Connect Bidco Limited Quarter 2 Results 2024

London, UK: August 22, 2024. Connect Bidco Limited ("Inmarsat", and together with its subsidiaries, the "Group"), a world leader in global mobile satellite communications, today announces unaudited financial results for the second quarter and six months ended June 30, 2024.

All information herein is related to Inmarsat, which is part of the Viasat, Inc. group ("Viasat"), following the acquisition by Viasat of Connect Topco Limited, the parent company of Inmarsat, on May 30, 2023 (the "Viasat Transaction"). All references herein to "we," "us," "our," "Group" and "Company" refer to Inmarsat only and not to Viasat or any member of the wider Viasat group.

BASIS OF PREPARATION

The Management Discussion and Analysis is provided in accordance with the reporting requirements set out in our debt agreements. The financial information has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act of 1933, other requirements of the Securities Exchange Commission ("SEC"), International Financial Reporting Standards ("IFRS"), or other generally accepted accounting principles. The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as contained in UK-adopted international accounting standards, whereas Viasat's consolidated financial information is prepared in accordance with US GAAP, which differs from IFRS in a number of significant respects.

The information presented herein and in the accompanying financial statements may vary from the results for Inmarsat presented by Viasat, or included in the consolidated financial statements for Viasat because (i) of the differences between IFRS and US GAAP and associated audit standards, (ii) Purchase Price Accounting ("PPA") adjustments reflected in Viasat's consolidated financial statements as a result of the Viasat Transaction, and (iii) the accompanying condensed consolidated interim financial statements and associated disclosures contained herein are prepared at the level of Connect Bidco Limited, whereas results for Inmarsat, presented by Viasat, are prepared at the Connect Topco Limited level. This Management Discussion and Analysis has been prepared solely to comply with the reporting requirements under our debt agreements, and the information set forth herein should not be considered to be a substitute for or supplement to Viasat's consolidated financial statements for the Viasat group prepared in accordance with US GAAP or the disclosures set forth in Viasat's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q or other filings with the US Securities and Exchange Commission (the "SEC").

This Management Discussion and Analysis contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the US Securities Act of 1933 and the US Securities Exchange Act of 1934. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we and the wider Viasat group operate and the beliefs and assumptions of management. We use words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "goal," "intend," "may," "plan," "project," "seek," "should," "target," "will," "would," variations of such words and similar expressions to identify forward-looking statements. In addition, statements regarding our anticipated operations, financial position, liquidity, performance, prospects or growth and scale opportunities; projections of earnings, revenue, costs or other financial items; anticipated growth and trends in our business or key markets; future economic conditions and performance; the development, customer acceptance and anticipated performance of technologies, products or services; satellite construction and launch activities; completion of in-orbit placement and in-orbit testing and commencement of commercial service of our satellites; the performance and anticipated benefits of our satellites; the expected completion, capacity, coverage, service speeds and other features of our satellites, and the timing, cost, economics and other benefits associated therewith; plans, objectives and strategies for future operations; and other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Factors that could cause actual results to differ materially include the factors identified in Viasat's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Viasat's other filings with the SEC. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

MANAGEMENT DISCUSSION AND ANALYSIS

($ in millions)	Quarter ended June 30 2024	Quarter ended June 30 2023	First Half ended June 30 2024	First Half ended June 30 2023
Group revenue	**432.5**	**398.7**	**858.9**	**801.3**
Government	150.7	132.2	290.4	275.0
Maritime	124.7	140.6	249.7	274.3
Aviation	109.9	91.0	222.2	184.2
Enterprise	29.9	31.3	59.1	60.5
Central services	17.3	3.6	37.5	7.3
EBITDA	**259.4**	**185.0**	**499.0**	**420.4**
Cash capital expenditure	**51.1**	**115.1**	**151.7**	**221.0**

Results of Operations

The following table represents the selected results of operations of Inmarsat for the periods indicated.

Direct costs and indirect costs are alternative performance measures used by the directors of Inmarsat (the “Directors”) and management to understand the underlying financial performance of the Group. Direct costs are defined as expenses that can be traced directly to the sale of a product or service. Indirect costs are those costs which are not directly attributable to a sale. The measures may be useful to stakeholders to allow them to understand the potential development of our cost profile in the future. Analysing costs as direct and indirect costs is how management internally review performance and make subsequent business decisions.

($ in millions)	Quarter ended June 30 2024	Quarter ended June 30 2023	First Half ended June 30 2024	First Half ended June 30 2023
Revenue	**432.5**	**398.7**	**858.9**	**801.3**
Direct costs	(63.0)	(50.5)	(120.7)	(109.8)
Indirect costs	(109.1)	(122.1)	(231.1)	(202.0)
Costs associated with the Viasat Transaction and integration	(1.0)	(41.1)	(8.1)	(69.1)
Total net operating costs	(173.1)	(213.7)	(359.9)	(380.9)
EBITDA*	**259.4**	**185.0**	**499.0**	**420.4**
Depreciation, amortisation and other costs	(155.3)	(152.0)	(327.2)	(299.6)
Operating profit	**104.1**	**33.0**	**171.8**	**120.8**
Net financing costs	(18.8)	(15.7)	(60.3)	(32.1)
Profit before tax	**85.3**	**17.3**	**111.5**	**88.7**
Taxation charge	(21.8)	(4.3)	(28.6)	(25.2)
Profit for the period	**63.5**	**13.0**	**82.9**	**63.5**

***** See page 11 for a reconciliation of EBITDA for total profit for the period, which we consider to be the most directly comparable IFRS financial measure.

Comparison of the quarter ended June 30, 2024 to the quarter ended June 30, 2023

Revenue

Total revenue for the quarter ended June 30, 2024 increased by $33.8m (8.5%), to $432.5m from $398.7m for the corresponding period in 2023.

Movements in revenue by business unit were as follows:

- **Government** revenue increased by 14.0% to $150.7m. U.S. Government revenue increased by 11.4% to $106.4m following increased services, partially offset by lower equipment sales. Outside the U.S., revenue increased by 20.7% to $44.3m, following continued growth in Global Xpress (“GX”) connections, increase in usage and equipment sales, partially offset by lower service revenue to one customer.
- **Maritime** revenue decreased by 11.3% to $124.7m. This decrease was primarily driven by $6m Fleet Xpress (“FX”) one-time income from one major customer in the prior year, $3m from lower terminal sales primarily to one customer and a $7m decline in FB revenue. FX vessels increased by 1% year on year and FX average recurring revenue per unit (“ARPU”) decreased by 4% (excluding prior year impact of one-time revenue) due to downgrades and a higher wholesale mix. FB vessels decreased by 14% as customers migrated to Very Small Aperture Terminals (“VSAT”) services and FB ARPU declined by 10% as migrations remained skewed towards higher value customers. Legacy revenue increased 2% year on year.
- **Aviation** revenue increased by 20.8% to $109.9m. Core Aviation revenue, comprising Business Aviation (“BGA”) and Aircraft Operations and Safety services (“AOS”), were 9.1% ($6.6m) higher than the corresponding period in 2023, reflecting 11.4% growth in BGA following a 16% increase in the number of JX aircraft with a higher average revenue per aircraft (”ARPA”) and 0.6% growth in AOS following higher usage. In Flight Connectivity (“IFC”) revenue increased by 65.4% ($12.3m) to $31.1m following higher year on year active aircraft install base and rising passenger usage. The number of IFC active aircraft at the end of the quarter increased by 10%.
- **Enterprise** revenue decreased by 4.5% to $29.9m, following lower handset deliveries, lower service revenue following a customer specific contract change, declining usage from legacy products, partially offset by M2M subscriber growth.
- **Central services** revenue increased by $13.7m to $17.3m mainly driven by the recognition of $17.4m revenue from one customer in Q2 2024.

