



CONNECTING THE WORLD FOR GOOD

**CONNECT BIDCO LIMITED
ANNUAL REPORT AND ACCOUNTS 2022**

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

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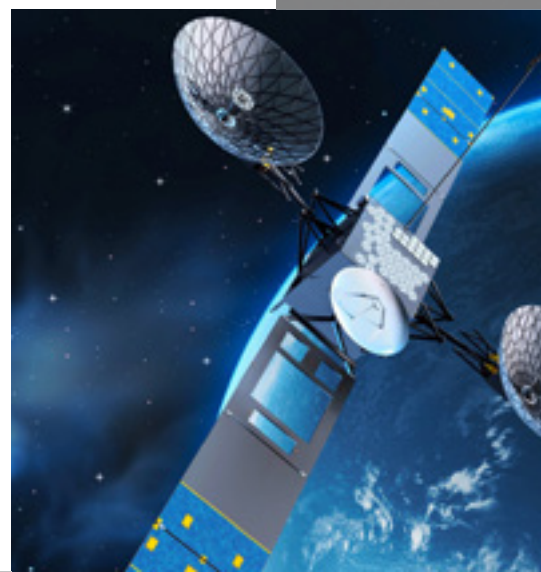
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COMMITTED TO POSITIVE

CHANGE

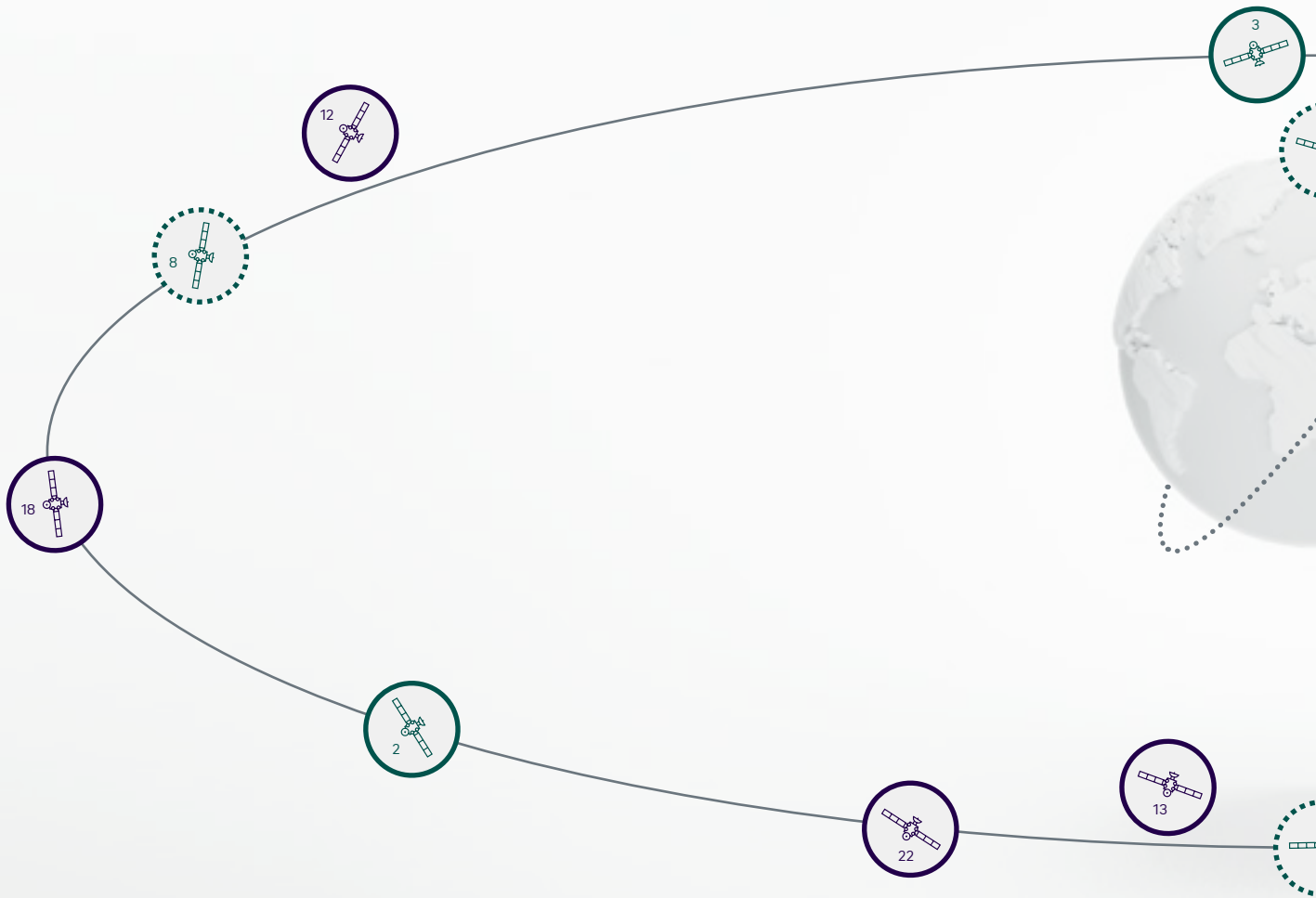




STRATEGIC REPORT

AN EVOLVING NETWORK

The strength of Inmarsat's financial performance and its investment in innovation means we deliver award-winning operational, safety and mission-critical connectivity services to organisations, governments and individuals around the world.



Global Xpress (Ka-band¹)

- 1 GX1
- 2 GX2
- 3 GX3
- 4 GX4
- 5 GX5
- 7 GX7
- 8 GX8
- 9 GX9
- 10a) GX10a²
- 10b) GX10b²

ELERA (L-band³)


- 12 I-3 F1
- 13 I-3 F2
- 14 I-3 F3
- 15 I-3 F5
- 16 I-4 F1
- 17 I-4 F2
- 18 I-4 F3
- 19 ALPHASAT I-4 F4

European Aviation Network³

- 11 EAN (S-band)

- 21 I-6 F1⁴
- 22 I-6 F2⁵



 Launched by the end of 2025

Notes:

- (1) Broadband services are provided via our Ka-band satellites
 - (2) Highly Elliptical Orbit (HEO)
 - (3) Narrowband services are provided via our L-band and EAN satellites
 - (4) Operational in Q3 2023. GX6a Ka-band payload hosted on I-6 F1
 - (5) Operational in Q1 2024. GX6b Ka-band payload hosted on I-6 F2
- NB Satellite positions are indicative and for illustrative purposes only

Satellite

- GX7
- GX8
- GX9
- GX10a
- GX10b

OUR STRATEGY

Inmarsat is a leading satellite operator focused on global mobility.

We are the only global operator fully focused on broadband and narrowband mobility and government services. We have unique global networks solely designed and optimised for mobile satcom services rather than fixed or consumer applications.

Our strong financial performance reinforces our strategy and achievement of our goals and returns on investments. Centred around our market and customer focus, we have defined four main strategic pillars. Our strategy guides our decisions and enables us to generate sustainable

value and create growth for the benefit of all our stakeholders.

MAINTAIN AND GROW THE CORE BUSINESS

We are focused on our core markets and have built up leading positions. The revenue opportunities in our core markets are material at a projected revenue Total Addressable Market of c. \$9.2bn and are growing at high single digit numbers, due to an increased demand for connectivity and digital applications. We enable our customers to deliver productivity gains

and to serve new ecosystems including Internet of Things (IoT) that requires reliable connectivity services. Growing and maintaining our position in our core markets offers further strong growth opportunities.

EXTEND INTO NEAR ADJACENT MARKETS

Our market positions allow us to also serve adjacent markets. This helps us to leverage our deep sector expertise and to bring value added propositions to new customer segments in mobility. The adjacent markets

STRATEGIC PRIORITIES: A CLEAR STRATEGY FOR SUCCESS

GROWTH STRATEGY

TO BUILD A LEADERSHIP



MAINTAIN & GROW THE CORE BUSINESS

We are committed to maintain and grow our core business to retain our leadership positions.

MARKET FOCUS



EXTEND INTO NEAR ADJACENT MARKETS

We will pursue growth in identified near adjacent markets, where we can win and build future business.



DRIVE INNOVATION & DIFFERENTIATION

We will relentlessly innovate and differentiate our offering to deliver distinctive customer benefits.

CUSTOMER FOCUS



SHARPEN CUSTOMER & DISTRIBUTION FOCUS

We understand our customers' needs and proactively adapt to serve them through an experienced distribution network.

UNDERPINNED BY OUR PURPOSE, CULTURE AND CAPABILITIES



PURPOSE DRIVEN

Our purpose, vision and brand reflect our ambition of clear differentiation and relevance in the changing market.



CULTURAL EVOLUTION

A culture of empowerment and accountability, agile, capable, inclusive and commercially focused, with a strong commitment to execution excellence.

create new opportunities for us to deliver further profitable growth.

DRIVE INNOVATION AND DIFFERENTIATION

Inmarsat's unique satellite operations with narrowband (L-band) and broadband (Ka-band) services with global coverage differentiates Inmarsat from our competitors. We have a proven track record of innovation underpinned by our world leading technology capabilities. Our distinctive proposition allows us to bring value to our customers.

SHARPEN CUSTOMER AND DISTRIBUTION FOCUS

We work closely in partnership with world-leading customers. We understand our customers' needs, and how we can help them deliver value. We have a balanced model of direct and indirect distribution. Our experienced distribution channel and partnerships provide extensive market access, supporting our global service proposition.

OUR STRATEGIC PILLARS ARE UNDERPINNED BY THREE CORE CAPABILITIES:

The first is technology leadership. Inmarsat has a proud heritage in this area and world-class people who make our innovation possible. We have world-class GEO satellites operating in L-band, S-band and Ka-band. And our ORCHESTRA network will further advance our position as a leading satellite operator.

Secondly, we are purpose driven with a clear vision and brand that reflects our ambition. Our purpose and values guide our decisions and how we do business. Our purpose is to enable the connected world by placing the customer at the centre of everything we do.

Thirdly, our high performance culture supports us to execute our strategy and deliver our growth targets. Our employees are empowered and accountable to make decisions with a key focus on our customers.

POSITION IN OUR CORE MARKETS

MARITIME

Grow Fleet Xpress (FX) and expand into adjacent markets.

AVIATION

Grow InFlight Connectivity (IFC) business and continue to service Business General Aviation (BGA) and Airline and Operational Services (AOS) customers.

INMARSAT GOVERNMENT

Maintain and extend existing business to deliver growth and maintain a leadership position.

GLOBAL GOVERNMENT

Establish clear satcom leadership opportunities and deliver growth in all major international defence markets.

ENTERPRISE

Grow L-band Internet of Things business and sustain legacy narrowband business.



TECHNOLOGY LEADERSHIP

Our world class leading capabilities enable us to drive the technological evolution and disrupt the sector with break-through innovation.

Our goal is to be a fast growing, market leading provider of connectivity and services in global mobility.

BUSINESS MODEL

Our purpose of providing “connectivity for good” builds on our strong commitment to serving as a positive force in the world.

GAINING COMPETITIVE ADVANTAGE THROUGH OUR CORPORATE RESPONSIBILITY AND OUR PEOPLE

Our competitive advantage comes from our networks, our innovative technology, the expertise of our people and the strength and breadth of our partnership ecosystem.

Market leading networks

ELERA (L-band)

Our resilient L-band networks, currently through our Inmarsat-3 and Inmarsat-4 satellite constellations, will continue to support the evolving mobile communications requirements in our key customer segments. It is recognised as the world's most reliable global satellite communications infrastructure delivering vital connectivity services to millions worldwide.

Dual payload

Our Inmarsat-6 satellites, the second (I-6 F2) of which was launched in February 2023, comprise a dual payload (L-band and Ka-band). I-6 F1 is due to enter commercial service later this year. This will support the reorientation of our L-band capabilities towards new growth opportunities, as well as providing additional capacity to our existing GX network.

Global Xpress (GX) (Ka-band)

GX, is the world's first globally available bandwidth satellite network with five Inmarsat-5 satellites currently in orbit. It is the world's first global, mobile, high bandwidth network, designed to support our customers' high bandwidth connectivity requirements. A further five GX payloads will launch into GEO orbit by the end of 2025.

S-band

The integrated S-band satellite and air-to-ground network, the EAN, is a compelling and unique proposition for commercial aviation customers in Europe.

ORCHESTRA

ORCHESTRA is the development of a unified network, utilising the existing and evolving ELERA and GX layers, and seamlessly integrating future terrestrial mesh and LEO layers. ORCHESTRA is a true network of networks.

Supported by:

Our technology

We continue to invest in innovation to deliver market-winning solutions to our customers and differentiate our propositions.

Best-in-class partner ecosystem

Our relationships with our partners, from suppliers to distributors, help us to strengthen our service offering.

Highly skilled workforce

Our people have the skills, competencies and experience to deliver our business objectives and create value. Our culture and values are focused on innovation and performance excellence.

Our financial resources

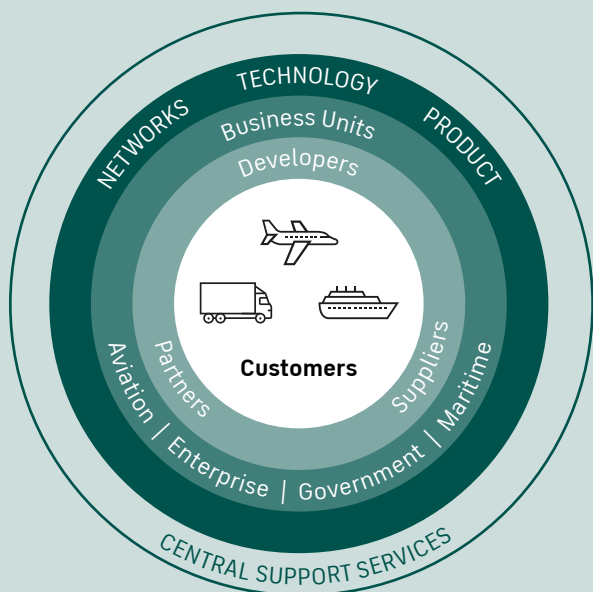
We use our balance sheet to support the organic and inorganic investment needed to deliver our strategic priorities.

OUR VALUE CHAIN

By operating global satellite networks and fully optimised ground infrastructure networks, supported by market-leading distribution partnerships, we provide our customers with global coverage to the multiple devices they use for their business needs.

Our products, services and solutions enable our customers to operate safely, securely and efficiently and to deliver innovative communications services to their users across our customer-focused business segments.

Our business model delivers sustainable value for all our stakeholders.



Our revenue streams

Our business units, Maritime, Government, Aviation and Enterprise, interfaces with our partners and customers and drive the Group's revenue.

DELIVERING VALUE FOR OUR STAKEHOLDERS

We are committed to creating and delivering sustained value for all our stakeholders.

Shareholders and lenders

We aim to drive profitable growth to help deliver value for our shareholders and lenders.

Customers and partners

We focus on the key drivers of value for our partners and customers such as security, reliability and seamless delivery with global coverage and mobility.

Employees

We have a strong culture, underpinned by our values and our commitment to diversity, and we are focused on our employees' career development, making internal promotions where possible.

Communities

We are proud of our public service ethos and the part we play in providing safety services, particularly to mariners and the aviation industry and our long-term support of the charity Télécoms Sans Frontières.

CHIEF EXECUTIVE'S STRATEGIC REVIEW

2022 was another financially strong year for Inmarsat.

2022 was another financially strong year for Inmarsat. We saw full-year revenue increase by 9.0%, EBITDA grew even faster at 15.0% (see appendix 1), and underlying free cash flow was \$254.7m (see glossary), ahead of our internal plan. In addition, we saw our employee engagement score continue to increase, took an industry leader position on the crucial issue of space sustainability, agreed science-based net zero targets, continued with the largest satellite development programme in our history with six payloads under construction, and much more. All in all, it was a year where we delivered improved financial results and made progress on our major programmes.

Financial highlights

Revenue for 2022 was \$1,474.1m and underlying EBITDA reached \$857.0m (see glossary), both representing our best performance in the last five years. These excellent results were achieved despite a challenging environment, including high inflation, recession in parts of the world, the ongoing Covid-19 lockdown in China, and Russia's unprecedented war on Ukraine. I want to thank our customers, partners, and employees for their support in achieving such a strong result. It is deeply appreciated.



Three of four of our business units delivered growth in 2022. Aviation grew the fastest – at 37.0% – as the travel sector continued its post-pandemic rebound. All three Aviation segments (in-flight connectivity, business aviation and cockpit services) grew for the year. Competition in this market segment is intense – Inmarsat though remains well positioned with global coverage, increasing network capacity and reputation of providing certainty to our customers.

Maritime, our largest business, rebounded from an earlier downturn and has now delivered its second year of consecutive growth. We continue to have a robust backlog of vessels waiting for the installation of our Fleet Xpress broadband service. Demand for connectivity continues to grow as reliable internet access for crew members becomes a competitive hiring advantage for maritime companies.

Our Government business performed extremely well, with 2022 revenues up by 7.4%. Our Inmarsat Government business ended the year up slightly despite a slow first three quarters. Our non-U.S. Global Government business had its best year ever with revenues up 14.9%. Demand remains strong in this market segment, where Inmarsat is a long-standing, trusted partner.

Our Enterprise business struggled in 2022 with significant component shortages, impacting availability of both satellite phones and IoT terminals. While the business returned to growth in the fourth quarter, we see continued risk related to component availability. We are working on initiatives to pivot our focus further to IoT opportunities. While this work is well underway, it will take time to deliver meaningful results.

For 2023, we expect another year of growth, in-line with the market. EBITDA should grow as well, although slightly slower than revenue as we invest in future opportunities and relieve staffing pressure

in some areas. That said, we will continue to manage costs given the continuing macro-economic challenges and robust market competition.

Viasat transaction

The planned acquisition of Inmarsat by Viasat has continued to move forward. The UK Competition and Markets Authority (CMA) has now provisionally cleared the transaction and we are working on the remaining regulatory clearances which will allow us to move forward to closure of the transaction in 2023.

Future direction

Our focus is on becoming the leading intelligent multi-network communications company.

To achieve this goal, we are continuing to progress with our ORCHESTRA network, which remains as compelling today as when we announced it more than a year ago. ORCHESTRA will combine GEO, HEO and LEO; Ka and L-bands; and terrestrial 5G and LTE into a single seamless network designed to ensure that we are able to provide customers with the best network capabilities to meet their needs at the right time, place and cost.

The 5G mesh component of ORCHESTRA has completed proof-of concept trials in Singapore; availability of coastal LTE is expected around the middle of 2023 and early LEO testing has taken place. We have more new GEO satellites in the pipeline than in any point in Inmarsat's history. The LEO element of ORCHESTRA is expected in the next few years, and our plan remains to implement the LEO dimension through either partnering or by building. As we expand our network, adding more capacity, plus that purchased from third parties, our plan is to add intelligence and ensure that we can orchestrate connectivity across different technologies, frequencies and orbits to provide seamless services to our customers. We have started this work through the use of Inmarsat's intelligent

IN SUMMARY

+9.0%

Full-year revenue growth

software defined wide area network (SD-WAN) technology, which is currently under development.

As we proceed down this path, we will also further leverage Inmarsat's brand and reputation for quality and exceptional reliability, which help differentiate us from others. After all, Inmarsat's roots are in saving lives and ensuring that when the SOS button is pushed on the ship's bridge, the alert goes out. It just works; it is certain.

We are continuing to invest in 2023. We launched I-6 F2 in February 2023 and we are preparing for the launches of GX7, GX8 and GX9 in 2024 and 2025, with each of these next generation GX satellites delivering about twice the total capacity of the entire current GX network. GX10A and GX10B are also scheduled to come in 2024, placed in highly elliptical orbits (HEO) to give current and new customers unprecedented coverage in the high north and across the important Arctic region. Investments in ground stations have been significant, and in order to maintain pace with the new spacecraft, these installations are happening at a record rate, faster than ever before.

Employee engagement

Our focus is to protect and nurture the powerful parts of our culture, including a strong sense of purpose, collaboration, intellectual curiosity and technical excellence, while strengthening customer focus, levels of accountability and increasing the pace of our execution.

During 2022 our engagement scores also increased driven by our progressive people practices and the strength in our communication and engagement with our people. We are particularly proud that we

2050

Net zero approved target

were able to support our employees with the increased cost of living by awarding an off cycle pay increase (totalling 3% of total base pay) with higher increases awarded to employees at more junior grades.

Sustainability

During the year, we were the first satellite communications company to have our near-term science-based targets validated by the Science Based Targets initiative (SBTi). It is our ambition to be net zero by 2050, and we have approved and submitted long-term net zero targets to the SBTi for validation. This effort reflects our continued commitment to play a leading role in addressing the impact of climate change through monitoring our own impact, that of our supply chain and adapting to the challenges climate change may bring in the future.

During 2023, we will continue to remain focused on sustainable development in space to address the issue of space debris, orbital congestion and protection of the Earth's atmosphere through supporting and encouraging the introduction of robust and enforceable regulation.

Operating model

To maintain the strong momentum we have built in the past two years, we cannot stand still. We need to seize opportunities to accelerate our progress and drive performance. To address this, we have made changes to our operating model. First, we created a Prioritisation and Portfolio Management function to ensure we optimise our resources and simplify work across the business. The terminal development team now forms part of our Technology business group where terminal strategy and speed of implementation will be core to how they work. Finally,

we combined the Commercial Product Management and the Enterprise Business Unit to create a new Commercial and Digital Solutions team responsible for growing digital-focused strategic partnerships, developing a satellite to mobile business and maintaining the Enterprise core land business.

Inmarsat's purpose

I would like to close on a note about Inmarsat's purpose.

Our roots are in saving lives, in serving people when their need is the greatest. Today, the connectivity that we provide remains a force for good in the world. We make our planet safer and more sustainable. We bring people together to solve problems. We improve productivity and efficiency by connecting things everywhere.

Our purpose, of providing "connectivity for good" builds on our strong commitment to serving as a positive force in the world. This purpose inspires me every day, and for our employees too.

We remain dedicated to our purpose - and the trust others place in us as a result. So even as it feels like an ever less certain place, you can be sure we will continue to connect the world, wherever, whenever it matters, for certain.

I am proud of our achievements in 2022 and look forward to the 2023 opportunities it brings us.

Rajeev Suri
CEO

20 March 2023

KEY PERFORMANCE INDICATORS

Measuring success against our key strategic priorities.

FINANCIAL KPIs

Revenue

Revenue is total Group revenue generated from operations.

Refer to p26 for the 2022 performance review.

\$1,474.1m



Strategy:

Why it is important

Revenue growth validates our business model, by demonstrating our ability to develop our customer base and increase ARPU across our product portfolio.

Link to risks and remuneration

The achievement of this KPI depends on the successful execution of all our strategic priorities and careful management of our risks. Incentive plans include revenue as one of the financial performance metrics, so it will be measured as a basis for incentive plan payments.

EBITDA

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.

Refer to p26 for the 2022 performance review and Appendix 1 for alternative performance measures descriptions and reconciliations.

\$849.5m



Strategy:

Why it is important

EBITDA is a commonly used industry term to help our shareholders understand contributions made by our solutions and services. It reflects how the effect of growing revenues and cost management deliver value to our shareholders.

Link to risks and remuneration

The achievement of this KPI depends on successful execution of all our strategic priorities and careful management of our risks. Incentive plans include financial metrics and Group results as performance metrics, so this KPI will contribute to determining incentive plan payments.

Cash CAPEX

Cash capital expenditure is the cash flow relating to tangible and intangible asset additions; it includes capitalised labour costs and excludes capitalised interest.

Refer to p26 for the 2022 performance review and Appendix 1 for alternative performance measures descriptions and reconciliations.

\$316.0m



Strategy:

Why it is important

Cash capital expenditure drives innovation and differentiation through continued investment in growth and development of our network and infrastructure, as well as our investment in the future technologies of the business.

Link to risks and remuneration

The achievement of this KPI depends on the successful execution of all our strategic priorities and careful management of our risks. Incentive plans include financial metrics and Group results as performance metrics, so this KPI will contribute to determining incentive plan payments.

STRATEGIC PRIORITIES



Maintain and grow the core business



Extend into near adjacent markets



Drive innovation and differentiation of our services



Sharpen customer and distribution focus

NON-FINANCIAL KPIs

Network availability

Ongoing investment in our space and ground infrastructure ensures that customers are supported by an overall 99.9% availability in each of our GX and L-band networks. We meet the maritime safety requirements set by the International Maritime Organization for safety of our L-band services.

Why it is important

Ensuring our network is available and reliable is essential in providing the required quality of service to our customers. This reliability is critical for safety at sea and aviation cockpit services.

99.9% availability



Strategy:

Link to risks and remuneration

The risks for this KPI are set out in the principal risks section of this report. This KPI is included within bonus objectives for relevant staff.

Emissions

We track our emissions to check they are in line with the Paris Agreement on Climate Change and to prevent the worst effects of catastrophic climate change by limiting average global temperature increases to well below two degrees Celsius. In 2022, the Board approved long-term net zero science-based targets for the Group which are being validated by the Science Based Targets initiative.

Why it is important

Unless urgent action is taken to limit global temperatures to 1.5° above pre-industrial levels, climate change presents significant and systemic risks.

88,133 tCO₂e



Strategy:

Link to risks and remuneration

The achievement of this KPI is linked to our corporate responsibility to reduce global greenhouse gas emissions and avoid the worst effects of climate change. This KPI is included within bonus objectives for relevant staff.

Employee engagement

Employee engagement describes an employee's level of commitment and enthusiasm to their work and their company. We measure employee engagement through our Peakon survey which helps us identify areas where we are performing well and those that need to be improved.

Why it is important

It is important as higher levels of employee engagement have been proven to positively impact business performance.

8.1/10



Strategy:

Link to risks and remuneration

The achievement of high levels of employee engagement will contribute to our drive for a high-performance organisation and therefore underpins the delivery of all our strategic priorities. Many of our risks are affected if we do not have engaged staff.

GREENER OPERATIONS

Supporting the ships' owners and operators with the right data at the right time is key to helping manage operational efficiencies and ultimately, operate more sustainably.

Golden Energy Offshore owns and operates a fleet of modern support vessels providing offshore services to the oil, gas and renewables industries. As a long-term Inmarsat customer, Golden Energy Offshore is also a longstanding user of our VSAT services. Typically, offshore vessel operators deploy separate LTE and VSAT solutions, using LTE when in range of onshore networks, rigs or wind farms and relying on crew to switch to satellite connectivity when beyond the reach of 4G.

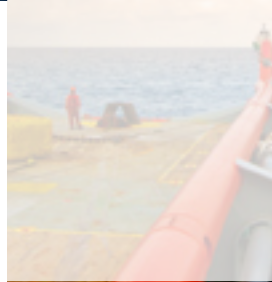
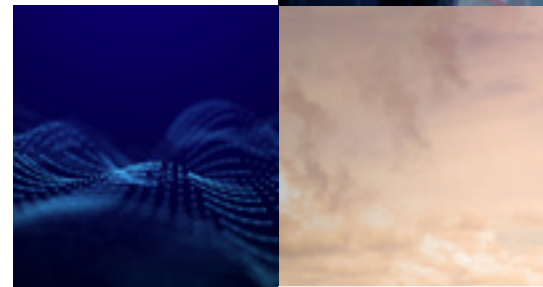
With a focus on minimising its environmental footprint, Golden Energy Offshore sees performance analysis as a crucial tool in facilitating its Green Operations goals. The company requires sufficient bandwidth to collect, analyse and transfer significant volumes of vessel and machinery performance data. It also needs the capacity to support other data-intensive activities, such as video conferencing, and facilitate remote vessel inspections as well as remote equipment servicing for customers. Crew welfare is another vital consideration, with a fast and reliable internet connection a necessity for onboard personnel.

However, costs can become difficult to manage and switch-overs can

compromise signal strength and cause service interruptions. Against this background, Golden Energy Offshore opted to build on its relationship with Inmarsat, implementing our Fleet LTE solution on board three of its vessels, with all three installations carried out during scheduled port calls.

Bringing together three distinct services, Fleet LTE, Fleet Xpress and FleetBroadband, to produce an integrated results service, Fleet LTE demonstrates the same principle behind the forthcoming Inmarsat ORCHESTRA network. By unlocking the power of Fleet Data, Fleet LTE helps shipowners to make informed decisions to optimise efficiency, reduce fuel consumption and minimise emissions, while the Fleet Secure service offers resilient cyber security.

According to Per Ivar Fagervoll, Chief Executive Officer, Golden Energy Offshore, Fleet LTE meets all of the company's requirements. "By maximising network capacity and minimising latency while reducing connectivity costs, the solution has given us a significant competitive edge. Crucially, it supports vessel performance analysis, allowing us to make data-driven decisions to improve efficiency and sustainability across our fleet."





**DATA-DRIVEN
DECISIONS TO
IMPROVE EFFICIENCY
AND SUSTAINABILITY**

LIFE-SAVING CONNECTIVITY

Working with emergency services to enable critical communications when it's needed the most.

