



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 964 823 138  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: INMARSAT SOLUTIONS AS  
Forretningsadresse: NMK  
Borgundvegen 340  
6009 ÅLESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Hallgeir A. Bruvik  
Dato for fastsettelse av årsregnskapet: 31.08.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 20.09.2022



## Resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	269 200 000	155 600 000
<b>Sum inntekter</b>		<b>269 200 000</b>	<b>155 600 000</b>
<b>Kostnader</b>			
Varekostnad		194 600 000	60 600 000
Lønnskostnad	3	5 300 000	5 300 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	6,7,8	37 600 000	34 000 000
Annen driftskostnad		17 500 000	3 600 000
<b>Sum kostnader</b>		<b>255 000 000</b>	<b>103 500 000</b>
<b>Driftsresultat</b>		<b>14 200 000</b>	<b>52 100 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap		600 000	500 000
<b>Sum finansinntekter</b>		<b>600 000</b>	<b>500 000</b>
Annen rentekostnad	4	2 500 000	600 000
<b>Sum finanskostnader</b>		<b>2 500 000</b>	<b>600 000</b>
<b>Netto finans</b>		<b>-1 900 000</b>	<b>-100 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>12 300 000</b>	<b>52 000 000</b>
Skattekostnad på ordinært resultat	5	2 200 000	9 500 000
<b>Ordinært resultat etter skattekostnad</b>		<b>10 100 000</b>	<b>42 500 000</b>
<b>Årsresultat</b>		<b>10 100 000</b>	<b>42 500 000</b>
Andre resultatkomponenter for IFRS-foretak		0	0
<b>Totalresultat</b>		<b>10 100 000</b>	<b>42 500 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital	14	10 100 000	42 500 000
<b>Sum overføringer og disponeringer</b>		<b>10 100 000</b>	<b>42 500 000</b>



## Balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Forskning og utvikling	6	700 000	700 000
Utsatt skattefordel	5	10 100 000	7 500 000
<b>Sum immaterielle eiendeler</b>		<b>10 800 000</b>	<b>8 200 000</b>
<b>Varige driftsmidler</b>			
Serviuce equipment, fixtures and fittings	7	98 700 000	106 800 000
Space segment	7	900 000	1 000 000
Assets in the course of construction	7	6 600 000	5 500 000
Right of use assets	8	2 600 000	2 700 000
<b>Sum varige driftsmidler</b>		<b>108 800 000</b>	<b>116 000 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	16	900 000	900 000
<b>Sum finansielle anleggsmidler</b>		<b>900 000</b>	<b>900 000</b>
<b>Sum anleggsmidler</b>		<b>120 500 000</b>	<b>125 100 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	11	500 000	1 100 000
<b>Sum varer</b>		<b>500 000</b>	<b>1 100 000</b>
<b>Fordringer</b>			
Kundefordringer	10	27 900 000	28 800 000
Andre fordringer	10	2 300 000	1 400 000
Konsernfordringer	10,15	87 300 000	84 100 000
<b>Sum fordringer</b>		<b>117 500 000</b>	<b>114 300 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	12	600 000	800 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>600 000</b>	<b>800 000</b>
<b>Sum omløpsmidler</b>		<b>118 600 000</b>	<b>116 200 000</b>



### Balanse

Beløp i: USD	Note	2020	2019
<b>SUM EIENDELER</b>		<b>239 100 000</b>	<b>241 300 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	13,14	100 000	100 000
Overkurs	14	84 700 000	84 700 000
<b>Sum innskutt egenkapital</b>		<b>84 800 000</b>	<b>84 800 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	14	40 000 000	29 900 000
<b>Sum opptjent egenkapital</b>		<b>40 000 000</b>	<b>29 900 000</b>
<b>Sum egenkapital</b>		<b>124 800 000</b>	<b>114 700 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	15	35 900 000	45 800 000
Other long term liabilities	10	400 000	500 000
Obligations under finance leases	8	2 500 000	2 400 000
<b>Sum annen langsiktig gjeld</b>		<b>38 800 000</b>	<b>48 700 000</b>
<b>Sum langsiktig gjeld</b>		<b>38 800 000</b>	<b>48 700 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	10	9 500 000	10 500 000
Betalbar skatt	5	5 200 000	11 100 000
Kortsiktig konserngjeld	15	35 500 000	30 000 000
Other current liabilities	10	25 000 000	26 000 000
Obligations under finance leases	8	300 000	300 000
<b>Sum kortsiktig gjeld</b>		<b>75 500 000</b>	<b>77 900 000</b>
<b>Sum gjeld</b>		<b>114 300 000</b>	<b>126 600 000</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>239 100 000</b>	<b>241 300 000</b>



DocuSign Envelope ID: 77BF7D15-0D5A-4722-969D-72D42F2C3BA4



CONNECTING PEOPLE  
TO A BETTER

# FUTURE

**INMARSAT GROUP HOLDINGS LIMITED  
ANNUAL REPORT AND ACCOUNTS 2020**

(Registered in England & Wales, registered number 04886072)



Revenue

Operating profit

**\$1,272.1M** **\$243.1M**

EBITDA\*

Cash CAPEX\*

**\$694.1M** **\$287.9M**

# ANYWHERE IN THE WORLD, INMARSAT CONNECTS PEOPLE TO A BETTER FUTURE

\* Alternative performance measures (APMs) are used consistently throughout the Annual Report. These measures are only used to provide additional information and are not intended to replace the audited financial statements.

2. The 2020 Outlook is for the 2020 Annual Report 2020.

## CONTENTS

**Strategic report**

- 6 An unrivalled portfolio
- 7 Our current satellite constellation
- 8 Business model
- 10 Our strategy
- 12 Engaging with our stakeholders: s172 statement
- 16 2020 performance review
- 18 Key performance indicators
- 20 Solutions and services
- 20 Maritime case study
- 22 Global government case study
- 24 U.S. government case study
- 26 Aviation case study
- 28 Enterprise case study
- 30 Risk management

**Directors' report**

- 44 Governance and leadership
- 49 Board of Directors
- 50 Engaging with our stakeholders: stakeholder statement
- 50 2020 ESG report
- 52 Report of the Directors
- 59 Directors' responsibilities statement

**Financial statements**

- 63 Financial statements
- 64 Consolidated income statement
- 64 Consolidated statement of comprehensive income
- 65 Consolidated balance sheet
- 66 Consolidated statement of changes in equity
- 67 Consolidated cash flow statement
- 68 Notes to the financial statements
- 119 Company balance sheet
- 120 Statement of changes in equity
- 120 Alternative performance measures
- 122 Independent auditor's report to the members of Inmarsat Group Holdings Limited



# STRATEGIC REPORT

DocuSign Envelope ID: 77BF7D15-0D5A-4722-968D-72D42F2C3E44

Strategic report

Directors' report

Financial statements

Brønnøysundregistrene Årsregnskap regnskapsåret 2020

Brønnøysundregistrene Årsregnskap regnskapsåret 2020

Strategic report

Directors' report

Financial statements

14

Geostationary satellites owned and operated.

14

Satellite Access Stations strategically located worldwide.

7

Additional satellites to be delivered into space by 2024.

## AN UNRIVALLED PORTFOLIO

Through our best in class networks we help our customers to communicate where terrestrial telecom networks lack reliability or coverage; on land, at sea or in the air.

DocuSign Envelope ID: 77BF7D15-0D5A-4722-969D-72D42F2C3E44

Strategic report

Directors' report

Financial statements

## OUR CURRENT SATELLITE CONSTELLATION

Satellite type: Global Xpress European Aviation Network L-band

6

ÅRSREGNSKAP 2020

**High-performance mobility-designed L-band**

Supported by secure networks and technology.

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

**Global Xpress (GX)**

A global, mobile, high bandwidth satellite network.

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

**Inmarsat's Technology Roadmap**

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

**The European Aviation Network (EAN)**

A unique asset.

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



## BUSINESS MODEL

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

### Gaining competitive advantage through our corporate responsibility and our people

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

#### Market-leading networks

**L-band**  
Our resilient L-band networks, based on our Inmarsat-3 and Inmarsat-4 satellite constellations, will continue to support the evolving mobile communications requirements in our key customer segments. Our new Inmarsat-6 satellites will support our growth ambitions.

#### Dual payload

The Inmarsat-6 satellites comprise two dual payload (L-band and Ka-band) satellites due to enter commercial service in 2022. This will ensure the reorientation of our L-band capabilities towards new growth opportunities, as well as providing additional capacity to the existing GX network.

#### Ka-band

Global Xpress (GX), based on our 5 Inmarsat-5 satellites currently in orbit, is the world's first global, mobile, high bandwidth network, designed to support our customers' high bandwidth connectivity requirements.

#### S-band

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

#### Supported by:

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

#### Best-in-class partner ecosystem

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

#### Highly skilled workforce

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

#### Our financial resources

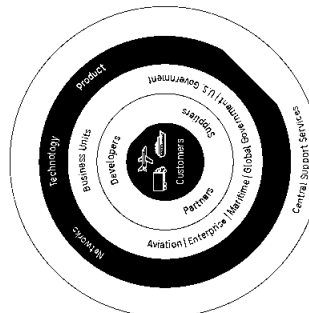
We use our balance sheet to support the organic and inorganic investment needed to deliver our strategic imperatives.

### Our value chain

By operating global satellite networks and fully optimised ground infrastructure networks, supported by market-leading distribution partnerships, we provide our customers with global coverage to any device.

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

Our business model delivers sustainable value for all our stakeholders.



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

### Delivering value for our stakeholders

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

#### Shareholders and lenders

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

#### Customers and partners

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

#### Employees

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

#### Communities

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

## OUR STRATEGY

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

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

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

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

### Measuring our progress

We measure progress towards our strategic vision using both financial and non-financial key performance indicators and robust risk management. Our key performance indicators can be found on pages 18 and 19. These measures help us maintain a regular check against major milestones within each of our strategic priorities allowing us to flex and adjust as required to improve delivery and execution.

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

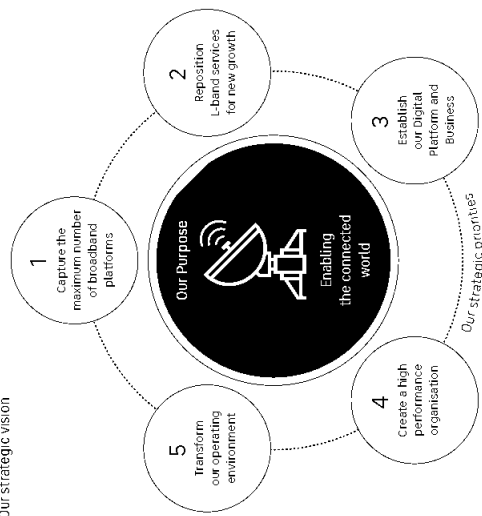
- **Survive** – implement fast and effective response to the crisis.
- **Reset** – assimilate, analyse, re-plan and act decisively to create the conditions for a successful out-turn and long-term growth.
- **Thrive** – succeed through the out-turn and beyond to drive strategy and results.

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

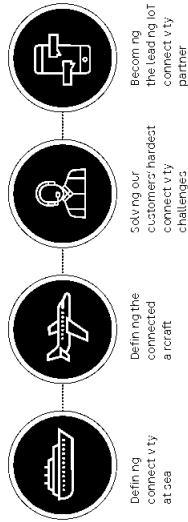
As we progressed into the second phase of our response strategy, we moved our focus to growth and on implementing changes that enable us better to deliver that growth.

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

Our strategic vision



We achieve our strategic priorities by:



"Inmarsat today is focused on looking after our people and our partners, delivering mission critical services to our customers, and investing in organic growth and innovation."



DocuSign Envelope ID: 77BF7D15-0D5A-4722-968D-72D42F2C3B44

Strategic report Directors' report [Følg oss på statnett.no](#)

## ENGAGING WITH OUR STAKEHOLDERS: S172 STATEMENT

Our purpose and business model succeeds on the strength of our stakeholder relationships.

Section 172 of the Companies Act 2006 requires the Directors to take into consideration the interests of stakeholders in their decision making. The Directors have regard to the interests of our Company employees and other stakeholders, including our impact in the community, the environment and our

reputation, when making their decisions. The Directors consider what is likely to promote the success of the Company for our members in the long-term in all their decision making. This statement should be read in conjunction with the stakeholder statement on pages 50 and 51.

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

Strategic report

Directors' report

[Følg oss på statnett.no](#)

Stakeholder  
Employees (cont.)

Why we engage

How we engage  
Our employee engagement scores have increased over 2019 and employee feedback on specific questions relating to their wellbeing was very positive.

An outcome of our employee engagement is that we are reviewing flexible working arrangements for our employees globally. We hope to offer our employees the choice to work from home or the office permanently or an option to select from a range of hybrid solutions. Employee feedback also noted employees were suffering 'meeting fatigue' due to the high volume of meetings attended during the day as a result of home working. We recently trialled 'no meeting Fridays' during the month of February and have implemented meeting archetypes to change meeting culture to work more successfully from home.

Customers

By working collaboratively with our customers, we develop innovative solutions to meet consumer needs.

By sharing market insight with customers, we identify further opportunities together to increase revenues.

We recognise that our service is mission critical to our customers and the reliability of our service is essential for them.

The Board engages with customers through the CEO and the Executive Management team and receives regular information about customers in Board reports and other business reports. All significant or material contracts that are classed as Principal Decisions are approved at Board level. We seek customer feedback on a range of issues such as customer service, new products and pricing. This is done through various methods such as surveys and focus groups.

We launched the first of our annual market wide customer feedback surveys in 2019 to initiate what we expected to be a productive and ongoing dialogue. Our latest survey in 2020 saw an increase of over 300% in the responses received and provided even more insightful observations which added great value to the customer experience feedback we gain from our regular customer interactions. We saw an increase in both the Net Promoter Score and Customer Satisfaction scores which form an underpinning part of our customer experience measurement framework. Customers told us that they appreciate and value our global network coverage and reliability. They also said there are ways we could do more to simplify how we do business, such as increasing the self-service capability in the systems that they interface with. All the feedback received is helping us drive further improvements through our customer experience programme. The ongoing dialogue is increasing our understanding of what matters most to those who rely on our services.



DocuSign Envelope ID: 77BF7D15-0D5A-4722-968D-72D42F2C3B44

Strategic report Directors' report [Facebook](#) [LinkedIn](#)

## Engaging with our stakeholders: s172 statement (continued)

Stakeholder	Why we engage	How we engage
Partners	<p>We recognise that a collaborative approach to innovation and the use and capabilities of our technology can often accelerate time to market, reduce costs and create differentiation.</p> <p>We recognise that our service is mission critical to our partners and the reliability of our service is essential for them and their customers.</p>	<p>The Board engages with our partners through the CEO and receives regular information about partners in Board reports and other business reports.</p> <p>We engage with our partners through our regional and global partner conferences. We recently held our first virtual session with partners and will be hosting these regularly going forwards. The live broadcasts are designed to keep our partners updated on our exciting plans for 2021.</p> <p>We are also launching a new partner portal in 2021 through which partners will have access to news, articles and blogs.</p> <p>We keep our shareholders regularly informed through our Governance frameworks while lenders receive quarterly updates and a presentation on the performance of the organisation from the CEO. There is an opportunity for lenders to ask questions on the financial performance of the business at the end of each presentation. Lender consensus is fed back directly to the Board as part of the routine financial update agenda item.</p>
Shareholders and Lenders (our investors)	<p>We have a clear responsibility to engage with shareholders and lenders to our business and our shareholders' views are an important element of our strategy.</p>	<p>We engage with our suppliers via our procurement teams as well as through other functions such as legal, compliance and health and safety. Material suppliers are engaged regularly through our Supplier Relationship Management programme where we hold quarterly business reviews and annual reviews with senior management looking backwards at performance and forwards at future business opportunities. The Board receives information through Board reports and reviews our strategy and performance in following the requirements of the Modern Slavery Act each year.</p>
Suppliers	<p>Supply chain integrity is a critical part of our business as we rely on our suppliers to help meet our customers' needs.</p> <p>During Covid-19 times, ensuring the logistic channels remained open was essential for us, and our suppliers.</p>	<p>The Board reviews the payment practices of the Group as part of routine financial updates. For the full year 2020, 87% of suppliers were paid on time (2019: 49%). This significant improvement is a result of focus on improving supplier relationships for the long-term.</p>

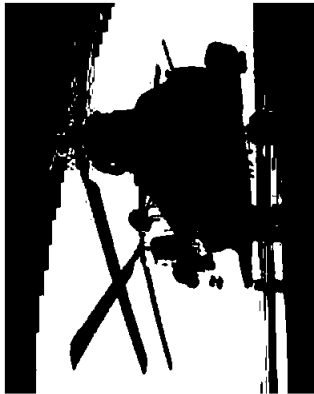
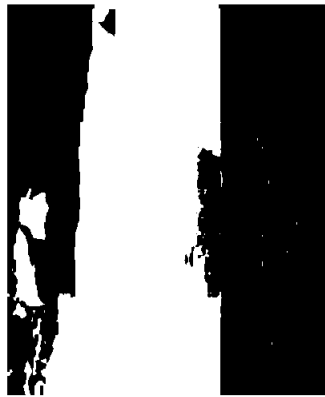
Strategic report Directors' report [Facebook](#) [LinkedIn](#)

Stakeholder	Why we engage	How we engage
Local Communities	<p>Communities rightly expect local employers to operate safely, effectively and sustainably and to give back to society.</p> <p>Our education activities support local schools, give our people new skills, help us recruit new talent in the future and create a positive societal impact.</p>	<p>We engage with local communities through our local offices and sites. The Board, through the CEO, who delegates oversight to the Chief People Officer, receives regular information in the CEO's Board reports and in other Board reports.</p> <p>The Chief People Officer oversees a comprehensive global outreach programme of promoting STEM careers to women and girls and tackling social mobility through partnerships with schools and targeted organisations. 2020 has challenged the execution of this programme, however our STEM outreach remains very important to us, and during 2020 we refreshed our STEM educational engagement programme, redesigning for the current context and environment. This global offering comprising a range of activities across the early years' spectrum will be delivered virtually and will extend our reach and participation. We are also partnering with the Maiden outreach programme (<a href="http://www.themaidenfactor.org">www.themaidenfactor.org</a>) and supporting them to help drive awareness and understanding of STEM subjects with the communities they work with.</p> <p>We made a strong start to 2020 engaging with local communities as part of our STEM outreach programmes. We welcomed 150 Cadets to the London Headquarters to participate in an interactive STEM insight day. We hosted High School Insights Days to connect the work Immarsat does to the STEM curriculum. We partnered with a London primary school to deliver our first Whole School STEM Takeover day with Immarsat volunteers running all lessons for all classes. We partnered with the Maritime Business Unit and Nektar/Encounter EDU to connect schools in our network with 'exploring the deep sea'.</p> <p>We hoped to exceed our targets and the impact made in 2019 and feedback particularly on the Cadet day and School Takeover, was overwhelmingly positive. In April 2020 all educational engagement activity was suspended due to Covid-19. Whilst we continued to liaise with schools we were unable to offer work experience placements or STEM initiatives.</p> <p>Whilst we were not weren't able to have the impact we had planned in 2020, Covid-19 provided us with the opportunity to rethink how we engage with young people and we developed a range of offerings to enable greater geographical reach and a broader range of initiatives that can be delivered virtually as well as in person when appropriate. The impact of this will mean our programmes are more inclusive (more access to young people from across the globe, particularly benefiting those from disadvantaged backgrounds) with stronger links to the STEM national curriculum.</p>



## 2020 PERFORMANCE REVIEW

**Revenue**  
Revenue, excluding Ligado of \$33.3m (2019: \$0.2m) and RigNet settlement of \$nil (2019: \$50.8m), decreased by \$106.3m to \$1,238.8m compared to \$1,345.1m for the corresponding period in 2019. These results reflect the impact of Covid-19, particularly on our Aviation business. Outside Aviation, our business units performed well, demonstrating the resilience and diversity of our business model.



### Government

Revenue increased by 5.8% with revenue in US Government increasing by 101% driven by new business wins and expanded mandates across GlobalPress (GX), L-band and other satellite services. Outside the US, revenue declined by 3.0%, reflecting lower hardware sales and reduced usage of L-Band services which was partially offset by continued growth in GX revenue and new projects and services.

### Maritime

Revenue declined by 3.4% as customers continued to transition from HeelBroadband (F5) to Very Small Aperture terminals (VSA1) services offered by both Inmarsat and our competitors. Despite Covid-19, which impacted the pace of new installations during the first half of 2020, Inmarsat has continued to be the leading provider of VSA1 services to mainstream merchant marine vessels. Reflecting success in this market segment and price changes to certain legacy products in Q3, the rate of decline in Maritime slowed in 2020 (2019: 8%).

### Aviation

Revenue declined by 39.4% mainly attributable to Covid-19 and the massive impact this has had on the aviation industry. In Flight Connectivity (FC) revenue declined by 61% (\$72.9m) driven by a reduction in both low margin hardware sales and airtime revenue. Core revenue comprising SwiftBroadband and JetConex for Business Aviation (BGA), Classic Aero and SwiftBroadband-Safety for SOS and legacy products, decreased by 21.9% (\$37m) similarly driven by reduced customer activity.

### EBITDA

EBITDA, excluding Ligado of \$33.3m (2019: \$nil), RigNet settlement of \$nil (2019: \$47.3m), and costs associated with the acquisition of \$2m (2019: \$75.8m), decreased by \$662.8m compared to \$695.6m for the corresponding period in 2019. This reflects the lower revenues together with a material reduction in both direct and indirect costs as quick action was taken to mitigate the impact of the pandemic.



### Profit after tax

Profit for the full year, excluding Ligado of \$33.3m (2019: nil), RigNet settlement of \$nil (2019: \$47.3m), and costs associated with the acquisition of \$2m (2019: \$75.8m), increased by \$253.6m to \$57.9m compared to a loss of \$195.7m for the corresponding period in 2019. This is driven by lower EBITDA, and increased tax due to the revaluation of UK deferred tax to 19%.

### Cash capex

Cash capital expenditure decreased by \$145.4m to \$287.9m compared to \$433.3m for the corresponding period in 2019. This was mainly driven by the timing of contractual payments on major infrastructure investments, slower customer installations in Aviation and a reduction in capital expenditure generally as we responded to the impact of Covid-19.



### Enterprise

Revenue increased by 10%, as a result of increased usage, lease upgrades and equipment sales offset by on-going market pressure on the legacy product base.



## KEY PERFORMANCE INDICATORS

Measuring success against our key strategic priorities.

### Financial KPIs

**Revenue**  
Total Group revenue generated from operations, including Ligado Networks.

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

**\$1,272.1m**



**Link to strategy:**  
1 & 5

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

**\$694.1m**



**Link to strategy:**  
1, 2, 3 & 5

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

**\$287.9m**



**Why it is important**  
Cash capex indicates our continued investment in growth and development of our network and infrastructure, as well as our investment in the future technologies of the business.

### Strategic priorities

- Capture the maximum number of broadband platforms
- Reposition L-band services for new growth
- Establish our digital platform and business
- Create a high performance organisation
- Transform our operating environment

### Non-financial KPIs

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

**99.9%**



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

**Link to strategy:**  
1, 2 & 5

### Link to risks and remuneration

The risks for this KPI are set out in risks 1, 5 and 9 of the principal risks section of this report. This KPI is included within bonus objectives for relevant staff.

**232,104tCO<sub>2</sub>e**



**Emissions**  
We track our emissions to check they are in line with the Paris Agreement on Climate Change and to prevent the worst effects of catastrophic climate change by limiting average global temperature increases to well below two degrees Celsius. In 2020 we carried out a Scope 3 Screening exercise with the aim of setting a Science Based Target in line with climate science.

**Link to strategy:**  
4 & 5

### Link to risks and remuneration

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

**8.1/10**



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

**Link to strategy:**  
4

### Link to risks and remuneration

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



DocuSign Envelope ID: 77BF7D15-0D5A-4722-969D-72D42F2C3E44

Strategic report Directors' report Financial statements

SOLUTIONS AND SERVICES MARITIME CASE STUDY

# SAFETY OUT

Multiraship gets ultra-high-speed connectivity anywhere

20 | Inmarsat Group Holdings Ltd Annual Report 2020

7. 2019. a. state of the

Multiraship, part of the Muller Maritime Group, has been sailing the world's oceans for over 230 years, priding itself on delivering the highest standards of quality and safety across its fleet of seagoing tugboats and salvage crafts.

While it operates internationally, Multiraship's salvage and onshore services are particularly popular in remote locations, such as the Norwegian archipelago of Svalbard, located between mainland Norway and the North Pole. These areas are known to be plagued by unreliable network coverage with vessels experiencing regular outages in satellite connectivity. Multiraship recognised it was critical to bridge this gap in communication to maintain its high standards of service and safety.

With Inmarsat's Fleet Xpress service, Multiraship saw a direct connection between their needs today and for the future, and began a fleet-wide adoption of the industry-leading service. Fleet Xpress gave Multiraship the perfect solution - ultra-high-speed connectivity, required to sustain a data hungry operating environment, with guaranteed 99.9% availability anywhere in the world. Fixed monthly subscription

"With Inmarsat's Fleet Xpress service, Multiraship saw a direct connection between their needs today and for the future, and began a fleet-wide adoption of the industry-leading service."

plans provided complete visibility and control over the vessels' costs, removing the time-consuming headache of managing data bundles or fluctuating costs.

Multiraship placed a strong focus on crew welfare. Fleet Xpress supported its ongoing wellbeing initiatives, keeping crew connected to life back home with fast and reliable access to the internet and voice calls.

Due to previous damage caused to their vessels by large heavy weight antennas, size and weight was an important factor for Multiraship in the search for a new solution. With a range of hardware options available, the company chose the 60cm dual antenna solution and compact below-deck unit to fit in the limited available space.

For added peace of mind to protect their investment, Multiraship enrolled in Inmarsat's Fleet Care annual maintenance, repair and support programme. This allows Inmarsat's global service network and team of professionally certified engineers to detect and resolve equipment problems quickly and efficiently, so vessels are not left without connectivity.



Strategic report Directors' report Financial statements

# COMMUNICATION COMMITMENT

Royal Australian Air Force becomes the first C-130J Hercules operator in the world to install Inmarsat's GX system across its fleet.

Inmarsat Group Holdings Ltd Annual Report 2020 23

Strategic report Directors' report Financial statements

## SOLUTIONS AND SERVICES GLOBAL GOVERNMENT CASE STUDY

The Lockheed C-130 Hercules is a military troop, medevac and cargo transport aircraft that has served over 60 nations since it first entered service in 1956.

Historically, crew and passengers onboard a Hercules had been limited to using high frequency (HF) radio for long-range communication while in flight. However, in 2015 the Royal Australian Air Force (RAAF) began a fleet-wide upgrade, equipping its C-130J Hercules' with Inmarsat's L-band services so those onboard could benefit from global voice and data connectivity.

In 2017, as part of their ongoing mission to develop new ways for air mobility aircraft to support embarked forces, the RAAF completed a trial of Inmarsat's Global Xpress (GX) service. The six-month trial saw the installation of a Honeywell JetWave™ GX satellite system on board a C-130J and included secure live video streaming and encrypted file transfer; two applications the RAAF were keen to deploy.

Following this successful trial, the GX system was found to be the perfect mission enabler for this tactical workhorse aircraft."

Following this successful trial, the GX system was found to be the perfect mission enabler for this tactical workhorse aircraft."

22 | Inmarsat Group Holdings Ltd Annual Report 2020



DocuSign Envelope ID: 77BF7D15-0D5A-4722-969D-72D42F2C3E44

Financial statements

Directors' report

Strategic report

Directors' report

# SOLUTIONS AND SERVICES U.S. GOVERNMENT CASE STUDY

The GX solution provides the U.S. DoD's aircraft with global, seamless, high data-rate communications.