Direct costs

Direct costs for the quarter ended June 30, 2024 increased by $12.5m, to $63.0m as compared to $50.5m for the corresponding period in 2023. Direct costs increased primarily from increased costs in support of revenue growth, particularly in Government, higher bad debt provision versus strong collections in the prior year, partially offset by a decrease in terminal & equipment sales.

Indirect costs

Indirect costs for the quarter ended June 30, 2024 decreased by $13.0m, to $109.1m as compared to $122.1m for the corresponding period in 2023. Indirect costs decreased mainly from lower employee expense due to accelerated transaction-related employee cost accruals in the prior year, lower headcount, and foreign exchange gains from the strengthening of the dollar. This was partially offset by higher IT costs for cloud infrastructure, higher office expenses following the move into a new London HQ in 2024, and other inflationary increases across the business.

Costs associated with the Viasat Transaction and integration

Costs associated with the Viasat Transaction and integration were $1.0m (Q2 2023 - $41.1m) for the quarter ended June 30, 2024.

EBITDA

EBITDA for the quarter ended June 30, 2024 increased by $74.4m (40.2%), to $259.4m as compared to $185.0m for the corresponding period in 2023, reflecting the factors discussed above.

Depreciation, amortisation and other costs

Depreciation, amortisation and other costs for the quarter ended June 30, 2024 increased by $3.3m to $155.3m as compared to $152.0m for the corresponding period in 2023. Depreciation increased mainly due to the I-6 F1 being brought into use in Q4 2023, and amortisation remained consistent with Q2 2023.

Operating profit

Operating profit for the quarter ended June 30, 2024 increased by 71.1m, to $104.1m as compared to $33.0m for the corresponding period in 2023, reflecting the factors discussed above.

Net financing costs

Net financing costs for the quarter ended June 30, 2024 increased by $3.1m, to $18.8m as compared to $15.7m for the corresponding period in 2023. The increase mainly relates to an increase in financing costs as a result of less capital assets still under construction versus the prior year period. Financing income partially offset the increase in financing costs following higher interest income on intergroup lending and higher external interest income as a result of higher interest rates and larger amounts held as cash on deposit and short-term investments.

Profit before tax

Profit before tax for the quarter ended June 30, 2024 of $85.3m represents an increase of $68.0m from the profit before tax of $17.3m for the corresponding period in 2023, reflecting the factors discussed above.

Taxation charge

The taxation charge for the quarter ended June 30, 2024 of $21.8m represents an increase of $17.5m from the taxation charge of $4.3m for the corresponding period in 2023. The effective tax rate for the quarter was 25.6%, compared to 24.9% for the corresponding quarter in 2023. The 2024 rate differs from the UK rate of 25% due to non-deductible expenses arising from the new London HQ office move and adjustments for overseas tax rates differing from the 25% UK statutory tax rate.

Profit for the period

Profit for the quarter ended June 30, 2024 was $63.5m as compared to $13.0m for the corresponding period in 2023, reflecting the factors discussed above.

Comparison of the six months ended June 30, 2024 and the six months ended June 30, 2023

Revenue

Total revenue for the six months ended June 30, 2024 increased by $57.6m (7.2%), to $858.9m from $801.3m for the corresponding period in 2023.

Movements in revenue by business unit were as follows:

- **Government** revenue increased by 5.6% to $290.4m. U.S. Government revenue increased by 7.9% to $200.4m following increased services revenue, partially offset by lower equipment sales. Outside the U.S., revenue increased by 0.8% to $90.0m, following continued growth in GX connections, increase in usage, partially offset by lower equipment sales and lower service revenue to one customer.
- **Maritime** revenue decreased by 9% to $249.7m. This decrease was primarily driven by $6m FX one-time income from one major customer in the prior year, FB decline offsetting FX growth with minimal ship growth, lower terminal sales to one customer, legacy product decline, partially offset by favourable contributions from legacy product price increase.
- **Aviation** revenue increased by 20.6% to $222.2m. Core Aviation revenue was 9.1% ($13.0m) higher than the corresponding period in 2023, reflecting 10.3% growth in BGA following the increase in number of JX aircrafts and higher ARPA and 4.8% growth in AOS following higher usage. IFC revenue continued to

improve with revenue increasing 60.1% ($25.0m) following a contractual settlement from one customer, higher customer usage and higher active aircraft install base.

- **Enterprise** revenue decreased by 2.3% to $59.1m, driven primarily by lower handset deliveries, lower service revenue following a customer specific contract change, declining usage from legacy products, partially offset by a termination fee from one customer.
- **Central services** revenue increased by $30.2m to $37.5m mainly driven by the recognition of $34.8m of revenue from one customer.

Direct costs

Direct costs for the six months ended June 30, 2024 increased by $10.9m, to $120.7m as compared to $109.8m for the corresponding period in 2023. Direct costs increased primarily from increased costs in support of revenue growth, particularly in Government, higher inventory provision, higher bad debt provision versus strong collections in the prior year, partially offset by a decrease in terminal & equipment sales.

Indirect costs

Indirect costs for the six months ended June 30, 2024 increased by $29.1m, to $231.1m as compared to $202.0m for the corresponding period in 2023. The increase was mainly from the one-time $27.6m foreign exchange gain recognised in the prior year relating to the HMRC launch costs case, higher IT costs for cloud infrastructure, higher office expenses following the move into a new London HQ in 2024, VAT write-off following a review of collectability, early termination charges on I-6 F2 ground development, and other inflationary increases across the business. The increase was partially offset by lower employee expense due to accelerated transaction-related employee cost accruals in the prior year, lower headcount, and foreign exchange gains from the strengthening of the dollar.

Costs associated with the Viasat Transaction and integration

Costs associated with the Viasat Transaction and integration were $8.1m for the six months ended June 30, 2024 as compared to $69.1m for the corresponding period in 2023.

EBITDA

EBITDA for the six months ended June 30, 2024 increased by $78.6m (19.1%), to $499.0m as compared to $420.4m for the corresponding period in 2023, reflecting the factors discussed above.

Depreciation, amortisation and other costs

Depreciation, amortisation and other costs for the six months ended June 30, 2024 increased by $27.6m to $327.2m, as compared to $299.6m for the corresponding period in 2023. This increase was mainly attributed to higher impairment charges over various software assets following prioritisation of projects and the impairment of the City Road building lease right of use asset following the move out of the building in Q1 2024. Depreciation increased mainly due to the I-6 F1 being brought into use in Q4 2023, and amortisation remained consistent with the corresponding period in 2023.

Operating profit

Operating profit for the six months ended June 30, 2024 increased by $51.0m, to $171.8m as compared to $120.8m for the corresponding period in 2023, reflecting the factors discussed above.