The worrying increase of wildfires across the globe has also led to widespread radio and cell tower failures and power outages. These disruptions to emergency communications are a public safety threat, with Command and Control centres unable to communicate with firefighters, ambulance staff and police officers – resulting in a devastating community impact and loss of life.

Governments require their Push-To-Talk (PTT) radio users to be fully interoperable with all other radio users in times of disaster, which means crisis-proof communications using their existing equipment. Inmarsat's satellite communications give first responder teams the secure and reliable connectivity to public safety networks they need, whenever disaster strikes.

Our Vehicle as a Network (VAAN) solution, which provides always-on connectivity in vehicles, command centres and at ground zero, is currently being rolled out across over 700 Fire

Rescue New South Wales (FRNSW) and State Emergency Services (NSW SES) vehicles in Australia. The Hypha Group has been awarded the contract to supply the Fire & Rescue service with satellite equipment and airtime to facilitate firefighters with critical communications, anywhere, over the next three to five years.

Each vehicle will be equipped with a Cobham SATCOM Explorer terminal, which operates over our 99.9% reliable ELERA satellite network, to enable crews to constantly stay in touch during a major emergency. The FRNSW's 'Connected Firefighter' programme will ensure access to best-in-class communications technology by upgrading ageing hardware and delivering innovative technology to keep crew connected now and well into the future. Advancement of this cutting-edge technology is part of an investment by the New South Wales Government in response to the recommendations made after the deadly Black Summer bushfires of 2019-2020.





**VEHICLES WILL BE
EQUIPPED WITH A
TERMINAL, WHICH
OPERATES OVER OUR
99.9% RELIABLE
ELERA NETWORK**

FURTHERING HUMANITY

Helping NASA transform its mission technology with rapid support from space.

In an effort to continue to strengthen the United States' global leadership in space and aeronautics, the National Aeronautics and Space Administration (NASA) is leading the way with innovative work and through the advancement of transformational space technologies – with the help of Inmarsat Government.

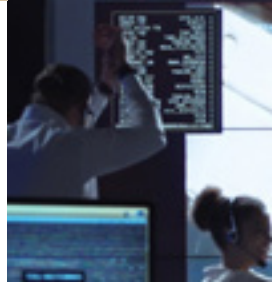
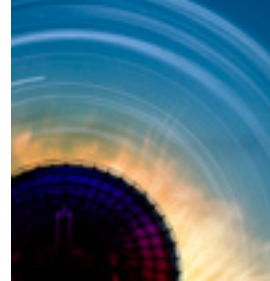
NASA is investing in critical technologies that will increase reliable communications capabilities and transform its mission technology. This effort envisions systematically migrating near-Earth missions from communications and navigation services provided by government-owned networks to commercial networks. NASA sees next generation space-based communications networks as mission-essential services for future human and robotic missions.

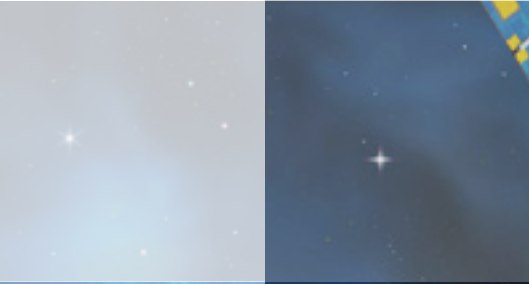
In April 2022, Inmarsat Government announced its new partnership with NASA on its Communications Services Project (CSP), which stands as validation of the approach towards more broadly leveraging commercial capabilities for mission critical requirements.

Working together we will demonstrate a variety of space-based applications, enabled by Inmarsat's ELERA worldwide L-band network, which will include capabilities for Launch Support, Launch and Operations Phase (LEOP), Low Data Rate Routine Missions and Contingency Mission Operations communications.

For Launch Support, our InRange capability provides rapid, responsive and cost-effective launch support from space, removing the need to construct and maintain costly distributed ground-based telemetry infrastructure.

For Space Relay, our InCommand solution will deliver a highly efficient, cost-effective and time-critical space-based solution for any low Earth orbit (LEO) satellite by removing the dependency on costly distributed ground infrastructure. It is designed to provide near real-time 24/7 connection to our GEO satellite and ground infrastructure, supporting command and control and telemetry of LEO spacecraft in space relay for rapid tasking.





**IMPROVED
CONNECTIVITY
FOR A BETTER
WORLD**

Image source: ©NASA 2022

DESTINATION NET ZERO

A winning partnership and ground-breaking solution to support easyJet on their journey to net zero.

In the on-going race to decarbonise, airlines are seeking solutions that not only improve Air Traffic Management (ATM) efficiencies but also, ultimately, generate less CO₂. Inmarsat and the European Space Agency's (ESA) ground-breaking Iris programme does just that.

Powered by our award-winning SwiftBroadband-Safety (SB-S) connectivity platform, Iris enables new ATM functionalities such as trajectory-based operations that pinpoint aircraft in four dimensions (latitude, longitude, altitude and time). Through real-time collaboration between pilots, air traffic controllers and airline operation centres, via secure, high-bandwidth data links, airlines can avoid holding patterns, calculate the shortest available routes and optimum altitudes, and benefit from continuous climb and descent pathways. In turn, this minimises delays, saves fuel and reduces the environmental impact for airlines, while also improving airspace usage to ease congestion and accommodate future growth. The additional datalink capacity provided by SB-S also supports a host of powerful

onboard digital applications, such as AI flight profile optimisers and real-time weather applications that will further the fuel and CO₂ savings.

In 2022, we announced one of Europe's leading airlines, easyJet, as Iris' first airline partner. With the support of Air Navigation Service Providers, easyJet will evaluate Iris' transformative capabilities on up to 11 Airbus A320neos, which are planned to begin flying with the service in 2023.

The Iris programme is the culmination of years of development by Inmarsat, ESA, and more than 30 partners. Iris supports easyJet's commitment to achieve net zero carbon emissions by 2050 as part of the UN-backed 'Race to Zero' campaign, with an interim target for easyjet of a 35% carbon emissions intensity reduction by 2035 (versus 2019).





**REDUCTION OF
35% CO₂ INTENSITY
IMPROVEMENT
BY 2035**

ENHANCED ENVIRONMENTAL MONITORING

Equipping communities with the tools and data to monitor, respond to and prepare for the worst.

We continue to play a vital role in mitigating the long-term effects of climate change and building resilience to support communities in the face of natural disasters.

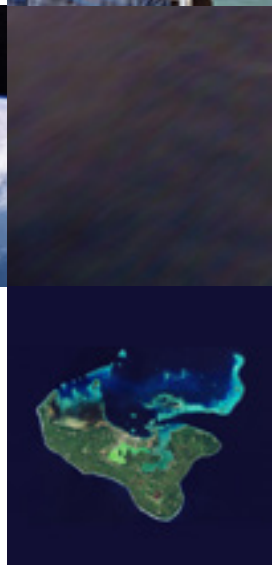
In the Pacific Islands, for instance, reliable access to real-time, data-driven climate and weather information enables highly accurate short-term weather forecasts to advance understanding of how climate change is reshaping weather patterns globally, while giving local populations the information they need to improve their cyclone, drought and flood resilience.

Utilising our ultra-reliable Internet of Things (IoT) solution, BGAN M2M, the National Institute of Water and Atmospheric Research (NIWA) supported Tonga Meteorological Service (TMS) to install a network of reliable, robust, automated weather and sea level monitoring stations. These can maintain consistent connectivity, even in the most extreme circumstances, including the tsunami triggered by the eruption of the Hunga Tonga–Hunga Ha’apai volcano in the Tongan archipelago in January 2022.

Although one weather station was lost to the tsunami’s waves, the rest survived and continued to send data from some of the region’s most remote islands.

The value of satellite connectivity was further highlighted when the undersea communications cable Tonga relies on for its phone and internet connection was severed during the eruption.

However, it was possible to provide TMS with one of our devices at a local monitoring station to connect to the internet, so that they could access data from their network of automatic weather and sea-level stations. In the immediate aftermath of the event, Tonga’s National Emergency Management Office was also able to use the data from these stations to assess the impact of the eruption on the northern Tongan islands and to support the provision of weather information for initial flyovers of tsunami and ash-impacted islands.





**RELIABLE MONITORING
DURING THE MOST
EXTREME WEATHER
CONDITIONS**

2022 PERFORMANCE REVIEW

A second year of strong revenue, EBITDA, and positive free cash flow

REVENUE INCREASES FOR THE YEAR-ENDED 31 DECEMBER 2022

+9.0%

REVENUE

A second year of strong revenue.

Total revenue for the year-ended December 31, 2022 increased by \$121.7m (9.0%), to \$1,474.1m from \$1,352.4m for the corresponding period in 2021 reflecting a second year of strong revenue.

"Total revenue for the year-ended December 31, 2022 increased by \$121.7m (9.0%), to \$1,474.1m from \$1,352.4m for the corresponding period in 2021 reflecting a second year of strong revenue."

+1.9%

MARITIME

Revenue returns to growth.

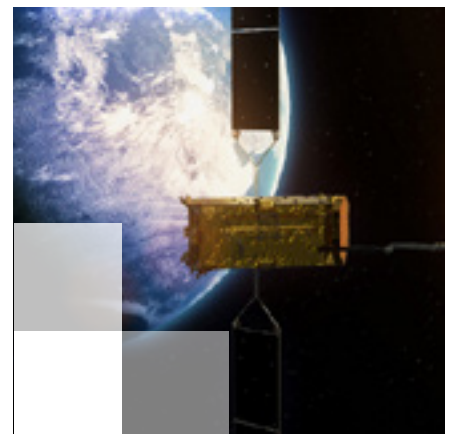
Maritime has returned to growth with revenue increasing by 1.9% to \$515.5m. This increase reflects continued strong growth of Fleet Xpress ("FX") exceeding the decline of FleetBroadband ("FB"), legacy product price increases, and higher terminal sales. FX vessels increased by 15% (11,800 to 13,600), FX average revenue per unit ("ARPU") increased by 1% (\$1,850 to \$1,870), following higher retail mix and increased value-added services. FB vessels decreased by 15% (22,200 to 18,900) as customers migrated to FX and other third party Very Small Aperture Terminals ("VSAT") services. FB ARPU declined 7% (\$605 to \$560) as migrations remained skewed to the higher value customers.

+7.4%

GOVERNMENT

Another year of revenue growth.

Revenue increased by 7.4% to \$526.9m. Inmarsat Government revenue increased by 4.3% to \$364.6m following material contract wins and renewals, and additional hardware sales, partially offset by continued reduced op tempo. Outside the US, revenue increased by 14.9% to \$162.3m, with higher hardware sales, growth in GX connections, and increased managed and lease services.



+37.0%

AVIATION

Strong market recovery continues in core business and IFC.

Revenue increased by 37.0% to \$310.8m reflecting ongoing recovery in the aviation market. Core Aviation revenue, comprising Business Aviation ("BGA") and Aircraft Operations and Safety services ("AOS") were 37.2% (\$66.1m) higher than the corresponding period in 2021, following strong growth in both activity and the number of JX aircraft following strong market growth, and lower distributor incentives. The number of installed JetConneX ("JX") aircraft increased by 19% (1,118 to 1,331). In Flight Connectivity ("IFC") revenue continued to improve with revenue increasing 36.1% (\$17.8m) reflecting more aircraft returning to service and increased passenger usage. The number of IFC installed aircraft increased by 8% (853 to 919).

-7.9%

ENTERPRISE

Performance impacted by supply chain challenges.

Revenue decreased by 7.9% to \$106.4m, driven by constrained satellite phone handset sales following global supply chain issues which are beginning to alleviate, lower lease requirements of one customer, and continued market pressure on the legacy product base, partially offset by higher airtime from strong historical handset sales.



EBITDA

EBITDA for the year-ended December 31, 2022 increased by \$110.6m (15.0%), to \$849.5m as compared to \$738.9m for the corresponding period in 2021. This reflected strong revenue growth, partially offset by higher costs in support of revenue growth, inflationary increases, and additional professional fees in relation to the Viasat transaction.

PROFIT FOR THE YEAR

Profit for the year-ended December 31, 2022 is \$105.2m as compared to a loss of \$152.9m for the corresponding period in 2021. This reflected higher EBITDA and lower tax charges following a \$175m deferred tax charge in the prior year relating to revaluation of the UK deferred tax liability from 19% to 25%, partially offset by higher net financing costs.

CASH CAPEX

Cash capital expenditure for the year-ended December 31, 2022 decreased by \$40.3m to \$316.0m as compared to \$356.3m for the corresponding period in 2021. This was driven mainly by the timing of contractual payments on major infrastructure investments, including the successful I-6 F2 launch in Q1 2023.

RISK MANAGEMENT

OUR RISK MANAGEMENT FRAMEWORK

Effective risk management is fundamental to our ability to meet both our 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 our objectives. The Group's approach to risk is brought together under an overarching risk management policy. This policy, together with the risk management framework have been implemented to focus risk management on business objectives and the mitigation of the largest risks.



Risk appetite

Inmarsat faces a broad range of risks reflecting the business environment in which it operates. The risks arising from our business environment and operating model can be significant. Successful financial performance for the business is achieved by managing these risks through intelligent decision-making and an effective control environment to mitigate risk. The company's risk appetite is set by the Board and governs the amount of acceptable risk within which we operate. Our Group risk appetite is further disaggregated by principal risk and takes into consideration the acceptable level of risk across strategic, operational, financial, commercial, regulatory and technological risks faced by the business. Our general risk appetite is a balanced one that allows taking measured risk as the company pursues its strategic objectives, whilst aiming to manage and minimise risk in its operations. We recognise that it is not possible or necessarily desirable to eliminate all of the risks inherent in our activities.

Horizon scanning and emerging risks

In order to promote sustainable success, the business continues to analyse the risks likely to emerge in the short, medium and longer term that may impact the delivery of our strategy. To provide a view over the medium to longer term, a horizon scanning approach is required. This looks at future complexity, challenges assumptions and review options for future business planning. Our approach to undertaking horizon scanning is based on conducting both reviews of thought leadership and also through obtaining the views of key business stakeholders. The Executive Management team then reviews and discusses the horizon risks to form a view as to whether any of these should be considered in the Principal Risk process or additional actions should be factored into strategic planning for the business.

Our risk management structure

The Board has overall responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness. The Board is supported by the Audit Committee, the Executive Management team and the Central Risk Committee. The business operates a process of continuous identification and review of business risks.

The main business areas are responsible for preparing and maintaining risk registers and operating risk management processes for their areas of responsibility. Risk registers and the risk processes are undertaken in accordance with a consistent risk management methodology, toolkit and process. The Central Risk Committee has continued to facilitate the evaluation of the principal risks facing the business.

Roles and responsibilities:

The Board

Responsible for risk management and internal control.

Annually reviews the risks and risk management processes and policy and risk appetite policy to ensure that they meet their requirements.



Audit Committee

Reviews the effectiveness of internal control.

Monitors risk exposure.



Executive Management team

Approves risk management policies, process and tools.

Approves quarterly risk reports and ensures mitigation steps are actioned.



Central Risk Committee

Reviews quarterly risk reports and ensures mitigation steps are actioned.



Supported by Senior Director Risk & Crisis Management



Business Leads

Responsible for the identification, assessment and implementation of mitigation activities for internal and external risks that may impact the ability of their business area to meet company objectives.

RISK MANAGEMENT CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces a number of risks and uncertainties that may adversely affect our business, operations, liquidity, financial position or future performance, not all of which are wholly within our control. Although many of the risks and uncertainties influencing our performance are externally driven and likely to affect the performance of businesses generally, others are particular to our operations in mobile satellite services. A full summary of our principal risks is shown in the following pages.

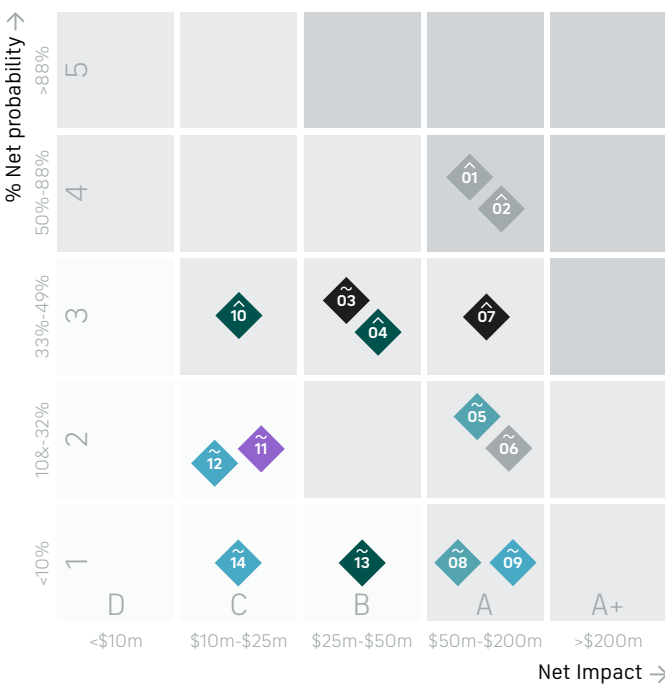
PRINCIPAL RISKS

Throughout 2022 the Principal Risks were reviewed and discussed by the Executive Management team and the Central Risk Committee. The risk profile changed over the course of the year with a number of risks being removed from the register, others redefined and new ones added. The risk grid below summarises where the current risks sit in our principal risk matrix as at 31 December 2022, showing any change over the year 2021 to 2022.

The Central Risk Committee continually reviews and monitors the risks and uncertainties which could have a material effect on the Group's results. Several changes were made to the 2022 risk profile over 2021. The main differences are explained below:

- The risk 'Major Supplier / Channel Partner Failure' has been split into its component parts with risk associated with suppliers and channel partners shown separately.
- The risk 'Mergers & Acquisitions' has been refocused to the Viasat deal.
- The previous separate risks on 'Competition and Market' have been combined to a single risk.
- The risks relating to 'Business Model' and 'Business Optimisation' have been removed from the Principal Risk register. The former reflecting the stabilisation of the operating model following changes announced in 2021 and the later being subsumed into the other strategic risks.

The Group's risks, and the factors which mitigate them, are set out in more detail on the following pages.



THE FOLLOWING SYMBOLS REPRESENT CHANGES IN RISK PROFILE 2022 OVER 2021

▲ Increase	~ Unchanged
▼ Decrease	✱ New

RISK 2022 OVER 2021 TREND

RISK	2022 OVER 2021 TREND
STRATEGIC	
04 Adverse Geopolitical & Economic Factors	▲
10 Failure of the Viasat Transaction	▲
13 Environmental, Social & Governance	~
OPERATIONAL	
09 Major Security or Cyber Event	~
12 Failure to Attract & Retain Talent	~
14 Major Operational Failure	~
FINANCIAL	
05 Key Supply Chain Dependency	~
08 Access to Long-term Funding	~
COMMERCIAL	
01 Competition & Market Activity	▲
02 Sector Consolidation	▲
06 Reliance on Key Channel Partners	~
LEGAL/REGULATORY	
11 Compliance Breach	~
TECHNOLOGY	
03 Spectrum Access	~
07 Failure to Innovate	▲



ADVERSE GEOPOLITICAL & MACRO-ECONOMIC FACTORS

MITIGATION OWNER: Chief Executive Officer

Risk Level:	Medium	What is the Risk?	How we manage it
Risk Movement:	▲	<ul style="list-style-type: none"> – Further deterioration of the political environment causes 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 macroeconomic factors, such as rising inflation, \$:£ exchange rate fluctuations and recessionary pressures all of which may combine to generate difficult and unpredictable headwinds. 	<ul style="list-style-type: none"> – Strong relationships with in-country partners across the globe that help to navigate uncertainty. – In-house experts who understand and manage sanctions compliance. – Continuous review and adaptation of our strategy in reaction to developing political or economic situations. – Emerging new risks arising from political decisions that could impact our business are assessed for mitigation.
Link to Strategy:			

FAILURE OF THE VIASAT TRANSACTION

MITIGATION OWNER: Chief Financial Officer

Risk Level:	Medium	What is the Risk?	How we manage it
Risk Movement:	▲	<ul style="list-style-type: none"> – If the Viasat transaction fails then there is a risk that we will be delayed in developing strategic options that will allow us to compete in the rapidly evolving market place. 	<ul style="list-style-type: none"> – Use of specialist third party advisors to advise on the deal. – Internal teams working on Regulatory Approvals with Regulators worldwide to obtain clearance.
Link to Strategy:			

ENVIRONMENTAL, SOCIAL & GOVERNANCE

MITIGATION OWNER: Chief Corporate Affairs Officer

Risk Level:	Medium	What is the Risk?	How we manage it
Risk Movement:	~	<ul style="list-style-type: none"> – Failure to run our business in a sustainable way by assessing the environmental impact of our operations, which may result in damage to our corporate reputation or key stakeholder confidence. 	<ul style="list-style-type: none"> – We have an Environmental Steering Group that sets the business environmental roadmap. – Net Zero science- based targets have been approved by the Board and validated by the Science Based Target initiative. – Working with suppliers to reduce their Scope 3 emissions. – New Land Earth Stations to use 100% renewable electric. – Decarbonising our future buildings by committing to BREEAM certification. – Formal and externally assured approach for reporting on carbon emissions and energy.
Link to Strategy:			






MAJOR SECURITY OR CYBER EVENT

MITIGATION OWNER: Chief Operating Officer

Risk Level:	Medium	What is the Risk?	How we manage it
Risk Movement:  Link to Strategy:    		<ul style="list-style-type: none"> – Failure to secure satellites, networks, information, data, systems, processes and services from a major security or cyber event which could impact business objectives, services to customers, performance and reputation. 	<ul style="list-style-type: none"> – Policies, guidelines and standards consistent with a positive security culture. – Continuous Information Security improvement programme. – In depth, state-of-the art counter measures and monitoring. – Dedicated 24/7 Cyber Security Operations centre. – Maturity assessment against the NIST framework. – Maintaining accreditations including ISO 27001 and Cyber Essentials Plus. – Broad cyber security awareness programme, including mandatory training. – Information Security assessments over third parties and internal projects.

FAILURE TO ATTRACT & RETAIN TALENT

MITIGATION OWNER: Chief People Officer

Risk Level:	Low	What is the Risk?	How we manage it
Risk Movement:  Link to Strategy:    		<ul style="list-style-type: none"> – 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. 	<ul style="list-style-type: none"> – A People strategy that identifies key employees, skills and skills gaps. – Succession plans for critical roles. – Development plans for employees with growth potential. – Resource planning for each business unit and function on an annual basis. – Investment in training and development. – Recruitment strategies to support the business with required competencies. – Employee engagement survey. – Diversity & Inclusion survey.





OPERATIONAL

MAJOR OPERATIONAL FAILURE





MITIGATION OWNER: Chief Operating Officer

Risk Level:	Low	What is the Risk?	How we manage it
Risk Movement:	~	– If there is a major operational failure affecting our satellites, launches or IT Networks then our reputation or delivery capability may be heavily compromised, with material business impact in the near and long term.	– Infrastructure and satellites are designed, built and maintained with a level of redundancy and resilience. – Space asset operation is in line with manufacturer instructions and industry best practices. – Protection against space weather and debris enhanced through participation in industry and international bodies. – Having a distributed teams, sites and infrastructure. – Operation of a broad regional service and global partner network to mitigate localised disruptions. – Business Continuity and IT Disaster Recovery arrangements are in place.
Link to Strategy:	   		






STRATEGIC PRIORITIES

 Maintain and grow the core business	 Extend into near adjacent markets	 Drive innovation and differentiation of our services	 Sharpen customer and distribution focus
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TREND 2021 - 2022

 Increase	 Unchanged
 Decrease	 New

SUPPLY CHAIN DEPENDENCY
MITIGATION OWNER: Chief Financial Officer

Risk Level:	Medium	What is the Risk?	How we manage it
Risk Movement:  Link to Strategy:    		<ul style="list-style-type: none"> – Supply Chain disruption and our reliance on key partners may impact our ability to procure required to either upgrade existing customer's technology or activate new customer accounts resulting in dissatisfied customers and restricted our revenue growth. 	<ul style="list-style-type: none"> – A Supplier Relationship Management framework is in place. – Contractual options with multiple launch vehicle providers are maintained. – Continuously looking to widen the scope and number of terminal manufacturers. – Ensuring competition, wherever possible, to avoid technical or capability lock-in with any particular supplier. – Advanced placing of orders for 2023 to give suppliers best chance of on-time delivery.

ACCESS TO LONG TERM FUNDING
MITIGATION OWNER: Chief Financial Officer

Risk Level:	Medium	What is the Risk?	How we manage it
Risk Movement:  Link to Strategy:    		<ul style="list-style-type: none"> – 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. 	<ul style="list-style-type: none"> – RCF in place for \$700m until December 2024. – Mix of bank and bond debt with no material repayments due until the \$2.075bn Senior Note in 2026 and Term Loan of \$1.711bn. – Capped and Fixed rate facilities for the long-term debt and Senior Notes. – Natural long term currency hedges are in place to ensure that the majority of revenues, costs, capital expenditure and debt funding are USD denominated. – Working to proactively minimise interest expense. – Positive Credit Agency ratings allows the company to seek new funding if required.



COMPETITION AND MARKET ACTIVITY MITIGATION OWNER: Chief Commercial and Digital Officer

Risk Level:	High	What is the Risk?	How we manage it
Risk Movement:	^	– Rapid, well-funded and widely publicised growth of new Low Earth Orbit or Middle Earth Orbit satellite operators and/or technologies may disrupt and cannibalise our market, driving a rapid deterioration in our relative competitiveness and hence growth prospects.	– ELERA and ORCHESTRA work is underway to enhance our services. – Proactively supporting satellite operators in forums, where appropriate, to defend broader satellite interests from use by terrestrial operators. – Investment in market intelligence to understand longer term pricing dynamics, and prepare our response in advance. – Reinforcing our market focus and customer intimacy through our Business Units. – Continuously looking to increase our operational agility by mobilising our network capacity to leverage cost/bit capabilities.
Link to Strategy:			

SECTOR CONSOLIDATION MITIGATION OWNER: Chief Strategy Officer

Risk Level:	High	What is the Risk?	How we manage it
Risk Movement:	^	– Further sector consolidation (vertical or horizontal) produces stronger competitors. This could enable competitors to offer more compelling solutions forcing existing customers to leave Inmarsat and new would-be customers to opt for the competitor's solutions resulting in loss of revenue/ market share.	– Developing commercial strategies to retain customers in response to changes in the marketplace. – Developing new product capabilities or revised commercial offers to satisfy customer requirements. – Broadening of our 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.
Link to Strategy:			

STRATEGIC PRIORITIES


Maintain and grow the core business	Extend into near adjacent markets	Drive innovation and differentiation of our services	Sharpen customer and distribution focus
-------------------------------------	-----------------------------------	--	---

TREND 2021 - 2022

^ Increase	~ Unchanged
v Decrease	* New

RELIANCE ON KEY CHANNEL PARTNERS

MITIGATION OWNER: Chief Commercial and Digital Officer

Risk Level:	Medium	What is the Risk?	How we manage it
Risk Movement: ~ Link to Strategy: 		<ul style="list-style-type: none"> – We have a reliance on a number of key channel partners which exposes us to risks associated with the misalignment of objectives between Inmarsat and the partner, or the financial or reputational failure of a supplier, which could impact the necessary distribution capability needed to grow our market share. 	<ul style="list-style-type: none"> – Reviewing our channel partner community in response to changing market dynamics. – Working dynamically with existing partners to grow their revenues. – Promoting fair play in our distribution channels. – Obtaining in-country market access for our distribution channel in advance, where possible, to make licensing requirements as straightforward as possible for our partners.



COMPLIANCE BREACH

MITIGATION OWNER: Chief Corporate Affairs Officer

Risk Level:	Low	What is the Risk?	How we manage it
Risk Movement: ~ Link to Strategy: 		<ul style="list-style-type: none"> – If there is a major compliance failure, emergent regulatory constraint or non-compliance with government performance specifications, we may face penalties and reputational damage, including exclusion from government bids that affects business plans resulting in increased costs or a market or sector being closed to Inmarsat. 	<ul style="list-style-type: none"> – Compliance horizon scanning operates to maintain awareness of new legislation. – Introduction of new policies and training into the business when required. – External advisors and in-house experts advise the business and help mitigate compliance risks. – Compliance teams are involved from the outset of any relevant new projects to ensure compliance risk is managed. – Compliance programmes and training in place for anti-bribery and corruption, export controls, sanctions, conflicts of interest and whistleblowing. – We operate a Gifts & Hospitality Register process which is reviewed by Compliance. – Compliance policies and processes are maintained and updated regularly.



