Inmarsat Global Limited

(Registered Number: 3675885)

Annual Report and Financial Statements For the year ended 31 December 2020

Inmarsat Global Limited
Strategic Report
For the year ended 31 December 2020

Review of business

Inmarsat Global Limited (the 'Company') made a profit for the year of $218.4m (2019 restated: $126.2m) from the supply of global mobile satellite communications services. The Company's net assets were $3,882.3m (2019 restated: $3,686.4m). The increase in net assets in the year has been driven by the profits generated in the period. Trade and other receivables decreased to $2,650.5m (2019 restated: $2,766.3m) due to a decrease in amounts and loans due from group undertakings.

The Directors are of the opinion that the current level of activity and the year-end financial position are satisfactory and will remain so in the foreseeable future.

Profit for the financial year of $218.4m (2019 restated: $126.2) will be transferred to reserves.

The ultimate controlling party of the Company is Connect Topco Limited which is an entity based in Guernsey. The results of the Company are consolidated into Connect Topco Limited (the 'Group').

Our unrivalled portfolio

Through our best in class networks we help our customers communicate where terrestrial telecom networks lack reliability or coverage; on land, at sea or in the air. We have 14 geostationary satellites owned and operated and 14 satellite access stations strategically located worldwide. We have 7 additional satellites to be delivered into space by 2024.

Global Xpress (GX)

A global, mobile, high bandwidth satellite network. GX is the world's first globally available high bandwidth network. With 5 satellites (Inmarsat-5) already in orbit, GX is delivering highly reliable, robust and seamless broadband connectivity to maritime, aviation, government and land users throughout the world, GX is now the 'gold standard' by which all other networks will be measured.

Inmarsat continues the largest investment programme in its history, delivering ground-breaking new capabilities and capacity across its unparalleled portfolio of services. This includes a further seven GX payloads into space by 2024, each of which will deliver greater capacity than the existing GX network combined, focused on regions of greatest demand.

The European Aviation Network (EAN)

A unique asset. The integrated S-band satellite and air-to-ground network, EAN, is a compelling and unique proposition for commercial aviation customers in Europe, compared to other satellite only offerings. The network delivers higher capacity, wider coverage, superior cost per bit, faster speeds and lower latency, with smaller and lighter equipment which can be installed quickly, more cost effectively, and with less fuel drag.

High performance mobility-designed L-band

Our L-band network, currently through eight Inmarsat-3 and Inmarsat-4 satellites, is recognised as the world's most reliable global satellite communications infrastructure. It is delivering vital connectivity services to millions worldwide and supports global safety services at sea, in the air and on land. The uniquely robust, universal and enduring characteristics of Inmarsat's L-band network has helped us to establish a loyal customer and distribution base over time. We are investing in a major reinvigoration of our l-band portfolio with the launch of two Inmarsat-6 satellites which have two dual payload (L-band and Ka-band) satellites, scheduled to enter service in 2022-2023. As new connected technologies accelerate our response to the world's evolving needs and challenges, Inmarsat's reinvigorated L-band network is future-ready – and ever-more capable to take advantage of new growth opportunities uniquely addressable by a cutting edge global network.

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Our Business Model

Our purpose is to enable the connected world by placing our customers at the centre of everything we do. 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

- L-band: Our resilient L-band networks, based on our Inmarsat-3 and Inmarat-4 satellite constellations, will continue to support the evolving mobile communications requirements in our key customer segments. Our new Inmarsat -6 satellites will support our growth ambitions.
- Dual payload: The Inmarsat-6 satellites comprise two dual payload (IL-band and Ka-band) satellites due to enter commercial service in 2022. This will ensure the reorientation of our L-band capabilities towards new growth opportunities, as well as providing additional capacity to the existing GX network.
- Ka-band: Global Xpress (GX), based on our 5 Inmarsat-5 satellites currently in orbit, is the world's first global, mobile, high bandwidth network, designed to support our customers' high bandwidth connectivity requirements.
- S-band: The intergrated S-band satellite and air to ground network, the EAN, is a complelling and unique propostion for commercial aviation customers.

Supported by

- Our technology: We continue to invest in innovation to deliver market-winning solutions to our customers and differentiata 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 calue. Our culture and values are focused on innocation and performance excellence.
- Our financial resources: We use our balance sheet to support the organic and inorganic investment needed to deliver our strategic imperatives.
- Our market-leading distribution partnerships: 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.

Delivering value for 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 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 diversify, 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 Telecoms Sans Frontieres.

Our Strategy

Our strategy remains focused around our purpose of ‘enabling the connected world’ by meeting the remote and mobile connectivity requirements of our customers, reliably, securely, and globally.

Our strategy is founded on our continued drive to pioneer innovation in mobile satellite communications services. Our seamless global coverage and market-leading consistency in network reliability remains attractive to commercial and government users, whose operations require mission and business critical communications support.

Looking ahead, inherent in our purpose is an ambition to develop from being a mobile satellite communications operator to becoming a powerful, proactive digital enabler operating diversified networks and platforms across which we deliver highly-integrated, value-added digital solutions and services to our target markets and customers.

By focusing on becoming an ‘enabler for the connected world’, we will be at the forefront of supporting our customers, as their requirements for higher levels of secure and reliable bandwidth, on a global basis, continue in the future.

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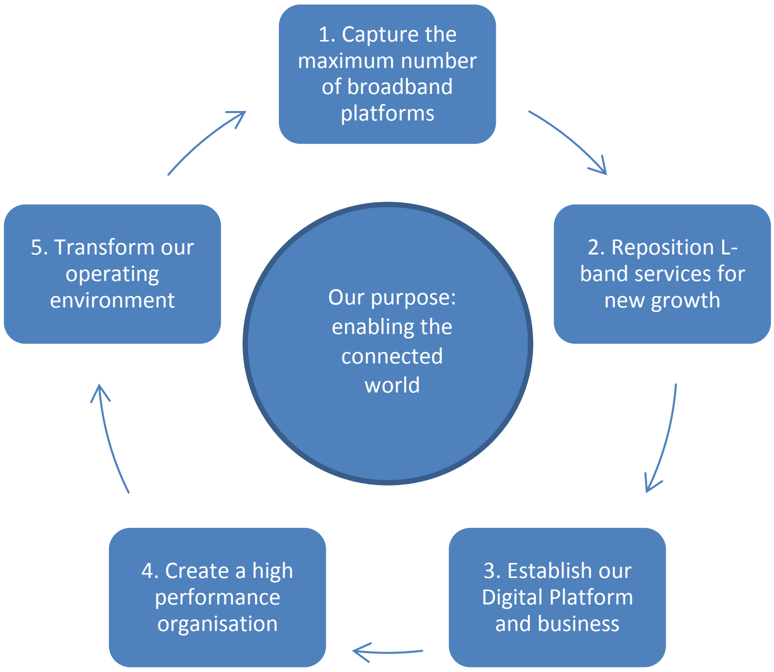
<u>Our Strategic Vision:</u>



During Covid-19, we managed the challenge for our business well and continued to meet our customers' operational needs. Whilst our core Company strategy remains unchanged, we implemented a three stage approach to manage the initial crisis and to look at a future state of the business and how it could impact all our stakeholders. The stages are:

- Survive – implement fast and effective response to the crisis.
- Reset – assimilate, analyse, re-plan and act decisively to create the conditions for a successful out-turn and long term growth.
- Thrive – succeed through the out-turn and beyond to drive strategy and results.

A fast and effective response to the crisis ('survive') was required to protect our employees, support our customers, and maintain what is essential for our future. This robust 'Covid Defence Plan' was implemented at pace with focus on liquidity and business continuity. The 'survive' element to our response strategy has been fully implemented.

As we progressed into the second phase of our response strategy, we moved our focus to growth and on implementing changes that enable us better to deliver that growth. These make us more resilient and agile, simplifying and aligning our business activities and focusing on the actions that create lasting value for all our stakeholders. The third stage is made up of three elements – a strategic review looking at our market positioning, an investment review looking at potential growth and acquisition opportunities and our Organisational Development Review (ODR) looking at our operating model. These plans all support us with the capabilities to transform our business and set us up to capture the strong growth potential.

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Engaging with our stakeholders: s172 statement

Section 172 of the Companies Act 2006 requires the Directors to take into consideration the interests of stakeholders in their decision making. The Directors have regard to the interests of our Company employees and other stakeholders, including our impact in the community, the environment, and our reputation, when making their decisions. The Directors consider what is likely to promote the success of the Company for our members in the long-term and all their decision making. This statement should be read in conjunction with the stakeholder statement on page 21.

Stakeholder	Why we engage	How we engage
Employees	We rely on the know-how, creativity and entrepreneurial spirit of all our people. New and existing talent is attracted and retained by organisations that share insight and provide development opportunities within an inclusive culture. We recognise we need the best teams to be engaged and to collaborate if we are to achieve our purpose together. We recognise we want to have a culture that fosters strong values and an environment of support for them as individuals and where we encourage our employees to bring their 'whole self to work'	The Board engages with employees, through our Global Workforce Advisory Panel (GWAP) – a body set up in line with requirements outlined in the updated Financial Reporting Council's UK Corporate Governance Code. The GWAP is made up of 15 employee representatives from across our global footprint, supported by additional 'Voice Champions' in smaller offices. The primary purpose of the group is to promote an effective two-way communications mechanism between the workforce and the management team, by capturing the views of employees on proposals and issues which affect our people, recognising barriers and enablers and helping to address them. In December 2020 we hosted a 'Voice Week', with a focus on seeking feedback on our proposed new ways of working. This serves to promote the profile of the GWAP and encourages employees to raise views through the appropriate channels. The GWAP promotes a culture of collaboration and high performance, and consults on and provides advice, support and feedback during the implementation of programmes and policies. We have formally consulted employee bodies who are regularly engaged on consultative requirements. In terms of wider employee engagement programmes the Board has delegated responsibility for all other activity through the Chief People Officer, who through the People Strategy, oversees a proactive communications and engagement programme, supporting open and honest dialogue with the global workforce and other formal global staff bodies. Regular Board papers concerning employee engagement were prepared for the Board, and more frequently during the pandemic period. The Chief People Officer made our people a focus in 2020, which is ongoing in 2021, to ensure a global programme of wellbeing and IT support, to enable the efficient working from home, was available for them throughout the Covid-19 period. Our employee engagement scores have increased over 2019 and employee feedback on specific questions relating to their wellbeing was very positive. An outcome of our employee engagement is that we are reviewing flexible working arrangement for our employees. We hope to offer our employees the choice

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Employees (cont.)		to work from home or the office. Employee feedback also noted employees were suffering from 'meeting fatigue' due to the high volume of meetings attended during the day as a result of home working. We trialled 'no meeting Friday's' during the month of February and have implemented meeting archetypes to change meeting culture to work more successfully from home.
Customers	By working collaboratively with our customers we develop innovative solutions to meet customer needs. By sharing market insight with customers we identify further opportunities together to increase revenues. We recognise that our service is mission critical to our customers and the reliability of our service is essential for them.	The Board engages with customers through the Executive Management team and receives regular information about customers in Board reports and other business reports. All significant or material contracts that are classed as Principal Decisions are approved at Board level. We seek customer feedback on a range of issues such as customer service, new products and pricing. This is done through various methods such as surveys and focus groups. We launched the first of our annual market wide customer feedback surveys in 2019 to initiate what we expected to be a productive an ongoing dialogue. Our latest survey in 2020 saw an increase of over 300% in the responses received and provided even more insightful observations which added great value to the customer experience feedback we gain from our regular customer interactions. We say an increase in both the Net Promotor Score and Customer Satisfaction scores which from an underpinning part of our customer experience measurement framework. Customers told us that they appreciate and value our global network coverage and reliability. They also said there are ways we could do more to simplify how we do business, such as increasing the self-service capability in the systems that they interface with. All the feedback received is helping us drive further improvements through our customer experience programme. The ongoing dialogue is increasing our understanding of what matters most to those who rely on our services.
Partners	We recognise that a collaborative approach to innovation and the use and capabilities of our technology can often accelerate time to market, reduce costs and create differentiation. We recognise that our service is mission critical to our partners and the reliability of our service is essential for them and their customers.	The Board engages with our partners through the Executive Management team and receives regular information about partners in Board reports and other business reports. We engage with all our partners through our regional and global partner conferences. We held our first virtual session with partners and are designed to keep partners updated on our exciting plans for 2021. We are also launching a new partner portal in 2021 through with partners will have access to news articles and blogs.
Shareholders and Lenders (our Investors)	We have a clear responsibility to engage with shareholders and lenders to our business and our shareholders' views are an important element of our strategy.	We keep our shareholders regularly informed through our Governance frameworks while lenders receive quarterly updates and a presentation on the performance of the organisation from the CFO. There is an opportunity for lenders to ask questions on the financial performance of the business at the end of each presentation. Lender