Net financing costs

Net financing costs for the six months ended June 30, 2024 increased by $28.2m, to $60.3m as compared to $32.1m for the corresponding period in 2023. The increase mainly relates to an increase in financing costs as a result of lower capitalised interest following the I-6 F2 satellite impairment in Q3 2023, a IFRS non-cash loss on the Term Loan extension in Q1 2024, and HMRC late payment interest. Financing income partially offset the increase in net financing costs following higher interest income on intergroup and higher external interest income as a result of higher interest rates and larger amounts held as cash on deposit and short-term investments.

Profit before tax

Profit before tax for the six months ended June 30, 2024 of $111.5m represents an increase of $22.8m from the profit before tax of $88.7m for the corresponding period in 2023, reflecting the factors discussed above.

Taxation charge

The taxation charge for the six months ended June 30, 2024 of $28.6m represents an increase of $3.4m from the taxation charge of $25.2m for the corresponding period in 2023. The effective tax rate for the six months ended June 30, 2024 was 25.7%, compared to 28.4% for the corresponding period in 2023. The 2024 rate differs from the UK rate of 25% due to non-deductible expenses arising from the new London HQ office move and adjustments for overseas tax rates differing from the 25% UK statutory tax rate.

Profit for the period

Profit for the six months ended June 30, 2024 was $82.9m as compared to $63.5m for the corresponding period in 2023, reflecting the factors discussed above.

Balance Sheet

($ in millions)	**At June 30, 2024**	**At December 31, 2023**
Non-current assets	6,704.0	6,804.7
Current assets	1,124.2	1,156.3
Total assets	**7,828.2**	**7,961.0**
Current liabilities	527.3	1,495.6
Non-current liabilities	5,265.8	4,498.3
Total liabilities	**5,793.1**	**5,993.9**
Net assets	**2,035.1**	**1,967.1**

Non-current assets

Non-current assets at June 30, 2024 decreased by $100.7m to $6,704.0m as compared to $6,804.7m at December 31, 2023. This decrease was mainly driven by a decrease in property, plant and equipment and intangible assets following depreciation and impairments exceeding additions, a decrease in right of use assets following impairment of the City Road building lease, a decrease in the interest rate cap non-current asset as the instruments mature in February 2025, partially offset by an increase in the intercompany loan to the Group's direct parent undertaking following additional accrued interest. The interest rate cap provides protection on Term Loan interest when the USD SOFR is above 2%.

Current assets

Current assets at June 30, 2024 decreased by $32.1m to $1,124.2m as compared to $1,156.3m at December 31, 2023. This was due to decreases in insurance recoveries receivable following the cash receipts of $348.9m during Q1 2024, a decrease in inventory on hand and trade debtors following large payments from certain customers, and a decrease in the interest rate cap current asset as the instruments mature in February 2025. The decrease was partially offset by an increase in cash and cash equivalents balance following the receipt of insurance recoveries in Q1 2024, and large customer payments in the period, partially offset by an outflow of $87.6m in relation to the principal repayment of the Term Loan following the Term Loan extension and quarter principal repayment.

Current liabilities

Current liabilities at June 30, 2024 decreased by $968.3m to $527.3m as compared to $1,495.6m at December 31, 2023. This was mainly driven by a decrease in deferred income relating to a customer contract being reclassified from current to non-current liabilities following the reassessment of collectability assessment under IFRS-15, a decrease in accruals following payment of 2023 bonuses during Q1 2024, and decrease in current tax liability following tax payments.

Non-current liabilities

Non-current liabilities at June 30, 2024 increased by $767.5m to $5,265.8m as compared to $4,498.3m at December 31, 2023. The increase was mainly driven by an increase in deferred income relating to a customer contract being reclassified from current to non-current liabilities following the reassessment of the collectability assessment under IFRS-15, increase in deferred tax liability through an increase in timing differences, partially offset by the principal repayments of $87.6m and IFRS-9 related reduction in the carrying value of the Term Loan following the Term Loan extension.

Liquidity and Capital Resources

The following tables set out the cash flows for the periods indicated.

	Quarter ended June 30		**First Half ended June 30**	
($ in millions)	**2024**	**2023**	**2024**	**2023**
Cash generated from operations[1]	238.1	206.3	451.0	372.8
Cash capital expenditure[2]	(51.1)	(115.1)	(151.7)	(221.0)
Net interest paid[3]	(86.9)	(92.7)	(104.5)	(136.1)
Other movements[4]	(21.4)	(11.5)	(43.6)	(88.7)
Free cash flow[5]	**78.7**	**(13.0)**	**151.2**	**(73.0)**
Dividends related to associates and NCI[1,6]	1.8	1.5	3.3	2.0
Proceeds from insurance recoveries	-	-	348.9	-
Debt financing arrangement fees	(2.6)	-	(46.7)	-
Acquisition of remaining shares in Inmarsat Iceland[7]	(1.9)	(1.7)	(1.9)	(1.7)
Net cash flow	**76.0**	**(13.2)**	**454.8**	**(72.7)**
Cash received from / (invested in) short-term deposits	-	(88.3)	30.0	(25.2)
Net repayment of borrowings	(3.2)	(4.4)	(87.6)	(8.8)
Movement in cash and cash equivalents	**72.8**	**(105.9)**	**397.2**	**(106.7)**
Foreign exchange adjustment	-	2.1	(0.5)	1.1
Net increase / (decrease) in cash and cash equivalents	**72.8**	**(108.0)**	**397.7**	**(107.8)**

1. Cash generated from operations excludes "dividends related to associates and NCI" which is disclosed separately in the table above, however it is included in "cash generated from operations" within cash flow from operating activities within the cash flow statement on page 17.
2. Cash capital expenditure comprises "Purchase of property, plant and equipment"; "Additions to intangible assets" and "Own worked capitalised" as included in investing activities within the cash flow statement on page 17.
3. Net interest paid comprises "Interest received" included in cash flow from operating activities and "interest paid" and "other financing activities" included in cash flow from financing activities within the cash flow statement of page 17.
4. Other movements comprises "tax paid" included in cash flow from operating activities and "cash payments for the principal portion of lease obligations" included in cash flow from financing activities within the cash flow statement on page 17.
5. See page 12 for a reconciliation of free cash flow to net cash from operating activities for the period, which we consider to be the most directly comparable IFRS financial measure.
6. 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.
7. During Q2 2023, the Group acquired the remaining shareholding in Inmarsat Solutions ehf. which resulted in a cash outflow of $1.7m to the previous shareholders. During Q2 2024, a subsequent deferred payment was made, resulting in a further cash outflow of $1.9m.

($ in millions)	Quarter ended June 30 2024	2023	First Half ended June 30 2024	2023
Cash and cash equivalents				
At beginning of the period	609.6	233.0	285.2	233.8
Net increase / (decrease) in cash and cash equivalents	72.8	(108.0)	397.7	(107.8)
Foreign exchange adjustment	-	2.1	(0.5)	1.1
At end of the period	**682.4**	**127.1**	**682.4**	**127.1**
Short-term deposits				
At beginning of the period	-	46.0	-	30.0
Net increase in short-term deposits	-	88.3	-	104.3
At end of the period	**-**	**134.3**	**-**	**134.3**
Total cash, cash equivalents and short-term deposits	**682.4**	**261.4**	**682.4**	**261.4**

Comparison of the quarter ended June 30, 2024 to the quarter ended June 30, 2023

Cash generated from operations

Cash generated from operations for the quarter ended June 30, 2024 increased by $31.8m to $238.1m as compared to $206.3m for the corresponding period in 2023. This increase was mainly due to higher EBITDA performance partially offset by working capital net outflows primarily due to a decrease in trade and other payables due to timings of payments partially offset by an decrease in trade and other receivables driven by timing of invoicing and receipts.

