



MARLINK AS

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2021

Company registration n° 990362688



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BOARD OF DIRECTORS REPORT

BUSINESS OPERATIONS

Marlink AS offers sales, services and installations of satellite enabled communication solutions and related value-added services to the maritime sector, as well as to land based enterprises, humanitarian organisations/NGOs, and inter-governmental organisations (IGOs), both directly to end customers and through a network of distributors and resellers. The products and services span from simple handheld solutions, to Inmarsat MSS services, and to more sophisticated VSAT solutions. The company offers true global coverage through a mixture of fully owned and third-party teleports. The head-office is located at Lysaker close to Oslo (Norway), and the main activities are located at Lysaker and at Eik teleport located south of the city of Stavanger (Norway).

During the financial year of 2021 the company has not had significant activities related to research and development.

GOING CONCERN

The annual accounts have been prepared on the going concern assumption, and the board confirms that this condition is present.

PROFIT AND LOSS

KNOK = 1 000 NOK. In 2021, Marlink AS' operating income was KNOK 3 082 800 and the result after tax was a profit of KNOK 196 328. Comparable numbers for 2020 were operating income of KNOK 3 155 994 and a profit after tax of KNOK 497 217. The decrease of the profit after tax is mainly due to higher dividends received in 2020 than in 2021 (See Financial statements, note 6.6).

As per end of 2021 total assets amounted to KNOK 5.999.345 and total equity was KNOK 3.497.421, i.e. an equity to total assets ratio of 58%.

The cash flow from the operational activities in 2021 was positive with KNOK 746.198.

In the view of the board, the accounts presented for the financial year of 2021 and corresponding notes provide an accurate account of the company's position and the enterprise's result. The board proposes that the accounts presented be adopted as the company's statement of profit or loss and the statement of financial position.

Beyond what appears in the annual accounts, the board has no knowledge of other issues regarding the market or the development in prices which are crucial to assessment of the company. No events have occurred after the end of the financial year that have not been taken into consideration in the annual accounts or issues that are considered important in order to assess the company's result and position.



FUTURE DEVELOPMENTS

In accordance with the general trend of increasing globalization and internationalization, growth is expected in the demand for services within the areas operated by Marlink AS.

ENVIRONMENT

The company does not contribute to pollution of the external environment.

WORKING ENVIRONMENT

The company had 179 employees at the end of the financial year. The working environment at the company is considered good, and no special measures were therefore taken in this area in 2021. The company did not record any accidents resulting in personal injury in 2021. The company's sick leave in 2020 was 3,11%.

GENDER EQUALITY

The company operates in a technological industry where the professions that have been recruited (Masters of Science, engineers, technicians) are traditionally male-dominated. Even though this has gradually changed, this is still reflected in the organizational structure – not least at the executive level. 30 (17%) of the company's employees as at 31.12.2021 were women, and 149 (83%) were men. There are four women in the company's management group. The average annual salary for women at the company is lower than for the men, which is due to the share of women in leading positions being lower than the share of men. The arrangements at the company regarding working hours are independent of gender but depend on the employee's position. Marlink AS has three (1,7%) temporary employees (all males), and one (0,6%) female part-time employees, and one (0,6%) male part-time employee. The average number of weeks of parental leave in 2021 were 1 for females, and 8 for males.

	Women	Men
Number of employees	30	149
Number of temporary employees	0	3
Percentage of temporary employees	0,00%	1,68%
Number of part-time employees	1	1
Percentage of part-time employees	0,56%	0,56%
Number of involuntary part-time work	0%	0%
Average number parental leave (in weeks)	1	8
Number of employees (Management group)	4	4
Number of employees (Outside management group)	26	145
Total wage women's share (%)	15%	
Total wage women's share (Management group) (%)	39%	
Total wage women's share (Outside management group) (%)	13%	

The work on gender equality and discrimination is a part of our Code of Conduct. As per of 2021 the share of female employees in Marlink group was 26% (down from 28% the year before due to the acquisition of ITC). As part of our ESG strategy we have defined the ambition to increase this share to 30% by 2025. This target is also part of our defined ESG KPIs for the group's external financing. The gender distribution is tracked on a quarterly basis.

The ambition of increasing the female share is included in our hiring procedure and followed up by the Human Resources Department, i.e. female candidate to be given priority if other qualifications are at par with male candidates.

Our business is very much engineer driven, and it is still a fact that there are many more male engineers than females. This is the biggest obstacle to meet our target.



DISCRIMINATION

The purpose of the Anti-discrimination Act is to promote equality, ensure equal opportunities and rights and to prevent discrimination based on ethnicity, national origin, descent, skin colour, language, religion or belief. The company works actively, in a goal-oriented and planned manner, to promote the purpose of the Act at our business. The activities include recruitment, salary and working conditions, promotions, development options, and protection against harassment.

The company's goal is to be a workplace where there is no discrimination due to a disability. The company works actively and in a goal-oriented manner to design and prepare the physical conditions so that the business' different functions can be used by as many people as possible. Workplaces and tasks are adapted individually to disabled employees or job-seekers.

DIRECTORS AND OFFICERS INSURANCE

The company has a Directors and Officers (D&O) insurance in XL Insurance Company. D&O coverage includes financial protection for Board of Directors, CEO and Executive Management for claims which may arise from the decisions and actions taken within the scope of their regular duties. The coverage per insurance case is Knok 100 000.

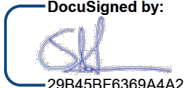
ALLOCATION OF PROFIT FOR THE YEAR

The board proposes that the year's profit of KNOK 196 328 to be transferred to other equity for an amount of KNOK 34 416 and to pay a group contribution with tax effect to Toruk AS of KNOK 161 912.

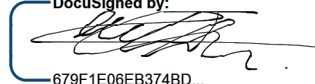
The total group contribution with tax effect to be paid to Toruk AS is of KNOK 207.579 (See Financial statements, note 8).

Lysaker, 28 June 2022

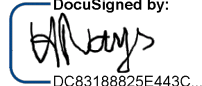
The board of Marlink AS

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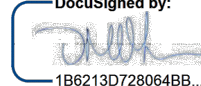
Stein Anderssen
 Chairman of the Board

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Erik Ceuppens
 Board member

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Hervé Nays
 Board member

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Tore Morten Olsen
 CEO



STATEMENT OF PROFIT AND LOSS

For the year ended 31 December 2021

	Notes	2021	2020
		NOK000	NOK000
Revenue from contracts with customers	4	3 082 800	3 155 994
Revenue		3 082 800	3 155 994
Cost of sales		(1 499 878)	(1 546 611)
Gross profit		1 582 922	1 609 384
Other operating income	6.1	29 778	12 129
Marketing, selling and distribution expenses	6.2	(718 034)	(760 085)
Administrative expenses	6.3	(694 124)	(620 107)
Other operating expenses	6.4	(25 556)	(23 542)
Operating profit		174 986	217 779
Finance income	6.6	215 842	459 354
Finance costs	6.7	(254 747)	(72 212)
Other finance income	6.8	129 580	4 981
Other finance costs	6.9	(23 666)	(112 685)
Profit before tax		241 996	497 217
Income tax expense	8	(45 667)	-
Profit for the year		196 328	497 217



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021	2020
		NOK000	NOK000
Profit for the year		196.328	497.217
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit and loss in subsequent periods:</i>			
Gain/(loss) on cash flow hedges		(13.826)	15.146
Other comprehensive income/(loss) that may be reclassified to profit and loss in subsequent periods		(13.826)	15.146
<i>Other comprehensive income that will not be reclassified to profit and loss in subsequent periods:</i>			
Remeasurement gain on defined benefits plans	20	7.698	11.544
Adjustment on IFRS 16		-	(1.171)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		7.698	10.373
Other comprehensive gain/(loss) for the year		(6.128)	25.519
Total comprehensive income for the year		190.201	522.736



STATEMENT OF FINANCIAL POSITION

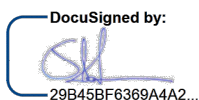
As at 31 December 2021

	Notes	2021 NOK000	2020 NOK000
Assets			
Non-current assets			
Property, plant and equipment	9	907.373	893.130
Intangible assets	10	714.906	717.608
Right-of-use assets	19	167.764	136.380
Investment in a subsidiary	5	2.406.098	2.395.100
Net employee defined benefit assets	20	19.592	9.919
Non-current financial assets	11.1	365.848	466.713
Deferred tax asset	8	-	-
		<u>4.581.580</u>	<u>4.618.850</u>
Current assets			
Trade receivables	11.1	685.405	440.146
Contract assets	11.1	1.542	2.876
Other receivables	11.1	616.543	1.140.758
Prepayments	11.1	46.841	31.990
Other current financial assets	11.1	11.047	22.061
Cash and short-term deposits	13	56.386	2.418
		<u>1.417.765</u>	<u>1.640.250</u>
Total assets		<u>5.999.345</u>	<u>6.259.099</u>