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Shareholders and Lenders (our Investors) (Cont.)		consensus is fed back directly to the Board as part of the routine financial update agenda item.
Suppliers	Supply chain integrity is a critical part of our business as we rely on our suppliers to help meet our customers' needs. During Covid-19 times, ensuring the logistic channels remained open was essential for us and our suppliers.	We engage with our suppliers via our procurement teams as well as through other functions such as legal, compliance and health and safety. Material suppliers are engaged regularly through our Supplier Relationship Management programme where we hold quarterly business reviews and annual reviews with senior management looking back at performance and forwards at future business opportunities. The Board receives information through Board reports and reviews our strategy and performance in following the requirements of the Modern Slavery Act each year. The Board reviews the payment practices of the Group as part of routine financial updates. For the full year 2020, 87% of suppliers were paid on time (2019: 49%). This significant improvement is a result of focus on improving supplier relationships for the long-term.
Local communities	Communities rightly expect local employers to operate safely, effectively and sustainably and to give back to society. Our education activities support local schools, give our people new skills, help us recruit new talent in the future and create a positive societal impact.	We engage with local communities through our local offices and sites. The Board delegates oversight to the Chief People Officer, receives regular information in the Board reports. The Chief People Officer oversees a comprehensive global outreach programme of promoting STEM careers to women and girls and tackling social mobility through partnerships with schools and targeted organisations. 2020 has challenged the execution of this programme, however our STEM outreach remains very important to us, and during 2020 we refreshed our STEM educational engagement programme, redesigning for the current context and environment. This global offering comprising a range of activities across the early years' spectrum will be delivered virtually and will extend our reach and participation. We are also partnering with the Maiden outreach programme (www.themaidenfactor.org) and supporting them to help drive awareness and understanding of STEM subjects with the communities they work with. We made a strong start to 2020 engaging with local communities as part of our STEM outreach programmes. We welcomed 150 Cadets to the London Headquarters to participate in an interactive STEM Insight Day. We hosted High School Insights Days to connect the work Inmarsat does to the STEM curriculum. We partnered with a London primary school to deliver our first Whole School STEM Takeover Day with Inmarsat volunteers running all lessons for all classes. We partnered with the Maritime Business Unit and Nekton/Encounter EDU to connect schools in our network with 'exploring the deep sea'. We hoped to exceed our targets and the impact made in 2019 and feedback, particularly on the Cadet Day and School Takeover, was overwhelmingly positive. In April 2020 all educational engagement activity was suspended

Local communities (Cont.)		due to Covid-19. Whilst we continued to liaise with schools, we were unable to offer work experience placements or STEM initiatives. Whilst we were not weren't able to have the impact we had planned in 2020, Covid-19 provided us with the opportunity to rethink how we engage with young people and we developed a range of offerings to enable greater geographical reach and a broader range of initiatives that can be delivered virtually as well as in person when appropriate. The impact of this will mean our programmes are more inclusive (more access to young people from across the globe, particularly benefiting those from disadvantaged backgrounds) with stronger links to the STEM national curriculum.

Risk Management

Risk Framework

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 in an overarching risk management policy. This policy, together with the risk management process for risk assessment and mitigation, have been implemented to focus risk management on strategic and business objectives, mitigation of the largest risks, and to comply with and support the ISO 27001 standard and accreditation. The policy sets out our risk appetite as well as roles and responsibilities.

As required by the policy, management applies the risk process to identify, assess/analyse, develop mitigation plan, implement risk management actions, re-evaluate, and control and report significant risks within the business, and to report to the Board on how those risks are being managed. Risks are initially identified, assessed, and described together with mitigation actions for each business area in individual risk reports, these are reviewed and discussed with the relevant Executive Management team member followed by a continuous improvement plan. On a quarterly basis, the risks and mitigation plan progress are formally reviewed by a Central Risk Committee represented by senior management from across the business. These risks are assessed and consolidated in a systematic way to identify the Group's principal risks and the result is a Group risk report. This quarterly Group risk report is further discussed and reviewed by the Board, which has oversight for the risk management framework. Whilst the focus is on the principal risks, the Central Risk Committee and business areas also identify and mitigate secondary risks at their meetings.

The management of risk is embedded in our everyday business activities and culture, with all our employees and contractors having an important role to play. The diligence applied by our workforce to consider risk is reflected in business cases which are submitted for approval by management and the Board. Ongoing projects have risks reported on a regular basis.

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 macroeconomic and likely to affect the performance of businesses generally, others are particular to our operations in mobile satellite services. A summary of our principal risks are shown on the following pages. The impact of Brexit is not significant in terms of overall risk on the Company.

We maintained our Brexit steering group over the course of the year in preparation for 31 December 2020 exit and this group continues to meet to ensure there remains a focus on ongoing Brexit decisions taken by the UK Government.

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It is worth commenting on two risks which became events during 2020. The first is the impact of Covid-19 which was captured as an element of one of our principal risks; the second was a separate principal risk about a sharp reduction in airline traffic which occurred due to the pandemic.

Covid-19

Covid-19 presented a significant risk to the financial and operational performance of Inmarsat. The Board and Executive Management team responded robustly and quickly to the challenges created by the spread of the virus. A Covid-19 Risk Management Group was in place over the course of the year, and remains so, to provide an agile response to the risks arising due to Covid-19 globally. We established a specific Covid-19 risk team which regularly met three times per week to consider all impacts across the business such as the wellbeing of our employees and ability to work at home safely and the ability to maintain vessel terminal installations.

This risk team reported to a specially created sub group of the Executive Management team to implement these actions for the business. These activities allowed us to maintain business continuity and provide sufficient financial liquidity to the organisation. Whilst the economic outlook remains uncertain, drawing on the information known to the business today, Management has evaluated the potential impact of a range of possible scenarios on future revenues, EBITDA and liquidity. Inmarsat has a robust business model and capital structure with strong positions in a diverse range of geographies and markets, supplying generally mission critical services to a wide range of customers. These characteristics meant that the Group produced solid results for the 2020 year bearing in mind the difficult global operating environment. The actions taken position the Group well for future growth.

Sharp reduction in air traffic

The risk of a sudden drop in aviation traffic became an event and crystallised due to the impact of Covid-19 and the sudden change in air travel. The response to the impact of Covid-19 has been managed through actions taken by the aviation business unit and as part of the Covid Defence Plan. There remains a risk covering 'sudden loss of air traffic' which is an existing but reassessed risk based on the current climate for air travel.

Risk	Background and impact	Mitigation	Trend
1. Not enough network capacity Link to Strategy: 1 & 2 Reason for change in risk trend: Aviation was the major driver of capacity in the satellite roadmap. That plan changed due to Covid-19 so the immediate pressure on GX capacity has been reduced.	- This could mean we fail to keep up with the developing business needs of our new and existing customers. - We may not be able to meet capacity needs for various reasons such as regulatory requirements, network or satellite issues, or technological difficulties which could impact our ability to generate revenues. - We may fail to optimally assess our market, technological changes, customer requirements and competitors' strategy, so we will not have enough capacity to meet the demands.	- We liaise closely with third parties across our ecosystem to review requirements and then plan our delivery against these. - Business units provide pipeline assessment to allow future capacity assessments to be performed. The capacity requirements are compared to the current infrastructure and any predicted unmet demand is used to specify future infrastructure needs. - The launch of GX5, a new Ka-band broadband satellite is providing additional capacity over Europe and the Middle East. Next generation Ka-band capacity is underway, with GX7, 8, 9 and two Arctic payloads (GX10A/B) ordered. - The use of a Radio Resource Management Module in conjunction with the Global Resource Manager will support implementation of highly	Decrease

		complex radio resource management algorithms that work in real-time to improve frequency reuse and efficiency in our L-band networks.	
2. Competition – technology disruption, new entrants and different business plans Link to Strategy: 1, 2, & 3	- We may fail to keep up with the developing business needs of our existing and new customers. - We may fail to optimally assess our market, technological changes, customer requirements and competitors' strategy, so we have not enough capacity to meet the demands. - We may develop next generation broadband services that will not meet these market opportunities, or these developments could have delays or cost overruns impacting on our market position, revenue or return on investment. - Competitors and new entrants may launch disruptive technology which impacts our business model.	- We develop a broad portfolio of products and services to address customer requirements and opportunities in several markets. This makes us more resilient to adverse developments. - We have well-established relationships with partners and signed significant strategic alliance agreements. We work closely with our partners to ensure our services, technology and capacity can meet the demand from our existing and new customers. We invest more in new satellites to meet customer capacity demands. We adapt our product and services portfolio to address technological developments. We seek to identify new customers and to migrate existing customers who would benefit from our new services. - We review the market for potential M&A opportunities and strategic options with key partners. - We undertake regular customer satisfaction reviews to gauge feedback and how we can respond to comments received.	Unchanged
3. Protectionism affects our business operations Link to Strategy: 1, 2, 3, 4, & 5	- Growing protectionism including policy changes, sanctions and trade wars could impact our business. These impacts could adversely affect our supply chain and our ability to perform installations as well as result in pressure to not sell to a particular country. If we are prevented from operating on a global	- We continuously review and adapt our strategy in reaction to developing political or economic situations. We assess and manage new risks from political decisions including protectionism that potentially could impact our business. - Inmarsat Government operates with a proxy board to allow it to manage its business in accordance with US requirements and compete	Unchanged

	basis, our revenue may be affected.	effectively for US Government business. - We work with local companies to understand how they can be ambassadors to support Inmarsat services in country in the most effective way possible. - We look at opportunities for where we can support a "made local" product development opportunity which supports our business commitment to local market requirements.	
4. Loss of an external customer or supplier Link to Strategy: 1, 2, & 3 Reason for change in risk trend: there has been an impact on some of our customers and suppliers due to the effects of Covid-19	- We rely on our distribution channel for the major part of our revenue; they may not sell our services effectively or competitively and may prefer selling our competitors' services due to better terms and conditions. - Our financial exposure may increase if our partners fail to make payments for our services. - We rely on a limited number of third party suppliers and partners in the production of our satellites, launch provider systems, terminals and products and we may have limited control over availability, quality and delivery of these goods. - A critical supplier may fail financially, go bankrupt or one of their systems may fail, which may be increased more due to the impact of Covid-19.	- We build strong relationships with all our partners and provide them with excellent services to sell in their markets. We encourage sharing of information and developing ideas through direct meetings with our partners and through our regional and global conferences. - We monitor market and partner developments and adjust our strategy to mitigate negative developments as well as to explore new opportunities to increase our customer base. - We have simplified our standard contracts and pricing in order to make it easier to do business with us. We promote fair play in our distribution channel and will not promote customer churn. - Our Group Procurement team have implemented a Supplier Relationship Management and Contract Performance approach to get closer to our suppliers and hold them to account on their actions and deliverables. We have an effective credit management process in place, assessing the credit risk of new and existing customers.	Increase

