.2)	(4.5)	-	-	(30.7)
Impairments	-	-	(0.5)	-	-	-	(0.5)
Transfers	-	-	-	0.3	-	-	0.3
31 December 2022	**868.4**	**160.5**	**365.5**	**77.3**	**1,655.7**	**326.8**	**3,454.2**
Additions	-	-	74.4	15.7	-	11.4	101.5
Disposals	-	-	(40.2)	(6.4)	(1.5)	(3.0)	(51.1)
Impairments	-	-	(0.7)	-	-	-	(0.7)
Transfers	-	-	(3.5)	-	-	-	(3.5)
31 December 2023	**868.4**	**160.5**	**395.5**	**86.6**	**1,654.2**	**335.2**	**3,500.4**
Accumulated Amortisation:							
1 January 2022	**-**	**(13.3)**	**(98.9)**	**(40.8)**	**(287.0)**	**(43.1)**	**(483.1)**
Charge for the year	-	(6.4)	(65.4)	(14.7)	(137.9)	(19.5)	(243.9)
Disposals	-	-	26.0	4.3	-	-	30.3
31 December 2022	**-**	**(19.7)**	**(138.3)**	**(51.2)**	**(424.9)**	**(62.6)**	**(696.7)**
Charge for the year	-	(6.4)	(54.4)	(7.6)	(143.0)	(19.7)	(231.1)
Disposals	-	-	39.0	6.4	0.3	3.0	48.7
31 December 2023	**-**	**(26.1)**	**(153.7)**	**(52.4)**	**(567.6)**	**(79.3)**	**(879.1)**
Net book value at 31 December 2022	**868.4**	**140.8**	**227.2**	**26.1**	**1,230.8**	**264.2**	**2,757.5**
Net book value at 31 December 2023	**868.4**	**134.4**	**241.8**	**34.2**	**1,086.6**	**255.9**	**2,621.3**

Goodwill represents the excess of consideration paid on an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Trademarks are being amortised on a straight-line basis over their estimated useful lives, which are between seven and twenty years.

Software includes the Group's billing system and other internally developed operational systems and purchased software, which are being amortised on a straight-line basis over its estimated useful life of three to eight years.

14. Intangible assets (continued)

The Group capitalises costs associated with the development and enhancement of user terminals and associated network access costs as intangible assets and amortises these over the estimated sales life of the related services, which range from three to ten years.

Customer relationships acquired in connection with acquisitions are being amortised over the expected period of benefit of between twelve and fourteen years, using the straight-line method.

Other consists of orbital slots, licences, spectrum rights and unallocated launch slots. Orbital slots and licences relate to the Group's satellite programmes, and each individual asset is reviewed to determine whether it has a finite or indefinite useful life. Orbital slots are amortised over the useful life of the satellite occupying them. Unallocated launch slots are not amortised until allocated to a satellite asset where they are re-classed to Property, Plant and Equipment and depreciated in-line with Group policy discussed in note 2.

As at 31 December 2023, the Group has no indefinite useful life intangible assets, other than Goodwill.

Government grants received in 2023 were $15.6m (2022: $7.4m). The grants have been deducted from the cost of the relevant asset to arrive at the carrying amount.

Annual impairment review: Goodwill

An impairment review of goodwill is performed annually at the level of the Group as a whole, as the Group has a single operating segment and the goodwill is monitored at this level. The recoverable amount has been determined based on value in use calculations. The key assumptions used by management in these calculations are the cash flow projections, long-term growth rates and discount rates for each CGU.

The impairment review conducted at 31 December 2023 identified sufficient headroom in the recoverable value above their carrying value. A sensitivity analysis has been undertaken by changing key assumptions used, being an increase in the pre-tax discount rate by 2% and a decrease in the growth rate of 1%.

This sensitivity analysis, taking into account these reasonable changes in the assumptions, has not resulted in the recoverable amount of the CGU being reduced to their carrying value. We do not anticipate any changes over the next 12 months that would result in the recoverable amount of the CGU being reduced to their carrying value. Key assumptions used to calculate the recoverable amount of the CGU were a pre-tax discount rate of 9.45% and long-term growth rate of 2.0%.

The recoverable amount of the CGU is based on the value in use, which is determined using cash flow projections derived from the most recent financial budgets and forecasts approved by management covering a five-year period. The short and medium-term cash flows reflect management's expectations of future outcomes taking into account past experience, adjusted for anticipated growth from both existing and new business in line with our strategic plans for each segment of our business.

A long-term growth rate has been applied to extrapolate the cash flows into perpetuity. The growth rate has been determined using long-term industry growth rates and management's conservative expectation of future growth.

15. Leases

Right of Use Assets:

The right-of-use assets for the Group's property and vehicle leases are presented in the table below:

($ in millions)	Property	Vehicles	Total
Net carrying amount:			
As at 1 January 2022	**32.6**	**0.7**	**33.3**
Additions	2.3	0.1	2.4
Charge for the year	(9.1)	(0.2)	(9.3)
As at 31 December 2022	**25.8**	**0.6**	**26.4**
Additions[1]	68.0	0.2	68.2
Change in terms	1.1	-	1.1
Charge for the year	(13.9)	(0.2)	(14.1)
As at 31 December 2023	**81.0**	**0.6**	**81.6**

1 The increase was mainly driven by the recognition of new financial lease obligations relating to property leases, predominately in relation to the new London office.

The Group expenses short-term leases and low-value assets as incurred which is in accordance with the recognition exemption in IFRS 16. Expenses for short-term leases and low-value assets was $0.4m (2022: $0.1m) for the year. As at 31 December 2023, the Group is committed to $0.4m (2022: $0.1m) of short-term leases and low-value assets.

Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. The Group's lease liabilities as of 31 December 2023 comprise existing contracts as well as contracts entered into during the financial year 2023.

The undiscounted maturity profile of the Group's leases is shown in the table below.

As at 31 December 2023

($ in millions)	Property	Vehicles	Total
Within one year	17.9	0.2	18.1
Between two to five years	35.9	0.2	36.1
Greater than five years	98.8	-	98.8
	152.6	**0.4**	**153.0**

As at 31 December 2022

($ in millions)	Property	Vehicles	Total
Within one year	10.8	0.2	11.0
Between two to five years	22.4	0.3	22.7
Greater than five years	2.6	-	2.6
	35.8	**0.5**	**36.3**

The total cash flow relating to all lease obligations in year was $10.5m (2022: $10.5m) with lease obligations denominated in various currencies. Total lease interest paid was $1.4m (2022: $1.6m).

The Group does not face a significant liquidity risk with regard to its lease liabilities. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

16. Investments

($ in millions)	As at 31 December 2023	As at 31 December 2022
Interest in associates	29.3	27.3
Other investments	1.1	1.1
Total investments	**30.4**	**28.4**

Interest in associates represents the Group's investments which have been treated as associates and have all been accounted for using the equity method of accounting. Individually, all of the investments in associates are deemed to be immaterial and as a result the associates' assets, liabilities, revenues and profits have not been presented.

Other investments represent the Group's investment in Actility S.A. and is accounted for as fair value through profit and loss.

Cash dividends received from the associates for the year ended 31 December 2023 total $4.9m (2022: $3.7m). The Group's aggregate share of its associates' profits from continuing operations for the year is $7.1m (2022: $7.2m) and has been recognised in the income statement.

17. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less.

($ in millions)	As at 31 December 2023	As at 31 December 2022
Cash at bank and in hand	119.6	192.1
Short-term deposits with original maturity less than 3 months	165.6	41.7
Total Cash and cash equivalents	**285.2**	**233.8**

Short-term deposits

At 31 December 2023, the Group has $30.0m of cash held in short-term deposits with an original maturity of between four and twelve months (2022: $109.1m).

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18. Trade and Other Receivables

($ in millions)	As at 31 December 2023	As at 31 December 2022
Current:		
Trade receivables and contract assets	256.2	227.9
Other receivables[1]	372.4	21.1
Accrued income	25.0	9.9
Prepayments	53.7	46.0
Total trade and other receivables	**707.3**	**304.9**
Non-current:		
Intergroup lending, gross of capitalised interest	1,238.9	1,118.8
Other receivables	0.8	3.4
Prepayments	8.9	-
Total other receivables	**1,248.6**	**1,122.2**

1 The current other receivables balance includes $349.0m relating to insurance claim proceeds for the I-6 F2 satellite

Intergroup lending

As at 31 December 2023, a $1,019.1m intergroup loan (2022: $1,019.1m) has been issued to Connect Midco Limited, 100% owned by the ultimate parent of the Company. The total intergroup lending balance includes capitalised interest of $207.0m (2022: $88.3m). The loan is charged at 3-month SOFR +5.05% and is repayable on 21 February 2025.

18. Trade and Other Receivables (continued)

Expected credit loss

The Group applies the simplified approach under IFRS 9 for the impairment of receivables and contract assets. A provisioning matrix based on internal debtor credit ratings has been used in order to calculate the lifetime loss allowances for each grouping.