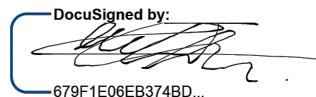


	Notes	2021 NOK000	2020 NOK000
Equity and liabilities			
Equity			
Issued capital	14	18 572	18 572
Share premium	14	2 505 009	2 505 009
Retained earnings		973 984	1 381 869
Cash flow hedge reserve		(144)	13 682
Total equity		3 497 421	3 919 132
Non-current liabilities			
Interest-bearing loans and borrowings	11.2	1 028 801	869 694
Other non-current financial liabilities	11.3	6 975	4 438
Provisions	16	4 794	5 263
Lease contract liabilities	11.2,19	97 480	94 331
Net employee defined benefit liabilities	20	-	-
		1 138 050	973 726
Current liabilities			
Trade and other payables	11.3,18	1 060 040	1 305 845
Lease contract liabilities	11.2,19	66 661	45 952
Group Contribution Payable	8	207 579	-
Other current financial liabilities	11.3,18	29 594	14 443
		1 363 874	1 366 241
Total liabilities		2 501 924	2 339 967
Total equity and liabilities		5 999 345	6 259 099

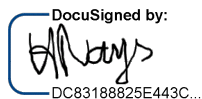
Lysaker, 28 June 2022

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Tore Morten Olsen
 CEO



STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Issued capital (Note 14)	Share premium (Note 14)	Retained earnings	Cash flow hedge reserve	Total
	NOK000	NOK000	NOK000	NOK000	NOK000
As at 1 January 2021	18.572	2.505.009	1.381.870	13.682	3.919.133
Profit of the period	-	-	196.328	-	196.328
Remeasurement gain on defined benefits plans (Note 20)	-	-	7.698	-	7.698
Loss on cash flow hedges	-	-	-	(13.826)	(13.826)
Dividends paid to Toruk AS	-	-	(450.000)	-	(450.000)
Group contribution	-	-	(161.912)	-	(161.912)
At 31 December 2021	18.572	2.505.009	973.984	(144)	3.497.422

	Issued capital (Note 14)	Share premium (Note 14)	Retained earnings	Cash flow hedge reserve	Total
	NOK000	NOK000	NOK000	NOK000	NOK000
As at 1 January 2020	18.572	2.505.009	874.280	(1.463)	3.396.397
Profit of the period	-	-	497.217	-	497.217
Remeasurement gain on defined benefits plans (Note 20)	-	-	11.544	-	11.544
Gain on cash flow hedges	-	-	-	15.146	15.146
Adjustment of IFRS 16 Leases (Note 2.5)	-	-	(1.171)	-	(1.171)
At 31 December 2020	18.572	2.505.009	1.381.870	13.682	3.919.133



STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021	2020
Notes	NOK000	NOK000
Operating activities		
Profit before tax	241 996	497 217
<i>Adjustment to reconcile profit before tax to net cash flows:</i>		
Depreciation and impairment of property, plant and equipment and right-of-use assets	358 141	342 901
Amortisation and impairment of intangible assets	30 254	26 783
Depreciation and impairment of financial assets	11 419	82
Gain on disposal of property, plant and equipment	(921)	(3 419)
Net finance loss/(gain)	(56 599)	(279 438)
Movements in provisions and pensions	114	4 796
<i>Working capital adjustments:</i>		
Change in trade and other receivables	572 117	102 863
Change in trade and other payables	(410 323)	11 227
Net cash flows from operating activities	746 198	703 011
Investing activities		
Proceeds from sale of property, plant and equipment	4 676	11 904
Purchase of property, plant and equipment	(291 347)	(325 466)
Purchase of intangible assets	(27 552)	(16 295)
Acquisition of subsidiary shares	(20 999)	(399)
Dividend received	3 523	33 981
Net cash flows from in investing activities	(331 698)	(296 274)
Financing activities		
Dividend paid	(450 000)	-
Interest costs	(73 096)	(72 130)
Interest income	27 266	39 160
Deposit to vendor	(1 442)	(9 426)
Deposit from customer	2 538	535
Other costs	(84)	(172)
External borrowing increase/(decrease)	182 813	(60 681)
Internal borrowings increase/(decrease)	165 867	(168 412)
Internal lendings increase	(214 394)	(160 349)
Net cash flows used in financing activities	(360 532)	(431 475)
Net increase/Decrease in cash and cash equivalents	53 968	(24 739)
Cash and cash equivalents as at 1 January	2 418	27 157
Cash and cash equivalents as 31 December	56 386	2 418



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Marlink AS is a fully owned subsidiary of Toruk AS. Toruk AS is fully owned by Makto SARL, Luxembourg. Makto SARL is a holding company owned by Apax Partners, France.

The principal activity of the Company is that, it specializes in the delivery and satellite-based communication services, mainly to the Maritime industry.

These annual accounts were approved by the Board on 28 June 2022 for a decision to be made by the General Meeting.

Information on other related party relationships of the Company is provided in Note 22.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Pursuant to the provision regarding exemptions in section 3-7 of the Norwegian Accounting Act, no separate consolidated accounts have been prepared for Marlink AS. The annual accounts for 2021 have been prepared pursuant to the Regulations regarding Simplified Application of International Accounting Standards (FOR-2008-01-21-57), pursuant to section 3-9(5) of the Accounting Act, with comparison figures for 2014. Deviation from measuring and recognition rules pursuant to section 3-1 of Regulations FOR-2008-01-21-57 has been applied in relation to points 1, 2 and 4. Both the functional and presentation currency are Norwegian kroner.

In accordance with IFRS requirements, management has performed assessments and made assumptions that affect the reported assets and debt, and reporting of contingent assets and liabilities on the accounting date and reported income and costs for the reporting period. The actual results may deviate from these estimates.

The company's financial statements are based on the principles of historical cost accounting.

2.2 Summary of significant accounting policies

2.2.1 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the company's cash flow-generating units where synergies are expected from the acquisition. A cash flow-generating unit to which goodwill has been allocated is assessed on an annual basis for impairment or when there are indications that a cash flow-generating unit's value may be impaired. If the recoverable amount from a cash flow-generating unit is lower than the book value, the value reduction will first be recorded to the unit's share of goodwill, and then be recorded on a pro rata basis to the unit's other assets. Impairment of goodwill will not be reversed in subsequent periods.

In 2010, the companies Marlink AS, Norse Electronic AS and Marlink AS were merged with Vizada VSAT AS, as the acquiring company. The merged entity then changed its name from Vizada VSAT AS to Marlink AS. With this merger, a goodwill of kNOK44 205 has been recognized.

In 2013, the companies Mobsat Holding Norway AS, Astrium Services AS and Astrium Services Business Communications AS were merged with Mobsat Holding Norway as the acquiring company. The merged entity then changed its name from Mobsat Holding Norway AS to Astrium Services AS (now know as Marlink AS). With this merger, a goodwill of kNOK 559 358 has been recognised.



2. Significant accounting policies *Continued*

2.2.2 Investments in subsidiaries

The investments in shares in subsidiaries are recognized at historical cost value.

2.2.3 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- • Expected to be realised or intended to be sold or consumed in the normal operating cycle
- • Held primarily for the purpose of trading
- • Expected to be realised within twelve months after the reporting period, or
- • Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- • It is expected to be settled in the normal operating cycle
- • It is held primarily for the purpose of trading
- • It is due to be settled within twelve months after the reporting period, or
- • There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

2.3 Fair value measurement

The Company measures financial instruments such as non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- • In the principal market for the asset or liability, or
- • In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.3.1 Revenue from contracts with customers

Operating income primarily consists of sale and rental of satellite equipment, operation and maintenance of the equipment, and sale of satellite capacity. Under IFRS 15, the revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.



2. Significant accounting policies *Continued*

The Company derives revenue principally from the sale of satellite communications services typically pursuant to on-demand agreements or fixed-term contracts. The Company provides its customers with primarily two types of satellite telecommunications services: usage-based services, determined on a metered basis, such as minutes/capacity used, and satellite communications services based on fixed contracts. The usage-based services are primarily related to the Mobile Satellite Services (MSS) segment. The services provided under fixed contracts are primarily related to the corporate network and fixed maritime services reported as part of the VSAT (Very Small Aperture Terminal; dishes used to benefit from fixed satellite services) segment. The Company also sells equipment and provides operational and maintenance services.