Requirements for broadband connectivity to the U.S. Department of Defence's (DoD) C-17 fleet are challenging, unwavering support for mission-critical operations with coverage capacity and security from anywhere in the world. The C-17 Globemaster III provides global airlift capability to deliver troops and cargo to globally distributed bases in virtually any environment. Seamless coverage and high data rates are essential for performing these missions, even in high-traffic areas.

To meet these critical needs, the U.S. Air Force evaluated a range of commercial satellite communications options before choosing Inmarsat's Global Xpress (GX) network with Honeywell's JetWave Ka-band hardware. This solution provides the U.S. DoD's aircraft with global, seamless, high data-rate communications. The system's interoperability and real-time connectivity enables the DoD aircraft to remain in continuous communication as they deploy to locations.

With various end-users assigned to aircraft on short notice, there is a need for immediate access to an always-on service no matter what their location, and GX delivers the most extensive global coverage for a reliable command-and-control link, including over water, non-traditional flight paths and hostile locations. GX provides real-time weather, video conferencing, large file transfer, encryption capabilities, in-flight briefings, intelligence surveillance

reconnaissance video and secure communications. It has true broadband-class connectivity, comparable with typical speeds in the home or office, and can support multiple users communicating and sharing data, while linking with command elements and forces anywhere in the world. The result is improved situational awareness and the ability to assess and adjust to the battlefield environment, en route and in real time.



DocuSign Envelope ID: 77BF7D15-0D5A-4722-969D-72D42F2C3E44

Strategic report Directors' report Financial statements

## SOLUTIONS AND SERVICES AVIATION CASE STUDY

# RISE OF THE DRONES

Inmarsat develops ground-breaking Unmanned Traffic Management platform.

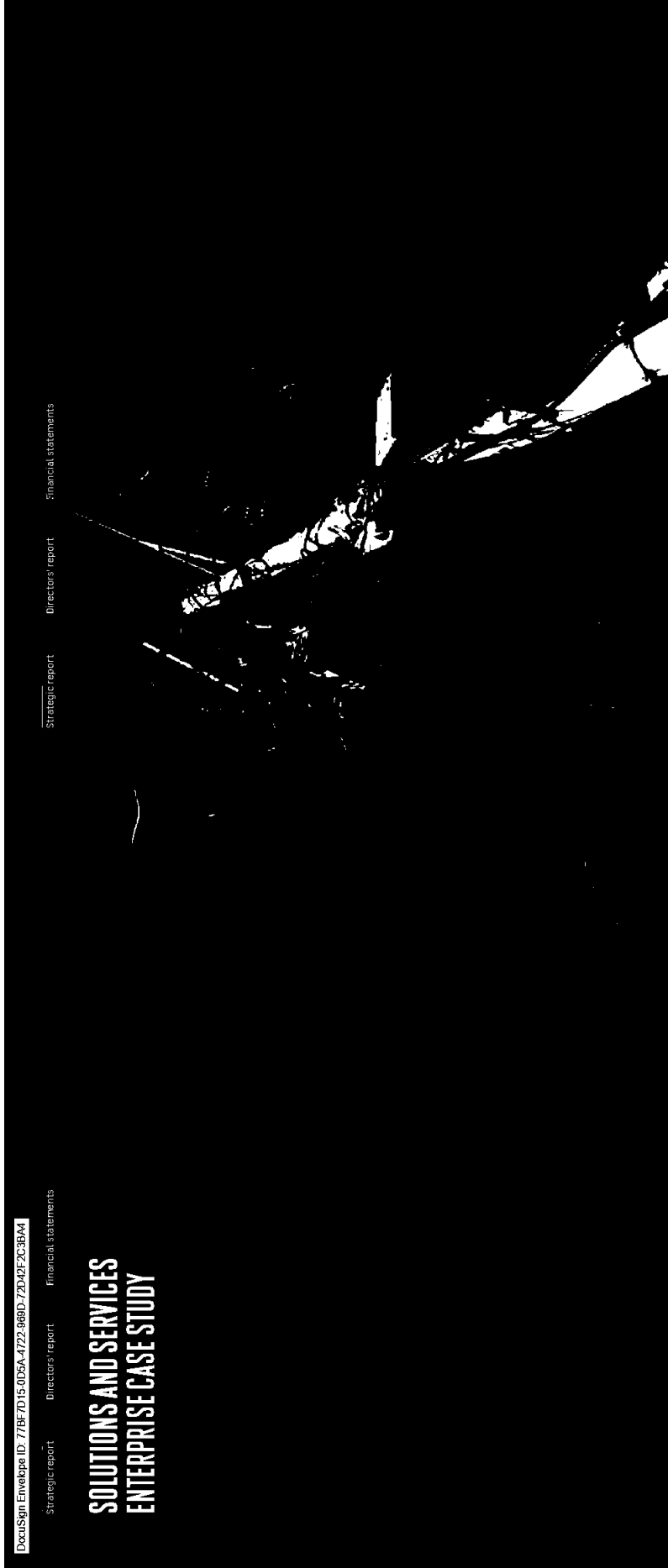
Strategic report Directors' report

Inmarsat is uniquely positioned to act as a catalyst for the safe and rapid growth of the commercial Unmanned Aerial Vehicles (UAVs) industry. Thanks to its state-of-the-art global satellite networks, military-grade cyber security and fully-funded technology roadmap.

Inmarsat's vast experience in aviation communication, navigation and surveillance (CNS) over the past 30 years is another fundamental advantage. Trusted by over 200 airlines today, our services are onboard more than 13,000 aircraft throughout the world, including 90% of the world's transoceanic aircraft, ensuring they fly at safe distances from each other. This unique expertise lends itself perfectly to seamlessly integrate commercial UAVs - also known as drones -

into controlled airspace and ensure they are not only visible to other air traffic, but also kept at a safe distance. This is achieved through the use of Unmanned Traffic Management (UTM), akin to Air Traffic Management (ATM) for aircraft. Last year, Inmarsat joined forces with leading UTM technology provider Altitude Angel to develop a ground-breaking Pop-Up UTM platform that delivers advanced Beyond Visual Line of Sight (BVLOS) flight tracking for UAVs. Months later, the two partners concluded demonstration flights for the platform using an A-TechSYN UAV. The fully autonomous flights were initiated and monitored by a pilot 60km from the take-off and landing area in Turkey, and were tracked, monitored and managed using the Pop-Up UTM platform by a team at Altitude Angel's HQ in the UK.

The results were excellent, with the platform offering full situational awareness to the operator team and preventing any potential conflicts with commercial aircraft. Adding momentum to the successful demonstration, the Pop-Up UTM also triumphed at the Air Traffic Management (ATM) Magazine Awards 2020, which recognises pioneering technologies that advance air safety. These recent achievements in the commercial UAV market builds on Inmarsat's experience with civil and military government UAV operations. Forecasts suggest the next decade will see exponential growth in commercial drones and, subsequently, the entire ecosystem that ensures airspace safety for manned and unmanned vehicles.



DocuSign Envelope ID: 77BF7D15-0D5A-4722-969D-72D42F2C3B44

Strategic report

Directors' report

Financial statements

Strategic report

Directors' report

Financial statements

## SOLUTIONS AND SERVICES ENTERPRISE CASE STUDY

# PERFORMANCE IN POWER

OnixSat and Inmarsat help Cemig improve performance in controlling its distribution reclosers remotely.

With around 83 power stations, Cemig is the largest integrated electric power company in Brazil, operating in 22 states and accounting for 12% of Brazil's electricity distribution.

In December 2015, the Brazilian Ministry of Mines and Energy renewed its agreement with Cemig, granting a 30-year contract to distribute electrical power to its customers in Minas Gerais state in Southeastern Brazil. The contract required Cemig to meet new service limits for two key quality indicators - the Equivalent Interruption Duration per Consumer (EDC) and the Equivalent Interruption Frequency per Consumer (EIF) - which the company is required to progressively decrease each year.

A key challenge that Cemig faced in improving the EDC was the performance

of cellular connectivity in the remote areas of Minas Gerais state. In the event of an electrical system fault in Cemig's network, 'recloser' switches interrupt the power, restoring it again once the previously detected issue is no longer present. Due to their remote locations, in order to do this, 'reclosers' must have a reliable connectivity to allow Cemig's Centre of Operations to send and receive commands.

To resolve this challenge, Inmarsat partner, OnixSat, and Inmarsat developed a terminal that uses satellite connectivity to remotely control 'reclosers'. The solution combines a serial/Ethernet converter and Hughes BGAN 9502 terminal to connect 'reclosers' to Inmarsat's global, ultra-reliable L-band satellite network. The coverage of the network has enabled

Cemig's field equipment to send and receive data regardless of its location, and the 99.9% uptime ensures that they will always remain connected, even in the most adverse weather conditions.

The collaboration between OnixSat and Inmarsat has produced impressive results for Cemig. Before deploying the solution, Cemig had an effective availability of remotely controlling 'reclosers' of less than 90%. Following deployment, this indicator now shows an average of 98% effectiveness at the points where these small-sized satellite terminals have been installed. The solution was originally deployed to 150 of Cemig's 'reclosers', and following the impressive results, Cemig will be installing a further 760 terminals across its distribution network and substations.

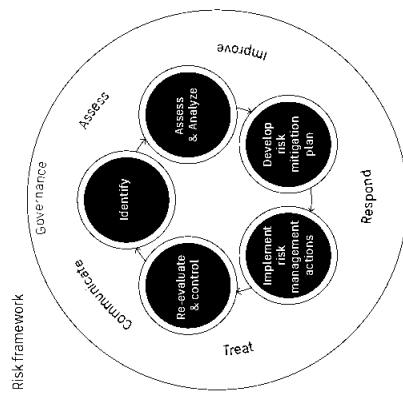
## RISK MANAGEMENT

Effective risk management is fundamental to our ability to meet both our short-term and longer-term strategic objectives.

### Risk framework

Risk comes hand-in-hand with business opportunity. Risk is not something that should be driven out of the business but rather something to be identified, intelligently assessed and managed. The aim is not to eliminate all risks, but to foster a culture supportive of effective risk management by encouraging appropriate risk-taking to achieve our objectives. The Group's approach to risk is brought together in an overarching risk management policy. This policy, together with the risk management process for risk assessment and mitigation, have been implemented to focus risk management on strategic and business objectives, mitigation of the largest risks, and to comply with and support the ISO 27001 standard and accreditation. The policy sets out our risk appetite as well as roles and responsibilities.

As required by the policy, management applies the risk process to identify, assess/analyse, develop mitigation plan, implement risk management actions, re-evaluate and control and report significant risks within the business, and to report to the Board on how those risks are being managed. Risks are initially identified, assessed and described together with mitigation actions for each



business area in individual risk reports, these are reviewed and discussed with the relevant Executive Management team member followed by a continuous improvement plan. On a quarterly basis, the risks and mitigation plan progress are formally reviewed by a Central Risk Committee represented by senior management from across the business. These risks are assessed and consolidated in a systematic way to identify the Group's principal risks and the result is a Group risk report. This quarterly Group risk report is further discussed and reviewed by the Board, which has oversight for the risk management framework. Whilst the focus is on the principal risks, the Central Risk Committee and business areas also identify and mitigate secondary risks at their meetings.

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

"Risk is not something that should be driven out of the business but rather something to be identified, intelligently assessed and managed."

Principal risks and uncertainties The Group faces a number of risks and uncertainties that may adversely affect our business, operations, liquidity, financial position or future performance, not all of which are wholly within our control. Although many of the risks and uncertainties influencing our performance are macroeconomic and likely to affect the performance of businesses generally, others are particular to our operations in mobile satellite services. A summary of our principal risks are shown on the following pages. The impact of Brexit is not significant in terms of overall risk on the Company. We maintained our Brexit steering group over the course of the year in preparation for 31 December 2020 exit and this group continues to meet to ensure there remains a focus on ongoing Brexit decisions taken by the UK Government.

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

**Covid-19** Covid-19 presented a significant risk to the financial and operational performance of Inmarsat. The Board and Executive Management team responded robustly and quickly to the challenges created by the spread of the virus. A Covid-19 Risk Management Group was in place over the course of the year, and remains so, to provide an agile response

Risks and uncertainties may adversely affect:

- Business
- Operations
- Liquidity
- Financial position
- Future performance

to the risks arising due to Covid-19 globally. We established a specific Covid-19 risk team which regularly met three times per week to consider all impacts across the business, such as the wellbeing of our employees, and ability to work at home safely and the ability to maintain vessel terminal installations. This risk team reported to a specially created sub group of the Executive Management team to implement these actions for the business. These activities allowed us to maintain business continuity and provide sufficient financial liquidity to the organisation. Whilst the economic outlook remains uncertain, drawing on the information known to the business today, Management has evaluated the potential impact of a range of possible scenarios on future revenues, EBITDA and liquidity. Inmarsat has a robust business model and capital structure with strong positions in a diverse range of geographies and markets, supplying generally mission critical services to a wide range of customers. These characteristics meant that the Group produced solid results for the 2020 year bearing in mind the difficult global operating environment. The actions taken position the Group well for future growth.

### Sharp reduction in air traffic

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

"Although many of the risks and uncertainties influencing our performance are macroeconomic and likely to affect the performance of businesses generally, others are particular to our operations in mobile satellite services."



DocuSign Envelope ID: 77BF7D15-0D5A-4722-968D-72D42F2C3B44

Strategic report Directors' report [Følg oss på statsnett.no](#)

## Risk management (continued)

Strategic priorities		Risk trend (2020 vs 2019)		
		↑ Increase	↓ Decrease	~ Unchanged
1. Capture the maximum number of broadband platforms	2. Reposition L-band for new growth	3. Establish our digital platform and business	4. Create a high performance organization	5. Transform our operating environment
Risk	Background and impact	Mitigation	Trend	
1. Not enough network capacity	This could mean we fail to keep up with the developing business needs of our new and existing customers.	We liaise closely with third parties across our ecosystem to review requirements and then plan our delivery against these.	~	
1.2. Reason for change in risk: need. Aviation was the major driver of capacity in the satellite roadmap. The plan changed due to Covid-19 so the immediate pressure on GX capacity has been reduced.	We may not be able to meet capacity needs for various reasons such as regulatory requirements, network or satellite issues, or technological difficulties which could impact our ability to generate revenues.	Business units provide pipeline assessments to allow future capacity assessments to be performed. The capacity requirements are compared to the current infrastructure and any predicted unmet demand is used to specify future infrastructure needs.	~	
	We may fail to optimally assess our market, technological changes, customer requirements and competitors' strategy, so we will not have enough capacity to meet the demands.	The launch of GX5, a new Ka-band broadband satellite is providing additional capacity over Europe and the Middle East. Next generation Ka-band capacity is underway, with GX7, 8, 9 and two Arctic payloads (GXDA/B) ordered.	~	
		The use of a Radio Resource Management Module in conjunction with the Global Resource Manager will support implementation of highly complex radio resource management algorithms that work in real-time to improve frequency reuse and efficiency in our L-band networks.	~	
2. Competition - technology disruption, new entrants and different business plans	We may fail to keep up with the developing business needs of our existing and new customers.	We develop a broad portfolio of products and services to address customer requirements and opportunities in several markets. This makes us more resilient to adverse developments.	~	
1.2.3. Reason for change in risk: trend. There has been an impact on customers and suppliers due to the effects of Covid-19.	We may fail to optimally assess our market, technological changes, customer requirements and competitors' strategy, so we have not enough capacity to meet the demands.	We have well-established relationships with partners and signed significant strategic alliance agreements. We work closely with our partners to ensure our services, technology and capacity can meet the demand from our existing and new customers. We invest more in new satellites to meet customer capacity demands. We adapt our product and services portfolio to address technological developments. We seek to identify new customers and to migrate existing customers who would benefit from our new services.	~	
	We may develop next generation broadband services that will not meet these market opportunities, or these developments could have delays or cost overruns impacting on our market position, revenue or return on investment.	We review the market for potential M&A opportunities and strategic options with key partners.	~	
	Competitors and new entrants may launch disruptive technology which impacts our business model.	We undertake regular customer satisfaction reviews to gauge feedback and assess how we can respond to comments received.	~	

32 | Inmarsat Group Holdings Ltd Annual Report 2020

Strategic report

Directors' report

[Følg oss på statsnett.no](#)

Risk	Background and impact	Mitigation	Trend
3. Protectionism affects our business operations	Growing protectionism including policy changes, sanctions and trade wars could impact our business. These impacts could adversely affect our supply chain and our ability to perform installations as well as result in pressure to not sell to a particular country. If we are prevented from operating on a global basis, our revenue may be affected.	We continuously review and adapt our strategy in reaction to developing political or economic situations. We assess and manage new risks from political decisions including protectionism that potentially could impact our business. Inmarsat Government operates with a proxy board to allow it to manage its business in accordance with U.S. requirements and compete effectively for U.S. Government business.	~
1.2.3.4.5. Link to strategy:		We work with local companies to understand how they can be ambassadors to support Inmarsat services in their country in the most effective way possible.	~
		We look at opportunities for where we can support a 'made local' product development opportunity which supports our business commitment to local market requirements.	~
4. Loss of an external customer or supplier	We rely on our distribution channel for the major part of our revenue; they may not sell our services effectively or competitively and may prefer selling our competitors' services due to better terms and conditions.	We build strong relationships with all our partners and provide them with excellent services to sell in their markets. We encourage sharing of information and developing ideas through direct meetings with our partners and through our partner conferences.	↑
1.2.3. Reason for change in risk: trend. There has been an impact on customers and suppliers due to the effects of Covid-19.	Our financial exposure may increase if our partners fail to make payments for our services.	We monitor market and partner developments and adjust our strategy to mitigate negative developments as well as to explore new opportunities to increase our customer base.	~
	We rely on a limited number of third party suppliers and partners in the production terminals and products and we may have limited control over availability, quality and delivery of these goods.	We have simplified our standard contracts and pricing in order to make it easier to do business with us. We promote fair play in our distribution channel and will not promote customer churn.	~
	A critical supplier and/or customer may fail financially, go bankrupt or one of their systems may fail, which may be increased more due to the impact of Covid-19.	Our Group Procurement team have implemented a Supplier Relationship Management and Contract Performance approach to get closer to our suppliers and hold them to account on their actions and deliverables. We have an effective credit management process in place, assessing the credit risk of new and existing customers.	~

Inmarsat Group Holdings Ltd Annual Report 2020 | 33



DocuSign Envelope ID: 77BF7D15-0D5A-4722-968D-72D42F2C3B44

Strategic report Directors' report [Tilbake til startside](#)

Risk management (continued)

Risk	Background and impact	Mitigation	Trend
5. Major operational failure Link to strategy: 1.2.3.5	<ul style="list-style-type: none"> <li>We face risks when our satellites are in orbit when control of them or our network may fail technically or be sabotaged.</li> <li>Elements of our ground network may fail or be damaged, which may affect our ability to provide services to our partners and customers.</li> <li>Our network may suffer a cyberattack that damages our service offering and reputation. If our service is interrupted, it may cause physical and financial damage with possible legal and financial consequences for our business.</li> </ul>	<ul style="list-style-type: none"> <li>We build in a high degree of redundancy in our satellites, constellations and ground network, providing a high level of protection against single points of failure. All customer-facing systems are monitored continuously by sophisticated systems and highly skilled staff who are equipped to respond to operational emergencies.</li> <li>We buy insurance to compensate for the financial loss in the event a satellite or ground network element is damaged or lost.</li> <li>We have disaster recovery plans for satellite and network operations which are regularly tested to ensure contingency plans work.</li> <li>We are focused on ensuring our systems operate with a high degree of cyber security protection. We keep our Business Continuity Plans (BCP) updated and relevant to reflect lessons learned from the impact of Covid-19.</li> <li>We use FMEA tools (Failure Modes Effects Analysis) to identify, prioritise and process risks.</li> <li>We maintain industry-standard security measures and have increased our investment in state-of-the-art cyber countermeasures and enhanced cyber security operations to improve detection and response to incidences.</li> <li>We achieved ISO 27001 Certification in 2018. List X status in 2019 and Cyber Essential Plus in 2020. An independent security capabilities maturity assessment was performed which assessed our capabilities positively and we benefited from a set of recommendations for further enhancement.</li> <li>We maintain a continuous improvement programme, the progress of which is independently assessed and controls are put in place accordingly. We have Disaster Recovery and Business Continuity Plans in place which are regularly tested.</li> <li>We have a modern computer infrastructure that enhances protection of critical data and assets. We ensure that our processes are compliant with government legislation.</li> </ul>	~
6. Security risk Link to strategy: 1.2.3.4.5	<ul style="list-style-type: none"> <li>We may suffer damage to satellites, networks, information/data, systems, processes and our services to customers as a result of malicious or flawed code, unauthorised access, service denial ransom/coercion, or security compromise. This could also have a consequential impact on reputation, business plans and operations, and future revenue from risk averse customers.</li> <li>Remote working on an unprecedented scale has increased the risk of system compromises and data loss.</li> </ul>	<ul style="list-style-type: none"> <li>We maintain industry-standard security measures and have increased our investment in state-of-the-art cyber countermeasures and enhanced cyber security operations to improve detection and response to incidences.</li> <li>We achieved ISO 27001 Certification in 2018. List X status in 2019 and Cyber Essential Plus in 2020. An independent security capabilities maturity assessment was performed which assessed our capabilities positively and we benefited from a set of recommendations for further enhancement.</li> <li>We maintain a continuous improvement programme, the progress of which is independently assessed and controls are put in place accordingly. We have Disaster Recovery and Business Continuity Plans in place which are regularly tested.</li> <li>We have a modern computer infrastructure that enhances protection of critical data and assets. We ensure that our processes are compliant with government legislation.</li> </ul>	~

Strategic report Directors' report [Tilbake til startside](#)

Risk	Background and impact	Mitigation	Trend
7. Geo-political, environmental risk, political uncertainty including Brexit Link to strategy: 1.2.3.4.5	<ul style="list-style-type: none"> <li>Where there are large downturns in the world economy affecting world trade, this can impact our business and execution of our strategy. This risk may be seen if there is slowdown in one of the major economies of the world, another pandemic, terrorist attack or natural disaster which would mean for our revenues to slowdown or severe delays in implementation of our strategy.</li> <li>We could fail to comply with applicable international legislation and reporting requirements.</li> <li>Failed Brexit trade negotiations could have a negative impact on business in the EU and government sponsored programmes.</li> </ul>	<ul style="list-style-type: none"> <li>We ensure the Company is financially robust and resilient in reacting to economic downturns. Having a diversified operational portfolio supports our resiliency.</li> <li>We continuously monitor, review and adapt our strategy in reaction to developing political or economic situations. We assess and manage new risks such as changes in government, epidemics, natural disasters that could impact our people and business.</li> <li>Inmarsat's Brexit committee analyses the impact of the UK Brexit including possible failed Brexit trade negotiations and deploys strategies and mitigation plans to minimise possible impact.</li> <li>We gain support from Carbon Intelligence, a third party company, to address Climate Change risk.</li> <li>We build strong relationships with in-country partners to gain an understanding of working relationships to manage business uncertainty and to develop and grow revenue opportunities.</li> <li>The Proxy Company for Inmarsat Government allows the company to manage its business in accordance with U.S. requirements enabling it to compete for U.S. government business.</li> <li>The company's response to Covid-19 has demonstrated a high level of resilience and adaptability.</li> </ul>	~
8. Event leads to sharp reduction of air traffic. (This risk is looking at any new risks of a sharp reduction in air traffic, not commenting on the existing impact caused by Covid-19 which turned this risk into an event) Link to strategy: 1	<ul style="list-style-type: none"> <li>The world has had a few events such as 9/11, SARS, Covid-19 and the Icelandic ash cloud. More events like this in the future could reduce air traffic volumes sharply which could in turn impact our business. Our customers may ask us to cancel or halt ongoing contracts and it could be difficult to sign new contracts.</li> </ul>	<ul style="list-style-type: none"> <li>We build a broad business portfolio and ensure the company is financially robust and resilient to any sudden sharp downturn in any one of our markets.</li> <li>The pricing/commercial model for a majority of our Aviation business is subscription based and therefore does not vary with usage providing our customers with confidence in our pricing model.</li> </ul>	~



Risk management (continued)

Risk	Background and impact	Mitigation	Trend
9. Spectrum, orbital slots and market access risk 1.2 Reason for change in risk/trend: There has been increased focus on managing our L-band spectrum and operating our EAN services.	<p>We rely on radio spectrum, which has historically been allocated without charge, to provide our services. We may not be able to coordinate usage in the future and/or may be charged for the spectrum which could affect our ability to obtain adequate orbital slots or we may miss deadlines to bring orbital slots into use.</p> <p>Given the nature of the satellite business it is important to have access to all areas of the globe and provide coverage worldwide. This requires licensing from multiple national authorities. We may not be able to gain these licenses for various reasons, which restricts our services being offered.</p>	<p>We consider new satellite bands for our operations and focus actively on winning/increasing Ka market share so it becomes the service of choice and it remains a priority for future use.</p> <p>We proactively make ITU filings for orbital slots through several national administrations in order to create opportunities to meet our short- and long-term spectrum and orbital slot requirements.</p> <p>We negotiate with other companies on orbital slots and the ability to achieve better spectrum usage and allocation. We work closely with industry partners to obtain market access and secure licenses for our distribution channel as far as possible making any licensing requirements straightforward where appropriate. We also engage with and support regulators to ensure they understand our business model and rationale for obtaining and renewing our licenses.</p> <p>Our Radio Resource Management Module will work in conjunction with the Global Resource Manager, implementing highly complex radio resource management algorithms that work in real-time to improve frequency reuse and efficiency in our L-band networks.</p> <p>Where we can, we use existing sites to be efficient with infrastructure and resource requirements.</p>	↑
10. Currency Risk Link to strategy: 3.5	<p>Downturns in the economy of a country and/or world economy, armed conflicts and trade restrictions could impact currency exchange rates and our business strategy. We have costs in various currencies including GBP, so a significant change in GBP value could impact our business.</p>	<p>We carefully manage and monitor our cash flows, budget and plans and are prepared to make adjustments in case of large currency exchange rates. We are prepared to hedge large contracts and cash flows.</p> <p>We contract with our customers and vendors in USD wherever possible.</p> <p>The Group's Treasury Policy is reviewed and agreed with the Board periodically.</p>	~

Risk	Background and impact	Mitigation	Trend
11. Satellite launch failures and cost Link to strategy: 1.2	<p>We face risks when we launch our satellites. There are only a few satellite launch companies and if they encounter problems, our launch risk may increase. We may find that the cost and cover for insuring our satellites is impacted by global events.</p>	<p>The risk is reduced by the continued successful cooperation between our space engineering team, satellite manufacturers and launch companies. We deploy an experienced team to collaborate and prepare for satellite launches.</p> <p>We buy insurance to compensate for the financial loss in the event of a satellite launch failure.</p> <p>We reduce the impact of a satellite launch failure by developing a robust Crisis Management plan.</p>	~
12. Loss of people and key skills Link to strategy: 1.2, 3.4, 5 Reason for change in risk/trend: There has been an impact on employees due to implementing working from home, the Covid Defence Plan and Organisational Development Review.	<p>We may fail to hire skilled people or adequately improve skills to maintain and grow our business, deliver our strategy and complete programmes and projects. We may lose highly technical and specialist employees who have very specific skill sets that are vital to the business. We may lose knowledge with employees and consultants who leave the company. Brexit negotiations outcomes could impact EU citizens working in London and UK citizens in Europe.</p> <p>We may lose employee engagement and motivation.</p> <p>Our employees may suffer injury from terrorist attacks or natural disasters in our locations.</p> <p>The impact of Covid-19 and the organisational development programme outcomes may impact employee morale and retention.</p>	<p>We implement our People strategy where we identify key employees, skills and skills gaps to manage human resources effectively and enable delivery of the Company's strategy. We invest in training and development for our employees and develop and implement recruitment strategies to ensure we have people with the skills the Company needs.</p> <p>Our employee value proposition focuses on career development, training and reward to ensure we have an engaged and motivated workforce.</p> <p>Inmarsat's Brexit committee deploys strategies and mitigations to minimise the possible impact on those people impacted by citizenship requirements.</p> <p>We provide flexibility through the transition to remote working for the majority of staff, core systems from home well.</p> <p>We continue to develop and enhance Crisis Management, Business Continuity Plans and Emergency response plans.</p> <p>We perform regular engagement surveys to provide open communication to our employees.</p> <p>There is a programme of transparent communication to keep employees updated and engaged.</p>	↑

## Risk management (continued)

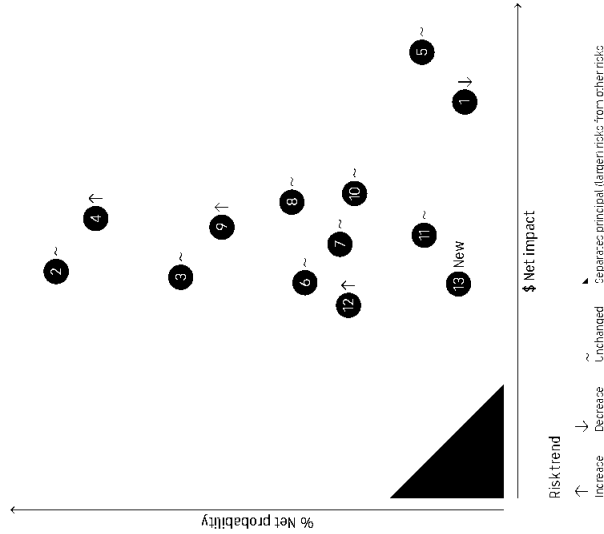
Risk	Background and impact	Mitigation	Trend
13. Financing & liquidity Link to strategy: 1.2.3.4.5	<ul style="list-style-type: none"> <li>We may fail to finance the business through operating cash flows, bank facilities and capital market instruments affected by failing to materially deliver our business plans and strategy, the closure of the capital markets, downturns in the economy of a country or of the world, inability to raise additional funding or funding becoming prohibitively expensive due to already high leverage in the business.</li> <li>We may be unable to access sufficient finance and liquidity which could result in restructuring and/or refinancing of the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>The organisation continuously reviews and adapts its business focus in reaction to developing political or economic situations with discussions being held in the regular Board, Executive Management team and other senior leaders meetings.</li> <li>The annual strategic planning process includes development of budget and long-range plans for the business and ensures headroom vs the debt covenants and RCF is maintained throughout the 5 year planning period. Performance against the budget, financial covenants and RCF headroom is evaluated each month.</li> <li>The Treasury team and CFO maintain an ongoing dialogue with our relationship banks and quarterly calls with the investment community to ensure that internal and external expectations are aligned.</li> <li>Effective credit management processes are in place to assess the credit risk of new and existing customers.</li> <li>The organisation responded quickly and robustly to the Covid-19 pandemic and put in place comprehensive plans to ensure sufficient liquidity and headroom remained. Performance against the Covid Defence Plan was reviewed each month and discussed with the CFO and shareholder members in monthly review meetings. We prepared our 2021 budget and LBIP based on known Covid-19 impacts and third party forward planning information.</li> </ul>	New

## Net risk matrix Principal risks 2020 and change over 2019

Risks are assessed with overall net impact and probability. Net means the risk as it is today, with existing mitigation.