5. Major operational failure Link to Strategy: 1, 2, 3, & 5	- We face risks when our satellites are in orbit when control of them or our network may fail technically or be sabotaged. Elements of our ground network may fail or be damaged, which may affect our ability to provide services to our partners and customers. - Our network may suffer a cyberattack that damages our service offering and reputation. If our service is interrupted, it may cause physical and financial damage with possible legal and financial consequences for our business.	- We build in a high degree of redundancy in our satellites, constellations and ground network, providing a high level of protection against single points of failure. All customer-facing systems are monitored continuously by sophisticated systems and highly skilled staff who are equipped to respond to operational emergencies. - We buy insurance to compensate for the financial loss in the event a satellite or ground network element is damaged or lost. - We have disaster recovery plans for satellite and network operations which are regularly tested to ensure contingency plans work. - We are focused on ensuring our systems operate with a high degree of cyber security protection. We keep our Business Continuity Plans (BCP) updated and relevant to reflect lessons learned from the impact of Covid-19. - We use FMEA tool (Failure Modes Effects Analysis) to identify, prioritise and process risks.	Unchanged
6. Security risk Link to Strategy: 1, 2, 3, 4, & 5	- We may suffer damage to satellites, networks, information/data, systems, processes and our services to customers as a result of malicious or flawed code, unauthorised access, service denial ransom/coercion, or security compromise. This could also have a consequential impact on reputation, business plans and operations, and future revenue from risk averse customers. - Remote working on an unprecedented scale has increased the risk of	- We maintain industry-standard security measures and have increased our investment in state-of-the-art cyber countermeasures and enhanced cyber security operations to improve detection and response to incidences. - We achieved ISO 27001 Certification in 2018, List X status in 2019 and Cyber Essential Plus in 2020. An Independent security capabilities maturity assessment was performed which assessed our capabilities positively and we benefited from a set of recommendations for further enhancement.	Unchanged

	system compromises and data loss.	- We maintain a continuous improvement programme, the progress of which is independently assessed and controls are put in place accordingly. We have Disaster Recovery and Business Continuity Plans In place which are regularly tested. - We have a modern computer infrastructure that enhances protection of critical data and assets. We ensure that our processes are compliant with government legislation.	
7. Geo-political, Environmental risk, political uncertainty including Brexit impact Link to Strategy: 1, 2, 3, 4, & 5	- Where there are large downturns in the world economy affecting world trade, this can impact our business and execution of our strategy. This risk may be seen if there is slowdown in one of the major economies of the world, another pandemic, terrorist attack or natural disaster which would mean for our revenues to slowdown or severe delays in implementation of our strategy. - We could fail to comply with applicable international legislation and reporting requirements. - Failed Brexit trade negotiations could have negative impact on business in the EU and government sponsored programmes.	- We ensure the Company is financially robust and resilient in reacting to economic downturns. Having a diversified operational portfolio supports our resiliency. - We continuously monitor, review and adapt our strategy in reaction to developing political or economic situations. We assess and manage new risks such as changes in government, epidemics, natural disasters that could impact our people and business. - Inmarsat's Brexit committee analyses the impact of the UK Brexit including possible failed Brexit trade negotiations and deploys strategies and mitigation plans to minimise possible impact. - We gain support from Carbon Intelligence Company to address Climate Change risk. - We build strong relationships with in-country partners to gain understanding of working relationships to manage business uncertainty and to develop and grow revenue opportunities. - The Proxy Company for Inmarsat Government allows the company to manage its business in accordance with US requirements enabling it to	Unchanged

		compete for US government business. - The company's response to COVID-19 has demonstrated a high level of resilience and adaptability.	
8. Event leads to sharp reduction of air traffic. (This risk is looking at any new risks of a sharp reduction in air traffic, not commenting on the existing impact caused by Covid-19 which turned this risk into an event) Link to Strategy: 1	- The world has had a few events such as 9/11, SARS, Corona Virus and the Icelandic ash cloud. More events like this in the future could reduce air traffic volumes sharply, which could in turn impact our business. Our customers may ask us to cancel or halt ongoing contracts and it could be difficult to sign new contracts.	- We build a broad business portfolio and ensure the company is financially robust and resilient to any sudden sharp downturn in any one of our markets. - The pricing / commercial model for a majority of our Aviation business (including BGA JX, AOS and some IFC contracts) is subscription based and therefore does not vary with usage providing our customers confidence in our pricing model.	Unchanged
9. Spectrum, orbital slots and market access risk Link to Strategy: 1 & 2 Reason for change in risk trend: There has been increased focus on managing our L-band spectrum and operating our EAN services	- We rely on radio spectrum, which has historically been allocated without charge, to provide our services. We may not be able to coordinate usage in the future and/or may be charged for the spectrum which could affect our ability to provide services. We may not be able to obtain adequate orbital slots or we may miss deadlines to bring orbital slots into use. - Given the nature of the satellite business it is important to have access to all areas of the globe and provide coverage world-wide. This requires licensing from multiple national authorities. We may not be able to gain these licenses for various reasons.	- We consider new satellite bands for our operations and focus actively on winning/increasing Ka market share so it becomes the service of choice and it remains a priority for future use. - We proactively make ITU filings for orbital slots through several national administrations in order to create opportunities to meet our short- and long-term spectrum and orbital slot requirements. - We negotiate with other companies on orbital slots and the ability to achieve better spectrum usage and allocation. We work closely with in-country partners to obtain market access and secure licenses for our distribution channel as far as possible making any licensing requirements straightforward where appropriate. We also engage with and support regulators to ensure they understand our business model and rationale for	Increase

		obtaining and renewing our licenses. - Our Radio Resource Management Module will work in conjunction with the Global Resource Manager, implementing highly complex radio resource management algorithms that work in real-time to improve frequency reuse and efficiency in our L-band networks. - Where we can, we use existing sites to be efficient with infrastructure and resource requirements.	
10. Currency Risk Link to Strategy: 3 & 5	- Downturns in the economy of a country and/or world economy, armed conflicts and trade restrictions could impact currency exchange rates and our business and strategy. We have costs in various currencies including GBP, so a significant change in GBP value could impact our business.	- We carefully manage and monitor our cash flows, budget and plans and are prepared to make adjustments in case of large currency exchange rates. We are prepared to hedge large contracts and cash flows. - We contract with our customers and vendors in USD wherever possible. - The Group's Treasury Policy is reviewed and agreed with the Board periodically.	Unchanged
11. Satellite launch failures and cost Link to Strategy: 1 & 2	- We face risks when we launch our satellites. There are only a few satellite launch companies and if they encounter problems, our launch risk may increase. We may find that the cost and cover for insuring our satellites is impacted by global events.	- The risk is reduced by the continued successful cooperation between our space engineering team, satellite manufacturers and launch companies. We deploy an experienced team to collaborate and prepare for satellite launches. - We buy insurance to compensate for the financial loss in the event of a satellite launch failure. - We reduce the impact of a satellite launch failure by developing a robust Crisis Management plan.	Unchanged
12. Loss of people and key skills Link to Strategy: 1, 2, 3, 4, & 5	- We may fail to hire skilled people or adequately improve skills to maintain and grow our business,	- We implement our People strategy where we identify key employees, skills and skills gaps to manage human resources effectively and enable	Increase

Reason for increase in risk trend: There has been an impact on employees due to implementing working from home, the Covid Defence Plan and Organisational Development Review	deliver our strategy and complete programmes and projects. We may lose highly technical and specialist employees who have very specific skill sets that are vital to the business. We may lose knowledge with employees and consultants who leave the company. Brexit negotiations outcomes could impact EU citizens working in London and UK citizens in Europe. - We may lose employee engagement and motivation. - Our employees may suffer injury from terrorist attacks or natural disasters in our locations. - The impact of Covid-19 and the organisational development programme outcomes may impact employee morale and retention.	delivery of the Company's strategy. We invest in training and development for our employees and develop and implement recruitment strategies to ensure we have people with the skills the Company needs. - Our employee value proposition focuses on career development, training and reward to ensure we have an engaged and motivated workforce. - Inmarsat's Brexit committee deploys strategies and mitigations to minimise the possible impact on those people impacted by citizenship requirements. - We provide flexibility through the transition to remote working for the majority of staff, core systems have proved resilient for staff to be able to work from home well. - We continue to develop and enhance Crisis Management, Business Continuity Plans and Emergency response plans. - We perform regular engagement surveys to provide open communication to our employees. - There is a programme of transparent communication to keep employees updated and engaged.	
13. Financing & liquidity Link to Strategy: 1, 2, 3, 4, & 5	- We may fail to finance the business through operating cash flows, bank facilities and capital market instruments affected by failing to materially deliver our business plans and strategy, the closure of the capital markets, downturns in the economy of a country or of the world, inability to raise additional funding or funding becoming prohibitively expensive	- The organisation continuously reviews and adapts its business focus in reaction to developing political or economic situations with discussions being held in the regular Board, Executive Management Team and other senior leaders meetings. - The annual strategic planning process includes development of budget and long-range plans for the business and ensures headroom vs the debt covenants and RCF is maintained throughout the 5	New

	due to already high leverage in business. - We may be unable to access sufficient finance and liquidity which could result in restructuring and/or refinancing of the organisation.	year planning period. Performance against the budget, financial covenants and RCF headroom is evaluated each month. - The Treasury team and CFO maintain an ongoing dialogue with our relationship banks and quarterly calls with the investment community to ensure that internal and external expectations are aligned. - Effective credit management processes are in place to assess the credit risk of new and existing customers. - The organisation responded quickly and robustly to the Covid-19 pandemic and put in place comprehensive plans to ensure sufficient liquidity and headroom remains.	

Key performance indicators

The Directors of the Group manage the Group's operations on a business sector basis. For this reason, the Company's Directors believe that an analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance, or position of the Company's business. The development, performance and position of the Group are discussed in the Group's 2020 Annual Report which does not form part of this report, but can be obtained from the address detailed in Note 1 to the accounts.

DocuSigned by:
Alison Horrocks
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Alison Horrocks
Company Secretary
29 September 2021

Inmarsat Global Limited
Directors' Report
For the year ended 31 December 2020

Reporting in accordance with our Corporate Governance Policy

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

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

Board Composition
The Board comprises the CFO and an Executive Director who is also the Company Secretary. Both members of the Board are part of the Executive Management team. The Composition of the Board is determined by our Corporate Governance Policy.

Director Responsibilities
The Board received regular report on business, financial performance, employee and partner engagement as well as key business risks.

Opportunities and Risks
The Board seeks our opportunity while managing risk. The Central Risk Committee and the Executive management team ensure risks are identified and managed appropriately

Stakeholder Relationships and Engagement
Our strategic priorities and values are how we deliver our vision. The table set out in our section 172 statement on page 4-7 sets out some of the engagement that takes place with key stakeholders

The Board considers that the Company has complied fully with its corporate governance policy throughout the year.

Directors' Report

The Directors submit their annual report and the audited financial statements for the Company for the year ended 31 December 2020. The Board of Inmarsat Global Limited is pleased to present its Corporate Governance Statement for the period to 31 December 2020. 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 and wider stakeholders.

The Company is committed to the highest standards of governance and during the year adopted its own Corporate Governance Policy. Our Corporate Governance Policy is a combination of both the Wates Principles for Large Private Companies and our own existing governance frameworks which provides detailed governance principles reserved for the Board and its subsidiary boards. These principles are strictly reserved to ensure the 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.

<u>How the Board operates</u>

The Company has composed 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 their 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 page 20 of this Directors' Report).

The Directors are mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities. The Board understands is primary duties under the Companies Act 2006 and broader regulatory responsibilities e.g. General Data Protection Regulations, Anti-Money Laundering, Corporate Criminal Offence. Governance policies are in place to support these primary duties and boarder regulatory requirements.

<u>Role of the Board</u>

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 whilst complying with legal and regulatory frameworks.

Our Board is ultimately accountable for:

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

Responsibility for developing and implementing strategy is delegated to the Executive Management team. The Executive management team are listed on page 19 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 responsibility for managing risk and does not delegate overall responsibility for the approval of the risk management policy to management. There has been additional work undertaken in 2020 on risk processes and a review of the principal risks was undertaken with and by the Executive Management team to be implemented in 2021.

In accordance with the Corporate Governance Policy, principal decisions are delegated 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 (details of the principal decisions made by the Board during the reporting period are set out on page 21-23). The Executive Management team 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 and is included in the Corporate Governance Policy. This schedule covers areas such as:

- Major capital projects
- Significant capital structure changes
- Investments
- Acquisitions and divestments

In 2020 we focused on the following key areas:

- Reviewed strategic objectives
- Received reports on technology and innovation
- Received and approved the annual budget, long range business plan and the Covid Defence Plan
- Reviewed regular reports on compliance matters from the Company Secretary
- Received and approved detailed updates on the Organisational Development Review including restructuring activity
- Received detailed updates regarding new ways of working and wellbeing initiatives.

Executive Management team

The Chief Executive Officer chairs the Executive Management team which meets on a monthly basis. During 2020 due to Covid-19, these meetings were shorter in time due to different time zones of the management team and therefore additional weekly and fortnightly meetings were set up to ensure the management team remained connected and operating effectively. 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 includes:

- Rupert Pearce, CEO until 26 February 2021
- Rajeev Suri, CEO effective 1 March 2021
- Tony Bates, CFO
- Phil Balaam, President, Aviation Business Unit
- Jat Brainch, Chief Commercial and Product Officer effective 25 March 2021
- Mike Carter, President, Enterprise Business Unit
- Natasha Dillon, Chief Commercial and People Officer
- Barry French, Chief Communications and Marketing Officer effective 25 March 2021
- Fredrik Gustavsson, Chief Strategy Officer effective 28 June 2021
- Peter Hadinger, Chief Technology Officer
- Alison Horrocks, Chief Corporate Affairs Officer and Company Secretary
- Todd McDonell, President, Global Government Business Unit
- Susan Miller, CEO Inmarsat Government Inc.
- Jason Smith, Chief Operations Officer
- Ronald Spithout, President, Maritime Business Unit

Governance and conduct of Board meetings

Our Board meets as often as necessary to effectively conduct its business. During 2020, the Board met four times. Unscheduled supplementary meetings also took place as and when necessary.