Revenue arrangements with multiple deliverables are divided into separate units of accounting if the delivered item has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of the undelivered items. Arrangement consideration is allocated based on their relative fair values, with the amount allocated to the delivered item being limited to the amount that is not contingent on the delivery of additional items or other specified performance criteria, which most often is the amount received in cash at the time of sale. In most instances the delivered element is equipment, and the equipment is recorded with low revenue, potentially including a connection fee, due to discounts provided. The subsequent services are recorded at the normal selling price or at a discounted value, depending on the facts and circumstances.

Sale of products

Sales of products are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

Rendering of services

The Company derives revenue principally from the sale of satellite communications services typically pursuant to on-demand agreements or fixed-term contracts. The Company provides its customers with primarily two types of satellite telecommunications services: usage-based services, determined on a metered basis, such as minutes/capacity used, and satellite communications services based on fixed contracts. The usage-based services are primarily related to the Mobile Satellite Services (MSS) segment. The services provided under fixed contracts are primarily related to the corporate network and fixed maritime services reported as part of the VSAT (Very Small Aperture Terminal; dishes used to benefit from fixed satellite services) segment.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2.3.10 *Financial instruments – initial recognition and subsequent measurement*.



2. Significant accounting policies *Continued*

2.3.2 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.3.3 Taxes

Current and deferred income tax

Tax accrued will be recorded to the accounts at the amount that is expected to be paid or received. Assets and liabilities associated with deferred tax are calculated according to the liability method, with full allocation of all temporary differences between the recorded and tax value of assets and liabilities, including losses carried forward.

Marlink AS will record the effect of uncertain tax positions when it is probable that the tax position will be accepted by the tax authorities. The company will perform provisions for departure from the tax assessment or legal disputes pending a final decision. Deferred tax assets will be recognised to the extent it is probable that the tax assets will be utilised in future periods. The tax rates adopted on the date of the statement of financial position and the undiscounted amounts will be used.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.4 Foreign currencies

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Norwegian Kroner (NOK), which is the Company's functional and presentation currency.



2. Significant accounting policies *Continued*

2.3.5 Dividends

Dividends on ordinary shares are recognized as a liability and deducted from equity in the Company's financial statements in the year in which they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Company's directors.

2.3.6 Group contributions

In accordance with IAS 10 which pertains to events after the balance sheet date, proposed group contributions are to be classified as equity until approved by the general meeting.

In 2021, a group contribution of kNOK 207 579 has been booked in equity (as Group contribution for kNOK 161 912 and included in profit of the period coming from the 2021 tax expense for kNOK 45 667).

2.3.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	3 to 10 years
Satellite equipment	3 to 10 years
Machine and equipment	3 to 5 years
IT Equipment	3 to 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.3.8 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



2. Significant accounting policies *Continued*

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Real estate	6 years
Motor Vehicles	3 to 4 years
Leased Lines	2 to 7 years
Purchase of satellite capacity	3 to 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Marlink AS presents assets it has leased to others as receivables equal to the net investments in the leases. Financial income will be set so a constant return is achieved on outstanding receivables during the life of the contract. Direct costs incurred in connection with establishing the lease are included in the receivable.

The rental income from operational leases will be recorded to the accounts on a linear basis over the life of the lease. Initial direct costs incurred through negotiation and establishment of an operational lease will be



2. Significant accounting policies *Continued*

granted recorded value for the leased fixed asset and recognized as an expense on a linear basis over the life of the lease as depreciation. Variable rent will be recognized as income during the earning period.

2.3.9 Borrowing costs

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 are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.10 Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following 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 reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

A summary of the policies applied to the Company's intangible assets is, as follows:

Customers software and licences	3 years
Brand	5 years
Customer contracts acquired	5 to 10 years

2.3.11 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



2. Significant accounting policies *Continued*

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

The financial assets at amortised cost (debt instruments) is the only category relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost are only trade receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset



2. Significant accounting policies *Continued*

Impairment

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 11.



2. Significant accounting policies *Continued*

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.3.12 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, to hedge its foreign currency risks, interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments.

The Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

2.3.13 Cash and short-term deposits

Cash and cash equivalents cover cash in hand and at bank that on the date of the procurement were due in less than three months. Cash and cash equivalents are assessed at the nominal value on the date of the statement of financial position.

2.3.14 Provisions

Provisions for liabilities like removal obligations, restructuring, loss contracts and legal claims will be recognized when the company, as a result of a previous incident, has an existing legal or self-imposed obligation which it is probable that the company will need to meet, and the amount can be estimated reliably. No provisions will be made for future operating losses. Provisions will be measured at the management's best estimate of the expenses to settle the obligation on the reporting date.

Provisions for restructuring will be recognized when the company has approved a detailed and formal restructuring plan, and the restructuring has either begun or been made public.



2. Significant accounting policies *Continued*

2.3.15 Pensions and other post-employment benefits

Marlink AS has a defined benefit pension plan for employees, which requires contributions to be made to a separate fund administered by Telenor Pensjonskasse. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in other equity and are not reclassified to statement of comprehensive income in subsequent periods. Unvested past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. Past service costs are recognized immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan.

In pension schemes that are defined contribution schemes, the pension premium is recognized as an expense in the period when the obligation for payment incurred.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Company has not early adopted any other standard interpretation or amendment that has been issued but is not yet effective.

2.4.1 Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company.

2.4.2 Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.



3. SIGNIFICANT ACCOUNTING JUDGEMENTS

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company hasn't lease contracts that include extension and termination options.

Impairment of non-financial assets

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

Trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.



3. Significant accounting judgements *Continued*

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds

on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 20.

Development costs

The Company capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2021, the carrying amount of capitalised development costs was kNOK 7 752 (2020: 3 601).

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain specific estimates.

Impairment of investments in subsidiaries

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.



3. Significant accounting judgements *Continued*

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Company on which the goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value (Refer to note 10).

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2021	2020
	NOK000	NOK000
Rendering services	2 974 140	3 020 639
Sales of equipment	108 661	135 355
	3 082 800	3 155 994

The company does not follow sales by geographical distribution, or customer location. As such a note showing revenues split by geographical distribution or customer locations would not be relevant.

5. SUBSIDIARIES

Name	Principal activities	Country of incorporation	Ownership stake (%)		Book value	
			2021	2020	2021	2020
Marlink Holding SAS	Telecommunications	France	100	100	1 521 218	1 521 218
Marlink SpA*	Telecommunications	Italy	100	100	385 756	565 756
Marlink Inc.**	Telecommunications	USA	100	100	267 298	97 298
Marlink Ltd	Telecommunications	Great Britan	100	100	91 811	91 811
Marlink s.r.o.	Telecommunications	Slovakia	100	100	54 090	54 090
Telemar Hong Kong Ltd	Telecommunications	Hong Kong	100	100	1 076	1 076
Marlink Communications FZ LLC	Telecommunications	Dubai	100	100	176	176
Athens Prosjektutvikling AS	Telecommunications	Norway	100	100	-	-
Marlink Tanzania Ltd	Telecommunications	Tanzania	81	81	-	-
Marlink CG Ltd	Telecommunications	Cyprus	64	64	63 676	63 676
ITC Global Netherlands Cooperatief UA	Telecommunications	Netherland	99	0	20 999	-
					2 406 098	2 395 100

* Impairment provision on Compagnia Generale Telemar S.p.A shares for kNOK 180 000 (see note 6.7).