Debtors have been grouped based on ageing and each debtor's internal credit rating. This rating is a measure from A to E (with E being the highest risk of default) and considers the debtors financial strength, history and magnitude of past defaults, personal credit history with the Group and the associated level of sovereign and market risk. The information used in assigning ratings is both historical and forward looking as regular contact with debtors is maintained to understand if there is any additional risk forecast. Specific allowances are made to reflect any additional risk identified.

The table below presents the lifetime expected credit losses for trade receivables within each debtor category. No loss allowance has been recognised for other receivables and accrued income.

As at 31 December 2023

($ in millions)	Internal rating A	Internal rating B	Internal rating C	Internal rating D/E	Total
Carrying value of trade receivables (gross)[1]	**50.7**	**210.3**	**57.3**	**0.2**	**318.5**
Lifetime ECL	0.2	3.3	6.0	0.2	9.7
Specific allowances	-	-	4.0	-	4.0
Group loss allowance	**0.2**	**3.3**	**10.0**	**0.2**	**13.7**

1 This is presented gross of credit note allowances of $48.7m.

As at 31 December 2022

($ in millions)	Internal rating A	Internal rating B	Internal rating C	Internal rating D/E	Total
Carrying value of trade receivables (gross)[1]	**20.8**	**193.5**	**66.8**	**12.2**	**293.3**
Lifetime ECL	-	2.1	6.6	0.1	8.8
Specific allowances	-	0.4	5.6	4.5	10.5
Group loss allowance	**-**	**2.5**	**12.2**	**4.6**	**19.3**

1 This is presented gross of credit note allowances of $46.1m

The Group's trade and other receivables are stated after impairments. Movements during the year in the Group loss allowance were as follows:

($ in millions)	2023	2022
As at 1 January	**19.3**	**37.7**
Charged in the year	14.8	7.6
Utilised in the year	(1.6)	(0.8)
Released in the year	(14.3)	(9.9)
Ligado release in the year	(4.5)	(15.3)
As at 31 December[1]	**13.7**	**19.3**

1 The maturity of the Group's provision for uncollectable trade receivables for the period ended 31 December 2023 is $0.6m current, $0.4m between one and 30 days overdue, $2.5m between 31 and 120 days overdue and $10.2m over 120 days overdue (2022: $0.9m current, $0.9m between one and 30 days overdue, $3.1m between 31 and 120 days overdue and $14.4m over 120 days overdue).

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19. Inventories

($ in millions)	As at 31 December 2023	As at 31 December 2022
Finished goods	69.8	55.7
Work in progress	1.3	1.5
Total inventories	**71.1**	**57.2**

The Group's inventories are stated after allowances for obsolescence. Movements in the allowance during the year were as follows:

($ in millions)	2023	2022
As at 1 January	**27.0**	**20.2**
Charged to the allowance in respect of the current year	5.6	8.7
Released in the year	(0.8)	(1.9)
As at 31 December	**31.8**	**27.0**

20. Net Borrowings

	As at 31 December 2023				As at 31 December 2022			
($ in millions)	Amount	Unamortised term loan gain	Deferred finance costs	Net balance	Amount	Unamortised term loan gain	Deferred finance costs	Net balance
Current:								
Term loan	17.5	-	-	17.5	17.5	-	-	17.5
Total current borrowings	**17.5**	**-**	**-**	**17.5**	**17.5**	**-**	**-**	**17.5**
Non-current:								
Senior Notes due 2026	2,075.0	-	(6.1)	2,068.9	2,075.0	-	(9.1)	2,065.9
Term loan	1,666.9	(41.1)	(50.3)	1,575.5	1,684.4	(53.8)	(65.7)	1,564.9
Total non-current borrowings	**3,741.9**	**(41.1)**	**(56.4)**	**3,644.4**	**3,759.4**	**(53.8)**	**(74.8)**	**3,630.8**
Total borrowings	**3,759.4**	**(41.1)**	**(56.4)**	**3,661.9**	**3,776.9**	**(53.8)**	**(74.8)**	**3,648.3**
Cash and cash equivalents	(285.2)	-	-	(285.2)	(233.8)	-	-	(233.8)
Short-term deposits	(30.0)	-	-	(30.0)	(109.1)	-	-	(109.1)
Net borrowings	**3,444.2**	**(41.1)**	**(56.4)**	**3,346.7**	**3,434.0**	**(53.8)**	**(74.8)**	**3,305.4**

20. Net Borrowings (continued)

Senior revolving credit facility

On 12 December 2019, the Group signed a new five-year $700m revolving credit facility ('Senior Revolving Credit Facility'). Up until 30 June 2023, advances in U.S. dollar under the facility bore interest at a rate equal to the applicable USD LIBOR, plus a margin of between 3.0% and 3.5% determined by reference to the ratio of Senior Secured First Lien Net Leverage for the period. In line with the IBOR interest rate benchmark reform, from 1 July 2023, advances in U.S. dollar under the facility bear interest at a rate equal to the applicable Term SOFR, plus a margin of 3.5%. At 31 December 2023, there were no drawings under the Senior Revolving Credit Facility.

Senior Notes due 2026

On 7 October 2019, the Group issued $2.075bn of 6.75% Secured Senior Notes due 1 October 2026. The aggregate gross proceeds were $2.055bn, net of $19.7m issuance discount. The fair value of Secured Senior Notes is provided in note 31. Accrued interest of $35.0m (2022: $35.0m) are recognized as Other accruals within Trade and other payables, see note 21.

Term loan

On 12 December 2019, the Group entered into a $1.75bn Term Facility with Barclays Bank PLC acting as administrative and collateral agent. As at 31 December 2023 the Group had drawn down $1.68bn (2022: $1.70bn) which is repayable in quarterly instalments over 7 years (the credit agreement will mature in 2026). On 25 January 2021, the term loan was repriced from USD Libor +4.5% to USD Libor +3.5%. This reduction of 1% on the margin resulted in the Group recognising a gain through the income statement of $76.4m. The carrying value of the term loan was reduced by a similar value and is offset by amortisation, charged over the life of the loan. In line with the IBOR interest rate benchmark reform, the Term Loan Facility shifted its reference rate to Term SOFR from 1 July 2023 (refer note 2). The fair value of the term loan is provided in note 31. Accrued interest of $0.8m (2022: $0.5m) are recognized as Other accruals within Trade and other payables, see note 21.

Effective interest rate

The effective interest rates at the balance sheet dates were as follows:

Effective interest rate %	**2023**	**2022**
Senior Notes due 2026	7.0%	7.0%
Term Loan	8.9%	5.8%

Reconciliation of movements in liabilities to cash flows arising from financing activities:

($ in millions)	**As at 1 January 2023**	**Cashflows[1]**	**Transfers[2]**	**Deferred finance costs & term loan gain**	**Interest expenses**	**Foreign exchange**	**Lease adjustments**	**Other adjustments**	**As at 31 December 2023**
Short-term borrowings	17.5	(17.5)	17.5	-	-	-	-	-	17.5
Long-term borrowings	3,630.8	(236.8)	(17.5)	31.1	236.6	-	-	0.2	3,644.4
Lease liabilities	33.8	(11.9)	-	-	6.4	5.4	66.5	(0.1)	100.1
Total liabilities from financing activities	**3,682.1**	**(266.2)**	**-**	**31.1**	**243.0**	**5.4**	**66.5**	**0.1**	**3,762.0**

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20. Net borrowings (continued)

($ in millions)	As at 1 January 2022	Cashflows[1]	Transfers[2]	Deferred finance costs & term loan gain	Interest expenses	Foreign exchange	Lease adjustments	Other adjustments	As at 31 December 2022
Short-term borrowings	17.5	(17.5)	17.5	-	-	-	-	-	17.5
Long-term borrowings	3,619.1	(228.7)	(17.5)	29.2	228.7	-	-	-	3,630.8
Lease liabilities	45.5	(12.0)	-	-	-	(3.0)	2.4	0.9	33.8
Total liabilities from financing activities	**3,682.1**	**(258.2)**	**-**	**29.2**	**228.7**	**(3.0)**	**2.4**	**0.9**	**3,682.1**

1 Cashflows relate to repayment of borrowings, interest paid, and cash payments for the principal portion of lease obligations.

2 Transfers comprise debt maturing from long-term to short-term borrowings.

21. Trade and other payables

($ in millions)	Note	As at 31 December 2023	As at 31 December 2022
Current:			
Trade payables		103.6	155.1
Other taxation and social security payables		9.8	4.6
Other creditors		6.0	7.6
Other accruals		124.0	149.8
Deferred income[1]		1,073.6	1,037.3
Total trade and other payables		**1,317.0**	**1,354.4**
Non-current:			
Other payables		1.6	2.0
Defined benefit pension and post employment	28	12.4	10.8
Total other payables		**14.0**	**12.8**

1 The deferred income balance includes $890.8m (2022: $906.1m) relating to payments received from Ligado Networks (refer note 4).