SPECTRUM ACCESS

MITIGATION OWNER: Chief Technology Officer

Risk Level:	Medium	What is the Risk?	How we manage it
Risk Movement: ~ Link to Strategy:		<ul style="list-style-type: none"> – Failure to maintain adequate spectrum access (orbital slots, orbital planes, frequency licenses) that are coordinated for our current and planned requirements could result in loss of competitive advantage, ability to offer service to customers and loss of revenue opportunities. 	<ul style="list-style-type: none"> – Working with in-country partners/ regulators to secure licenses and market access to allow our services to operate in key countries. – Engaging with and supporting regulators to defend our licences against 5G demands. – Working with regulators globally through ITU forums. – Proactively making ITU filings for orbital slots through several national administrations for our ongoing spectrum and orbital slot requirements. – Working closely with regulators to source network licenses in the market and secure licenses early wherever possible to grandfather spectrum. – Regularly improving the efficiency of our spectrum usage through innovation and system enhancements. – Updating regulators and governments about the socio-economic contribution of our mobile satellite services.

FAILURE TO INNOVATE

MITIGATION OWNER: Chief Technology Officer

Risk Level:	Medium	What is the Risk?	How we manage it
Risk Movement: ^ Link to Strategy:		<ul style="list-style-type: none"> – Failure to innovate/develop or delays in delivery of new technologies, secure sufficient capacity in market/sector prioritized locations, introduce new products and services, or develop new propositions could make Inmarsat uncompetitive, unattractive to customers which results in missed revenue opportunities. 	<ul style="list-style-type: none"> – We have an existing broad portfolio of products and services that address customer requirements and opportunities in several markets. – A Technology Roadmap has been developed to guide options for future network capabilities and to address customer requirements. – We have introduced new services with common technologies and develop more competitive pricing strategies. – ELERA (L-band) development is underway including next generation terminal activities. – By monitoring technology, competitor and market developments and adapting accordingly. – Regularly making improvements to the efficiency of our spectrum usage through innovation and system enhancement. – Maximising spectrum opportunities where possible. – Business Units provide pipeline assessment to allow future capacity usage assessments to be performed. – We prioritise investment to focus on new requirements.

STAKEHOLDER ENGAGEMENT

We are focused on driving long-term sustainable performance for the benefit of our customers, shareholders, and wider stakeholders.

This section provides some insight into how the Board engages with our stakeholders to understand what matters to them and further inform the Board's decision making and the actions taken as a consequence. You can read more in our formal Section 172 Statement on pages 41 to 42, which

sets out our approach to Section 172 and on page 43 which provides examples of decisions taken by the Board, including how stakeholder views and inputs have been considered in its decision making.

Stakeholder	What matters to them	How we engage at Board level	How we engage across the company	How we delivered
Employees	<ul style="list-style-type: none"> – Opportunities to reach full potential. – Open and honest environment. – Diverse and inclusive workplace. – Health, safety and wellbeing. – Fair pay and reward. 	<ul style="list-style-type: none"> – The CEO conducts skip level meetings across the organisation as a whole and takes part in a monthly Q&A session and provides feedback at Board meetings. – Culture, talent development and people strategy are discussed at Board meetings. – The Remuneration Committee reviews workforce policies and practices and makes recommendations to the Board. – The Board considers our employee engagement survey results and steps taken to address feedback. 	<ul style="list-style-type: none"> – CEO leads quarterly all staff meetings, with significant time spent on open dialogue and Q&A and structured to have a timezone that works for AsiaPac employees as well as a separate global meeting. – Comprehensive internal communications plan supporting regular two-way information exchange and engagement with employees across multiple channels on strategic direction and progress, Viasat transaction, culture and values and wellbeing. – Executive level regular engagement with formal staff bodies (UK, Netherlands, Australia) and our Global Workforce Advisory Panel (GWAP) global representative group. 	<ul style="list-style-type: none"> – Our employee engagement score increased by 0.2 to 8.1/10 in Dec 2022. – We issued an out of cycle salary increase to address the cost of inflation in response to feedback and input from our employees and representative groups. – Continued focus on Diversity, Equity and Inclusion and launched a new parent and carers network. – Continued delivery of broad portfolio of learning and development opportunities, building professional and leadership capability, and in 2022 specific focus on building commercial capability through our new sales excellence programme. – Refreshed our core peer to peer recognition programme – our 'Spot Beams' – enhancing value and supporting retention.

Stakeholder	What matters to them	How we engage at Board level	How we engage across the company	How we delivered
Partners and Customers	<ul style="list-style-type: none"> Connectivity when it matters most. Global network coverage with service levels that can be relied upon. Leading, easy-to-use products and services that meet customer needs. Dependable customer service around the clock. Innovation, staying in tune with customer needs and investing in the future. 	<ul style="list-style-type: none"> An executive level "customer board", is mobilised to fully understand customer insights and take action, both on central roadmap or process improvements. The CEO meets both partners and customers frequently both at formal dedicated conferences and more regular dedicated sessions to gather feedback and share plans. Performance to our agreed SLA levels is tracked, reported, and acted on. The Board are debriefed on customer satisfaction results and contribute to a company wide plan for customer experience. Our engagement with partners directly shapes our strategy and business plan. 	<ul style="list-style-type: none"> Launched a new customer insights function to ensure customer needs are reflected in all offers and customer experiences. Invested in a new central customer experience function to review and design all key touchpoints and execute a strategic improvement programme. Ran customer research programmes to gauge needs and perceptions. Negative feedback gathered through surveys is acted upon with follow-up contact. Audited and reviewed customer experiences from the feedback gathered and plan improvements centrally. 	<ul style="list-style-type: none"> Our customer Satisfaction score increased from 73% in 2021 to 76% in 2022, compared to a 75% target, with improvements seen across 10 out of 12 questions we ask them. We achieved our targets for customer satisfaction and are on track for our 2023 plan. Our own market perception research showed leading results for factors such as network quality, industry leadership, customer support and product range. Sustained network investment has taken place with the introduction of Inmarsat-6 F1 to our constellation, providing improved speed and reliability. We aligned our culture around our customers, introducing 'Customer' as a company value, with training, measurement, design, and a Customer Experience roadmap.
Shareholders and Lenders (our investors)	<ul style="list-style-type: none"> Strategy and business model. Financial performance. Reputation. ESG performance. Leadership. Financial Risk Management. 	<ul style="list-style-type: none"> Board and Audit Committee recommends and approves the Annual Report and Accounts and the quarterly results. 	<ul style="list-style-type: none"> The CEO has regular dialogue with shareholders to respond to enquiries. The CFO holds quarterly financial results meetings with our debt investors. 	<ul style="list-style-type: none"> 9% full year revenue growth and 15% EBITDA growth. Carbon reduction targets validated, and net zero targets approved for validation by the SBTi. Received lender consent to amend the Credit Agreement to transition from LIBOR to new market reference rates of SOFRA and SONIA.

STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder	What matters to them	How we engage at Board level	How we engage across the company	How we delivered
Suppliers and Contractors	<ul style="list-style-type: none"> – Fair engagement and payment to terms. – Projects that succeed which can be used as case studies to win new business. – Responsible end-to-end supply chain. 	<ul style="list-style-type: none"> – Commercial performance and supplier relationships are discussed at Board meetings. 	<ul style="list-style-type: none"> – Regular meetings with our suppliers through the supplier relationship management (SRM) programme and by project managers across the business to ensure both parties deliver. – VP Global Procurement is responsible for the implementation and delivery of progress on sustainability in our supply chain. 	<ul style="list-style-type: none"> – Majority of suppliers paid to time in line with external benchmarks. – SRM programme enhanced to bring extra focus on delivery, quality, agile and closure. – New procurement sustainability strategy implemented with top strategic suppliers to deliver climate targets.
Local Communities	<ul style="list-style-type: none"> – Operational impact and disruption. – Economic contribution. – Protection of the environment. 	<ul style="list-style-type: none"> – Environmental matters are regularly considered by the Board. 	<ul style="list-style-type: none"> – Our people volunteer, when safe to do so, through our volunteering programme, working to improve our community and environment. – STEM partnership continues to remain important. 	<ul style="list-style-type: none"> – Matched employee donations to Disasters Emergency Committee and the International Red Cross for the crisis in Ukraine. – Continued our 20+ year support of Télécoms Sans Frontières with monetary and hardware support. – 40 days volunteered by staff across our global companies to a variety of charities.

SECTION 172 STATEMENT

Connect Bidco Limited is a Guernsey incorporated entity with a registered establishment in England and Wales.

As a Guernsey incorporated entity, we are not required to make a section 172 statement however, we have chosen to do so in line with best practice and our Corporate Governance Policy.

Section 172 of the Companies Act 2006 requires the Directors to take into consideration the interests of stakeholders in their decision making and is central to the formulation and execution of our strategy and is critical in achieving our long-term sustainable success. The needs of our different stakeholders as well as the consequences of any decision in the long-term are well considered by the Directors. It is not always possible to provide positive outcomes for all stakeholders and the Directors sometimes have to make decisions based on the competing priorities of stakeholders. Our stakeholder engagement

processes enable our Directors to understand what matters to stakeholders, carefully consider all the relevant factors and select the course of action that best leads to the high standards of business conduct and long-term success. The principles underpinning Section 172 are not something that is only considered at Board level, they are part of our culture and are embedded in all that we do as a company. The differing interests of stakeholders are considered in the business decisions we make across the company, at all levels, and are reinforced by our Board. In performing their duties during 2022, the Directors have had regard to the matters set out in Section 172(1) of the Companies Act 2006. We've outlined below, through cross reference, where the Board has considered the Section 172 matters throughout this Annual Report.

SECTION 172 MATTERS

(a) The likely consequences of any decision in the long-term

Our strategy	p8
Business model	p10
2022 performance review	p26

(b) The interests of the company's employees

2022 performance review	p26
Our people	p72
Diversity, equity and inclusion	p73
Employee engagement	p72

(c) The need to foster the company's business relationships with suppliers, customers and others

Responsible payment practices	p40
2022 performance review	p26
Sustainability in practice	p44
Business model	p10

(d) The impact of the company's operations on the community and the environment

Our purpose	p13
Sustainability in practice	p44
Environmental performance and strategy	p46
Task Force on Climate-related Financial Disclosures	p50

(e) The desirability of the company maintaining a reputation for high standards of business

Our strategy	p8
Our purpose	p13

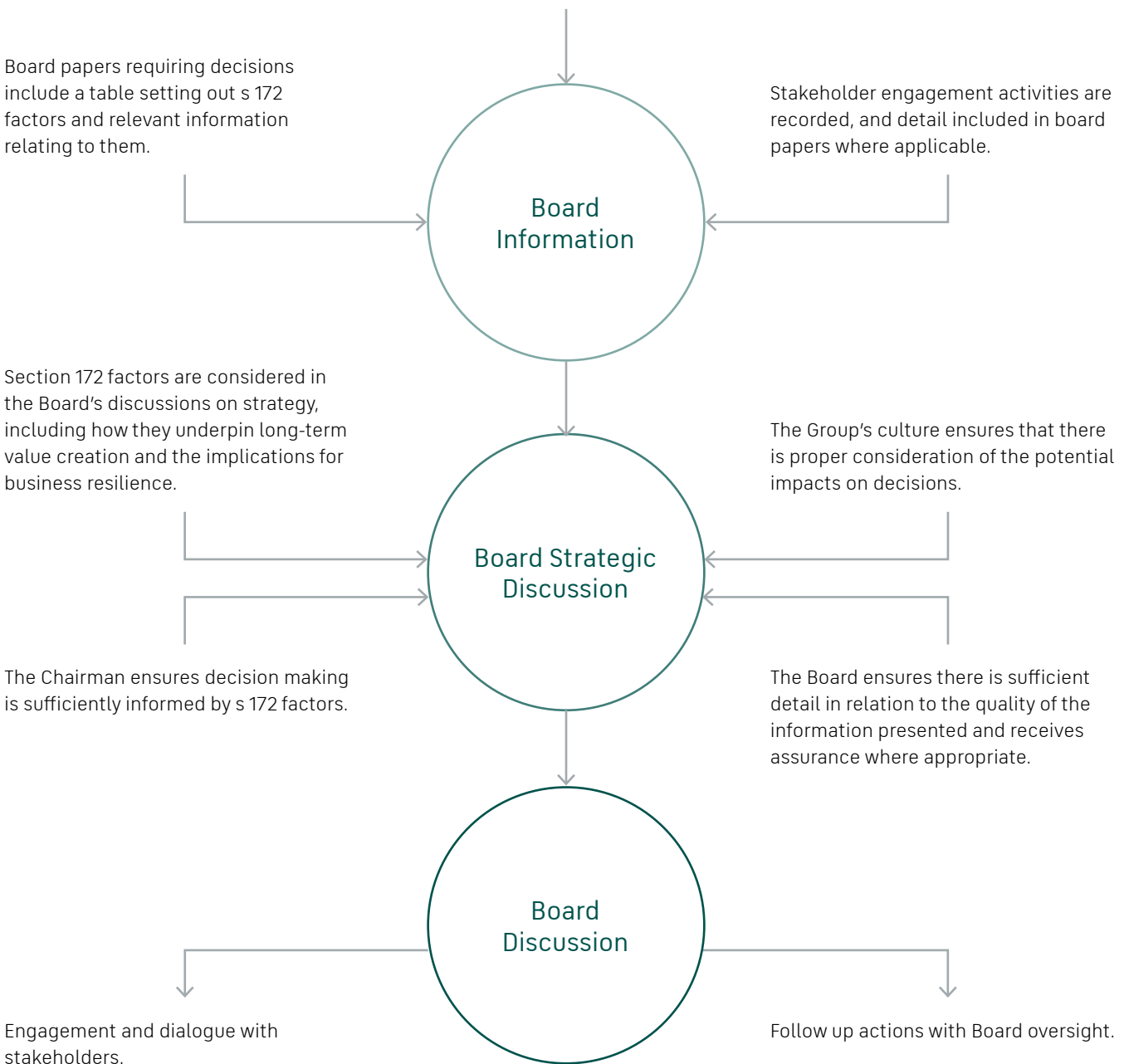
(f) The need to act fairly between members of the company

Stakeholder engagement	p38
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PRINCIPAL DECISIONS IN 2022

Some of the principal decisions taken by the Board in the year are detailed on page 43. Our approach below sets out how the Board is supported in carefully considering all the relevant factors that lead to its selection of the best course of action to ensure the long-term success of the company.

Training on Directors' duties is provided to ensure awareness of the Board's responsibilities.



Examples of decisions taken by the Board and how stakeholder views and inputs, as well as other s172 considerations, have been considered in its decision making are set out below:

Off-cycle salary increase to all employees

Setting net zero targets

Context: The Board approved an out of cycle salary increase to all employees following a review of market trends to help support employees with the increased cost of living effective 1 October 2022. An additional average of 3% of total base pay was awarded, with a focus on awarding a higher increase to those people on lower grades.

Context: The Board supports the UK Government’s net zero commitment and takes its responsibility for setting the climate change and ESG strategy of the company seriously. Following the validation of our near-term science-based targets during 2022, the Board approved the setting of the company’s long-term net zero targets which are to reduce emissions by 90% based on a 2019 baseline and 10% neutralisation of residual emissions from 2050.

There was an average of 6% permanent salary increase across the company in 2022 and this will be reviewed again in early 2023 as part of the normal salary review process effective 1 July.



Consideration of s172 impacts by the Board in its decision making

Consideration of s172 impacts by the Board in its decision making

Employees: We rely on the know-how, creativity and entrepreneurial spirit of all our employees and recognise we need the best teams to be engaged and to collaborate to achieve our purpose together. The Board considered our employees would feel more engaged, appreciated and part of an inclusive culture and this would be for the benefit of the company in the long-term.

Investors: The Board considered climate risk in the context of investment risk and the correlation between disclosure and capital allocation and reached the decision there would be financial gains both in terms of the cost of capital and return on capital employed.

Employee feedback was positive – supported by employee engagement scores increasing compared to the prior year.

Investors: The Board carefully considered the need to deliver value for investors and customers. Recognising our employees have the skills, competences, and experience to deliver our business objectives and create value and the value of making this adjustment to maintain employee support.

Employees: The Board considered that the long-term net zero targets, by adopting strong environmental values, would attract and retain employees and encourage employee engagement on sustainability generally.

Customers: An engaged workforce would deliver an improved customer experience and create further opportunities together to increase revenues.

Suppliers: Sustainable procurement is a key focus area for us to achieve both our near-term science-based targets and our long-term net zero targets due to most of our emissions sitting in the purchased products and services category of Scope 3. We will continue to engage with our suppliers to understand more about their processes, improve the credibility of our data and work collaboratively to achieve our net zero target by 2050.

Outcome and impact on the long-term sustainable success of the company:

The benefits to the off cycle pay increase can contribute to higher productivity and entrepreneurial spirit, improved employee engagement and a better customer engagement and experience. This in turn would deliver benefits to our investors.

Outcome and impact on the long-term sustainable success of the company:

The impact of the Company’s clear and defined pathway to reduce emissions and help prevent the worst impacts of climate change can future proof the business now and going forwards and improve the environment. These considerations were pivotal to the Board’s decision.

KEY STAKEHOLDER GROUPS CONSIDERED

- ◆ Employees
- ◆ Investors (shareholders and lenders)
- ◆ Partners and Customers
- ◆ Suppliers and Contractors
- ◆ Local Communities

SUSTAINABILITY IN PRACTICE

As an organisation founded to deliver life-saving satellite communication services, having a responsibility for people and planet are fundamental to our business.

As an organisation founded to deliver life-saving satellite communication services, having a responsibility for people and the planet are fundamental to our business.

By meeting our social and environmental responsibilities, we aim to create value for our stakeholders. These include employees, customers, investors, partners, local communities and more. By considering carefully comments from both internal and external stakeholders, we can focus on the sustainability issues that matter most.

OUR JOURNEY TO NET ZERO

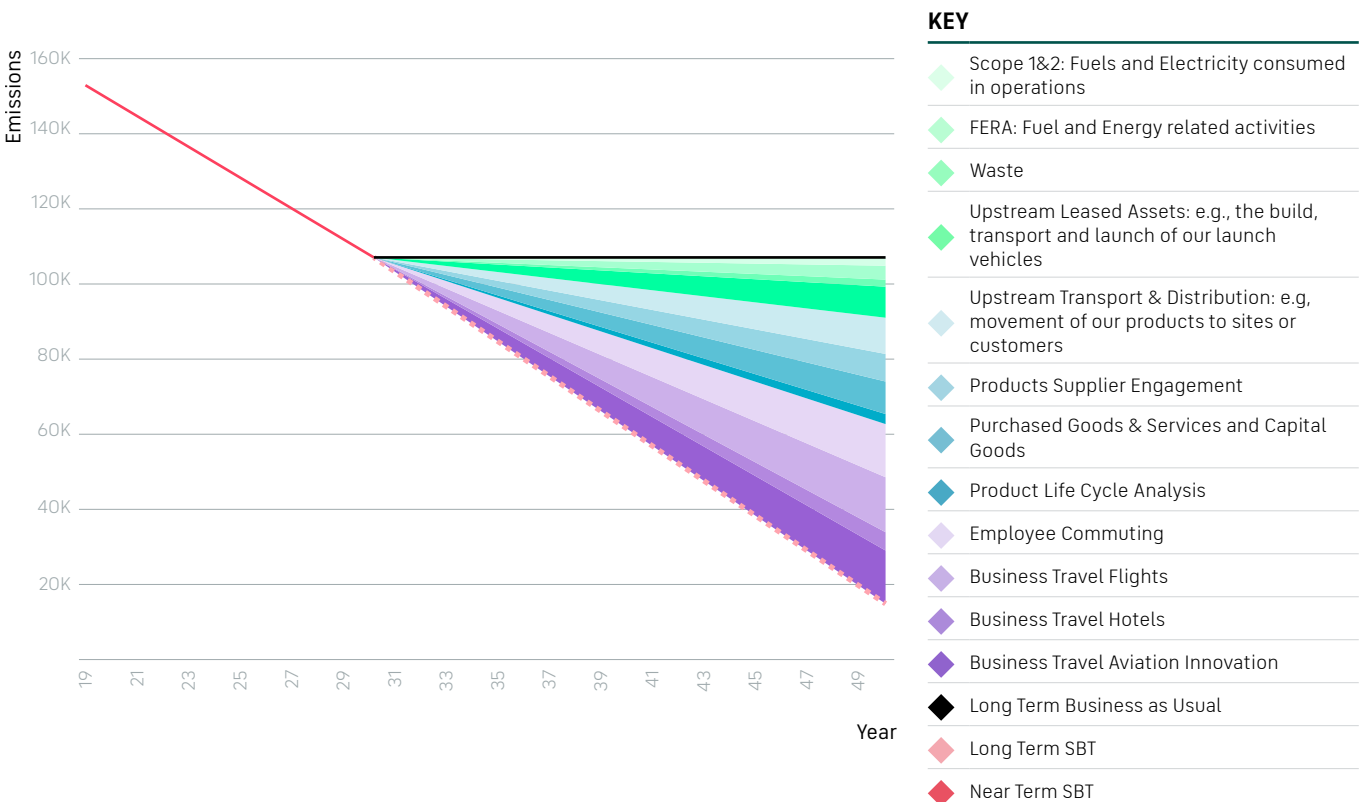
Climate change is one of our greatest challenges and for all organisations generally. We recognise the urgency and severity of the threat posed by climate change and we aim to be a leading advocate in the satellite

communications industry with our ambitious commitments. In 2022, our near-term science-based targets were validated by the Science Based Targets initiative (SBTi). These targets commit Inmarsat to reducing Scope 1 and 2 emissions by 64% and Scope 3 emissions by 28% from a 2019 baseline, by 2030.

Building on this foundation, we have now submitted a long-term science-based target to the SBTi for verification. This net zero target would require us to reduce Scope 1, 2 and 3 emissions by 90% by 2050, only offsetting the remaining 10% to reach net zero. Reaching this ambitious goal will depend on significant emissions reduction programmes across every part of our business, and especially in our Supply Chain, as can be seen in the diagram below.

“We recognise the urgent threat of climate change and we want to be a leading advocate in our industry by driving down emissions of greenhouse gases and preparing our business to thrive in a net zero economy.”

NET ZERO BY 2050: HOW EMISSION REDUCTIONS IN EACH SECTOR CONTRIBUTE



TOP CHALLENGES

As we work towards achieving these targets, we must find solutions to key challenges. These key challenges are:



1. Supply chain emissions

Since we do not control our supply chain, we cannot develop solutions alone and need markets and companies to play their role instead. For example, we need satellites and user terminals in order to provide airtime services. We must therefore work with our supply chain to find zero-carbon ways to manufacture and deliver these assets.

Despite these challenges, we are committed to reaching our near and long-term emissions reductions targets. Even if some challenges do not yet have a solution, we are working to lay the groundwork for future success.



2. Process emissions

There are currently no alternatives to carbon-intensive launch processes for satellites, although we will look to offset emissions through carbon offset arrangements.

We are also working to enable our stakeholders to reduce their greenhouse gas emissions. In 2022, we published two thought leadership reports that showed how satellites can help to reduce emissions on earth. Independent researchers studied three industry sectors - transport and logistics, agriculture, forestry and other land use and energy systems which account for approximately 60% of global emissions. The research found that if these industries universally adopted satellite technologies to help improve operational efficiency, it could yield CO₂ savings of 5.5 billion tonnes a year based on current technologies. This is equivalent to one-sixth of total emissions reductions estimated as necessary to keep the global temperature rise below 1.5°C by 2030, or one-third of the reduction necessary to keep temperature rises below 2°C. The reports can be found via the following links:



3. Offsets

It is possible that we will not be able to reach our long-term target through emissions reductions alone. To achieve net zero in the long-term, high-quality carbon removal technologies will need to be available in the market.

1. <https://www.inmarsat.com/en/news/latest-news/corporate/2022/net-zero-10-years-early-full-adoption-space-tech-new-modelling.html>
2. <https://www.inmarsat.com/en/insights/corporate/2022/space-sustainability.html>

ENVIRONMENTAL PERFORMANCE AND STRATEGY

The satellite launch industry is reviewing how it becomes more accountable for carbon generation through innovative new satellite launch techniques.

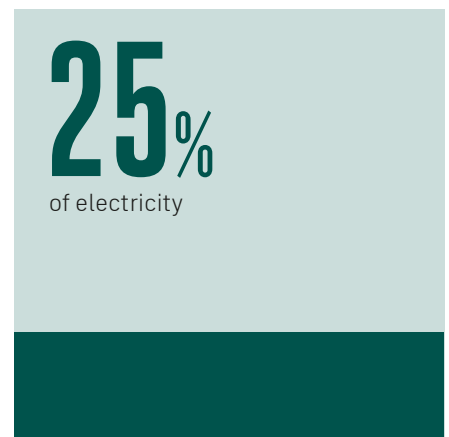
IN SUMMARY: OUR PERFORMANCE



in scope 1 and 2 emissions since 2021



in emissions intensity since 2021



now from renewable sources

ENVIRONMENTAL PERFORMANCE AND STRATEGY

The satellite launch industry is reviewing how it becomes more accountable for carbon generation through innovative new satellite launch techniques. We recognise the impact of our products and services on climate change and are working to review how we can reduce our environmental impacts and our carbon footprint. We will work together with our industry partners such as product manufacturers and launch providers to see how we can improve techniques for our future launches and reduce the footprint of our products.

Our environmental impacts include the use of natural resources, the consumption of energy and water, the production of a variety of waste, as well as staff and visitor travel. We have provided further details of our objectives for how we manage our environmental activities with our ESG report which can be found on our website. The following information

summarises our emissions performance over the year. Our reporting covers the relevant Scope 1, 2 & 3 categories as per the Greenhouse Gas Protocol. In 2022, our ambitious science-based target covering our Scope 1, 2 and 3 was approved and we have continually made progress against this target since submission.

Greenhouse gas (GHG) emissions

This section has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

The table on page 48 shows our greenhouse gas emissions for the years ended 31 December 2019 to 2022. Our emissions have been verified to a limited level of assurance by an external third party according to the ISO 14064-3 standard to ensure continuous improvement of our GHG reporting. This

verification statement can be found on our website and within our ESG Report 2022.

Methodology

We quantify and report our organisational GHG emissions according to the Greenhouse Gas Protocol. Consumption data has been collated by our sustainability consultant, Carbon Intelligence, part of Accenture, and has been converted into CO₂ equivalents using the UK Government 2022 Conversion Factors for company Reporting and the International Energy Agency international electricity conversion factors in order to calculate emissions from corresponding activity data.

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance; we have therefore reported both a location-based and market-based Scope 2 emissions figure. The Scope 2 market-based figure reflects emissions from electricity purchasing



decisions that Inmarsat has made. When quantifying emissions using the market-based method, we have used a supplier-specific emissions factor where possible. If these factors were unavailable, a residual mix emissions factor was then used, and as a final alternative the location-based grid emissions factor was used. For the location-based method, we used average emissions factors for the country in which the reported operations take place.

The table on page 48 shows our total emissions for the year ended 31 December 2022 using the two different Scope 2 accounting methodologies.

Performance

We operate in 37 locations with a combined workforce of approximately 1,800 staff. We set science-based targets covering our Scope 1, 2, and 3 emissions in 2021 for the period to 2030. We submitted these for validation by the Science Based Target initiative in early January 2022 and received validation in October 2022. This year again, we are pleased to be able to report on our full Scope 1, 2 and 3 emissions in line with the Greenhouse Gas Protocol.

In 2022, our Scope 1 and 2 emissions have increased by 4% since 2021 (using the market-based Scope 2 accountancy method). Our Scope 1 and 2 emissions intensity has decreased by 1% from 5.84 (2021) to 5.80 (2022) tCO₂e/FTE (using the market-based Scope 2 accounting approach). Details on our energy efficiency initiatives can be found on page 49.

We have seen a 37% increase in our stationary fuel emissions, primarily due to an increase in gas consumption at our London site. Overall, the amount of electricity from renewable sources has increased from 24% to 25% in 2022, with the Houston, U.S. site increasing from 6% to 100% renewable energy.

We saw a 6% decrease in our Scope 3 emissions from 2021. In the period there was an increase in inflation adjusted spend on purchased goods and services and an increase in business travel due to Covid-related travel restrictions being lifted. There were reductions in emissions as a result of decreased spend on capital goods, and in upstream leased assets due to the absence of satellite launches in the period. We also saw a lower level of product sales and therefore the

emissions related to our products such as procurement, logistics, product energy use and disposal of products decreased from previous years.

To meet our requirements under the Streamlined Energy and Carbon Reporting obligations, our emissions, included in the table on page 48, that relate to the UK equal 716 tCO₂e Scope 1 and 1,513 tCO₂e Scope 2 (location-based). During the reporting period our measured Scope 1 and 2 emissions (location-based) totalled 10,977 tCO₂e. Our measured Scope 3 emissions totalled 78,257 tCO₂e.

“We recognise the impact of our products and services on climate change and are working to review how we can reduce our environmental impacts and our carbon footprint.”