** Reversal of the impairment provision on Marlink Inc. shares for kNOK 170 000. Previous impairment was kNOK 178 454 (see note 6.6)

6. OTHER INCOME/EXPENSES

6.1 Other operating income

	2021	2020
	NOK000	NOK000
Service fees	26 824	7 467
Net gain on disposal of property, plant and equipment	921	3 419
Government grants	956	-
Interest on trades	(96)	432
Freight	392	601
Other operating income	780	210
	29 778	12 129



6. Other income/expenses *Continued*

6.2 Marketing, selling and distribution expenses

	2021	2020
	NOK000	NOK000
Service fees	571 554	627 415
Wages and salaries	61 716	58 367
General subcontracting	1 548	2 946
Freight on sales	23 748	19 141
Travel, mission and entertainment	2 959	2 566
Social security costs	9 181	7 533
Office expenses	4 141	-
Commission on sales	8 574	13 107
Pension costs	4 672	4 386
Other fees	21 361	17 151
Other expenses	8 581	7 473
	718 034	760 085

6.3 Administrative expenses

	2021	2020
	NOK000	NOK000
Depreciation	285 191	275 525
Wages and salaries	131 707	108 704
Upkeep and maintenance	60 226	35 491
General subcontracting	7 781	24 599
Social security costs	19 106	17 734
Amortisation	96 239	94 159
Other fees	46 784	23 463
Office expenses	6 496	5 243
Travel, mission and entertainment	844	866
Post and telecommunications	3 752	9 288
Pension costs	7 767	8 120
Insurance	3 636	3 549
Other administrative expenses	24 596	13 366
	694 124	620 107



6. Other income/expenses *Continued*

6.4 Other operating expenses

	2021	2020
	NOK000	NOK000
Net increase of provision for expected credit losses	18 245	9 136
Freight on purchase	7 311	11 857
Interest expenses on trade	-	1 532
Ungranted grants	-	1 017
	25 556	23 542

6.5 Employee benefits expense

	2021	2020
	NOK000	NOK000
Included in marketing, selling and distribution expenses:		
Wages and salaries	61 716	58 367
Social security costs	9 181	7 533
Pension costs	4 672	4 386
Other staff costs	517	1 574
Included in cost of administrative expenses:		
Wages and salaries	131 707	108 704
Social security costs	19 106	17 734
Pension costs	7 767	8 120
Other staff costs	2 849	1 530
Total employee benefits expense	237 515	208 040
Average number of employees	179	187
Average number of man-labour years	178	186

6.6 Finance income

	2021	2020
	NOK000	NOK000
Interest income from current account	3 579	22 996
Interest income from bank account	110	434
Interest income from lending	23 577	15 729
Dividends received*	18 576	420 194
Other Income**	170 000	-
	215 842	459 354

* Dividend of kNOK 3 800 from Marlink s.r.o. and of kNOK 11 253 from Marlink Ltd have been registered by decrease of the borrowing from these subsidiaries. Only kNOK 3 523 of dividends have been received by bank transfer from Marlink CG Ltd..

** Reversal of the impairment provision on Marlink Inc. shares. Previous impairment provision was kNOK 178 454.



6. Other income/expenses *Continued*

6.7 Finance costs

	2021	2020
	NOK000	NOK000
Interest costs on borrowing	56 381	55 719
Interest costs on current account	13 432	12 611
Interest costs on bank account	125	1 137
Interest costs on lease contract liability	3 158	2 664
Other financial expenses*	181 651	82
	254 747	72 212

* Impairment provision on Compagnia Generale Telemar S.p.A shares for kNOK 180 000 and increase of the loss provision on lending to Marlink Tanzania Ltd. For kNOK 1 651.

6.8 Other finance income

	2021	2020
	NOK000	NOK000
Net foreign exchange gains from current account	22 227	1 161
Net foreign exchange gains from cash flow hedge	-	3 820
Net foreign exchange gains from borrowing	29 299	-
Net foreign exchange gains from bank	36 600	-
Net foreign exchange gains on trades	21 830	-
Other income	19 625	-
	129 580	4 981

6.9 Other finance costs

	2021	2020
	NOK000	NOK000
Net foreign exchange loss from cash flow hedge	3 903	-
Net foreign exchange loss from lending	19 385	5 822
Net foreign exchange loss on bank account	-	36 239
Other expenses	378	90
Net foreign exchange from trade	-	29 394
Net foreign exchange from borrowing	-	41 140
	23 666	112 685

7. REMUNERATIONS TO LEADING PERSONNEL, AUDITORS AND OTHERS

Leading personnel

No directors' fees were paid in 2021. The board's members do not have any agreements regarding special remuneration upon termination or changes to their post, agreements regarding bonuses, profit-sharing, options, etc.

In 2021, the CEO received a salary of NOK 2,140,177, and NOK 1,195,552 in bonus. The CEO also received NOK 199,638 in other benefits, excluding pension rights.



7. Remunerations to leading personnel, auditors and others *Continued*

NOK 345,995 was recognized as pension costs for the CEO in 2021. The CEO have no agreement of payment of funds if the employment is terminated.

No member of the board nor the CEO have a loan or security at Marlink AS.

Mr. Ceuppens and Mr. Nays, members of the Board, haven't received any remuneration or alike from Marlink AS.

Auditors' fees

	2021	2020
	NOK	NOK
Statutory auditing	850 000	1 470 000
Other attestation services	-	-
Other non-audit services	-	18 200
Total auditor's fees	850 000	1 488 200

Amounts are exclusive of VAT

8. INCOME TAX

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021	2020
	NOK000	NOK000
Accounting profit before income tax	241 996	497 217
Other comprehensive income	(6 128)	25 519
Tax-free income	(188 576)	(419 818)
Non tax deductible expenses	184 434	5 153
Change in temporary differences	(19 699)	(10 852)
Tax income basis of the year	212 027	97 219
Limitation on deductibility of interests from group loans	-	-
Tax losses carried forward	4 448	97 219
Tax income basis of the year after tax losses carried forward	207 579	-
At Norwegian's statutory income tax rate of 22% (2020: 22%)	45 667	-

The company has provided a group contribution of kNOK 207 579 with tax effect for 2021 that will be paid after the shareholder's meeting held in 2022. Taking the group contribution into consideration, tax payable will be kNOK 0.



8. Income Tax *Continued*

Reconciliation of tax expense and the accounting profit multiplied by Norwegian's domestic tax rate for 2021 and 2020:

	2021	2020
	NOK000	NOK000
Accounting profit before income tax	241 996	497 217
Expected tax expense at the rate of 22% (2020: 22%)	53 239	109 388
Tax effect of tax free income	(41 487)	(92 360)
Tax effect of non tax deductible expenses	40 575	1 134
Tax effect on other comprehensive income	(1 348)	5 614
Change in tax rate	50 980	23 776
Deferred tax not recognized	5 312	(23 776)
Total income tax expense	45 667	-

The temporary differences are set out below:

	2021	2020	Changes
	NOK000	NOK000	NOK000
Fixed assets	383 178	402 590	19 412
Outstanding receivables	(44 676)	(91 386)	(46 710)
Capital gain and loss account	(111)	(139)	(28)
Accruals	(4 794)	(5 263)	(469)
Financial instruments	(1 113)	16 656	17 769
Pensions	19 592	9 919	(9 673)
	352 076	332 377	(19 699)
Tax losses carry forward	-	(4 448)	(4 448)
	352 076	327 929	(24 147)
Temporary differences to not be recognized in deferred tax computation	352 076	327 929	(24 147)
Basis for computation of deferred tax	-	-	-

The company is subject to a tax inspection covering the years 2018 and 2019.

The company accepted the corrections requested for the year 2018. The impact is an increase of the 2018 tax expense of kNOK 5 627 (kNOK 31 216 against kNOK 25 589), and consequently a decrease of the taxable loss brought forward from previous years of kNOK 25 576 (kNOK 269 445 against kNOK 295 021).

The tax inspection covering the 2019 is still on going and the estimation of the impact cannot be determined. Taking the group contribution into consideration, tax payable adjustment once the tax inspection is over shall be kNOK 0.



9. PROPERTY, PLANT AND EQUIPMENT

	Buildings and land NOK000	Satellite equipment NOK000	Machines & equipment NOK000	IT Equipment NOK000	Construction in progress NOK000	Total NOK000
Cost						
At 1 January 2020	107 534	2 166 955	151 934	31 243	157 547	2 615 214
Additions	8 871	294 667	589	2 342	18 997	325 466
Disposals	-	(21 623)	-	(4 063)	(5 870)	(31 557)
At 31 December 2020	116 405	2 440 000	152 523	29 522	170 674	2 909 124
Reclassification	(59 603)	-	59 603	-	-	-
Additions	-	231 149	53 452	873	(1 091)	284 382
Disposals	-	(23 537)	-	-	(8 112)	(31 649)
At 31 December 2021	56 802	2 647 612	265 578	30 395	161 471	3 161 857
Depreciation and Impairment						
At 1 January 2020	77 576	1 510 231	139 847	30 140	5 747	1 763 541
Depreciation charge for the year	5 524	235 051	3 492	912	-	244 979
Impairment charge for the year	-	(4 737)	-	-	28 578	23 841
Disposals	-	(12 304)	-	(4 063)	-	(16 367)
At 31 December 2020	83 100	1 728 241	143 339	26 989	34 325	2 015 994
Reclassification	(34 721)	-	34 721	-	-	-
Depreciation charge for the year	1 262	250 630	10 168	1 534	-	263 593
Impairment charge for the year*	-	780	-	-	(6 965)	(6 185)
Disposals	-	(18 917)	-	-	-	(18 917)
At 31 December 2021	49 640	1 960 734	188 228	28 523	27 360	2 254 485
Net book value						
At 31 December 2020	33 305	711 758	9 184	2 533	136 349	893 130
At 31 December 2021	7 162	686 878	77 350	1 872	134 111	907 373

*The impairment charge for the year of kNOK - 6 965 is the netting of the reversal of the previous year impairment kNOK - 8 112 due to the in-progress material scrapped and the increase of the impairment of remaining in-progress material for kNOK 1 147.