	Meeting	**Percentage attendance**
Rupert Pearce	4/4	100%
Tony Bates	4/4	100%
Alison Horrocks	4/4	100%

The Directors noted above are those who served on the Board during 2020.

Key roles and responsibilities

Tony Bates is responsible for:
- The leadership and management of the Company according to the strategic direction set by the Board.
- Leading the global finance function and oversees the relationship with the investment community.
- Ensures effective reporting procedures and controls are in place

Alison Horrocks is a Director and the Company Secretary to the Board and is responsible for:
- The day to day management of the Company.
- The implementation of the business strategy.
- Ensuring that all Directors have full and timely access to all relevant information

The Board of Directors

Tony Bates (Director and CFO)

Background and relevant experience

Tony has been Inmarsat's Chief Financial Officer since June 2014. As well as responsibility for the financial running of the Company, Tony is also responsible for procurement operations and investor relations activities. Tony is a member of the Executive Management Team. Tony previously held the roles of Group CFO of Yell Group Plc (hibu Plc), Group CFO and then COO of Colt Group S.A. and Group Finance Director at EMI plc. Tony holds a First Class Honours degree in Management Sciences from the University of Manchester. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Alison Horrocks (Director and Company Secretary)

Background and relevant experience

Alison joined Inmarsat in 1999 and is responsible for risk, compliance and corporate governance across the Company. She is a member of the Executive Management Team and Chairman of the Trustee Company for the Inmarsat UK pension plans. Alison manages our operations in India, China and Russia and the legal and market access regulatory teams. She was Group Company Secretary of International Public Relations plc, a worldwide public relations company, for 11 years prior to joining Inmarsat. Alison is a Fellow of the Chartered Secretaries and Administrators.

No Director had during the year or at the end of the year any material interest in any contract of significance to the Company's business.

Principal activities

The principal activity of the Company is the supply of global mobile satellite communications services ('MSS'), providing data and voice connectivity to end-users worldwide. Following the acquisition of Inmarsat plc by Connect Topco Limited on 4 December 2019, the Company is part of the Connect Topco Ltd group of companies (the 'Group').

Results and Dividends

The Company's results for the financial year are shown in the Income Statement on page 27. No final dividend for the year ended 31 December 2020 has been declared or paid.

Future developments

The Company intends to continue operating in the areas of provision of global mobile satellite communications services including data and voice connectivity to end users.

Financial risk management

Details of the financial risk management objectives and policies of the Group are disclosed in Group accounts of Connect Topco Limited.

Research and development

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

Events since the balance sheet date

Details of events since the balance sheet date are given in Note 29 to the financial statements.

Engaging with our stakeholders: stakeholder statement

The Directors understand their responsibility to promote the success of the business in accordance with section 172 of the Companies Act 2006 (section 172).

Effective engagement with stakeholders at Board level and throughout the business is essential to enable us to meet our strategic purpose and our business objectives. The Board is aware that actions and decisions taken by the Company can impact our stakeholders and the communities in which we operate.

The Company Secretary provides support and guidance at Board meetings to ensure sufficient consideration is given in Board discussions to the impact of Board decisions on stakeholder groups and these are documented where appropriate. The relevance of each stakeholder group may change depending on the issue under discussion, so the Board seeks to understand the needs and priorities of the relevant stakeholders throughout the decision process.

We have set out our principal stakeholders and how we engage with them on pages 4 to 7 of the Strategic Report.

<u>Principal decisions</u>

We consider our 'principal decisions' as decisions and discussions, which are material or strategic to the Group and those that are significant to any of our stakeholder groups. The following are examples of how the Board considered the interests of its key stakeholders when making decisions:

Debt financing accession

In connection with the acquisition of Inmarsat Group Holdings Limited Group in December 2019 by Connect Bidco Limited, Connect Bidco had negotiated the provision of certain financing facilities. The Board made a decision to accede to the terms of the debt financing documents. In doing so, the Board balanced the repayment obligations, interest rates and fees against the provision of financing and liquidity to ensure the business was able to materially deliver its plans and strategy for the benefit of our customers and partners. The Board believed the accession to the finance documents supported the strategic ambitions of the business by maintaining financial strength to meet the needs of the future.

Culture

The Board has ultimate oversight of the development of the people and culture programme to contribute to a sustainable business and ensure this is delegated to the Executive Management team to deliver throughout the Company. During 2020 the focus due to the impact of Covid-19 has been on the physical, mental and financial wellbeing of employees to boost resilience, prevent burnout and maintain 'business as usual' as far as possible, albeit in a new homeworking environment. The Board is supportive of new flexible working patterns, the implementation of options designed to tackle meeting and email overload and the use of social and collaborative platforms designed to create space for employees to think and work differently. The Board is supportive of opportunities for employees to give back to the community and support STEM initiatives. We also created virtual work experience opportunities for our employees' children. By fostering an environment where employees are supported, this allows them to have a balance in their work/personal lives. This has meant our engaged workforce has continued to move the business forward and operate efficiently which has benefitted all our stakeholder groups.

2020 ESG Report

Our 2020 Environmental, Social and Governance (ESG) Report is available on our inmarsat.com website and contains additional information on our non-financial risk management. Taking account of our responsibilities socially and environmentally is important in the way we operate and interact with all our stakeholders. This way of working creates value for all our stakeholders.

Employees

2020 has been a challenging year for all organisations and Inmarsat is no exception. Our people agenda has been dominated by the Covid-19 global pandemic and responding to it. Culture and values are truly tested in times of crisis and Inmarsat's culture and values have led our response to the pandemic. Alongside setting out a clear framework and approach that prioritised keeping our people safe and protecting our key services for our customers, we have also taken advantage of the pandemic to continue to progress our high performance culture agenda which forms a key element of our company strategy.

Covid-19 response
Our first priority for 2020 was to protect our people and support them to keep safe and provide strong leadership through the crisis. A central Covid-19 risk management team has been guiding our response and supporting our people to adapt to the crisis and challenges it raised. This included the swift move to a fully remote working model for all but our critical key workers, to supporting our employees as they navigated and adapted to additional home schooling and caring responsibilities that global lockdowns have driven. We have adapted our workspaces across our offices to incorporate appropriate government guidance and practices to keep our employees safe and offered tools, best practice, management support and advice to those working remotely.

Employee wellbeing followed the initial response as a key priority for the remainder of 2020, and we have focused on delivering a comprehensive package of support and information to colleagues throughout the year across the three pillars of our wellbeing strategy - mental, physical, and financial health. Activity has included continued access to our global employee assistance programme, creation of bespoke online learning and virtual wellbeing activities, additional financial support for home office equipment, a wellbeing hub and a regular newsletter.
We operate flexible benefits plans which allow employees to select the benefits which meet their personal or family circumstances. We have a comprehensive programme to support employee wellbeing (physical, mental, and financial). Our global employee assistance programme operates 24/7 to provide employees with critical support around mental and emotional wellbeing. We also encourage employee financial wellbeing through access to financial education and advice.

Communications have also been fundamental to our response, keeping our people informed and engaged. These updates reinforce government guidance on keeping safe and well, to accessing wellbeing support, to understanding the impact on our business. Listening has been critical, and throughout the year we have worked with our global employee representative bodies to seek feedback on our activities and adjust and amend support as required. Alongside dealing with the crisis response we have also had to adapt execution and delivery of our regular people activities. We have reviewed our core Learning and Development offering, much of which was delivered face to face, and swiftly moved to adapt to a virtual offering. Our Corporate induction, including High Performance Culture familiarisation which is central in educating our new employees on our culture and values, have become a global virtual offering and we have received positive feedback from those who have joined during office lockdowns on how this still supports them feeling connected to colleagues and the business. Similarly, our bespoke Senior Leadership Team (SLT) Development programme has been adapted to be delivered as a virtual monthly SLT Thought Leadership series. As a market leading technology company, we take our role in nurturing STEM in the next generation very seriously and have a comprehensive early years outreach programme. This too, has been refreshed for our current environment and going forwards our educational engagement will be delivered virtually, enabling us to expand reach and participation globally.

Diversity & Inclusion (D&I)
Inmarsat embraces diversity and prides itself on its Diversity and Inclusion strategy, creating opportunities for all and making Inmarsat a place where everyone can bring their whole self to work. This year has seen us accelerate our D&I work with the creation of our EDEN (Ethnic Diversity Empowerment Network) network, that will help us drive initiatives to increase greater ethnic representation. This new network complements our Women's, LGBT+ and Veteran's networks that already exist across the organisation. Additional information on D&I is available in our 2020 ESG report.

Flexible working
2020 has also accelerated our move to further employees' work life balance and support a more flexible working environment. Creating an environment where our people can thrive and balance their work and lives, has always been important to us – this year's swift move to full remote working has brought invaluable experience and learnings to help shape our flexible working policy. We have developed a more structured 'ways of working' proposal, which we will launch in 2021.

Gender Pay Gap
Inmarsat's Gender Pay Gap report is available on our Inmarsat.com website and also in our 2020 ESG Report.

Environmental performance and strategy

We recognise the impact that our products and services may have on climate change and are working to review how we can reduce our environmental impacts and our carbon footprint. As an example across the broader satellite industry, satellite launch companies are reviewing how they become more accountable for carbon generation through innovative new satellite launch techniques. We will work together with our industry partners, including our 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 in our 2020 ESG Report which can be found on our website.

Directors' indemnity

Each of the Directors benefit from an indemnity given by the Company under its Articles of Association. This indemnity is in respect of liabilities incurred by the Director in the execution and discharge of his or her duties.

Going concern

In determining whether the Company's financial statements can be prepared on a going concern basis, the Directors' have considered all the factors likely to affect its future development, performance, and its financial position, including the matters disclosed in the Strategic and Directors' Report. The Company is part of the Connect Bidco Limited Group ('Bidco'), ultimately owned by Connect Topco Limited. The going concern review completed at the date of signing the Bidco accounts is set out within the Connect Bidco Limited 2020 annual report, which does not form part of this report but can be obtained from the address detailed in Note 1. Consequently, the Company continues to adopt the going concern basis in preparing the 2020 financial statements.

Inmarsat Global Limited
Directors' Report
For the year ended 31 December 2020

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') issued by the Financial Reporting Council (FRC). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these 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;
- provide additional disclosures when compliance with the specific requirements in FRS 101 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor

Deloitte LLP are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

The Company is not required to hold Annual General Meetings. Subject to the receipt of any objections as provided under Part 13, sections 281 to 361 of the Companies Act 2006, Deloitte are deemed re-appointed in accordance with section 485 Companies Act 2006.

By order of the Board

DocuSigned by:
Alison Horrocks
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Alison Horrocks
Company Secretary
29 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INMARSAT GLOBAL LIMITED

Opinion

In our opinion the financial statements of Inmarsat Global Limited (the 'Company'),

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 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, 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.

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.

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 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.

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, except to the extent otherwise explicitly stated in our report, 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.

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 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 company or to cease operations, or have no realistic alternative but to do so.

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.

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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and relevant tax legislation; and
- 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.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Accounting for complex contracts:
    - Assessing the relevant controls over accounting for the complex contracts;
    - Obtaining Amendment 5 & 6 of the Cooperation Agreement with Ligado Networks LLP signed in the year along with Management's accounting paper. We determined whether the identification of performance obligations under IFRS 15 was appropriate. This included consideration of the valuation of the standalone selling price of each performance obligation; and
    - Assessing whether collectability was probable in the future, and therefore whether revenue should be recognised under this contract.