The Directors consider the carrying value of trade and other payables to approximate to their fair value.

Deferred income

Deferred income represents obligations to transfer goods or services to a customer for which the entity has received consideration and is therefore considered a contract liability. The Group has recognised the following movements in deferred income throughout the year:

($ in millions)	2023	2022
As at 1 January	1,037.3	1,018.0
Contract liability raised in the year	734.8	421.9
Contract liability utilised in the year	(698.5)	(402.6)
As at 31 December	**1,073.6**	**1,037.3**

22. Provisions

Movements in the Group's provisions were as follows:

($ in millions)	Restructuring	Contract Obligation	Asset retirement	Deferred salary	Other	Total
As at 1 January 2023	**2.4**	**2.2**	**1.1**	**0.8**	**0.8**	**7.3**
Charged in respect of year	9.4	-	1.1	0.8	-	11.3
Utilised in year	(2.0)	(1.3)	-	-	-	(3.7)
Reversal in the year	(0.4)	-	-	(0.1)	(0.8)	(0.9)
As at 31 December 2023	**9.4**	**0.9**	**2.2**	**1.5**	**-**	**14.0**
Non-current	-	0.6	2.2	1.5	-	**4.3**
Current	9.4	0.3	-	-	-	**9.7**
	9.4	**0.9**	**2.2**	**1.5**	**-**	**14.0**

A. Restructuring

The restructuring provision relates to organisational restructuring and employee severance. The provision is calculated based on the estimated costs from the terms of relevant employee contracts. The remaining provision is expected to be utilised within 1 year.

B. Contract Obligation

Contract obligation provisions relate to various contracts within the Aviation business unit, which are expected to result in an outflow of economic benefit as a result of the contract terms. The provisions are calculated using various best estimate methods including weighted probability of a range of potential outcomes. The costs do not include future operating costs.

C. Asset retirement

Asset retirement obligations relate to the expected costs of removing equipment from occupied premises. This is based on contractual obligations set out in the occupation agreements and is calculated using the best estimate of the cost to remove equipment at the end of the term. The costs are expected to be utilised within 2 - 5 years.

D. Deferred Salary

Deferred salary payments are regulatory provisions arising from staff located in Germany, Italy, Qatar and the United Arab Emirates, where the amounts are paid upon the termination of the employment relationship. The provision is calculated based on the estimated costs from the terms of relevant employee contracts.

23. Current and deferred taxation

The current tax asset of $18.3m and the current tax liability of $132.4m (2022: $3.1m and $176.6m) represent the tax receivable and payable in respect of current and prior periods, less amounts paid.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) for the year are shown below:

	As at 31 December 2023			As at 31 December 2022		
($ in millions)	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, plant and equipment and intangible assets	-	816.5	816.5	(0.6)	911.3	910.7
Provisions	(11.4)	-	(11.4)	(10.8)	-	(10.8)
Other[1]	(78.1)	-	(78.1)	(82.9)	-	(82.9)
Tax losses	(26.5)	-	(26.5)	(64.1)	-	(64.1)
Hedge reserve on interest rate caps	-	12.2	12.2	-	21.3	21.3
Net deferred tax liabilities	**(116.0)**	**828.7**	**712.7**	**(158.4)**	**932.6**	**774.2**

1 Other relates to pensions and corporate interest restrictions.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The value of deferred income tax assets and liabilities included in the net deferred income tax balance is shown below:

($ in millions)	**As at 31 December 2023**	**As at 31 December 2022**
Deferred tax assets	(41.8)	(34.6)
Deferred tax liabilities	754.5	808.8
Net deferred tax liabilities	**712.7**	**774.2**

Movement in temporary differences during the year:

($ in millions)	**As at 1 January 2023**	**Recognised in income**	**Recognised in other comprehensive income**	**As at 31 December 2023**
Property, plant and equipment and intangible assets	910.7	(94.2)	-	816.5
Provisions	(10.8)	(0.6)	-	(11.4)
Other[1]	(82.9)	5.0	(0.2)	(78.1)
Tax losses	(64.1)	37.6	-	(26.5)
Hedge reserve on interest rate caps	21.3	-	(9.1)	12.2
Total	**774.2**	**(52.2)**	**(9.3)**	**712.7**

1 Other relates to pensions and corporate interest restrictions.

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23. Current and deferred taxation (continued)

($ in millions)	**As at 1 January 2022**	**Recognised in income**	**Recognised in other comprehensive income**	**As at 31 December 2022**
Property, plant and equipment and intangible assets	883.3	27.4	-	910.7
Provisions	(7.9)	(2.9)	-	(10.8)
Other[1]	(64.6)	(19.4)	1.1	(82.9)
Tax losses	(64.1)	-	-	(64.1)
Hedge reserve on interest rate caps	-	-	21.3	21.3
Total	**746.7**	**5.1**	**22.4**	**774.2**

1 Other relates to pensions and corporate interest restrictions.

Total unrecognised deferred tax assets:

($ in millions)	**As at 31 December 2023**	**As at 31 December 2022**
Unrecognised income tax losses	-	-
Unrecognised capital losses	(63.6)	(60.5)
Total	**(63.6)**	**(60.5)**

Deferred tax assets are recognised to the extent there is probable utilisation of the underlying temporary difference using existing tax laws and forecasts of future taxable profits based on Board-approved business plan forecasts.

Overseas dividends received are largely exempt from UK tax but may be subject to foreign withholding taxes. The unrecognised gross temporary difference in respect of the unremitted earnings of those overseas subsidiaries affected by such taxes is $nil (2022: $nil), resulting in a deferred tax liability of $nil (2022: $nil).

The unrecognised gross temporary difference in respect of the investments in associates is $2.7m (2022: $2.7m), resulting in an unrecognised deferred tax liability of $0.8m (2022: $0.8m).

24. Reconciliation of cash generated from operations

Reconciliation of profit for the year to cash generated from operations:

($ in millions)	2023	2022
Profit for the year	**17.1**	**105.2**
Adjustments for:		
Taxation charge	34.7	30.7
Financing costs	210.8	190.8
Financing income	(136.2)	(75.4)
Operating profit	**126.4**	**251.3**
Depreciation and amortisation	609.5	600.8
Loss on disposal of assets	4.1	4.1
Net impairment of assets	145.2	0.5
Share of profit of associates	(7.1)	(7.2)
EBITDA	**878.1**	**849.5**
Dividends received from associates	4.9	3.7
Non-cash foreign exchange movements	(13.5)	(7.4)
Changes in net working capital:		
Increase in trade and other receivables	(59.1)	(41.6)
Increase in inventories	(13.9)	(20.6)
Increase in trade and other payables	0.2	64.3
Increase / (decrease) in provisions	5.6	(4.4)
Cash generated from operations	**802.3**	**843.5**

25. Share capital

($ in millions)	As at 31 December 2023	As at 31 December 2022
Authorised:		
2,361,467,197 ordinary shares of $1 each	2,361.5	2,361.5
Allotted, issued and fully paid:		
2,361,467,197 ordinary shares of $1 each	2,361.5	2,361.5

During 2023, no new shares were authorised, allotted, or issued (2022: nil).

26. Reserves

Reserves relate to fair value movements in the Group's interest rate cap which provides interest protection on the variable Term Loan borrowing (refer note 20).

Gains and losses relating to the effective portion of hedges are recognised in other comprehensive income and accumulated in the cost of hedging reserve. When a hedged item is recognised in the income statement the cumulative deferred gain or loss accumulated in other comprehensive income and the cost of hedging reserve is reclassified to the income statement. When a hedged item is recognised as a non-financial asset or liability in the balance sheet the accumulated gain or loss is removed from the cost of hedging reserve and included directly in the initial cost of the asset or liability.

The cost of hedging reserve includes the effect of changes in fair value of the time value of option when only the intrinsic value of the option is designated as the hedging instrument.

	Cashflow hedge reserve		
($ in millions)	**Cost of hedging reserve**	**Intrinsic value of options**	**Total hedge reserves**
As at 1 January 2022	**3.9**	**0.1**	**4.0**
Add: change in fair value of hedging instrument recognised in OCI	-	91.8	91.8
Less: costs of hedging deferred and recognised in OCI in respect of the time value of options	(6.3)	-	(6.3)
Add: reclassified from OCI to profit or loss in respect of the time value of options	2.0	-	2.0
Less: reclassified from OCI to profit or loss from the cash flow hedge reserve	-	(8.4)	(8.4)
Less: deferred tax on change in fair value of hedging instrument recognised in OCI	-	(21.3)	(21.3)
As at 31 December 2022	**(0.4)**	**62.2**	**61.8**
Add: change in fair value of hedging instrument recognised in OCI	-	18.8	18.8
Less: costs of hedging deferred and recognised in OCI in respect of the time value of options	(3.2)	-	(3.2)
Add: reclassified from OCI to profit or loss in respect of the time value of options	2.0	-	2.0
Less: reclassified from OCI to profit or loss from the cash flow hedge reserve	-	(52.0)	(52.0)
Add: deferred tax on change in fair value of hedging instrument recognised in OCI		9.1	9.1
As at 31 December 2023	**(1.6)**	**38.1**	**36.5**

Hedge ineffectiveness for 2023 resulted in gains of $0.3m (2022: losses of $0.1m) (refer note 31).