10. INTANGIBLE ASSETS

	Goodwill	Research and Development	Licences	Software	Brand	Customer base	Construction in progress	Total
	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000
Cost								
At 1 January 2020	603 563	-	69 994	45 595	9 720	253 250	28 701	1 010 823
Additions	-	3 505	8 480	9 236	-	-	(4 926)	16 295
At 31 December 2020	603 563	3 505	78 474	54 831	9 720	253 250	23 775	1 027 118
Additions	-	4 010	2 165	4 894	-	14 124	2 359	27 552
At 31 December 2021	603 563	7 515	80 639	59 725	9 720	267 373	26 134	1 054 670
Amortisation								
At 1 January 2020	-	-	67 208	36 926	9 720	168 874	-	282 727
Amortisation	-	506	3 441	7 257	-	15 578	-	26 783
At December 2020	-	506	70 650	44 183	9 720	184 452	-	309 510
Amortisation	-	2 290	4 362	5 850	-	17 752	-	30 254
At December 2021	-	2 796	75 011	50 033	9 720	202 203	-	339 764
Net book value								
At 31 December 2020	603 563	2 999	7 824	10 648	-	68 798	23 775	717 608
At 31 December 2021	603 563	4 719	5 628	9 691	-	65 170	26 134	714 906



11.FINANCIAL ASSETS AND FINANCIAL LIABILITIES

11.1 Financial assets

	2021	2020
	NOK000	NOK000
Derivatives designated as hedging instruments		
Foreign exchange forward and swap contracts	-	16 656
Total financial assets at fair value	-	16 656
Debt instruments at amortised cost		
Internal loan (Note 22)	351 556	453 863
Deposit to vendor	14 292	12 850
Trade receivables from third-party customers	503 197	340 293
Trade receivables from related parties (Note 22)	182 208	99 853
Contract assets	1 542	2 876
Other receivables from third-party customers	1 735	447
Other receivables from related-parties (Note 22)	608 601	1 132 942
Government grant (Note 17)	450	114
VAT receivable	5 756	7 256
Prepayments	46 841	31 990
Downpayments to vendors	11 047	5 406
Total financial assets*	1 727 226	2 104 544
Total current	1 361 379	466 713
Total non-current	365 848	1 637 831

* Financial assets, other than cash and short-term deposits



11. Financial assets and financial liabilities *Continued*

11.2 Financial liabilities: Interest-bearing loans and borrowings

	Interest rate	Maturity	2021	2020
	%		NOK000	NOK000
Current interest-bearing loans and borrowings				
Lease contract liability (Note 19)	2.20-3.21	2022	66 661	45 952
Total current interest-bearing loans and borrowings			66 661	45 952
Non-current interest-bearing loans and borrowings				
Lease contract liability (Note 19)	2.20-3.21		97 480	94 331
€ 65,961,908 JP Morgan Senior Facility Agreement B1	EURIBOR 3M +5% (floor E3M@0%)	2026-02-12	650 443	678 873
\$ 21,900,000 JP Morgan Senior Facility Agreement B2	LIBOR 3M+5% (floor L3M@0%)	2026-02-12	187 342	180 452
€ 0 JP Morgan Revolving Facility Agreement	EURIBOR 3M +1,2775% (floor E3M@0%)	2026-02-12	181 803	1 236
€ 8,692,745 Loan from Marlink SpA	EURIBOR 3M +5.75% (floor E3M@0%)	2027-07-10	9 213	9 132
Total non-current interest-bearing loans and borrowings			1 126 281	964 025
Total interest-bearing loans and borrowings			1 192 942	1 009 977

JP Morgan loans

The revolving facility was not drawn on closing date. It has been partially drawn in April 2021 for an amount of €18m.



11. Financial assets and financial liabilities *Continued*

11.3 Other financial liabilities

	2021 NOK000	2020 NOK000
Derivatives designated as hedging instruments		
Foreign exchange forward and swap contracts	1 113	-
Total financial instruments at fair value	<u>-</u>	<u>-</u>
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings		
Deposits from customers	6 975	4 438
DLL Facility Vendor Payment Agreement	142	1 860
Trade and other payables (Note 18)	1 060 040	1 305 845
Downpayment from customers	28 338	12 524
Downpayment from related parties (Note 22)	-	59
Total financial liabilities	<u>1 096 608</u>	<u>1 324 726</u>
Total current	<u>6 975</u>	<u>1 320 289</u>
Total non-current	<u>1 089 633</u>	<u>4 438</u>

11.4 Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

Cash flow hedges

Foreign currency risk

Foreign exchange forward and swap contracts are designated as hedging instruments in cash flow hedges of forecast sales in US dollars and forecast expenses in NOK. These forecast transactions are highly probable. The foreign exchange forward or swap contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Interest rate risk

Interest rate swap contracts are designated as hedging instruments in cash flow hedges of reimbursement of principal of borrowings in US dollars. These future transactions are highly probable, and they hedge 100% of the borrowing capital reimbursement in US dollars. The interests rate swap contracts balances vary with the level of expected interest rates.



11. Financial assets and financial liabilities *Continued*

The Company is holding the following cash flow hedge contracts:

	Maturity					Total
	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	More than 12 months	
As at 31 December 2021						
Foreign exchange forward contracts (highly probable forecast purchase)						
Notional amount (in NOK000)	72 000	-	-	-	-	72 000
Average forward rate (NOK/USD)	8,706	-	-	-	-	8,706
Interest rate swap contracts (highly probable forecast purchase)						
Notional amount (in \$000)	-	21 900	-	-	-	21 900
LIBOR3 +3,75%						
As at 31 December 2020						
Foreign exchange forward contracts (highly probable forecast purchase)						
Notional amount (in NOK000)	36 000	36 000	-	-	-	72 000
Average forward rate (NOK/USD)	9,535	9,529	-	-	-	9,532
Foreign exchange swap contracts (highly probable forecast purchase)						
Notional amount (in NOK000)	30 000	30 000	36 000	36 000	-	132 000
Average forward rate (NOK/USD)	9,000	9,500	9,000	9,000	-	9,125
Foreign exchange swap contracts (highly probable forecast sale)						
Notional amount (in NOK000)	30 000	30 000	36 000	36 000	-	132 000
Average forward rate (NOK/USD)	10,015	10,700	10,023	10,023	-	10,190
Interest rate swap contracts (highly probable forecast purchase)						
Notional amount (in €000)	-	-	-	-	66 000	66 000
EURIBOR3+0,25%						
Notional amount (in \$000)	-	-	-	-	21 900	21 900
LIBOR3 +3,75%						



11. Financial assets and financial liabilities *Continued*

11.5 Financial instruments risk management objectives and policies

Interest rate risk

Given the Company has no significant interest-bearing assets (except cash and cash equivalents and non-current other receivables), income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises principally from long-term borrowings. Borrowings issued at variable rates expose the Company to fair value interest rate risk.

The Company managed this risk using 2 interest rate hedging instruments :

- Interest rate CAP hedging instruments CAP ("LIBOR Cap" and "EURIBOR Cap") which fixed the interest rate to a maximum of respectively 2,75% for KUSD 21,900, and 0,25% for KEUR 66,000. These instruments were implemented in 2019 and have expired on May, 2021.

Consequently, the mark-to-market valuation of these interest hedges was nil as of December 31, 2021. Their costs for the year 2021 was nil (costs were supported in 2019) and the hedge benefit was nil (Cap levels were never exceeded).

- Interest rate SWAP hedging instrument ("LIBOR SWAP") which fixed the interest rate to 0,343% for KUSD 21,900. This instrument was implemented in 2020 and shall expire on May, 2022.

The mark-to-market valuation of this interest rate SWAP amounted to kNOK -130 as of December 31, 2021 and was recorded as a liability in the Statement of Financial Position.

The hedge cost for the year 2021 was kNOK 13 and the hedge benefit was nil (SWAP level was never exceeded)

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk, primarily with respect to the US dollar. The vast majority of its revenue is rated and billed in US Dollars, as well as the majority of capital expenditure, which are therefore not subject to risks associated with fluctuating foreign currency rates of exchange. Conversely, fixed costs are primarily denominated in Norwegian Krona. Operating cash flows and Income statement are therefore subject to changes as a result of foreign exchange fluctuations.