### Risk summary

- 1 Net enough network capacity
- 2 Competition - technology disruption, new entrants and different business plans
- 3 Protectionism affects our business operations
- 4 Loss of or failed customer or supplier
- 5 Major operational failure
- 6 Security risk
- 7 Geo-political risk, political uncertainty including Brexit impact
- 8 Event leads to sharp reduction of air traffic
- 9 Spectrum, orbital slots and market access risk
- 10 Currency risk
- 11 Satellite launch failure
- 12 Loss of people and key skills
- 13 Financing & liquidity



As well as the principal risks that are described previously we also consider other risks that are either secondary to the Principal risks described above or risks of a long-term nature. These risks include but are not limited to:

- Ethical and compliance risks.
- Failed delivery of internal programmes or projects.
- Large restrictions on terminal use because of physical, psychological or social reasons.
- Environmental damage.
- Risks from climate change.
- Cost saving measures by our customers could lead to reduction in sales pipeline.
- Patent infringement.



# DIRECTORS' REPORT

DocuSign Envelope ID: 77BF7D15-0D5A-4722-969D-72D42F2C3BAA

Strategic report

Directors' report

Financial statements

Brønnøysundregistrene - Årsregnskap regnskapsåret 2020

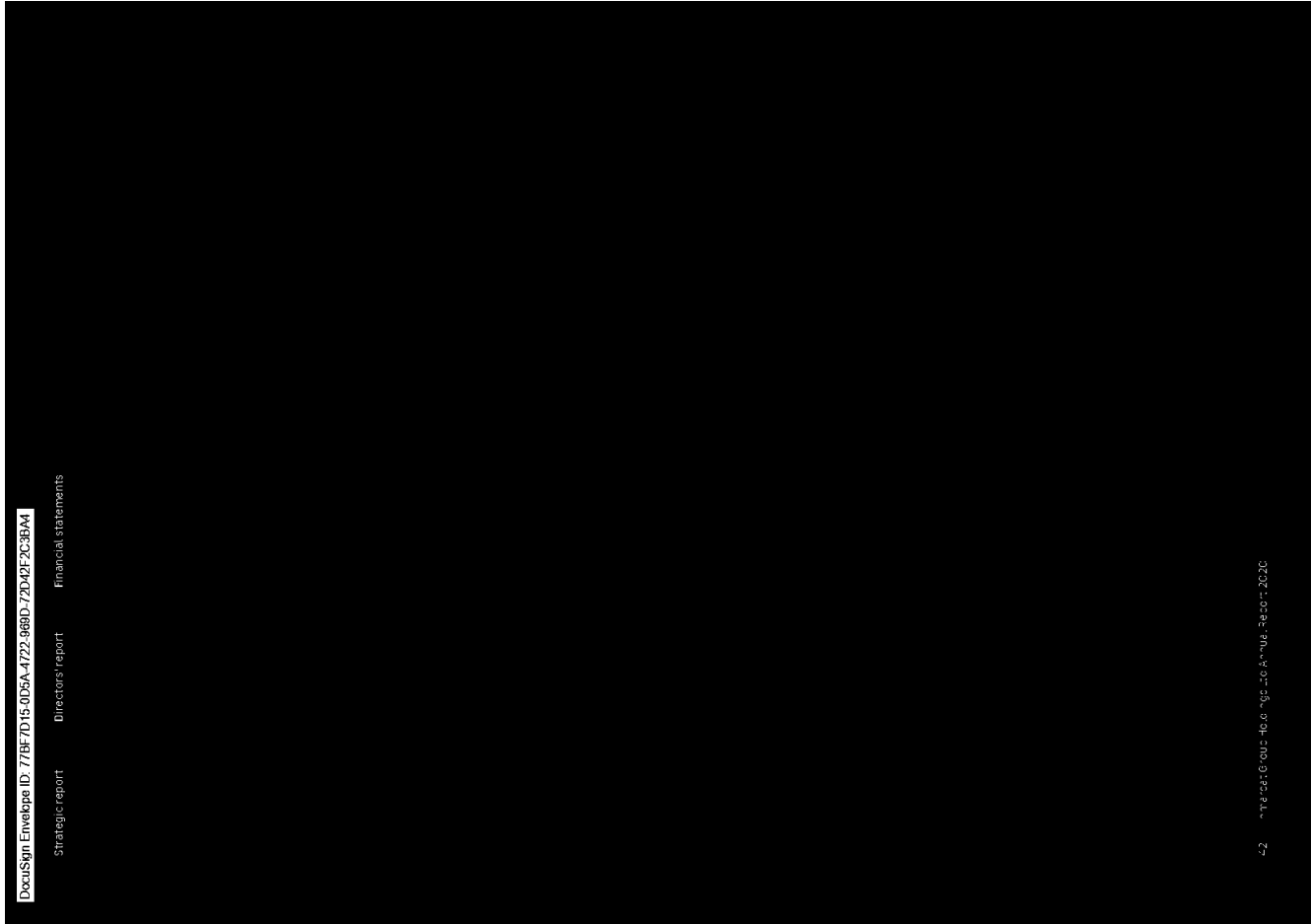
Brønnøysundregistrene - Årsregnskap regnskapsåret 2020

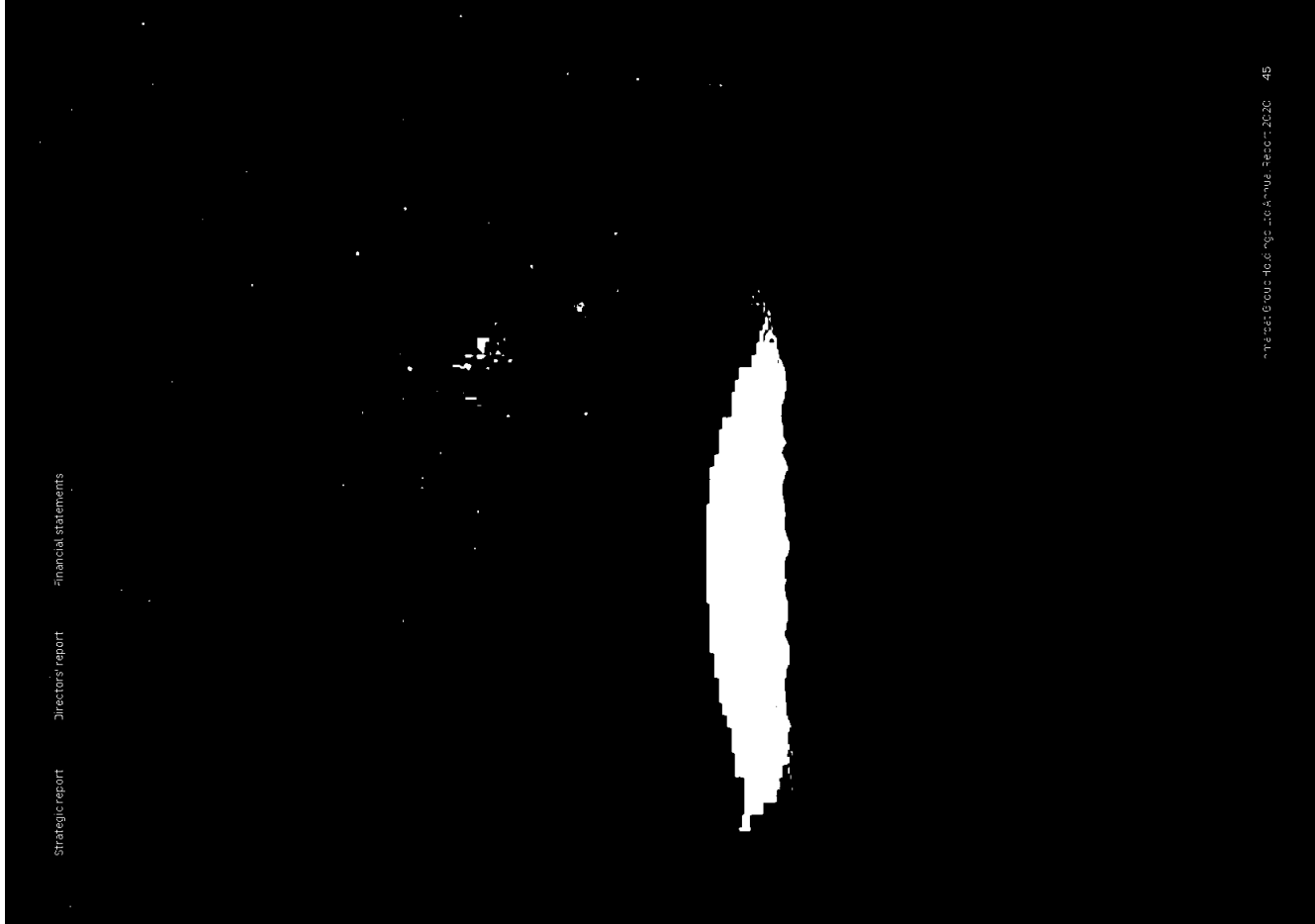


## REPORTING IN ACCORDANCE WITH OUR CORPORATE GOVERNANCE POLICY

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

	Page no.	Page no.	
Business model	8	Risk management	30
Our strategy	10	Principal risks	31
Engaging with our stakeholders: s172 statement	12	Stakeholder relationships and engagement	
Key performance indicators	18	Our strategic priorities and values are how we deliver our vision. The table set out in our section 172 statement of page 12 to 15 sets out some of the engagement that takes place with key stakeholders.	
Board composition		Business model	8
The Board comprises the CEO, the CFO and an Executive Director who is also the Company Secretary. All members of the Board are also part of the Executive Management Team. The composition of the Board is determined by our Corporate Governance Policy.		Our strategy	10
Board attendance	48	Engaging with our stakeholders: s172 statement	12
Board biographies	49	Stakeholder statement	50
Director responsibilities		The Board considers that the Company has complied fully with its Corporate Governance Policy throughout the year.	
The Board receives regular reports on business, financial performance, employee and partner engagement as well as key business risks.			
How the Board operates	44		
Role of the Board	44		
Key roles and responsibilities	48		





## GOVERNANCE AND LEADERSHIP

### Corporate governance statement.

The Board of Inmarsat Group Holdings Limited is pleased to present its Corporate Governance Statement for the period to 31 December 2020. This statement includes a review of how corporate governance acts as the foundation for our corporate activity and is embedded in our business and the decisions we make. The Board is committed to the creation of long-term sustainable value for the benefit of our shareholders and wider stakeholders.

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

How the Board operates  
To ensure effective governance, the Board has structured its governance framework as noted on page 47.

The Company has composed a Board with a balance of skills, backgrounds, experience and knowledge required to complement the promotion of the long-term success of the Company and to identify the impacts of the Board's decisions on their stakeholders, and where relevant, the likely consequences of those decisions in the long-term. Individual Directors have sufficient capacity to make a valuable contribution that is aligned to the Company's activities (details of the skills and experience are set out on page 49 of this Directors' Report).

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

#### Role of the Board

The Board is ultimately responsible for organising and directing the affairs of the Company in a manner most likely to promote the success of the Company for the benefit of its investors whilst complying with legal and regulatory frameworks.

#### Our Board is ultimately accountable for:

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

Responsibility for developing and implementing strategy within the Group's operations and for day-to-day management of the business is delegated to the Chief Executive Officer (CEO) who, as the head of the Executive Management Team, cascades this responsibility through the Group. The CEO is empowered by the Board to handle all business activities up to a designated level of authorisation and to report to the Board for guidance, support and approval on other matters which require Board input. The members of the Executive Management Team are listed on page 48 and their biographies can be found on our website at [www.inmarsat.com/en/about/who-we-are/leadership-team-and-board](http://www.inmarsat.com/en/about/who-we-are/leadership-team-and-board).

The Board has responsibility for managing risk and does not delegate overall responsibility for the approval of the risk management policy to management. There has been additional work undertaken in 2020 on risk processes and a review of the principal risks was undertaken with and by the Executive Management team to be implemented in 2021.

## Governance and leadership (continued)

In accordance with the Corporate Governance Policy, principal decisions are delegated to the Executive Management team. In making its decisions, the Executive Management team is required to consider the outcome of any stakeholder impact assessment that has been undertaken to support it, making any principal decision (details of the principal decisions made by the Board during the reporting period are set out on page 51). The Executive Management team reports back to the Board as part of the wider risk management and internal controls of the Group, allowing the Board to demonstrate its oversight of the delegated responsibilities.

A formal schedule of matters specifically reserved for decision or consideration by the Board as a whole has been agreed by the Directors and is included in the Corporate Governance Policy. This schedule covers areas such as:

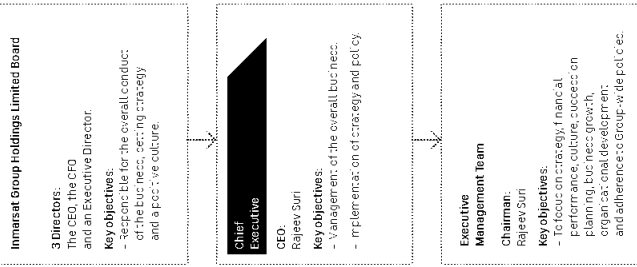
- The Group's business strategy and long-term plans.
- Major capital projects.
- Significant capital structure changes.
- Investments.
- Acquisitions and divestments.

In 2020 we focused our attention on the following key areas:

### Strategy review and development:

- Reviewed strategic objectives and updates on the operational performance for the Group's key business areas.
- Received reports on technology and innovation and related industry developments.
- Received detailed competitive assessments of traditional and disruptor technology companies.

## The Board structure



**Ensuring appropriate financial and operational management:**

- Received and approved the 2020 annual budget, long range business plan for the period 2020-2024 and then approved the Covid Defence Plan covering 2020.
- Received and discussed regular reports on the Group's financial performance.
- Discussed and approved the annual budget for 2021 and long range business plan for the period 2021 to 2025.

**Implementing governance and ethics and monitoring risk:**

- Assessed the risks faced by the Group and received updates on internal controls.
- Reviewed regular reports on compliance matters (such as any anti-bribery and corruption) from the Company Secretary.
- Discussed the additional focus on s172 reporting and other outputs from the revised Corporate Governance Policy.

**Workplace reviews:**

- Received regular and detailed updates from the CFO and Chief People Officer on the Organisational Development activity taking place, and information on how our people would be engaged in the programme.
- Received a detailed update regarding new People policies being introduced in the Company including new ways of working and wellbeing initiatives.



Governance and leadership (continued)

Change in CEO On 26 February 2021, Rupert Pearce stepped down from his role as CEO and resigned as Director of Inmarsat Group Holdings Limited and its subsidiaries and was replaced by Rajeev Suri effective 1 March 2021.

Executive Management team The Chief Executive Officer chairs the Executive Management team which meets on a monthly basis. During 2020 due to Covid-19, these meetings were shorter in time due to different time zones of the management team and therefore additional weekly and fortnightly meetings were set up to ensure the management team remained connected and operating effectively. As part of its remit, this team focuses on the Group's strategy, financial reviews and long range business planning, the competitive landscape, strategic updates from all areas of the business, risk reviews, culture, learning and development and organisational development. The Executive Management team includes:

- Rupert Pearce, CEO until 26 February 2021
Rajeev Suri, CEO effective 1 March 2021
Tony Bates, CFO
Phil Balaam, President, Aviation Business Unit
Mike Carter, President, Enterprise Business Unit
Natasha Dillon, Chief Commercial and People Officer
Peter Hadinger, Chief Technology Officer
Alison Horrocks, Chief Corporate Affairs Officer and Company Secretary
Todd McDonnell, President, Global Government Business Unit
Susan Miller, CEO Inmarsat Government Inc.
Jason Smith, Chief Operations Officer
Ronald Spithout, President, Maritime Business Unit

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

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

Board meeting attendance The attendance of the Directors at the Board meetings held in 2020 is shown in the table below.

Table with 3 columns: Name, Meetings, Percentage attendance. Rows for Rupert Pearce, Tony Bates, Alison Horrocks.

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

BOARD OF DIRECTORS

The right balance of skills.

CEO Rajeev Suri

Background and relevant experience Rajeev was appointed as Inmarsat's Chief Executive Officer in March 2021. He joined Inmarsat from Nokia, where he was most recently President and Chief Executive Officer. From 2009 to 2014 Rajeev was Chief Executive Officer of Nokia Solutions and Networks. During his tenure as CEO, he transformed Nokia into a top two telecommunications infrastructure company, led the consolidation of the sector from ten to three major players, positioned Nokia as a leader in a world connected by 5G and shaped by increasing digitalisation and automation. Under his leadership, Nokia acquired the networks businesses of Siemens, Motorola, Alcatel-Lucent, including the famed Bell Labs, successfully expanded into enterprise vertical markets, created the world's leading standalone telecom software business, significantly grew the annual recurring revenue patent licensing business and engineered the return of the Nokia brand to mobile phones. Rajeev has lived and worked in the Middle East, Asia, Africa and Europe. He was a Commissioner of the United Nations Broadband Commission, Co-Chair of the digitalisation task force for the B20 and member of various digital and healthcare committees at the World Economic Forum. Rajeev was a member of the Chinese Premier's Global CEO Council from 2014 to 2020, a recipient of China's Marco Polo award, the highest honour awarded to an international business person from the Chinese government. Rajeev is an engineering graduate in Electronics and Communications and has been awarded an Honorary Doctorate by Manipal University.

Director and Company Secretary Alison Horrocks Background and relevant experience Alison is Chief Corporate Affairs Officer and is responsible for Group wide risk management, compliance and corporate governance. She acts as Company Secretary to the Board and as Company Secretary to the Board of Connect Bidco Limited (the Company's parent company) and its Committees. She is a member of the Executive Management team and Chairman of the Trustee Company for the Inmarsat UK pension plans. Alison manages the legal, regulatory, corporate marketing and communication teams, as well as our regional teams covering India, China and Russia. Previously Alison was Group Company Secretary of International Public Relations plc, a worldwide public relations company, for 11 years prior to joining Inmarsat.

CFO Tony Bates

Background and relevant experience Tony previously held the roles of Group CFO of Well Group Plc (Ibby Plc), Group CFO and then COO of Colt Group S.A. and Group Finance Director at EMI plc. Tony holds a First Class Honours degree in Management Sciences from the University of Manchester. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Director and Company Secretary Alison Horrocks

Background and relevant experience Alison is Chief Corporate Affairs Officer and is responsible for Group wide risk management, compliance and corporate governance. She acts as Company Secretary to the Board and as Company Secretary to the Board of Connect Bidco Limited (the Company's parent company) and its Committees. She is a member of the Executive Management team and Chairman of the Trustee Company for the Inmarsat UK pension plans. Alison manages the legal, regulatory, corporate marketing and communication teams, as well as our regional teams covering India, China and Russia. Previously Alison was Group Company Secretary of International Public Relations plc, a worldwide public relations company, for 11 years prior to joining Inmarsat.

## ENGAGING WITH OUR STAKEHOLDERS: STAKEHOLDER STATEMENT

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

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

The Company Secretary provides support and guidance at Board meetings to ensure sufficient consideration is given in Board discussions to the impact of Board decisions on stakeholder groups and these are documented where appropriate. The relevance of each stakeholder group may

change depending on the issue under discussion, so the Board seeks to understand the needs and priorities of the relevant stakeholders throughout the decision process.

The Board has undertaken a review of its key stakeholders. On pages 12 to 15 of our Strategic Report, we set out our principal stakeholders and how we engage with them. The Board engages directly with our investors and employees and through the CEO who is a Board Director, with customers, suppliers or local communities. The detailed engagement is carried out by our CEO, the Executive Management team, as well as our commercial and functional business teams.

### Principal decisions

We consider our 'principal decisions' as decisions and discussions, which are material or strategic to the Group and those that are significant to any of our stakeholder groups.

The following are examples of how the Board considered the interests of its key stakeholders when making decisions:

### Case study

#### Debt financing accession

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

### Case study

#### Culture

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

"The Board is supportive of new flexible working patterns, the implementation of options designed to tackle meeting and email overload and the use of social and collaborative platforms designed to create space for employees to think and work differently."



### 2020 ESG REPORT

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



# REPORT OF THE DIRECTORS

For the year ended 31 December 2020.

The Directors submit their report and the audited financial statements for Inmarsat Group Holdings Ltd (the 'Company') together with its subsidiaries, the 'Group' for the year ended 31 December 2020.

2020 performance and response to Covid-19. The Covid-19 pandemic materially disrupted the Group's performance in 2020, with revenues more than \$100m lower than in 2019 (excluding Ligado and Rignet), reflecting stress in Aviation but good performance in the rest of the business. Robust, fast action coupled with lower hardware revenues resulted in substantially lower costs and capex for 2020, with the business generating \$113.3m of net cashflows despite Covid-19 and without the overall strategic direction of the Group being compromised. We expect that the Group's strong market positions, diverse customer base, focus on mission critical services, and tight management will continue to support the Group through this difficult period, enabling the business to thrive as the global economy recovers.

During 2020, an amendment to the Cooperation Agreement was signed with Ligado under which Ligado paid \$700m to Inmarsat in October 2020. The Group has recognised \$33.3m of revenue from Ligado and will not begin revenue recognition of the \$700m receipt until the earlier of January 2023 or the receipt of further payments from Ligado.

In response to Covid-19, material actions were taken during 2020, and further actions will be taken as necessary in order to maintain business continuity and provide sufficient liquidity to the organisation. Whilst the impact of Covid-19 on the Group remains a near term uncertainty, Management and the Board remain confident in the strategy and the long term future of the Group.

Responsibility statement. The Responsibility Statement made by the Board regarding the preparation of the financial statements is set out on page 59.

Business review, strategic report and future developments. A description of the Company's business model, strategy and factors likely to affect the Group's future developments are incorporated into this Report by reference. They are set out in the Strategic Report on pages 8 to 39.

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

Change in accounting policies. During 2020, the Group adopted IFRS 9: Financial Instruments for its hedge accounting activities. This is accounted for prospectively and its impact is detailed within note 31. No other changes to the Group's accounting policies has occurred during the current period.

Results and dividends. A 2020 financial review is provided in the Strategic Report, along with the results for the year being shown in the Consolidated Income Statement on Page 64.

No dividends were declared during the year.

Directors. A full list of the individuals who were Directors of the Company during the financial year ended 31 December 2020 is set out on Page 49.

Indemnities and insurance. Directors' and Officers' insurance cover has been established for all Directors and Officers to provide cover against their reasonable actions on behalf of the Company. In accordance with our Articles of Association and to the extent permitted by the laws of England and Wales, Directors, the Company Secretary and certain employees who serve as directors or subsidiaries at the Group's request, have been granted indemnities from the Company in respect of liabilities incurred as a result of their office. Neither our indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently. No amount has been paid under any of these indemnities during the year.

Conflicts of interest. The Company has in place procedures for managing conflicts of interest. During the year there were no proposed transactions that gave rise to a conflict.

Branches. The Group has activities operated through many jurisdictions.

Going concern. Despite the uncertain economic outlook related to Covid-19, the Directors continue to believe that the Group has a robust business model and good medium to long-term growth prospects.

The Group responded robustly and quickly to the challenges created by the spread of the virus and the impact in 2020 was mainly concentrated in Aviation, as the pandemic significantly reduced global air traffic and installation activity. Other business units were less affected, reflecting the benefit of our diversified business model and B2B and B2C mission critical supplier status. Material actions have been and will be taken as appropriate to maintain business continuity and provide sufficient liquidity to the organisation.

As at 31 December 2020, the Group has \$2116.7m of liquid resources (Cash: \$932m, undrawn RCF: \$700m and an undrawn intercompany facility \$484.5m) and an expectation that the Group will generate positive free cash flow and reduce leverage over the medium to long term.

Whilst the economic outlook remains very uncertain due to the Covid-19 pandemic, the Directors have a reasonable expectation that the Group shall continue to operate as a going concern for the foreseeable future. Consequently, the Company continues to adopt the going concern basis in preparing the 2020 consolidated financial statements.

ESG assessment. Inmarsat has always understood the importance of wider corporate responsibility and ensuring we act in an ethical manner, taking account of our responsibilities – socially and environmentally. We have refreshed our view of our non-financial risks through conducting an ESG assessment. We also continue to disclose our Corporate Social Responsibility (CSR) activities in accordance with the Global Reporting Initiative (GRI). We have produced a standalone GRI Report which includes the results of our 2020 ESG assessment and how we have continued to create value and monitor progress against each of our material topics. Our GRI Report can be found on our Inmarsat.com website.

"Despite the uncertain economic outlook related to Covid-19, the Directors continue to believe that the Group has a robust business model and good medium to long-term growth prospects."