Cash capital expenditure

Cash capital expenditure for the quarter ended June 30, 2024 decreased by $64.0m to $51.1m as compared to $115.1m for the corresponding period in 2023. This decrease was driven mainly by the timing of contractual payments on major infrastructure investments. The cash capital expenditure table on page 10 provides a more detailed breakdown for the period.

Net interest paid

Net interest paid for the quarter ended June 30, 2024 decreased by $5.8m to $86.9m as compared to $92.7m for the corresponding period in 2023. This decrease was mainly driven by higher interest income following higher levels of cash in interest bearing deposit and money market accounts.

Other movements

Other movements for the quarter ended June 30, 2024 increased by $9.9m to $21.4m as compared to $11.5m for the corresponding period in 2023. The increase mainly relates to higher tax payments made in Q2 2024 as compared to Q2 2023.

Dividends related to associates and NCI

Dividends of $1.8m were received for the quarter ended June 30, 2024 as compared to $1.5m for the corresponding period in 2023. The increase relates to the higher dividends received from associates.

Debt financing arrangement fees

Debt financing arrangement fees for the quarter ended June 30, 2024 was $2.6m as compared to $nil for the corresponding period in 2023 following the Term Loan extension in March 2024 and related payments made in Q2 2024.

Cash received from / (invested in) short-term deposits

Cash received from short-term deposits for the quarter ended June 30, 2024 was $nil as compared to $88.3m invested in the corresponding period in 2023. At Q2 2024 all short-term deposits had maturity terms of less than three months and therefore classified as cash and cash equivalents. At Q2 2023 the investing strategy differed with the short-term deposits focusing on maturity terms more than three months which resulted in higher cash outflow from investing in short term deposits.

Net repayment of borrowings

Net repayment of borrowings for the quarter ended June 30, 2024 was $3.2m as compared to $4.4m for the corresponding period in 2023, This decrease was driven by a lower quarterly repayment following the Term Loan extension in March 2024.

Comparison of the six months ended June 30, 2024 and the six months ended June 30, 2023

Cash generated from operations

Cash generated from operations for the six months ended June 30, 2024 increased by $78.2m to $451.0m as compared to $372.8m for the corresponding period in 2023. This increase was driven by higher EBITDA performance, partially offset by higher working capital outflows. The working capital outflows primarily by a decrease in trade and other payables due to timings of payments, partially offset due to a decrease in trade and other receivables driven by timing of invoicing and receipts, and lower inventory on hand.

Cash capital expenditure

Cash capital expenditure for the six months ended June 30, 2024 decreased by $69.3m to $151.7m as compared to $221.0m for the corresponding period in 2023. This was driven mainly by the timing of contractual payments on major infrastructure investments. The cash capital expenditure table on page 10 provides a more detailed breakdown for the period.

Net interest paid

Net interest paid for the six months ended June 30, 2024 decreased by $31.6m to $104.5m as compared to $136.1m for the corresponding period in 2023. This decrease was mainly driven by interest being paid in relation to the HMRC launch costs case settlement in the prior period.

Other movements

Other movements for the six months ended June 30, 2024 decreased by $45.1m to $43.6m as compared to $88.7m in the corresponding period in 2023. The decrease mainly relates to the tax settlement payment to HMRC in relation to the launch costs case in the prior period.

Dividends related to associates and NCI

Dividends of $3.3m were received for the six months ended June 30, 2024 as compared to $2.0m for the corresponding period in 2023. The increase relates to the higher dividends received from associates and no dividend paid to NCI in 2024 following the Group acquiring the remaining shareholding in Inmarsat Solutions ehf. during Q2 2023.

Proceeds from insurance recoveries

Proceeds from insurance recoveries in relation to I-6 F2 for the six months ended June 30, 2024 was $348.9m as compared to $nil for the corresponding period in 2023.

Debt financing arrangement fees

Debt financing arrangement fees for the six months ended June 30, 2024 was $46.7m as compared to $nil for the corresponding period in 2023 following the Term Loan extension in March 2024 and related payments made in Q2 2024.

Cash received from / (invested in) from short-term deposits

Cash received from short-term deposits for the six months ended June 30, 2024 was $30.0m as compared to $25.2m invested in the corresponding period in 2023. In 2024 a withdrawal of short-term deposits was made and all short-term deposits had maturity terms of less than three months and therefore classified as cash and cash equivalents. During the six months ended June 30, 2023 additional cash was invested in short-term deposits following available balances. In 2024 the Group is focusing on cash investments with maturity terms of less than three months.

Net repayment of borrowings

Net repayment of borrowings for the six months ended June 30, 2024 was $87.6m as compared to $8.8m for the corresponding period in 2023. The increase was driven by $87.6m principal repayments in six months ended June 30, 2024, which includes $84.4m repayment of Term Loan following the Term Loan extension and $3.2m quarterly repayment. The quarterly principal repayment decrease from $4.4m to $3.2m following the Term Loan extension in March 2024.

Cash capital expenditure breakdown

Cash capital expenditure, which relates to tangible and intangible asset additions, includes capitalised labour costs and excludes capitalised interest, is set out in the following table.

	Quarter ended June 30		**First Half ended June 30**	
($ in millions)	**2024**	**2023**	**2024**	**2023**
Major infrastructure projects[1]	21.6	60.8	66.4	101.0
Success-based capital expenditure[2]	10.9	15.1	19.3	29.8
Other capital expenditure[3]	28.1	36.3	61.1	70.8
Cash flow timing[4]	(9.5)	2.9	4.9	19.4
Total cash capital expenditure	**51.1**	**115.1**	**151.7**	**221.0**

1. Major infrastructure projects consists of satellite design, build and launch costs and ground network infrastructure costs.
2. Success-based capital expenditure consists of capital equipment installed on ships, aircraft and other customer platforms.
3. Other capital expenditure investment primarily includes infrastructure maintenance, IT and capitalised product and service development costs.
4. Cash flow timing represents the difference between accrued capital expenditures and the actual cash flows.

Other Notable Developments

Litigation

As part of normal operations, from time to time, the Group is subject to legal disputes with customers, suppliers and other third parties. We continuously monitor these disputes in order to manage and account for them appropriately.

Repayment and Retirement of Portion of Senior Notes 2026

During July 2024, the Group paid down and retired approximately $101.7 million of principal of Senior Notes due 2026 by paying approximately $99.9 million in cash (plus accrued interest).

GX-10A / B Launch

Subsequent quarter end on August 11th, 2024, two satellites hosting the Group's latest payload's GX10A & GX10B were launched. The two satellites carry payloads that aims to use to bring broadband connectivity to the Arctic from polar orbits. The Arctic has rapidly growing connectivity demand as governments, commercial mobility customers and scientists continue to look North. The GX-10A and 10B payloads are expected to enter service in early to mid-2025. Once in service, these new payloads will expand the coverage area served by the Group, further strengthening global coverage capabilities with dedicated capacity for the Arctic region.