In addition, the Company raised EUR 66 million senior loans in February 2019, labelled in EUR which are exposing it to foreign exchange fluctuation risk.

Since inception in 2016, the Company's policy has been to hedge its operating cash flow and income statement exposure but not its balance sheet exposure. Such policy was still in force as of December 31, 2021.

Hedging policy was defined by the Board of the Company and consists in hedging on a 12 months rolling basis, at one point in time 50% of next half-year thru forward and 50% of subsequent half-year thru zero-premium Collars. Hedges in place in Marlink AS at end of December 2021 partially reflected this policy, reducing group exposure on short term variations of NOK against USD during the year 2021.

As of December 31, 2021 forward instruments were hedging a nominal value of NOK 72 million with expiry dates in the first quarter of 2022. And no collar instruments were in place at end of December 2021. Considering imminent ownership change, it was decided to shift to Q2/22 the contracting of additional hedges.

The mark-to-market valuation of these instruments amounted to NOK 1.0 million as of December 31, 2021. It was recorded as a liability in the Statement of Financial Position.



11. Financial assets and financial liabilities *Continued*

Trade and other receivables risk

Concentrations of credit risk with respect to trade receivables are limited due to the Company's large number of customers. The Company's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, Management believes that no additional credit risk beyond amounts provided for collections losses is inherent in the Company's trade receivables.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The following tables detail the Company's remaining contractual maturity for its financial liabilities:

	2022	2023	2024	2025	2026	After 2026
	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000
Purchase of satellite and network capacity	64 152	37 182	25 747	15 309	3 506	-
Bank guarantee	1 312	3 019			10 581	16 012
Rent obligation	7 132	4 825	2 061	1 078	549	-
Total contractual obligations	72 596	45 026	27 808	16 387	14 636	16 012

Trade receivables and contract assets

Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.



11. Financial assets and financial liabilities *Continued*

Set out below is the information about the credit risk exposure on the company's trade receivables using a provision matrix:

31 December 2020

	Trade receivables					Total
	Days past due					
	0-30	31-60	61-90	91-365	>365	
	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000
Expected credit loss rate	0,27%	0,60%	1,07%	11,86%	89,38%	
Estimated total gross carrying amount at default	156 194	112 716	44 268	64 864	96 429	474 471
expected credit loss	426	672	475	7 691	86 193	95 456

31 December 2021

	Trade receivables					Total
	Days past due					
	0-30	31-60	61-90	91-365	>365	
	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000
Expected credit loss rate	0,77%	1,71%	2,98%	24,46%	68,30%	
Estimated total gross carrying amount at default	231 922	131 268	57 977	103 472	53 796	578 436
expected credit loss	1 777	2 245	1 728	25 309	36 741	67 800

12. RECEIVABLES AND CONTRACT ASSETS

12.1 Trade and other receivables

	2021	2020
	NOK000	NOK000
Trade receivables from third-party customers	570 997	537 148
Trade receivables from related parties (Note 22)	182 208	(1 126)
Other receivables from third-parties	27 074	34 911
Other receivables from related parties (Note 22)	608 601	1 132 942
Government grants receivables (Note 17)	450	140
VAT receivable	5 756	7 256
Prepayments	46 841	31 990
	1 441 929	1 743 262
Allowance for expected credit losses (Note 11.5)	(67 800)	(95 456)
	1 374 128	1 647 806

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

For terms and conditions relating to related party receivables, refer to Note 22.



12. Receivables and contract assets *Continued*

Set out below is the movement in the allowance for expected credit losses of trade receivables.

	<u>2021</u>	<u>2020</u>
	NOK000	NOK000
As at 1 January	95 456	88 402
Expected credit loss	21 390	7 908
Reversal	(49 046)	(855)
AS at 31 December	<u>67 800</u>	<u>95 456</u>

12.2 Contract assets

As at 31 December 2021, the Company has contract asset of KNOK 1 542 (2020: KNOK 2 876)

13. CASH AND SHORT-TERM DEPOSITS

	<u>2021</u>	<u>2020</u>
	NOK000	NOK000
Cash at banks and on hand	56 386	2 418
	<u>56 386</u>	<u>2 418</u>

The company has a tax guarantee of NOK 15 million in favour of Kemneren i Asker og Baerum

The company has a performance guarantee of 8.819 KNOK in favour of World Food Programme

The company has a performance guarantee of 3.517 KNOK in favour of United Nations

The company has a performance guarantee of 3.145 KNOK in favour of Kuwait Oil Tanker Company

The company has a performance guarantee of 2.095 KNOK in favour of Subsea7

The company has a performance guarantee of 8.819 KNOK in favour of UNICEF

The company has a rental guarantee of 610 KNOK in favour of SETTER EIENDOM AS

The company has a tender guarantee of 250 KNOK in favour of NATO CS Agency

The company has a tender guarantee of 840 KNOK in favour of United Nations

The company has a rental guarantee of 140 KNOK in favour of VESTNORSK HOTEL AS



14. ISSUED CAPITAL AND RESERVES

Issued capital

	<u>2021</u>	<u>2020</u>
	<u>Nbr</u>	<u>Nbr</u>
Ordinary shares of NOK 1,40 each	13 265 867	13 265 867
	<u>13 265 867</u>	<u>13 265 867</u>
	<u>Nbr</u>	<u>NOK</u>
At 1 Janvier 2020	13 265 867	18 572 214
At December 2020	13 265 867	18 572 214
At 31 December 2021	13 265 867	18 572 214

There is only one class of shares. There are no rules in the by-laws regarding voting rights. No rights may lead to the issuing of new shares.

The company shares have been pledged to the benefit of the Company's senior lenders.

Share premium

	<u>KNOK</u>
At 1 January 2020	2 505 009
At 31 December 2020	2 505 009
At 31 December 2021	2 505 009

The capital is fully owned by Toruk AS for NOK 18 572 213,80 at 31.12.2021.



15. DISTRIBUTIONS MADE AND PROPOSED

	2021	2020
	NOK000	NOK000
Dividends declared and paid:		
Final dividends for 2020	450 000	-
Proposed dividends:		
Final dividends for 2021	-	450 000

16. PROVISIONS

	Restructuring	Dismantling	Total
	NOK000	NOK000	NOK000
At 1 January 2021	4 794	469	5 263
Arising during the year	-	-	-
Utilised	-	(469)	(469)
At 31 December 2021	4 794	-	4 794
Current	-	-	-
Non-current	4 794	-	4 794
	Restructuring	Dismantling	Total
	NOK000	NOK000	NOK000
At 1 January 2020	1 002	-	1 002
Arising during the year	4 794	469	5 263
Utilised	(1 002)	-	(1 002)
At 31 December 2020	4 794	469	5 263
Current	-	-	-
Non-current	4 794	469	5 263

17. GOVERNMENT GRANTS

	2021	2020
	NOK000	NOK000
At 1 January	114	1 166
<i>Received during the year</i>		
Research and Development	950	35
	1 064	1 201
Released to the statement of profit and loss		
Research and Development	(614)	(1 087)
At 31 December	450	114
Current	450	114
Non-current	-	-



18. TRADE AND OTHER PAYABLES

	2021	2020
	NOK000	NOK000
Trade payables	397 378	407 426
Trade payables to related parties (Note 22)	128 694	48 432
Other payables	-	270
Other payables to related parties (Note 22)	267 038	632 050
Accruals	82 183	64 307
Deferred income	184 746	153 360
	1 060 040	1 305 845

Trade and other payables are non-interest bearing, except Other payables to related parties (refer to Note 22).

19. LEASES

Company as a lessee

The Company has lease contracts for various items of real estate, vehicles, leased lines and purchase of satellite capacity used in its operations. Real estates have lease terms between 5 and 7 years, while motor vehicles have lease terms between 3 and 5 years. Concerning the leased lines, terms are between 2 and 7 years and the purchase of satellite capacity have lease terms between 3 and 4 years.

The company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the company is restricted from assigning and subleasing the leased assets

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Real estate	Vehicles	leased lines	Satellite capacity	Total
	NOK000	NOK000	NOK000	NOK000	NOK000
As at 1 January 2020	11 685	730	114 040	12 778	139 233
Correction (see note 2.5)	19 406	204	(1 777)	(208)	17 624
Revaluation	1 375	131	(42 696)	-	(41 190)
Additions	787	313	-	86 990	88 089
Depreciation expense	(12 623)	(811)	(38 941)	(15 001)	(67 376)
As at 31 December 2020	20 629	567	30 625	84 559	136 380
Additions	5 001	765	11 284	99 125	116 175
Depreciation expense	(9 009)	(516)	(31 463)	(43 803)	(84 792)
As at 31 December 2021	16 621	816	10 447	139 881	167 764



19. Leases *Continued*

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<u>2021</u>	<u>2020</u>
	NOK000	NOK000
As at 1 January	140 283	142 719
Additions	323 677	100 620
Accretion of interest	1 748	2 840
Payments	(301 566)	(105 897)
As at 31 December	<u>164 141</u>	<u>140 283</u>
Current	66 661	45 952
Non-current	97 480	94 331

The maturity analysis of lease liabilities are disclosed in Note 21.