## Report of the Directors (continued)

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

### Covid-19 response

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

Employee wellbeing followed the initial response as a key priority for the remainder of 2020, and we have focused on delivering a comprehensive package of support and information to colleagues throughout the year across the three pillars of our wellbeing strategy - mental, physical and financial health. Activity has included continued access to our global employee assistance programme, creation of bespoke online learning and virtual wellbeing activities, additional financial support for home office equipment, a wellbeing hub and a regular newsletter.

In many locations, such as the UK and U.S., we operate flexible benefits plans which allow employees to select the benefits which meet their personal or family circumstances. We have a comprehensive programme to support employee wellbeing (physical, mental, and financial). Our global employee assistance programme operates 24/7 to provide employees with critical support around mental and emotional wellbeing. We also encourage employee financial wellbeing through access to financial education and advice.

Communications have also been fundamental to our response, keeping our people informed and engaged. These updates reinforce government guidance on keeping safe and well, to accessing wellbeing support, to understanding the impact on our business. Listening has been critical, and throughout the year we have worked with our global employee representative bodies to seek feedback on our activities and adjust and amend support as required.

### Adapting our people agenda to our new environment

Alongside dealing with the crisis response we have also had to adapt execution and delivery of our regular people activities. We have reviewed our core Learning and Development offering, much of which was delivered face to face, and swiftly moved to adapt to a virtual offering. Our Corporate induction, including High Performance Culture familiarisation which is central in educating our new employees on our culture and values, have become a global virtual offering and we have received positive feedback from those who have joined during office lockdowns on how this still supports them feeling connected to colleagues and the business. Similarly our bespoke Senior Leadership team (SLT) Development programme has been adapted to be delivered as a virtual monthly SLT Thought Leadership series.

As a market leading technology company, we take our role in nurturing STEM in the next generation very seriously, and have a comprehensive early years outreach programme. This too, has been refreshed for our current environment and going forwards, our educational engagement will be delivered virtually, enabling us to expand reach and participation globally.

"Our first priority for 2020 has been to protect our people and keep them safe and lead them through the crisis. A central Covid-19 risk management team has been guiding our response and supporting our people to adapt to the crisis and challenges it raised."

**Unique opportunity to accelerate culture**  
Whilst there have been challenges, 2020 has also brought opportunities for us to accelerate our employee value proposition.

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

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

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

**Health and safety**  
The Group is committed to maintaining high standards of wellbeing, health and safety for its employees, customers, visitors, contractors and anyone affected by its business activities. During 2020, we continued to work closely with our subsidiary companies to harmonise health and safety best practice. Rajeev Suri, our CEO, is the Director designated for health and safety matters at Board level. We have employees whose objectives are to ensure health and safety is managed across the Company.

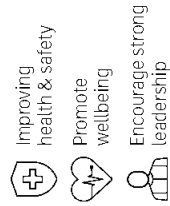
We promote wellbeing through a wide variety of programmes and we know that good mental and physical health contributes to better decision making, greater productivity and higher levels of employee satisfaction. There has been significant focus on health and safety across the Group during the Covid-19 period including advice and support to staff on completing their own basic display screen equipment assessments at home.

Our goal is to encourage strong leadership in championing the importance of a common-sense approach to health and safety in the workplace. We recognise the need to provide a safe working environment for our employees, contractors and any visitors, especially so when there is a return to the office after Covid-19.

Environmental performance and strategy  
We recognise the impact that our products and services may have on climate change and are working to review how we can reduce our environmental impacts and our carbon footprint. As an example across the broader satellite industry, satellite launch companies are reviewing how they become more accountable for carbon generation through innovative new satellite launch techniques. We will work together with our industry partners, including our launch providers to see how we can improve techniques for our future launches and reduce the footprint of our products.

Our environmental impacts include the use of natural resources, the consumption of energy and water, the production of a variety of waste, as well as staff and visitor travel. We have provided further details of our objectives for how we manage our environmental activities in our 2020 ESG Report which can be found on our website. The following information summarises our emissions performance over the year. This year we have expanded our reporting boundary to cover the relevant Scope 3 categories as per the Greenhouse Gas Protocol. During 2021, we aim to calculate and submit our science-based target covering our Scope 1, 2 and 3 aligned to a 1.5° temperature scenario.

### Our goals





## Report of the Directors (continued)

Energy consumption (MWh)	2020		2019		2018
	UK	Rest of world	UK	Rest of world	
Electricity	6,945	26,500	7,632	27,426	35,058
Fuels	3,168	939	3,235	3,046	28,217
		<b>4,107</b>		<b>6,282</b>	<b>3,439</b>
					<b>6,542</b>

1. 2019 and 2018 emissions have been restated to include additional sites included in 2020 to allow for accurate comparison.

**Energy efficiency**  
Due to changed business priorities throughout the reporting period as a result of Covid-19, we have not been able to expand the number of low emissions sources of electricity across the Group. We have however maintained the same renewables contracts as the last reporting period. Overall, 40% of the electricity we use is from renewable sources.

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

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

**Political donations**  
During the period, no political donations were made. It remains the policy of the Company not to make political donations or incur political expenditure.

**Disclosure of information to auditor**  
As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

By order of the Board

Alison Horrocks FCS  
Company Secretary  
14 May 2021

## DIRECTORS' RESPONSIBILITIES STATEMENT

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

The Companies Act 2006 requires the Directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with international accounting standards in accordance with international financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have also chosen to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Disclose whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements.

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

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

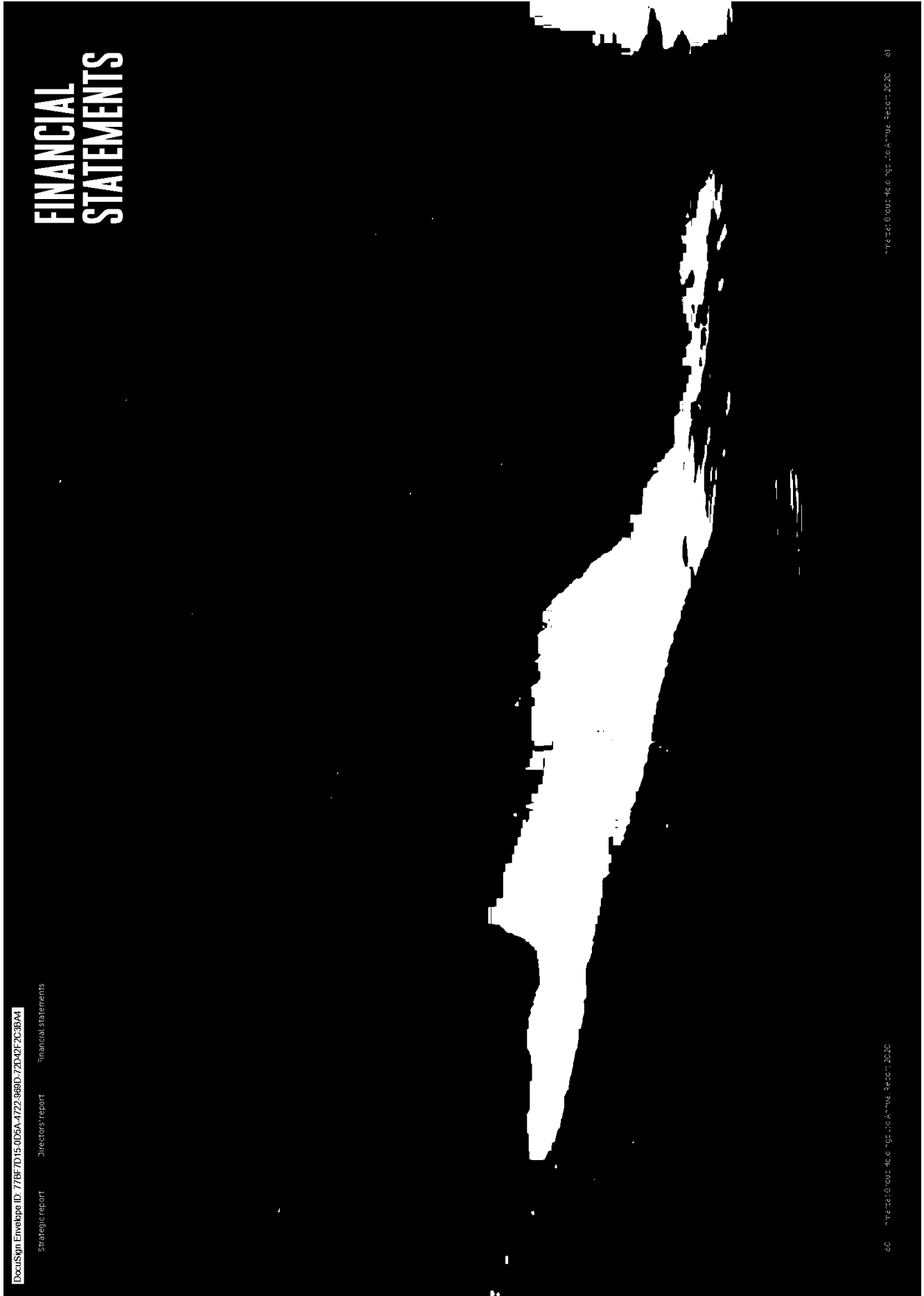
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence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

**Responsibility statement**  
We confirm that to the best of our knowledge:

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

By order of the Board

Tony Bates  
Director  
14 May 2021





## FINANCIAL STATEMENTS

This report is separated into the following sections to aid review:

63	Financial statements	98	22. Provisions
64	Consolidated income statement	99	23. Current and deferred taxation
64	Consolidated statement of comprehensive income	101	24. Reconciliation of cash generated from operations
65	Consolidated balance sheet	101	25. Share capital
66	Consolidated statement of changes in equity	102	26. Reserves
67	Consolidated cash flow statement	103	27. Employee share options and awards
68	1. General information	104	28. Pensions and post-employment benefits
68	2. Principal accounting policies	108	29. Operating leases
76	3. Financial risk management	109	30. Capital risk management
78	4. Critical accounting estimates and key judgements	109	31. Financial instruments
81	5. Segmental information	113	32. Capital and purchase commitments
84	6. Operating profit	113	33. Contingent liabilities
85	7. Employee benefit costs	113	34. Related party transactions
85	8. Key management compensation	114	35. Events after the balance sheet date
86	9. Net financing costs	114	36. Restatement
86	10. Taxation	116	37. Group entities
87	11. Net foreign exchange loss	119	Company balance sheet
87	12. Dividends	120	Statement of changes in equity
88	13. Property, plant and equipment	120	Alternative performance measures
89	14. Intangible assets	122	Independent auditor's report to the members of Immarsat Group Holdings Limited
92	16. Investments		
92	17. Cash and cash equivalents		
93	18. Trade and other receivables		
95	19. Inventories		
95	20. Net borrowings		
97	21. Trade and other payables		



## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020.

	Note	2020 \$m	2019 (restated) \$m
Revenue	5	1,272.1	1,396.1
Employee benefit costs	7	(279.6)	(325.2)
Network and satellite operations costs		(156.2)	(167.2)
Impairment of financial assets	18	(16.3)	(7.6)
Other operating costs		(161.6)	(271.0)
Own work capitalised		36.2	42.0
<b>Total net operating costs</b>	<b>(578.3)</b>	<b>(729.0)</b>	<b>(667)</b>
EBITDA		694.1	667
Depreciation and amortisation		(442.6)	(485.0)
Loss on disposal of assets		(2.1)	(1.8)
Impairment of assets		(10.5)	(12.4)
Share of profit of associates	16	4.2	4.0
<b>Operating profit</b>	<b>6</b>	<b>243.1</b>	<b>171.9</b>
Financing income		3.8	9.6
Financing costs		(103.4)	(128.5)
Change in fair value of derivative <sup>2</sup>		0.2	(355.2)
<b>Net financing costs</b>	<b>9</b>	<b>(99.4)</b>	<b>(374.1)</b>
<b>Profit/(loss) before tax</b>	<b>143.7</b>	<b>(202.2)</b>	
Taxation charge	10	(54.5)	(22.2)
<b>Profit/(loss) for the period</b>	<b>89.2</b>	<b>(224.4)</b>	
Attributable to:			
Equity holders		88.4	(225.1)
Non-controlling interest <sup>3</sup>		0.8	0.7

1 The comparative information has been restated. A summary of the restatements made is provided in note 3c.

2 The change in fair value of derivative relates to the mark-to-market valuation of the conversion liability and the loss on redemption of Convertible Bond originally due 2023. The convertible bond was fully settled in 2020.

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020.

	Note	2020 \$m	2019 (restated) \$m
<b>Profit/(loss) for the period</b>		<b>89.2</b>	<b>(224.4)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to the Income Statement:			
Foreign exchange translation differences		(0.2)	(0.2)
Gains on cash flow hedges on foreign exchange forward contracts	26	0.8	0.4
Items that will not be reclassified subsequently to the Income Statement:			
Re-measurement of pension assets and liabilities	28	(29.8)	(4.6)
Tax credited directly to other comprehensive income	10	5.5	0.8
<b>Other comprehensive loss for the period, net of tax</b>	<b>(23.7)</b>	<b>(3.6)</b>	
<b>Total comprehensive income/(loss) for the period, net of tax</b>	<b>65.5</b>	<b>(228.0)</b>	
Attributable to:			
Equity holders		64.7	(228.2)
Non-controlling interest		0.8	0.2

1 The comparative information has been restated. A summary of the restatements made is provided in note 3c.

## CONSOLIDATED BALANCE SHEET

As at 31 December 2020.

	Note	As at 31 December 2020 \$m	As at 31 December 2019 (restated) \$m	As at 31 December 2019 \$m
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	3,195.1	3,294.2	3,287.2
Intangible assets	14	844.8	858.6	858.6
Investments	16	23.1	21.1	21.1
Right of use assets	15	41.7	51.8	51.8
Finance lease receivable		0.6	—	—
Other receivables	18	7.1	34.4	34.4
Deferred tax asset	23	26.2	30.5	46.7
		4,138.6	4,290.6	4,299.8
<b>Current assets</b>				
Cash and cash equivalents	17	244.0	131.1	131.1
Short-term deposits	17	688.0	—	—
Restricted cash	17	7.0	0.9	0.9
Trade and other receivables	18	256.8	294.8	314.6
Finance lease receivable		0.2	—	—
Inventories	19	36.9	39.2	39.2
Current tax assets	23	3.5	4.5	4.5
		1,236.4	470.5	490.3
<b>Total assets</b>		<b>5,375.0</b>	<b>4,761.1</b>	<b>4,790.1</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	20	99	9979	9979
Trade and other payables	21	1,186.8	543.8	531.6
Provisions	22	15.6	4.2	4.2
Current tax liabilities	23	186.3	194.5	194.5
Derivative financial instruments	31	—	0.9	0.9
Lease obligations	15	11.2	11.0	11.0
		1,409.8	1,752.3	1,740.1
<b>Non-current liabilities</b>				
Borrowings	20	2,505.6	1,643.3	1,643.3
Other payables	21	17.8	15.8	15.8
Provisions	22	5.9	6.5	6.5
Deferred tax liabilities	23	275.6	240.2	240.0
Derivative financial instruments	31	—	—	—
Lease obligations	15	43.4	51.4	51.4
		2,848.3	1,957.2	1,957.0
<b>Total liabilities</b>		<b>4,258.1</b>	<b>3,709.5</b>	<b>3,697.1</b>
<b>Net assets</b>		<b>1,116.9</b>	<b>1,051.6</b>	<b>1,093.0</b>
<b>Shareholders' equity</b>				
Ordinary shares	25	0.3	0.3	0.3
Share premium		772.1	772.1	772.1
Hedge and other reserves		(1.3)	(2.3)	(2.3)
Retained earnings		344.8	280.5	321.9
<b>Equity attributable to shareholders</b>		<b>1,115.9</b>	<b>1,050.6</b>	<b>1,092.0</b>
<b>Non-controlling interest</b>		<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Total equity</b>		<b>1,116.9</b>	<b>1,051.6</b>	<b>1,093.0</b>

1 The comparative information has been restated. A summary of the restatements made is provided in note 3c.

The consolidated financial statements of the Group on pages 64 to 67 were approved by the Board of Directors on 14 May 2021 and were signed on its behalf by

Tony Bates  
Director

14 May 2021



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2020.

	Share capital \$m	Share premium \$m	Share-based reserves \$m	Hedge reserves \$m	Other reserves \$m	Retained earnings \$m	NCI \$m	Total \$m
Balance at 1 January 2019	0.3	767.8	113.8	(4.0)	(2.9)	461.0	0.8	1,336.8
Prior period restatement <sup>1</sup>	-	-	-	-	-	(20.7)	-	-
Balance at 1 January 2019	0.3	767.8	113.8	(4.0)	(2.9)	440.3	0.8	1,316.1
Share-based payments	-	-	25.8	-	-	(1.2)	-	24.6
Transfer of SBP reserve to retained earnings	-	-	(139.6)	-	-	139.6	-	-
Dividend declared	-	-	-	-	-	(55.6)	(0.5)	(56.1)
Issue of share capital	4.3	-	-	-	-	-	-	4.3
Capital contribution	-	-	-	-	2.0	-	-	2.0
IFRIC 23 Adjustment	-	-	-	-	-	(13.7)	-	(13.7)
Losses on cash flow hedges capitalised to tangible assets	-	-	-	2.4	-	-	-	2.4
Comprehensive income: (Loss)/Profit for the period	-	-	-	-	-	(22.5)	0.7	(22.4)
OCI - before tax	-	-	-	0.4	(0.2)	(4.6)	-	(4.4)
OCI - tax	-	-	-	-	-	0.8	-	0.8
Balance at 31 December 2019	0.3	772.1	-	(1.2)	(1.1)	280.5	1.0	1,051.6
Balance at 1 January 2020	0.3	772.1	-	(1.2)	(1.1)	280.5	1.0	1,051.6
Share-based payments	-	-	0.2	-	-	-	-	0.2
Transfer of SBP reserve to retained earnings	-	-	(0.2)	-	-	0.2	-	-
Dividend declared	-	-	-	-	-	-	(0.8)	(0.8)
Loss on cash flow hedges capitalised to tangible assets	-	-	-	0.4	-	-	-	0.4
Comprehensive income: Profit for the year	-	-	-	-	-	88.4	0.8	89.2
OCI - before tax	-	-	-	0.8	(0.2)	(2.8)	-	(2.2)
OCI - tax	-	-	-	-	-	5.5	-	5.5
Balance at 31 December 2020	0.3	772.1	-	-	(1.3)	344.8	1.0	1,116.9

1 The Group adopted IFRS 9 for hedge accounting during 2020, refer to note 26.  
2 The 'other' reserve relates to ordinary shares held by the employee share trust, debit of \$2.4m (2019: debit of \$2.4m), the currency reserve debit of \$nil (2019: debit of \$1.3m), the revaluation reserve debit of \$0.0m (2019: credit of \$0.0m) and capital contribution reserve credit of \$3.0m (2019: credit of \$3.0m). The capital contribution made in 2019 relates to a cash compensation payment made to employees for the early termination of ESAVE schemes upon acquisition.  
3 Non-controlling interest (NCI) refers to the Group's 51% shareholding in Immarsat Solutions eHF.  
4 The comparative information has been restated. A summary of the restatements made is provided in note 36.

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020.

	Note	2020 \$m	2019 (restated) \$m
Cash flow from operating activities			
Cash generated from operations	24	1,404.6	734.7
Interest received		2.2	8.4
Tax paid		(14.6)	(3.0)
Net cash inflow from operating activities		1,392.2	740.1
Cash flow from investing activities			
Purchase of property, plant and equipment		(61.6)	(318.6)
Additions to intangible assets		(35.9)	(72.6)
Own work capitalised		(688.0)	145.7
Net investment in short-term deposits		(975.9)	(287.6)
Net cash used in investing activities		(1,161.4)	(533.1)
Cash flow from financing activities			
Dividends paid relating to minority interests		(0.6)	(56.1)
Repayment of borrowings		(1,279.7)	(930.9)
Drawdown of borrowings		273.0	-
Interest paid		(159.9)	(123.8)
Proceeds from issue of related party financing		872.2	653.1
Proceeds from capital contribution		-	1.4
Cash payments for the principal portion of the lease obligations		(10.6)	(70.1)
Net proceeds from issuance of ordinary shares		-	4.3
Other financing activities		(2.4)	(2.9)
Net cash used in financing activities		(303.0)	(465.0)
Net increase in cash and cash equivalents		113.3	(12.5)
Cash and cash equivalents			
At beginning of the period		131.1	143.2
Net decrease in cash and cash equivalents		113.3	(12.5)
Exchange gains on cash and cash equivalents		(0.4)	0.4
At end of the period (net of bank overdrafts)		244.0	131.1
Comprising:			
Cash at bank and in hand		244.0	131.1
Cash and cash equivalents		244.0	131.1
Net cash and cash equivalents at end of period	17	244.0	131.1

1 The comparative information has been restated. A summary of the restatements made is provided in note 36.



## Notes to the consolidated financial statements

### 1. General information

Inmarsat Group Holdings Limited, previously known as Inmarsat plc (the 'Company' or together with its subsidiaries, the 'Group') is a private company limited by shares incorporated in the United Kingdom and domiciled in England and Wales. The address of its registered office is 99 City Road, London EC1Y 1AX, United Kingdom.

The ultimate controlling party and parent of the Company is Connect Topco Limited which is an entity based in Guernsey. The smallest and largest group into which the results of the Company are consolidated is headed by Connect Topco Limited. The address of its registered office is Redwood House, St Julian's Avenue, St Peter Port, GY1 1WA, Guernsey.

Inmarsat Group Holdings Limited, acting as a parent undertaking, has provided guarantee to the following subsidiaries under section 479C of the Companies Act 2006:

- Inmarsat Solutions Limited (company number: 06135635);
- Inmarsat Leasing (Iwo) Limited (company number: 04103974);
- Inmarsat Finance III Limited (company number: 06138307);
- Inmarsat Services Limited (company number: 04379050);
- Inmarsat Solutions Global Limited (company number: 04041428);
- Inmarsat Global Xpress Limited (company number: 07341228);
- Inmarsat Holdings Limited (company number: 04917504);
- Inmarsat Investments Limited (company number: 04886096);
- Europasat Limited (company number: 0600119);
- Inmarsat Group Limited (company number: 0488015);
- Inmarsat Maritime Ventures Limited (company number: 1258476);

### 2. Principal accounting policies

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

#### Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB. The financial statements have been prepared under the historical cost convention except for certain financial instruments that have been measured at fair value, as described later in these accounting policies.

#### Restatement

During 2020, the Group concluded that four items require adjustment. These items relate to the prior period. Appropriate disclosures have been included in line with IFRS and further details are provided in note 3b.

#### Going concern

Despite the uncertain economic outlook related to Covid-19, the Directors continue to believe that the Group has a robust business model and good medium to long-term growth prospects.

The Group has responded robustly and quickly to the challenges created by the spread of the virus, and the impact in 2020 was mainly concentrated in Aviation, as the pandemic significantly reduced global air traffic and installation activity. Other business units were less affected, reflecting their strong market positions and B2B and B2C mission critical supplier status. Material actions have been and will be taken as appropriate to maintain business continuity and provide sufficient liquidity to the organisation. As at 31 December 2020, the Group has \$1,632m of liquid resources (Cash: \$932m, undrawn RCF: \$700m) and an expectation that the Group will generate positive free cash flow and reduce leverage over the medium to long term.

In order to confirm that the business should adopt the going concern basis in preparing the consolidated financial statements for 2020, the Board and Management have considered a number of possible scenarios and their impact on future revenues, EBITDA and liquidity. These scenarios consider a slowdown in revenue across the business, particularly IFC Aviation revenue, the latest market information for each business unit and the impact of actions that have been and can be taken to improve financial performance. The evaluation uses the most recently approved budget and long-range business plan and considers future distributions to shareholders as discussed in note 3c of the annual report, the maturity profile of the existing debt facilities and the \$700 million undrawn revolving credit facility as discussed in note 20 of the annual report. Under all scenarios there continues to be sufficient headroom to the Financial Performance Covenant under the debt agreements.

Whilst the economic outlook remains very uncertain due to the Covid-19 pandemic, following this analysis, the Directors have a reasonable expectation that the Group shall continue to operate as a going concern for the foreseeable future. Consequently, Inmarsat Group Holdings Limited continues to adopt the going concern basis in preparing the 2020 consolidated financial statements.

Further discussion of the Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic and Directors Reports.

#### Basis of accounting

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

#### Accounting policy changes

**Accounting standards/interpretations adopted by the Group**  
During 2020, the Group adopted IFRS 9 'Financial Instruments' for hedge accounting which has been previously maintained under the existing accounting guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. This is applied prospectively and have not had a quantitative impact on the financial statements with accounting treatment remaining unchanged. Additional disclosure is detailed within note 3f and the hedge accounting policy section.

**New and amended accounting standards that have been issued but are not yet effective and have not been adopted by the Group.**

#### IFRS 17 'Insurance Contracts'

IFRS 17 will be effective for periods beginning on or after 1 January 2021 and supersedes IFRS 4 'Insurance Contracts', subject to endorsement by the EU. This will not have a material impact on the Group.

**Amendments to accounting standards that are effective for the current period**

The following standards have all been endorsed by the EU and are effective for the current period. The Group has considered all the below amendments and has determined that these do not have a material impact.

- Amendments to IAS 1 and IAS 8: Definition of Material.
- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendment to IFRS 3 Business Combination.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform.
- Amendment to IFRS 16: Leases Covid-19-Related Rent Concessions.

#### Basis of consolidation

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

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

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

#### Business combinations

When the Group acquires a business, it identifies the assets and liabilities of the acquiree at the date of acquisition and measures them at fair value. Only separately identifiable intangible assets are recognised. Any assets or disposal groups held for sale at the acquisition date are measured at fair value less costs to sell. Consideration is the fair value at the acquisition date of the assets transferred and liabilities incurred in acquiring the business and includes the fair value of any contingent consideration. Changes in fair value of contingent consideration after the acquisition date are recognised in the income statement. Acquisition-related costs are expensed as incurred and included in operating costs.

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



## Notes to the consolidated financial statements (continued)

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

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

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

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

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

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

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

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

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

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

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

The nature of the contracts within the Group may give rise to variable consideration. This is estimated as the most likely amount based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available and is included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur. Where a contract contains a significant financing component, the Group adjusts the transaction price to a present value where the effect of discounting is deemed to be material. The Group has adopted the practical expedient whereby it is not required to adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or

services is expected to be one year or less. For contracts with an overall duration greater than one year, the practical expedient also applies: if the period between performance and payment for that performance is one year or less.

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

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

Financing income and financing cost  
Financing income comprises interest receivable on funds defined in short-term deposits and interest on the net defined benefit and post-employment asset/liability.

Financing costs comprise interest payable and early settlement premiums on borrowings including the Senior Notes and Convertible Bonds, accretion of the liability component of the Convertible Bonds, amortisation of deferred financing costs and interest on lease liabilities. Finance charges are recognised in the income statement at the effective interest rate.

Financial assets

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

**Cash and cash equivalents**

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

### Short term deposits

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

Financial liabilities and equity

### Equity instruments

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

### Trade and other payables

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

### Borrowings

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

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

### Senior notes and term loan

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

### Net borrowings

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



## Notes to the consolidated financial statements (continued)

### Derivative financial instruments

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

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

### Hedge Accounting

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

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

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

In the prior year the Group early adopted the Phase 1 amendments Interest Rate Benchmark Reform: Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

### Cash flow hedges

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

Where there is a material contract with a foreign currency exposure, a specific hedge to match the specific risk will be evaluated. At present the Group only hedges certain foreign currency milestone payments to Airbus and Thales for the construction of the I-6 and GX-5 satellites.

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

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

### Employee benefits

Wages, salaries, social security contributions, accumulating annual leave, bonuses and non-monetary benefits are performed by the employees of the Group.