Non-IFRS Financial Measures

This Management Discussion and Analysis and the accompanying presentation to bondholders include non-IFRS financial measures such as EBITDA, Adjusted EBITDA, and free cash flow to supplement consolidated financial information presented on an IFRS basis. We believe EBITDA, Adjusted EBITDA, and free cash flow are measures that are appropriate to enhance an overall understanding of our past financial performance or liquidity and prospects for the future. However, the presentation of this additional information is not meant to be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS. Moreover, Viasat and Inmarsat calculate EBITDA and Adjusted EBITDA differently and therefore the two measures may not be comparable. A reconciliation between the non-IFRS financial information and the most comparable IFRS financial information is set forth below. You should not consider such items as an alternative to the historical financial position or results, or other indicators of our position or performance based on IFRS measures.

EBITDA and Adjusted EBITDA

EBITDA is a non-IFRS performance measure which we define as profit for the period before net financing costs, taxation, depreciation and amortisation, gains / losses on disposal of assets, impairment of assets and share of profit of associates. Adjusted EBITDA ("AEBITDA") is defined as EBITDA adjusted to exclude EBITDA attributable to costs associated with the Viasat Transaction and associated integration activities. Ligado attributed EBITDA was previously included as an adjustment to EBITDA, however it is no longer classified within exceptional items and therefore AEBITDA now include contributions from Ligado. Q2 2023 and first half ended June 30, 2023, EBITDA has been revised to include contributions from Ligado of $4.5m credit to direct costs.

The following table reconciles EBITDA and Adjusted EBITDA to total profit for the period, which we consider to be the most directly comparable IFRS financial measure.

		Quarter ended June 30		**First Half ended June 30**
($ in millions)	**2024**	**2023**	**2024**	**2023**
Profit for the period	**63.5**	**13.0**	**82.9**	**63.5**
Taxation charge	21.8	4.3	28.6	25.2
Net financing costs	18.8	15.7	60.3	32.1
Depreciation and amortisation	157.8	152.9	316.0	299.5
Impairment of assets	4.3	0.9	18.6	0.9
(Gain) / Loss on disposal of assets	(4.1)	0.5	(0.7)	3.2
Share of profit of associates	(2.7)	(2.3)	(6.7)	(4.0)
EBITDA	**259.4**	**185.0**	**499.0**	**420.4**
Cost associated with the Viasat Transaction	-	34.9	-	62.9
Viasat integration costs	1.0	6.2	8.1	6.2
Adjusted EBITDA	**260.4**	**226.1**	**507.1**	**489.5**

Free Cash Flow

Free cash flow is a non-IFRS performance measure which we define as net cash from operating activities for the period less purchase of property, plant and equipment, additions to intangible assets, own work capitalised, interest paid, other financing activities, cash payments for the principal portion of lease obligations, dividends paid related to NCI, and adjusted to exclude for dividends related to associates and NCI and foreign exchange adjustment which is included in cash generated from operations.

The following table reconciles free cash flow to net cash from operating activities for the period, which we consider to be the most directly comparable IFRS financial measure.

	Quarter ended June 30		First Half ended June 30	
($ in millions)	**2024**	**2023**	**2024**	**2023**
Net cash from operating activities	**228.3**	**199.9**	**432.2**	**295.1**
Purchase of property, plant and equipment	(31.8)	(78.9)	(101.0)	(154.4)
Additions to intangible assets	(11.3)	(24.5)	(32.7)	(43.4)
Own work capitalised	(8.0)	(11.7)	(18.0)	(23.2)
Interest paid	(95.6)	(94.1)	(119.2)	(140.3)
Other financing activities	(0.4)	(1.1)	(0.8)	(1.6)
Cash payments for the principal portion of lease obligations	(0.7)	(3.2)	(5.5)	(3.8)
Dividends paid related to NCI	-	-	-	(0.5)
Less: dividends related to associates and NCI	(1.8)	(1.5)	(3.3)	(2.0)
Less: foreign exchange adjustment	-	2.1	(0.5)	1.1
Free Cash flow	**78.7**	**(13.0)**	**151.2**	**(73.0)**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND HALF YEAR-ENDED June 30, 2024

CONNECT BIDCO LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter and six months ended June 30, 2024 (unaudited)

	Quarter ended June 30		First Half ended June 30	
($ in millions)	**2024**	**2023**	**2024**	**2023**
Revenue	**432.5**	**398.7**	**858.9**	**801.3**
Employee benefit costs	(75.5)	(101.0)	(161.6)	(206.5)
Network and satellite operations costs	(60.7)	(44.5)	(115.2)	(89.3)
Reversal of impairment of financial assets	-	1.7	0.6	4.8
Other operating costs[1]	(46.5)	(83.8)	(104.2)	(118.2)
Own work capitalised	9.6	13.9	20.5	28.3
Total net operating costs	(173.1)	(213.7)	(359.9)	(380.9)
EBITDA	**259.4**	**185.0**	**499.0**	**420.4**
Depreciation and amortisation	(157.8)	(152.9)	(316.0)	(299.5)
Impairment of assets	(4.3)	(0.9)	(18.6)	(0.9)
Gain / (Loss) on disposals of assets	4.1	(0.5)	0.7	(3.2)
Share of profit of associates	2.7	2.3	6.7	4.0
Operating profit	**104.1**	**33.0**	**171.8**	**120.8**
Financing income	41.7	33.1	82.3	64.3
Financing costs	(60.5)	(48.8)	(142.6)	(96.4)
Net financing costs	(18.8)	(15.7)	(60.3)	(32.1)
Profit before tax	**85.3**	**17.3**	**111.5**	**88.7**
Taxation charge	(21.8)	(4.3)	(28.6)	(25.2)
Profit for the period	**63.5**	**13.0**	**82.9**	**63.5**
Attributable to:				
Equity holders	**63.5**	**13.0**	**82.9**	**63.3**
Non-controlling interest[2]	**-**	**-**	**-**	**0.2**

1. Other operating costs for the first half ended June 30, 2024 include foreign exchange gains of $2.9m (first half ended June 30, 2023: $23.0m) and for Q2 2024 foreign exchange gains of $0.3m (Q2 2023 foreign exchange losses: $3.0m). The first half ended June 30, 2023 foreign exchange gain included a foreign exchange gain relating to the provision held for the HMRC launch costs case that was settled during Q1 2023 ($27.6 million).

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.

CONNECT BIDCO LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter and six months ended June 30, 2024 (unaudited)

	Quarter ended June 30		First Half ended June 30	
($ in millions)	**2024**	**2023**	**2024**	**2023**
Profit for the period	**63.5**	**13.0**	**82.9**	**63.5**
Other comprehensive income				
Items that may be reclassified subsequently to the Income Statement:				
Foreign exchange translation differences	-	-	(0.3)	(0.4)
Change in fair value of hedging instrument	2.7	23.9	12.5	17.9
Reclassified from OCI to profit or loss from the hedge reserve	(13.3)	(12.2)	(29.1)	(22.3)
Tax credited / (charged) directly to equity	2.4	(2.9)	3.9	1.5
Other comprehensive (expense) / income for the period, net of tax	**(8.2)**	**8.8**	**(13.0)**	**(3.3)**
Total comprehensive income for the period, net of tax	**55.3**	**21.8**	**69.9**	**60.2**
Attributable to:				
Equity holders	**55.3**	**21.8**	**69.9**	**60.0**
Non-controlling interest[1]	**-**	**-**	**-**	**0.2**

1. 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.