The following are the amounts recognized in profit or loss:

	<u>2021</u>	<u>2020</u>
	NOK000	NOK000
Depreciation expense	84 792	67 376
Interest expense on lease liabilities	3 209	2 664
End of contract before end term	(19 331)	-
Total amount recognised in profit or loss	<u>68 669</u>	<u>70 040</u>

Company as a lessor

The company presents assets it has leased to others as receivables equal to the net investments in the leases. Financial income will be set so a constant return is achieved on outstanding receivables during the life of the contract. Direct costs incurred in connection with establishing the lease are included in the receivable.

The rental income from operational leases will be recorded to the accounts on a linear basis over the life of the lease. Initial direct costs incurred through negotiation and establishment of an operational lease will be granted recorded value for the leased fixed asset and recognized as an expense on a linear basis over the life of the lease as depreciation. Variable rent will be recognized as income during the earning period.

20. PENSIONS

	<u>2021</u>	<u>2020</u>
	NOK000	NOK000
Net defined benefit asset	(22 993)	(12 971)
Pension plan from Palantir AS	464	349
Management supplementary pension plan	2 937	2 702
	<u>(19 592)</u>	<u>(9 919)</u>

Marlink AS is under obligation to have an occupational pension plan pursuant to the Mandatory Occupational Pensions Act. The company has a mandatory occupational pension plan that meets the legislative requirements.

Marlink AS is a member of a defined benefit-based pension plan, Telenor Pensjonskasse. This plan ceased accepting new members in 2006. A collective contribution plan was established that year for new hires at Marlink AS and employees who on 01.07.2006 voluntarily chose to switch from the defined-benefit plan at Telenor Pensjonskasse to the defined-contribution plan. 179 employees at the company were covered by the pension plan as at 31.12.2021. 21 employees are also part of the defined-benefits plan.



20. Pensions *Continued*

Marlink AS is a member of the Confederation of Norwegian Enterprise NHO, and is part of the Common plan for Contractual Pension (new AFP), which is considered a defined-benefit multi-enterprise plan. The plan's administrator cannot calculate Marlink AS' share of assets and liabilities as at 31.12.2020, and the plan therefore will be recorded to the accounts as a defined-contribution plan. When closing down the old AFP plan, the plan was under funded and the member companies must cover this through continued contribution of premiums during the next three years. The company's share of annual pensions linked to the old AFP plan will be recorded in the accounts in full on the withdrawal date.

The K2013 risk table is used for death and life expectancy, while the risk table for disability for the main scheme is based on KU, Storebrand's more comprehensive disability tariff.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial :

Change in defined benefit obligation

	<u>2021</u>	<u>2020</u>
	NOK000	NOK000
Defined benefit obligation at 1 January	109 999	119 261
Current service cost	3 037	3 831
Interest expense	1 630	2 362
Cash flows		
a. Benefit payments from plan assets	(2 548)	(2 144)
b. Benefit payments from employer	(40)	(40)
Remeasurements		
a. Effect of changes in financial assumptions	(1 576)	(978)
b. Effect of experience adjustments	(3 173)	(12 293)
Defined benefit obligation at 31 December	<u>107 329</u>	<u>109 999</u>

Change in fair value of plan assets

	<u>2021</u>	<u>2020</u>
	NOK000	NOK000
Fair value of plan assets at 1 January	122 969	121 080
Interest income	1 851	2 462
Cash flows		
a. Total employer contributions		
(i) Employer contributions	5 100	3 298
(ii) Employer direct benefit payments	40	40
b. Benefit payments from plan assets	(2 548)	(2 144)
c. Benefit payments from employer	(40)	(40)
Return on plan assets (excluding interest income)	2 949	(1 727)
Fair value of plan assets at end of year	<u>130 321</u>	<u>122 969</u>



20. Pensions *Continued*

Amounts recognized in the statement of financial position

	2021	2020
	NOK000	NOK000
Defined benefit obligation	107 329	109 999
Fair value of plan assets	130 321	122 969
Net defined benefit liability (asset)	(22 992)	(12 970)

Components of defined benefit cost

	2021	2020
	NOK000	NOK000
Current service cost	3 037	3 831
Net interest cost		
a. Interest expense on DBO	1 630	2 362
b. Interest (income) on plan assets	(1 851)	(2 462)
Defined benefit cost included in P&L	2 816	3 731
Remeasurements (recognized in other comprehensive income)		
a. Effect of changes in financial assumptions	(1 576)	(978)
b. Effect of experience adjustments	(3 173)	(12 293)
c. (Return) on plan assets (excluding interest income)	(2 949)	1 727
Total remeasurements included in OCI	(7 698)	(11 544)
Total defined benefit cost recognized in P&L and OCI	(4 882)	(7 813)

Net defined benefit liability (asset) reconciliation

	2021	2020
	NOK000	NOK000
Net defined benefit liability (asset)	(12 970)	(1 819)
Defined benefit cost included in P&L	2 816	3 731
Total remeasurements included in OCI	(7 698)	(11 544)
Cash flows		
a. Employer contributions	(5 100)	(3 298)
b. Employer direct benefit payments	(40)	(40)
Net defined benefit liability (asset) as of end of year	(22 993)	(12 971)

Defined benefit obligation

	2021	2020
	NOK000	NOK000
Defined benefit obligation by participant status		
a. Actives	68 889	72 059
b. Retirees	38 440	37 940
Total	107 329	109 999



20. Pensions *Continued*

Plan assets

	<u>2021</u>	<u>2020</u>
	NOK000	NOK000
Fair value of plan assets		
Assets held by insurance company	130 321	122 969
Total	<u>130 321</u>	<u>122 969</u>
Actual return on plan assets	4 800	735

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Company's plans are shown below:

	<u>2021</u>	<u>2020</u>
<i>Weighted-average assumptions to determine defined benefit obligation</i>		
Discount rate	1,75%	1,50%
Duration (in years)	15,54	15,99
<i>Weighted-average assumptions to determine defined benefit cost</i>		
Discount rate	1,50%	2,00%

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

	<u>2021</u>	<u>2020</u>
<i>Present value of defined benefit obligation</i>		
Discount rate - 25 basis points	111 614	114 520
Discount rate + 25 basis points	103 286	105 736
<i>Weighted average duration of defined benefit obligation (in years)</i>		
Discount rate - 25 basis points	15,99	16,46
Discount rate + 25 basis points	15,09	15,52

Membership statistics

	<u>2021</u>	<u>2020</u>
Actives		
a. Number	21	23
b. Total annual pensionable pay	18 166	19 135
c. Average annual pensionable pay	865	832
d. Average age	57,63	57,42
e. Average past service	27,88	26,65
Retirees		
a. Number	33	32
b. Average annual pension	78,29	68,00
c. Average age	71,98	71,12



21.COMMITMENTS AND CONTINGENCIES

	2022	2023	2024	2025	2026	After 2026
	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000
Purchase of satellite and network capacity	64 152	37 182	25 747	15 309	3 506	-
Bank guarantee	1 312	3 019			10 581	16 012
Rent obligation	7 132	4 825	2 061	1 078	549	-
Total contractual obligations	72 596	45 026	27 808	16 387	14 636	16 012

22.RELATED PARTY DISCLOSURES

Note 5 provides information about the Company's subsidiaries. The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year.