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

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

### Taxation

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

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

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

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

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

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

### Uncertain tax positions

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

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

### Property, plant and equipment

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

### Space segment assets

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

## Notes to the consolidated financial statements (continued)

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

**Capitalised borrowing costs**  
The Group incurs borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for its intended use or sale. Such borrowing costs are capitalised as part of the cost of the asset. Capitalisation commences when the Group begins to incur the borrowing costs and related expenditures for the asset, and when it undertakes the activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs ceases when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

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

### Depreciation

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

### Derecognition

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

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

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

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

### Research and development costs

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

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

### Amortisation

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

### Impairment reviews

Goodwill is not amortised, but is tested annually for impairment.

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

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

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

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

Impairment losses in respect of goodwill are not reversed.

### Leases

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

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

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

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

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

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

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

When non-current assets or disposal groups are classified as held for sale, depreciation and amortisation will cease and the assets are remeasured at the lower of their carrying amount and fair value less costs to sell. Any resulting impairment loss is recognised in the income statement, except for assets treated under the revaluation model, where the adjustment would first decrease the revaluation reserve before any excess will be recognised as an impairment loss in the income statement. Any remainder in the revaluation reserve will be released to the income statement on the date of sale.



## Notes to the consolidated financial statements (continued)

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

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

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

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

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

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

**Alternative performance measures**  
In addition to IFRS measures the Group uses a number of Alternative Performance Measures (APMs) in order to provide readers with a better understanding of the underlying performance of the business, and to improve comparability of our results for the period. More detail on IFRS and APMs can be found on pages 120 – 121.

**3. Financial risk management<sup>1</sup>**  
**Brexit and coronavirus**  
The United Kingdom withdrew from the EU on 31 January 2020. There was then a transition period until 31 December 2020. The transition period formed part of the terms of the Withdrawal Agreement. During this time UK was no longer a member state, but was still subject to EU rules and regulations. The impact of Brexit is not significant in terms of overall risk on the Company. The Company maintained a steering group over the course of the year in preparation for 31st December 2020 exit and this group continues to meet to ensure there remains a focus on ongoing Brexit decisions taken by the UK Government. The majority of revenue, capital expenditure and long-term borrowings are denominated in US Dollars reducing our exposure to a weakening Sterling. Additional costs incurred from professional fees for legal advice and work permits for employees were limited.

Covid-19 presented a significant risk to the financial and operational performance of the Group. The Group responded robustly and quickly to the challenges created by the spread of the virus. Material actions were taken, and additional actions will be taken, in order, as far as possible, to maintain business continuity and provide sufficient liquidity to the organisation. Whilst the economic outlook remains very uncertain, drawing on the information known to the business today, the Group has evaluated the potential impact of a range of possible scenarios on future revenues, EBITDA and liquidity. The Group has a robust business model and capital structure with strong positions in a diverse range of geographies and markets, supplying generally mission critical services to a wide range of customers.

For information pertaining to the potential operational and financial impacts to the Group of Brexit and Coronavirus, refer to the Strategic Report for the Group's principal risks.

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

The Board of Directors has delegated to the treasury department the responsibility for setting and implementing the financial risk management policies applied by the Group. The treasury department has an operating manual that sets out specific guidelines for managing foreign exchange risk, interest rate risk and credit risk (see note 3). The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

(a) **Market risk**  
**(i) Foreign exchange risk**  
The functional currency of the Group is the US Dollar. All of the Group's long-term borrowings are denominated in US Dollars, the majority of its revenue is earned in US Dollars and the majority of capital expenditure is denominated in US Dollars, which are therefore not subject to risks associated with fluctuating foreign currency rates of exchange. However, the Group operates internationally, resulting in approximately 3% (2019: 4%) and 33% (2019: 6%) of total revenue and total expenditure, respectively, being denominated in currencies other than the US Dollar. Approximately 28% (2019: 25%) of the Group's operating costs are denominated in Pounds Sterling. The Group's exposure therefore needs to be carefully managed to avoid variability in future cash flows and earnings caused by volatile foreign exchange rates.

As at 31 December 2020, it is estimated that a hypothetical 10% increase in the US Dollar/Sterling year-end exchange rate (US\$1.37/E1.00 to US\$1.51/E1.00) would have decreased the 2020 profit before tax by approximately \$4.7m (2019: \$4.5m). Management believes that a 10% sensitivity rate provides a reasonable basis upon which to assess expected changes in foreign exchange rates.

(ii) **Price risk**  
The Group is not exposed to significant equity securities price risk or commodity price risk.

(b) **Interest rate risk**  
The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has interest-bearing assets such as cash and cash equivalents, short-term deposits, and non-current other receivables; however interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group has two variable interest loan agreements with its parent, both of which have an interest rate of Libor +4.7%. Both loan agreements were signed on 5 December 2019, have total available amount of \$3.0bn, and are due to mature on 5 December 2026.

As at 31 December 2020 it is estimated that a hypothetical 1% increase in the interest rate would have increased 2020 interest expenses by approximately \$25.2m (2019: \$0.8m). Management believes that a 1% sensitivity rate provides a reasonable basis upon which to assess expected changes in variable interest rates.

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

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

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

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

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

	note	2020 \$m	2019 (restated) \$m
Cash and cash equivalents	17	244.0	131.1
Short-term deposits	17	689.0	—
Trade receivables, other receivables and accrued income	18	239.2	275.2
<b>Total credit risk exposure</b>		<b>1171.2</b>	<b>406.3</b>

<sup>1</sup> The comparative information has been restated. A summary of the restatements made is provided in note 36.

## Notes to the consolidated financial statements (continued)

The Group's average age of trade receivables as at 31 December 2020 was approximately 62 days (2019 restated: 61 days).

At 31 December 2020, \$29,99m (2019 restated: \$22,41m) of trade receivables were not yet due for payment. No interest is charged on trade receivables until the receivables become overdue for payment. Thereafter, interest may be charged at varying rates depending on the terms of the individual agreements.

The Group has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilises both internal and third party collection processes for overdue accounts. The Group maintains provisions for potential credit losses that are assessed on an ongoing basis. The provision for uncollectible trade receivables has decreased to \$15.7m (excluding Ligado Network) as at 31 December 2020 (2019: \$28.8m).

For 2020, no customer comprised greater than 10% of the Group's total revenues (2019: no customer).

As a result of the pension scheme buy-in (note 28) the Group are exposed to a credit risk associated with the insurer which is assessed to be low.

### (d) Liquidity risk

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

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The available liquidity of the Group as at 31 December is:

	2020	2019
	\$m	\$m
Cash and cash equivalents	17	244.0
Short-term deposits	17	638.0
Available but undrawn borrowing facilities <sup>1</sup>	20	1,194.5
<b>Total available liquidity</b>	<b>2,116.5</b>	<b>1,487.8</b>

<sup>1</sup> This relates to a \$700m Senior Revolving Credit Facility and the undrawn intercompany facility of \$484.5m between the Group and the parent group, Connect Bidco Limited (see note 20).

The Directors currently believe the Group's liquidity position, supported by the financing facilities of the parent company and ultimate group, is more than sufficient to meet its needs for the foreseeable future.

### 4. Critical accounting estimates and key judgements

In applying the Group's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

In the event that all such enquiries were settled entirely in favour of the authorities, the Group would incur a cash tax outflow of \$728m, excluding interest, during 2021. The quantum and timing of this cost remains uncertain but it is substantially provided for and the enquiries remain ongoing at this time.

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

(b) Impairment review  
An impairment review of goodwill is performed annually at the level of the Group as a whole, as the Group has a single operating segment and the goodwill is monitored at this level. The recoverable amount has been determined based on value in use calculations. The key assumptions used by management in these calculations are the cash flow projections, long-term growth rates of 2.0%, and pre-tax and post-tax discount rates of 10.6% and 8.6% respectively.

The impairment review has identified sufficient headroom in the recoverable amount above its carrying value. A sensitivity analysis has been undertaken by changing key assumptions used, being an increase in the pre-tax discount rate of 0.5%, reducing the long-term growth rate to 1.7% and delaying the recovery of cash flows impacted by Covid-19 for the Aviation business unit by one year. This sensitivity analysis, taking into account these reasonable changes in the assumptions, has not resulted in the recoverable amount of the CGU being reduced to below its carrying value. Future events could cause the assumptions used in impairment reviews to change which could result in impairments in future periods.

Cash flow projections  
The recoverable amount of the CGU is based on the value in use, which is determined using cash flow projections derived from the most recent financial budgets and forecasts approved by management covering a five year period.

The short and medium-term cash flows reflect management's expectations of future outcomes taking into account past experience, adjusted for anticipated growth from both existing and new business in line with our strategic plans for each segment of our business. The cash flows also take into consideration our assessment of the potential impact of external economic factors, including Covid-19.

### Long-term growth rates

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

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

(c) Revenue in respect of Ligado Networks  
In December 2007, Inmarsat and Ligado Networks LLP (formerly LightSquared LP and Lightsquared Inc.), and Ligado Networks (Canada) Inc. (formerly Skyterra (Canada) Inc.) entered into a 100 year Cooperation Agreement for the efficient use of L-band spectrum over North America. The Cooperation Agreement was segregated into phases and designed to enable and support the deployment of an ATC network by Ligado in North America. The Cooperation Agreement has been modified a number of times, and the guidance in IFRS15 on contract modifications has been applied to determine whether, for the purposes of applying the five-step model in IFRS 15, a modification is treated as a new contract or an amendment to an earlier contract.

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

Amendment 5 & 6 to the Cooperation Agreement was entered into with Ligado with effect as of June 2020 under which Ligado paid \$700m upfront in Q4 2020. The amendment also reduced all future quarterly payments by 60% and deferred Q2 2020 to Q4 2022 quarterly payments as well as all previously deferred amounts to 1 January 2023, at which date a payment of \$395m, including interest, falls due. Additionally there is a call option available until 15 October 2025 for Ligado to buy out all remaining lease payment obligations to 2107 for a cash payment ranging between \$825m - \$968m.

For the year ended 31 December 2020, the Group recognised \$33.3m of revenue with nil operating costs (year ended 31 December 2019: \$0.2m and \$0.2m respectively). Given the level of uncertainty around the collection of future monies, the Group ceased to apply the IFRS 15 five step model from Q2 2020 to Amendments 5 & 6 under which Ligado is obliged to make future payments. As a result, no further revenue has been recognised.

## Notes to the consolidated financial statements (continued)

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

At 31 December 2020, a receivable of \$179m (2019: \$35.0m) has been recorded on the balance sheet relating to the deferrals and interest receivable of \$2.0m (2019: \$3.9m). A 51% impairment has been recognised in 2020 in order to comply with IFRS 9 and align with our conclusion that uncertainty remains around the collection of future monies. If Ligado failed to make remaining payments as they fall due, this default would release Inmarsat from its remaining obligations, which would trigger the recognition in the income statement of the remaining deferred income resulting in a net gain to the Group.

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

The net book value of space segment assets is currently \$19191m (2019: \$1,966.4m). There have been \$0.2m additions in the year (2019: \$nil). The key judgements involved in the capitalisation of space segment assets and associated borrowings costs are:

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

(f) Proxy board arrangement

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

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

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

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

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

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

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

## 5. Segmental information

The Group has identified the provision of global mobile satellite communications services to customers around the world as the only operating segment. The Board of Directors review the Group's financial reporting and approves those proposals for the allocation of the Group's resources and have therefore been identified as the chief operating decision maker. The main sources of financial information used by the Board of Directors in assessing the Group's performance and allocating resources are:

- Revenue by four channels to market, namely:
  - Maritime, focusing on worldwide commercial maritime services.
  - Government, which consists of US Government, focusing on US civil and military government services and Global Government, focusing on worldwide civil and military government services.
  - Aviation, focusing on commercial, business and general aviation services.
  - Enterprise, focusing on worldwide energy, industry, media, carriers, and M2M services.
- These four channels to market are supported by 'Central Services', which includes satellite, operations and backbone infrastructure and any income that is not directly attributable to a business unit, such as Ligado.
- Costs, EBITDA and operating profit at a Group level.
- Cash capital expenditure at a Group level.

Segment results 2020	Maritime \$m	Government \$m	Aviation \$m	Enterprise \$m	Central services \$m	Total \$m
Revenue	490.6	442.8	178.2	113.5	13.7	1,238.8
Ligado revenue	—	—	—	—	33.3	33.3
Total revenue	490.6	442.8	178.2	113.5	47.0	1,272.1
Net operating costs	—	—	—	—	—	(578.2)
EBITDA	—	—	—	—	—	694.1
Depreciation and amortisation	—	—	—	—	—	(442.6)
Other <sup>1</sup>	—	—	—	—	—	(8.4)
Operating profit	—	—	—	—	—	243.1
Cash capital expenditure	—	—	—	—	—	287.9
Financing costs capitalised in the cost of qualifying assets	—	—	—	—	—	63.9
Cash flow timing <sup>2</sup>	—	—	—	—	—	(12.2)
Total capital expenditure	—	—	—	—	—	336.6

1. Other relates to loss on disposal of assets of \$2.1m, impairment losses of \$19.5m, and the share of profit from associates of \$4.2m.
2. Cash flow timing represents the difference between accrued capex and the actual cash flows.



## Notes to the consolidated financial statements (continued)

	Note	Maintenance \$m	Government \$m	Aviation \$m	Enterprise \$m	Central services \$m	Total \$m
Segment results 2019 (restated) <sup>1</sup>		5078	418.6	293.9	112.4	63.2	1,395.9
Revenue							
Ligado revenue		—	—	—	—	0.2	0.2
Total revenue		5078	418.6	293.9	112.4	63.4	1,396.1
Net operating costs							(729.0)
EBITDA							667.1
Depreciation and amortisation	6						(485.0)
Other <sup>2</sup>							(10.2)
Operating profit							171.9
Cash capital expenditure							433.3
Financing costs capitalised in the cost of qualifying assets							59.8
Cash flow timing <sup>3</sup>							0.8
Total capital expenditure							493.9

1 The comparative information has been restated. A summary of the restatements made is provided in note 3c.

2 Other relates to loss on disposal of assets of \$1.8m, impairment losses of \$12.4m, and the share of profit from associates of \$4.0m.

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

	At 31 December 2020 \$m	At 31 December 2019 \$m
Timing of revenue recognition	43.5	109.1
At a point in time	1,223.6	1,287.0
Over time	1,272.1	1,396.1

## Segmental analysis by geography

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

	2020		2019 (restated) <sup>1</sup>	
	Revenue \$m	Net-current segment assets \$m	Revenue \$m	Net-current segment assets \$m
United Kingdom	56.5	2,009.9	74.4	1,159.5
Rest of Europe	366.4	271.6	412.1	1,149.5
North America	528.9	43.7	563.4	70.9
Asia and Pacific	236.3	85.5	257.1	141.4
Rest of the world	84.1	1.4	89.1	3.1
Unallocated <sup>2</sup>	—	1,722.5	—	1,766.1
	1,272.1	4,138.6	1,396.1	4,290.6

1 The comparative information has been restated. A summary of the restatements made is provided in note 3c.

2 Unallocated items relate to satellites which are in orbit.

## Remaining performance obligations

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

	At 31 December 2020 \$m	At 31 December 2019 \$m
Within one year	380.8	505.0
Between two to four years	355.8	345.6
Five years and greater	265.0	242.5
	1,001.6	1,093.1

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



Notes to the consolidated financial statements (continued)

6. Operating profit

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

Operating profit is stated after charging the following items:

	2020	2019
	\$m	\$m
Depreciation of property, plant and equipment	13	375.8
Amortisation of intangible assets	14	97.8
Depreciation of right-of-use assets	15	111
Acquisition related costs	2.0	75.8
Loss on disposal of assets	21	1.8
Impairment <sup>1</sup>	10.5	12.4
Terminal and equipment costs	56.8	102.4
IT support	37.3	281
Cost of inventories recognised as an expense	61.6	107.2
Write downs of inventories recognised as an expense	8.4	3.2
Research costs expensed	6.9	7.9

<sup>1</sup> Relates to the impairment of \$2.7m of intangible assets and \$8.0m of tangible assets, offset by a reversal of \$3.0m.

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

	2020	2019
	\$m	\$m
<b>Audit fees:</b>		
Annual audit of the Company	0.2	0.2
Annual audit of subsidiary companies	1.0	0.9
<b>Total audit fees</b>	<b>1.2</b>	<b>1.1</b>
Audit-related assurance services <sup>1</sup>	—	0.1
<b>Total audit and audit-related fees</b>	<b>1.2</b>	<b>1.2</b>
Other services	0.1	0.1
<b>Total non-audit fees</b>	<b>0.1</b>	<b>0.1</b>
<b>Total auditor's remuneration</b>	<b>1.3</b>	<b>1.3</b>

<sup>1</sup> Fees paid for audit-related assurance services refer to the half year and quarterly reviews of the Group's interim financial statements.

7. Employee benefits: Costs

	2020	2019
	\$m	\$m
Wages and salaries	247.0	257.4
Social security costs	23.2	25.4
Share-based payments (including employers' national insurance contribution)	—	29.5
Defined contribution pension plan costs	11.9	11.4
Defined benefit pension plan costs <sup>1</sup>	2.8	1.3
Post-employment benefits costs <sup>1</sup>	2.8	0.2
<b>Total employee benefit costs</b>	<b>279.6</b>	<b>325.2</b>

<sup>1</sup> Defined benefit, pension plan costs and post-employment benefits costs includes current service cost (see note 2B).

Employee numbers

The average monthly number of employees (including the Executive Directors) employed during the year:

By activity:	2020	2019
Operations	915	918
Sales and marketing	361	331
Development and engineering	240	249
Administration	396	408
	<b>1,912</b>	<b>1,906</b>

By segment:	2020	2019
Maritime	129	114
Government	192	187
Enterprise	71	77
Aviation	206	210
Central services	1,314	1,319
	<b>1,912</b>	<b>1,906</b>

The employee headcount numbers presented above refer to permanent full time and part time employees and exclude contractors and temporary staff. Employee benefit costs of \$9.2m (2019: \$20.2m) relating to contractors and temporary staff have been included in the cost table above.

8. Key management personnel: Compensation

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

	2020	2019
	\$m	\$m
Short-term benefits	2.4	5.4
Share-based payments <sup>1</sup>	—	5.0
	<b>2.4</b>	<b>10.4</b>

<sup>1</sup> Includes IFRS2 charge and employers' national insurance or other social security contributions.

## Notes to the consolidated financial statements (continued)

In the current year, no Director has been a member of the Group's defined contribution pension plan. The highest paid director received short-term benefits of \$1.4m (2019: \$2.2m) and share-based payments of \$nil (2019: \$4.4m).

### 9. Net financing costs

	2020 (\$m)	2019 (\$m)
Bank interest receivable and other interest	(2.8)	(8.2)
Pension and post-retirement liability finance income	(1.2)	(1.4)
<b>Financing income</b>	<b>(3.8)</b>	<b>(9.6)</b>
Interest on Senior Notes and credit facilities	11.2	1221
Interest on Convertible Bonds	—	30.5
Amortisation of debt issue costs	1.7	219
Amortisation of discount on Senior Notes due 2022	1.5	1.9
Amortisation of discount on deferred satellite liabilities	—	(0.4)
Interest on lease obligations	2.3	2.6
Other interest	3.0	0.8
Related party interest	144.6	5.0
<b>Financing costs</b>	<b>164.3</b>	<b>184.4</b>
Less: Amounts capitalised in the cost of qualifying assets <sup>1</sup>	(60.9)	(55.9)
<b>Financing costs excluding derivative adjustments</b>	<b>103.4</b>	<b>128.5</b>
Change in fair value of derivative liability component of the 2023 Convertible Bonds	(0.2)	255.2
<b>Net financing costs</b>	<b>99.4</b>	<b>374.1</b>

<sup>1</sup> The comparative information has been restated. A summary of the restatements made is provided in note 36.

<sup>2</sup> Borrowing costs capitalised in the cost of qualifying assets during the year are calculated by applying a capitalisation rate to expenditures on such assets. The average interest capitalisation rate for the year was 7.0% (2019: 7.2%).

### 10. Taxation

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

	2020 (\$m)	2019 (\$m)
<b>Current tax:</b>		
Current year	37.5	57.6
Adjustments in respect of prior years	(38.2)	(28.7)
<b>Total current tax</b>	<b>9.3</b>	<b>28.9</b>
Deferred tax:		
Origination and reversal of temporary differences	(10.6)	(43.9)
Adjustments due to reduction in corporation tax rates	29.2	71
Adjustments in respect of prior years	26.6	301
<b>Total deferred tax</b>	<b>45.2</b>	<b>(6.7)</b>
<b>Total taxation charge</b>	<b>54.5</b>	<b>22.2</b>

<sup>1</sup> The comparative information has been restated. A summary of the restatements made is provided in note 36.

The preceding and following table explains the differences between the expected tax expense, being the Group's profit multiplied by the UK tax rate, and the Group's total tax expense. The UK rate is used on the basis that this is our principal operating jurisdiction. The effective tax rate is 37.9% (2019: restated: 31.0%) and is also reconciled below.

	2020 (\$m)	2019 (\$m)
<b>Profit/(Loss) before tax</b>	<b>143.7</b>	<b>(202.2)</b>
Income tax at 19.0% (2019: 19.0%)	27.3	(38.4)
Differences in overseas tax rates	0.8	8.4
Adjustments in respect of prior periods	(1.6)	1.5
Adjustments due to increase in the corporation tax rate	29.2	4.4
Impact of UK patent box regime	(6.3)	(4.6)
Impact of fixed asset impairments	2.1	—
Tax losses for which no DTA is recognised	—	37.5
Impact of reassessment of deferred tax	—	(1.5)
Impact of prior year losses not previously recognised	(0.8)	(1.8)
Impact of current temporary difference not recognised	1.1	(0.3)
Other non-deductible expenses/non-taxable income	2.7	17.0
<b>Total taxation charge</b>	<b>54.5</b>	<b>22.2</b>

<sup>1</sup> The comparative information has been restated. A summary of the restatements made is provided in note 36.

Tax credited directly to equity:

	2020 (\$m)	2019 (\$m)
Deferred tax credit on share-based payments	—	3.5
Deferred tax charge on pensions	—	(1)
<b>Total tax credited directly to equity</b>	<b>—</b>	<b>2.4</b>

Tax credited directly to other comprehensive income:

	2020 (\$m)	2019 (\$m)
Deferred tax credit on re-measurement of defined benefit asset and post-employment benefits	5.5	0.9
<b>Total tax credited directly to other comprehensive income</b>	<b>5.5</b>	<b>0.9</b>

### 11. Net foreign exchange loss

	2020 (\$m)	2019 (\$m)
Defined benefit plan and post-employment benefits	28	(0.7)
Other operating costs	0.8	3.1
<b>Total foreign exchange loss</b>	<b>0.1</b>	<b>2.4</b>

### 12. Dividends

During 2020 the Board did not declare an interim dividend. During 2020 no dividend was paid to Company shareholders. During 2019 and following the announcement of the proposed acquisition of Inmarsat on 25 March 2019, the Board did not declare an interim dividend. During 2019, the 2018 final dividend of \$55.6m (12 cents per ordinary share) was paid to the Company's shareholders.



Notes to the consolidated financial statements (continued)

13. Property, plant and equipment:

Cost:	Freehold land and buildings \$m	Service equipment, fittings and fixtures \$m	Space segment \$m	Assets in the course of construction \$m	Total \$m
1 January 2019	20.6	321.7	4,154.3	914.8	5,411.4
prior year restatement <sup>3</sup>	—	—	—	70	70
1 January 2019 (restated) <sup>3</sup>	20.6	321.7	4,154.3	921.8	5,418.4
Additions	0.6	10.9	—	353.3	364.8
Disposals	(0.4)	(40.2)	(32.4)	(0.3)	(73.3)
Transfers from assets in the course of construction and reclassifications <sup>1</sup>	—	74.8	132.7	(235.0)	(27.5)
Re-alignment of asset categories <sup>2</sup>	(4.9)	79.5	(87.0)	12.4	—
31 December 2019 (restated) <sup>3</sup>	15.9	446.7	4,167.6	1,052.2	5,682.4
Additions	—	18.0	0.2	230.7	248.9
Disposals	—	(32.3)	(92.2)	(0.1)	(124.6)
Impairments	—	(7.4)	—	—	(7.4)
Transfers	—	(2.6)	—	0.2	(2.4)
Transfers from assets in the course of construction and reclassifications <sup>1</sup>	—	39.2	217.8	(257.0)	—
31 December 2020	15.9	465.0	4,286.0	1,026.0	5,796.9
Accumulated depreciation:					
1 January 2019	(11.4)	(123.3)	(1,922.8)	(1.2)	(2,058.7)
Charge for the year	(0.2)	(73.9)	(301.7)	—	(375.8)
Impairment	—	(4.7)	—	(7.6)	(12.3)
Disposals	0.4	34.9	23.3	—	58.6
31 December 2019 (restated) <sup>3</sup>	(11.2)	(167.0)	(2,201.2)	(8.8)	(2,388.2)
Charge for the year	(0.2)	(75.4)	(257.6)	—	(333.2)
Disposals	—	26.4	92.2	—	118.6
Impairment	—	(0.7)	(0.3)	—	(1.0)
Transfers	—	2.0	—	—	2.0
31 December 2020	(11.4)	(214.7)	(2,366.9)	(8.8)	(2,601.8)
Net book amount at 31 December 2019 (restated) <sup>3</sup>	4.7	279.7	1,966.4	1,043.4	3,294.2
Net book amount at 31 December 2020	4.5	250.3	1,919.1	1,017.2	3,191.1

1. Reclassifications relate to movements between tangible and intangible asset categories throughout the year to align accounting policies across the Group.  
 2. As part of the review of intangible assets undertaken during the 2019 acquisition, asset categories were reviewed and assets have been re-aligned to better reflect the nature of the underlying assets.  
 3. The comparative information has been restated. A summary of the restatements made is provided in note 36.

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

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

Freehold land is not depreciated. At 31 December 2020, the Group was carrying certain freehold land and buildings with a net book value of \$12.7m (2019: \$9.6m). Had they been revalued on a market basis, their carrying amount at 31 December 2020 would have been \$12.7m (2019: \$13.0m). Market valuation is based on the Directors' best estimates.

In 2020, the Group received government grants in relation to the purchase and construction of certain assets. The grants have been deducted from the cost of the relevant asset to arrive at the carrying amount. Government grants received in 2020 were \$111m (2019: \$6.5m).

14. Intangible assets:

Cost:	Goodwill \$m	Trademarks \$m	Software \$m	Intangible and network property assets \$m	Terminal development \$m	Customer relationships \$m	Other \$m	Total \$m
1 January 2019	781.3	25.6	299.0	0.6	262.1	396.1	73.4	1,838.1
Additions	—	—	96.5	—	14.8	—	17.8	129.1
Disposals	—	—	(6.5)	—	(0.2)	—	—	(6.7)
Transfers from assets in the course of construction and reclassifications <sup>1</sup>	—	—	13.2	—	(4.6)	—	18.9	27.5
Re-alignment of asset categories <sup>2</sup>	(0.7)	(6.5)	91.3	—	(61.3)	(5.3)	(8.5)	—
31 December 2019	780.6	20.1	494.5	0.6	210.8	390.8	91.6	1,989.0
Additions	—	—	55.3	11	19.0	—	12.3	87.7
Disposals	—	—	(11.3)	(1)	(0.2)	—	(0.7)	(13.0)
Impairments	—	—	(1.3)	—	(1.2)	—	—	(2.5)
Transfers	—	—	(3.1)	—	(0.1)	—	5.6	2.4
31 December 2020	780.6	20.1	534.4	0.6	238.3	390.8	108.8	2,063.6
Accumulated amortisation:								
1 January 2019	(359.2)	(15.1)	(190.4)	(0.6)	(131.2)	(315.4)	(25.8)	(1,037.7)
Charge for the year	—	(1.0)	(36.3)	—	(28.9)	(25.1)	(6.8)	(98.1)
Impairment	—	—	(0.1)	—	—	—	—	(0.1)
Disposals	—	—	5.4	—	0.1	—	—	5.5
31 December 2019	(359.2)	(16.1)	(221.4)	(0.6)	(160.0)	(340.5)	(32.6)	(1,130.4)
Charge for the year	—	(1.0)	(51.1)	—	(19.4)	(16.8)	(9.5)	(97.8)
Disposals	—	—	10.9	—	—	—	0.7	11.6
Impairments	—	—	(0.4)	—	0.2	—	—	(0.2)
Transfers	—	—	—	—	—	—	(2.0)	(2.0)
31 December 2020	(359.2)	(17.1)	(262.3)	(0.6)	(179.2)	(357.3)	(43.4)	(1,218.8)
Net book amount at 31 December 2019	421.4	4.0	273.1	—	50.8	50.3	59.0	858.6
Net book amount at 31 December 2020	421.4	3.0	272.4	—	49.1	33.5	65.4	844.8

1. Reclassifications relate to movements between tangible and intangible asset categories throughout the year to align accounting policies across the Group.  
 2. As part of the review of intangible assets undertaken during the 2019 acquisition, asset categories were reviewed and assets have been re-aligned to better reflect the nature of the underlying assets.