CONNECT BIDCO LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 2024 (unaudited)

($ in millions)	As at June 30, 2024	As at December 31, 2023
Assets		
Non-current assets		
Property, plant and equipment	2,686.1	2,776.1
Intangible assets	2,545.6	2,621.3
Right of use assets	72.4	81.6
Investments	33.9	30.4
Finance lease receivable	0.8	0.2
Other receivables	1,323.4	1,248.6
Derivative financial instruments	-	4.7
Deferred tax asset	41.8	41.8
	6,704.0	**6,804.7**
Current assets		
Cash and cash equivalents	682.4	285.2
Short-term deposits	-	30.0
Trade and other receivables	333.5	707.3
Finance lease receivable	0.4	0.2
Inventories	55.7	71.1
Current tax assets	18.3	18.3
Derivative financial instruments	33.9	44.2
	1,124.2	**1,156.3**
Total assets	**7,828.2**	**7,961.0**
Liabilities		
Current liabilities		
Borrowings	13.0	17.5
Trade and other payables[1]	395.8	1,317.0
Provisions	22.9	9.7
Current tax liabilities	92.1	132.4
Lease obligations	3.5	19.0
	527.3	**1,495.6**
Non-current liabilities		
Borrowings	3,545.4	3,644.4
Other payables[1]	852.2	14.0
Provisions	8.8	4.3
Deferred tax liabilities	778.2	754.5
Lease obligations	81.2	81.1
	5,265.8	**4,498.3**
Total liabilities	**5,793.1**	**5,993.9**
Net assets	**2,035.1**	**1,967.1**
Shareholders' equity		
Ordinary shares	2,361.5	2,361.5
Other reserves	22.7	35.7
Retained earnings	(349.1)	(430.1)
Equity attributable to shareholders	**2,035.1**	**1,967.1**
Total equity	**2,035.1**	**1,967.1**

1. Trade and other payables within Current liabilities decreased significantly following the reclassification of deferred income relating to one customer contract from current to non-current liabilities following a reassessment of the collectability assessment under IFRS-15 in Q1 2024. This resulted in revenue being recognised in 2024 and deferred income apportioned between current and non-current liabilities based on management's best estimate of the revenue recognition profile.

CONNECT BIDCO LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the quarter and six months ended June 30, 2024 (unaudited)

($ in millions)	**Share capital**	**Hedge reserve**	**Other**	**Retained earnings**	**NCI[1]**	**Total**
Balance at January 1, 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.	-	-	-	(1.5)	(0.5)	(2.0)
Comprehensive Income:						
Profit for the period	-	-	-	63.3	0.2	63.5
OCI – before tax	-	(4.4)	(0.4)	-	-	(4.8)
OCI – tax	-	1.5	-	-	-	1.5
Balance at June 30, 2023	**2,361.5**	**58.9**	**(0.8)**	**(383.3)**	**-**	**2,036.3**
Balance at January 1, 2024	**2,361.5**	**36.5**	**(0.8)**	**(430.1)**	**-**	**1,967.1**
Acquisition of remaining shares in Inmarsat Solutions ehf.[1]	-	-	-	(1.9)	-	(1.9)
Comprehensive Income:						
Profit for the period	-	-	-	82.9	-	82.9
OCI – before tax	-	(16.6)	(0.3)	-	-	(16.9)
OCI – tax	-	3.9	-	-	-	3.9
Balance at June 30, 2024	**2,361.5**	**23.8**	**(1.1)**	**(349.1)**	**-**	**2,035.1**

1. 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. During Q2 2024, a subsequent deferred payment was made, resulting in a further cash outflow of $1.9m.

CONNECT BIDCO LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the quarter and six months ended June 30, 2024 (unaudited)

	Quarter ended June 30		**First Half ended June 30**	
($ in millions)	**2024**	**2023**	**2024**	**2023**
Cash flow from operating activities				
Cash generated from operations	239.9	207.8	454.3	375.3
Interest received	8.9	2.8	15.0	5.8
Tax paid	(20.5)	(10.7)	(37.1)	(86.0)
Net cash from operating activities	**228.3**	**199.9**	**432.2**	**295.1**
Cash flow from investing activities				
Purchase of property, plant and equipment	(31.8)	(78.9)	(101.0)	(154.4)
Additions to intangible assets	(11.3)	(24.5)	(32.7)	(43.4)
Own work capitalised	(8.0)	(11.7)	(18.0)	(23.2)
Acquisition of remaining shares in Inmarsat Solutions ehf.[1]	(1.9)	(1.7)	(1.9)	(1.7)
Net withdrawal / (investment) in short-term deposits	-	(88.3)	30.0	(25.2)
Proceeds from insurance recoveries	-	-	348.9	-
Net cash (used in) / from investing activities	**(53.0)**	**(205.1)**	**225.3**	**(247.9)**
Cash flow from financing activities				
Dividends paid related to NCI[2]	-	-	-	(0.5)
Repayment of borrowings	(3.2)	(4.4)	(87.6)	(8.8)
Interest paid	(95.6)	(94.1)	(119.2)	(140.3)
Debt financing arrangement fees	(2.6)	-	(46.7)	-
Cash payments for the principal portion of lease obligations	(0.7)	(3.2)	(5.5)	(3.8)
Other financing activities	(0.4)	(1.1)	(0.8)	(1.6)
Net cash used in financing activities	**(102.5)**	**(102.8)**	**(259.8)**	**(155.0)**
Net increase / (decrease) in cash and cash equivalents	**72.8**	**(108.0)**	**397.7**	**(107.8)**
Cash and cash equivalents				
At beginning of the period	609.6	233.0	285.2	233.8
Net increase / (decrease) in cash and cash equivalents	72.8	(108.0)	397.7	(107.8)
Foreign exchange adjustment	-	2.1	(0.5)	1.1
At end of the period	**682.4**	**127.1**	**682.4**	**127.1**
Comprising:				
Cash at bank and in hand	341.7	103.8	341.7	103.8
Short-term deposits with original maturity of <3months	340.7	23.3	340.7	23.3
Cash and cash equivalents	**682.4**	**127.1**	**682.4**	**127.1**
Net cash and cash equivalents at end of period	**682.4**	**127.1**	**682.4**	**127.1**

1. During Q2 2023, the Group acquired the remaining shareholding in Inmarsat Solutions ehf. which resulted in a cash outflow of $1.7m to the previous shareholders. During Q2 2024, a subsequent deferred payment was made, resulting in a further cash outflow of $1.9m.
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.

NOTES TO THE CONDENSED CONSOLIDATED 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. Details of the nature of the Group is provided in note 3.

On May 30, 2023, Viasat, Inc. acquired Connect Topco Limited (the previous ultimate controlling party of the Group). Following the acquisition, the ultimate controlling party of the Company is Viasat, Inc. which is an entity based in the United States. The Company’s immediate parent company is Connect Midco Limited.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The Condensed Consolidated Interim Financial Statements for the six months ended June 30, 2024 have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’ as contained in UK-adopted international accounting standards and Companies (Guernsey) Law, 2008. They were approved by the Company’s board of directors (the “Board of Directors”) on August 22, 2024.