ENVIRONMENTAL PERFORMANCE AND STRATEGY CONTINUED

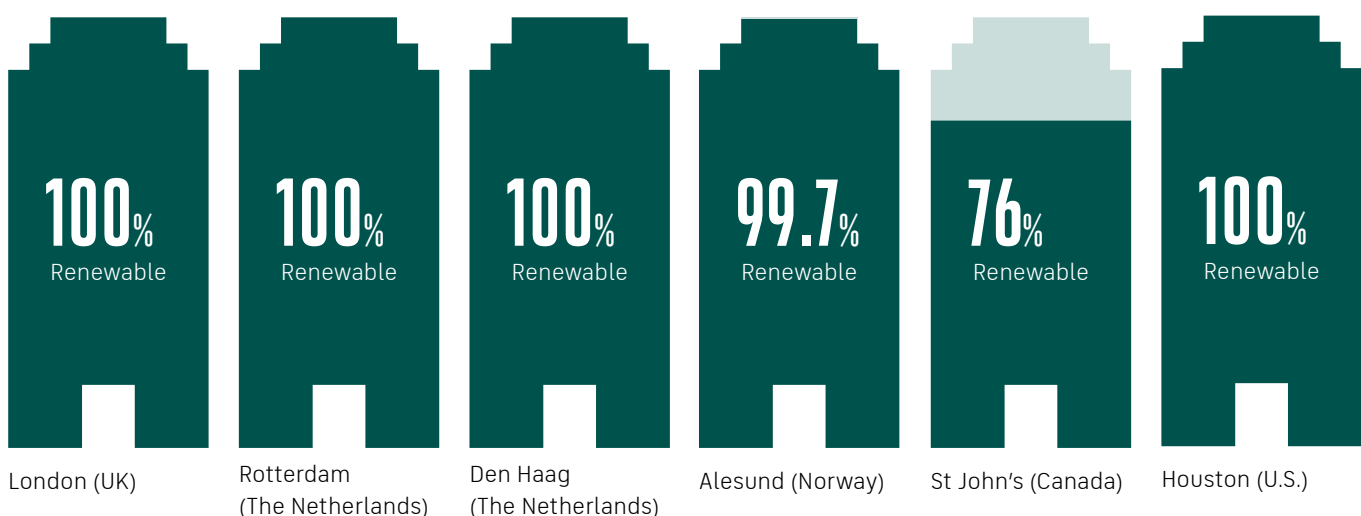
Greenhouse gas emissions (tCO ₂ e)		2022	2021	2020	2019
Scope 1	Combustion of fuel and operation of facilities (Scope 1)	902	696	868	1528
Scope 2 (location-based)	Electricity, heat, steam and cooling purchased for our own use	10,075	10,515	11,381	12,759
Scope 2 (market-based)	Electricity, heat, steam and cooling purchased for our own use	8,974	8,839	7,452	7,953
Total Scope 1 and 2 emissions (location-based)		10,997	11,211	12,249	14,288
Total Scope 1 and 2 emissions (market-based)		9,876	9,535	8,320	9,481
Emissions intensity tCO₂e per full-time equivalent ('FTE') employee (location-based)		6.4	6.9	6.5	7.7
Emissions intensity tCO₂e per full-time equivalent ('FTE') employee (market-based)		5.8	5.8	4.4	5.1
Scope 3	Purchased goods and services ¹	62,612	61,306	57,302	98,906
	Capital Goods ¹	7,178	12,148	5,694	13,561
	Fuel-and-energy-related activities	2,047	3,589	2,623	3,119
	Upstream Transportation and Distribution ²	163	176	1,670	2,038
	Business travel	3,667	504	1,790	10,660
	Waste	2	14	16	78
	Water	8	7	27	21
	Employee Commuting (incl. homeworking) ³	1,308	1,255	997	1536
	Upstream Leased Asset	-	1,677	-	2,433
	Use of sold goods	142	209	191	117
	End of Life treatment of products	1,130	2,492	3	5
Total Scope 3 emissions		78,257	83,376	70,312	132,474
Gross Scope 1, 2 and 3 (location-based)		89,234	94,587	82,561	146,761
Gross Scope 1, 2 and 3 (market-based)		88,133	92,911	78,632	141,955

¹ Purchased goods and services for 2021 were restated (2021 reported figure: 67,984 tCO₂e) and capital goods for 2021 were restated (2021 reported figure: 13,105 tCO₂e) to account for an error in accounting for the crediting of included spend found during the 2022 verification. We are undertaking a programme to engage with suppliers and improve data quality by moving away from spend based emissions factors where possible.

² Upstream transport and distribution for 2021 was restated (2021 reported figure: 39,226 tCO₂e) to account for an error overestimating the tonne-kilometres of air freight. We are undertaking a programme to engage with suppliers and receive data that requires less manual manipulation.

³ Employee commuting (incl. homeworking) for 2021 was restated (2021 reported figure: 2,216 tCO₂e) to account for an error over inflating the footprint of homeworkers. In 2022, the data quality has improved, with a greater ability to recognise hybrid working in the estimation.

IN SUMMARY: OUR BUILDINGS



Reporting boundaries and limitations

We consolidate our organisational boundary according to the operational control approach and have adopted a materiality threshold of 5% for GHG reporting purposes. As a result, we continue to include our Land Earth Stations within our Scope 1 and 2 boundary. Our network ground infrastructure whilst operated by a third party, meet the criteria under the GHG Protocol of operational control and therefore we have chosen to include them within our 2022 reporting for completeness and transparency. Our methodology of emissions from locations with fewer than 15 staff on-site remains the same as these are still reasonably estimated as immaterial and are thus excluded from our GHG disclosure. However, whenever data was provided by sites we included them, even if they fall outside our materiality threshold. Our Scope 1 and 2 emissions for all significant sites and Scope 3 emissions from all sites have been included in our calculations. GHG sources that constitute our operational boundary for the 2021 reporting period are:

- **Scope 1:** Natural gas combustion within boilers, gas oil combustion within generators, road fuel combustion within owned and leased vehicles, and fugitive refrigerants from air-conditioning equipment.

- **Scope 2:** Purchased electricity and heat consumption for our own use.
- **Scope 3:** Purchased goods & services, capital goods, fuel and energy related activities (FERA), upstream transportation & distribution, waste, business travel, employee commuting, upstream leased assets (related to launch vehicles), use of sold goods and end of life emissions. A further description of each of these categories can be found in the ESG Report, available on our website.

In some cases, where data is missing, values have been estimated using either extrapolation of available data or data from the previous year as a proxy.

Energy efficiency

Our London office is on a 100% renewable energy contract. In 2024 we will be moving our London Headquarters from City Road to 50 Finsbury Square. At the new London Headquarters, will continue to source our electricity from 100% renewable sources and are looking at making upgrades in the following key areas:

- The removal of gas and diesel usage.
- Utilising AI BMS to smartly manage building operations to save energy and water.
- BREEAM Certification.
- SmartApps to assist building management and operations.

In addition to our London headquarters, the following offices are currently on renewable energy contracts:

- Rotterdam (The Netherlands) 100% renewable.
- Den Haag (The Netherlands) 100% renewable.
- Alesund (Norway) 99.7% renewable.
- St John's (Canada) 76% renewable.
- Houston (U.S.) 100% renewable.

We are assessing whether it is possible to purchase our electricity from 100% renewable sources at our offices in Indonesia and Australia.

"In 2024 we will be moving our London Headquarters from City Road to 50 Finsbury Square. At the new London Headquarters, will continue to source our electricity from 100% renewable sources."

Energy consumption (MWh)

	2022			2021			2020			2019		
	UK	Rest of world	Total	UK	Rest of world	Total	UK	Rest of world	Total	UK	Rest of world	Total
Electricity	7,822	23,729	31,550	7,043	27,353	34,396	6,945	26,500	33,445	7,632	27,426	35,058
Fuels	3,770	814	4,584	2,313	931	3,244	3,168	939	4,107	3,235	3,046	6,282

During the year, our total fuel and electricity consumption totalled 36,134 MWh, of which 32% was consumed in the UK. The split between fuel and electricity consumption is displayed above.

Further information on our energy efficiency initiatives is detailed in our ESG Report, which can be found on our website.

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Given the urgent threat posed by climate change, the Board and Executive Management of Inmarsat are committed to decarbonising our business, addressing climate-related risk, and capturing opportunities to realise our goals.

In 2021, we began an in-depth review to align our business processes with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD). We identified risks and conducted preliminary qualitative scenario analysis. Since then, we commenced integration of climate-related risk into risk management, governance structures and routines. In 2022, we submitted near and long-term science-based targets to the SBTi for verification, progressed climate-related

risk management and started work on activities to realise these goals. Our near-term targets were validated in October 2022.

This disclosure is in line with the TCFD recommendations and updated guidance. Further information can be found in our 2022 CDP Climate Change Response as well as our 2022 ESG Report available on our website.

TCDF Recommended disclosures	Our disclosure	Progress to date
Board oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> – The Board has ultimate responsibility for climate-related risks and opportunities. – Climate and ESG risk is designated a principal risk. – The Board considers climate risks as part of its overall risk review processes of ESG. 	<ul style="list-style-type: none"> – In 2022, the Board approved our long-term science-based target and this has been submitted for validation to the SBTi. – The Board approved our roadmap for reaching our near-term science-based target in 2021 for the period to 2030.
Management role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> – The CEO is board sponsor for environmental, social and governance (ESG). – The Chief Corporate Affairs Officer (CCAO) has operational responsibility for climate related issues. – The CCAO is a member of the Executive Management team and chairs the Environmental Steering Group meeting on a quarterly basis. – The Central Risk Committee meets quarterly and also reviews our climate risks. 	<ul style="list-style-type: none"> – During 2022, the Environmental Steering Group and Central Risk Committee each met four times, reviewing our TCFD analysis and ESG risk register and assigning risk owners to the top risks. – Bonus payments linked to our climate strategy for certain senior leaders, including our CEO and CCAO. – Our CEO spoke publicly about climate risk and opportunity on publication of our 2022 reports Space Sustainability and What on Earth is the Value of Space? Links to these reports can be found on page 45.

TCDF Recommended disclosures	Our disclosure	Progress to date
Climate-related risks and opportunities identified over the short, medium and long term.	<p>Our top climate-related risks and opportunities are:</p> <p>Physical Risks</p> <ul style="list-style-type: none"> – Asset damage – long term (2036-2050). – Service disruption – medium term (2024-2035). – Energy – medium term (2024-2035). <p>Transition Risks</p> <ul style="list-style-type: none"> – Changing customer preferences – short to medium term (2021-2035). <p>Opportunities</p> <ul style="list-style-type: none"> – Renewables and onsite generation – short term (2021-2024). – Green financing – medium term (2024-2035). – Products and markets – medium term (2024-2035). 	<ul style="list-style-type: none"> – After initial identification in 2021, we reconfirmed these to be the most material risks and opportunities in 2022. – Next, we plan deeper dive risk modelling, as well as embedding climate risk into business strategy and operations. – We will continue to explore transition planning. – Our first carbon-neutral launch took place in February 2023.
Impact of climate-related risks and opportunities on the business, strategy, and financial planning.	<ul style="list-style-type: none"> – All risks and opportunities have been assessed for impact on our business. 	<ul style="list-style-type: none"> – The impact of each climate-related risk and opportunity, along with mitigating controls is described in the 2022 ESG Report, found on our website. – Next, we will further integrate climate risk and opportunities into our business and long-term strategy planning to mitigate and adapt to long-term impacts of transition to a low-carbon economy. – We will also review emerging requirements around transition plans.
Resilience of strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> – Preliminary scenario analysis undertaken using three plausible climate scenarios including alignment to 1.5°C. For more information see page 55 of this Strategic Report. – We study risks and opportunities across three timeframes: short term (2021-2024), medium term (2024 - 2035) and long term (2036- 2050). 	<ul style="list-style-type: none"> – Physical risks such as extreme weather events will have the greatest impact on Inmarsat’s operations. – Rising average temperature may lead to increased energy consumption to regulate and cool our assets. – Renewable energy generation will support our resilience to future energy price shocks across all our markets. – More findings can be found in our 2022 ESG Report.
Processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> – Preliminary qualitative scenario analysis was used to assess these risks. – These risks are included in the ESG risk register and reported in our TCFD disclosure. – Climate and ESG is a designated principal risk for Inmarsat so is included in our principal risk profile. 	<ul style="list-style-type: none"> – Our Senior Director responsible for risk and external climate risk specialists identified and assessed material climate-related risks in 2021, then reassessed in 2022 to ensure they remain the same.

TCDF Recommended disclosures	Our disclosure	Progress to date
Describe processes for managing climate-related risks.	<ul style="list-style-type: none"> Each risk is assigned to an owner who is responsible for mitigation and reporting to the Central Risk Committee. 	<ul style="list-style-type: none"> As we embed climate risk into our business, we launched our supplier sustainability strategy in 2022 to help address Scope 3 emissions. Accountability for suppliers lies with the VP of Global Procurement.
Processes for identifying, assessing and managing climate-related risks are integrated into overall risk management.	<ul style="list-style-type: none"> ESG, which encompasses climate risk, has been named a Principal Risk in Inmarsat's Principal Risk Profile. Our Corporate Governance Policy requires that the Board oversee principal risks and ESG matters. 	<ul style="list-style-type: none"> In 2022, we continued to embed climate risk and opportunities into our business and long-term strategy planning to mitigate and adapt to impacts of transition to a low-carbon economy.
Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process.	<ul style="list-style-type: none"> Our priority has been to set science-based targets. We have approved and validated near-term targets and a long-term target submitted for verification. We will next turn our attention to setting metrics and targets for assessing climate-related risks and opportunities. 	<ul style="list-style-type: none"> In 2021, we gained Board approval for our roadmap to achieving our near-term science-based targets. We aim to formalise climate risk and opportunity metrics which will support our efforts to manage our risks as well as our science-based targets.
Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and related risks.	<ul style="list-style-type: none"> Using the Greenhouse Gas Protocol, we measure, report and verify our Scope 1, 2 and 3 emissions. 	<p>Our 2022 emissions were as follows:</p> <ul style="list-style-type: none"> Scope 1: 902 tonnes. Scope 2: 9,876 tonnes. Scope 3: 78,257 tonnes. Our near-term science-based target requires us to reduce Scope 1 and 2 emissions by 64% by 2030 and Scope 3 emissions by 28% from a 2019 baseline. The roadmap to achieving this has been approved by the Board and includes procurement policies and more sustainable satellite builds. Our long-term target commits us to reducing Scopes 1, 2 and 3 emissions by 90% by 2050.
Targets used to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> Science Based Targets, both near and long-term to underpin our decarbonisation efforts. New supplier sustainability strategy requiring strategic suppliers to set decarbonisation targets to support Scope 3 emissions reductions. 	<ul style="list-style-type: none"> Our near-term science-based targets (Scopes 1, 2 and 3) were verified by the Science Based Target initiative (SBTi) in 2022. Our long-term science-based targets were submitted to the SBTi for verification. New supplier sustainability strategy was developed and rolled out.

GOVERNANCE

The Board of Inmarsat is ultimately responsible for overseeing all risks and opportunities related to climate change. Our principal risks now include climate change and ESG and our Corporate Governance Policy requires that the Board retains oversight for all ESG matters. In 2022, the Board approved the setting of our long-term science-based target. The roadmap to achieving our near-term science-based targets by 2030 was approved in 2021.

The CEO is Board sponsor for climate and ESG matters. Day-to-day responsibilities for climate and ESG matters are delegated to the Chief Corporate Affairs Officer (CCAO) and Company Secretary. A member of the Executive Management team, the CCAO chairs the Environmental Steering Group and reports to the Board on climate-related matters. The CCAO also chairs the Central Risk Committee, which reviews all outputs from our ESG risk profile, and reports the financial impact of ESG and climate related risk to the Board on a quarterly basis.

With these two management groups responsible for decarbonisation and climate-related risk, a broad range of senior leaders are now informed, involved and accountable for managing climate-related risks and opportunities.

Increasingly, we link decarbonisation and climate risk management to remuneration. We have already done so for a number of senior leaders, including our CCAO, and are now extending this to apply to all roles in relevant departments, such as our procurement function.

STRATEGY

We have identified and assessed the top climate-related risks and opportunities over short, medium and long term. With the initial exercise completed in 2021, these risks and opportunities were reconfirmed in 2022 and are integrated into annual strategic and financial planning. This helps us understand the potential impact of climate-related risks and opportunities to our business, as well as the necessary action to mitigate risks and realise opportunities. The most significant risks and opportunities are outlined below.

Risk	Impact	Mitigating Controls
PHYSICAL RISKS		
Asset damage Long term (2036-2050)	Given our global presence, Inmarsat is potentially exposed to extreme weather events. This could lead to damage and loss of infrastructure and sites.	We review locations and proposed locations of our sites and networks to determine those that could face physical risks, especially sea level rise, floods and storms.
Service disruption Medium term (2024-2035)	Extreme weather events like heatwaves could lead to operational disruption to our business, even shutdowns and service disruption to customers.	We continue to review, update and monitor our Business Continuity Plan to increase the resilience of our operations. We also enhance the resilience of our services by testing against real-life climate scenarios or simulations.
Energy Medium term (2024-2035)	As global temperatures rise, our cooling needs could lead to increased energy consumption. Conversely, extreme cold would require additional heating. Increased energy usage would impact costs and our energy footprint. It could also jeopardise achievement of our science-based targets.	We are working to switch our offices to electricity from renewable sources. In addition, we are investigating the feasibility of increased use of Building Management Systems (BMS), such as the one at our site in Canada.

TRANSITION RISKS

<p>Changing Customer Preferences Short- to medium-term (2021-2035)</p>	<p>As customer expectations increase, we could lose market share if competitors have stronger climate and ESG credentials.</p>	<p>In addition to using the latest technologies and keeping our product portfolio relevant, we ensure that our sustainability credentials continue to increase. For example, our new long-term science-based target (subject to SBTi validation) aims to reduce our Scope 1, 2 and 3 emissions by 90% by 2050. Continuously improving our performance means that we qualify as customers update their tender requirements.</p> <p>Our recent reports on Space Sustainability and “Can Space Help Save the Planet” also demonstrate thought leadership to customers. Links to these reports can be found on page 45.</p>
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OPPORTUNITIES

<p>Products and Markets Medium-term (2024-2035)</p>	<p>Inmarsat could potentially access new markets and revenue, e.g. our satellite-based communications solutions help aviation businesses enhance fuel efficiency. As weather patterns change, seafarers and airlines will require more advanced connectivity for optimal route planning.</p>	<p>To ensure our product offering remains relevant to our customers, we invest in product development and review market opportunities, e.g. IoT. This opportunity is exciting and expected to grow in the medium to long-term.</p>
<p>Renewable Energy (& Onsite Generation) Short-term (2021-2024)</p>	<p>Improving energy efficiency and moving to renewables across our sites will support our science-based targets. Our growing energy resilience due to onsite generation will reduce exposure to grid outages and pricing volatility.</p>	<p>We aim to buy renewable at more sites globally.</p> <p>Currently we rely 100% on renewable energy in London (UK), Alesund (Norway), The Hague (the Netherlands), Rotterdam (the Netherlands) and Houston (U.S.). Our sites in St John’s (Canada), Washington DC (U.S.), Seattle (U.S.) and Sydney (Australia) also source some energy from renewable sources.</p>
<p>Green Financing Medium-term (2024-2035)</p>	<p>Access to lower cost of capital or debt with preferential interest on green financial instruments could result from our sustainability performance and emissions reduction.</p>	<p>We aim to enhance our ESG ratings and benefit from potential future lenders.</p>



SCENARIO ANALYSIS

To assess the resilience of our business to these material risks under uncertain climate futures, we undertook high-level scenario analysis using scenarios from the Bank of England's Climate Biennial Exploratory Scenario (CBES). This is based on a subset of the Network for Greening the Financial System (NGFS) climate scenarios. The three scenarios we used include:

1. **Early policy action:** Smooth transition; aligned to 1.5°C. Impact: Higher transition risks and physical risks.
2. **Late policy action:** Disruptive transition; aligned to well-below 2°C (1.6°-2°C). Impact: Significant transition risk and higher physical risk.
3. **No policy action:** Business as usual; aligned to above 3°C (3.1°-4°C). Impact: limited transition risks and significant physical risks.

These scenarios test the resilience of our strategy to transition risks presented by rapid global decarbonisation, as well as physical risks from global warming. We studied the risks over three timeframes: short term (2021-2024), medium term (2024-2035) and long term (2036-2050).

Top-line findings for each of the three scenarios were as follows:

- **Early policy action:** This scenario would allow us to maximise climate-related opportunities earlier. It would also see only a gradual increase in both transition and physical risk.
- **Late policy action:** Under this scenario, recognition of opportunities would be delayed. Transition risks would be delayed but subsequently see a more dramatic increase, while the increase in physical risks would also likely be more severe.
- **No policy action:** Opportunities would be limited or lost. Transition risks would be minimal due to lack of a market or legal response. By contrast, physical risks are at the highest severity impacting business continuity.

Our next priorities are to deepen our scenario analysis work and continue to embed climate-related risks and opportunities into our business and long-term strategy. We will also assess the effectiveness of current processes and mitigating controls. Lastly, we will build an action plan that brings together our TCFD work and decarbonisation as groundwork for a future transition plan.

RISK MANAGEMENT

All climate-related risks in this TCFD disclosure were identified and assessed using Inmarsat's risk framework. These risks are listed in the ESG risk register and are monitored by the Environmental Steering Group. The Central Risk Committee reviews all risk registers as well as the principal risks on our principal risk profile. Since climate and ESG are among our 15 principal risks, the Board receives regular updates on climate-related risks.

METRICS AND TARGETS

The targets and metrics we use ensure that we are driving progress towards our commitments. Our near-term science-based target commits us to reducing Scope 1 and 2 emissions by 64% by 2030 and Scope 3 emissions by 28% from a 2019 baseline. Subject to SBTi verification, we have also set a long-term science-based target to reach net zero by 2050. Our GHG emissions are calculated using the Greenhouse Gas Protocol and are reported on page 48 of this Strategic Report.

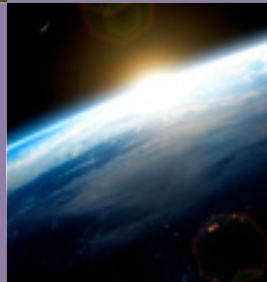
Our next priority is to develop key metrics to report our progress in managing the climate-related risks and realising opportunities described in this disclosure, while improving the resilience of our business and our operations.

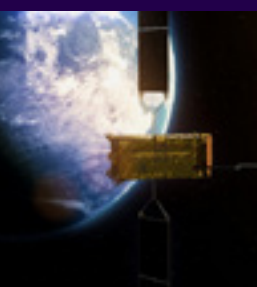
By order of the Board

Alison Horrocks FCIS

Company Secretary

20 March 2023





GOVERNANCE

REPORT

REPORTING IN ACCORDANCE WITH OUR CORPORATE GOVERNANCE POLICY

This index shows where key content can be found in this report, which our stakeholders can use to evaluate how we have applied our Corporate Governance Policy.

PURPOSE AND BOARD LEADERSHIP

The Board determines the long-term strategy of the Group. Our business model and our strategic framework embeds our vision, purpose, values and priorities to ensure stakeholder interests are met.

Our strategy	p8
Business model	p10
Key performance indicators	p14
Stakeholder engagement	p38
Section 172 statement	p41

BOARD COMPOSITION

The Board comprises the Chairman, the CEO and nine Non-Executive Directors. The composition of the Board is determined by an investment agreement. It is considered to be in the best interests of the Group for the Executive Management team and shareholders to be represented at meetings.

Board committees	p62
Board attendance	p64
Board biographies	p67

DIRECTOR RESPONSIBILITIES

The Board receives regular reports on business, financial performance, employee and partner engagement as well as key business risks. The Board also receives updates on activities and decisions of its Committees.

How the Board operates	p59
Role of the Board	p59
Key roles and responsibilities	p65

OPPORTUNITIES AND RISKS

The Board seeks out opportunity while managing risk. The Central Risk Committee and the Executive Management team ensure risks are identified and managed appropriately. Risk is reviewed regularly by the Audit Committee and Board.

Risk management	p28
Principal risks	p30
Sustainability in practice	p44
Taskforce on Climate-related Financial Disclosures	p50

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

Our strategic priorities and values reflect how we deliver our vision. The table set out in our section 172 statement of page 41 to 43 sets out some of the engagement that takes place with key stakeholders.

Our strategy	p8
Business model	p10
Stakeholder engagement	p38
Section 172 statement	p41

The Board considers that the company has complied fully with its Corporate Governance Policy throughout the year.

GOVERNANCE AND LEADERSHIP

Corporate governance statement.

Connect Bidco Limited is a Guernsey incorporated entity with a registered establishment in England and Wales. As a Guernsey incorporated entity, we are not required to make a corporate governance statement however, we have chosen to do so in line with best practice and our Corporate Governance Policy.

The Board of Connect Bidco Limited is pleased to present its Corporate Governance Statement for the period to 31 December 2022. This statement includes a review of how corporate governance acts as the foundation for our corporate activity and is embedded in our business and the decisions we make. The Board is committed to the creation of long-term sustainable value for the benefit of our shareholders, employees and wider stakeholders.

The company is committed to the highest standards of governance and during the year continued to follow the Corporate Governance Policy it adopted in 2021. Our Corporate Governance Policy is a combination of both the Wates Principles for Large Private Companies and our own pre-existing governance frameworks which provide detailed governance principles reserved for the Board and its subsidiary boards. These matters are strictly reserved to ensure the Directors and subsidiary directors can demonstrate sound and competent execution of their statutory duties (including oversight of the management of relationships and engagement with stakeholders on their behalf) in accordance with applicable legislation.

The Board has deemed the Corporate Governance Policy appropriate to use instead of the Wates Principles as it reflects the ownership structure and utilises the pre-existing and overarching corporate governance frameworks that were operational during the time Inmarsat was a listed business in 2019 on the London Stock Exchange. The Board considers these frameworks and delegations to be effective to enable the Board to discharge their statutory and fiduciary duties appropriately. The Corporate Governance Policy created a framework to capture key corporate governance protocols, subsidiary governance protocols and a principal decision process, as set out in the section 172 statement on pages 41 to 43 of the Strategic Report.

HOW THE BOARD OPERATES

To ensure effective governance, the Board has structured its governance framework as noted on page 62. The Board has established Committees to assist it in exercising its authority. The permanent Committees of the Board are the Audit and Remuneration Committees. Each Committee has Terms of Reference under which authority is delegated to it by the Board.

The company has established a Board with a balance of skills, backgrounds, experience and knowledge required to compliment the promotion of the long-term success of the company and to identify the impacts of the Board's decisions on its stakeholders, and where relevant, the likely consequences of those decisions in the long-term. Individual directors have sufficient capacity to make a valuable contribution that is aligned to the company's activities (details of the skills and experience are set out on pages 67 to 70 of this Governance Report).

The Directors are mindful of corporate governance and demonstrate an understanding of their accountability and statutory responsibilities. The Board understands its primary duties under the Companies (Guernsey) Law 2008 and broader regulatory responsibilities, e.g., General Data Protection Regulations, Anti-Money Laundering, Corporate Criminal Offence regulations. Group-wide governance policies are in place to support these primary duties and broader regulatory requirements.

ROLE OF THE BOARD

The Board is ultimately responsible for organising and directing the affairs of the company in a manner most likely to promote the success of the company for the benefit of its investors and other stakeholders whilst complying with legal and regulatory frameworks. Our Board is responsible for the overall conduct of the Inmarsat Group's (the Group) business. It is the primary decision-making body for all material matters affecting the Group. It provides leadership and guidance and sets our strategic direction.

Our Board is ultimately accountable for:

- The long-term success of the company, having regard for the interests of all stakeholders.
- Ensuring the effectiveness and reporting on our system of governance, including retaining oversight of its delegated responsibilities.
- The performance and proper conduct of the business and ensuring a positive culture is supported.

Responsibility for developing and implementing strategy within the Group's operations and for day-to-day management of the business is delegated to the Chief Executive Officer (CEO) who, as the head of the Executive Management team, cascades this responsibility through the Group. The CEO is empowered by the Board to handle all business activities up to a designated level of authorisation and to report to the Board for guidance, support and approval on other matters

GOVERNANCE AND LEADERSHIP CONTINUED

to a designated level of authorisation and to report to the Board for guidance, support and approval on other matters which require Board input. The members of the Executive Management team are listed on page 63 and their biographies can be found on our website at www.inmarsat.com/en/about/who-we-are/leadership-team-and-board.

The Board has overall responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness. The Board is supported by the Audit Committee, Executive Management and the Central Risk Committee in delivering on this responsibility.

In accordance with the Corporate Governance Policy, principal decisions are delegated through the CEO to the Executive Management team. In making its decisions, the Executive Management team is required to consider the outcome of any stakeholder impact assessment that has been undertaken to support it making any principal decision (some examples of the principal decisions made by the Board during the reporting period are set out on page 43 of the Strategic Report). The CEO reports back to the Board as part of the wider risk management and internal controls of the Group, allowing the Board to demonstrate its oversight of the delegated responsibilities.