## Notes to the consolidated financial statements (continued)

Goodwill represents the excess of consideration paid on an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition.

Trademarks are being amortised on a straight-line basis over their estimated useful lives, which are between seven and twenty years.

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

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

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

Other consists of orbital slots, licences, spectrum rights and unallocated launch slots. Orbital slots and licences relate to

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

As at December 2020, the Group has no indefinite useful life intangible assets, other than Goodwill.

Government grants received in 2020 were \$3.3m (2019: \$0.3m). The grants have been deducted from the cost of the relevant asset to arrive at the carrying amount.

Annual impairment review: Goodwill impairment reviews of goodwill are performed at the level of the Group's cash-generating units ("CGUs"). The Group as a whole has been determined to be the most appropriate CGU as goodwill is monitored at the operating segment level.

The recoverable amount of the CGU has been determined based on value in use calculations. The key assumptions used by management in these calculations are the cash flow projections, long-term growth rate and discount rate. Further information on the annual impairment review can be found in note 4.

### 15. Leases

#### Right of use assets

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

	Property \$m	Vehicles \$m	Total \$m
Net carrying amount:			
<b>1 January 2019</b>	62.0	0.4	62.4
Additions and changes in terms	0.8	0.2	1.0
Impairment	(0.5)	—	(0.5)
Depreciation charge for the year	(10.7)	(0.4)	(11.1)
<b>31 December 2019</b>	51.6	0.2	51.8
Additions	0.4	0.4	0.8
Changes in terms	0.5	0.2	0.7
Depreciation charge for the year	(11.3)	(0.3)	(11.6)
<b>31 December 2020</b>	41.2	0.5	41.7

Two property leases and four vehicle leases expired in the current financial year (2019: four and fifteen respectively). The Group does not hold options to purchase any leased assets for a nominal amount at the end of the lease term.

The Group expenses short-term leases and low-value assets as incurred which is in accordance with the recognition exemption in IFRS 16. Expenses for short-term leases and low-value assets were less than \$0.1m in 2020 (2019: less than \$0.1m). As at 31 December 2020, the Group is committed to \$0.1m (2019: \$0.1m) of short-term leases and low-value assets.

The Group received \$0.3m (2019: \$0.2m) in relation to income from the subleasing of right-of-use assets.

At 31 December 2020

Within one year

Between two to five years

Greater than five years

	Property \$m	Vehicles \$m	Total \$m
	111	0.1	11.2
	377	0.6	38.3
	5.1	—	5.1
	53.9	3.7	54.6

At 31 December 2019

Within one year

Between two to five years

Greater than five years

	Property \$m	Vehicles \$m	Total \$m
	10.8	0.2	11.0
	45.2	0.1	45.3
	6.1	—	6.1
	62.1	0.3	62.4

For the year ended 31 December 2020, the weighted average discount rate applied was 3.9% (2019: 3.4%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The total cash flow relating to all lease obligations in 2020 was \$10.6m (2019: \$10.1m) with lease obligations denominated in various currencies. Total lease interest paid was \$2.3m (2019: \$2.6m).

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

Lease liabilities  
Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. The Group's lease liabilities as of 31 December 2020 comprise the transition of existing contracts, as well as contracts entered into during the financial year 2020.

The average lease term of the Group's property and vehicle leases is 3.5 and 2.6 years respectively (2019: 3.7 and 1.3 years respectively). The maturity profile of the Group's leases is shown in the table below:

## Notes to the consolidated financial statements (continued)

### 16. Investments

	At 31 December 2020	At 31 December 2019
	\$m	\$m
Interest in associates	22.0	20.0
Other investments	11	11
<b>Total investments</b>	<b>231</b>	<b>211</b>

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

Other investments represent the Group's investment in Actility S.A. which was made on 5 April 2017 and is accounted for as fair value through profit and loss.

Cash dividends received from the associates for the year ended 31 December 2020 total \$2.2m (2019: \$1.7m). The Group's aggregate share of its associates' profits for the year is \$4.2m (2019: \$4.0m) and has been recognised in the income statement.

### 17. Cash and cash equivalents

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

	At 31 December 2020	At 31 December 2019
	\$m	\$m
Cash at bank and in hand	244.0	131.1
<b>Cash and cash equivalents</b>	<b>244.0</b>	<b>131.1</b>

At 31 December 2020, the Group has \$688.0m of cash held in short-term deposits with an original maturity of between four to twelve months (2019: \$nil), along with \$70m held as restricted cash (2019: \$0.9m). Restricted cash is held in escrow and relates to the Speedcast asset acquisition, as disclosed in note 35.

### 18. Trade and other receivables

	At 31 December 2020	At 31 December 2019
	\$m	\$m
<b>Current:</b>		
Trade receivables and contract assets	215.0	233.8
Other receivables	12.3	25.4
Accrued income	8.3	11.2
Prepayments	21.2	24.4
<b>Total trade and other receivables</b>	<b>256.8</b>	<b>294.8</b>
<b>Non-current:</b>		
Defined benefit pension asset	3.5	29.6
Other receivables	3.6	4.8
<b>Total other receivables</b>	<b>71</b>	<b>34.4</b>

1 The comparative information has been restated. A summary of the restatements made is provided in note 36.

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

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



Notes to the consolidated financial statements (continued)

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

	Internal rating A \$m	Internal rating B \$m	Internal rating C \$m	Internal rating D/E \$m	2020 Total \$m
Carrying value of trade receivables (gross) <sup>1</sup>	6.5	156.5	66.5	490	278.5
Lifetime ECL	—	21	5.2	1.6	28
Specific allowances	—	—	78	198	276
<b>Group loss allowance</b>	<b>—</b>	<b>21</b>	<b>13.0</b>	<b>21.4</b>	<b>36.5</b>

1. This is presented gross of credit note allowances of \$27.0m.

	Internal rating A \$m	Internal rating B \$m	Internal rating C \$m	Internal rating D/E \$m	2019 Total (restated) <sup>2</sup> \$m
Carrying value of trade receivables (gross) <sup>2</sup>	38.7	159.5	111.8	20	312.0
Lifetime ECL	0.2	3.0	6.8	1.7	11.7
Specific allowances	—	—	171	19.8	36.9
<b>Group loss allowance</b>	<b>0.2</b>	<b>3.0</b>	<b>239</b>	<b>21.5</b>	<b>48.6</b>

1. The comparative information has been restated. A summary of the restatements made is provided in note 36.

2. This is presented gross of credit note allowances of \$29.6m.

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

	2020 \$m	2019 (restated) <sup>1</sup> \$m
At 1 January	48.6	43.9
Charged in the year	24.3	15.7
Ligado charge for the year	—	4.3
Utilised in the year	(23.9)	(2.9)
Released in the year	(7.5)	(12.4)
<b>At 31 December<sup>2</sup></b>	<b>36.5</b>	<b>48.6</b>

1. The comparative information has been restated. A summary of the restatements made is provided in note 36.

2. The maturity of the Group's provision for uncollectable trade receivables for the year ended 31 December 2020 is \$2.2m current, \$0.9m between one and 30 days overdue, \$4.0m between 31 and 120 days overdue and \$29.4m over 120 days overdue (2019: \$4m current, \$2.7m between one and 30 days overdue, \$12.6m between 31 and 120 days overdue and \$29.3m over 120 days overdue).

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

19. Inventories

	At 31 December 2020 \$m	At 31 December 2019 \$m
Finished goods	35.9	38.4
Work in progress	1.0	0.8
<b>Total inventories</b>	<b>36.9</b>	<b>39.2</b>

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

	At 31 December 2020 \$m	At 31 December 2019 \$m
At 1 January	17.5	15.7
Charged to the allowance in respect of the current year	7.1	5.0
Released in the year	(8.4)	(3.2)
<b>At 31 December</b>	<b>16.2</b>	<b>17.5</b>

20. Net borrowings

	At 31 December 2020		At 31 December 2019	
	Amount \$m	Deferred finance costs \$m	Amount \$m	Deferred finance costs \$m
<b>Current:</b>				
Senior Notes due 2022	—	—	1,000.0	(1.8)
- Net issuance discount	—	—	(1.5)	—
Convertible Bonds due 2023	—	—	1.2	—
Related party loan	9.9	—	9.9	—
<b>Total current borrowings</b>	<b>9.9</b>	<b>—</b>	<b>999.7</b>	<b>(1.8)</b>
<b>Non-current:</b>				
Related party loan	2,505.6	—	2,505.6	1,643.3
<b>Total non-current borrowings</b>	<b>2,505.6</b>	<b>—</b>	<b>2,505.6</b>	<b>1,643.3</b>
<b>Total borrowings</b>	<b>2,515.5</b>	<b>—</b>	<b>2,515.5</b>	<b>(1.8)</b>
Cash and cash equivalents	(244.0)	—	(244.0)	—
Short term deposits	(688.0)	—	(688.0)	—
<b>Net borrowings</b>	<b>1,583.5</b>	<b>—</b>	<b>1,583.5</b>	<b>(1.8)</b>



## Notes to the consolidated financial statements (continued)

### Senior Notes due 2022

On 4 June 2014, the Group issued \$1.0bn of 4.875% Senior Notes due 15 May 2022. The aggregate gross proceeds were \$992.1m. On 4 June 2014, the Group issued \$1.0bn of 4.875% Senior Notes due 15 May 2022. The aggregate gross proceeds were \$992.1m. net of \$7.9m issuance discount. The notes were fully redeemed on 12 February 2020. On the acquisition date of 4 December 2019, all outstanding debt within the Group became repayable. A \$12.2m early redemption charge on Senior Notes due 2022 was paid on 12 February 2020 when this debt was settled. This early redemption charge was not accrued as at 31 December 2019 and should have been due to the acquisition occurring on 4 December 2019. As a result, the 2019 comparative value for interest payable has been restated and the impact has been disclosed in note 36.

### Convertible bonds

On 9 September 2016, the Group issued \$650m of 3.875% Convertible Bonds due 9 September 2023. The bonds were convertible into ordinary shares of the Company and had a 3.875% pa coupon payable semi-annually and a yield to maturity of 3.681%. As a result of the acquisition in the prior year, 99.8% of the convertible bonds issued were cancelled with the remaining bonds repaid and cancelled in 2020.

### Senior revolving credit facility

On 12 December 2019, the Group signed a new five-year \$700m revolving credit facility (Senior Revolving Credit Facility). Advances in US dollar under the facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 3.0% and 3.5% determined by reference to the ratio of Senior Secured First Lien Net Leverage. At 31 December 2020, there were no drawings under the Senior Revolving Credit Facility.

### Related party loan

The Group has two loan agreements with its parent, both of which have an interest rate of Libor +4.7%. Both loan agreements were signed on 5 December 2019, have total available amount of \$3.0bn and are due to mature on 5 December 2026. As at 31 December 2020 the Group had drawn down \$2.5bn. In line with the LIBOR interest rate benchmark reform, the Group is working with its counterparty to determine appropriate alternative benchmarks.

### Effective interest rate

The Directors consider the carrying value of borrowings other than the Senior Notes to approximate to their fair value (see note 37). The effective interest rates at the balance sheet dates were as follows:

Effective interest rate %	2020	2019
Bank overdrafts	4.5%	6.6%
Senior Notes due 2022	5.2%	5.2%
Related party loan	5.8%	6.5%

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

	At 31 December 2019 \$m	Drawdowns and repayments \$m	Cash flows \$m	Transfers <sup>1</sup> \$m	Interest expense \$m	Arrangement cost amortisation \$m	Movement in Fair Value \$m	Other cash movements \$m	At 31 December 2020 \$m
Short-term borrowings	996.7	(1,000)	(14.3)	9.9	5.1	3.3	—	9.2	9.9
Convertible Bond <sup>2</sup>	18	(16)	—	—	(0.2)	—	—	—	—
Related party loan	1,643.3	872.2	(1,295)	(9.9)	144.6	—	—	(15.1)	2,535.6
<b>Total liabilities from financing activities</b>	<b>2,641.8</b>	<b>(129.4)</b>	<b>(143.8)</b>	<b>—</b>	<b>149.5</b>	<b>3.3</b>	<b>—</b>	<b>(5.9)</b>	<b>2,515.5</b>
	At 31 December 2019 \$m	Drawdowns and repayments \$m	Cash flows \$m	Transfers <sup>1</sup> \$m	Interest expense \$m	Arrangement cost amortisation \$m	Movement in Fair Value \$m	Other cash movements \$m	At 31 December 2019 \$m
Short-term borrowings	123.2	(122.2)	(4.3)	996.7	5.7	—	—	(2.4)	996.7
Long-term borrowings	1,772.9	(786.5)	(713.5)	(996.7)	104.2	14.8	—	4.8	—
Convertible Bond <sup>2</sup>	718.2	—	(25.2)	(990.1)	30.5	5.5	255.2	77	1.8
Related party loan	—	653.2	—	990.1	5.0	—	—	(5.0)	1,643.3
<b>Total liabilities from financing activities</b>	<b>2,614.3</b>	<b>(255.5)</b>	<b>(143.0)</b>	<b>—</b>	<b>145.4</b>	<b>20.3</b>	<b>255.2</b>	<b>51</b>	<b>2,641.8</b>

1 Transfers comprise debt maturing from long-term to short-term borrowings and the redeemed element of the convertible bond paid to a related party.

2 Includes derivative liability component.

### 21. Trade and other payables

	At 31 December 2020 \$m	At 31 December 2019 \$m
<b>Current:</b>		
Trade payables	97.8	117.0
Other taxation and social security payables	5.3	21.5
Other payables	4.3	5.9
Accruals	78.3	99.3
Deferred income <sup>2</sup>	1,001.1	300.1
<b>Total trade and other payables</b>	<b>1,186.8</b>	<b>543.8</b>
<b>Non-current:</b>		
Other payables	2.3	1.8
Defined benefit pension and post-employment liability	15.5	14.0
<b>Total other payables</b>	<b>17.8</b>	<b>15.8</b>

1 The comparative information has been restated. A summary of the restatements made is provided in note 36.

2 The deferred income balance includes \$906.5m (2019: \$306.5m) relating to payments received from Ligado Networks (refer note 4).

## Notes to the consolidated financial statements (continued)

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

### Deferred income

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

	2020 \$m	2019 \$m
At 1 January	3001	3043
Contract liability raised in the year	11219	2750
Contract liability utilised in the year	(4209)	(2792)
At 31 December 2020	13011	3001

### 22. Provisions

Movements in the Group's provisions were as follows:

	Current provisions \$m	Non-current provisions \$m	Total \$m
At 1 January 2019	14.3	111	25.4
Charged in respect of current year	0.9	1.0	1.9
Utilised in current year	(11.0)	(5.6)	(16.6)
At 31 December 2019	4.2	6.5	10.7
Charged in respect of current year	14.2	0.4	14.6
Utilised in current year	(2.8)	(1.3)	(4.1)
At 31 December 2020	15.6	5.9	21.5

The Group's current provisions includes a \$3.0m (2019: \$11m) contract obligation and an \$111m (2019: \$2.2m) restructuring provision. Non-current provision includes \$2.4m (2019: \$2.4m) one-off Aviation contractual charges, \$1.0m (2019: \$1.1m) deferred salary provision, and \$0.8m (2019: \$nil) HMRC launch costs provision. Non-current provisions are expected to be utilised within 2-5 years.

### 23. Current and deferred taxation

The current tax asset of \$3.5m and current tax liability of \$186.3m (2019: \$4.5m and \$194.5m, respectively), represent the tax receivable and payable in respect of current and prior periods less amounts paid.

Recognised deferred tax assets and liabilities

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

	At 31 December 2020		At 31 December 2019 (restated)	
	Assets \$m	Liabilities \$m	Assets \$m	Liabilities \$m
Property, plant and equipment and intangible assets	—	271.0	—	226.7
Borrowing costs capitalised in the cost of qualifying assets	—	64.8	—	50.8
Other <sup>2</sup>	(49.6)	—	(49.6)	—
Pension and post-employment benefits	(11)	—	(11)	—
Share options	—	—	(0.4)	—
Tax losses	(35.7)	—	(35.7)	—
Net deferred tax liabilities	(86.4)	335.8	(70.7)	280.4
				209.7

1. The comparative information has been restated. A summary of the restatements made is provided in note 36.

2. Other relates to pensions and corporate interest restrictions.

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

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

	At 31 December 2020	At 31 December 2019 (restated)
	\$m	\$m
Deferred tax assets	(26.2)	(30.5)
Deferred tax liabilities	275.6	240.2
Net deferred tax liabilities	249.4	209.7

1. The comparative information has been restated. A summary of the restatements made is provided in note 36.



Notes to the consolidated financial statements (continued)

Movement in temporary differences during the period:

	At 1 January 2020	Recognised in income	Recognised in other comprehensive income	At 31 December 2020
	\$m	\$m	\$m	\$m
Property, plant and equipment and intangible assets	226.5	44.5	—	271.0
Borrowing costs capitalised in the cost of qualifying assets	50.8	14.0	—	64.8
Other <sup>1</sup>	(22.1)	(27.5)	—	(49.6)
Pension and post-employment benefits	2.9	1.5	(5.5)	(1.1)
Share-based payments	(0.4)	0.4	—	—
Tax losses	(48.0)	12.3	—	(35.7)
<b>Total</b>	<b>209.7</b>	<b>45.2</b>	<b>(5.5)</b>	<b>249.4</b>

1. Other relates to pensions and corporate interest restrictions.

	At 1 January 2020	Recognised in income	Recognised in other comprehensive income	At 31 December 2020
	\$m	\$m	\$m	\$m
Property, plant and equipment and intangible assets	187.7	15.2	202.9	405.8
Borrowing costs capitalised in the cost of qualifying assets	44.2	—	—	44.2
Other <sup>1</sup>	(9.0)	—	(9.0)	(18.0)
Pension and post-employment benefits	3.6	—	—	3.6
Share-based payments	(3.8)	—	(3.8)	(7.6)
Tax losses	(25.8)	(3.0)	(28.8)	(54.6)
<b>Total</b>	<b>196.9</b>	<b>12.2</b>	<b>209.1</b>	<b>405.8</b>

1. The comparative information has been restated. A summary of the restatements made is provided in note 36.

2. Other relates to pensions and corporate interest restrictions.

Total unprovided deferred tax assets:

	At 31 December 2020	At 31 December 2019
	\$m	\$m
Unused income tax losses	(0.1)	(0.8)
Unused capital losses	(379)	(34.6)
<b>Total</b>	<b>(38.0)</b>	<b>(35.4)</b>

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

Total unprovided deferred tax assets in respect of unused tax losses of \$38.0m (2019: \$35.4m). Of this amount, \$0.1m (2019: \$0.8m) relates to income tax losses and \$379m (2019: \$34.6m) relates to capital losses.

Overseas dividends received are largely exempt from UK tax but may be subject to foreign withholding taxes. The unrecognised gross temporary difference in respect of the unremitted earnings of those overseas subsidiaries affected by such taxes is \$nil (2019: \$nil), resulting in a deferred tax liability of \$nil (2019: \$nil).

The unrecognised gross temporary difference in respect of the investments in associates is \$2.2m (2019: \$1.9m), resulting in an unrecognised deferred tax liability of \$0.7m (2019: \$0.6m).

On 3 March 2020 the UK Government announced their intention to increase the headline rate of tax from 19% to 25% from April 2023. UK deferred tax has been recognised in the accounts at a rate of 19% on the basis that this is the substantively enacted rate at 31 December 2020. If the full deferred tax balance was to be revalued to 25% at the year-end it is expected to increase the net deferred tax liability by \$199.6m.

24. Reconciliation of cash generated from operations  
Reconciliation of profit for the period to cash generated from operations:

	2020	2019
	\$m	(restated) \$m
<b>Profit/(loss) for the period</b>	<b>89.2</b>	<b>(224.4)</b>
Adjustments for:		
Taxation charge	54.5	22.2
Financing costs	103.4	128.5
Financing income	(3.8)	(9.6)
Change in fair value of derivative	(0.2)	255.2
<b>Operating profit</b>	<b>243.1</b>	<b>171.9</b>
Depreciation and amortisation	442.6	485.0
Impairment loss	10.5	12.4
Loss on disposal of assets	2.1	1.8
Share of profit of associates	(4.2)	(4.0)
<b>EBITDA</b>	<b>694.1</b>	<b>667.1</b>
Dividends received from associates	2.2	1.7
Non-cash employee benefit costs	3.2	25.8
Non-cash foreign exchange movements	0.6	2.1
<b>Changes in net working capital:</b>		
(Increase)/decrease in restricted cash <sup>1</sup>	(9.1)	1.6
Decrease in trade and other receivables	77.2	45.8
Decrease in inventories	2.3	11.4
Increase/(decrease) in trade and other payables	623.3	(2.0)
Increase/(decrease) in provisions	13.8	(14.8)
<b>Cash generated from operations</b>	<b>1,404.6</b>	<b>734.7</b>

1. The comparative information has been restated. A summary of the restatements made is provided in note 36.  
2. At 31 December 2020, the Group had \$7.0m (2019: \$0.9m) of restricted cash on the balance sheet. This relates to the Speedcast asset purchase, as disclosed in note 35.

25. Share Capital

	At 31 December 2020	At 31 December 2019
	\$m	\$m
Authorised:		
1,656,610,560 ordinary shares of €0.0005 each (2019: 1,656,610,560)	0.7	0.7
<b>Allotted, issued and fully paid:</b>	<b>3.7</b>	<b>0.7</b>
470,084,105 ordinary shares of €0.0005 each (2019: 469,771,885)	0.3	0.3
3.3	0.3	

During the year ended 31 December 2020, a total of 312,220 (2019: 7154,456) ordinary shares of €0.0005 each were allotted and issued by the Company under its employee share schemes. No shares were repurchased during 2020 or 2019.



## Notes to the consolidated financial statements (continued)

### 26. Reserves

During 2020 the Group adopted IFRS 9 for hedge accounting, which is accounted for prospectively. This did not have a material impact on the recognition and measurement of hedge accounted for items. However, IFRS 9 does require the separate valuation for foreign currency basis, where the changes in the fair value of currency basis are recognised as a separate component of equity, being the cost of hedging reserve, in other comprehensive income.

There are no gains and losses reclassified from equity included within the income statement for the period ended 31 December 2020 (2019: \$nil).

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

The cost of hedging reserve includes the effects of the following:

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

Cash flow and Cost of Hedging reserve:

	Foreign currency forwards \$m	Total hedge reserves \$m
Balance at 31 December 2019	(1.2)	(1.2)
Adjustment on adoption of IFRS 9	—	—
Balance at 1 January 2020	(1.2)	(1.2)
Add: change in fair value of hedging instrument recognised in OCI	0.8	0.8
Less: gain of foreign currency basis on cash flow hedges capitalised to tangible assets	0.4	0.4
Balance at 31 December 2020	—	—

Cash flow hedge reserve under the previously applicable IAS 39:

	2019 \$m
Balance at 1 January	(4.0)
Gain recognised on cash flow hedges	—
Forward exchange contracts	0.4
Gains on cash flow hedges capitalised to tangible assets	—
Forward exchange contracts	2.4
Balance at 31 December	(1.2)

### 27. Employee share options and awards

During 2019, and on acquisition of the Group, the majority of existing share plans vested and an accelerated IFRS 2 charge of \$12.4m was recognised to reflect the fair value of the remaining life of each scheme. The share plans operated at the time of the acquisition were as follows.

- An Executive Share Plan, being a Bonus Share Award which were fully vested in 2019, along with Performance Share Awards which were also accelerated and vested in 2019 to varying levels.
- A UK Sharesave Scheme and International Sharesave Scheme. Under the Sharesave plan rules, participants had an option to exercise their share options on Court Sanction or in one of the 6 months after the acquisition date, if they had not exercised during this period then the options were lapsed. All options have now vested.
- An Employee Stock Purchase Plan. Options were automatically vested pro rata to the participant's savings on acquisition.

During 2020, a new all-employee participation share plan was implemented. Employees globally receive participation units on a given date in each year they are employed. On an exit event of the existing investors, each participation unit is converted into a one off cash bonus, based on the increase in value delivered to the Company's investors. The Group has also implemented a cash LTIP to replace the previous, now vested, schemes. This is detailed below.

#### Cash Long-Term Incentive Plan (LTIP)

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

The 2020 cash LTIP charge for the year is \$19m, bringing the accumulated cash LTIP provision to \$19m.

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



## Notes to the consolidated financial statements (continued)

28. Pensions and post-employment benefits  
The Group operates pension schemes in each of its principal locations. The Group's pension plans are provided through both defined benefit schemes and defined contribution arrangements.

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

On 1 January 2020, the Trustees of The Netherlands pension scheme terminated the plan by closing the plan for new accruals. Starting from 2020, employees of this plan participate in a new defined contribution scheme based on individual investments. After termination, Inmarsat's obligations to the plan are limited to fund a deficit that may occur in case of a transfer of value of an individual former employee. This is not deemed to be material. This type of deal is known as "buy-out". The buy-out has resulted in the de-recognition of the Scheme's assets and liabilities, with an actuarial income of \$0.8m recognised in the Group Income Statement.

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

Given the Group still hold the liability obligations under the Inmarsat Global defined benefit plan, this plan has been valued using the projected unit credit method with the valuation undertaken by professionally qualified and independent actuaries as at 31 December 2020. The results of the valuation, which have been updated for any material transactions and material changes in circumstances (including changes in market prices and interest rates) up to 31 December 2020, are set out below. There are no guaranteed minimum pension (GMP) benefits held under the scheme and there was therefore no impact to the liability as a result of High Court ruling on 26 October 2018.

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

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

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

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

The Trustee undertook a "buy-in" by using the majority of the Plan's assets to purchase a bulk annuity insurance policy with Aviva Life & Pensions UK Limited (Aviva), a UK insurance company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. Under this policy Aviva undertakes, via the Plan, to pay the Plan's benefit obligations as they fall due.

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

	31 December 2020	31 December 2019
Weighted average actuarial assumptions:		
Discount rate	15%	2.7%
Future salary increases	7.0%	2.3%
Medical price inflation	2.9%	3.0%
Future pension increases	2.9%	2.8%

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

	Life expectancy 2020	Life expectancy 2019
Male current age 65	85.3	88.3
Female current age 65	89.4	89.5

Mortality assumptions used are consistent with those recommended by the individual scheme actuaries and reflect the latest available tables, adjusted for the experience of the Group where appropriate. For the Inmarsat Global defined benefit pension scheme and the Inmarsat Global post-retirement healthcare benefits for 2020, mortality has been assumed to follow the S2PA tables with -1 year age rating for males and GMI 2017 improvement with a long-term trend of 1.75% pa.