- Accounting for capital expenditure on assets under construction:
    - Assessing the relevant controls over the capital project 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;
    - Challenging management's assessment of the impact of Covid-19 on each project by having discussions with relevant project managers;

- Examining the ageing profile of assets under construction at year-end and assessing whether any items had aged that were not still under construction by agreeing to costs incurred during the year;
- Obtaining supporting calculations for borrowing costs, verifying the inputs and checking the mechanical accuracy of the model through recalculating the cost capitalised; and
- For those material assets that entered service in the year, assessing whether depreciation had commenced in accordance with IAS 16.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

James Isherwood ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
September 2021

Inmarsat Global Limited
Income Statement
For the year ended 31 December 2020

($ in millions)	Notes	2020	2019 (restated)[1]
Revenue	4	**1,137.3**	**1,091.5**
Employee benefit costs	6	(158.4)	(185.1)
Network and satellite operations costs		(50.1)	(63.1)
Other net operating costs	5	(435.2)	(423.9)
Own work capitalised		34.4	41.6
Total net operating costs		(609.3)	(630.5)
EBITDA		**528.0**	**461.0**
Depreciation and amortisation	5	(333.9)	(357.2)
Impairment loss on fixed and intangible assets	5	(10.3)	(12.4)
Operating profit		**183.8**	**91.4**
Financing income	7	158.6	73.9
Financing cost	7	(40.0)	(2.9)
Net financing income	7	**118.6**	**71.0**
Profit before income tax		**302.4**	**162.4**
Income tax expense	8	(84.0)	(36.2)
Profit for the year		**218.4**	**126.2**

1 The comparative information has been restated. A summary of the restatements made is provided in note 30.

Statement of Comprehensive Income
For the year ended 31 December 2020

($ in millions)	Notes	2020	2019 (restated)[1]
Profit for the year		**218.4**	**126.2**
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Gain on cash flow hedges	23	-	0.5
Items that will not be reclassified subsequently to the income statement:			
Remeasurement of the defined benefit asset and post-employment benefits	24	(29.1)	(4.2)
Tax charged directly to equity	8	5.5	0.5
Other comprehensive loss for the year, net of tax		**(23.6)**	**(3.2)**
Total comprehensive income for the year, net of tax		**194.8**	**123.0**

1 The comparative information has been restated. A summary of the restatements made is provided in note 30.

Inmarsat Global Limited
Balance Sheet
As at 31 December 2020

($ in millions)	Notes	As at 31 December 2020	As at 31 December 2019 (restated)[1]	As at 31 December 2019
Assets				
Non-current assets				
Property, plant and equipment	11	2,668.5	2,757.4	2,754.3
Intangible assets	12	360.5	357.4	357.4
Investments	13	16.8	16.8	16.8
Other receivables	16	2,317.9	994.7	994.7
Right of use assets	14	28.3	33.9	33.9
		5,392.0	**4,160.2**	**4,157.1**
Current assets				
Cash and cash equivalents	15	233.5	108.1	108.1
Short-term deposits		688.1	-	-
Trade and other receivables	16	2,650.5	2,766.3	2,786.1
Inventories	17	14.8	16.6	16.6
		3,586.9	**2,891.0**	**2,910.8**
Total assets		**8,978.9**	**7,051.2**	**7,067.9**
Liabilities				
Current liabilities				
Borrowings	18	472.8	319.5	319.5
Trade and other payables	19	2,507.2	1,936.5	1,936.5
Provisions	20	8.1	2.0	2.0
Current income tax liabilities	21	153.8	136.4	140.5
Current derivative financial liability		-	0.3	0.3
Lease obligations	14	7.7	7.3	7.3
		3,149.6	**2,402.0**	**2,406.1**
Non-current liabilities				
Borrowings (non-current)	18	1,567.5	647.6	647.6
Other payables (non-current)	19	10.9	8.7	8.7
Provisions (non-current)	20	4.3	4.7	4.7
Deferred income tax liabilities	21	332.9	265.9	265.7
Lease obligations (non-current)	14	31.4	35.9	35.9
		1,947.0	**962.8**	**962.6**
Total liabilities		**5,096.6**	**3,364.8**	**3,368.7**
Net assets		**3,882.3**	**3,686.4**	**3,699.2**
Shareholders' equity				
Ordinary shares	22	760.6	760.6	760.6
Share premium		1,211.2	1,211.2	1,211.2
Other reserves		1.6	0.5	0.5
Retained earnings		1,908.9	1,714.1	1,726.9
Total shareholders' equity		**3,882.3**	**3,686.4**	**3,699.2**

1 The comparative information has been restated. A summary of the restatements made is provided in note 30.

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

The financial statements of Inmarsat Global Limited, registered number 3675885, were approved by the Board of Directors on 29 September 2021 and signed on its behalf by:

DocuSigned by:
Tony Bates
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Tony Bates
Director
29 September 2021

Inmarsat Global Limited
Statement of Changes in Equity
For the year ended 31 December 2020

($ in millions)	Ordinary share capital	Share premium	Capital contribution reserve	Share option reserve	Revaluation reserve	Cash flow hedge reserve[3]	Retained earnings	Total
Balance at 31 December 2018	**760.6**	**1,211.2**	**-**	**48.7**	**0.1**	**(4.1)**	**1,550.3**	**3,566.8**
Prior period restatement[1]	-	-	-	-	-	-	(9.4)	**(9.4)**
Balance at 31 December 2018	**760.6**	**1,211.2**	**-**	**48.7**	**0.1**	**(4.1)**	**1,540.9**	**3,557.4**
Share options charge	-	-	-	12.9	-	-	(0.5)	**12.4**
Capital contribution	-	-	1.6	-	-	-	-	**1.6**
IFRIC 23 Adjustment[2]	-	-	-	-	-	-	(10.4)	**(10.4)**
Transfer share option reserve to retained earnings	-	-	-	(61.6)	-	-	61.6	**-**
Losses on cash flow hedges capitalised on tangible assets	-	-	-	-	-	2.4	-	**2.4**
Comprehensive Income:	-	-	-					
Profit for the period	-	-	-	-	-	-	126.2	**126.2**
Other comprehensive (loss) / income – before tax	-	-	-	-	-	0.5	(4.2)	**(3.7)**
Other comprehensive loss – tax	-	-	-	-	-	-	0.5	**0.5**
Balance at 31 December 2019	**760.6**	**1,211.2**	**1.6**	**-**	**0.1**	**(1.2)**	**1,714.1**	**3,686.4**
Profit for the period	-	-	-	-	-	-	218.4	**218.4**
Losses on cash flow hedges capitalised on tangible assets	-	-	-	-	-	1.1	-	**1.1**
Comprehensive Income:								
Other comprehensive income / (loss) – before tax	-	-	-	-	-	-	(29.1)	**(29.1)**
Other comprehensive loss – tax	-	-	-	-	-	-	5.5	**5.5**
Balance at 31 December 2020	**760.6**	**1,211.2**	**1.6**	**-**	**0.1**	**(0.1)**	**1,908.9**	**3,882.3**

1 The comparative information has been restated. A summary of the restatements made is provided in note 30.

2 For IFRIC 23 adjustment, refer to Note 2 for further details

3 Refer to Note 23 for a reconciliation of this account.

Inmarsat Global Limited
Notes to the Financial Statements
For the year ended 31 December 2020

1. General Information
The principal activity of the Company is the supply of global mobile satellite communications services ('MSS'), providing data and voice connectivity to end-users worldwide. It is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and domiciled in England and Wales. The address of its registered office is 99 City Road, London, EC1Y 1AX.

The ultimate controlling party of the Company is Connect Topco Limited which is an entity based in Guernsey. The results of the Company are consolidated into Connect Topco Ltd (the 'Group'). The immediate parent company is Inmarsat New Ventures Limited ("INVL") based in the United Kingdom and registered in England and Wales.

The Group accounts of Connect Topco Ltd can be obtained from the Company's registered address, 99 City Road, London, EC1Y 1AX.

These financial statements reflect the activities of the Company, Inmarsat Global Limited (Qatar Branch) being the Company's branch office in Qatar, and Inmarsat Global Limited (Fucino Branch) being the Company's branch office in Italy.

2. Principal accounting policies
The principal accounting policies adapted 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 Financial Reporting Standard 101, 'Reduced disclosure Framework' (FRS 101). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of IFRS. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. The financial statements have, therefore, been prepared in accordance with FRS 101.

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

In accordance with paragraph 4(a) of IFRS 10 and Section 400 of the Companies Act, the Company has elected not to prepare consolidated financial statements and has presented separate Company financial statements. Investments are held at cost less any impairments to date.

The financial statements have been prepared under the historical cost convention, modified for certain items carried at fair value, as stated in the accounting policies. A summary of the more significant accounting policies is set out below. These policies have been applied consistently for all the years presented unless otherwise stated.

Going Concern
In determining whether the Company's financial statements can be prepared on a going concern basis, the Directors' have considered all the factors likely to affect its future development, performance and its financial position, including the matters disclosed in the Strategic and Directors' Report. The Company is part of the Connect Bidco Limited Group ('Bidco'), ultimately owned by Connect Topco Limited. The going concern review completed at the date of signing the Bidco accounts is set out within the Connect Bidco Limited 2020 annual report. The going concern of the Company is reliant on Bidco's financing facilities.

Despite the uncertain economic outlook related to Covid-19, the Directors of Bidco continue to believe that Bidco has a robust business model and good medium to long-term growth prospects. Bidco has responded robustly and quickly to the challenges created by the spread of the virus and material actions have been and will be taken as appropriate to maintain Bidco business continuity and provide sufficient liquidity to the Bidco Group. As at 31 December 2020, Bidco has $1,638m of liquid resources (Cash: $938m and undrawn credit facilities: $700m) and an expectation that Bidco will generate positive free cash flow and reduce leverage over the medium to long term.

2. Principal accounting policies (continued)

At the date of signing of these financial statements the Directors' have considered all the factors impacting the Company and Bidco's business, including downside sensitivities. This includes information pertaining to the potential operational and financial impacts of Covid-19 to the Company and Bidco. The Directors' therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company and Bidco continue to adopt the going concern basis in preparing the 2020 financial statements.

Basis of accounting
The preparation of the financial statements in conformity with FRS 101 requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the Balance Sheet dates and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best estimate of the amounts, events or actions, the actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Foreign currency translation
The functional and presentation currency of the Company is the US dollar, as the majority of operational transactions are denominated in US 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 period end exchange rates are recognised in the income statement line which most appropriately reflects the nature of the item or transactions.

Revenue
The Company 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.

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 Company 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 (such as Ligado Networks), 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.

2. Principal accounting policies (continued)

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 Company offers certain products and services as part of multiple deliverable arrangements. Consistent with all other contracts, the Company will assess whether the performance obligations are distinct by considering whether 1) the customer can benefit from good or service on its own; or together with other readily available resources 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 stand-alone selling price relative to the total of all performance obligations' stand-alone selling prices under the contract.

The nature of the contracts within the Company 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 Company adjusts the transaction price to a present value where the effect of discounting is deemed to be material. The Company 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 Company.

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 funds invested and the net interest on the net defined benefit asset and post-employment liability. Financing costs comprise interest payable on borrowings including bank overdraft, amortisation of deferred financing costs and the unwind of the discount on deferred satellite liabilities.

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. Trade and other receivables, including prepaid and accrued income are classified as financial assets at amortised cost under IFRS-9. The Company stratifies trade debtors based on internal credit ratings. The Company 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, comprise cash balances, deposits held on call with banks, money market funds and other short-term, highly liquid investments with maturities of three months or less. Cash and cash equivalents are classified as financial assets at fair value through profit and loss under IFRS-9. 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

2. Principal accounting policies (continued)

Financial liabilities and equity
Trade and other payables
Trade and other payables are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings, comprising interest-bearing intercompany loans and bank overdrafts, 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.

Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

Derivative financial instruments
In accordance with its treasury policy, the Company 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.

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. At present the Company only hedges certain foreign currency milestone payments to Airbus and Thales for the construction of the I-6 and GX-5 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.

Hedge Accounting
Given the Company's limited hedging activities and the lack of benefit to financial statement users for adopting the hedging requirements of IFRS 9, the Company has elected not to adopt this until mandatory and has maintained the treatment under IAS 39.

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 Company.

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 Company 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.

The Company recognises liabilities relating to defined benefit pension plans and post-employment benefits in respect of employees. The Company's net obligations in respect of defined benefit pension plans and post-employment benefits are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculations are performed by qualified actuaries using the projected unit credit method.

2. Principal accounting policies (continued)

All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are immediately recognised in the Statement of Comprehensive Income.

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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income 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 Company 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 Company intends to settle its current tax assets and liabilities on a net basis.

Investment in subsidiaries
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.

Research and development costs
Research expenditure is expensed when incurred. Development expenditure is expensed when incurred unless it meets criteria for capitalisation. Development costs are only capitalised once the technical feasibility and commercial viability of a business case has been demonstrated and they can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of expected future benefit. Amortisation is recorded in the Income Statement.