A formal schedule of matters specifically reserved for decision or consideration by the Board as a whole has been agreed by the Directors. This schedule covers areas such as:

- The Group's business strategy and long-term plans.
- Major capital projects.
- Significant capital structure changes.
- Investments.
- Acquisitions, divestments and M&A activity.

The Board has an annual rolling plan of items for discussion which is reviewed formally at Board meetings and adapted regularly to ensure all matters reserved for the Board, with other items as appropriate, are discussed.

There is an established procedure for the review of the agenda between the Chairman, the Chief Executive and the Company Secretary in advance of each Board meeting. At each Board meeting there is a detailed report on current trading from the Chief Executive and Chief Financial Officer and detailed papers are provided on matters where the Board will be required to make a decision or give approval. Where appropriate, specific responsibilities are delegated to Board Committees or to committees convened for special purposes.

During 2022, post the Covid-19 pandemic, the Board transitioned its scheduled meetings from virtual to in person, enabling still though the opportunity to attend virtually if required by individual Directors.



In 2022 the Board focused its attention on the following key areas:



Strategy review and development:

- Discussed and approved the Group strategy, strategic objectives and received regular updates on the operational performance for the Group's key business areas.
- Received reports on technology and innovation and related industry developments and approved our future L-band strategy.
- Received detailed competitive assessments of traditional and disruptor technology companies.



Special business:

- Received regular updates on the Viasat acquisition.
- Considered significant contract discussions regarding the Ligado Co-Operation Agreement.



Ensuring appropriate financial and operational management:

- Received and discussed reports from the CEO on the performance of the Group's operations.
- Received and discussed regular reports on the Group's financial performance.
- Discussed and approved the 2023 budget.
- Discussed the Group's capital structure and approved an amendment to the Credit Agreement.



Implementing governance and ethics and monitoring risk:

- Assessed the risks faced by the Group and received updates on internal controls.
- Reviewed regular reports on compliance matters (such as any anti-bribery and corruption updates) from the Company Secretary.
- Received reports from the Board Committee Chairmen.
- Reviewed the Directors' Conflicts of Interest procedures.
- Approved the quarterly Risk Report and the annual Risk Policy.
- Received a presentation on Cyber and IT Security including an analysis of risks, regulatory requirements and strategy.
- Reviewed and approved long-term net zero targets for submission to the Science Based Target initiative (SBTi) for independent verification.
- Reviewed and approved the Tax Strategy and Treasury Policy.



Workplace reviews:

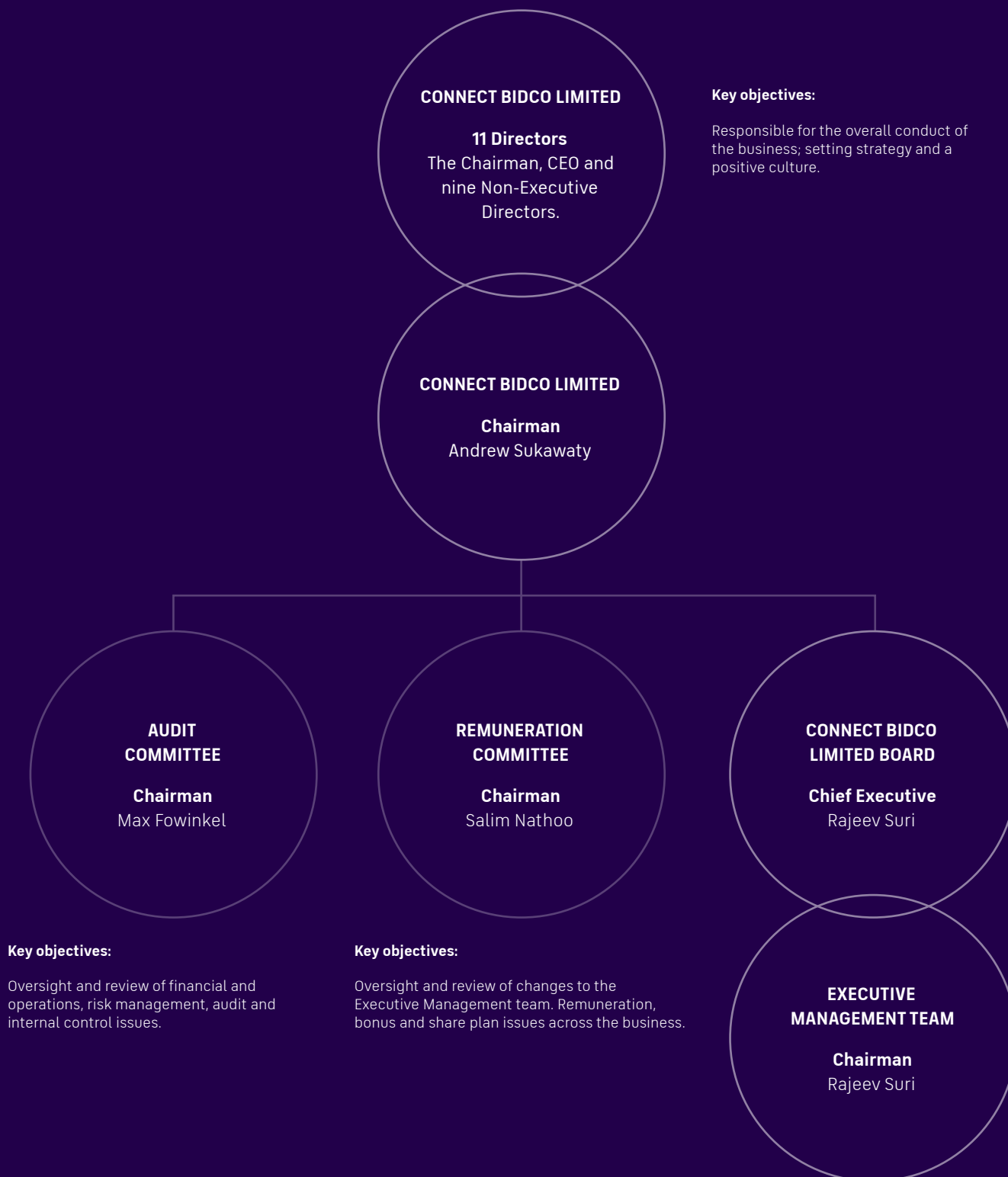
- Received regular and detailed updates from the CEO and Chief People Officer on employee engagement and retention.
- Discussed and approved out of cycle salary increases.
- Noted and approved the Remuneration Committee's activities regarding annual bonus payments and salary increases.

KEY STAKEHOLDER GROUPS CONSIDERED

- ◆ Employees
- ◆ Investors
- ◆ Partners and Customers
- ◆ Suppliers and Contractors
- ◆ Local Communities

GOVERNANCE AND LEADERSHIP CONTINUED

THE BOARD AND ITS COMMITTEES



Audit Committee

In 2022 the Audit Committee focused its attention on the following key areas:

- Confirmed to the Board that the 2021 Annual Report and Accounts is fair, balanced and understandable.
- Reviewed and endorse, prior to submission to the Board the Management Discussion and Analysis quarterly results papers for release to the debt investor community.
- Reviewed and approve internal reports, and findings and recommendations arising from the reports.
- Agreed external annual audit plans and authorise the auditor's remuneration.
- Reviewed key accounting judgements relating to specific transactions such as Ligado and the recent amendment to the Co-Operation Agreement and the outcome of the HMRC launch cost case.

Remuneration Committee

In 2022 the Remuneration Committee focused its attention on the following key areas:

- Executive Management team remuneration arrangements.
- Approved 2021 bonus payments and 2022 annual bonus and LTIP performance targets for the company and discussed 2022 bonus payments and 2023 incentive targets with these approved in early 2023.
- Reviewed succession plans for the Executive Management team.
- Discussed incentives in the context of the Viasat acquisition.
- Approved the out of cycle salary increase for all staff with a focus on more junior staff receiving a higher percentage increase.

NON-EXECUTIVE DIRECTORS

The diverse experience and backgrounds of the Non-Executive Directors ensures that they can provide a strong debate and constructively challenge management both in relation to the development of strategy and review of the Group's operational and financial performance.

EXECUTIVE MANAGEMENT TEAM

The Chief Executive chairs the Executive Management team which meets on a monthly basis with additional meetings as required. As part of its remit, this team focuses on the Group's strategy, financial reviews and long-range business planning, the competitive landscape, strategic updates from all areas of the business, risk reviews, culture, learning and development, and organisational development. The Executive Management team comprises:

Rajeev Suri Chief Executive Officer

Tony Bates Chief Financial Officer

Jat Brainch Chief Commercial and Digital Officer

Natasha Dillon Chief People Officer

Barry French Chief Marketing and Communications Officer

Fredrik Gustavsson Chief Strategy Officer

Peter Hadinger Chief Technology Officer

Alison Horrocks Chief Corporate Affairs Officer

Todd McDonell President, Global Government Business Unit

Susan Miller CEO, Inmarsat Government Inc.

Ben Palmer OBE President, Maritime Business Unit

Jason Smith Chief Operations Officer

Niels Steenstrup President, Aviation Business Unit

More information on the Executive Management team can be found on the company website at www.inmarsat.com/en/about/who-we-are/leadership-team-and-board

GOVERNANCE AND LEADERSHIP CONTINUED

GOVERNANCE AND CONDUCT OF BOARD MEETINGS

Our Board meets as often as necessary to effectively conduct its business. During 2022, the Board met six times. Unscheduled supplementary meetings are called as and when necessary. At each regular Board meeting, the Chief Executive Officer and Chief Financial Officer provide reports to the Board. The Board is regularly given exposure to the next layer of management at the Executive Management team level and often to their direct reports. This is helpful to the Board as it provides additional insight into internal talent and informs any management succession discussions. In instances where a Director is unable to attend Board or Committee meetings, any comments which he may have arising out of the papers to be considered at the meeting are relayed in advance to the relevant Chairman or the Company Secretary who would then report to the Board or Committee. The CEO also provides briefings to the shareholders of Connect Topco Limited to respond to queries they may have.

Meeting attendance

The attendance of the Directors at the scheduled Board, Audit Committee and Remuneration Committee meetings held in 2022 is shown in the table below. The Directors noted below served on the Board during 2022. Where their tenure started or ended during the period, the numbers reflect only those meetings they were eligible to attend. Occasionally, Directors were unable to attend meetings due to prior commitments.

Number of scheduled Board meetings held and meeting attendance in 2022	Board			Percentage Attendance		
	Board	% Attendance	Audit	Board	Remuneration	% Attendance
Andrew Sukawaty (Chairman)	6/6	100%	-	-	2/2	100%
Rajeev Suri	6/6	100%	-	-	-	-
Max Fowinkel	6/6	100%	4/4	100%	-	-
Eric Hargrave ¹	6/6	100%	4/4	100%	1/1	100%
Rtd General C. Robert Kehler	6/6	100%	-	-	2/2	100%
Pascal Keutgens	4/6	66%	4/4	100%	2/2	100%
Ashvin Malkani ²	1/4	25%	-	-	1/1	100%
Christoph Müller	6/6	100%	-	-	-	-
Salim Nathoo	6/6	100%	-	-	2/2	100%
René Obermann	5/6	83%	-	-	2/2	100%
Andrew Sillitoe ³	1/5	20%	-	-	-	-
Inaki Echave ⁴	2/2	100%	-	-	-	-
Gonzague de Lhoneux ⁵	1/1	100%	-	-	-	-

¹ Eric Hargrave took responsibility for attending the Remuneration Committee after Ashvin Malkani resigned

² Ashvin Malkani resigned on 6 October 2022 Inaki Echave was appointed on 6 October 2022

³ Andrew Sillitoe resigned on 9 December 2022

⁴ Inaki Echave was appointed on 6 October 2022

⁵ Gonzague de Lhoneux was appointed on 9 December 2022

KEY ROLES AND RESPONSIBILITIES

As at the date of this report, our Board comprised the Chairman, the CEO, two Independent Non-Executive Directors and seven Non-Executive Directors. There is clear division between Executive and Non-Executive responsibilities which ensures accountability and oversight. The roles of Chairman and CEO are separately held and their responsibilities are well defined, set out in writing and regularly reviewed by the Board.

The Executive Management team meets monthly to attend to the ongoing management of the Group. Any significant operational and market matters are communicated to the Non-Executive Directors on a timely basis outside of Board meetings. The Board is supported by the Company Secretary, to whom all Directors have access for advice and corporate governance services.

Andrew Sukawaty

The Chairman

The role of the Chairman is set out in writing and agreed by the Board. He is responsible for:

- Effective leadership, operation and governance of the Board.
- Setting the agenda, style and tone of Board discussions.
- Ensuring Directors receive accurate, timely and clear information.

Rajeev Suri

The Chief Executive Officer

The role of the Chief Executive is set out in writing and agreed by the Board. He is responsible for:

- The development and implementation of the business strategy.
- The day-to-day management of Inmarsat's operations and its financial results.
- Recommending the strategic objectives for the Inmarsat Group, for debate, challenge and approval by the Board.
- Ensuring the wellbeing of staff is a focal point for the company and encouraging a strong DE&I culture.
- Ensuring we meet the milestones for our key programmes with a priority to focus on our customers, target revenue growth and deliver enhanced returns to shareholders.
- Chairing the Executive Management team.
- Mr Suri is the Board sponsor for environmental and social governance, community investment, and other corporate social responsibility matters, as well as having overall responsibility for Health and Safety. He is a sponsor for the company's Ethnic Diversity network.

GOVERNANCE AND LEADERSHIP CONTINUED



Non-Executive Directors

The role of the Non-Executive Directors is, amongst other things:

- Promote high standards of integrity and corporate governance and uphold the cultural tone of the company.
- Constructively challenge and assist in the development of strategy.
- Monitor the delivery of the strategy by the Executive Management team within the risk framework set by the Board.
- Serve on the Committees of the Board.

Alison Horrocks

The Company Secretary

The Company Secretary acts as Secretary to the Board and its Committees and in doing so she, assists the Chairman:

- In ensuring that all Directors have full and timely access to all relevant information.
- By organising induction and training programmes.

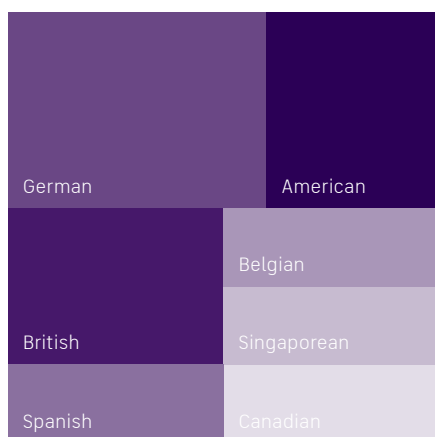
BOARD OF DIRECTORS

BOARD COMPOSITION



- ◆ Executive Director (1)
- ◆ Non-Executive Directors (8)
- ◆ Independent Non-Executive Directors (2)

BOARD NATIONALITY



- ◆ American (2)
- ◆ Belgian (1)
- ◆ British (2)
- ◆ Singaporean (1)
- ◆ German (3)
- ◆ Canadian (1)
- ◆ Spanish (1)

BOARD OF DIRECTORS

Andrew Sukawaty

The Chairman

Appointed

10 December 2019
 – Remuneration Committee Member

Background and relevant experience

Andy was the Chairman of Inmarsat plc at the time it was acquired in December 2019 and was previously its Executive Chairman and CEO. He is a founding partner of Corten Capital Advisers UK LLP, Chairman of Hg Capital USA, Independent Director of Hg Capital LLC and a Non-Executive Director at RELX plc. Previously, Andy was the Senior Independent Director of Sky plc, Chairman of Ziggo N.V., Xyratex Technologies and Telenet and also Deputy Chairman of O2 plc. He has also previously served as an advisor to Apax Partners and Warburg Pincus and had previously been Chief Executive Officer and President of Sprint PCS, a NYSE listed global national wireless carrier and Chief Executive Officer of NTL Limited. Andy has previously held various management positions with U.S. West and AT&T and been a Non-Executive Director on various listed companies. Andy holds a BBA and MBA from the Universities of Wisconsin and Minnesota respectively. Andy is a member of the Remuneration Committee.

Rajeev Suri

CEO

Appointed

1 March 2021

Background and relevant experience

Rajeev was appointed as Inmarsat's Chief Executive Officer on 1 March 2021. He joined Inmarsat from Nokia, where he served as President and Chief Executive Officer from 2014 to 2020. From 2009 to 2014 Rajeev was Chief Executive Officer of Nokia Siemens Networks (a merged Joint venture company of Nokia and Siemens' Networks businesses). During his tenure as CEO, he transformed Nokia into a top two telecommunications infrastructure company from a distant fourth, led the consolidation of the sector from ten to three major players, and positioned Nokia as a broad portfolio leader in a world connected by 5G. Under his leadership, Nokia acquired the networks businesses of Siemens, Motorola, Panasonic, Alcatel-Lucent, including the famed Bell Labs, successfully expanded into enterprise vertical markets, created the world's leading stand-alone telecom software business and more than quadrupled the annual recurring revenue patent licensing business. During this time, revenues more than doubled to EUR 25Bn and the company's profits grew from breakeven to EUR 2.5Bn.

In March 2022 Rajeev was appointed Chairman of the Global Satellite Operators Association. He is also a Commissioner of the United Nations Broadband Commission. He was Co-Chairman of the digitalisation taskforce for the B20 and a member of various digital and healthcare committees at the World Economic Forum. Rajeev was a member of the Chinese Premier's Global CEO Council from 2014 to 2020, and a recipient of China's Marco Polo award. Rajeev is an engineering graduate in Electronics and Communications and has been awarded an Honorary Doctorate by Manipal University, India.

Rajeev is also a Board Director at Stryker, a medical technology company and Singtel, Asia's leading communications group.

BOARD OF DIRECTORS CONTINUED

NON-EXECUTIVE DIRECTORS

Max Fowinkel

Appointed

10 December 2019
– Audit Committee Chairman

Background and relevant experience

Max joined Warburg Pincus in London in 2007 before moving to the Berlin office in 2019. Max is a Director on the boards of Community Fibre, Infoniq and MAX (fka Leumi Card). He was involved in Warburg Pincus' investments in T-Mobile Netherlands, Diagnostic Excellence Network, IONOS by 1&1, McMakler, HYP, inexo, IPAN, Network International, Accelya, easycash, MACH, Evenex, Blue Yonder and United Internet. Prior to joining Warburg Pincus, he worked at McKinsey & Company. Max holds a degree in Mechanical Engineering and Business Administration from Technische Universität Berlin and an MBA from Harvard Business School.

Salim Nathoo

Appointed

10 December 2019
– Remuneration Committee Chairman

Background and relevant experience

Salim is a Partner in the Tech & Telco team of Apax Partners and is based in London. Salim is also a member of the Investment Committees for the Apax Buyout Funds, Apax Digital Fund and Apax Global Alpha. Salim joined Apax Partners in 1999 specialising in the Tech & Telecom space. He has both led and participated in a number of key deals including ThoughtWorks, Candela, EVRY, GlobalLogic, iGATE, Orange Switzerland, Sophos, SMART Technologies, Weather Investments, Tim Hellas, Promethean and Mobifon. Prior to joining Apax Partners, Salim was an Engagement Manager with McKinsey & Company where he specialised in advising clients in the telecom sector.

Eric Hargrave

Appointed

10 December 2019
– Audit Committee Member
– Remuneration Committee Member

Background and relevant experience

Eric joined Ontario Teachers' in 2009 and has two decades of principal investing, investment banking and accounting experience. He is responsible for origination, execution, and management of direct investments in the technology, media and telecom sectors across Europe. Prior to joining Ontario Teachers, Eric worked in investment banking at RBC Capital Markets, as well as the M&A advisory group at Ernst & Young. Earlier in his career, Eric also worked as a financial auditor at both Ernst & Young and BDO Dunwoody.

Pascal Keutgens

Appointed

28 October 2019
– Audit Committee Member
– Remuneration Committee Member

Background and relevant experience

Pascal focuses on the healthcare and consumer sectors for Canada Pension Plan ('CPP'). He is also responsible for investments in France and the Benelux. Prior to joining CPP Investments, Pascal was a Partner at Bregal Freshstream, where he was responsible for their Private Equity activities in France and the Benelux region. Previously Pascal was a Partner at Doughty Hanson, where he spent 13 years focusing on mid-market buyouts across Europe. Pascal trained as an accountant at PWC.

Iñaki Echave

Appointed

6 October 2022

Background and relevant experience

Iñaki co-leads Ontario Teachers' EMEA Private Capital team from the London office. Iñaki is a Senior Managing Director with over 20 years of international experience and a specific focus in the technology and financial sectors. He has held several senior positions in private equity, as Managing Director of Blackstone Private Equity in London, Canada Pension Plan Investment Board (CPPIB) Direct Investments in Europe and Director of BHL (UK) Holdings. Previously, Iñaki was a partner at Magnum Capital and Ventura EP and has worked for 3i, JP Morgan Partners and Bain & Co. Iñaki has an MBA from INSEAD in France and a double degree in business and law from ICADE in Spain.

Gonzague de Lhoneux

Appointed

9 December 2022

Background and relevant experience

Gonzague is a Principal in the Tech & Telco team and is based in London. Gonzague has participated in key deals, including T-Mobile Netherlands, Inmarsat, Lutech, Fractal Analytics, ThoughtWorks and Unilabs. He joined Apax Partners in 2013. Prior to that he was a member of Credit Suisse's Healthcare Investment Banking team in London, where he worked on various M&A and financing transactions. Gonzague holds an MBA with Distinction from INSEAD and a Masters in European Management from ESCP Europe.

René Obermann**Appointed**

10 December 2019

– Remuneration Committee Member

Background and relevant experience

René is based in Berlin and is Co-Head of Warburg Pincus' European activities and Head of Warburg Pincus Deutschland GmbH. Serving as Vice-Chairman of 1&1 Ionos Holding SE, the leading European web hosting provider, in which Warburg Pincus funds are also invested. In April 2020 René became Chairman of the Board of Directors at Airbus SE, where he previously served as Non-Executive Director. He has also been a member of various company boards including E.On, Spotify and Telenor.

Prior to joining Warburg Pincus as an investment partner in 2015, René was CEO of Ziggo BV in the Netherlands (2014) and prior to this he was CEO of Deutsche Telekom AG from 2006-2013. He joined the Group as Managing Director of T-Mobile Germany in 1998 and was promoted to run its mobile division T-Mobile International between 2002 and 2006. Between 2007 and 2013 he also served as Vice President of Bitkom, Germany's IT industry association.

René began his career as a student at the University of Münster in 1986 when he founded a distribution company for telecommunication services and equipment which was acquired by Hutchison Whampoa in 1991. He remained there as Managing Partner and served as its CEO between 1993 and 1998. Under his leadership the company became one of the first virtual mobile network operators in Germany.

INDEPENDENT NON-EXECUTIVE DIRECTORS**General C Robert Kehler (Rtd)****Appointed**

14 February 2020

– Remuneration Committee Member

Background and relevant experience

General Kehler served on the Inmarsat plc Board for 6 years as a Non-Executive Director until the company was acquired in December 2019. General Kehler retired from the U.S. Air Force at the end of 2013 with over 38 years' service. Over his career, he served in a variety of important operational and staff assignments, and successfully led large organisations with global responsibilities. In his final two major command assignments he oversaw a global network of satellite command and control, communications, missile warning and launch facilities, and was directly responsible to the Secretary of Defense and President of the U.S. for the plans and operations of all U.S. forces conducting strategic deterrence, space, and cyberspace operations. General Kehler is a Non-Executive Director of MAXAR Technologies and AerSale, Inc and until January 2021 was a Trustee of the Mitre Corporation. The governor of the Commonwealth of Virginia recently appointed him to the board of directors of the Virginia Commercial Space Flight Authority.

Christoph Müller**Appointed**

14 February 2020

Background and relevant experience

Christoph has over 25 years' experience in the aviation, logistic and tourism industry. He was the Chief Digital and Innovation Officer of Emirates Group and former Chief Executive Officer of Sabena, Hapag-Lloyd, Malaysia Airlines and Aer Lingus where he repositioned the loss making company as a service airline to compete with low budget alternatives. He was Chairman of Swissport and is also an Independent Non-Executive Director of Cathay Pacific plc in Hong Kong, and Westjet in Canada.

COMPANY SECRETARY**Alison Horrocks****Appointed**

10 December 2019

Background and relevant experience

Alison is Chief Corporate Affairs Officer and is responsible for Group wide risk management, compliance and corporate governance. She acts as Company Secretary to the Board and its Committees. She is a member of the Executive Management team and until early 2023 Chairman of the Trustee company for the Inmarsat UK pension plans. Alison manages legal and regulatory, as well as our regional teams covering India, China, Russia and Turkey. Alison joined Inmarsat in 1999 and previously was Group Company Secretary of International Public Relations plc, a worldwide public relations company, for 11 years.



REPORT OF THE DIRECTORS

For the year ended 31 December 2022.

The Directors' Report for the year ended 31 December 2022 comprises pages 71 to 75 of this report, together with sections of the Annual Report incorporated by reference.

The Governance Report set out on pages 58 to 70 is incorporated by reference into this report and accordingly should be read as part of this report. As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report on pages 6 to 55 as the Board considers them of strategic importance. Specifically, these are:

2022 performance review	p26
Future business developments (throughout the Strategic Report)	
Principal risks and uncertainties facing the Group, which are set out in the Strategic Report	p30
How we have engaged our people and stakeholders	p38
Section 172 statement	p41
Information on the Group's greenhouse gas (GHG) emissions	p48
Taskforce on Climate-related Financial Disclosures (TCFD)	p50

2022 PERFORMANCE

The 2022 performance review is provided in the Strategic Report, reflecting a second year of strong revenue, EBITDA, and positive free cash flow. Maritime has returned to growth, Government experienced another year of revenue and earnings growth, there was strong market recovery in core Aviation business and IFC, and Enterprise partially offset this growth following supply chain challenges. EBITDA increased by \$110.6m (15.0%), reflecting strong revenue growth and is partially offset by higher costs in support of revenue growth, inflationary increases, and additional professional fees in relation to the Viasat transaction. Cash capital expenditure decreased by \$40.3m driven mainly by the timing of contractual payments on major infrastructure investments, including the successful I-6 F2 launch in Q1 2023.

RESPONSIBILITY STATEMENT

The Responsibility Statement made by the Board regarding the preparation of the financial statements is set out on page 75.

BUSINESS REVIEW, STRATEGIC REPORT AND FUTURE DEVELOPMENTS

A description of the company's business model, strategy, and factors likely to affect the Group's future developments are incorporated into this Report by reference. They are set out in the Strategic Report on pages 10 to 44.

POST-BALANCE SHEET EVENTS

Details of the post-balance sheet events are given in note 35 of the financial statements.

CHANGE IN ACCOUNTING POLICIES

During 2022, the Group adopted amendments to IFRS 3, IAS 16, IAS 37, and Annual Improvements 2018-2020, which has no quantitative impact to the financial statements, however additional qualitative disclosures have been included within note 2. No other changes to the Group's accounting policies have occurring during the current period.

RESULTS AND DIVIDENDS

A 2022 financial review is provided in the Strategic Report, along with the results for the year being shown in the Consolidated Income Statement on page 78.

No dividends were declared during the year.

DIRECTORS

A full list of the individuals who were Directors of the company during the financial year ended 31 December 2022 is set out on page 67 to 70.

INDEMNITIES AND INSURANCE

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 England and Wales, Directors, the Company Secretary and certain employees who serve as directors of subsidiaries at the Group's request 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 amount has been paid under any of these indemnities during the year.

REPORT OF THE DIRECTORS CONTINUED

CONFLICTS OF INTEREST

The company has in place procedures for managing conflicts of interest and is aware of any potential conflict through an annual review of the other commitments of its Directors. We are satisfied these commitments do not conflict with their duties as Directors of Inmarsat. During the year, where there were agenda items being raised for discussion which could have the perception of a conflict of interest for the individual Director, these were discussed at the relevant Board meeting and agreed that the Director would recuse himself from the discussion to avoid any such perception of a conflict. The company's Articles of Association contain provisions to allow the Directors to authorise potential conflicts of interest so that a Director is not in breach of his/her duty under company law. As noted above and as happens in practice, should a Director become aware that they have an interest, directly or indirectly, in an existing or proposed transaction with the company, they are required to notify this to the Chairman and Company Secretary. Directors have a continuing duty to notify any changes to their conflicts of interest and to their external Board commitments to the Chairman and Company Secretary and any changes are noted in the conflicts register.

BRANCHES

The Group has activities operated through many jurisdictions.