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

Inmarsat Global defined benefit scheme:

Change in assumption	Impact on projected benefit obligation (\$m)	Impact on projected benefit obligation (\$m)
Increase in discount factor of 0.25%	(7.0)	(5.7)
Decrease in discount factor of 0.25%	7.5	6.1
Increase in inflation of 0.25%	7.4	6.0
Decrease in inflation of 0.25%	(6.9)	(5.6)
Mortality: -1 year	4.9	3.7

Inmarsat Global post-retirement healthcare benefit scheme:

Change in assumption	Impact on projected benefit obligation (\$m)	Impact on projected benefit obligation (\$m)
Increase in discount factor of 0.5%	(1.0)	(0.8)
Increase in inflation of 0.5%	1.2	0.9
Increase in medical price inflation trend rate of 1%	2.5	1.9
Decrease in medical price inflation trend rate of 1%	(2.0)	(1.5)

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





## Notes to the consolidated financial statements (continued)

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

	At 31 December 2020		At 31 December 2019	
	Value \$m	Percentage of total plan assets	Value \$m	Percentage of total plan assets
Equities	—	—	191	13.3%
Cash	1.6	11%	11.2	7.8%
Bonds	—	—	96.8	67.4%
Assets held by insurance company	122.8	86.9%	—	—
Other	16.9	12.3%	16.6	11.5%
<b>Fair value of scheme assets</b>	<b>141.3</b>	<b>100%</b>	<b>143.7</b>	<b>100%</b>

The Plan's main asset is the buy-in policy with Aviva, the value of which has been set equal to the corresponding value of the IAS-19 liabilities it covers. The remaining assets retained by the Trustees are used to fund expenses and towards paying any balancing premium due to Aviva once data cleaning has been finalised.

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

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

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

The average age of the deferred and pensioner members at the date of the last statutory funding valuation for the Inmarsat Global defined benefit plan (at 31 December 2017) was 50 years and 69 years, respectively.

The estimated contributions expected to be paid into the Inmarsat Global defined benefit pension plan during 2021 are \$3.4m. In 2020 actual contributions under this plan were \$nil (2019: \$nil).

### 29. Operating leases

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

	At 31 December 2020		At 31 December 2019	
	Value \$m	Percentage of total plan assets	Value \$m	Percentage of total plan assets
Within one year	29.1		25.1	
Within two to five years	46.6		48.3	
	<b>75.7</b>		<b>73.4</b>	

### 30. Capital risk management

The following table summarises the capital of the Group:

	At 31 December 2020	At 31 December 2019
	Value \$m	(restated) Value \$m
<b>As per balance sheet</b>		
Cash and cash equivalents	(244.2)	(131)
Short-term deposits greater than three months at inception	(688.0)	—
Borrowings <sup>2</sup>	2,515.5	2,641.2
<b>Net borrowings</b>	<b>1,583.3</b>	<b>2,510.1</b>
Equity attributable to shareholders of the parent	1,115.9	1,050.6
<b>Capital</b>	<b>2,699.4</b>	<b>3,560.7</b>

1. The comparative information has been restated. A summary of the restatements made is provided in note 36.  
2. This includes the conversion liability on the convertible bond of \$nil (2019: \$0.6m) and lease obligations of \$54.6m (2019: \$62.4m).

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

The Group regularly monitors movements in cash and borrowings, as well as total available liquidity. The Group's liquidity is disclosed in note 3(6).

### 31. Financial instruments

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

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

Key features of treasury management include:

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

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



## Notes to the consolidated financial statements (continued)

### Financial instruments by category

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

	At 31 December 2020			At 31 December 2019 (restated)		
	Fair value through profit and loss \$m	Amortised cost \$m	Derivatives used for hedging \$m	Fair value through profit and loss \$m	Amortised cost \$m	Derivatives used for hedging \$m
<b>Assets as per balance sheet</b>						
Trade receivables and other <sup>1</sup>	239.2	275.2	—	—	275.2	—
Cash and cash equivalents	244.0	—	131.1	131.1	—	131.1
Short-term deposits	688.0	—	—	—	—	—
	239.2	922.0	171.2	275.2	131.1	406.3

1. The comparative information has been restated. A summary of the restatements made is provided in note 36.

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

	At 31 December 2020			At 31 December 2019 (restated)		
	Fair value through profit and loss \$m	Amortised cost \$m	Derivatives used for hedging \$m	Fair value through profit and loss \$m	Amortised cost \$m	Derivatives used for hedging \$m
<b>Liabilities as per balance sheet</b>						
Borrowings	2,515.5	2,641.2	—	—	2,641.2	—
Trade payables and other <sup>2</sup>	182.2	224.0	—	—	224.0	—
Derivative financial instruments	—	—	0.6	0.6	0.3	0.9
	2,697.7	2,865.2	0.6	0.6	0.3	2,866.1

1. The comparative information has been restated. A summary of the restatements made is provided in note 36.

2. Consists of trade payables, other payables, accruals and excluding pension liabilities (see note 21).

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

	At 31 December 2020					Total \$m
	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m	Over 5 years \$m	
Borrowings <sup>1</sup>	145.9	145.1	431.4	2,612.1	3,334.5	3,334.5
Trade payables and other	130.4	3.1	3.3	1.4	137.2	137.2
	326.3	148.2	434.7	2,613.5	3,516.7	3,516.7

1. Includes interest obligations on the related party loan. The interest obligations on the borrowings are at variable rates for the term of the borrowing.

	At 31 December 2019 (restated) <sup>1</sup>					Total \$m
	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m	Over 5 years \$m	
Borrowings <sup>2</sup>	1114.7	106.8	316.9	1,854.6	3,393.0	3,393.0
Trade payables and other	222.2	0.2	0.3	1.3	224.0	224.0
Derivative financial instruments	0.9	—	—	—	0.9	0.9
	1,337.8	107.0	317.2	1,855.9	3,617.9	3,617.9

1. The comparative information has been restated. A summary of the restatements made is provided in note 36.

2. Includes interest obligations on the Senior Notes due 2023 and related party loan. The interest obligations on the Senior Notes due 2022 is at fixed rates up until the date of redemption in February 2020 and variable rates apply for the term of the related party loan.

### Fair values of derivative financial instruments

The Group's derivative financial instruments consist of forward foreign currency contracts which are primarily designated as cash flow hedges.

The Group generally does not hedge foreign currency transactions. Where there is a material contract with a foreign currency exposure, a specific hedge to match the specific risk will be evaluated. At present the Group only hedges certain foreign currency milestone payments to Airbus for the construction of the I-6 satellites.

Derivative financial instruments are initially measured at fair value (see further below) on the contract date and are re-measured at each reporting date. The change in the fair value is accounted for differently depending on whether the instrument qualifies for hedge accounting (e.g. where a forward foreign currency transaction is designated as a cash flow hedge) or not (e.g. undesignated cash flow hedges and the conversion liability component of the 2023 convertible bond).

Under hedge accounting, the change in fair value initially goes through other comprehensive income. At the point hedge accounting is discontinued, i.e. when the hedging instrument expires, is terminated or no longer qualifies for hedge accounting, the amounts sitting in other comprehensive income at that time remain in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the amounts that were reported in equity are immediately reclassified to profit or loss. Where hedge accounting does not apply, the change in fair value is included in net financing costs in the income statement.

The fair values at the balance sheet date were:

	At 31 December 2020 \$m	At 31 December 2019 \$m
<b>Financial liabilities:</b>		
Conversion liability component of 2023 Convertible Bond	—	0.6
Forward foreign currency contracts – designated cash flow hedges	—	0.3
<b>Total derivative financial liabilities</b>	—	0.9
Current portion of derivative financial liabilities	—	—
Non-current portion of derivative financial liabilities	—	—

The full value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability if the maturity of the hedged item is less than 12 months.

The fair values of forward foreign exchange contracts are based on the difference between the contract amount at the current forward rate at each period end and the contract amount at the contract rate, discounted at a variable risk-free rate at the period end. The fair value of the conversion liability component of the Convertible Bonds due 2023 is relevant for the prior year only and was determined as the difference between the market value of the Convertible Bond and the fair value of a comparable, non-convertible bond, known as a debt host contract. All are classified as level 2 in the fair value hierarchy according to IFRS 13.

The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs, i.e. those that would be classified as level 3 in the fair value hierarchy, nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.





## Notes to the consolidated financial statements (continued)

Transactions with the Consortium for the 2020 financial period were \$nil (2019: \$nil).

Amount owing to the Executive and Non-Executive Directors as at 31 December 2020 is \$11m (2019: \$2.8m) and relates to remuneration earned in the normal course of operations (see note 8).

### 35. Events after the balance sheet date

The contract to acquire Speedcast's FX and FB customers was signed on 13 November 2020 and completed on 1 January 2021. After year end, Inmarsat paid \$13m for the related receivables and inventory and waived its unsecured prepetition claims against Speedcast.

Repricing of the term & related party loans

On 25 January 2021, a \$175m Term Loan Facility, held by Connect Finco Limited, a 100% owned subsidiary of the Group's ultimate parent, Connect Topco Limited, was repriced from LIBOR +4.5% to LIBOR +3.5%. Subsequently, \$1bn of the related party loan facility was repriced by a similar factor, representing an annual interest cost saving of approximately \$9m.

Intercompany loan

Given the material liquidity and covenant headroom at the end of 2020, \$570m of the funds received from Ligado have been distributed to shareholders on 26 February 2021. To support this distribution, the Group provided \$570m to Connect Miraco Limited (a 100% owned subsidiary of the Group's ultimate parent company, Connect Topco Limited) in the form of an intercompany loan.

Launch cost provision

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

Other than those listed above, there have been no significant events which would require disclosure in the 31 December 2020 Annual Report.

### 36. Restatement

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

1) On the acquisition date of 4 December 2019, all outstanding debt within the Group became repayable. A \$12.2m early redemption charge on Senior Notes due 2022 was paid in February 2020 when this debt was settled. This early redemption charge was not accrued as at 31 December 2019. The tax impact of this error is a \$2.0m credit to deferred tax expense.

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

3) Calculation issues within capitalised borrowings, along with one-off issues in timesheet software, resulted in \$3.9m and \$3.1m respective errors in capitalised interest, capitalised staff costs, and related property plant & equipment balances. These relate prior to 2019 and have been adjusted through 2019 opening retained earnings. The tax impact of this error is a \$1.3m charge to deferred tax expense, also through 2019 opening retained earnings.

4) Calculation issues in the deferred tax balance resulted in certain assets within the tax base being double-counted. A \$7m charge to deferred tax is required in the 2019 comparative period, with \$13.9m relating to pre-2019 which has been adjusted through 2019 opening retained earnings.

	Income statement for year ended 31 December 2019		
	Reported \$m	Adjustment \$m	Restated \$m
Impairment of financial assets	(3.3)	(4.3)	(7.6)
Total net operating costs	(724.7)	(4.3)	(729.0)
EBITDA	671.4	(4.3)	667.1
Operating profit	176.2	(4.3)	171.9
Financing Costs	(116.3)	(12.2)	(128.5)
Net financing costs	(361.9)	(12.2)	(374.1)
Loss before tax	(185.7)	(16.5)	(202.2)
Tax charge	(18.0)	(4.2)	(22.2)
Loss for the year	(203.7)	(20.7)	(224.4)
	Balance sheet as at 31 December 2019		
	Reported \$m	Adjustment \$m	Restated \$m
Property, plant and equipment	3,287.2	7.0	3,294.2
Deferred tax asset	46.7	(16.2)	30.5
Total non-current assets	4,299.8	(9.2)	4,290.6
Trade and other receivables	314.6	(19.8)	294.8
Total current assets	490.3	(19.8)	470.5
Total assets	4,790.1	(29.0)	4,761.1
Trade and other payables	531.6	12.2	543.8
Total current liabilities	1,740.1	12.2	1,752.3
Deferred tax liabilities	240.0	3.2	243.2
Total non-current liabilities	1,957.0	3.2	1,960.2
Total liabilities	3,697.1	12.4	3,709.5
Net assets	1,093.0	(41.4)	1,051.6
Retained Earnings	321.9	(41.4)	280.5
Total Equity	1,093.0	(41.4)	1,051.6



Notes to the consolidated financial statements (continued)

37. Group entities

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

	Country of incorporation / registered address key <sup>1</sup>	Principal activity	Country of incorporation / registered address key <sup>1</sup>	Ownership	Country of incorporation / registered address key <sup>1</sup>	Principal activity	Country of incorporation / registered address key <sup>1</sup>	Ownership
Inmarsat Holdings Limited	England and Wales/A	Holding company	England and Wales/A	100%	Inmarsat Investments BV	Holding company	The Netherlands/V	100%
Inmarsat Group Limited	England and Wales/A	Holding company	England and Wales/A	100%	Inmarsat Solutions BV	Operating company	The Netherlands/V	100%
Inmarsat Finance PLC	England and Wales/A	Finance company	England and Wales/A	100%	Inmarsat Solutions SA (PTY) Limited	Operating company	South Africa/Z	90%
Inmarsat Investments Limited	England and Wales/A	Holding company	England and Wales/A	100%	Inmarsat Spain S.A.	Operating company	Spain/AA	100%
Inmarsat Ventures SE	England and Wales/A	Operating company	England and Wales/A	100%	Inmarsat Heng Kong Limited	Operating company	Heng Kong/N	100%
Inmarsat Global Limited	England and Wales/A	Satellite telecommunications	England and Wales/A	100%	Inmarsat (P) Company Limited	Dormant	England and Wales/A	100%
ISAT Global Xpress 000	Russian Federation/X	Operating company	Russian Federation/X	100%	Inmarsat Helias Satellite Services SA	Satellite telecommunications	Greece/M	100%
Inmarsat Brasil Eireli	Brazil/H	Dormant	Brazil/H	100%	Inmarsat Navigation Ventures Limited	Operating company	England and Wales/A	100%
Inmarsat Leasing (Two) Limited	England and Wales/A	Satellite leasing	England and Wales/A	100%	Inmarsat Global Xpress Limited	Operating company	England and Wales/A	100%
Inmarsat New Zealand Limited	New Zealand/U	Operating company	New Zealand/U	100%	Inmarsat SA	Operating company	Switzerland/AB	100%
Inmarsat Services Limited	England and Wales/A	Operating company	England and Wales/A	100%	Inmarsat Solutions Global Limited	Operating company	England and Wales/A	100%
PT ISAT	Indonesia/Q	Operating company	Indonesia/Q	100%	Inmarsat Solutions AS	Operating company	Norway/W	100%
Inmarsat Communications Company LLC	United Arab Emirates/AC	Operating company	United Arab Emirates/AC	49%	Inmarsat Solutions Pte. Limited	Operating company	Singapore/Y	100%
Inmarsat Group Holdings Inc.	United States/C	Operating company	United States/C	100%	Inmarsat Solutions ehf.	Operating company	Iceland/O	51%
Inmarsat Government Inc.	United States/D	Operating company	United States/D	100%	Inmarsat Australia Pty Limited	Operating company	Australia/F	100%
Stratos Government Services Inc.	United States/D	Operating company	United States/D	100%	Inmarsat KK	Operating company	Japan/S	100%
Inmarsat Commercial Services Inc.	United States/D	Operating company	United States/D	100%	Inmarsat Solutions (Shanghai) Co. Limited	Operating company	China/I	100%
Inmarsat Solutions (US) Inc.	United States/D	Operating company	United States/D	100%	Inmarsat India Private Limited	Operating company	India/P	100%
Inmarsat Inc.	United States/D	Holding company	United States/D	100%	Inmarsat Licences (Canada) Inc.	Holding company	Canada/B	100%
Inmarsat US Investments Limited	England and Wales/A	Dormant	England and Wales/A	100%	Flysurfer Colombia S.A.S.	Operating company	Columbia/I	100%
Europasat Limited	England and Wales/A	Operating company	England and Wales/A	100%	Flysurfer Peru S.A.C.	Operating company	Peru/R	100%
Inmarsat Employment Company Limited	Jersey/T	Employment company	England and Wales/A	100%	Inmarsat New Ventures Limited	Holding company	England and Wales/A	100%
Inmarsat Trustee Company Limited	England and Wales/A	Dormant	England and Wales/A	100%	Inmarsat Ecuador S.A.	Operating company	Ecuador/AE	100%
Inmarsat Finance III Limited	England and Wales/A	Operating company	England and Wales/A	100%	Inmarsat Satellite Services S.R.L.	Operating company	Romania/AF	100%
Inmarsat Solutions Limited	England and Wales/A	Holding company	England and Wales/A	100%	Inmarsat BH d.o.o.	Operating company	Bosnia and Herzegovina/AG	100%
Inmarsat Solutions (Canada) Inc.	Canada/B	Operating company	Canada/B	100%	Inmarsat Solutions doo Beograd	Operating company	Serbia/AH	100%
Inmarsat Holdings (Cyprus) Limited	Cyprus/K	Holding company	Cyprus/K	100%	Inmarsat DOOEL Skopje	Operating company	Macedonia/E	100%
Inmarsat Germany (GmbH)	Germany/L	Operating company	Germany/L	100%	Naverino UK Limited	Associate	England and Wales/AD	49%
Inmarsat Global Japan KK	Japan/S	Holding company	Japan/S	100%	ISAT Mobile Communications Inc.	Associate	Japan/G	26.67%
					Inmarsat Maritime Ventures Limited	Holding company	England and Wales/A	100%

1 For the list of registered addresses please refer to the next table.



## COMPANY BALANCE SHEET

As at 31 December 2020.

	As at 31 December 2020 \$m	As at 31 December 2019 \$m
<b>Assets</b>		
<b>Non-current assets</b>		
Investments <sup>1</sup>	1,584.2	1,584.0
Deferred tax assets	22.1	0.4
	<b>1,606.3</b>	<b>1,584.4</b>
<b>Current assets</b>		
Cash and cash equivalents	2.1	10.8
Trade and other receivables <sup>2</sup>	143.2	173.9
Current tax assets	—	12.8
Restricted cash	—	0.5
	<b>150.3</b>	<b>198.0</b>
<b>Total assets</b>	<b>1,756.6</b>	<b>1,782.4</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables <sup>3</sup>	3.0	53.6
Borrowings <sup>4</sup>	9.9	1.2
Derivative financial instruments	—	0.6
	<b>12.9</b>	<b>55.4</b>
<b>Non-current liabilities</b>		
Borrowings <sup>4</sup>	1,354.6	995.6
	<b>1,354.6</b>	<b>995.6</b>
<b>Total liabilities</b>	<b>1,367.5</b>	<b>1,051.0</b>
<b>Net assets</b>	<b>389.1</b>	<b>731.4</b>
<b>Shareholders' equity</b>		
Ordinary shares	3.3	0.3
Share premium	772.1	772.1
Other reserves	(2.9)	(2.9)
Retained earnings	(80.4)	(38.1)
<b>Total equity</b>	<b>689.1</b>	<b>731.4</b>

1 Investments include \$1,448.8m investment in Inmarsat Holdings Limited (2019: \$1,448.8m) and \$135.4m of capital contributions to Group companies in respect of share-based payments (2019: \$135.2m).  
 2 Trade and other receivables consist \$148.0m due from Group companies (2019: \$173.9m) and \$0.2m other receivables.  
 3 Trade and other payables consist \$0.9m due to shareholders in respect of dividends paid (2019: \$1.2m), \$0.2m interest owing to Group companies (2019: \$2.5m), and other amounts due to Group companies of \$nil (2019: \$45.5m).  
 4 Borrowings comprise \$nil convertible bond liability (2019: \$1.2m) and \$1.06bn loan owing to Inmarsat Group companies (2019: \$995.7m).

The Company reported a loss for the financial year ended 31 December 2020 of \$42.5m (2019: loss of \$295.2m).

The financial statements of the Company, registered number 4886072, on pages 119 to 121 were approved by the Board of Directors on 14 May 2021 and signed on its behalf by

Tony Bates  
Director  
14 May 2021

## Notes to the consolidated financial statements (continued)

In accordance with s479A of the Companies Act 2006, the following companies are exempt from the requirements relating to the audit of individual accounts for the year ended 31 December 2020: Inmarsat Trustee Company Limited (03488399), Inmarsat (IP) Company Limited (03930467) and Inmarsat US Investments Limited (07100985).

Register no: 964823138

Key

Key	Registered address
A	99 City Road, London EC1Y 7AX, United Kingdom
B	34 Clarence Drive, Box 5754, Donovan's Bus, Park, Mount Pearl Newfoundland A1N 4S8, Canada
C	874 Walker Road, Suite C, City of Dover, DE 19904, United States
D	251 Little Falls Drive, Wilmington DE 19808, United States
E	Str. Risto Ravanovski no 13a, Skopje, Republic of Macedonia, the former Yugoslav Republic of Macedonia
F	Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, Australia
G	Nisso Building #22 8F, Azabudai-1-10, Minato-ku, Tokyo 106-0041, Japan
H	Av Presidente Juscelino Kubitschek 50, Suite 172, Room 7, 17th Floor, Sao Paulo, CEP 04543-000, Brazil
I	Cra. 7 No. 71-52 Tower B 9th Floor, Bogota, DC, Colombia 110231
J	11F, Tower B, Central Towers, No.567, Lan Gao Road, Putuo District, Shanghai, 200333, China
K	1, Lamposas, Nicosia, 1095, Cyprus
L	Aarberggasse 18, 12205, Berlin, Germany
M	280 Kifissias Avenue, Halandri, 152 32, Greece
N	19 Floor, Millennium Trade Centre, No. 56 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong
O	Hlidarsmáre 10, 201 Köpavogi, Iceland
P	P-24, Green Park Extension, New Delhi, 110016, India
Q	Panbil Residence 1st - 2nd Floor, Jl. Ahmad Yani, Muka Kuning - Batam - 29433, Indonesia
R	Dentons Gallo Barris Pickmann SDR, General Cordova N° 313, Miraflores - Lima 18, Peru
S	Level 25 Ark Hills Sengokuyama Mori Tower, 1-9-10, Roppongi, Minato-ku, Tokyo, 106-0032, Japan
T	44 Esplanade, St. Helier, Jersey JE4 9WG, Jersey
U	24 Unity Drive North, North Harbour, Auckland, New Zealand
V	Loire 158-160, 2491 AL, The Hague, Netherlands
W	NMK - Borgundveien 340, 4009 Ålesund, Norway
X	Bld. 5, 13 Kasaikina Street, 129301, Moscow, Russian Federation
Y	11 Lorong 3 Toa Payoh, #01-31, Jackson Square, 319579, Singapore
Z	DeLoitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, Sandton, Johannesburg, Gauteng, 2052, South Africa
AA	Príncipe de Vergara 73, 28006, Madrid, Spain
AB	Route de Crassier 19, 7262, Eysins, Switzerland
AC	Festival Tower - Unit 2303, PO. Box 27313, Dubai Festival City, Dubai, United Arab Emirates
AD	Camburgh House, 27 New Dover Road, Canterbury, Kent CT1 3DN, United Kingdom
AE	República de El Salvador N35-146 y Suecia, Edif. Prisma Norte, Piso 11, Quito, C.P. 170505, Ecuador
AF	22 Tudor Vladimirescu Biv., Building Green Gate Office, Bucharest, 5th Floor 573Campus07 Sector, Bucharest, Romania
AG	Street Skenderpasina 1, Sarajevo, Bosnia and Herzegovina
AH	GTC Avenue 19, 38-40 Vladimira Popovica Street, New Belgrade, Serbia, 11070, Serbia
AI	Redwood House, St. Julian's Avenue, St. Peter Port, GY1 1WA, Guernsey
AJ	5, rue Goethe, Grand Duchy of Luxembourg, L-1637, Luxembourg



## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020.

	Ordinary share capital \$m	Share premium account \$m	Share option reserve \$m	Other reserve \$m	Retained earnings \$m	Total \$m
<b>Balance at 1 January 2019</b>	0.3	767.8	113.8	(2.9)	173.5	1,052.5
Share-based payments	—	—	25.8	—	(0.4)	25.4
Reclassify share option reserve to retained earnings	—	—	(130.6)	—	130.6	—
Dividends declared	—	—	—	—	(55.6)	(55.6)
Issue of share capital	—	4.3	—	—	—	4.3
Loss for the year	—	—	—	—	(295.2)	(295.2)
<b>Balance at 31 December 2019</b>	0.3	772.1	—	(2.9)	(38.1)	731.4
Share-based payments	—	—	0.2	—	—	0.2
Reclassify share option reserve to retained earnings	—	—	(0.2)	—	0.2	—
Loss for the year	—	—	—	—	(42.5)	(42.5)
<b>Balance at 31 December 2020</b>	0.3	772.1	—	(2.9)	(80.4)	691.1

1. The other reserve relates to ordinary shares held by the employee share trust.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

a) Principal accounting policies

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council (FRC). Accordingly, the Company financial statements have been prepared in accordance with Financial Reporting Standard '01 Reduced Disclosure Framework.

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

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

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

b) Critical accounting estimates and key judgements

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

c) Income statement

The Company has taken advantage of the exemption available under Section 408 of Companies Act 2006 and has not presented an income statement. The loss for the year ended 31 December 2020 was \$42.5m (2019: loss of \$295.2m).

### Auditor's Remuneration

During the year, the Company paid its external auditor \$0.1m for statutory audit services (2019: \$0.1m).

### Employee costs and directors' remuneration

The average monthly number of people employed during the year was two (2019: two). Total staff costs for 2020 were \$3.0m (2019: \$8.5m). Full details of Directors' remuneration and Directors' share options and share awards are given in the Remuneration report.

### Foreign currency translation

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

### Share Capital

The share capital of the Company is disclosed in note 25 to the Group's consolidated financial statements.

### d) Financial Instruments

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

The differences between the Group and the Company in relation to intercompany balances are \$148.0m (2019: \$73.9m) due from Group companies, \$11m (2019: \$48.0m) due to Group companies, and \$1.06bn (2019: \$995.7m) loans due to Group companies, which eliminate on consolidation. The Directors consider the carrying value of the intercompany balances to approximate to their fair value.

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

## APPENDIX 1: ALTERNATIVE PERFORMANCE MEASURES

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

APM Description and reconciliation

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



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INMARSAT GROUP HOLDINGS LIMITED

Report on the audit of the financial statements

### 1. Opinion

- In our opinion:
- The financial statements of Inmarsat Group Holdings Limited (the 'company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
  - The group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
  - The company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard '01 'Reduced Disclosure Framework', and
  - The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- The consolidated income statement;
- The consolidated statement of comprehensive income;
- The consolidated and company balance sheets;
- The consolidated and company statements of changes in equity;
- The consolidated cash flow statement; and
- The related notes 1 to 37.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard '01 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

### 2. Basis for opinion

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

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Conclusions relating to going concern

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

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

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

### 4. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### 5. Responsibilities of directors

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

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

### 6. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

- Had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and relevant tax legislation, and
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty such as data protection requirements, US Government regulations and telecom regulations.



DocuSign Envelope ID: 77BF7D15-0D5A-4722-968D-72D42F2C3B44

Strategic report Directors' report Financial statements

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

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

Accounting for complex contracts:

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

Accounting for capital expenditure on assets under construction:

- Assessing the relevant controls over the capital project process;
- Discussing material capital projects within the year with the respective project managers in order to understand the nature of the costs capitalised, inquiring as to the reasons for any significant deviations from budget;
- Challenging management's assessment of the impact of Covid-19 on each project by having discussions with relevant project managers;
- Examining the ageing profile of assets under construction at year-end and assessing whether any items had aged that were not still under construction by agreeing to costs incurred during the year;
- Obtaining supporting calculations for borrowing costs, verifying the inputs and checking the mechanical accuracy of the model through recalculating the cost capitalised, and
- For those material assets that entered service in the year, assessing whether depreciation had commenced in accordance with IAS 16.

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

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

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

Strategic report Directors' report Financial statements

8. Report on other legal and regulatory requirements  
 Companies' other matters described by the Companies Act 2006  
 In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements in the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit; we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



Paul Framak  
 FCA (Senior statutory auditor)  
 14 May 2021

For and on behalf of  
 Deloitte LLP  
 Statutory Auditor  
 London  
 United Kingdom



DocuSign Envelope ID: 77BF7D15-0D5A-4722-969D-72D42F2C3E44

# IN THE SPOTLIGHT OUR RECENT AWARDS

## INMARSAT NAMED WORLD'S LEADING INFLIGHT INTERNET SERVICE PROVIDER FOR FOURTH CONSECUTIVE YEAR

January 2021  
Inmarsat once again retains its title as 'world's leading inflight internet service provider' for the fourth consecutive year. The award is presented by the International Air Transport Association (IATA) and the International Flight Attendants Association (IFAA) in recognition of Inmarsat's commitment to providing the highest quality inflight internet service to passengers and crew.