26. Reserves (continued)

The decrease in the net derivative position for 2023 was driven by periodic cash settlements matching a reclassification of cumulative fair value from OCI to profit or loss from the cash flow hedge reserve as approaching the maturity date of February, 2025. This was partially offset by the change in fair value from the increase in the USD LIBOR/SOFR rate over 2023 (5.35% at 31 December 2023) compared to the fixed interest rate cap of 2%.

27. Employee long-term incentive plan

Cash Long-Term Incentive Plan (LTIP)

The cash LTIP is an executive and senior management remuneration scheme which runs over three years and started in 2020. A new LTIP is granted each year with a performance period from 1 January to 31 December. The maximum pay out under the scheme is 134.4% of salary. The LTIP scheme was revised on acquisition and the 2021 and 2022 plans paid out during 2023. The 2023 scheme was shortened and the amount fixed and will be paid out before the end of 2024.

The total cash LTIP charge for the year is $19.0m (2022: $4.3m), comprising of the 2021, 2022 and 2023 LTIP, bringing the accumulated cash LTIP provision to $10.9m (2022: $8.8m).

Employee Participation Units (EPU)

The employee participation unit scheme provides 100 participation units to all permanent employees each year, beginning in 2020. This continues until an exit-event, such as the Viasat acquisition which occured in 2023 and therefore the EPU amount was paid out during 2023. The value of these units is based on a fixed amount of share capital issued in Connect Sub-Topco Limited, held in ownership by Connect Topco Limited, the ultimate parent of the Group. The total EPU charge for the year was $0.7m, the final paid out was $2.8m resulting in a year-end provision of $nil (2022: $2.1m).

28. Pensions and post-employment benefits

The Group operates pension schemes in each of its principal locations. The Group’s pension plans are provided through both defined benefit schemes and defined contribution arrangements.

The Group operates defined benefit pension schemes in Germany and Indonesia which remain active. The Group’s previous principal defined benefit pension plan was the Inmarsat Global defined benefits scheme, which was a UK funded scheme. This scheme underwent a 'buy-in' during 2020 and underwent a buy-out during 2022, therefore no further obligations for the Group or trustee exist under the Inmarsat Global defined benefits scheme.

The Group also provides post-employment benefits for some of its employees. The Group’s principal scheme is the Inmarsat Global post-retirement healthcare benefit scheme, which is the provision of healthcare to retired employees (and their dependants) who were employed before 1 January 1998. Employees who have 10 years of service at the age of 58 and retire are eligible to participate in the post-retirement healthcare benefit plans. Membership of this plan is multinational, although most staff are currently employed in the UK. The plans are self-funded and there are no plan assets from which the costs are paid. The cost of providing these benefits is actuarially determined and accrued over the service period of the active employee groups. The Group’s post-retirement medical liability is capped at CPI +1%.

28. Pensions and post-employment benefits (continued)

There have been no pension plan amendments, curtailments or settlements since the previous year end. Schemes denominated in local currencies are subject to fluctuations in the exchange rate between U.S. Dollars and local currencies.

The principal actuarial assumptions used to calculate the Group's pension and post-employment benefits liabilities under IAS 19 are:

Weighted average actuarial assumptions:	As at 31 December 2023	As at 31 December 2022
Discount rate	4.9%	5.2%
Future salary increases	7.0%	7.0%
Medical cost trend	3.1%	3.3%

Mortality assumptions has been left unchanged and has been in place since 2018. The average life expectancy assumptions for the Company's pension and post-employment benefits liabilities are as follows:

Life expectancy	2023	2022
Mortality assumptions - male	88.5	88.5
Mortality assumptions - female	89.7	89.7

Mortality assumptions used are consistent with those recommended by the individual scheme actuaries and reflect the latest available tables, adjusted for the experience of the Group where appropriate. For the Inmarsat Global post-retirement healthcare benefits for 2023, mortality has been assumed to follow the S2PA tables with -1 year age rating for males and CMI 2017 improvement with a long-term trend of 1.75% pa.

Significant actuarial assumptions for the determination of the post-employment benefits scheme are discount rate, mortality and healthcare cost trend rates. The sensitivity analysis below is for the Group's principal post-employment benefits scheme and has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period assuming that all other assumptions are held constant.

Inmarsat Global post-retirement healthcare benefit scheme:

($ in millions)	Impact on benefit obligation increase / (decrease)	Impact on service cost increase / (decrease)
Change in assumption:		
Increase in discount factor of 0.5%	(0.5)	-
Increase in medical price inflation trend rate of 1%	1.2	0.1
Decrease in medical price inflation trend rate of 1%	(1.0)	(0.1)

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28. Pensions and post-employment benefits (continued)

In reality, there is an expectation of inter-relationships between the assumptions, for example, between discount rate and inflation. The above analysis does not take the effect of these inter-relationships into account.

Amounts recognised in the balance sheet are:

($ in millions)	As at 31 December 2023	As at 31 December 2022
Present value of unfunded defined benefit obligations (pension)	(0.2)	(0.2)
Present value of unfunded defined benefit obligations (post-employment benefits)	(12.2)	(10.6)
Net defined benefit liability recognised in the Balance Sheet	**(12.4)**	**(10.8)**

Analysis of the movement in the present value of the defined benefit obligations is as follows:

($ in millions)	Defined benefit pension plan	Post-employment benefits
As at 1 January 2023	**0.2**	**10.6**
Current service cost	-	0.2
Interest cost	-	0.6
Remeasurement gain:		
Actuarial gain from changes in financial assumptions	-	0.8
Benefits paid	-	(0.5)
Foreign exchange gain	-	0.5
As at 31 December 2023	**0.2**	**12.2**

Analysis of the movement in the fair value of the assets of the defined benefit pension plans is as follows:

($ in millions)	2023	2022
As at 1 January	**-**	**124.1**
Interest income	-	2.0
Remeasurement loss:		
Loss on plan assets (excluding interest amounts)	-	(43.7)
Benefits paid	-	(0.1)
Expenses paid (included in service cost)	-	(0.6)
Foreign exchange loss	-	(13.3)
Defined benefit pension buy-out	-	(68.4)
As at 31 December	**-**	**-**

28. Pensions and post-employment benefits (continued)

Amounts recognised in the income statement in respect of the plans are as follows:

	2023		2022	
($ in millions)	**Defined benefit pension plan**	**Post-employment benefits**	**Defined benefit pension plan**	**Post-employment benefits**
Current service cost	-	0.2	0.6	0.2
Net interest expense	-	0.6	-	0.2
Foreign exchange gain	-	0.5	-	(1.7)
	-	**1.3**	**0.6**	**(1.3)**

Current service cost is included within employee benefit costs (note 7). The net financing costs together with foreign exchange gains and losses are included within interest payable (note 9).

Amounts recognised in the statement of comprehensive income in respect of the plans are as follows:

	2023		2022	
($ in millions)	**Defined benefit pension plan**	**Post-employment benefits**	**Defined benefit pension plan**	**Post-employment benefits**
Actuarial loss / (gain) from changes in financial assumptions	-	0.8	(43.7)	(5.6)
Actuarial loss arising from changes in experience adjustment	-	-	-	1.8
Loss on plan assets (excluding interest amounts)	-	-	43.7	-
Remeasurement of the net defined benefit liability	**-**	**0.8**	**-**	**(3.8)**

29. Operating leases

During the year the Group received income from various agreements deriving revenue from leased equipment. These amounts are recorded as revenue on a straight-line basis over the respective lease terms and represent the majority of the Group's future aggregate minimum lease payments under non-cancellable operating leases expected to be received.

During the year the Group received $40.9m (2022: $37.2m) revenue from various agreements deriving revenue from leased equipment. The income relates predominantly to maritime antenna leases, as well as other onboard vessel equipment which is required for customers to connect to the Group's satellite network.

Customers must be deemed to be creditworthy under the Group's credit policy before any equipment is leased. Should any customer terminate its relationship with the Group, then onboard leased assets are required to be returned as these remain property of the Group. In the event of damage, or the non-return of equipment, the Group will invoice the customer for the value of the equipment. Collection of this debt falls under the Group's credit policy.