The financial information presented in this Condensed Consolidated Interim Financial Statements does not constitute consolidated financial statements as defined in Section 245 of the Companies (Guernsey) Law, 2008. The consolidated financial statements for the year ended December 31, 2023 were approved by the Board of Directors on May 2, 2024. The appointed auditors (Deloitte LLP) have issued an unqualified report on this date. There were no matters drawn to attention by way of emphasis of matter.

Going concern

As at June 30, 2024, the Group had $1,232.4m of liquid resources (Cash and cash equivalents: $682.4m, short-term deposits: $nil and undrawn RCF: $550.0m) and a continued expectation that the Group will generate positive free cash flow and reduce leverage over the medium to long term. The going concern assessment has been performed using the Group financial performance and position.

The Group has a robust and resilient business model, positive free cash flow generation, and is compliant with all banking covenants. The directors of Inmarsat (the “Directors”) have a reasonable expectation that the Group shall continue to operate as a going concern for the foreseeable future. Consequently, the Group continues to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements.

Basis of accounting

The functional and reporting currency of the Company and most of the Group’s subsidiaries is the US Dollar, as the majority of receipts from operational transactions and borrowings are denominated in US Dollars. The same accounting policies and methods of computation are followed in the Condensed Consolidated Interim Financial Statements as in the most recent annual financial statements, at December 31, 2023.

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with IAS 34 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 period. Although these estimates are based on management’s best estimate of the amount, event or actions, the actual results may ultimately differ from these estimates.

3. SEGMENT INFORMATION

The Group has 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 lines, 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 lines 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.

	Quarter ended June 30		First Half ended June 30	
($ in millions)	**2024**	**2023**	**2024**	**2023**
Government	150.7	132.2	290.4	275.0
Maritime	124.7	140.6	249.7	274.3
Aviation	109.9	91.0	222.2	184.2
Enterprise	29.9	31.3	59.1	60.5
Central services	17.3	3.6	37.5	7.3
Revenue	**432.5**	**398.7**	**858.9**	**801.3**

	Quarter ended June 30		First Half ended June 30	
($ in millions)	**2024**	**2023**	**2024**	**2023**
Cash capital expenditure	**51.1**	**115.1**	**151.7**	**221.0**
Financing costs capitalised in the cost of qualifying assets	9.6	21.0	18.1	43.8
Cash flow timing	9.5	(2.9)	(4.9)	(19.4)
Total capital expenditure	**70.2**	**133.2**	**164.9**	**245.4**

4. TAXATION

The interim period income tax charge is accrued based on the forecast annual effective tax rate of 25.7% (six month ended June 30, 2023: 28.4%). The forecast annual effective tax rate reflects adjustments for non-deductible expenses arising from the new London HQ office move and overseas tax rates differing from the 25% UK statutory tax rate.

From time to time, the Group may be involved in disputes in relation to on-going tax matters where a tax authority adopts a different interpretation to our own. The Group's total tax provision of $24.8m (Q4 2023 $24.8m) relates to management's judgement of the amount of tax payable in respect of on-going enquiries with tax authorities. In relation to HMRC's audit of the Convertible Bonds redemption in 2019, a closure notice was received in June 2024 to confirm HMRC were satisfied with the tax treatment in the filed tax return and that they had no further questions. Given no provision had been booked against this amount, no adjustment is required now we have received the closure notice. Tax returns for 2007, and 2020 and thereafter remain open for HMRC's ongoing enquiry into treatment of Ligado deferred income. In relation to the Group's Launch Costs case, tax returns for the years 1999-2006 and 2008-2017 inclusive were closed in Q1 2024. It has been agreed with HMRC that the liabilities for the 2018 and 2019 years have been settled, and we anticipate those years being closed in due course.

5. NET FINANCING COSTS

($ in millions)	Quarter ended June 30 2024	Quarter ended June 30 2023	First Half ended June 30 2024	First Half ended June 30 2023
Bank interest receivable and other interest	8.1	3.4	16.3	7.2
Intergroup lending interest receivable	33.6	29.7	66.0	57.1
Total financing income	**41.7**	**33.1**	**82.3**	**64.3**
Interest on Senior Notes and credit facilities	(59.8)	(59.4)	(118.6)	(118.5)
Amortisation of debt issue costs	(5.0)	(5.2)	(12.7)	(10.1)
Amortisation of term loan gain	(1.1)	(3.2)	(4.3)	(6.1)
Net interest on the net pension asset and post-employment liability	(0.1)	(0.4)	(0.1)	(0.8)
Interest on lease obligations	(1.6)	(1.6)	(3.2)	(3.2)
Other interest	(2.5)	-	(7.3)	(1.5)
Total financing costs	**(70.1)**	**(69.8)**	**(146.2)**	**(140.2)**
Add: Amounts capitalised in the cost of qualifying assets	9.6	21.0	18.1	43.8
Less: IFRS-9 loss on term loan extension[1]	-	-	(14.5)	-
Net financing costs	**(18.8)**	**(15.7)**	**(60.3)**	**(32.1)**

1. IFRS-9 loss on Term Loan extension relates to a $14.5m IFRS-9 related loss following the Term Loan extension in March 2024, see further information in note 7.

6. NET BORROWINGS

These balances are shown net of unamortised deferred finance costs as follows:

($ in millions)	At June 30, 2024 Amount	Unamortised term loan gain[1]	Deferred finance costs	Net balance	At December 31, 2023 Amount	Unamortised term loan gain[1]	Deferred finance costs	Net balance
Current borrowings								
Term loan	13.0	-	-	13.0	17.5	-	-	17.5
Total current borrowings	**13.0**	**-**	**-**	**13.0**	**17.5**	**-**	**-**	**17.5**
Non-current borrowings								
Senior Notes due 2026	2,075.1	-	(4.5)	2,070.6	2,075.0	-	(6.1)	2,068.9
Term loan	1,583.7	(22.3)	(86.6)	1,474.8	1,666.9	(41.1)	(50.3)	1,575.5
Total non-current borrowings	**3,658.8**	**(22.3)**	**(91.1)**	**3,545.4**	**3,741.9**	**(41.1)**	**(56.4)**	**3,644.4**
Total borrowings	**3,671.8**	**(22.3)**	**(91.1)**	**3,558.4**	**3,759.4**	**(41.1)**	**(56.4)**	**3,661.9**
Cash and cash equivalents	(682.4)	-	-	(682.4)	(285.2)	-	-	(285.2)
Short-term deposits	-	-	-	-	(30.0)	-	-	(30.0)
Net borrowings	**2,989.4**	**(22.3)**	**(91.1)**	**2,876.0**	**3,444.2**	**(41.1)**	**(56.4)**	**3,346.7**

1. Gain on term loan reprice relates to a $76.4m IFRS-9 related gain, net of $39.6m amortisation, following repricing of the term loan during 2021 and a $14.5m loss following amendment of the Term Loan during 2024.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group extended the maturity of Term Loan and revolving credit facility in March 2024. Of the existing $1.75bn Term Loan, $1.3bn was extended for a period of 5.5 years with a new maturity date of September 28 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 December 12, 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 March 28, 2027 (or, if more than $100m of the non-extended portion of the Term Loan is outstanding on the date that is 91 days prior to the maturity thereof, such date). As of June 30, 2024, there were no outstanding balances under the revolving credit facility.