GOING CONCERN

In order to confirm that the business should adopt the going concern basis in preparing the consolidated financial statements for 2022, the Board and Management have considered compliance with banking covenants, ability to generate future profits and positive cash flows, business risks and the pending acquisition by Viasat Inc. 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 2022, the Group has \$1,042.9m of liquid resources (Cash: \$233.8m, short-term deposits: \$109.1m, 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. During 2021 the Connect Topco shareholders accepted an offer from Viasat Inc. to purchase the Group for approximately \$7.3bn (refer to note 35). The agreement has been approved by both the Inmarsat and Viasat Board of Directors, and Viasat shareholders. The going concern assessment has been performed using the Inmarsat Group's financial performance and position.

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 the

future compliance through 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.

After considering current financial projections and facilities available and after making enquiries, 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 2022 consolidated financial statements.

2022 ESG REPORT

Inmarsat has always understood the importance of wider corporate responsibility and ensuring we act in an ethical manner, taking account of our responsibilities – socially and environmentally. We have refreshed our view of our non-financial risks through conducting an ESG assessment.

We also continue to disclose our Corporate Social Responsibility (CSR) activities in accordance with the Global Reporting Initiative (GRI). We have produced a stand alone GRI Report which includes the results of our 2022 ESG assessment and how we have continued to create value and monitor progress against each of our material topics. Our GRI Report can be found on our Inmarsat.com website.

OUR PEOPLE

2022 was a year of strong business growth momentum and sustained internal transformation with continued focus on strategic alignment, operating model effectiveness and cultural evolution. This, alongside the refining our ways of working and ongoing comprehensive communications and engagement resulted in an improvement of our engagement score from 7.9 to 8.1/10 and a fall in voluntary attrition from 10.5% in January 2022 to 7.8% in December 2022.

Strategic alignment

Importantly, we rolled out a new strategic plan to the business, supported by a comprehensive communications and engagement to help frame our work throughout the year, ensure strategic alignment and drive growth. This was well received and will be further evolved for 2023.

Viasat transaction

One of the key challenges for the year from a people perspective was leading our employees through uncertainty regarding the Viasat transaction as the regulatory process progressed across the globe. This required an extensive communications and engagement plan to keep people informed and engaged, including an introduction to Viasat via an All Staff meeting with Mark Dankberg, Executive Chairman at Viasat.

Internal transformation

We continued to transform by improving and simplifying key processes and ways of working, and increased our focus on becoming a more commercial and customer focused organisation, including delivering our sales excellence development programme for front line sales people, and adding 'customer' to our company values.

Evolving the way we work

2022 was a year of cultural evolution as we returned to the office and started refining our ways of working, retaining flexibility and introducing new flexible working practices. This enabled us to continue to encourage work-life balance and ensure Inmarsat is considered by employees as a great place to work whilst also driving business performance.

Reward and recognition

In response to inflationary pressure we implemented an off-cycle salary increase in October 2022 to help our employees with the increased cost of living. In addition, we increased our focus on recognition, enhancing our SpotBeam employee recognition programme (resulting in almost 1,000 SpotBeam awards being made throughout the year) and rolling out a Recognition Toolkit to our people managers.

Learning and development

We continued to support our people to fulfil their potential via the provision of a broad portfolio of learning and development opportunities, building professional and leadership capability (e.g. MBAs, 360 feedback at Senior leader level that was extended out to all people managers), and a specific focus on building commercial capability through our new Sales Excellence programme. In addition, we continued to offer extensive employee development, including our 'Drive YOUR Career' toolkit and a broad online learning offer via our digital hub called Nebula.

Communications and engagement

Throughout the year there was ongoing focus on communications and engagement to retain and engage our people, including the introduction of a new CEO skip level programme targeting employees below the Executive Management level to foster open dialogue, as well as regular, open and honest communications on strategic priorities and progress, culture and values and wellbeing. We also continued to transform our employees' digital experience with the implementation of a new intranet as the central plank of a portfolio of digital communications channels and tools.

Diversity Equity & Inclusion (DE&I)

We continued our DE&I journey with a review of the strategy, delivery of another employee survey, the introduction of our parent and carers and military networks and roll out of inclusive leadership training.

Wellbeing

2022 saw the introduction of a number of new wellbeing initiatives across all four wellbeing pillars (financial, social, mental and physical) including the launch of the new global Employee Assistance Programme, our 'March in April' philanthropic physical fitness campaign which raised money for charities in support of Ukraine and a range of wellbeing tools and resources shared via a monthly newsletter. We also increased the focus on giving back in response to employee sentiment, by setting up a donation matching scheme to support nominated charities (Disasters Emergency Committee and the International Red Cross) to support those in need in Ukraine.

Our working environment

Finally, working environments are becoming increasingly important for employees and are an important factor in encouraging people back into the physical workspace. 2022 saw significant progress in fitting out our new headquarters building in London, to create a state of the art, BREEAM standard building, which will become our new London headquarters in 2024.

Environmental, Health and Safety Management

The Group is committed and continues to aim to maintain the highest environmental, wellbeing, health and safety management standards for its employees, customers, visitors, contractors and anyone affected by its business activities.

This is reflected in the latest Environmental, Health and Safety policy statement of intent and its arrangements. During 2022, we remained focused on improving and developing the environmental, health and safety management system and reviewing existing arrangements. Rajeev Suri, our CEO, is the Director designated for health and safety matters at the Board level with employees having roles and responsibilities whose objectives are to ensure that environmental, health and safety are managed across the company.

We apply a range of tools to improve environmental, health and safety, bringing together different interventions to achieve impact. We influence and engage stakeholders, create knowledge and awareness of health and safety risks, and encourage behaviour change through assessments and direct interventions including inspections and investigations.

We promote a broad variety of transparent and maturing wellbeing programmes, including fitness challenges, flexible working, nutrition, and occupational health checks. We understand that good mental and physical health contributes to better decision-making, greater productivity, and higher levels of employee satisfaction.

Our aim continues to encourage strong leadership in championing the importance of meeting our moral, legal, and other requirements for good environmental, health and safety management in the workplace and to raise awareness throughout.

REPORT OF THE DIRECTORS CONTINUED

Principal risks and uncertainties

Details of principal risks and uncertainties are provided on pages 30 to 27.

Financial risk management

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

Research and development

The Group continues to invest in new services and technology necessary to support its activities through research and development programmes. Refer notes 6, 13 & 14 of the consolidated financial statements respectively.

Political donations

During the period, no political donations were made (2021: \$nil). It remains the policy of the company not to make political donations or incur political expenditure.

Disclosure of information to auditor

As far as each of the Directors is 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.

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

By order of the Board

Alison Horrocks FCIS
Company Secretary

20 March 2023

OUR VALUES



Customer



Accountability



Respect



Excellence

DIRECTORS' RESPONSIBILITIES 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 requires the Directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies (Guernsey) Law 2008. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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 Group and Company and of the profit or loss of the Group and Company for that period.

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.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's corporate website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

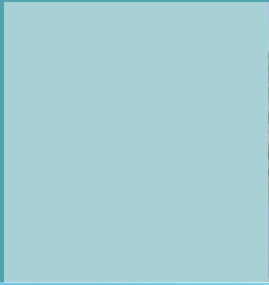
We confirm that to the best of our knowledge:

- 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

Rajeev Suri
CEO

20 March 2023





FINANCIAL

REPORT

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

(\$ in millions)	Note	2022	2021
Revenue	5	1,474.1	1,352.4
Employee benefit costs	7	(311.2)	(303.9)
Network and satellite operations costs		(178.9)	(158.4)
Impairment of financial assets ¹		17.9	(2.1)
Other operating costs		(196.0)	(179.8)
Own work capitalised		43.6	30.7
Total net operating costs		(624.6)	(613.5)
EBITDA		849.5	738.9
Depreciation and amortisation		(600.8)	(632.5)
Loss on disposal of assets		(4.1)	(7.6)
Impairment of assets		(0.5)	0.3
Share of profit of associates	16	7.2	5.1
Operating profit	6	251.3	104.2
Financing income		75.4	32.0
Financing costs		(190.8)	(194.9)
Fair value changes in financial assets and liabilities		-	76.4
Net financing costs	9	(115.4)	(86.5)
Profit before tax		135.9	17.7
Taxation charge	10	(30.7)	(170.6)
Profit / (loss) for the year		105.2	(152.9)
Attributable to:			
Equity holders		104.6	(153.6)
Non-controlling interest ²		0.6	0.7

1 \$30.0m was received from Ligado in Q4 2022 which released a \$15.3m (51%) impairment on the existing receivable owing (refer note 4(a)).

2 Non-controlling interest relates to the Group's 51% shareholding in Inmarsat Solutions ehf.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

(\$ in millions)	Note	2022	2021
Profit / (loss) for the year		105.2	(152.9)
Other comprehensive income			
Items that may be reclassified subsequently to the Income Statement:			
Foreign exchange translation differences		(0.1)	(0.3)
Loss on cash flow hedges on foreign exchange forward contracts	26	-	(0.7)
Net gain accumulated in hedge reserve on interest rate caps	26	79.1	10.6
Tax charged directly to equity	10	(21.3)	-
Items that will not be reclassified subsequently to the Income Statement:			
Re-measurement of pension assets and liabilities	28	3.8	(1.5)
Tax (charged) / credited directly to equity	10	(1.1)	0.3
Other comprehensive gain for the year, net of tax		60.4	8.4
Total comprehensive income / (loss) for the year, net of tax		165.6	(144.5)
Attributable to:			
Equity holders		165.0	(145.2)
Non-controlling interest ¹		0.6	0.7

1 Non-controlling interest relates to the Group's 51% shareholding in Inmarsat Solutions ehf.

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

(\$ in millions)	Note	As at 31 December 2022	As at 31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	13	3,258.7	3,300.2
Intangible assets	14	2,757.5	2,907.3
Right of use assets	15	26.4	33.3
Investments	16	28.4	24.9
Lease receivable		0.4	0.4
Other receivables	18	1,122.2	752.3
Derivative financial instruments	31	38.0	5.8
Deferred tax asset	23	34.6	33.7
		7,266.2	7,057.9
Current assets			
Cash and cash equivalents	17	233.8	364.0
Short-term deposits	17	109.1	30.0
Trade and other receivables	18	304.9	262.7
Lease receivable		1.3	2.6
Inventories	19	57.2	36.6
Current tax assets	23	3.1	0.4
Derivative financial instruments	31	45.0	-
		754.4	696.3
Total assets		8,020.6	7,754.2
Liabilities			
Current liabilities			
Borrowings	20	17.5	17.5
Trade and other payables	21	1,354.4	1,271.6
Provisions	22	3.6	4.7
Current tax liabilities	23	176.6	174.8
Derivative financial instruments	31	-	1.8
Lease obligations	15	9.9	11.7
		1,562.0	1,482.1
Non-current liabilities			
Borrowings	20	3,630.8	3,619.1
Other payables	21	12.8	18.1
Provisions	22	3.7	7.0
Deferred tax liabilities	23	808.8	780.4
Lease obligations	15	23.9	33.8
		4,480.0	4,458.4
Total liabilities		6,042.0	5,940.5
Net assets		1,978.6	1,813.7
Shareholders' equity			
Ordinary shares	25	2,361.5	2,361.5
Hedge and other reserves		61.4	3.7
Retained earnings		(445.1)	(552.4)
Equity attributable to shareholders		1,977.8	1,812.8
Non-controlling interest¹		0.8	0.9
Total equity		1,978.6	1,813.7

1 Non-controlling interest relates to the Group's 51% shareholding in Inmarsat Solutions ehf.

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 20 March 2023 and were signed on its behalf by:

Rajeev Suri
CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2022

(\$ in millions)	Share capital	Hedge reserve	Other reserves	Retained earnings	NCI ¹	Total
As at 1 January 2021	2,361.5	(6.2)	-	(397.6)	0.9	1,958.6
Dividend declared	-	-	-	-	(0.7)	(0.7)
Gain on cash flow hedges capitalised to tangible assets	-	0.3	-	-	-	0.3
<i>Comprehensive Income:</i>						
(Loss) / profit for the year	-	-	-	(153.6)	0.7	(152.9)
OCI - before tax	-	9.9	(0.3)	(1.5)	-	8.1
OCI - tax	-	-	-	0.3	-	0.3
As at 31 December 2021	2,361.5	4.0	(0.3)	(552.4)	0.9	1,813.7
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)
<i>Comprehensive Income:</i>						
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

1 Non-controlling interest relates to the Group's 51% shareholding in Inmarsat Solutions ehf.

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

For the year ended 31 December 2022

(\$ in millions)	Note	2022	2021
Cash flow from operating activities			
Cash generated from operations	24	843.5	800.8
Interest received		3.0	1.1
Tax paid		(23.6)	(16.0)
Net cash flow from operating activities		822.9	785.9
Cash flow from investing activities			
Purchase of property, plant and equipment		(204.0)	(287.9)
Additions to intangible assets		(77.4)	(40.4)
Own work capitalised		(34.6)	(28.0)
Net Investment in short-term deposits		(79.1)	658.0
Issue of intergroup borrowings		(299.3)	(719.8)
Net cash used in investing activities		(694.4)	(418.1)
Cash flow from financing activities			
Dividends paid relating to NCI ¹		(0.7)	(1.1)
Dividends from associates		-	3.3
Repayment of borrowings		(17.5)	(17.5)
Interest paid		(230.2)	(224.1)
Debt financing arrangement fees		-	(1.7)
Cash payments for the principal portion of lease obligations		(10.5)	(11.4)
Other financing activities		(1.8)	(2.2)
Net cash used in financing activities		(260.7)	(254.7)
Net (decrease) / increase in cash and cash equivalents		(132.2)	113.1
Cash and cash equivalents			
At beginning of the year		364.0	250.4
Net (decrease) / increase in cash and cash equivalents		(132.2)	113.1
Exchange gain on cash and cash equivalents		2.0	0.5
At end of the year		233.8	364.0
Comprising:			
Cash at bank and in hand		192.1	94.0
Short-term deposits with original maturity less than 3 months		41.7	270.0
Cash and cash equivalents		233.8	364.0
Net cash and cash equivalents at end of year	17	233.8	364.0

¹ Non-controlling interest relates to the Group's 51% shareholding in Inmarsat Solutions ehf.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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.

The ultimate controlling party of the company is Connect Topco Limited which is an entity based in Guernsey. The smallest and largest group into which the results of the company are consolidated is headed by Connect Topco Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The principal 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 2022, the Board and Management have considered compliance with banking covenants, ability to generate future profits and positive cash flows, business risks and the pending acquisition by Viasat. 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 2022, the Group has \$1,042.9m of liquid resources (Cash: \$233.8m, short-term deposits: \$109.1m, 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. On 8 November 2021 the Connect Topco shareholders accepted an offer from Viasat Inc. to purchase the Group for approximately \$7.3bn (refer to note 35). The agreement has been approved by both the Inmarsat and Viasat Board of Directors, and Viasat shareholders. The going concern assessment has been performed using the Group financial performance and position.

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 the future compliance through 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.

After considering current financial projections and facilities available and after making enquiries, 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 2022 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 policy changes

New and amended accounting standards adopted by the Group during 2022 which have no material impact include amendments to IFRS 3 Business Combinations; amendments to IAS 16 Property, Plant and Equipment; amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020.

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.

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Disclosure of Accounting policies.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

- 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.

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.

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.

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.

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 consists 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.

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.

The value of a hedging derivative is classified as 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 12 months.

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.

All Financial instruments with a reference rate linked to LIBOR are exposed to IBOR reform, meaning the Group has a material exposure to changes in the USD IBOR benchmark. At 31 December 2022 the Group has a term loan of \$1.70bn (2021: \$1.72bn) and interest rate caps with a notional amount of \$1.66bn (2021: \$1.66bn), which are indexed to USD LIBOR. The interest rate caps are designated in a cash flow hedge relationship hedging the USD LIBOR term loan.

In assessing whether the hedges are expected to be highly effective on a forward-looking basis, the Group has assumed that the USD LIBOR interest rate on which the cash flows of its interest rate caps and its hedged floating rate loan are not altered by IBOR reform.

Due to the upcoming cessation of LIBOR as a reference rate, 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. This change will be effective after USD LIBOR ceases to be available on 30 June 2023. The Group will use the ISDA Fallbacks Protocol to transition the interest rate hedges applicable to the term loan from USD LIBOR to Compound SOFR, also effective 30 June 2023, with this part of the transition process expected to be completed in Q1 2023. The Group does not anticipate material changes to existing systems and processes and the primary impact of the change will arise as a result of differences between LIBOR and SOFR,

and between Compound and Term SOFR rates.

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 an executive remuneration scheme for members of 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.

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.

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.

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.

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.

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 recognised 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.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as 'held for sale' when their carrying values will be recovered through a sales transaction rather than through continued use. This classification is subject to meeting the following criteria:

- Management is committed to a plan to sell and the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value.
- The asset is available for immediate sale.
- The sale is highly probable to be concluded within 12 months of classification as held for sale.
- It is unlikely that the plan to sell will be significantly changed or withdrawn.

Disposal groups are groups of assets and associated liabilities to be disposed of together in a single transaction. At the reporting date they are separately disclosed as current assets and liabilities on the balance sheet.

When non-current assets or disposal groups are classified as held for sale, depreciation and amortisation will cease and the assets are remeasured at the lower of their carrying amount and fair value less costs to sell.

Any resulting impairment loss is recognised in the income statement.

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 135.

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.

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.

(a) Market risk

(i) Foreign exchange risk

The functional currency of the company and its principal subsidiaries is the U.S. Dollar. All of the Group's long-term borrowings are denominated in U.S.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 3% (2021: 4%) and 32% (2021: 29%) of total revenue and total expenditure, respectively, being denominated in currencies other than the U.S. Dollar. 28% (2021: 30%) 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 2022, a hypothetical 10% increase in the U.S. Dollar/Sterling year-end exchange rate (U.S.\$1.21/£1.00 to U.S.\$1.33/£1.00) would have decreased the 2022 profit before tax and equity by approximately \$1.0m (2021: \$3.3m). 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.

(b) Interest rate risk

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 2022 the Group had drawn down \$1.70bn (2021 \$1.72bn) 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% (2021: +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 up to 2% and covers 98% of the total nominal amount of the Term Loan. As at 31 December 2022 a hypothetical 1% increase in interest rate would have decreased the 2022 profit before tax and equity by \$37.0m (2021: \$36.5m). 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	2022	2021
Cash and cash equivalents	17	233.8	364.0
Short-term deposits	17	109.1	30.0
Trade receivables, other receivables and accrued income	18	262.3	239.6
Intergroup lending	18	1,118.8	749.1
Total credit risk exposure		1,724.0	1,382.7

The Group's average age of trade receivables as at 31 December 2022 was approximately 56 days (2021: 55 days).

At 31 December 2022, \$260.2m (2021: \$236.3m) 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 \$14.7m (excluding Ligado Networks - refer note 4a) as at 31 December 2022 (2021: \$17.9m).

For 2022, the Group had one customer with revenue of 10% (\$154.1m) of the Group's total revenue, with none of the remaining customers comprising greater than 10% of the Group's total revenue (2021: no customer).

As a result of the pension scheme buy-out (note 28) the Group is no longer exposed to credit risk associated with the insurer.

(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.

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	2022	2021
Cash and cash equivalents	17	233.8	364.0
Short-term deposits	17	109.1	30.0
Available but undrawn borrowing facilities ¹	20	700.0	700.0
Total available liquidity		1,042.9	1,094.0

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.

Amendment 7 was signed on 23 December 2022 and Ligado subsequently paid Inmarsat \$30.0m. This is a payment on the \$395m due 1

January 2023 and provides a deferral of the remaining \$365m due, to 1 April 2023. After interest, \$373m will be payable from Ligado on 1 April 2023. Amendment 7 provides no further amendment to existing obligations and Ligado has retained spectrum rights during this period.

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 and no revenue has been recognised in relation to spectrum and deferrals. The \$30m receipt has been applied against the existing receivable.

At 31 December 2022, deferred income of \$906.1m (2021: \$906.5m) was recorded on the balance sheet. \$206.1m (2021: \$206.5m) represents services not yet performed relating to issues including interference resolution for which payment has already been received from Ligado. \$0.4m of costs were incurred in relation to interference resolution in 2022 and a corresponding amount of revenue was released (2021: nil). \$700m (2021: \$700m) represents the upfront payment received pursuant to Amendment 5 & 6.

At 31 December 2022 a \$3.9m (2021: \$17.2m) receivable relating to deferrals, net of ECL provision, and a \$0.4m (2021: \$2.0m) interest receivable, net of ECL provision, is recorded on the balance sheet. A 51% impairment has been recognised in order to comply with IFRS 9 and align with our conclusion that uncertainty remains around the collection of future monies. The reduction in receivable is directly linked to the \$30.0m received from Ligado in accordance with Amendment 7. If Ligado failed to make remaining payments as they fall due, this default would release Inmarsat from its remaining obligations, which would trigger the recognition in the income statement of the remaining deferred income resulting in a net gain to the Group.

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 \$1,450.4m (2021: \$1,703.6m). There have been additions of \$0.7m in the year (2021: \$28.5m) and transfers from assets in the course of construction of \$10.0m (2021: \$10.8m). 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.

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.



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 2022

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

Segment results 2021

(\$ in millions)	Maritime	Government	Aviation	Enterprise	Central Services	Total
Revenue	506.1	490.7	226.9	115.5	13.2	1,352.4
Ligado revenue	-	-	-	-	-	-
Total revenue	506.1	490.7	226.9	115.5	13.2	1,352.4
Cash capital expenditure						356.3
Financing costs capitalised in the cost of qualifying assets						66.6
Cash flow timing ¹						4.7
Total capital expenditure						427.6

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

Timing of revenue recognition

(\$ in millions)	2022	2021
At a point in time	95.6	72.5
Over time	1,378.5	1,279.9
Total	1,474.1	1,352.4

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.

(\$ in millions)	2022		2021	
	Revenue	Non-current segment assets	Revenue	Non-current segment assets
United Kingdom	64.9	4,719.6	48.7	4378.7
Rest of Europe	405.9	216.3	375.5	247.4
United States	600.2	98.2	531.6	80.0
Rest of North America	45.0	43.5	40.4	53.2
Asia and Pacific	253.9	111.0	248.9	99.3
Rest of the world	104.2	61.7	107.3	38.0
Unallocated ¹	-	1,943.3	-	2,121.8
	1,474.1	7,193.6	1,352.4	7,018.4

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 2022	As at 31 December 2021
Within one year	496.0	418.0
Between two to four years	609.9	442.1
Five years and greater	282.5	286.5
	1,388.4	1,146.6

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 the following items:

(\$ in millions)	Note	2022	2021
Depreciation of property, plant and equipment	13	347.6	367.8
Amortisation of intangible assets	14	243.9	253.6
Depreciation of right-of-use assets	15	9.3	11.1
Viasat transaction costs ¹		22.8	11.1
Loss on disposal of assets		4.1	7.6
Impairment ²		0.5	(0.3)
IT support		39.0	37.8
Cost of inventories recognised as an expense		88.5	75.5
Write downs of inventories recognised as an expense	19	6.8	4.0
Research costs expensed		16.9	18.6

1 Viasat transaction costs primarily relate to professional fees supporting the Viasat acquisition.

2 Relates to the impairment of \$0.5m of intangible assets (2021: \$0.6m impairment of tangible assets, offset by reversal of prior impairment of a financial asset of \$0.9m).

Remuneration payable to the Group's auditor, Deloitte LLP and its associates in the year:

(\$ in millions)	2022	2021
Audit fees:		
Annual audit of the company	0.1	0.1
Annual audit of subsidiary companies	1.3	1.1
Total audit fees	1.4	1.2
Audit-related assurance services ¹	0.6	1.7
Total audit and audit-related fees	2.0	2.9
Other services	0.1	0.1
Total non-audit fees	0.1	0.1
Total auditor's remuneration	2.1	3.0

1 Fees paid for audit-related assurance services relate to additional assurance over historical Group financial information, in support of the Viasat acquisition.

7. EMPLOYEE BENEFIT COSTS

(\$ in millions)	Note	2022	2021
Wages and salaries		266.5	261.3
Social security costs		30.1	29.1
Defined contribution pension plan costs		13.8	12.9
Defined benefit pension plan costs ¹	28	0.6	0.6
Post-employment benefits costs ¹	28	0.2	-
Total employee benefit costs		311.2	303.9

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:	2022	2021
Operations	856	777
Sales and marketing	342	378
Development & engineering	221	245
Administration	379	370
	1,798	1,770

By business unit:	2022	2021
Maritime	84	129
Government	232	213
Enterprise	51	63
Aviation	66	73
Central Services	1,365	1,292
	1,798	1,770

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)	2022	2021
Short-term benefits	4.3	5.1
	4.3	5.1

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

9. NET FINANCING COSTS

(\$ in millions)	2022	2021
Bank interest receivable and other interest	(5.6)	(2.8)
Intergroup loan interest receivable	(69.8)	(29.2)
Total financing income	(75.4)	(32.0)
Interest on Senior Notes and credit facilities	228.7	222.1
Amortisation of term loan gain ¹	12.1	10.5
Amortisation of debt issue costs	20.0	18.7
Interest on lease obligations	1.6	2.0
Other interest	4.4	8.2
Finance costs	266.8	261.5
Less: Amounts capitalised in the cost of qualifying assets	(76.0)	(66.6)
Financing costs excluding derivative adjustments	190.8	194.9
Fair value changes in financial assets and liabilities ¹	-	(76.4)
Net financing costs	115.4	86.5

¹ Fair value changes in financial assets in liabilities in 2021 relates to an IFRS 9 related gain on repricing the term loan (refer note 20). This gain is amortised over the remaining life of the loan.

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 7.1% (2021: 7.5%).

10. TAXATION

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

(\$ in millions)	2022	2021
Current tax charge:		
Current year	35.4	19.3
Adjustments in respect of prior periods	(9.8)	5.8
Total current tax charge	25.6	25.1
Deferred tax charge:		
Origination and reversal of temporary differences	(8.4)	(20.2)
Adjustments due to changes in corporation tax rates	0.3	175.0
Adjustments in respect of prior periods	13.2	(9.3)
Total deferred tax charge	5.1	145.5
Total taxation charge	30.7	170.6

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 22.6% (2021: 963.8%) and is reconciled below:

(\$ in millions)	2022	2021
Profit before tax	135.9	17.7
Income tax at 19.0%	25.8	3.4
Differences in overseas tax rates	1.8	3.3
Adjustments in respect of prior periods	3.4	(3.5)
Adjustments due to change in the corporation tax rate	0.3	175.0
Impact of UK patent box regime	(2.2)	(5.7)
Impact of current temporary difference not recognised	-	0.3
Other non-deductible expenses/non-taxable income	1.6	(2.2)
Total taxation charge	30.7	170.6

Tax credited directly to other comprehensive income:

(\$ in millions)	2022	2021
Deferred tax in re-measurement of derivatives	(21.3)	-
Deferred tax on re-measurement of pension assets and liabilities	(1.1)	0.3
Total tax (charged) / credited directly to other comprehensive income	(22.4)	0.3

On 3 March 2021 the UK Government announced their intention to increase the headline rate of tax from 19% to 25% from April 2023 which was enacted during 2021. The UK deferred tax has been uplifted on the basis that 25% is the enacted rate at 31 December 2022.

The Group is aware of the upcoming introduction in the UK of the OECD's Anti-Global Base Erosion Rules, which addresses the tax challenges of the digitalisation of the economy by imposing a minimum effective tax rate of 15% on multinational enterprises. Based on the published legislative framework, the Group has assessed the potential tax impact of these new rules and concluded that it will not have a material impact on the financial statements when the rules become effective (expected in 2024). We continue to monitor developments.

11. NET FOREIGN EXCHANGE GAIN

(\$ in millions)	Note	2022	2021
Pension and post-retirement liability	28	1.7	0.3
Other operating costs		7.2	1.5
Total foreign exchange gain		8.9	1.8

12. DIVIDENDS

During 2022 the Board did not declare an interim or final dividend (2021: nil). During 2022 no dividends were paid to company shareholders (2021: 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:					
As at 1 January 2021	12.7	390.0	2,201.9	1,025.9	3,630.5
Additions	-	28.6	28.5	308.3	365.4
Disposals	-	(41.0)	(0.4)	(0.2)	(41.6)
Transfers	-	3.1	-	14.5	17.6
Transfer from assets in the course of construction	-	35.8	10.8	(46.6)	-
As at 31 December 2021	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)	-
As at 31 December 2022	12.7	406.8	2,250.4	1,553.5	4,223.4
Accumulated Depreciation:					
As at 1 January 2021	(0.3)	(71.7)	(260.3)	-	(332.3)
Charge for the year	(0.3)	(90.2)	(277.3)	-	(367.8)
Disposals	-	30.0	0.4	-	30.4
Transfers	-	(2.0)	-	-	(2.0)
As at 31 December 2021	(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
As at 31 December 2022	(0.9)	(163.6)	(800.2)	-	(964.7)
Net book value at 31 December 2021	12.1	282.6	1,703.6	1,301.9	3,300.2
Net book value at 31 December 2022	11.8	243.2	1,450.2	1,553.5	3,258.7

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 2022, the Group was carrying certain freehold land and buildings with a net book value of \$11.8m (2021: \$12.1m). Had they been revalued on a market basis, their carrying amount at 31 December 2022 would have been \$12.7m (2021: \$12.7m). Market valuation is based on the Directors' best estimates.