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29. Operating leases (continued)

The following table summarises the future minimum lease payments:

($ in millions)	As at 31 December 2023	As at 31 December 2022
Within one year	41.6	40.9
Between two to five years	36.5	52.8
	78.1	**93.7**

30. Capital risk management

The following table summarises the capital of the Group:

($ in millions)	As at 31 December 2023	As at 31 December 2022
As per balance sheet		
Cash and cash equivalents	(285.2)	(233.8)
Short-term deposits greater than three months	(30.0)	(109.1)
Borrowings[1]	3,661.9	3,648.3
Net borrowings	**3,346.7**	**3,305.4**
Equity attributable to shareholders of the parent	1,968.6	1,977.8
Capital	**5,315.3**	**5,283.2**

1 This excludes lease obligations of $100.1m (2022: $33.8m).

The Group's objective when managing its capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group continually evaluates sources of capital and may repurchase, refinance, exchange or retire current or future borrowings and/or debt securities from time to time in private or open-market transactions, or by any other means permitted by the terms and conditions of borrowing facilities and debt securities. Additionally, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group regularly monitors movements in cash and borrowings, as well as total available liquidity. The Group's liquidity is disclosed in note 3(d).

31. Financial Instruments

Treasury management and strategy

The Group's treasury activities are managed by its treasury department which reports into the Chief Financial Officer (CFO). The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group by monitoring foreign exchange exposures and proposing a strategy to manage this exposure to the CFO for approval on an annual basis, and using interest rate caps as required to minimise the exposure arising from floating rate debt.

31. Financial Instruments (continued)

The Board of Directors of the Group has delegated to the treasury department the responsibility for setting and implementing the financial risk management policies applied by the Group. The treasury department has a policy and procedures manual that sets out specific guidelines for managing foreign exchange risk, interest rate risk and credit risk.

Key features of treasury management include:

- Ensuring that the Group is in a position to fund its obligations in appropriate currencies as they fall due;
- Maintaining adequate undrawn borrowing facilities; and
- Maximising return on short-term investments based on counterparty limits and credit ratings.

The Group's foreign exchange policy is not to hedge its foreign currency transactions. Where there is a material contract with a foreign currency exposure, a specific hedge to match the specific risk will be evaluated and must be approved by the Chief Financial Officer (CFO) prior to any hedge being undertaken.

Financial instruments by category

The following table sets out the categorisation of financial assets and liabilities under IFRS 9:

	As at 31 December 2023			As at 31 December 2022		
($ in millions)	**Amortised cost**	**Derivatives used for hedging**	**Total**	**Amortised cost**	**Derivatives used for hedging**	**Total**
Assets as per balance sheet						
Trade receivables and other[1]	654.4	-	654.4	262.3	-	262.3
Cash and cash equivalents	285.2	-	285.2	233.8	-	233.8
Short-term deposits	30.0	-	30.0	109.1	-	109.1
Intergroup lending, gross of capitalised interest	1,238.9	-	1,238.9	1,118.8	-	1,118.8
Derivative financial instruments	-	48.9	48.9	-	83.0	83.0
	2,208.5	**48.9**	**2,257.4**	**1,724.0**	**83.0**	**1,807.0**

1 Consists of trade receivables, other receivables and accrued income (see note 18).

	As at 31 December 2023	As at 31 December 2022
($ in millions)	**Amortised cost**	**Amortised cost**
Liabilities as per balance sheet		
Borrowings	3,661.9	3,648.3
Trade payables and other[1]	235.2	314.5
Lease liabilities	100.1	33.8
	3,997.2	**3,996.6**

1 Consists of trade payables, other payables, accruals and excludes pension liabilities, deferred income and other taxation and social security payables (see note 21).

31. Financial Instruments (continued)

The table below analyses the Group's financial liabilities and net-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	As at 31 December 2023				
($ in millions)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Borrowings[1]	309.4	306.6	4,004.3	-	4,620.3
Trade payables and other[2]	233.6	-	-	1.6	235.2
	543.0	**306.6**	**4,004.3**	**1.6**	**4,855.5**

	As at 31 December 2022				
($ in millions)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Borrowings[1]	294.9	295.2	4,266.3	-	4,856.4
Trade payables and other[2]	312.5	0.1	0.2	1.7	314.5
	607.4	**295.3**	**4,266.5**	**1.7**	**5,170.9**

1 Includes interest obligations on the Senior Notes due 2026 and Term Loan.

2 Consists of trade payables, other payables, accruals and excludes pension liabilities, deferred income and other taxation and social security payables (see note 21).

Fair values of derivative financial instruments

The Group's derivative financial instruments consist of interest rate caps.

Derivative financial instruments are initially measured at fair value (see further below) on the contract date and are re-measured at each reporting date. The change in the fair value is accounted for under the hedge accounting rules of IFRS 9. Under hedge accounting, the change in fair value initially goes through other comprehensive income. At the point hedge accounting is discontinued, i.e. when the hedging instrument expires, is terminated or no longer qualifies for hedge accounting, the amounts sitting in other comprehensive income at that time remain in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the amounts that were reported in equity are immediately reclassified to profit or loss. Where hedge accounting does not apply, the change in fair value is included in net financing costs in the income statement.

The fair value of the interest rate cap is based on the forward interest rate curve at each reporting date and is classified as level 2 in the fair value hierarchy according to IFRS 13. The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs, i.e. those that would be classified as level 3 in the fair value hierarchy, nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The value of a hedging derivative is classified as a non-current asset or liability if the cash flows are due to be received in greater than twelve months, and as a current asset or liability if the cash flows are due to be received in less than twelve months.

31. Financial Instruments (continued)

The fair values at the balance sheet date were:

($ in millions)	As at 31 December 2023	As at 31 December 2022
Financial assets:		
Interest rate cap - current	44.2	45.0
Interest rate cap - non-current	4.7	38.0
Total derivative financial assets	**48.9**	**83.0**

Interest rate cap

The Group has entered into interest rate cap arrangements to hedge the variable interest rates on the Term Loan. The cap provides protection of where USD SOFR is above 2% and is designated as cashflow hedges. The total nominal amount of the interest rate cap arrangement is $1.7bn, hedging 99% of the term loan balance. In line with the IBOR interest rate benchmark reform, the interest rate cap adopted the ISDA Fallbacks Protocol and shifted its reference rate from LIBOR to Compound SOFR from 30 June 2023 (refer note 2).

Hedge ineffectiveness can arise from changes in the creditworthiness of counterparties hedged with and the credit risk of the Group, along with the ability of the Group to refinance the debt and make changes to the economic terms of the hedged loan, resulting in mismatches. Hedge ineffectiveness for 2023 resulted in gains of $0.3m (2022: losses of $0.1m).

Non-derivative financial assets and financial liabilities

Non-derivative financial assets consist of cash at bank, short-term investments, trade receivables, intergroup loan, other receivables, and accrued income.

Fair value of non-derivative financial assets and financial liabilities

With the exception of the Senior Notes and Term loan, the fair values of all non-derivative financial instruments approximate to the carrying value in the balance sheet. The fair value of Senior Notes & Term Loan are classified as level 2 in the fair value hierarchy according to IFRS 13.

The following methods and assumptions have been used to determine fair values:

- The fair values of cash at bank, overdrafts and short-term deposits approximate their carrying values because of the short-term maturity of these instruments (see note 17);
- The fair value of trade and other receivables and payables, accrued income and costs, lease liabilities, and deferred consideration approximate their carrying values (see notes 18 and 21 respectively);
- The Senior Notes due 2026 are reflected in the balance sheet net of unamortised arrangement costs of $6.1m (2022: $9.1m) (see note 20). The fair values of the Senior Notes due 2026 are based on the market price of the bonds and are reflected in the next table;
- The Term loan is reflected in the balance sheet net of unamortised arrangement costs and IFRS 9 related gain from repricing (refer note 20) of $91.4m (2022: $119.5m) and the fair value is based on the net present value discounted at SOFR +3.5%; and
- The Intergroup loan fair value is reflected in the balance sheet net of unamortised arrangement costs of nil. The fair value is based on the net present value discounted at SOFR +5.05%.

31. Financial Instruments (continued)

	As at 31 December 2023		As at 31 December 2022	
($ in millions)	**Carrying amount**	**Fair value amount**	**Carrying amount**	**Fair value amount**
Senior Notes due 2026	2,068.9	2,053.5	2,065.9	1,942.2
Term Loan	1,593.0	1,705.5	1,582.4	1,760.2
Intergroup lending	1,226.1	1,270.5	1,107.4	1,225.7

32. Capital and purchase commitments

($ in millions)	Total	Less than 1 year	Between 2 and 5 years	Over 5 years
Purchase commitments	57.1	31.8	24.5	0.8
Lease commitments	287.3	-	78.4	208.9
Capital commitments	505.4	278.7	226.7	-
Total commitments	**849.8**	**310.5**	**329.6**	**209.7**

Capital commitments primarily represent commitments in respect of the Group's GX7, 8, 9 satellite programs. Lease and purchase commitments mainly comprise the commitment for development of Arctic capabilities for GX in partnership with Space Norway.

33. Contingent liabilities

In the ordinary course of business, the Group is subject to contingencies pursuant to requirements that it complies with relevant laws, regulations and standards. Failure to comply could result in restrictions in operations, damages, fines, increased tax, increased cost of compliance, interest charges, reputational damage and other sanctions. These matters are inherently difficult to quantify.

In cases where the Group has an obligation as a result of a past event existing at the balance sheet date, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated, a provision will be recognised based on best estimates and management judgement.