Property, plant and equipment
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. These space segment assets are depreciated over the life of the satellites from the date they become operational and are placed into service.

2. Principal accounting policies (continued)

Assets in the course of construction
These assets will be transferred to space segment assets and depreciated over the life of the satellites or services once they become operational and placed into service. No depreciation has yet been charged on these assets.

Capitalised borrowing costs
The Company incurs borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale and capitalises these borrowing costs as part of the cost of the asset. Capitalisation commences when the Company 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 stated at historical cost less accumulated depreciation.

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 Company selects its depreciation rates and residual values carefully and reviews them annually to take account of any changes in circumstances. When setting useful economic lives, the principal factors the Company takes into account 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.

Derecognition
A fixed asset 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 included in the Income Statement.

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

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is recognised in profit or loss in the period in which the expenditure is incurred. Development costs directly relating to the development of new services are capitalised as intangible assets once a business case has been demonstrated as to technical feasibility and commercial viability.

Intangible assets with a finite useful life are amortised on a straight-line basis over the life of the asset and the amortisation period and method are reviewed each financial year. Intangible assets with an indefinite useful life are reviewed annually for impairment.

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 Company. At the commencement date, the Company, 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 Company. 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-

2. Principal accounting policies (continued)

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.

Impairment reviews
All assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in technology and business performance. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows, these are known as cash generating units. An impairment loss is recognised in the Income Statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. 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.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 Company 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 presented in the Income Statement.

3. Critical accounting judgements and key sources of estimation uncertainty
In the application of the Company's accounting policies, the Director's 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 period 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.

The preparation of the financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenue and expenses during the reported period.

Key sources of estimation uncertainty
Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The following key estimate has been made:

(a) Taxation
The calculation of the Company's uncertain tax provisions involves estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process. Issues can, and often do, take a number of years to resolve. The amounts recognised or disclosed are derived from the Company's best estimation. However, the inherent uncertainty regarding the outcome of these means eventual realisation could differ from the accounting estimates and therefore impact the Company's results and cash flows.

3. Critical accounting estimates and key judgements (continued)

Critical judgements in applying the Company's accounting policies
In the process of applying the Company's accounting policies, the following judgements have been made, which have the most significant effect on the amounts recognised in the financial statements:

(b) Revenue in respect of the Ligado Networks Cooperation Agreement
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 was segregated into phases and designed to enable and support the deployment of an ATC network by Ligado in North America. The Cooperation Agreement has been modified a number of times, and the guidance in IFRS15 on contract modifications has been applied to determine whether, for the purposes of applying the five-step model in IFRS 15, a modification is treated as a new contract or an amendment to an earlier contract.

In April 2020, the Federal Communications Commission announced that it had conditionally approved Ligado's application to deploy a low-power terrestrial nationwide network in the L-band that will primarily support 5G and Internet of Things services. In line with the Cooperation Agreement, a quarterly payment of $33.3m was made by Ligado to Inmarsat, with interest, in May 2020. This quarterly payment is considered a separate contract under IFRS 15, for which substantially all amounts due have been collected and therefore this has been recognised as revenue.

Amendment 5 & 6 to the Cooperation Agreement was entered into with Ligado with effect as of June 2020 under which Ligado paid $700m upfront in Q4 2020. The amendment also 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 lease payment obligations to 2107 for a cash payment ranging between $825m - $968m.

For the year ended 31 December 2020, the Group recognised $33.3m of revenue with nil operating costs (year ended 31 December 2019: $0.2m and $0.2m respectively). 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 under which Ligado is obliged to make future payments. As a result, no further revenue has been recognised.

At 31 December 2020, deferred income of $906.5m (2019: $206.5m) was recorded on the balance sheet. $206.5m represents services not yet performed relating to issues including interference resolution for which payment has already been received from Ligado. $700m represents the upfront payment received pursuant to Amendment 5 & 6.

At 31 December 2020, a receivable of $17.9m (2019: $35.0m) has been recorded on the balance sheet relating to the deferrals and interest receivable of $2.0m (2019: $3.9m). A 51% impairment has been recognised in 2020 in order to comply with IFRS 9 and align with our conclusion that uncertainty remains around the collection of future monies. 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.

(c) Capitalisation of space segment assets and associated borrowing costs
The net book value of space segment assets is currently $1,570.9m (2019: $1,628.6m). There have been additions and transfers of $182.2m in the year (2019: $622.1m). 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 and;
- whether an asset is deemed to be substantially complete and as a result capitalisation of borrowing costs should cease.

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4. Revenue

Revenue, which is stated net of value added tax, represents amounts received and receivable from the Company's continuing principal activity. During the year ended 31 December 2020, 95.2% (2019: 94.3%) of the Company's revenue was to markets outside the United Kingdom.

5. Profit before income tax

Costs are presented by the nature of the expense to the Company. Network and satellite operations costs comprise costs to third parties for network service contracts, operating lease rentals and services. A further breakdown of employee benefit costs is given in Note 6.

Profit before income tax is stated after charging the following items:

($ in millions)	Notes	2020	2019
Depreciation of property, plant and equipment	11	252.2	284.6
Amortisation of intangible assets	12	74.2	66.1
Depreciation of right-of-use assets	14	7.4	6.5
Impairment[1]	11,12	10.3	12.4

1 Relates to $8.2m and $2.7m of tangible and intangible asset impairments respectively (2019: $12.3m and $0.1m of tangible and intangible assets respectively), offset by a reversal of $0.6m.

($ in millions)	2020	2019 (restated) [1]
Cost of inventories recognised as an expense	25.5	54.3
Research costs expensed	2.5	1.8
Intercompany management charges	297.6	209.3
Professional Fees	26.2	82.4
Other operating costs[1]	83.4	76.1
Total other net operating costs	**435.2**	**423.9**

1 The comparative information has been restated. A summary of the restatements made is provided in note 30.

The analysis of the Auditor's remuneration is as follows:

($ in millions)	2020	2019
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	0.1	0.1
Total audit fees	**0.1**	**0.1**
Fees payable to the Company's Auditor for other services to the Company:		
- Other Services	-	0.3
Total other fees payable	**-**	**0.3**
Total Auditor's remuneration	**0.1**	**0.4**

6. Employee benefit costs

($ in millions)	2020	2019
Wages and salaries	134.0	145.6
Social security costs	14.9	15.1
Share options charge (including employers' National Insurance	1.0	16.8
Defined contribution pension plan costs	8.5	7.1
Defined benefit pension plan costs [a]	-	0.4
Post-employment benefits costs [a]	-	0.1
Total employee benefit costs	**158.4**	**185.1**

(a) Defined benefit pension plan costs and post-employment benefits costs include current service cost for 2020 (see Note 24).

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6. Employee benefit costs (continued)

None of the Directors received any remuneration from the Company during the year (2019: nil).

Employee numbers

The average monthly number of people (including the Executive Directors) employed during the year by category of employment:	2020	2019
Operations	473	489
Sales and marketing	166	148
Development and engineering	145	148
Administration	236	124
Total	**1,020**	**909**

7. Financing income

($ in millions)	2020	2019
Intercompany interest payable	93.9	34.3
Other interest	9.7	2.2
Financing costs	**103.6**	**36.5**
Less: Amounts included in the cost of qualifying assets[(a)]	(63.6)	(33.6)
Total financing costs	**40.0**	**2.9**
Intercompany interest receivable	155.2	65.0
Bank interest receivable and other interest	3.4	8.9
Total financing income	**158.6**	**73.9**
Net financing income	**118.6**	**71.0**

(a) Borrowing costs included in the cost of qualifying assets during the year are calculated by applying a capitalisation rate to expenditure on such assets. The average interest capitalisation rate for the year was 7.0% (2019: 6.7%).

8. Taxation

Tax charge recognised in the Income Statement:

($ in millions)	2020	2019 (restated) [1]
Current tax:		
Current year	(39.0)	(11.6)
Adjustments in respect of prior periods	27.1	(19.0)
Total current tax charge	**(11.9)**	**(30.6)**
Deferred tax:		
Origination and reversal of temporary differences	(13.0)	(16.2)
Adjustments due to changes in corporation tax rates	(33.5)	-
Adjustments in respect of prior periods	(25.6)	10.6
Total deferred tax charge	**(72.1)**	**(5.6)**
Total income tax charge	**(84.0)**	**(36.2)**

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8. Taxation (continued)

($ in millions)	2020	2019 (restated) [1]
Profit before tax	**302.4**	**162.4**
Income tax at 19.0% (2019: 19.0%)	(57.5)	(30.9)
Differences in overseas tax rates	0.9	1.2
Adjustments in respect of prior periods	1.5	(8.4)
Adjustments due to changes in corporation tax rates	(32.0)	-
Impact of fixed asset disposals and impairments	(2.0)	10.1
Impact of UK patent box regime	6.3	4.6
Unrelieved foreign tax	(0.6)	(1.7)
Rate difference between current and deferred tax	-	(3.0)
Other non-deductible expenses / non-taxable income	(0.6)	(8.1)
Total income tax charge	**(84.0)**	**(36.2)**

Tax charged to equity:

($ in millions)	2020	2019
Deferred tax charge on share based payments	-	(0.5)
Total tax credited to equity	**-**	**(0.5)**

Tax charged to OCI:

($ in millions)	2020	2019
Deferred tax credit on actuarial gains and losses from pension and post- employment benefits	5.4	0.5
Total tax credited to equity	**5.4**	**0.5**

1 The comparative information has been restated. A summary of the restatements made is provided in note 30.

9. Net foreign exchange (gains) / losses

($ in millions)	2020	2019
Pension and post-employment liability gain	0.0	(0.8)
Other foreign exchange (gains) / losses	(0.3)	0.6
Total foreign exchange gains	**(0.3)**	**(0.2)**

10. Dividends

The Company declared no dividends and paid no existing dividends payable during the year ended 31 December 2020. For the year ended 31 December 2019, the Company declared no interim dividends and paid dividends of $79.0m.

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11. Property, plant and equipment

($ in millions)	Services equipment, fixtures and fittings	Space segment	Assets in the course of construction	Total
Cost:				
Cost at 31 December 2019	**326.5**	**3,859.0**	**998.2**	**5,183.7**
Restatement[1]	-	-	3.1	**3.1**
Cost at 1 January 2020 (restated)	**326.5**	**3,859.0**	**1,001.3**	**5,186.8**
Additions	0.2	0.7	194.6	**195.5**
Transfers from assets in the course of construction	10.7	181.5	(192.2)	**-**
Transfers	(2.6)	-	(2.9)	**(5.5)**
Impairment	-	(7.3)	-	**(7.3)**
Disposals	(11.0)	(82.4)	(15.6)	**(109.0)**
Cost at 31 December 2020	**323.8**	**3,951.5**	**985.2**	**5,260.5**
Accumulated depreciation:				
Accumulated depreciation at 1 January 2020	(190.1)	(2,230.4)	(8.9)	**(2,429.4)**
Restatement[1]	-	-	-	**-**
Accumulated depreciation at 1 January 2020 (restated)	**(190.1)**	**(2,230.4)**	**(8.9)**	**(2,429.4)**
Charge for the year	(24.2)	(228.3)	-	**(252.5)**
Disposals	10.4	78.4	-	**88.8**
Impairment losses	(0.6)	(0.3)	-	**(0.9)**
Transfers	2.0	-	-	**2.0**
Accumulated depreciation at 31 December 2020	**(202.5)**	**(2,380.6)**	**(8.9)**	**(2,592.0)**
Net book amount at 31 December 2019 (restated)[1]	**136.4**	**1,628.6**	**992.4**	**2,757.4**
Net book amount at 31 December 2020	**121.3**	**1,570.9**	**976.3**	**2,668.5**

1 The comparative information has been restated. A summary of the restatements made is provided in note 30.

The lives assigned to significant tangible fixed assets are:
Space segment assets:

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

12. Intangible Assets

($ in millions)	Terminal development and network access costs	Spectrum rights, orbital slots and licenses	Customer relationships	Software	Trademarks	Total
Cost:						
Cost at 1 January 2020	**225.9**	**83.4**	**13.6**	**412.7**	**0.1**	**735.7**
Additions	18.0	12.0	-	49.6	-	**79.6**
Disposals	(0.9)	(0.1)	-	(4.2)	-	**(5.2)**
Impairments	(1.2)	-	-	(1.3)	-	**(2.5)**
Transfers	(0.1)	5.6	-	-	-	**5.5**
Cost at 31 December 2020	**241.7**	**100.9**	**13.6**	**456.8**	**0.1**	**813.1**
Accumulated depreciation:						
Accumulated depreciation at 1 January 2020	**(180.9)**	**(31.2)**	**(13.6)**	**(152.6)**	**-**	**(378.3)**
Charge for the year	(16.7)	(7.7)	-	(49.8)	-	**(74.2)**
Disposals	-	0.1	-	1.9	-	**2.0**
Impairment losses	0.2	-	-	(0.4)	-	**(0.2)**
Transfers	-	(2.0)	-	-	-	**(2.0)**
Accumulated depreciation at 31 December 2020	**(197.4)**	**(40.8)**	**(13.6)**	**(200.9)**	**-**	**(452.6)**
Net book amount at 31 December 2019	**45.0**	**52.2**	**-**	**260.1**	**0.1**	**357.4**
Net book amount at 31 December 2020	**44.3**	**60.1**	**-**	**255.9**	**0.1**	**360.5**

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

Other consists of orbital slots, licences, spectrum rights and unallocated launch slots. Orbital slots and licences relate to the Company'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. Amortisation of the GX programme finite life assets commenced when the Inmarsat-5 satellites went operational in December 2015. Unallocated launch slots are not amortised until allocated to a satellite asset where they are re-classed to Property, Plant and Equipment and depreciated in-line with Company policy discussed in Note 2.