In 2022, 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 2022 were \$2.6m (2021: \$3.7m).

Within the services equipment, fixtures and fittings class of property, plant and equipment the Group has \$139.5m (2021: \$153.8m) of net book value related to leased equipment, this includes additions for the year of \$47.1m (2021: \$47.7m) and depreciation charge of \$51.9m (2021: \$51.1m).

14. INTANGIBLE ASSETS

(\$ in millions)	Goodwill	Trademarks	Software	Terminal development and network access costs	Customer relationships	Other	Total
Cost:							
As at 1 January 2021	868.4	160.5	334.4	59.6	1,654.2	293.1	3,370.2
Additions	-	-	33.9	15.3	1.5	12.6	63.3
Disposals	-	-	(24.0)	(1.4)	-	-	(25.4)
Impairments	-	-	(0.1)	-	-	-	(0.1)
Transfers	-	-	(10.3)	-	-	(7.3)	(17.6)
As at 31 December 2021	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
As at 31 December 2022	868.4	160.5	365.5	77.3	1,655.7	326.8	3,454.2
Accumulated Amortisation:							
As at 1 January 2021	-	(6.9)	(51.5)	(21.4)	(148.9)	(25.8)	(254.5)
Charge for the year	-	(6.4)	(69.0)	(20.8)	(138.1)	(19.3)	(253.6)
Disposals	-	-	22.1	1.4	-	-	23.5
Impairment losses	-	-	(0.5)	-	-	-	(0.5)
Transfers	-	-	-	-	-	2.0	2.0
As at 31 December 2021	-	(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
As at 31 December 2022	-	(19.7)	(138.3)	(51.2)	(424.9)	(62.6)	(696.7)
Net book value at 31 December 2021	868.4	147.2	235.0	32.7	1,368.7	255.3	2,907.3
Net book value at 31 December 2022	868.4	140.8	227.2	26.1	1,230.8	264.2	2,757.5

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.

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-classified to Property, Plant and Equipment and depreciated in-line with Group policy discussed in note 2.

As at 31 December 2022, the Group has no indefinite useful life intangible assets, other than Goodwill.

Government grants received in 2022 were \$7.4m (2021: \$4.7m). The grants have been deducted from the cost of the relevant asset to arrive at the carrying amount.

Annual impairment review: Goodwill

Impairment reviews of goodwill are performed at the level of the Group's cash-generating units ('CGUs'). The Group as a whole is the single CGU, as goodwill is monitored at the operating segment level.

The recoverable amount of the CGU has been determined based on fair value less cost to sell, with reference to the recent Viasat acquisition offer of approximately \$7.3bn which includes cash and equity (share price valued as at 5 November 2021). Further information on the Viasat acquisition can be found in note 35.

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 2021	40.9	0.5	41.4
Additions	2.2	0.3	2.5
Changes in terms	0.3	0.2	0.5
Charge for the year	(10.8)	(0.3)	(11.1)
As at 31 December 2021	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

Six property leases and four vehicle leases expired in the current year. The Group does not hold options to purchase any leased assets for a nominal amount at the end of the lease term.

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 \$0.1m (2021: \$0.1m) for the year. As at 31 December 2022, the Group is committed to \$0.1m (2021: \$0.1m) of short-term leases and low-value assets.

In the year, the Group received \$nil (2021: \$0.1m) in relation to income from the subleasing of right-of-use assets.

Lease liabilities

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 2022 comprise existing contracts as well as contracts entered into during the financial year 2022.

The average lease term of the Group's property and vehicle leases is 3.7 and 2.0 years respectively (2021: 3.3 and 2.6 respectively). The undiscounted maturity profile of the Group's leases is shown in the table below.

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

As at 31 December 2021

(\$ in millions)	Property	Vehicles	Total
Within one year	12.2	0.2	12.4
Between two to five years	31.3	0.4	31.7
Greater than five years	6.0	-	6.0
	49.5	0.6	50.1

For the year ended 31 December 2022, the weighted average discount rate applied was 4.4% (2021: 4.0%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The total cash flow relating to all lease obligations in year was \$10.5m (2021: \$11.4m) with lease obligations denominated in various currencies. Total lease interest paid was \$1.6m (2021: \$2.0m).

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 2022	As at 31 December 2021
Interest in associates	27.3	23.8
Other investments	1.1	1.1
Total investments	28.4	24.9

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 2022 total \$3.7m (2021: \$3.4m). The Group's aggregate share of its associates' profits from continuing operations for the year is \$7.2m (2021: \$5.1m) and has been recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 2022	As at 31 December 2021
Cash at bank and in hand	192.1	94.0
Short-term deposits with original maturity less than 3 months	41.7	270.0
Total Cash and cash equivalents	233.8	364.0

Short-term deposits

At 31 December 2022, the Group has \$109.1m of cash held in short-term deposits with an original maturity of between four and twelve months (2021: \$30.0m).

18. TRADE AND OTHER RECEIVABLES

(\$ in millions)	As at 31 December 2022	As at 31 December 2021
Current:		
Trade receivables and contract assets	227.9	204.9
Other receivables	21.1	19.2
Accrued income	9.9	12.3
Prepayments	46.0	26.3
Total trade and other receivables	304.9	262.7
Non-current:		
Intergroup lending, gross of capitalised interest	1,118.8	749.1
Other receivables	3.4	3.2
Total other receivables	1,122.2	752.3

Intergroup lending

As at 31 December 2022, a \$1,019.1m intergroup loan (2021: \$719.8m) was issued to Connect Midco Limited, 100% owned by the ultimate parent of the company. This was issued in support of the distribution to shareholders which was declared by the ultimate parent of the company, including the \$299.3m drawn during 2022. The loan is charged at 3-month Libor +5.05% and is repayable on 23 February 2024.

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.

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.

2021

(\$ in millions)	Internal rating A	Internal rating B	Internal rating C	Internal rating D/E	Total
Carrying value of trade receivables (gross)¹	18.1	161.6	61.9	41.1	282.7
Lifetime ECL	0.3	3.1	6.0	0.4	9.8
Specific allowances	-	-	8.1	19.8	27.9
Group loss allowance	0.3	3.1	14.1	20.2	37.7

¹ This is presented gross of credit note allowances of \$40.5m.

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)	2022	2021
As at 1 January	37.7	36.5
Charged in the year	7.6	13.4
Utilised in the year	(0.8)	(2.3)
Released in the year	(9.9)	(9.9)
Ligado release in the year	(15.3)	-
As at 31 December¹	19.3	37.7

¹ The maturity of the Group's provision for uncollectable trade receivables for the period ended 31 December 2022 is \$0.9m current, \$0.9m between one and 30 days overdue, \$31m between 31 and 120 days overdue and \$14.4m over 120 days overdue (2021: \$0.8m current, \$0.0m between one and 30 days overdue, \$6.5m between 31 and 120 days overdue and \$30.4m over 120 days overdue).

19. INVENTORIES

(\$ in millions)	As at 31 December 2022	As at 31 December 2021
Finished goods	55.7	35.7
Work in progress	1.5	0.9
Total inventories	57.2	36.6

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

(\$ in millions)	2022	2021
As at 1 January	20.2	16.2
Charged to the allowance in respect of the current year	8.7	4.4
Released in the year	(1.9)	(0.4)
As at 31 December	27.0	20.2

20. NET BORROWINGS

(\$ in millions)	As at 31 December 2022				As at 31 December 2021			
	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	-	(91)	2,065.9	2,075.0	-	(11.6)	2,063.4
Term loan	1,684.4	(53.8)	(65.7)	1,564.9	1,701.9	(65.9)	(80.3)	1,555.7
Total non-current borrowings	3,759.4	(53.8)	(74.8)	3,630.8	3,776.9	(65.9)	(91.9)	3,619.1
Total borrowings	3,776.9	(53.8)	(74.8)	3,648.3	3,794.4	(65.9)	(91.9)	3,636.6
Cash and cash equivalents	(233.8)	-	-	(233.8)	(364.0)	-	-	(364.0)
Short-term deposits	(109.1)	-	-	(109.1)	(30.0)	-	-	(30.0)
Net borrowings	3,434.0	(53.8)	(74.8)	3,305.4	3,400.4	(65.9)	(91.9)	3,242.6

Senior revolving credit facility

On 12 December 2019, the Group signed a new five-year \$700m revolving credit facility ('Senior Revolving Credit Facility'). Advances in U.S. dollar under the facility bear 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. At 31 December 2022, there were no drawings under the Senior Revolving Credit Facility. In line with the IBOR interest rate benchmark reform, the Senior Revolving Credit Facility will shift its reference rate to Term SOFR from 30 June 2023 (refer note 2).

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 (2021: \$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 2022 the Group had drawn down \$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 will shift its reference rate to Term SOFR from 30 June 2023 (refer note 2). The fair value of the term loan is provided in note 31. Accrued interest of \$0.5m (2021: \$0.2m) 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 %	2022	2021
Senior Notes due 2026	7.0%	7.0%
Term Loan	5.8%	4.9%

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

(\$ 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

(\$ in millions)	As at 1 January 2021	Cashflows ¹	Transfers ²	Deferred finance costs & term loan gain	Interest expenses	Foreign exchange	Lease adjustments	Other adjustments	As at 31 December 2021
Short-term borrowings	17.5	(17.5)	17.5	-	-	-	-	-	17.5
Long-term borrowings	3,688.9	(222.1)	(17.5)	(52.3)	222.1	-	-	-	3,619.1
Lease liabilities	54.6	(13.4)	-	-	-	(0.6)	3.0	1.9	45.5
Total liabilities from financing activities	3,761.0	(253.0)	-	(52.3)	222.1	(0.6)	3.0	1.9	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 2022	As at 31 December 2021
Current:			
Trade payables		155.1	107.4
Other taxation and social security payables		4.6	5.6
Other creditors		7.6	2.8
Other accruals		149.8	137.8
Deferred income ¹		1,037.3	1,018.0
Total trade and other payables		1,354.4	1,271.6
Non-current:			
Other payables		2.0	1.8
Defined benefit pension and post employment liability	28	10.8	16.3
Total other payables		12.8	18.1

1 The deferred income balance includes \$906.1m (2021: \$906.5m) 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)	2022	2021
As at 1 January	1,018.0	1,001.1
Contract liability raised in the year	421.9	524.9
Contract liability utilised in the year	(402.6)	(508.0)
As at 31 December	1,037.3	1,018.0

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 2022	2.0	6.7	1.0	0.9	1.1	11.7
Charged in respect of year	2.3	-	0.1	-	-	2.4
Utilised in year	(1.9)	(3.3)	-	(0.1)	-	(5.3)
Reversal in the year	-	(1.2)	-	-	(0.3)	(1.5)
As at 31 December 2022	2.4	2.2	1.1	0.8	0.8	7.3
Non-current	-	1.2	1.1	0.8	0.6	3.7
Current	2.4	1.0	-	-	0.2	3.6
	2.4	2.2	1.1	0.8	0.8	7.3

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 outcome. 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 Italy 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 \$31m and the current tax liability of \$176.6m (2021: \$0.4m and \$174.8m) 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:

(\$ in millions)	As at 31 December 2022			As at 31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment and intangible assets	(0.6)	911.3	910.7	(2.2)	885.5	883.3
Provisions	(10.8)	-	(10.8)	(7.9)	-	(7.9)
Other ¹	(82.9)	-	(82.9)	(64.6)	-	(64.6)
Tax losses	(64.1)	-	(64.1)	(64.1)	-	(64.1)
Hedge reserve on interest rate caps	-	21.3	21.3	-	-	-
Net deferred tax liabilities	(158.4)	932.6	774.2	(138.8)	885.5	746.7

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 2022	As at 31 December 2021
Deferred tax assets	(34.6)	(33.7)
Deferred tax liabilities	808.8	780.4
Net deferred tax liabilities	774.2	746.7

Movement in temporary differences during the year:

(\$ 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

(\$ in millions)	As at 1 January 2021	Recognised in income	Recognised in other comprehensive income	As at 31 December 2021
Property, plant and equipment and intangible assets	699.1	184.2	-	883.3
Provisions	(8.1)	0.2	-	(7.9)
Other ¹	(46.5)	(17.8)	(0.3)	(64.6)
Tax losses	(43.0)	(21.1)	-	(64.1)
Total	601.5	145.5	(0.3)	746.7

1 Other relates to pensions and corporate interest restrictions.

Total unrecognised deferred tax assets:

(\$ in millions)	As at 31 December 2022	As at 31 December 2021
Unrecognised income tax losses	-	-
Unrecognised capital losses	(60.5)	(63.8)
Total	(60.5)	(63.8)

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 (2021: \$nil), resulting in a deferred tax liability of \$nil (2021: \$nil).

The unrecognised gross temporary difference in respect of the investments in associates is \$2.7m (2021: \$2.3m), resulting in an unrecognised deferred tax liability of \$0.8m (2021: \$0.7m).

24. RECONCILIATION OF CASH GENERATED FROM OPERATIONS

Reconciliation of profit / (loss) for the year to cash generated from operations:

(\$ in millions)	2022	2021
Profit / (loss) for the year	105.2	(152.9)
<i>Adjustments for:</i>		
Taxation charge	30.7	170.6
Financing costs	190.8	194.9
Financing income	(75.4)	(32.0)
Fair value changes in financial assets and liabilities	-	(76.4)
Operating profit	251.3	104.2
Depreciation and amortisation	600.8	632.5
Loss on disposal of assets	4.1	7.6
Impairment of assets	0.5	(0.3)
Share of profit of associates	(7.2)	(5.1)
EBITDA	849.5	738.9
Dividends received from associates	3.7	-
Non-cash foreign exchange movements	(7.4)	2.1
Changes in net working capital:		
Decrease in restricted cash ¹	-	6.9
(Increase) / decrease in trade and other receivables	(41.6)	16.3
(Increase) / decrease in inventories	(20.6)	0.3
Increase in trade and other payables	64.3	45.8
Decrease in provisions	(4.4)	(9.5)
Cash generated from operations	843.5	800.8

¹ Restricted cash related to cash held in escrow from the Speedcast asset acquisition. This asset acquisition was finalised during 2021 and the cash held in escrow was released.

25. SHARE CAPITAL

(\$ in millions)	As at 31 December 2022	As at 31 December 2021
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 2022, no new shares were authorised, allotted, or issued (2021: 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). IFRS 9 requires the separate valuation for foreign currency basis, where the changes in the fair value of currency basis are recognised as a separate component of equity, being the cost of hedging reserve, in other comprehensive income.

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 effects of the following:

- Changes in fair value of the time value of option when only the intrinsic value of the option is designated as the hedging instrument;
- Changes in fair value of the forward element of a forward contract; and
- Changes in fair value of the foreign currency basis spread of a financial instrument when the foreign currency basis spread of a financial instrument is excluded from the designation of that financial instrument as the hedging instrument (consistent with the Group's accounting policy to recognise non-designated component of foreign currency derivative in equity).

(\$ in millions)	Cashflow hedge reserve			Total hedge reserves
	Cost of hedging reserve	Intrinsic value of options	Foreign currency forwards	
As at 1 January 2021	(6.6)	-	0.4	(6.2)
Add: change in fair value of hedging instrument recognised in OCI	-	0.1	-	0.1
Add: costs of hedging deferred and recognised in OCI in respect of the time value of options	8.5	-	-	8.5
Less: reclassified from OCI to profit or loss in respect of the time value of options	2.0	-	-	2.0
Less: gain on foreign currency basis on cash flow hedges capitalised to tangible assets	-	-	0.3	0.3
Less: reclassified from OCI to profit or loss from the cash flow hedge reserve	-	-	(0.7)	(0.7)
As at 31 December 2021	3.9	0.1	-	4.0
Add: change in fair value of hedging instrument recognised in OCI	-	91.8	-	91.8
Add: costs of hedging deferred and recognised in OCI in respect of the time value of options	(6.3)	-	-	(6.3)
Less: 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

Hedge ineffectiveness for 2022 was \$0.1m (2021: less than \$0.1m) (refer note 31). The positive increase in the net derivative reserve position for 2022 is driven by increases in the USD LIBOR rate over 2022 (4% at 31 December 2022) compared to the fixed interest rate cap rate of 2%, deriving a material benefit to the Group.

27. EMPLOYEE LONG-TERM INCENTIVE PLAN

Cash Long-Term Incentive Plan (LTIP)

The cash LTIP is a senior management (excluding Executive management) remuneration scheme which runs over three years, starting in 2020. A new LTIP is granted each year with a performance period from 1 January to 31 December. The performance conditions attached to the scheme are based on revenue growth over the three-year period and the aggregate free cash flow over a three-year period with both having a 50% weighting. The maximum pay out under the scheme is 150% of salary.

The total cash LTIP charge for the year is \$4.3m (2021: \$2.6m), comprising of the 2020, 2021 and 2022 LTIP, bringing the accumulated cash LTIP provision to \$8.8m (2021: \$4.5m).

Based on Group performance against the objectives, the 2020 LTIP will vest at 82.7% of pay-out (\$3.4m) and will be paid to participants during Q1 2023.

2022 LTIP:

(\$ in millions)	Weighting	Threshold	Target	Maximum
Objective				
Revenue	50%	1,648.0	1,782.0	1,916.0
Free cash flow	50%	1,100.0	1,200.0	1,300.0
	100%			

2021 LTIP :

(\$ in millions)	Weighting	Threshold	Target	Maximum
Objective				
Revenue	50%	1,475.0	1,595.0	1,714.0
Free cash flow	50%	960.0	1,060.0	1,160.0
	100%			

2020 LTIP :

(\$ in millions)	Weighting	Threshold	Target	Maximum
Objective				
Revenue	50%	1,456.0	1,574.0	1,692.0
Free cash flow	50%	723.0	773.0	823.0
	100%			

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. 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 credit for the year was \$0.4m, resulting in a year-end provision of \$2.1m (2021: \$2.5m).

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 has since undergone a buy-out during 2022 which is explained below.

During October 2020, the Trustee of the Inmarsat Global defined benefits scheme entered into a bulk annuity insurance contract with Aviva Life & Pensions UK Limited (Aviva), a UK insurance company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority in respect of the liabilities of the scheme. This is known as a 'buy-in'. Under this policy Aviva undertakes, via the Plan, to pay the Plan's benefit obligations as they fall due. The Trustee retain the legal obligation for the benefits provided under the scheme. During 2022 the scheme underwent a buy-out, whereby the legal obligation for the benefits provided under the scheme moved to Aviva. As at 31 December 2022 the value of the defined benefit obligation and corresponding buy-in insurance asset are nil. No further obligations for the Group or Trustee exist under the Inmarsat Global defined benefits scheme.

The Group held the liability obligations under the Inmarsat Global defined benefit plan during 2022 up until buy-out. The disclosures below show the change in these liability obligations and final settlement of the obligations at buy-out. This has been valued using the projected unit credit method with the valuation undertaken by professionally qualified and independent actuaries as at 31 December 2022. The results of the valuation, which have been updated for any material transactions and material changes in circumstances (including changes in market prices and interest rates) up to buy-out, are set out below. There are no guaranteed minimum pension (GMP) benefits held under the 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%.

There have been no pension plan amendments, curtailments or settlements since the previous year end, other than the buy-out disclosure above. 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 2022	As at 31 December 2021
Discount rate	5.2%	1.8%
Future salary increases	7.0%	5.2%
Medical cost trend	3.3%	3.3%
Future pension increases ¹	-	3.3%

1 Nil in 2022 due to buy-out of the Inmarsat Global defined benefit pension scheme.

Mortality assumptions have been updated to reflect experience and expected changes in life expectancy. The average life expectancy assumptions for the company's pension and post-employment benefits liabilities are as follows:

Life expectancy	2022	2021
Mortality assumptions - male	88.5	88.4
Mortality assumptions - female	89.7	89.6

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 defined benefit pension scheme and the Inmarsat Global post-retirement healthcare benefits for 2022, 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 defined benefit obligation 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. No sensitivities are relevant for the Inmarsat Global defined benefit pension scheme following the buy-out in 2022.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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%	(0.6)	-
Increase in inflation of 0.5%	0.6	-
Increase in medical price inflation trend rate of 1%	1.4	0.1
Decrease in medical price inflation trend rate of 1%	(1.1)	(0.1)

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 2022	As at 31 December 2021
Present value of funded defined benefit obligations (pension)	-	(124.1)
Present value of unfunded defined benefit obligations (pension)	(0.2)	(0.2)
Present value of unfunded defined benefit obligations (post-employment benefits)	(10.6)	(16.1)
Fair value of defined benefit assets	-	124.1
Net defined benefit liability recognised in the Balance Sheet	(10.8)	(16.3)

The above net liability is recognised in the balance sheet as follows:

(\$ in millions)	Note	As at 31 December 2022	As at 31 December 2021
Defined benefit pension and post-employment liability	21	(10.8)	(16.3)

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 2022	124.3	16.1
Current service cost	-	0.2
Interest cost	2.0	0.2
<i>Remeasurement gain / (loss):</i>		
Actuarial gain from changes in financial assumptions	(43.7)	(5.6)
Experience adjustment	-	1.8
Benefits paid	(0.7)	(0.4)
Foreign exchange gain	(13.3)	(1.7)
Defined benefit pension buy-out	(68.4)	-
As at 31 December 2022	0.2	10.6

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

(\$ in millions)	2022	2021
As at 1 January	124.1	141.3
Interest income	2.0	1.9
<i>Remeasurement (loss) / gain:</i>		
(Loss) / return on plan assets (excluding interest amounts)	(43.7)	2.6
Contributions by employer	-	(2.6)
Benefits paid	(0.1)	(2.1)
Expenses paid (included in service cost)	(0.6)	(0.6)
Foreign exchange loss	(13.3)	(1.4)
Defined benefit pension buy-out	(68.4)	(15.0)
As at 31 December	-	124.1

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

(\$ in millions)	2022		2021	
	Defined benefit pension plan	Post-employment benefits	Defined benefit pension plan	Post-employment benefits
Current service cost	0.6	0.2	0.6	0.2
Past service gain	-	-	-	(0.2)
Net interest expense	-	0.2	(0.1)	0.3
Foreign exchange gain	-	(1.7)	-	(0.3)
	0.6	(1.3)	0.5	-

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).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

(\$ in millions)	2022		2021	
	Defined benefit pension plan	Post-employment benefits	Defined benefit pension plan	Post-employment benefits
Actuarial gain from changes in financial assumptions	(43.7)	(5.6)	3.0	0.3
Actuarial gain arising from changes in experience adjustment	-	1.8	-	0.8
Loss / (return) on plan assets (excluding interest amounts)	43.7	-	(2.6)	-
Remeasurement of the net defined benefit liability	-	(3.8)	0.4	1.1

The assets held in respect of the Group's defined benefit schemes were as follows:

	As at 31 December 2022		As at 31 December 2021	
	Value (\$ in millions)	Percentage of total plan assets	Value (\$ in millions)	Percentage of total plan assets
Cash	-	-	-	-
Assets held by insurance company	-	-	124.1	100.0%
Other	-	-	-	-
Fair value of scheme assets	-	-	124.1	100.0%

Previously the Plan's main asset was the buy-in policy with Aviva, the value of which was set equal to the corresponding value of the IAS-19 liability it covers. Following buy-out, this asset is released.

The duration of the defined benefit liabilities within the Inmarsat Global defined benefit plan is approximately 20 years. Given the buy-out of this plan, a split by member is not provided. The average age of the deferred and pensioner members at the date of the last statutory funding valuation for the Inmarsat Global defined benefit plan (at 31 December 2017) was 56 years and 69 years, respectively.

Given the buy-out in 2022, the estimated contributions expected to be paid into the Inmarsat Global defined benefit pension plan during 2023 are \$nil. In 2022 actual contributions under this plan were \$nil (2021: \$2.6m).

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 \$37.2m (2021: \$31.6m) 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.

The following table summarises the future minimum lease payments:

(\$ in millions)	As at 31 December 2022	As at 31 December 2021
Within one year	40.9	37.2
Between two to five years	52.8	56.9
	93.7	94.1

30. CAPITAL RISK MANAGEMENT

The following table summarises the capital of the Group:

(\$ in millions)	As at 31 December 2022	As at 31 December 2021
As per balance sheet		
Cash and cash equivalents	(233.8)	(364.0)
Short-term deposits greater than three months	(109.1)	(30.0)
Borrowings ¹	3,648.3	3,636.6
Net borrowings	3,305.4	3,242.6
Equity attributable to shareholders of the parent	1,977.8	1,812.8
Capital	5,283.2	5,055.4

¹This excludes lease obligations of \$33.8m (2021: \$45.5m).

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. 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.

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 prior to any hedge being undertaken.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Financial instruments by category

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

(\$ in millions)	As at 31 December 2022			As at 31 December 2021		
	Amortised cost	Derivatives used for hedging	Total	Amortised cost	Derivatives used for hedging	Total
Assets as per balance sheet						
Trade receivables and other ¹	262.3	-	262.3	239.6	-	239.6
Cash and cash equivalents	233.8	-	233.8	364.0	-	364.0
Short-term deposits	109.1	-	109.1	30.0	-	30.0
Intergroup lending, gross of capitalised interest	1,118.8	-	1,118.8	749.1	-	749.1
Derivative financial instruments	-	83.0	83.0	-	5.8	5.8
	1,724.0	83.0	1,807.0	1,382.7	5.8	1,388.5

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

(\$ in millions)	As at 31 December 2022		As at 31 December 2021		
	Amortised cost	Total	Amortised cost	Derivatives used for hedging	Total
Liabilities as per balance sheet					
Borrowings	3,648.3	3,648.3	3,636.6	-	3,636.6
Trade payables and other ¹	314.5	314.5	249.8	-	249.8
Lease liabilities	33.8	33.8	45.5	-	45.5
Derivative financial instruments	-	-	-	1.8	1.8
	3,996.6	3,996.6	3,931.9	1.8	3,933.7

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

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.

(\$ in millions)	As at 31 December 2022				
	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

(\$ in millions)	As at 31 December 2021				
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings ¹	235.6	234.7	4,402.8	-	4,873.1
Trade payables and other ²	248.0	0.1	0.2	1.5	249.8
Derivative financial instruments	1.8	-	-	-	1.8
	485.4	234.8	4,403.0	1.5	5,124.7

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 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. Forward foreign currency contracts have previously been held by the Group, however are nil at year end (2021: nil) and were designated as cash flow hedges. The Group generally does not hedge foreign currency transactions, however where there is a material contract with a foreign currency exposure, a specific hedge to match the specific risk will be evaluated. Previously, certain foreign currency milestone payments to Airbus for the construction of the I-6 satellites were hedged.

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 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 12 months.

The fair values at the balance sheet date were:

(\$ in millions)	As at 31 December 2022	As at 31 December 2021
Financial liabilities:		
Interest rate cap - current	-	1.8
Total derivative financial liabilities	-	1.8
Financial assets:		
Interest rate cap - current	45.0	-
Interest rate cap - non-current	38.0	5.8
Total derivative financial assets	83.0	5.8

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 LIBOR is above 2% and is designated as cashflow hedges. The total nominal amount of the interest rate cap arrangement is \$1.7bn, hedging 98% of the term loan balance. In line with the IBOR interest rate benchmark reform, the interest rate cap will adopt the ISDA Fallbacks Protocol and shift its reference rate 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. The hedge ineffectiveness for 2022 was \$0.1m (2021: less than \$0.1m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

Non-derivative financial liabilities consist of borrowings, trade payables, lease liabilities, other payables, and accruals.

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 \$9.1m (2021: \$11.6m) (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 \$128.6m (2021: \$157.8m) and the fair value is based on the net present value discounted at LIBOR +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 Libor +5.05%.

(\$ in millions)	As at 31 December 2022		As at 31 December 2021	
	Carrying amount	Fair value amount	Carrying amount	Fair value amount
Senior Notes due 2026	2,065.9	1,942.2	2,063.4	2,182.6
Term Loan	1,582.4	1,760.2	1,573.2	1,737.4
Intergroup lending	1,107.4	1,225.7	745.2	804.7

32. CAPITAL AND PURCHASE COMMITMENTS

(\$ in millions)	Total	Less than 1 year	Between 2 and 5 years	Over 5 years
Purchase commitments	44.9	33.2	7.0	4.7
Lease commitments	405.3	-	78.4	326.9
Capital commitments	454.5	369.0	85.5	-
Total commitments	904.7	402.2	170.9	331.6

Capital commitments primarily represent commitments in respect of the Group's I-6 and GX 7/8/9 satellite programs. Lease and purchase commitments mainly comprise the commitment for development of Arctic capabilities for GX in partnership with Space Norway and a property lease in relation to the Group's London Headquarters.