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. As at 31 December 2023, the Group had no material contingent liabilities (2022: $25m). At 31 December 2022, the Group had $25.0m of contingent liabilities in relation to employee retention compensation payable on successful completion of the Viasat acquisition and is subject to employees being retained for a set retention period, post-acquisition. This was paid during 2023 following the completion of the acquisition.

34. Related party transactions

In the normal course of operations, the Group engages in transactions with its equity-accounted associates (Navarino UK and JSAT Mobile), parent companies (being Connect Midco Limited, Connect Sub-Topco Limited, and Connect Topco Limited), the ultimate parent Company (Viasat Inc.), and entities which are members of the Viasat Inc. group (most notably RigNet Inc.).

Transactions with equity-accounted associates represent sales of airtime and equipment and are measured at the amounts exchanged. Group revenue from Navarino UK and JSAT Mobile for the 2023 financial year is $49.2m and $27.4m respectively (2022: $43.4m and $24.6m, respectively). The amount receivable from Navarino UK and JSAT Mobile at 31 December 2023 is $9.2m and $2.5m, respectively (2022: $9.9m and $3.4m, respectively).

Transactions with the parent companies relate to $1,238.9m (2022: $1,118.8m) intergroup loan, gross of capitalised interest. Other than the intergroup loan, no amount remain outstanding (2022: $nil).

Transactions with the ultimate parent company being Viasat Inc. is $nil.

Transactions with entities which are members of the Viasat Inc. group represent sales of airtime and leased space segment revenue and are measured at the amounts exchanged. Group revenue from RigNet Inc. for the 2023 financial year from the date of the acquisition is $3.4m. The amount of receivable from RigNet Inc. at 31 December 2023 is $0.8m.

Transactions with the Executive and Non-executives, relating to remuneration earned in the normal course of operations, is provided in note 8.

35. Events after balance sheet date

Ligado

On 10 January 2024, the Group and Ligado signed a further amendment to the Ligado cooperation agreement pursuant to which the Group agreed to further defer (with interest) the $365.5m as well as the March, June, September and December 2023 quarterly payments, until 17 January 2024, unless Ligado provide the Group subsequent confirmation that it's debtholders have agreed to forebear to at least until 7 June 2024 at which point the 17 January 2024 payments due as well as the March 2024 quarterly payment (with interest) will be automatically extended to 17 May 2024, at which the total amount owed of $455m will be due (which includes all outstanding quarterly payments and interest). This confirmation was received on 19 January 2024, and the amount is now due on 31 May 2024.

Refinancing of term loan & RCF

Subsequent to year-end, the Group extended the maturity of term loan and revolving credit facility. Of the existing $1.75bn term loan B, $1.3bn was extended for a period of 5.5 years with a new maturity date of 27 September 2029. Interest on the extended portion is, at the option of the Group, either the term Secured Overnight Financing Rate, plus 450 bps or the alternate base rate, plus 350 bps. Of the non-extended portion, $300m was left in place with an original maturity date of 12 December 2026 and the remaining $84m was retired with cash. Concurrently, the Inmarsat revolving credit facility was downsized from $700m to $550m and extended 3 years with a new maturity date of 28 March 2027 (or, if more than $100m of the non-extended portion of the term loan B is outstanding on the date that is 91 days prior to the maturity thereof, such date). As of 15 March 2024, there were no outstanding balances under the revolving credit facility.

I-6 F2 insurance claim

Subsequent to year-end, the full amount ($349.0m) of the insurance claim has been received.

There are no other events after balance sheet date which would require disclosure.

36. Group entities

At 31 December 2023, the Company had investments in the following subsidiaries and associates:

Entity name	Principal activity	Country of incorporation / registered address[1]	Ownership
Inmarsat Group Holdings Limited	Holding company	England and Wales/A	100%
Connect Finco SARL	Finance company	Luxembourg/AH	100%
Connect U.S. Finco LLC	Finance company	United States/C	100%
Inmarsat Holdings Limited	Holding company	England and Wales/A	100%
Inmarsat Group Limited	Holding company	England and Wales/A	100%
Inmarsat Finance Limited	Finance company	England and Wales/A	100%
Inmarsat Investments Limited	Holding company	England and Wales/A	100%
Inmarsat Ventures SE	Operating company	Luxembourg/AH	100%
Inmarsat Global Limited	Satellite telecommunications	England and Wales/A	100%
ISAT Global Xpress OOO	Dormant	Russian Federation/W	100%
Inmarsat Brasil Satélites LTDA	Dormant	Brazil/G	100%
Inmarsat Leasing (Two) Limited	Satellite leasing	England and Wales/A	100%
Inmarsat New Zealand Limited	Operating company	New Zealand/T	100%
Inmarsat Services Limited	Operating company	England and Wales/A	100%
PT ISAT	Operating company	Indonesia/P	100%
Inmarsat Communications Company LLC	Operating company	UAE/AB	49%
Inmarsat Group Holdings Inc.	Operating company	United States/C	100%
ISAT U.S. Inc.	Operating company	United States/C	100%
Inmarsat Government Inc.	Operating company	United States/C	100%
Stratos Government Services Inc.	Operating company	United States/C	100%
Inmarsat Commercial Services Inc.	Operating company	United States/C	100%
Inmarsat Solutions (U.S.) Inc.	Operating company	United States/C	100%
Inmarsat Inc.	Holding company	United States/C	100%
Europasat Limited	Operating company	England and Wales/A	100%
Inmarsat Employment Company Limited	Employment company	Jersey/S	100%
Inmarsat Trustee Company Limited	Dormant	England and Wales/A	100%
Inmarsat Finance III Limited	Operating company	England and Wales/A	100%
Inmarsat Solutions Limited	Holding company	England and Wales/A	100%
Inmarsat Solutions (Canada) Inc.	Operating company	Canada/B	100%
Inmarsat Holdings (Cyprus) Limited	Holding company	Cyprus/J	100%
Inmarsat Germany (GmBH)	Operating company	Germany/K	100%
Inmarsat Global Japan KK	Holding company	Japan/R	100%
Inmarsat Investments BV	Holding company	The Netherlands/U	100%

1 For the list of registered addresses please refer to the table on page 69.

Connect Bidco Limited
Notes to the Financial Statements
For the year ended 31 December 2023

36. Group entities (continued)

Entity name	Principal activity	Country of incorporation / registered address[1]	Ownership
Inmarsat Solutions B.V.	Operating company	The Netherlands/U	100%
Inmarsat Solutions SA (PTY) Limited	Operating company	South Africa/Y	100%
Inmarsat Spain S.A.	Operating company	Spain/Z	100%
Inmarsat Hong Kong Limited	Operating company	Hong Kong/M	100%
Inmarsat Hellas Satellite Services SA	Satellite telecommunications	Greece/L	100%
Inmarsat Navigation Ventures Limited	Operating company	England and Wales/A	100%
Inmarsat SA	Operating company	Switzerland/AA	100%
Inmarsat Solutions Global Limited	Operating company	England and Wales/A	100%
Inmarsat Solutions AS	Operating company	Norway/V	100%
Inmarsat Solutions Pte. Limited	Operating company	Singapore/X	100%
Inmarsat Solutions ehf.	Operating company	Iceland/N	100%
Inmarsat Australia Pty Limited	Operating company	Australia/E	100%
Inmarsat KK	Operating company	Japan/R	100%
Inmarsat Solutions (Shanghai) Co. Limited	Operating company	China/I	100%
Inmarsat India Private Limited	Operating company	India/O	100%
Inmarsat Licences (Canada) Inc.	Holding company	Canada/B	100%
Flysurfer Colombia S.A.S.	Operating company	Columbia/H	100%
Inmarsat New Ventures Limited	Holding company	England and Wales/A	100%
Flysurfer-Ecuador S.A.	Operating company	Ecuador/AD	100%
Inmarsat Satellite Services S.R.L.	Operating company	Romania/AE	100%
Inmarsat BH d.o.o.	Operating company	Bosnia and Herzegovina/AF	100%
Inmarsat Solutions doo Beograd	Operating company	Serbia/AG	100%
Inmarsat DOOEL Skopje	Operating company	North Macedonia, Republic of/D	100%
Inmarsat Maritime Ventures Limited	Operating company	England and Wales/A	100%
Inmarsat Turkey Telekomünikasyon Limited Şirketi	Operating company	Turkey/Q	100%
Navarino UK Limited	Associate	England and Wales/AC	49%
JSAT Mobile Communications Inc.	Associate	Japan/F	26.67%

1 For the list of registered addresses please refer to the table on page 69.

Connect Bidco Limited
Notes to the Financial Statements
For the year ended 31 December 2023

36. Group entities (continued)

Registered address key:

Key	Registered Address
A	50 Finsbury Square, London EC2A 1HD, United Kingdom
B	34 Glencoe Drive, Box 5754, Donovan's Bus. Park, Mount Pearl Newfoundland A1N 4S8, Canada
C	251 Little Falls Drive, Wilmington DE 19808, United States
D	Str. Risto Ravanovski no.13a, Skopje, Republic of North Macedonia
E	Mills Oakley, Level 7, 151 Clarence Street, Sydney NSW 2000, Australia
F	Nisso Building #22 8F, Azabudai 1-11-10, Minato-ku, Tokyo 106-0041, Japan
G	Av Brig Faria Lima, 3477, Andar 16 Torre Sul Sala 47, Itaim Bibi, Sao Paulo, Brazil
H	Cra. 7 No. 71-52 Tower B 9th Floor, Bogota, DC, Colombia 110231
I	11F, Tower B, Central Towers, No.567, Lan Gao Road, Putuo District, Shanghai, 200333, China
J	1, Lampousas, Nicosia, 1095, Cyprus
K	Willy-Brandt, 23, 20457, Hamburg, Germany
L	280 Kifisias Avenue, Halandri, 152 32, Greece
M	Unit 4217- Metroplaza, Tower 1, 223 Hing Fong Road, Kwai Fong, N.T, Hong Kong, Hong Kong
N	Hlíðarsmára 10, 201 Kópavogi, Iceland
O	P-24, Green Park Extension, New Delhi, 110016, India
P	Panbil Residence 1st – 2nd Floor, Jl. Ahmad Yani, Muka Kuning – Batam – 29433, Indonesia
Q	Maltepe Mah. Eski Çırpıcı , Yolu Sk. Parima , Blok No:8 İç kapı , 14 Zeytinburnu, İstanbul, Turkey
R	Level 25 Ark Hills Sengokuyama Mori Tower, 1-9-10, Roppongi, Minato-ku, Tokyo, 106-0032, Japan
S	44 Esplanade, St. Helier, Jersey JE4 9WG, Jersey
T	24 Unity Drive North, North Harbour, Auckland, New Zealand
U	Loire 158-160, 2491 AL, The Hague, Netherlands
V	NMK – Borgundveien 340, 6009 Ålesund, Norway
W	2nd Marynoya Roschy Street, 2A, 129594, Moscow, Russian Federation
X	11 Lorong 3 Toa Payoh , #01-31, Jackson Square, 319579, Singapore
Y	Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, Sandton, Johannesburg, Gauteng, 2052, South Africa
Z	Príncipe de Vergara 73, 28006, Madrid, Spain
AA	Avenue Gratta-Paille 2, c/o MAZARS SA, World Trade Center, 1018, Lausanne, Switzerland
AB	Festival Tower - Unit 2303, P.O. Box 27313, Dubai Festival City, Dubai, United Arab Emirates
AC	Camburgh House, 27 New Dover Road, Canterbury, Kent CT1 3DN, United Kingdom
AD	Republica de El Salvador N35-146 y Suecia, Edif. Prisma Norte, Piso 11, Quito, C.P. 170505, Ecuador
AE	22 Tudor Vladimirescu Blv., Building Green Gate Office, Bucharest, 5th Floor 573Campus07, Sector, Bucharest, Romania
AF	Street Skenderpasina 1, Sarajevo, Bosnia and Herzegovina
AG	Cara Lazara 5-7, Belgrade, Serbia, 11000, Serbia
AH	6, rue Engene Ruppert, L-2453, Luxembourg

Connect Bidco Limited
Company Statement of Changes in Equity
For the year ended 31 December 2023

Company Balance Sheet

($ in millions)	As at 31 December 2023	As at 31 December 2022
Assets		
Non-current assets		
Investments[1]	3,370.1	3,370.1
Other receivables[2]	2,166.2	2,242.4
Deferred tax asset	5.1	5.1
	5,541.4	**5,617.6**
Current assets		
Cash and cash equivalents	0.1	-
Trade and other receivables[2]	115.3	81.7
Income tax assets	10.8	22.0
	126.2	**103.7**
Total assets	**5,667.6**	**5,721.3**
Liabilities		
Current liabilities		
Trade and other payables	36.0	36.4
	36.0	**36.4**
Non-current liabilities		
Borrowings[3]	3,671.7	3,655.6
	3,671.7	**3,655.6**
Total liabilities	**3,707.7**	**3,692.0**
Net assets	**1,959.9**	**2,029.3**
Shareholders' equity		
Ordinary shares	2,361.5	2,361.5
Retained earnings	(401.6)	(332.2)
Total equity	**1,959.9**	**2,029.3**

1 Investments includes $3,335.3m investment in Inmarsat Group Holdings Limited (2022: $3,335.3m) and $34.8m investment in Connect Finco Sarl (2022: $34.8m).

2 Other receivables comprise $2,166.2m loan owing from Inmarsat Group companies (2022: $2,232.4m). Trade and other receivables include $9.9m current portion of loan owing from Inmarsat Group companies (2022: $9.9m), $37.6m of current intercompany loan interest accrued (2022: $33.1m), $2.7m of capitalised loan issue costs (2022: $5.4m), $61.9m owing from Inmarsat Group companies (2022: $39.0m), and $3.2m other receivables (2022: $4.2m).

3 Borrowings comprise of $3,728.0m (2022: $3,730.4m) of loan owing to Inmarsat Group companies, offset by $56.3m (2022: $74.7m) of capitalised loan issue costs.

The Company reported a loss for the financial year ended 31 December 2023 of $69.4m (2022: loss of $104.8m).

The financial statements of the Company, registered number 66187, were approved by the Board of Directors on 2 May 2024 and signed on its behalf by:

DocuSigned by:

Elizabeth Palmer

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Elizabeth Palmer
Director

Company Statement of Changes in Equity

($ in millions)	Ordinary shares	Retained earnings	Total
As at 1 January 2022	**2,361.5**	**(227.4)**	**2,134.1**
Loss for the year	-	(104.8)	(104.8)
As at 31 December 2022	**2,361.5**	**(332.2)**	**2,029.3**
Loss for the year	-	(69.4)	(61.9)
As at 31 December 2023	**2,361.5**	**(401.6)**	**1,967.4**

Notes to the Company Financial Statements

a) Principal accounting policies

Basis of accounting
The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council ('FRC'). Accordingly, the Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, the reconciliation of net cash from operations, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets and related party transactions, and financial instruments. Where required, equivalent disclosures have been given in the Group accounts of Connect Bidco Limited.

The accounting policies and financial risk management policies and objectives, where relevant to the Company, are consistent with those of the consolidated Group as set out in notes 2 and 3 to the consolidated financial statements.

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The Company was incorporated on 15 March 2019.

b) Critical accounting estimates and key judgements
The critical accounting estimates and key judgements, where relevant to the Company, are consistent with those of the consolidated Group as set out in note 4 to the consolidated financial statements.

c) Income statement
Under Section 244 (5) of the Companies (Guernsey) Law 2008, the Company is not required to prepare individual accounts. However, The Directors are mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities, including application of duties under applicable local legislation. Therefore, a Company only Balance Sheet and Statement of Changes in Equity have been presented. The loss for the year ended 31 December 2023 was $69.4m (2022: loss of $104.8m).

Auditor's remuneration
During the year, the company paid its external auditor less than $0.1m (2022: less than $0.1m) for statutory audit services.

Employee costs and Directors' remuneration
The average monthly number of people employed during the year was nil (2022 was nil). Total staff costs for 2023 were nil (2022 was $nil). Full details of Directors' remuneration are given in notes 8 and 27.

c) Income statement (continued)

Foreign currency translation
Accounting for foreign currency transactions of the Company is consistent with that of the Group, which is disclosed in Note 2 to the consolidated financial statements

Share capital
During the period ended 31 December 2023, nil ordinary shares were authorised, allotted, and issued by the Company. All shares are fully paid. Total shares issued (at $1.00 each) and fully paid is 2,361,467,197 (2022: 2,361,467,197 at $1.00 each).

d) Financial instruments
The IFRS 7, 'Financial Instruments' disclosures, where relevant to the Company, are consistent with that of the Group as set out in Note 31 to the consolidated financial statements.

The differences between the Group and Company in relation to intercompany balances are $964.9m loan and accrued interest due from Group companies (2022: $1,156.6m), $61.9m other amounts due from Group companies (2022: $39.0m), and $3,728.0m (2022: $3,730.4m) loan and interest due to Group companies, all of which eliminate on consolidation. The Directors consider the carrying value of the intercompany balances to approximate to their fair value.

The Group has assessed the intercompany receivables under the IFRS 9 expected credit loss model and no impairment losses have been recognised.