Distribution rights represent the consideration paid by the Company in relation to its appointment as the exclusive wholesaler of existing ACeS services. This has now been fully amortised.

Software includes the Company'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 Company 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 five to ten years.

13. Investments

($ in millions)	As at 31 December 2020	As at 31 December 2019
Investment in Inmarsat New Zealand Limited	16.8	16.8
Total investments	**16.8**	**16.8**

Refer to Note 27 for a list of registered addresses of the Company's investments.

14. Leases

Right of use assets

The right of use assets for the Company's property and vehicle leases are presented in the table below.

($ in millions)	2020	2019
Net carrying amount:		
1 January	33.9	40.4
Changes in terms	1.8	-
Charge for the year	(7.4)	(6.5)
Total at 31 December	**28.3**	**33.9**

The Company does not hold options to purchase any leased assets for a nominal amount at the end of the lease term. The Company expenses short-term leases and low-value assets as incurred which is in accordance with the recognition exemption in IFRS 16.

Lease liabilities

Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. The company's lease liabilities as of 31 December 2020 comprise only the transition of existing contracts. The maturity of lease liabilities is shown on the balance sheet. No other lease liabilities are held.

The remaining lease term of the Company's property lease is 3.9 years. The maturity profile of the company's leases is shown in the table below.

($ in millions)	2020	2019
Within one year	7.7	7.3
Between two to five years	31.4	35.9
Greater than five years	-	-
Total at 31 December	**39.1**	**43.2**

For the year ended 31 December 2020, the discount rate applied to property leases was 3.4% (2019: 3.4%). 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 2020 was $8.5m (2019: $7.8m) with lease obligations denominated predominantly in Sterling. Total lease interest paid was $1.4m (2019: $1.6m). The Company does not face a significant liquidity risk with regard to its lease liabilities. The Company's obligations are secured by the lessors' title to the leased assets for such leases.

15. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet. At 31 December 2020, the Group has $688.1m of cash held in short-term deposits with an original maturity of between four to twelve months (2019: $nil).

($ in millions)	As at 31 December 2020	As at 31 December 2019
Cash at bank and in hand	233.5	108.1
Cash and cash equivalents	**233.5**	**108.1**

16. Trade and other receivables

($ in millions)	As at 31 December 2020	As at 31 December 2019 (restated)[1]
Current:		
Trade receivables	134.9	138.6
Other receivables	14.6	21.5
Amounts due from Group undertakings	2,464.3	2,585.4
Prepayments and accrued income	36.7	20.8
	2,650.5	**2,766.3**

($ in millions)	Effective Interest %	As at 31 December 2020	As at 31 December 2019
Non-current:			
Loans due from Group undertakings	3m USD Libor	2,314.4	962.1
Other long term debtors		-	3.0
Pension surplus		3.5	29.6
		2,317.9	**944.7**

1The comparative information has been restated. A summary of the restatements made is provided in note 30.

The Directors consider the carrying value of trade and other receivables to approximate to their fair value. Amounts due from Group undertakings are all repayable on demand.

17. Inventories

($ in millions)	As at 31 December 2020	As at 31 December 2019
Finished goods	14.8	16.6
Total inventories	**14.8**	**16.6**

18. Borrowings

($ in millions)	Effective Interest %	As at 31 December 2020	As at 31 December 2019
Current:			
Borrowings from Group undertakings	1.9%	472.8	319.5
Total current borrowings		**472.8**	**319.5**
Non-Current:			
Borrowings from Group undertakings	Libor +4.7%	1,567.5	647.6
Total non-current borrowings		**1,567.5**	**647.6**
Total borrowings		**2,040.3**	**967.1**

19. Trade and other payables

($ in millions)	As at 31 December 2020	As at 31 December 2019
Current:		
Trade payables	44.1	65.1
Other taxation and social security payables	3.6	14.6
Other creditors	29.5	22.3
Amounts due to Group undertakings	1,401.0	1,489.2
Accruals and deferred income	1,029.0	345.3
	2,507.2	**1,936.5**
Non-current:		
Defined benefit pension and post employment liability	10.9	8.7
	10.9	**8.7**

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

20. Provisions

($ in millions)	Non-current provisions	Current provisions
As at 31 December 2018	**8.2**	**10.4**
Charged in respect of current year	0.6	-
Utilised in current year	(4.1)	(8.4)
As at 31 December 2019	**4.7**	**2.0**
Charged in respect of current year	0.5	6.3
Utilised in current year	(0.9)	(0.2)
As at 31 December 2020	**4.3**	**8.1**

Provisions utilised in 2020 include redundancy and asset retirement obligations.

21. Current and deferred income tax assets and liabilities

The current income tax liability of $153.8m (2019 restated: $136.4m) represents the income tax payable in respect of current and prior periods less amounts paid.

Recognised deferred income tax assets and liabilities

The movements in deferred income tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

	As at 31 December 2020			As at 31 December 2019 (restated)[1]		
($ in millions)	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, plant and equipment and intangible	-	289.6	289.6	-	225.3	225.3
Borrowing costs capitalised in the cost of qualifying assets	-	46.2	46.2	-	37.3	37.30
Other	(0.8)	-	(0.8)	(0.2)	-	(0.2)
Pension and post employment benefits	-	(2.1)	(2.1)	-	3.5	3.5
Net deferred income tax liabilities	**(0.8)**	**333.7**	**332.9**	**(0.2)**	**266.1**	**265.9**

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.

21. Current and deferred income tax assets and liabilities (continued)

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

($ in millions)	2020	2019 (restated)[1]
Deferred tax asset	(0.8)	(0.2)
Deferred tax liability	333.7	266.1
	332.9	**265.9**

Movement in temporary differences during the year:

($ in millions)	As at 1 January 2020	Recognised in income statement	Recognised in OCI/equity	As at 31 December 2020
Property, plant and equipment and intangible assets	225.3	64.3	-	289.6
Borrowing costs capitalised in the cost of qualifying assets	37.3	8.9	-	46.2
Other	(0.2)	(0.6)	-	(0.8)
Pension and post employment benefits	3.5	(0.2)	(5.4)	(2.1)
Total	**265.9**	**72.4**	**(5.4)**	**332.9**

($ in millions)	As at 1 January 2019	Recognised in income statement	IFRIC 23	Recognised in OCI/equity	As at 31 December 2019 (restated)[1]
Property, plant and equipment and intangible assets	220.8	(3.3)	7.8	-	225.3
Borrowing costs capitalised in the cost of qualifying assets	29.5	7.8	-	-	37.3
Other	(0.5)	0.3	-	-	(0.2)
Pension and post employment benefits	4.2	(0.2)	-	(0.5)	3.5
Share options	(1.5)	1	-	0.5	-
Total	**252.5**	**5.6**	**7.8**	**-**	**265.9**

1 The comparative information has been restated. A summary of the restatements made is provided in note 30.

The Budget announced by the Chancellor on 3 March 2021, included changes to the main rate of corporation tax for UK companies. The standard rate of corporation tax remains at 19% for the financial year commencing 1 April 2020, however this will be increased to 25% from 1 April 2023. UK deferred tax has been recognised in the accounts at a rate of 19% on the basis that this is the substantively enacted rate at 31 December 2020. A revaluation to 25% is expected to increase the net deferred tax liability by $105.0m.

22. Ordinary share capital

($ in millions)	As at 31 December 2020	As at 31 December 2019
Allotted, issued and fully paid:		
473,935,801 ordinary shares of £1 each (2019: 473,935,801)	760.6	760.6

During the year ended 31 December 2020 no new shares were issued by the Company (2019: no new shares were issued).

23. Reserves

Cash flow hedge reserve:

($ in millions)	**2020**	**2019**
Balance as at 1 January	(1.2)	(4.1)
Gain/(loss) recognised on cash flow hedges:		
Forward exchange contracts	-	0.5
Reclassified to the Income Statement Forward exchange contracts:		
Forward exchange contracts	1.1	2.4
Balance as at 31 December	**(0.1)**	**(1.2)**

There are no gains and losses reclassified from equity included within the income statement for the period ended 31 December 2020 (2019: nil). Gains and losses relating to the effective portion of cash flow hedges are recognised in other comprehensive income and accumulated in the cash flow hedge reserve. When a hedged item is recognised in the income statement the cumulative deferred gain or loss accumulated in other comprehensive income and the cash flow hedge 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 cash flow hedge reserve and included directly in the initial cost of the assets or liability.

24. Pension arrangements and post-employment benefits

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

The Company operates defined benefit pension schemes in the United Kingdom, regulated by the Pensions Regulator. The Company's principal defined benefit pension plan was the Inmarsat Global scheme, which was a UK funded scheme with assets held in a separate fund administered by a corporate trustee; the scheme is closed to new employees and the Company closed the defined benefit plan to future accruals during 2017. The trustee is required by law to act in the interest of the fund and of all relevant stakeholders in the scheme.

During October 2020, the Trustees of the UK pension plan entered into a bulk annuity insurance contract with Aviva Life & Pension 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 Inmarsat Global defined benefits 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 insurer has paid cash into the scheme matching the benefits due to members. The Trustees retain the legal obligation for the benefits provided under the scheme. As the buy-in policy is a qualifying insurance asset, the fair value of the insurance policy is deemed to be the present value of the obligations that have been insured. The policy secured exactly matches the benefits due to scheme members under the scheme's Trust Deed and Rules, and the asset has therefore been set equal to the liabilities covered. Therefore, any future change in the valuation of the liabilities are matched by a corresponding movement in the valuation of the insurance asset. The buy-in has resulted in a re-measurement of the scheme's assets, with an actuarial loss recognised in the Company's Statement of Comprehensive Income. Following the buy-in there is a net defined benefit asset of $3.5m on the Balance Sheet reflecting the remaining assets held by the scheme.

Given the Company still hold the liability obligations under the Inmarsat Global defined benefit plan, this plan has been valued using the projected unit credit method with the valuation undertaken by professionally qualified and independent actuaries as at 31 December 2020. 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 31 December 2020, are set out below. There are no guaranteed minimum pension ('GMP') benefits held under the scheme and there was therefore no impact to the liability as a result of High Court ruling on 26 October 2018.

24. Pension arrangements and post-employment benefits (continued)

The Plan's investment in a bulk annuity policy represents a concentration risk with the annuity provider not making the required payments. The policy in place is governed by substantial insurance market solvency regulations and the Trustee has further mitigated this credit risk through careful choice of provider and contract terms. The Trustee recognises that the investment in the bulk annuity contract is illiquid. Additionally, the Plan is exposed to operation risk in relation to the buy-in with the insurance company, as it is the insurer that is taking on the majority of risks in relation to the Plan's defined benefit liabilities.

There have been no plan amendments, curtailments or settlements since the previous year end that we have been made aware of. The plan closed to future DB accrual with effect from 1 April 2017.

The Company also provides post-employment benefits for some of its employees. The Company'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 Company's post-retirement medical liability is capped at CPI plus 1%.

Schemes denominated in local currencies are subject to fluctuations in the exchange rate between US Dollars and local currencies.