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. At 31 December 2022, the Group had \$25.0m of contingent liabilities in relation to employee retention compensation. This will be payable on successful completion of the Viasat acquisition and is subject to employees being retained for a set retention period, post-acquisition. (2021: \$nil).

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), and the ultimate shareholders (being the 'Consortium': Apax Partners LLP, Warburg Pincus LLC, Canada Pension Plan Investment Board, Ontario Teachers' Pension Plan Board and Pretzel Logic BV).

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 2022 financial year is \$43.4m and \$24.6m respectively (2021: \$39.3m and \$17.3m, respectively). The amount receivable from Navarino UK and JSAT Mobile at 31 December 2022 is \$9.9m and \$3.4m, respectively (2021: \$9.3m and \$2.0m, respectively).

Transactions with the parent companies relate to \$nil of intercompany management charges (2021: \$0.2m) and \$1,118.8m intergroup loan, gross of capitalised interest. Other than the intergroup loan, no amount remain outstanding (2021: \$nil).

Transactions with the Consortium, related to expenses, for the 2022 financial year is \$nil (2021: \$0.2m). No amount remains outstanding.

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

Viasat acquisition

On 8 November 2021 Viasat Inc and Inmarsat announced a definitive agreement under which Viasat will acquire Inmarsat in a transaction then valued at \$7.3bn, comprised of \$850m in cash (reduced to \$551m, post prior distribution to shareholders) approximately 46.36 million shares of Viasat common stock valued at \$3.1bn based on the closing price on Friday November 5, 2021, and the assumption of \$3.4 billion of net debt. The agreement has been approved by both the Inmarsat and Viasat Board of Directors, and Viasat shareholders. We currently expect the deal to close in the second half of 2023, assuming all regulatory approvals are obtained.

HMRC Launch Cost Case

The Group's 1999 claim for a tax deduction for satellite launch costs was heard at the Court of Appeal which ruled in favour of HMRC in July 2022. The Group subsequently appealed directly to the Court of Appeal which was heard and rejected on 5 January 2023. This is treated as a non-adjusting post balance sheet date event per IAS 10. The Group has provided fully for the expected cost of c. \$128m, comprising current and deferred tax (\$100m) and interest (\$28m). Given the affected tax computations span over 20 years, the exact amount of tax and interest has yet to be agreed with HMRC. To manage ongoing late payment interest, during Q1 2023 the Group has paid £57.2m Income tax (\$69.1m) and £17.4m interest (\$20.9m) resulting in a foreign exchange gain of c.\$32.0m.

36. GROUP ENTITIES

At 31 December 2022, the company had investments in the following subsidiaries and associates:

Entity name	Principal activity	Country of incorporation / registered address	Ownership
Inmarsat Group Holdings Limited (formerly Inmarsat plc)	Holding company	England and Wales/A	100%
Connect Finco SARL	Finance company	Luxembourg/AI	100%
Connect U.S. Finco LLC	Finance company	United States/D	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/AI	100%
Inmarsat Global Limited	Satellite telecommunications	England and Wales/A	100%
ISAT Global Xpress 000	Dormant	Russian Federation/X	100%
Inmarsat Brasil Eireli	Dormant	Brazil/H	100%
Inmarsat Leasing (Two) Limited	Satellite leasing	England and Wales/A	100%
Inmarsat New Zealand Limited	Operating company	New Zealand/U	100%
Inmarsat Services Limited	Operating company	England and Wales/A	100%
PT ISAT	Operating company	Indonesia/Q	100%
Inmarsat Communications Company LLC	Operating company	UAE/AC	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/D	100%
Stratos Government Services Inc.	Operating company	United States/D	100%
Inmarsat Commercial Services Inc.	Operating company	United States/D	100%
Inmarsat Solutions (U.S.) Inc.	Operating company	United States/D	100%
Inmarsat Inc.	Holding company	United States/D	100%
Europasat Limited	Operating company	England and Wales/A	100%
Inmarsat Employment Company Limited	Employment company	Jersey/T	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/K	100%
Inmarsat Germany (GmbH)	Operating company	Germany/L	100%
Inmarsat Global Japan KK	Holding company	Japan/S	100%
Inmarsat Investments BV	Holding company	The Netherlands/V	100%
Inmarsat Solutions B.V.	Operating company	The Netherlands/V	100%
Inmarsat Solutions SA (PTY) Limited	Operating company	South Africa/Z	100%
Inmarsat Spain S.A.	Operating company	Spain/AA	100%
Inmarsat Hong Kong Limited	Operating company	Hong Kong/N	100%
Inmarsat Hellas Satellite Services SA	Satellite telecommunications	Greece/M	100%
Inmarsat Navigation Ventures Limited	Operating company	England and Wales/A	100%
Inmarsat SA	Operating company	Switzerland/AB	100%
Inmarsat Solutions Global Limited	Operating company	England and Wales/A	100%
Inmarsat Solutions AS	Operating company	Norway/W	100%
Inmarsat Solutions Pte. Limited	Operating company	Singapore/Y	100%

Entity name	Principal activity	Country of incorporation / registered address	Ownership
Inmarsat Solutions ehf.	Operating company	Iceland/O	51%
Inmarsat Australia Pty Limited	Operating company	Australia/F	100%
Inmarsat KK	Operating company	Japan/S	100%
Inmarsat Solutions (Shanghai) Co. Limited	Operating company	China/J	100%
Inmarsat India Private Limited	Operating company	India/P	100%
Inmarsat Licences (Canada) Inc.	Holding company	Canada/B	100%
Flysurfer Colombia S.A.S.	Operating company	Columbia/I	100%
Inmarsat New Ventures Limited	Holding company	England and Wales/A	100%
Flysurfer-Ecuador S.A.	Operating company	Ecuador/AE	100%
Inmarsat Satellite Services S.R.L.	Operating company	Romania/AF	100%
Inmarsat BH d.o.o.	Operating company	Bosnia and Herzegovina/AG	100%
Inmarsat Solutions doo Beograd	Operating company	Serbia/AH	100%
Inmarsat DOOEL Skopje	Operating company	Macedonia/E	100%
Inmarsat Maritime Ventures Limited	Operating company	England and Wales/A	100%
Inmarsat Turkey Telekomünikasyon Limited Şirketi	Operating company	Turkey/R	100%
Navarino UK Limited	Associate	England and Wales/AD	49%
JSAT Mobile Communications Inc.	Associate	Japan/G	26.67%

Registered address key:

Key Registered Address

A	99 City Road, London EC1Y 1AX, United Kingdom
B	34 Glencoe Drive, Box 5754, Donovan's Bus. Park, Mount Pearl Newfoundland A1N 4S8, Canada
C	874 Walker Road, Suite C, City of Dover DE 19904, United States
D	251 Little Falls Drive, Wilmington DE 19808, United States
E	Str. Risto Ravanovski no 13a, Skopje, Republic of Macedonia, Macedonia, the former Yugoslav Republic of Macedonia
F	Mills Oakley, Level 7, 151 Clarence Street, Sydney NSW 2000, Australia
G	Nisso Building #22 8F, Azabudai1-11-10, Minato-ku, Tokyo 106-0041, Japan
H	Av. Brig Faria Lima, 3400 – Cj. 151 – 15.º andar, parte C 04538-132, São Paulo, Brazil
I	Cra. 7 No. 71-52 Tower B 9th Floor, Bogota, DC, Colombia 110231
J	11F, Tower B, Central Towers, No.567, Lan Gao Road, Putuo District, Shanghai, 200333, China
K	1, Lampousas, Nicosia, 1095, Cyprus
L	Willy-Brandt, 23, 20457, Hamburg, Germany
M	280 Kifisias Avenue, Halandri, 152 32, Greece
N	Unit 4217- Metroplaza, Tower 1, 223 Hing Fong Road, Kwai Fong, N.T, Hong Kong, Hong Kong
O	Hlíðarsmára 10, 201 Kópavogi, Iceland
P	P-24, Green Park Extension, New Delhi, 110016, India
Q	Panbil Residence 1st – 2nd Floor, Jl. Ahmad Yani, Muka Kuning – Batam – 29433, Indonesia
R	Maltepe Mah. Eski Çırpıcı, Yolu Sk. Parima, Blok No:8 İç kapı, 14 Zeytinburnu, İstanbul, Turkey
S	Level 25 Ark Hills Sengokuyama Mori Tower, 1-9-10, Roppongi, Minato-ku, Tokyo, 106-0032, Japan
T	44 Esplanade, St. Helier, Jersey JE4 9WG, Jersey
U	24 Unity Drive North, North Harbour, Auckland, New Zealand
V	Loire 158-160, 2491 AL, The Hague, Netherlands
W	NMK – Borgundveien 340, 6009 Ålesund, Norway
X	Bld. 5, 13 Kasatkina Street, 129301, Moscow, Russian Federation
Y	11 Lorong 3 Toa Payoh, #01-31, Jackson Square, 319579, Singapore

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Key Registered Address

Z	Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, Sandton, Johannesburg, Gauteng, 2052, South Africa
AA	Príncipe de Vergara 73, 28006, Madrid, Spain
AB	Avenue Gratta-Paille 2, c/o MAZARS SA, World Trade Center, 1018, Lausanne, Switzerland
AC	Festival Tower - Unit 2303, P.O. Box 27313, Dubai Festival City, Dubai, United Arab Emirates
AD	Camburgh House, 27 New Dover Road, Canterbury, Kent CT1 3DN, United Kingdom
AE	Republica de El Salvador N35-146 y Suecia, Edif. Prisma Norte, Piso 11, Quito, C.P. 170505, Ecuador
AF	22 Tudor Vladimirescu Blv., Building Green Gate Office, Bucharest, 5th Floor 573Campus07, Sector, Bucharest, Romania
AG	Street Skenderpasina 1, Sarajevo, Bosnia and Herzegovina
AH	GTC Avenue 19, 38-40 Vladimira Popovica Street, New Belgrade, Serbia, 11070, Serbia
AI	6, rue Engene Ruppert, L-2453, Luxembourg

As at 31 December 2022

(\$ in millions)	As at 31 December 2022	As at 31 December 2021
Assets		
Non-current assets		
Investments ¹	3,370.1	3,370.1
Other receivables ²	2,242.4	2,344.6
Deferred tax asset	5.1	23.4
	5,617.6	5,738.1
Current assets		
Cash and cash equivalents	-	-
Trade and other receivables ²	81.7	60.6
Income tax assets	22.0	16.8
	103.7	77.4
Total assets	5,721.3	5,815.5
Liabilities		
Current liabilities		
Trade and other payables	36.4	39.3
	36.4	39.3
Non-current liabilities		
Borrowings ³	3,655.6	3,642.1
	3,655.6	3,642.1
Total liabilities	3,692.0	3,681.4
Net assets	2,029.3	2,134.1
Shareholders' equity		
Ordinary shares	2,361.5	2,361.5
Retained earnings	(332.2)	(227.4)
Total equity	2,029.3	2,134.1

1 Investments includes \$3,335.3m investment in Inmarsat Group Holdings Limited (2021: \$3,335.3m) and \$34.8m investment in Connect Finco Sarl (2021: \$34.8m).

2 Other receivables comprise \$2,232.4m loan owing from Inmarsat Group companies (2021: \$2,344.6m). Trade and other receivables include \$9.9m current portion of loan owing from Inmarsat Group companies (2021: \$9.9m), \$33.1m of current intercompany loan interest accrued (2021: \$18.7m), \$5.4m of capitalised loan issue costs (2021: \$8.2m), \$39m owing from Inmarsat Group companies (2021: \$18.5m), and \$4.2m other receivables (2021: \$5.3m).

3 Borrowings comprise of \$3,730.4m (2021: \$3,734.1m) of loan owing to Inmarsat Group companies, offset by \$74.7m (2021: \$91.9m) of capitalised loan issue costs.

The company reported a loss for the financial year ended 31 December 2022 of \$104.8m (2021: loss of \$51.6m).

The financial statements of the company, registered number 661877, were approved by the Board of Directors on 20 March 2023 and signed on its behalf by

Rajeev Suri
CEO

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

(\$ in millions)	Ordinary shares	Retained earnings	Total
As at 1 January 2021	2,361.5	(175.8)	2,185.7
Loss for the year	-	(51.6)	(51.6)
As at 31 December 2021	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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 2022 was \$104.8m (2021: loss of \$51.6m).

Auditor's remuneration

During the year, the company paid its external auditor less than \$0.1m (2021: \$0.1m) for statutory audit services.

Employee costs and Directors' remuneration

The average monthly number of people employed during the year was nil (2021 was nil). Total staff costs for 2022 were \$nil (2021 was \$nil). Full details

of Directors' remuneration are given in notes 8 & 27.

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

All shares are fully paid. Total shares issued (at \$1.00 each) and fully paid is 2,361,467,197 (2021: 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 \$1,156.6m loan & accrued interest due from Group companies (2021: \$1,624.1m), \$14.7m other amounts due from Group companies (2021: \$18.5m), and \$3,730m (2021: \$3,734m) loan & 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.

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 2022 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 statement of changes in equity;
- The consolidated cash flow statement; 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNECT BIDCO LIMITED CONTINUED

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: <ul style="list-style-type: none">– Accounting for capital expenditure on assets under construction
Materiality	The materiality that we used for the group financial statements was \$24.7m which was determined on the basis of 3% of EBITDA.
Scoping	We have performed audit procedures for components which represent 100% of net assets, revenue and EBITDA.
Significant changes in our approach	There have been no 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:

- Agreeing the level of committed, undrawn facilities of \$700 million to the signed facility agreement and evaluating the other financing facilities in place including the repayment terms and covenants in place;
- Assessing the historical accuracy of forecasts prepared by the directors;
- 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. Accounting for capital expenditure on assets under construction

Key audit matter description The group capitalises internal costs ("charge to capital") (2022: \$43.6m, 2021: \$30.7m), external costs (e.g. satellite construction milestones) (2022: \$316m, 2021: \$303m) and certain qualifying borrowing costs in respect of capital projects (2022: \$76m, 2021: \$66.6m), most notably relating to major satellite programmes and associated infrastructure.

The directors are required to assess these assets for impairment. Given this balance is made up of a large number of projects, the nature of the satellite technology and the continued reduced appetite for funding capital projects in the economic environment, there is a high level of judgement as to whether these assets should be impaired.

We identified a key audit matter relating to the risk over the valuation of these assets. The accounting policy in relation to assets under construction ("AUC") is in note 2, with additional disclosure on the AUC 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 the additions to AUC and the annual impairment review process;
- Discussing material capital projects within the year with the respective project managers in order to understand the nature of the costs capitalised, inquiring as to the reasons for any significant deviations from budget, corroborating the movements in the year to supporting evidence and assessing the indicators of impairment;
- Agreeing a sample of capitalised expenditure, including internally capitalised costs, to supporting evidence and assessed whether it is appropriate to capitalise the expenditure in accordance with IAS 16;
- Testing the integrity of AUC ageing reports and comparing the profile of capitalised expenditure during the period to previous periods, in order to identify projects that may be at risk of being abandoned.

Key observations We have concluded that the directors have accounted for capital expenditure appropriately during the year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNECT BIDCO LIMITED CONTINUED

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	\$24.7m (2021: \$21.8m)	\$23.5m (2021: \$20.7m)
Basis for determining materiality	We determined materiality using 2.9% of EBITDA (2021: 3.0%).	We determined company materiality based on 1.2% of net assets but capped materiality at 95% of group materiality. Our final materiality constituted 1.1% (2021: 1.0%) 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% (2021: 70%) of group materiality	70% (2021: 70%) of company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ol style="list-style-type: none"> The control environment, including the continued improvements made which allowed us to retain our controls reliance across various business processes; The continued low level of uncorrected misstatements in the prior year and current 	

IN SUMMARY



- ◆ \$849.5m - EBITDA
- ◆ \$24.7m - Group materiality

- ◆ \$24.7m - Group materiality
- ◆ \$11.0m - \$23.5m - Component materiality range
- ◆ \$1.1m - Audit Committee reporting threshold

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$1.1m (2021: \$1.1m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee 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

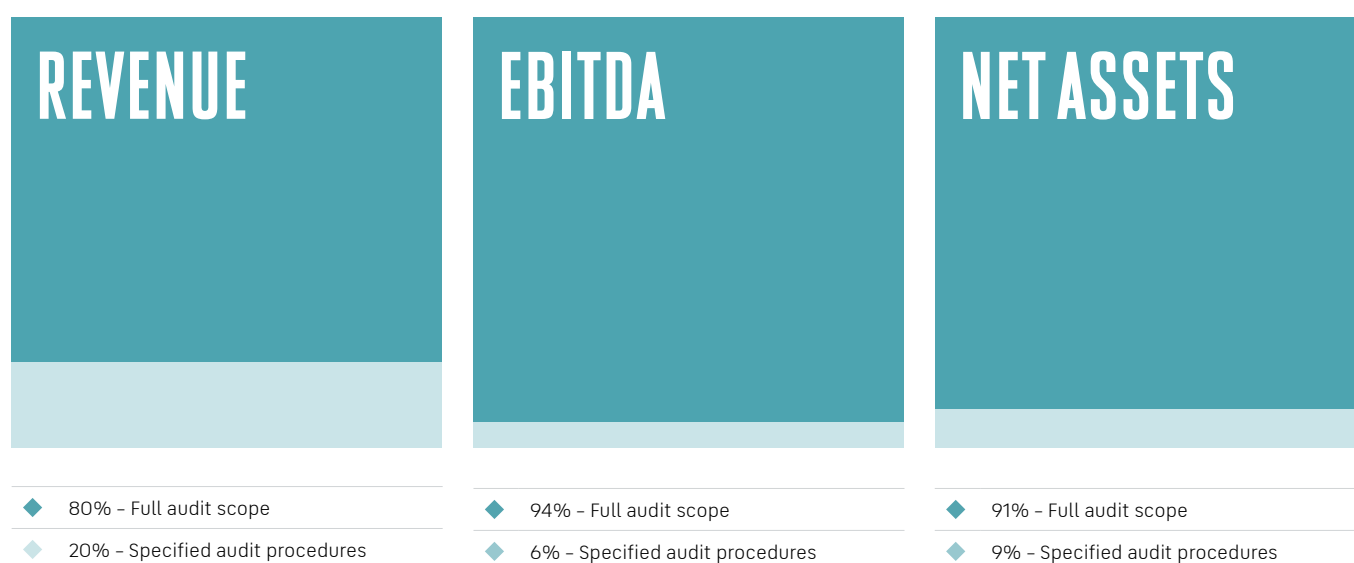
Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focussed our group audit scope primarily on the audit work performed in the following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

The U.S. 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 U.S. Government business due to its relative financial significance. Our audit work was executed at levels of materiality applicable to each individual component, which were between \$11.0m and \$23.5m (2021: \$11.0m and \$21.6m). Our audit scoping coverage for key balances is summarised in the charts below.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNECT BIDCO LIMITED CONTINUED

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 Working with other auditors

The component auditor for the U.S. 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, we had ongoing calls throughout the year with them, we attended a close meeting call with the management of the U.S. Government business, our component audit team, and senior members of the UK group team.

7.4 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 development 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 reasonably 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.

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 the component audit team and relevant internal specialists, including tax 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: accounting for capital expenditure on assets under construction. 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, U.S. Government regulations and telecom regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNECT BIDCO LIMITED CONTINUED

11.2. Audit response to risks identified

As a result of performing the above, we identified accounting for capital expenditure on assets under construction 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 in-house 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
- 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 the 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 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

For and on behalf of Deloitte LLP
Recognised Auditor

London, United Kingdom
20th March 2023

For the year ended 31 December 2022

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.

GLOSSARY

Active terminal	A terminal that has been used to access commercial services (except certain handheld terminals) at any time during the preceding 12 months and is registered for one of our services at the year end. It includes the average number of certain handheld terminals active on a daily basis during the final month of a year and excludes M2M terminals.
Alphasat	A satellite developed with the European Space Agency and launched in 2013, also known as I-4 F4 in our Inmarsat-4 satellite constellation.
ARPA	Average Revenue Per Aircraft.
ARPU	Average Revenue Per User.
ATC	Ancillary Terrestrial Components provide communications services from ground stations either as stand-alone services or to complement satellite services.
ATG	ATG means the air to ground terrestrial component of the EAN.
Bandwidth	The radio spectrum is divided into different bands which each cover a section of frequencies that are usually used for a similar purpose. Bands are allocated to specific uses at international level by the ITU and regulated at a national level by domestic organisations and governments.
BGAN	Broadband Global Area Network is a data satellite network using L-band frequency that spans the globe.
Business and General Aviation ('BGA')	Business and General Aviation refers to all civil aviation operations other than commercial air transport, covering private jets flying globally and regionally.
Cash capital expenditure ('Capex')	Cash capital expenditure is the cash flow relating to tangible and intangible asset additions, it includes capitalised labour costs and excludes capitalised interest.
Commissioned terminal	A terminal that is registered for one of our services at the year end.
CAGR	The Compound Annual Growth Rate measures average annual growth over a period of time.
CGU	A cash-generating unit is the smallest group of assets that generates cash inflows largely independently from the other parts of the business and which represents the lowest level at which goodwill is monitored within the business.
The company	Where we refer to the company we are referring to Connect Bidco Limited, the holding company of the Inmarsat Group.
Defined benefit and defined contribution schemes	Defined benefit pensions schemes provide post-employment benefits based on an employee's final salary. Defined contribution pension schemes are schemes into which Inmarsat makes fixed contributions based on a percentage of an employee's salary.
Distribution Partner ('DP')	A Distribution Partner is an entity that has a direct relationship with Inmarsat and re-sells Inmarsat's services to an end customer.
EAN	Our European Aviation Network ('EAN') comprises an integrated satellite and complementary ground component ('CGC').
EBITDA	EBITDA is defined as profit for the year 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 revenues 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.
ELERA	ELERA is the name of Inmarsat's L-band network and represents all of the satellites and infrastructure around L-band and the future vision for the network.
FleetBroadband ('FB')	A L-band maritime service providing voice and broadband data services across the world's oceans.
Fleet Xpress ('FX')	Fleet Xpress is Inmarsat's GX-based product for the maritime market using our Ka-band satellites. The FX Service includes FB as a back-up service.
GAAP	Generally Accepted Accounting Principles is the standard financial reporting framework as defined by a body of accounting standards and other guidance used in a given jurisdiction (see 'IFRS').

Geostationary orbit	A circular geosynchronous orbit directly above the Earth's equator. Satellites in geosynchronous orbit match their orbit to the orbit of the earth and so remain permanently in the same area of the sky.
Global Xpress ('GX')	Services offered by Inmarsat using Inmarsat's Inmarsat-5 satellites and Ka-band frequencies. Global Xpress is the first high-speed broadband satellite network to span the globe, from a single operator. It uses powerful beams able to reach small antennas on earth providing digital connections for aviation, land and maritime use.
GMDSS	Global Maritime Distress and Safety Service which is a system designed to automate a vessel's radio distress alert, eliminating the need for manual watchkeeping of distress channels. Inmarsat is approved by the International Maritime Organization ('IMO') to provide these services.
The Group	The Group refers to Connect Bidco Limited and all of its subsidiaries. We may also use 'we' and 'our' in reference to the Group, depending on the context.
GSPS	Global Satellite Phone Services are our handheld products and services such as the IsatPhone 2.
Global Workforce Advisory Panel ('GWAP')	In compliance with regulations recommended by the Financial Reporting Council within the UK Corporate Governance Code, Inmarsat has a Global Workforce Advisory Panel which is made up of workforce representatives from across the company allowing Board members to hear feedback from the workforce.
IAS or IFRS	International Accounting Standards or International Financial Reporting Standards are the accounting standards issued by the International Accounting Standards Board. IFRS is also used to refer to international GAAP as a whole.
Industrial Internet of Things ('IIoT')	The Industrial Internet of Things describes the concept of networked, machine-to-machine, data-producing elements that are delivering new levels of insight to businesses across the global production, transportation, logistics and supply chain.
In-Flight Connectivity ('IFC')	In-Flight Connectivity refers to data connectivity and data services provided to commercial airlines, for aircraft passengers to access the internet, use email, social chat and messaging, and for airline crew to access non-critical connected airline operations.
In-Flight Entertainment ('IFE')	In-Flight Entertainment refers to digital entertainment services provided to commercial airlines, for aircraft passengers to use content services on seatback or overheads screens, and increasingly digital services provided over personal devices such as mobile phones and tablets, but not connected to data sources outside the plane.
ICAO	International Civil Aviation Organization.
Inmarsat-3 ('I-3'), Inmarsat-4 ('I-4'), Inmarsat-5 ('I-5'), Inmarsat-6 ('I-6') Inmarsat-7 ('I-7')	The third, fourth, fifth and sixth generations of Inmarsat satellites. Individual satellites in each constellation are numbered F1, F2, F3, etc., so I-5 F2 refers to the second satellite launched in the fifth generation of Inmarsat satellites.
Inmarsat gateway	Our platform for GX delivering customer support, network services and an app store. It also opens up our networks to innovators through a developer portal.
ITU	International Telecommunications Union.
Jet ConneX ('JX')	Jet ConneX is Inmarsat's GX-based product for the business and general aviation market.
Ka-band	Downlink frequencies between 18GHz and 22GHz and uplink frequencies between 27GHz and 31GHz. Often referred to as 20/30GHz. This is the frequency band used by our GX satellites, it has higher bandwidth than other bands allowing more data to be transmitted over the same satellite capacity.
Ku-band	Downlink frequencies between 10.7GHz and 12.74GHz and uplink frequencies between 13.75GHz and 14.8GHz. Often referred to as 11/14 or 12/14GHz. This is the frequency band used by a limited number of products and services that we procure from other satellite network operators.
L-band	Uplink and downlink frequencies between satellites and mobile users between 1.5GHz and 1.6GHz. This is the frequency band used by our Inmarsat-3 and Inmarsat-4 satellites and also by our Inmarsat-6 satellites.

GLOSSARY CONTINUED

Low-Earth orbit (LEO)	Low-Earth orbit (often known as LEO) encompasses Earth-centered orbits with an altitude of 2,000 km (1,200 mi) or less.
Ligado networks	A Cooperation Agreement between Inmarsat and Ligado Networks (formerly LightSquared LP, Skyterra (Canada) Inc. and LightSquared Inc.) for the use of L-band spectrum in North America.
M2M	Machine-to-machine services and products.
MSS	Mobile Satellite Services.
MBPS	Megabits per second are the units used to measure data transfer rates in the satellite communications industry.
Network Operations Centre ('NOC')	The network operations centre is one or more locations from which network monitoring and control, or network management, is exercised over our satellite network.
Network and satellite operations costs	The costs of operating our ground stations.
Own work capitalised	Employee-related costs including salary and travel costs incurred in bringing property, plant and equipment into use. Own work capitalised is capitalised as part of the total cost of an asset.
ORCHESTRA	Inmarsat's newly announced dynamic mesh-network that will be a configuration of ELERA (L-band) and Global Xpress (Ka band) networks with terrestrial 5G and targeted Low-Earth orbit (LEO) capacity.
OCI	Other comprehensive income.
SAS	Satellite Access Stations that receive the satellite signal and transfer it via our ground network to terrestrial systems.
Safety and Operational Services ('SOS'):	Safety and Operational Services refers to connectivity and related services to ensure the safety, operational efficiency and safe navigation of aircraft as well as data services for critical flight operations and pilot communications.
SOS	Safety and Operational Services.
S-band	A mobile satellite band between 2 and 2.5GHz, which we are using for a high-speed broadband service under development for the EU aviation industry. The programme has an Inmarsat S-band satellite fully integrated with a ground network. We also use the term S-band to refer to the S-band programme in general.
Scope 1, 2 and 3 emissions	Carbon emissions as defined by the greenhouse gas protocol.
Scope 1	All direct greenhouse gas emissions.
Scope 2	Indirect emissions from purchased electricity, heat or steam.
Scope 3	Other indirect emissions including travel.
SwiftBroadband	A global service providing voice and high-speed data simultaneously through a single installation on an aircraft.
Télécoms Sans Frontières ('TSF')	The telecommunications relief aid organisation is the principle beneficiary of our charitable support.
Terminals	The consumer hardware used to receive and transmit voice and data from earth across our satellite network. It includes antenna enabled hardware such as satellite phones and onboard antennas.
Underlying EBITDA and free cash flow	EBITDA and free cash flow after adjusting for costs associated with the Viasat acquisition, 2019 Public to Private and transaction, and cash received from Ligado in 2020.
Vessel monitoring system ('VMS')	A vessel monitoring system is fitted to fishing vessels to track and report the location, course and speed at regular intervals (typically 30 minutes to 1 hour) to fishing regulators.
VMS	Vessel monitoring system.
VSAT	Very Small Aperture Terminals are small mobile two-way satellite antennas able to receive and transmit voice and broadband data to a satellite. VSAT services are typically charged using a fixed monthly fee.



CONNECT BIDCO LIMITED
ANNUAL REPORT AND ACCOUNTS 2022

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