Appendix 1: Alternative Performance Measures

The Directors use Alternative Performance Measures (APMs) to better understand the underlying financial performance of the Group and to provide comparability of information between reporting periods and business units. Given that APMs are not defined by International Financial Reporting Standards they may not be directly comparable with other companies who use similar measures. APMs used in these financial statements are:

APM	Description and reconciliation
1. EBITDA	EBITDA is defined as profit for the period before net financing costs, taxation, depreciation and amortisation, gains / losses on disposal of assets, impairment losses and share of profit of associates. EBITDA is a commonly used industry measure which helps investors to understand the contribution made by each of our business units. It reflects how the effect of growing revenue and cost management deliver value for our shareholders. This measure has been reconciled to both operating profit and profit after tax on the face of the income statement.
2. Cash capital expenditure	Cash capital expenditure is the cash flow relating to tangible and intangible asset additions, it includes capitalised labour costs and excludes capitalised interest. Cash capital expenditure indicates our continued investment in the growth and development of our network and infrastructure as well as our investment in the future technologies of the business. This has been reconciled to total capital expenditure within note 5.

Independent Auditor's Report to the Members of Connect Bidco Limited

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Connect Bidco Limited (the 'company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and company balance sheets;
- the consolidated and company statements of changes in equity;
- the consolidated cash flow statement;
- the material accounting policy information; and
- the related notes 1 to 36 to the consolidated financial statements and notes a to d of the company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the

'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and company for the year are disclosed in note 6 to the financial statements.

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

3. Summary of our audit approach

Key audit matter	The key audit matter that we identified in the current year was: Capitalised expenditure - valuation of assets associated with the I6 F2 satellite
Materiality	The materiality that we used for the group financial statements was $25.7m which was determined on the basis of EBITDA.
Scoping	We have performed audit procedures for components which represent 100% of net assets, revenue and EBITDA.
Significant changes in our approach	We have pinpointed our key audit matter of capitalised expenditure to the valuation of assets associated with the I6 F2 satellite given the failure of this satellite during the year. In the prior year, this was pinpointed to the valuation of assets under construction (AUC), with the exception of both I6 satellites, as I6 F1 had been launched during the year and I6 F2 launched shortly after the prior year end. This no longer forms part of our key audit matter given the lack of historical impairments identified. There have been no other significant changes to the approach of our audit compared to the prior year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and company's ability to continue to adopt the going concern basis of accounting included:

- assessing the current and forecast liquidity of the group, including consideration of committed facilities in place throughout the going concern period;
- assessing the historical accuracy of forecasts prepared by management;
- testing the clerical accuracy of the model used to prepare the forecasts;
- recalculating the EBITDA headroom within the forecasts for covenant compliance and assessing the sensitivities run by the directors on the EBITDA headroom;
- assessing the significant cash outflows in the going concern period; and
- assessing the appropriateness of going concern disclosures in the financial statements including the directors' considerations of the Viasat acquisition.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Capitalised expenditure - valuation of the assets related to the I6 F2 satellite

Key audit matter description	During 2023, the I6 F2 satellite suffered a power subsystem anomaly during its orbit raising phase, as well as permanent battery failure. The satellite, which had a value of \$492m (including \$124m of capitalised interest) was fully impaired, and insurance proceeds of \$349m were recognised. Total impairment charges for assets in the course of construction recognised in the year were \$489.9m. There are also certain I6 related assets, which are held in order to support the operations of the I6 F2 satellite and the I6 F1 satellite. A number of these assets may be re-used in future projects, or used on the I6 F1 satellite however there is a risk that some of these have no future use given the failure of the satellite. There is therefore a judgement over the future use of the related assets and whether any impairment is required, which management have considered in their impairment assessment. There is more information on the accounting policies on satellites in note 2, the impairment recognised during the year in note 6 and the satellite assets in note 13.
How the scope of our audit responded to the key audit matter	Our procedures in relation to this key audit matter involved the following: • obtaining an understanding of, and testing, relevant controls over impairment review process; • assessing the completeness of the I6 F2 asset population through review of the fixed asset register;

	• obtaining an understanding of the activities management performed in considering the assets relating to the I6 F2 Satellite for impairment; • discussing projects associated with I6 F2 with the respective project managers, challenging on the impairment conclusions reached for a sample of assets; • for assets categorised as "Reusable", challenging the categorisation by reviewing external evidence, where appropriate, as to their reusability; and • reviewing the appropriateness of the disclosures in relation to the impairment of the I6 F2 satellite and the receipt of the insurance proceeds.
Key observations	Overall, we concluded that the directors have accounted for the I6 F2 assets appropriately during the year. We identified some assets that had been classified as "reusable" (and therefore not impaired) where we considered there was insufficient support for this judgement, however the impact was not material.

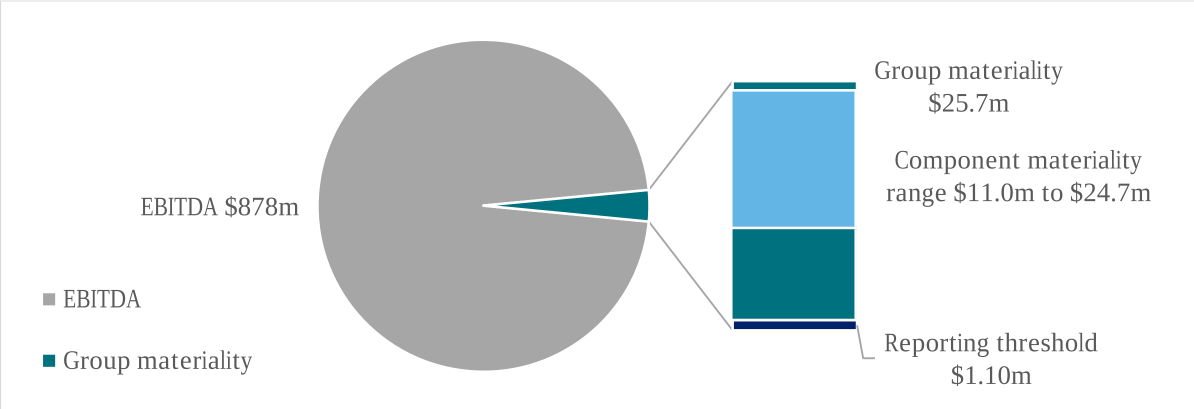
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	$25.7m (2022: $24.7m)	$24.7m (2022: $23.5m)
Basis for determining materiality	We determined materiality using 2.9% of EBITDA (2022: 2.9%).	We determined company materiality based on 1.3% of net assets but capped materiality at 95% of group materiality. Our final materiality constituted 1.3% (2022: 1.1%) of net assets.
Rationale for the benchmark applied	We considered it appropriate to use EBITDA as this is the key area of investor interest.	We considered net assets to be the most appropriate benchmark given the primary purpose of the company is a holding company.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
Performance materiality	70% (2022: 70%) of group materiality	70% (2022: 70%) of company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. The control environment, including the continued improvements made which allowed us to retain our controls reliance across various business processes; b. The continued low level of uncorrected misstatements in the prior and current year.	

6.3. Error reporting threshold

We agreed with those charged with governance that we would report to them all audit differences in excess of $1.1m (2022: $1.1m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focussed our group audit scope primarily on the audit work performed in the following locations:

- London, United Kingdom; and
- St John's, Canada.

We determined there to be two components in the group, as follows:

- The core Inmarsat business unit headquartered in London; and
- The US Government business.

The US Government business is considered to be a separate component as it has a separate financial control environment. The core Inmarsat business was subject to a full scope audit, whilst specified audit procedures were carried out on the US Government business due to its relative financial significance. Our audit work was executed at levels of materiality applicable to each individual component, which (excluding the parent company) were between $11.0m and $23.5m (2022: $11.0m and $21.6m). Our audit scoping coverage for key balances is summarised in the charts below.

7.2. Our consideration of the control environment

With the involvement of our IT specialist, we obtained an understanding of the IT environment and the relevant general IT controls, and in some instances, we tested the relevant general IT controls.

We obtained an understanding of, and tested relevant controls within the revenue, capex, trade receivables, expenditure and trade payables business process cycles. We were able to rely on the controls associated with these business processes for the core Inmarsat business unit headquartered in London.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the group's business and its financial statements.

The group continue to develop their assessment of climate related risks and have disclosed in the strategic report that climate change is now a principal risk for the group. The group has assessed that there is currently no material impact arising from climate change on the judgements and estimates that have been made in the preparation of the financial statements.

We have performed our own assessment of the potential impact of climate change on the group's financial statements and did identify any reasonable possible risks of material misstatement. Our procedures also included reading disclosures included in the strategic report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors

The component auditor for the US Government business was Deloitte Canada. For this component, we involved the component audit partner and manager in our team briefing, discussed their risk assessment and reviewed their audit file. In addition, directed the component auditor through ongoing calls throughout the year with them, we attended a close meeting call with the management of the US Government business, our component audit team, and senior members of the UK group team.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we 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.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including component audit teams and relevant internal specialists, including tax, valuations and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: capitalised expenditure - valuation of the assets related to I6 F2. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008, and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included data protection requirements, US Government regulations and telecom regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified capitalised expenditure – valuation of the assets related to I6 F2 as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

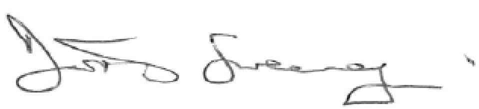
Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company; or
- the company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13. Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Sweeney CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

2 May 2024