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

	As at 31 December 2020	**As at 31 December 2019**
Weighted average actuarial assumptions:		
Discount rate	1.5%	2.9%
Medical price inflation	2.9%	3.0%
Future pension increases	2.9%	3.2%

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 2020	**Life expectancy 2019**
Male current age 65	88.3	88.2
Female current age 65	89.4	89.3

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 Company where appropriate. For the Inmarsat Global defined benefit pension scheme and the Inmarsat Global post-retirement healthcare benefits for 2019, 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, expected salary increase, mortality and healthcare cost trend rates. The sensitivity analysis below is for the Company's principal pension and post-employment benefits schemes, 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.

24. Pension arrangements and post-employment benefits (continued)

Inmarsat Global defined benefit scheme:

Change in assumption ($ in millions)	**Impact on benefit obligation increase/ (decrease)**	**Impact on projected pension cost increase/ (decrease)**
Increase in discount factor of 0.25%	(7.0)	-
Decrease in discount factor of 0.25%	7.5	-
Increase in inflation of 0.25%	7.4	-
Decrease in inflation of 0.25%	(6.9)	-
Mortality: -1 year	4.9	-

Inmarsat Global post-retirement healthcare benefit scheme:

Change in assumption ($ in millions)	**Impact on benefit obligation increase/ (decrease)**	**Impact on service cost increase/ (decrease)**
Increase in discount factor of 0.5%	(0.8)	-
Increase in inflation of 0.5%	0.9	-
Increase in medical price inflation trend rate of 1%	2.0	-
Decrease in medical price inflation trend rate of 1%	(1.6)	-

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)	**At 31 December 2020**	**At 31 December 2019**
Present value of funded defined benefit obligations (pension)	(122.8)	(100.5)
Present value of unfunded defined benefit obligations (post-employment benefits)	(10.9)	(8.7)
Fair value of defined benefit assets	126.3	130.1
Net defined benefit (liability) / asset recognised in the balance sheet	**(7.4)**	**20.9**

The above net (liability) / asset is recognised in the balance sheet as follows:

($ in millions)	**Notes**	**At 31 December 2020**	**At 31 December 2019**
Defined benefit pension asset	16	3.5	29.6
Defined benefit pension and post-employment liability	19	(10.9)	(8.7)

24. Pension arrangements and post-employment benefits (continued)

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**
At 1 January 2019	**85.8**	**7**
Current service cost	-	0.1
Past service cost	-	-
Interest cost	2.5	0.2
Remeasurement gains:		
Actuarial gains arising from changes in financial	12.2	0.8
Change in experience assumptions	-	0.4
Foreign exchange gain	3.6	0.3
Benefits paid	(3.6)	(0.1)
Contributions by pension participants	-	-
At 31 December 2019	**100.5**	**8.7**
Current service cost	-	0.1
Past service cost	-	-
Interest cost	2.0	0.2
Remeasurement gains:		
Actuarial gains arising from changes in financial	18.5	0.8
Change in experience assumptions	-	1
Foreign exchange gain	3.3	0.3
Benefits paid	(1.5)	(0.2)
Contributions by pension participants	-	-
At 31 December 2020	**122.8**	**10.9**

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

($ in millions)	**2020**	**2019**
At 1 January	**130.1**	**116.7**
Interest income	2.6	3.4
Remeasurement (losses) / gains:		
Experience return on plan asset (excluding interest	(8.8)	9.2
Contributions by employer	-	-
Contributions by pension participants	-	-
Benefits paid	(1.6)	(3.6)
Expenses paid (included in service cost)	(0.4)	(0.4)
Foreign exchange gain	4.4	4.8
At 31 December	**126.3**	**130.1**

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

	2020		**2019**	
($ in millions)	**Defined benefit pension plan**	**Post-employment benefits**	**Defined benefit pension plan**	**Post-employment benefits**
Current service cost	0.4	0.1	0.4	0.1
Past service gain	-	-	-	-
Net interest (income) / expense	(0.6)	0.2	(0.9)	0.3
Foreign exchange (gain) / loss	(1.2)	0.3	(1.2)	0.4
	(1.4)	**0.6**	**(1.7)**	**0.8**

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24. Pension arrangements and post-employment benefits (continued)

Current service cost is included within employee benefit costs (Note 6). The financing costs together with foreign exchange gains and losses are included within interest payable (Note 7).

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

	2020		2019	
($ in millions)	**Defined benefit pension plan**	**Post-employment benefits**	**Defined benefit pension plan**	**Post-employment benefits**
Actuarial losses arising from changes in financial assumptions	18.5	0.8	12.2	0.8
Return on plan asset (excluding interest income)	8.8	-	(9.2)	-
Experience losses	-	1	-	0.4
Re-measurement of the net defined benefit asset and liability	**27.3**	**1.8**	**3.0**	**1.2**

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

	At 31 December 2020		At 31 December 2019	
	Value ($ in millions)	**Percentage of total plan assets**	**Value ($ in millions)**	**Percentage of total plan assets**
Equities	-	-	19.1	14.7%
Cash	1.6	1.3%	11.2	8.6%
Bonds	-	-	96.9	74.5%
Real estate	-	-	0.8	0.6%
Held by insurance company	122.8	97.2%	-	-
Other	1.9	1.5%	2.1	1.6%
Fair value of scheme assets	**126.3**	**100.0%**	**130.1**	**100.0%**

The Plan's main asset is the buy-in policy with Aviva, the value of which has been set equal to the corresponding value of the IAS19 liabilities it covers. The remaining assets retained by the Trustees are used to fund expenses and towards paying any balancing premium due to Aviva once date cleaning has been finalised.

The remaining assets retained by the Trustees are invested in a pooled cash fund, which provides daily liquidity, and an illiquid private debt investment that is in the process of being wound-down.

The duration of the defined benefit liabilities within the Inmarsat Global defined benefit plan is approximately 25 years. The defined benefit obligation as at December 2020 is split as follows:

Active members	N/A
Deferred members	82%
Pensioner members	18%

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 (31 December 2017) was 56 years and 69 years, respectively.

The estimated contributions expected to be paid into the Inmarsat Global defined benefit pension plan during 2021 are $0.4m. In 2020 actual contributions under this plan were $nil (2019: $nil).

25. Capital risk management

The following table summarises the capital of the Company:

($ in millions)	As at 31 December 2020	As at 31 December 2019 (restated) [1]
As per Balance Sheet		
Cash and cash equivalents	(233.5)	(108.1)
Short-term deposits greater than three months at inception	(688.1)	-
Borrowings	2,040.3	967.1
Net debt	**1,118.7**	**859.0**
Shareholder's equity	3,882.2	3,686.3
Capital	**5,000.9**	**4,545.3**

1 The comparative information has been restated. A summary of the restatements made is provided in note 30.

The Company'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 Company 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.

No changes were made in the Company's objectives, policies or processes for managing capital in the years ended 31 December 2020 and 2019.

26. Capital commitments

The Company had authorised and contracted but not provided for capital commitments as at 31 December 2020 of $531.6m (2019: $564.5m). These amounts primarily represent commitments in respect of the Company's I6 satellites and other future satellite projects. The Company has not reported the split between tangible and intangible assets for these capital commitments in line with prior periods.

27. Subsidiary undertakings

At 31 December 2020, the Company had investments in the following subsidiaries:

($ Millions)	Principal activity	Country of incorporation and operation	Interest in issued ordinary share capital	At 31 December 2020
Inmarsat Leasing (Two) Limited	Satellite leasing	England and Wales/A	100%	-
Inmarsat New Zealand Limited	Operating company	New Zealand/B	64%	16.8
Inmarsat Brazil Eireli	Dormant	Brazil/C	100%	-
ISAT Global Xpress LLC	Operating company	Russia/D	0%	-
Flysurfer Peru S.A.C.	Operating company	Peru/E	0%	-
Flysurfer Ecuador S.A.	Operating company	Ecuador/F	0%	-
Inmarsat Satellite Services S.R.L	Operating company	Romania/G	0%	-
Total Investments				**16.8**

27. Subsidiary undertakings (continued)

Registered address key

A - 99 City Road, London, EC1Y 1AX

B - 24 Unity Drive North, North Harbour, Auckland, New Zealand

C - Av Presidente Juscelino Kubitschek 50, Suite 172, Room 7, 17th Floor, Sao Paulo, CEP 04543-000, Brazil

D - Bld. 5, 13 Kasatkina Street, 129301, Moscow, Russian Federation

E - Dentons Gallo Barrios Pickmann SCRL, General Córdova N° 313, Miraflores – Lima 18, Perú

F - Republica de El Salvador N35-146 y Suecia, Edif. Prisma Norte, Piso 11, Quito, C.P.170505, Ecuador

G - 22 Tudor Vladimirescu Biv, Building Green Gate Office, Bucharest. 5th Floor 573 Campus 07, sector, Bucharest, Romania

28. Contingent assets and liabilities

In the ordinary course of business, the Company 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 Company 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 2020, the Company had no material contingent liabilities.

29. Events after the balance sheet date

Intercompany loan:
Given the material liquidity and covenant headroom at the end of 2020, $570m of the funds received from Ligado and a further $150m have been distributed to shareholders on 26 February 2021 and 20 July 2021 respectively. To support these distributions, the Group provided a total of $720m to Connect Midco Limited (a 100% owned subsidiary of the Group's ultimate parent company, Connect Topco Limited) in the form of an intercompany loan.

Launch cost provision:
The Company has an uncertain tax provision of $100m in relation to a long running tax case concerning tax deductions for historical launch costs. In August 2019 the First Tier Tribunal found in favour of HMRC. The Company appealed this verdict in February 2021 at the Upper Tribunal, which ruled in favour of HMRC. The Company is currently assessing whether to apply for leave to appeal to the Court of Appeal. As at 31 December 2020, the Company has fully provided for the expected liability, including the related interest. The payment date is yet to be finalised.

Lease agreement:
The Company signed an office building lease agreement on 12th August 2021. The commencement date of the lease is in 2022 with a 20 year term and cost of rent being £8.4m per year.

30. Restatement

During 2020, the Company concluded that two items required adjustments. These items relate to the prior period. A summary of these items, along with the adjustments to the comparative period, is presented below:

- A 51% impairment of the Ligado receivable has been recognised in order to comply with IFRS9 and align with the Company's conclusion that uncertainty remains around the collection of future monies. This has been calculated as $19.8m, where $15.5m relates to the 2018 period and has been corrected through retained earnings. The remaining $4.3m has been corrected through bad debt expense in the 2019 comparative period. The tax impact of this error is a $3.8m credit to current tax expense, where $3.0m relates to 2018 and has been corrected through retained earnings, with the remaining $0.8m being corrected through tax expense in the 2019 comparative period;

- Calculation issues within capitalised borrowings, along with one-off issues in timesheet software, resulted in $3.1m errors in capitalised interest, capitalised staff costs, and related property plant & equipment balances. These relate prior to 2019 and have been adjusted through 2019 opening retained earnings. The tax impact of this error is a $0.2m charge to deferred tax expense and a $0.2m credit to current tax expense, also through 2019 opening retained earnings.

	Income statement for the year ended 2019		
($ in millions)	**Reported**	**Adjustment**	**Restated**
Other operating costs	(419.6)	(4.3)	(423.9)
Total net operating costs	**(626.2)**	**(4.3)**	**(630.5)**
EBITDA	**465.3**	**(4.3)**	**461.0**
Operating profit	**95.7**	**(4.3)**	**91.4**
Profit/(loss) before tax	**166.7**	**(4.3)**	**162.4**
Tax charge	(37.1)	0.9	(36.2)
Profit/(loss) after tax	**129.6**	**(3.4)**	**126.2**

	Balance Sheet as at 31 December 2019		
($ in millions)	**Reported**	**Adjustment**	**Restated**
Property, plant and equipment	2,754.3	3.1	2,757.4
Total non-current assets	**4,157.1**	**3.1**	**4,160.2**
Trade and other receivables	2,786.1	(19.8)	2,766.3
Total current assets	**2,910.8**	**(19.8)**	**2,891.0**
Total assets	**7,067.9**	**(16.7)**	**7,051.2**
Current income tax liabilities	140.5	(4.1)	136.4
Total current liabilities	**2,406.1**	**(4.1)**	**2,402.0**
Deferred tax liabilities	265.7	0.2	265.9
Total non-current liabilities	**962.6**	**0.2**	**962.8**
Total liabilities	**3,368.7**	**(3.9)**	**3,364.8**
Net assets	**3,699.2**	**(12.8)**	**3,686.4**
Retained Earnings	1,726.9	(12.8)	1,714.1
Total shareholders' equity	**3,699.2**	**(12.8)**	**3,686.4**