Trade receivables and payables

		Sales to related parties	Purchases from related parties	Amount owed by related parties	Amounts owed to related parties
		NOK000	NOK000	NOK000	NOK000
Marlink SAS	2021	373 742	219 124	22 780	41 241
	2020	425 677	253 761	-	9 510
Marlink GmbH	2021	116 510	24 959	11 167	7 498
	2020	138 798	29 773	17 146	336
Marlink BV	2021	11 462	144 644	7 430	21 081
	2020	7 110	134 088	-	1 212
Marlink Events SAS	2021	10 709	2 154	11 859	2 181
	2020	12 727	1 742	8 408	1 916
Makto Sarl	2021	3 907	12 159	-	-
	2020	4 277	13 886	4 096	-
Marlink Participacoes LTDA	2021	3 156	-	14 883	-
	2020	3 256	-	11 349	-
Marlink Servicios de Comunicacoes Ltda	2021	3 732	8 138	8 327	2 374
	2020	(1 686)	5 004	4 358	2 454
Marlink CG Ltd	2021	166 844	743	17 674	109
	2020	144 675	1 303	12 810	1 289
Marlink Ltd	2021	86	10 040	203	2 443
	2020	395	10 347	1	885
OmniAccess S.L	2021	3 636	1 500	3 055	360
	2020	242	1 477	751	154
Marlink MX S.A. de C.V.	2021	651	2 281	786	4 803
	2020	-	-	-	-
Marlink SA	2021	47 840	1 134	2 506	(10 087)
	2020	59 339	28 739	157	82
Marlink Communications FZ LLC	2021	-	29 332	-	23 507
	2020	-	22 390	-	17 402
Marlink KK	2021	2	14 226	3	4 597
	2020	1	11 272	1	2 679
Marlink Telemar Pte Ltd	2021	56 523	31 334	7 720	2 874
	2020	67 797	31 245	-	518
Marlink Inc	2021	138 552	56 437	10 094	7 431
	2020	148 955	62 068	448	49
Marlink SRO	2021	-	63 343	-	6 063
	2020	14	63 760	-	8 723



22. Related party disclosures *Continued*

Marlink Tanzania Ltd	2021	-	-	6 699	-
	2020	-	-	5 507	-
Compagnia Generale Telemar SpA	2021	45 207	4 024	28 366	746
	2020	54 860	238	18 169	-
Telemar UK Ltd	2021	12 141	8	3 326	-
	2020	12 016	-	11 984	-
Telemar USA LLC	2021	-	-	-	-
	2020	(17)	-	-	1
Telemar Funkelektronik GmbH	2021	64	983	40	-
	2020	88	-	-	-
Telemar China Ltd	2021	520	6 847	311	3 611
	2020	861	5 427	249	1 496
Telemar GmbH	2021	-	-	-	-
	2020	12	-	-	-
Telemar Norge A/S	2021	101	-	183	-
	2020	0	-	130	-
Telemar Hong Kong Ltd	2021	32	3 425	5 713	6 980
	2020	-	4 022	5 528	6 074
Marlink AB	2021	17 170	2 184	3 163	259
	2020	17 554	1 670	3 722	-
Telemar AB	2021	11	-	-	-
	2020	(57)	-	-	222
Telemar Oy AB	2021	8 375	-	1 623	-
	2020	8 543	(63)	1 575	-
ITC Global Inc	2021	13 450	1 789	13 812	626
	2020	-	-	-	-
ITC Global Ltd	2021	173	23	171	-
	2020	-	-	-	-
NewSat Communications AG	2021	314	-	314	-
	2020	-	-	-	-
ITC Global Pty Ltd	2021	-	125	-	-
	2020	-	-	-	-
	2021	1 034 912	640 957	182 208	128 694
	2020	1 105 436	682 149	106 390	55 003

Loans

	2021		2020	
	Amount owed by related parties	Amounts owed to related parties	Amount owed by related parties	Amounts owed to related parties
	NOK000	NOK000	NOK000	NOK000
Marlink SA	-	-	103 924	-
Toruk AS	321 655	-	318 596	-
Marlink SpA*	-	-	31 342	9 132
Marlink Tanzania Ltd**	-	-	13 521	-
Compagnia Generale Telemar SpA	29 901	9 213	-	-
	351 556	9 213	453 863	9 132

* Marlink SpA has been merged into Compagnia Generale Telemar SpA during the year.

** The amount of kNOK14 940 (2020: kNOK13 521) owed by Marlink Tanzania Ltd is fully depreciated.



22. Related party disclosures *Continued*

Current accounts

	2021	2021	2020	2020
	Amount owed by related parties	Amounts owed to related parties	Amount owed by related parties	Amounts owed to related parties
	NOK000	NOK000	NOK000	NOK000
Marlink MX S.A. de C.V.	5 265	37 159	-	72 863
Marlink SpA	-	-	682	-
Marlink CG Ltd	-	-	3 753	-
Marlink s.r.o.	-	-	-	103 535
Marlink Ltd	-	-	-	9 945
Marlink Inc	-	-	-	65 831
Marlink SA	-	100 335	-	184 558
Marlink GmbH	600	-	-	13 487
Marlink SAS	-	100 353	124 039	-
Marlink Holding SAS	998	-	-	90 918
Toruk AS	598 812	-	998 228	-
Marlink Telemar Pte Ltd	-	29 191	-	34 865
Marlink AB	-	-	-	55 367
Telemar Hong Kong Ltd	2 927	-	2 769	-
	608 601	267 038	1 133 624	631 368

	Currency	Rate
Marlink MX S.A. de C.V.	NOK	Nibor 1M + 2,125% (Floor 0%)
Marlink BV	€	Euribor 1M + 2,125% (Floor 0%)
Marlink SpA	€	Euribor 1M + 2,125% (Floor 0%)
Marlink CG Ltd	€	Euribor 1M + 2,125% (Floor 0%)
Marlink s.r.o.	\$	Libor 1M USD + 2,125% (Floor 0%)
Marlink Ltd	€	Euribor 1M + 2,125% (Floor 0%)
Marlink Inc	£	Libor 1M USD + 2,125% (Floor 0%)
Marlink SA	\$	Libor 1M USD + 2,125% (Floor 0%)
Marlink GmbH	\$	Libor 1M USD + 2,125% (Floor 0%)
Marlink SAS	\$	Libor 1M USD + 2,125% (Floor 0%)
Marlink Holding SAS	\$	Libor 1M USD + 2,125% (Floor 0%)
Toruk AS	€	Euribor 1M + 4,25%
Marlink Telemar Pte Ltd	\$	Libor 1M USD + 2,125% (Floor 0%)
Marlink AB	SEK	Stibor 1M + 2,125% (Floor 0%)
Telemar AB	SEK	Stibor 1M + 2,125% (Floor 0%)
Telemar Hong Kong Ltd	\$	Libor 1M USD + 2,75% (Floor L1M @ 0%)



23. EVENTS AFTER THE REPORTING PERIOD

New information after the reporting period regarding the company's financial position on the reporting date is taken into consideration in the accounts. Events after the reporting date that do not affect the company's financial position on the reporting date, but which will affect the company's financial position in the future, are disclosed if they are of significance.

Tax inspection

Marlink AS is subject to a tax inspection covering the years 2018 and 2019. This inspection was notified by letter dated 21 March 2021. Answers have been provided to the tax administration on 4 June 2021. New questions have been raised by the administration on 10 March 2022. Answers have been provided to the tax administration on 25 April 2022.

The company accepted the corrections requested for the year 2018. The impact is an increase of the 2018 tax expense of kNOK 5 627 (kNOK 31 216 against kNOK 25 589), and consequently a decrease of the taxable loss brought forward from previous years of kNOK 25 576 (kNOK 269 445 against kNOK 295 021).

The tax inspection covering the 2019 is still on going and the estimation of the impact cannot be determined. Taking the group contribution into consideration, tax payable adjustment once the tax inspection be over shall be kNOK 0.

Russia & Ukraine exposure:

Russian Federation's armed forces invaded Ukraine on 24 February 2022 which resulted in business interruption in Ukraine and various sanctions imposed on Russian parties by EU & US authorities.

The Company's direct exposure to Russia & Ukraine is minimal. In the year 2021, it generated kNOK7.433 revenues with Russian customers and kNOK2.267 revenues with Ukrainian customers.

Indirectly, the Company may be indirectly exposed to some Russian high wealth individuals in the conduct of its Yachting business, although no transactions have happened with Russian banks and entities. The Company runs regular checks against relevant sanctioned parties' lists and will suspend services to any Denied Party. The Company also stopped any shipment of equipment to Russian customers.

At issuance of this report, the Company's receivables from Russian customers were of kNOK691 and kNOK191 from Ukrainian customers.

The Company does not hold bank accounts or balances, or any asset or liability, in Russian Ruble or Ukrainian Hryvnia.

On the supply side, the Company used to procure a very limited volume of satellite capacity from some Russian satellite operators (i.e. below 1% of Company's satellite capacity purchases). The Company started to implement a migration plan to other non-Russian satellites. Last, the Company does not land traffic nor use assets or teleports on the territory of the Russian federation nor Ukraine. Neither does it procure equipment from Russia or Ukraine.

Overall, the Company's direct exposure to the Russia & Ukraine crisis is limited; management believes this crisis shall not have any material impact on its operations in 2022, nor on its financial position as at December 31, 2021.