The extension of the Term Loan represents a debt modification and as a result the Group recorded an IFRS-9 loss through the income statement of $14.5m in Q1 2024. The carrying value of the Term Loan on the balance sheet was reduced by a similar value. This will be offset by amortisation of the net overall gain (including the previous unamortised gain from 2020 repricing) which is charged over the life of the loan. The repricing gain from 2020 repricing has therefore been rolled up into an updated carrying value and will be amortised over remaining life of the loan. The deferred finance costs has also increased following direct transaction costs and discount on the extension. These costs equated to $44.2m and have been included in the carrying value of the Term Loan and will be recognised in the income statement over the term of loan using the effective interest rate method.

The Group's derivative financial instruments consist of an interest rate cap. The Group entered into interest rate cap agreements in February 2020 to hedge against the movements in the USD SOFR.

The Group generally does not hedge 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. At present the Group has no material hedges on foreign currency milestone payments.

The fair values and level of fair value on the hierarchy at the Balance Sheet date were:

($ in millions)	At June 30, 2024	At December 31, 2023
Financial assets		
Interest rate cap (Level 2)	33.9	48.9
Total derivative financial assets	**33.9**	**48.9**

The fair value of the interest rate cap is based on the forward interest rate curve at each reporting date. 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 Directors consider that the carrying value of non-derivative financial assets and liabilities approximately equal to their fair values except for those items listed below:

	At June 30, 2024		At December 31, 2023	
($ in millions)	Carrying value[1]	Fair value	Carrying value[1]	Fair value
Financial liabilities				
Senior Notes due 2026	2,070.6	2,006.5	2,068.9	2,053.5
Term loan	1,487.8	1,629.7	1,593.0	1,705.5
Financial assets				
Related party loan	1,291.4	1,430.0	1,226.1	1,270.5

1. Gross of unamortised arrangement cost and gain on term loan reprice and amendment, net of amortisation.

8. CONTINGENT ASSETS AND 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. At June 30, 2024, the Group had no material contingent liabilities.

9. RELATED PARTY TRANSACTIONS & PRINCIPAL RISKS AND UNCERTAINTIES

In the normal course of operations, the Group engages in transactions with its ultimate parent company, Viasat. Transactions with Viasat mainly comprise of intercompany revenue, expenses (mainly legal fees, payroll related expenses, and travel) and balance sheet items such as prepayments and capex recharges. All transactions are measured at the amounts exchanged. The net amount owed to Viasat Inc. are $5.8m as at June 30, 2024 ($3.9m as at March 30, 2024).

There have been no other material changes in the related party transactions nor principal risks and uncertainties described in the 2023 Connect Bidco Limited Annual Report.

10. EVENTS AFTER THE BALANCE SHEET DATE

Repayment and Retirement of Portion of Senior Notes 2026

Between July 8 and 12, 2024, the Group paid down and retired approximately $101.7 million of principal of Senior Notes due 2026 by paying approximately $99.9 million in cash (plus accrued interest).

There are no other events after balance sheet date which would require disclosure in these Condensed Consolidated Interim Financial Statements.

APPENDIX 1: ALTERNATIVE PERFORMANCE MEASURES ("APMs")

The Directors use APMs to better understand the underlying financial performance of the Group and to provide comparability of information between reporting periods and business units. The measures are also used in discussions with the investment analyst community and the credit rating agencies. Given that APMs are not defined by IFRS 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. Direct and indirect costs	Direct costs are defined as expenses that can be traced directly to the sale of a product or service. Indirect costs are those costs which are not directly attributable to a sale. The measures are useful to shareholders because it allows them to understand the potential development of our cost profile in the future. Direct and indirect costs have been reconciled to total net operating costs on page 2.
2. EBITDA and Adjusted EBITDA	EBITDA is defined as profit for the period before net financing costs, taxation, depreciation and amortisation, gains / losses on disposal of assets, impairment of assets, and share of profit of associates. It reflects how the effect of growing revenue and cost management deliver value for our shareholders. Adjusted EBITDA is defined as EBITDA adjusted to exclude EBITDA attributable to costs associated with the Viasat Transaction and associated integration activities. Ligado attributed EBITDA is no longer classified within exceptional items and therefore AEBITDA now include contributions from Ligado. These measures have been reconciled to total profit for the period on page 10.
3. 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 3.
4. Free cash flow	Free cash flow is a non-IFRS performance measure which we define as net cash from operating activities for the period less purchase of property, plant and equipment, additions to intangible assets, own work capitalised, interest paid, other financing activities, cash payments for the principal portion of lease obligations, dividends paid related to NCI, and adjusted to exclude for dividends related to associates and NCI and foreign exchange adjustment which is included in cash generated from operations. This measure has been reconciled to net cash from operating activities for the period on page 11.

APPENDIX 2: LAST TWELVE-MONTH ADJUSTED EBITDA ("LTM RECONCILIATION")

The following table reconciles LTM Adjusted EBITDA to total profit for the period, which we consider to be the most directly comparable IFRS financial measure. Twelve months ended June 30, 2023 has been revised to include $19.8m EBITDA attributable to Ligado.

A reconciliation for the twelve months ended June 30, 2024 and June 30, 2023 is as follows:

($ in millions)	Twelve Months Ended June 30, 2024	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024	Three Months Ended December 31, 2023	Three Months Ended September 30, 2023
Profit / (Loss) for the Period	**36.5**	**63.5**	**19.4**	**16.3**	**(62.7)**
Taxation charge / (credit)	**38.1**	21.8	6.8	42.2	(32.7)
Net financing costs	**102.8**	18.8	41.5	29.9	12.6
Depreciation and amortisation	**626.0**	157.8	158.2	156.8	153.2
Impairment loss	**162.9**	4.3	14.3	1.3	143.0
Loss / (gain) on disposal of assets	**0.2**	(4.1)	3.4	0.9	-
Share of profit of associates	**(9.8)**	(2.7)	(4.0)	(2.7)	(0.4)
EBITDA[1]	**956.7**	**259.4**	**239.6**	**244.7**	**213.0**
Income associated with the Viasat Transaction	**(1.7)**	-	-	(1.7)	-
Viasat Integration Costs	**36.5**	1.0	7.1	13.2	15.2
Adjusted EBITDA	**991.5**	**260.4**	**246.7**	**256.2**	**228.2**

($ in millions)	Twelve Months Ended June 30, 2023	Three Months Ended June 30, 2023	Three Months Ended March 31, 2023	Three Months Ended December 31, 2022	Three Months Ended September 30, 2022
Profit for the Period	**144.0**	**13.0**	**50.5**	**43.6**	**36.9**
Taxation charge	**49.3**	4.3	20.9	16.0	8.1
Net financing costs	**84.1**	15.7	16.4	24.8	27.2
Depreciation and amortisation	**596.6**	152.9	146.6	146.9	150.2
Impairment loss	**1.4**	0.9	-	0.5	-
Loss on disposal of assets	**6.5**	0.5	2.7	3.0	0.3
Share of profit of associates	**(8.5)**	(2.3)	(1.7)	(2.5)	(2.0)
EBITDA	**873.4**	**185.0**	**235.4**	**232.3**	**220.7**
Cost associated with the Viasat Transaction	**73.9**	34.9	28.0	5.3	5.7
Viasat Integration Costs	**6.2**	6.2	-	-	-
Adjusted EBITDA	**953.5**	**226.1**	**263.4**	**237.6**	**226.4**