## RONALD SPITHOUT WINS SMART4SEA LEADERSHIP AWARD

February 2021  
Inmarsat Maritime President receives prestigious 'Smart4Sea' award in recognition of his leadership in the maritime industry.



## ALTITUDE ANGELAND INMARSAT'S GROUND-BREAKING POP-UP UTM WINS 2020 ATM AWARD

February 2021  
Prestigious accolade for award-winning 'Altitude Angeland' UTM solution. The award is presented by the UK Civil Aviation Authority (CAA) in recognition of Inmarsat's innovative approach to UTM operations.



## 'SATELLITE NETWORK SERVICE PROVIDER OF THE YEAR' AT AVIATION ACHIEVEMENT AWARDS 2021

March 2021  
Inmarsat's satellite network service provider of the year award. The award is presented by the Aviation Industry Association of America (AIAA) in recognition of Inmarsat's leadership in the satellite network service provider market.



## INMARSAT'S TAILINGS DAM MONITORING SOLUTION WINS THE MINING MAGAZINE EDITOR'S AWARD 2019

January 2020  
Award recognises Inmarsat's innovative monitoring and management of tailings dams. The award is presented by Mining Magazine in recognition of Inmarsat's leadership in the mining industry.



## WORLD FOOD PROGRAMME HAS BEEN AWARDED THE NOBEL PEACE PRIZE

October 2020  
We are proud to be part of the WFP's network of partners supporting its Emergency Telecommunications Cluster's Crisis Connectivity Charter work.

## INMARSAT AVIATION WINS PRESTIGIOUS CIPR EXCELLENCE AWARD

June 2020  
Leading accolade for SkyHigh, Economic Charter 3 and its extensive global PR campaign.



## INMARSAT WINS ICSA GOVERNANCE AWARD

November 2020  
Recognises Inmarsat's exemplary governance and leadership in the telecommunications industry.



## INMARSAT RECEIVES SILVER AWARD FOR COMMITMENT TO UK'S ARMED FORCES

August 2020  
The UK Ministry of Defence recognises Inmarsat for its support of the armed forces community.



## ITP AWARD WINNER: JULIE HYAM

December 2020  
Congratulations to Julie Hyam for winning the ITP Outstanding Contribution to an Individual Development Award.



## INMARSAT GROUP HOLDINGS LIMITED

Registered Office  
99 City Road  
London  
EC1Y 1AX  
www.inmarsat.com

Page numbers produced by the document

126

127



DocuSign Envelope ID: 77BF7D15-0D5A-4722-969D-72D42F2C3BA4

**INMARSAT GROUP HOLDINGS LIMITED  
ANNUAL REPORT  
AND ACCOUNTS 2020**

(Registered in England & Wales, registered number 04886072)



## Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	23.07.2017	25.07.2017
Telefon	Deres referanse	Vår referanse
90076012	Ørjan Smaadal	2017/801594

INMARSAT SOLUTIONS AS  
Postboks 7799  
6022 ÅLESUND

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Inmarsat Solutions AS, org.nr. 964 823 138

Vi viser til deres mail av 23. juli 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Inmarsat Solutions AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Inmarsat Solutions AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Søknad vedørende dispensasjon fra språkkravet i regnskapsloven § 3-4 tredje ledd ble utarbeidet 15. desember 2015 og vedrørte tre konsernselskaper, deriblant Inmarsat Solutions AS. Ved en feiltakelse ble søknaden aldri sendt til Skattedirektoratet for behandling. I mellomtiden er de to øvrige selskapene innfusjonert i Inmarsat Solutions AS, og søknaden gjelder derfor kun dette selskapet.

Inmarsat Solutions AS er heleid av det engelske børsnoterte selskapet Inmarsat Plc. Styreleder er engelsktalende, og konsernets arbeidsspråk er engelsk. Selskapet kommuniserer med sine kunder og leverandører på engelsk, og selskapets virksomhet består i å tilby bredbånd satelitt løsninger i et globalt maritimt marked.

En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post:	22 17 08 60
	<a href="mailto:skatteetaten.no/sendepost">skatteetaten.no/sendepost</a>	



*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er heleid av et utenlandsk selskap. Videre er det vektlagt at styreleder er utenlandsk, og at arbeidsspråket er engelsk. Selskapet opererer i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk, og det anses at ingen øvrige brukere av regnskapsinformasjon blir negativt berørt av at årsregnskapet og årsberetningen utarbeides på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Johnny Arntsen  
*fung. seksjonssjef*  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Jeanette Munkvold Skovholt

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

**Company Registration No. 964823138**

**Inmarsat Solutions AS**

**Annual Report Financial Statements  
for the year ended 31 December 2020**



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## **Inmarsat Solutions AS** **For the year ended 31 December 2020** **Contents**

	<b>Pages</b>
Directors' report	1-3
Independent auditor's report	4
Statement of Comprehensive Income	5
Balance sheet	6-7
Cash flow statement	8
Notes to the financial statements	9-20



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## **Inmarsat Solutions AS For the year ended 31 December 2020 Directors' report**

### **Operations and location**

Inmarsat Solutions AS ("the Company") is part of the Connect Topco Ltd group of companies ("the Group"), which is the world's leading global provider of mobile satellite communications services. The Company has subsidiaries, Inmarsat Solutions Pte. Ltd ("Singapore") and Inmarsat Solutions ehf. ("Iceland"). It does not prepare consolidated financial statements due to the exception rule in Norwegian Accounting Act §3-7. The Company is wholly owned by UK company Inmarsat Solutions Limited.

The Company's headquarters is located in Alesund. The Company's two international subsidiaries have offices with sales personnel and technicians and administrative personnel in Iceland and Singapore.

The company develops, supplies and supports maritime broadband and television solutions that give customers open internet access, email solutions, and IP telephony. Distribution and service is largely through dealer networks in Norway and abroad. Customers include both Norwegian and foreign ship owners.

### **Reporting currency**

The company's functional currency is USD; this is also the company's presentation currency. The following statements and the commented figures in this report are in US dollars.

### **Change in accounting policies**

The accounting policies used are consistent with the prior period.

### **Going concern**

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. The Directors have considered all the factors impacting the Company's business, including downside sensitivities. This includes information pertaining to the potential operational and financial impacts of Coronavirus to the Company and the Group as disclosed in Note 17.

Closing equity as at 31 December 2020 was positive at US\$124.8 million (2019: US\$114.7 million).

### **Working environment and personnel**

The Company's average number of employees in 2020 was 98 compared to 93 employees in 2019. The Company's philosophy is to ensure high quality in the process of hiring, training of its employees, and establishing procedures and processes. The Company operates to a high standard in terms of health and safety, and care for the environment. There have been no reports of serious accidents at work during the year, which resulted in significant damage or injuries.

The working environment is regarded as good, and the Company continues to implement ongoing improvement measures. Cooperation with employees has been constructive and have contributed positively to the Company's operation.

The Company has a framework for employee information and consultation. Regular meetings are held between local management and employees to allow for a free flow of information and ideas. Employees are encouraged to participate in the success of the business through participation in the Company's incentive schemes.

There have been no reports of serious accidents at work during the year resulting in significant damage or injuries.

### **Equality**

The Company aims to be a workplace with equal opportunities and has included in its policies regulations to prevent gender discrimination regarding salary, promotion and recruiting. Of the Company's average number of employees in 2020, 20 were women (2019: 22).



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## **Inmarsat Solutions AS For the year ended 31 December 2020 Directors' report (continued)**

### **Measures to prevent discrimination**

The Company is working actively to promote equality, ensure equal opportunities and rights and prevent discrimination. The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith. The Company is working actively and determined to encourage the Act's purpose within our business. Included in such activities are recruiting, salary and working conditions, promotion, development opportunities and protection against harassment.

The Company's aim is to be a workplace with no discrimination due to reduced functional ability. It is working actively to design and implement optimum working conditions for as many employees as possible. For employees or new applicants with reduced functional ability, individual arrangements in the workplace are made to cater for their requirements.

### **Environmental reporting**

The Company's activities do not lead to the emission of substances that may involve environmental damage or pollution of significance. Its business is not regulated by licenses or restrictions.

### **Future developments**

The Company sells its products and services to a global market with good growth prospects. It is one of the leading and fastest growing operators internationally in its market segment. This provides opportunity for growth and strong earnings however it also presents great challenges in terms of increasing demands for distribution, organizational structure, competence and systems development. Access to the Group's sales and distribution network further strengthens the Company's position in the international market.

### **Earnings, cash flow, investments, financing and liquidity**

The company's revenue increased from US\$155.6 million in 2019 to US\$269.2 million in 2020. Net profit after tax decreased to US\$10.1 million against a profit of US\$42.5 million in 2019.

Total net cash flow from operating activities was US\$35.3 million (2019: US\$38.2 million). The main reason for the difference between cash flow from operating activities and the operating profit of US\$14.2 million is the movement in working capital (primarily driven by movements in intra-group working capital items) as at 31 December 2020, and further offset by depreciation. The total investment made by the company in 2020 was US\$35.2 million (2019: \$37.5 million). The company's business is capital intensive. This is mainly due to the high capital tie-in for antenna equipment leased to shipping companies for installation aboard each ship.

Total net assets at the end of the year were US\$124.8 million, compared to US\$114.7 million in the prior year.

### **Financial risk**

#### *Overall objective and strategy*

The Company is exposed to financial risk in various areas, particularly currency risk. The aim is to reduce financial risk to the smallest extent possible. The Company's current strategy includes limited use of financial instruments, but this is subject to ongoing evaluation by the board.

#### *Market risk*

The Company is exposed to changes in exchange rates, in particular the Norwegian krone, as a substantial part of the Company's payroll and operating costs are in this currency. The Company continues to monitor risks related to currency positions. There are no agreements to reduce this risk as at 31 December 2020.

The Company is also exposed to changes in interest rates as a result of the Company's floating rate liabilities.



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## Inmarsat Solutions AS For the year ended 31 December 2020 Directors' report (continued)

### Financial risk (continued)

#### *Credit risk*

There may be a risk that customers do not have the financial ability to meet their obligations. Historically, credit risk from customers has been moderate and has only resulted in minor losses. The successful international expansion has increased the credit risk of losses from foreign customers. Provisions are put in place as required to mitigate the risk.

#### *Liquidity risk*

The Company considers its liquidity to be good, with a cash position of \$0.6 million (2019: \$0.8 million).

### Net profit and allocations

The Board of Directors have proposed the net gain for Inmarsat Solutions of US\$10.1 million be offset against retained earnings.

The company's equity at 31.12.2020 was US\$124.8 million.

The Board believes that the accounts give a true and fair view of the company's assets and liabilities, financial position and results.

Alesund - 27th August 2021

DocuSigned by:

  
3883A7EA9A5E45C...


**Alison Claire Cowpe**  
Chairman of the Board

DocuSigned by:

  
D868CE461CD54F3...

**Frank Bjørnsen**  
Member of the Board

DocuSigned by:

  
67E086BD17CA4FD...

**Trond Leira**  
Member of the Board



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

**Independent auditor's report to the members of  
Inmarsat Solutions AS**

*Audit Report – Page 1*



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## Inmarsat Solutions AS Statement of Comprehensive Income For the year ended 31 December 2020

(\$ in millions)	Notes	2020	2019
<b>Revenue</b>	2	<b>269.2</b>	<b>155.6</b>
<b>Operating expenses</b>			
Cost of sales		(194.6)	(60.6)
Employee benefit expenses	3	(5.3)	(5.3)
Depreciation and amortisation	6,7,8	(37.6)	(34.0)
Other operating expenses		(17.5)	(3.6)
<b>Total operating expenses</b>		<b>(255.0)</b>	<b>(103.5)</b>
<b>Operating profit</b>		<b>14.2</b>	<b>52.1</b>
Income from subsidiaries and associated companies		0.6	0.5
<b>Financial income and expenses</b>			
Interest expenses	4	(2.5)	(0.6)
<b>Net finance loss</b>		<b>(2.5)</b>	<b>(0.6)</b>
<b>Profit before income tax</b>		<b>12.3</b>	<b>52.0</b>
Income tax expense	5	(2.2)	(9.5)
<b>Net Profit after income tax</b>		<b>10.1</b>	<b>42.5</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>10.1</b>	<b>42.5</b>
<b>Attributable to:</b>			
Other equity	14	10.1	42.5
<b>Total</b>		<b>10.1</b>	<b>42.5</b>



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## Inmarsat Solutions AS Balance Sheet As at 31 December 2020

(\$ in millions)	Notes	As at 31 December 2020	As at 31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Development costs	6	0.7	0.7
Deferred tax asset	5	10.1	7.5
<b>Total intangible assets</b>		<b>10.8</b>	<b>8.2</b>
<b>Tangible assets</b>			
Services equipment, fixtures and fittings	7	98.7	106.8
Space segment	7	0.9	1.0
Assets in the course of construction	7	6.6	5.5
Right use of assets	8	2.6	2.7
<b>Total tangible assets</b>		<b>108.8</b>	<b>116.0</b>
<b>Financial assets</b>			
Investments in subsidiaries	16	0.9	0.9
<b>Total financial assets</b>		<b>0.9</b>	<b>0.9</b>
<b>Total non-current assets</b>		<b>120.5</b>	<b>125.1</b>
<b>CURRENT ASSETS</b>			
Inventories	11	0.5	1.1
Accounts receivable	10	27.9	28.8
Receivables towards subsidiaries	10,15	87.3	84.1
Other receivables	10	2.3	1.4
<b>Total receivables</b>		<b>118.0</b>	<b>115.4</b>
Cash and cash equivalents		0.6	0.8
<b>Total current assets</b>		<b>118.6</b>	<b>116.2</b>
<b>Total assets</b>		<b>239.1</b>	<b>241.3</b>

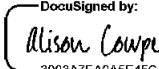


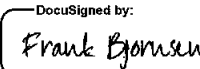
DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

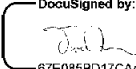
## Inmarsat Solutions AS Balance Sheet (continued) As at 31 December 2020

(\$ in millions)	Notes	As at 31 December 2020	As at 31 December 2019
<b>EQUITY</b>			
<b>Paid in equity</b>			
Share capital	13,14	0.1	0.1
Share premium	14	84.7	84.7
<b>Total paid in equity</b>		<b>84.8</b>	<b>84.8</b>
<b>Retained earnings</b>			
Accumulated profit	14	40.0	29.9
<b>Total retained earnings</b>		<b>40.0</b>	<b>29.9</b>
<b>Total equity</b>		<b>124.8</b>	<b>114.7</b>
<b>LIABILITIES</b>			
Other long term liabilities	10	0.4	0.5
Obligations under finance leases	8	2.5	2.4
Loans towards subsidiaries	15	35.9	45.8
<b>Total non-current liabilities</b>		<b>38.8</b>	<b>48.7</b>
<b>Current liabilities</b>			
Accounts payables	10	9.5	10.5
Liabilities towards subsidiaries	15	35.5	30.0
Obligations under finance leases	8	0.3	0.3
Current income tax liabilities	5	5.2	11.1
Other current liabilities	10	25.0	26.0
<b>Total current liabilities</b>		<b>75.5</b>	<b>77.9</b>
<b>Total liabilities</b>		<b>114.3</b>	<b>126.6</b>
<b>Total Equity and Liabilities</b>		<b>239.1</b>	<b>241.3</b>

Alesund - 27th August 2021

DocuSigned by:  
  
3963A7EAS9A5E45C...  
**Alison Claire Cowpe**  
Chairman of the Board

DocuSigned by:  
  
D868CE481CD54F3...  
**Frank Bjørnsen**  
Member of the Board

DocuSigned by:  
  
67E085BD17CA4FD...  
**Trond Leira**  
Member of the Board



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## Inmarsat Solutions AS Cash flow Statement For the year ended 31 December 2020

(\$ in millions)	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before income tax		12.3	52.0
+ Depreciation and amortisation	6,7,8	37.6	34.0
+ Other non-cash movements		3.8	0.6
- (Paid) / received withholding tax		(10.4)	0.4
+/- Increases in inventory	11	0.6	-
+/- Increases in accounts receivables		(14.2)	214.0
+/- Increases in accounts payables		5.6	(262.8)
<b>Net cash flow from operating activities</b>		<b>35.3</b>	<b>38.2</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
- Purchase of intangible non-current assets	6	(0.3)	(0.8)
- Purchase of tangible non-current assets	7	(34.9)	(36.7)
<b>Net cash flow from investing activities</b>		<b>(35.2)</b>	<b>(37.5)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
- Cash payment for lease obligations	8	(0.3)	(0.6)
<b>Net cash flow from financing activities</b>		<b>(0.3)</b>	<b>(0.6)</b>
Net change in cash and cash equivalents		(0.2)	0.1
Cash and cash equivalents at the beginning of the period		0.8	0.7
<b>Cash and cash equivalents at year end</b>		<b>0.6</b>	<b>0.8</b>



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## **Inmarsat Solutions AS Notes to the financial statements For the year ended 31 December 2020**

### **ACCOUNTING PRINCIPLES**

#### **Financial statements**

The Company is wholly owned by Inmarsat Solutions Limited (UK). The Company does not prepare consolidated financial statements under the Norwegian Accounting Act §3-7 as the Company including its subsidiaries are included in the Group accounts of Connect Topco Limited.

#### **Functional currency and reporting currency**

The company's functional currency is USD. This is also the company's reporting currency according to the Accounting Act §3-4 (2).

#### **Change in accounting standards**

In the current financial year, the company adopted the new or amended Simplified IFRS under the Norwegian Accounting Act ("IFRS") that are mandatory for application. Changes to the company's accounting policies have been made as required.

The adoption of these new or amended standards did not result in substantial changes to the company's accounting policies and had no material effect on the amounts reported for the current financial year.

#### **Going Concern**

In determining whether the Company's financial statements can be prepared on a going concern basis the Directors have considered all the factors likely to affect its future development, performance and its financial position. The Company is part of the Connect Bidco Limited Group ('Bidco'), ultimately owned by Connect Topco Limited (the 'Group'), and the going concern review completed at the date of signing of the Bidco accounts is set out within the Connect Bidco Limited 2020 Annual report which does not form part of this report. The going concern of the Company is dependent on the going concern of Bidco.

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

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

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

#### **Subsidiaries**

Investments in subsidiaries are held initially at cost and are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The impairment review comprises a comparison of the carrying amount of the investment with its recoverable amount, which is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is calculated by reference to the amount at which the investment could be disposed of. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the investment's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## **Inmarsat Solutions AS** **Notes to the financial statements (continued)** **For the year ended 31 December 2020**

### **Property, plant and equipment**

#### *Services equipment, fixtures and fittings, and space segment assets*

Expenditure charged to space segment and services equipment, fixtures and fittings includes invoiced progress payments, amounts accrued appropriate to the stage of completion of contract milestones, external consultancy costs and direct internal costs. Internal costs, comprising primarily staff costs, are only capitalised when they are directly attributable to the construction of an asset. Progress payments are determined on milestones achieved to date together with agreed cost escalation indices. These assets are depreciated over the life of the assets from the date they become operational and are placed into service.

#### *Depreciation*

Depreciation is calculated to write-off the historical cost less residual values, if any, of fixed assets, except land, on a straight-line basis over the expected useful lives of the assets concerned. The Company selects its depreciation rates and residual values carefully and reviews them annually to take account of any changes in circumstances. When setting useful economic lives, the principal factors the Company takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

#### *De-recognition*

A fixed asset is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on de-recognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the Income Statement.

### **Foreign currency transactions**

The functional currency of the Company and the presentation currency of the Company is the US dollar, as the majority of operational transactions are denominated in US dollars.

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

### **Income tax and deferred tax**

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 23% percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

### **Inventories**

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

### **Research and development**

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



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## **Inmarsat Solutions AS Notes to the financial statements (continued) For the year ended 31 December 2020**

### **Cash and cash equivalents**

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

### **Revenue**

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

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

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

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

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

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

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

In the current year, the accounting policy in relation to intercompany recharges was reviewed and updated, ensuring alignment to the Group policy. Recharged revenue and costs are now presented gross, rather than netting these off within the income statement. This affects revenue, cost of sales, and other operating expenses in the statement of comprehensive income. This is a change in accounting policy and has been applied prospectively, resulting on no change to comparative values. There is no impact on the prior year profit.



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## **Inmarsat Solutions AS** **Notes to the financial statements (continued)** **For the year ended 31 December 2020**

### **Financial assets and liabilities**

IFRS 9 requires financial asset classification to be based on contractual cash flow characteristics and the objective of the Company in holding the financial asset. The classification categories are amortised cost, fair value through profit and loss, and fair value through other comprehensive income.

The company has no accounting hedges in place.

Trade receivables, accrued income, other receivables, and cash and cash equivalents are all financial assets classified at amortised cost and are initially recognised at fair value. These financial assets are subsequently measured as amortised cost.

#### Impairment of financial assets

The company has applied the simplified approach under the expected credit loss model, which leads to lifetime expected credit losses always being recognised. Under the standard, a provisioning matrix can be used to group financial assets and calculate the expected credit losses based on these groupings. The company uses a matrix based on aging and internal credit ratings which are allocated to all debtors.

#### Trade and other receivables

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

#### Trade and other payables

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

### **Leases**

Contracts which convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases by the Company.

At the commencement date, the Company, as lessee, recognises a right-of-use asset and a lease liability. The lease liability is measured at the present value of the lease payments that are not paid at that date, discounted using the rate implicit in the lease, unless such a rate is not readily determinable, in which case the incremental borrowing rate is used. The right-of-use asset comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs incurred by the Company.

Lease term is determined as the non-cancellable period of a lease adjusted for any reasonably certain extension or termination option. After commencement date, the right-of-use asset is depreciated on a straight-line basis to the end of the lease term. The lease liability is accounted for by reducing the carrying amount to reflect the lease payments made, and increasing the carrying amount to reflect the interest on the lease liability.

As lessor for operating leases, the Company recognises lease payments as income. The underlying asset is depreciated on a straight-line basis over its expected useful life



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## **Inmarsat Solutions AS Notes to the financial statements (continued) For the year ended 31 December 2020**

### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### Key sources of estimation uncertainty

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. There are no key assumptions or sources of estimation uncertainty, which have a significant effect on the amounts recognised in the financial statements.

#### Critical judgements in applying the Company's accounting policies

There have been no critical judgements, apart from those involving estimations (which are presented separately above), that the Directors have made in the process of applying the Company's accounting policies, which have a significant effect on the amounts recognised in financial statements.



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## Inmarsat Solutions AS Notes to the financial statements (continued) For the year ended 31 December 2020

### 2. SALES REVENUE

(\$ in millions)	2020	2019
<b>Geographical distribution</b>		
Norway	11.0	15.9
Europe	152.4	47.4
South and North America	24.4	23.7
Asia	65.5	54.8
Other countries	15.9	13.8
<b>Total</b>	<b>269.2</b>	<b>155.6</b>

Total sales revenue in 2020 and 2019 consists solely of revenues from sales within the segment satellite-based broadband services

### 3. SALARY, PERSONNEL COSTS, NUMBER OF EMPLOYEES AND AUDITOR FEE

(\$ in millions)	Notes	2020	2019
<b>Salary and personnel costs</b>			
Salaries		5.6	6.1
Payroll tax		0.9	1.0
Pension costs		0.4	0.3
Salary cost reclassified to direct cost		(1.8)	(2.7)
Other benefits		0.2	0.6
<b>Total</b>		<b>5.3</b>	<b>5.3</b>
Average number of full-time employees		98	93
<b>Key Management remuneration (\$)</b>			
Salary		413,088	429,079
Other benefits		16,655	303,675

There is no agreement on salary at retirement or share-based remuneration for CEO or Chairman of the All employees are included in the bonus program for the company. Based on certain criteria the employees may earn a bonus up to 2 months' salary or more. The 2020 financial statements has a total bonus expenditure of US\$619k including payroll tax. The bonus for 2019 was US\$1,205k.

No loans or guarantees have been given to the General Manager, members of the Board or their related parties. No loans or guarantees amount to more than 5% of the company's share capital.

#### Pension

The company's Norwegian employees are required to have an occupational pension scheme in accordance with the Norwegian Occupational Pensions Act. The company's pension scheme meets the requirements of the Act. As of 31 December 2020 the company had a defined contribution plan that covered all employees. Costs related to the contribution pension plan amounted to US\$354k USD in 2020 (2019: US\$317k).

#### Auditor (\$)

<i>Specificaion of auditor's fee (VAT is not included)</i>			
Statutory audit fee - Deloitte LLP		20,915	19,919
<b>Total</b>		<b>20,915</b>	<b>19,919</b>

No other assurance or non-assurance related services were charged by Deloitte LLP (2019: nil).



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## Inmarsat Solutions AS Notes to the financial statements (continued) For the year ended 31 December 2020

### 4. FINANCIAL INCOME AND EXPENSE

(\$ in millions)	2020	2019
<b>Finance expenses</b>		
Interest income	(0.1)	-
Interest expenses	0.1	-
Interest expenses subsidiaries and associated companies	2.4	0.5
Other financial expenses	0.1	0.1
<b>Total finance expenses</b>	<b>2.5</b>	<b>0.6</b>

### 5. INCOME TAXES

(\$ in millions)	2020	2019
<b>Income tax expense</b>		
Current tax expense	4.5	11.1
Withholding tax	0.2	(0.4)
Changes in deferred tax	(2.5)	(1.2)
<b>Total income tax expense</b>	<b>2.2</b>	<b>9.5</b>
<b>Taxable income calculation:</b>		
Profit before income tax	12.3	52.0
Other permanent differences	(0.4)	(0.4)
Translation effect deferred tax asset 1.1. (NOK-USD)	-	(6.8)
Changes in temporary differences	11.6	12.6
<b>Tax base</b>	<b>23.5</b>	<b>57.4</b>
Carry forward tax losses utilised	-	(6.8)
Tax payable	5.2	11.1
<b>Temporary differences:</b>		
Non-current assets	(42.3)	(30.5)
Provisions	(0.4)	(0.2)
Tax carry forward losses	-	-
Inventory	(0.4)	(0.8)
Receivables	(2.7)	(2.6)
<b>Total</b>	<b>(45.8)</b>	<b>(34.1)</b>
<b>Net deferred tax assets</b>	<b>(10.1)</b>	<b>(7.5)</b>
<b>Effective tax rate:</b>		
Expected tax on profit before income tax (22%/23%)	2.7	11.4
Paid tax at source and tax payable abroad	0.2	(0.4)
Tax on translation effect deferred tax asset 1.1. (22%/23%)	-	(1.4)
Effect of changes in tax regulations and rates	(0.6)	-
Permanent differences (22%/23%)	(0.1)	(0.1)
<b>Income tax expense</b>	<b>2.2</b>	<b>9.5</b>
Effective tax rate in %	17.8%	18.2%



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

**Inmarsat Solutions AS**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**6. INTANGIBLE ASSETS**

(\$ in millions)	Software	Total
<b>Acquisition cost</b>		
At 1 January 2019	4.5	4.5
Transfers	0.8	0.8
Additions	0.2	0.2
<b>At 31 December 2019</b>	<b>5.5</b>	<b>5.5</b>
<b>Accumulated depreciation</b>		
Accumulated depreciation at 1 January 2019	(4.5)	(4.5)
Charges for the year	(0.3)	(0.3)
Accumulated amortisation at 31.12.19	(4.8)	(4.8)
<b>Net carrying value at 31.12.19</b>	<b>0.7</b>	<b>0.7</b>
<b>Acquisition cost</b>		
At 1 January 2020	5.5	5.5
Additions	0.3	0.3
Disposals	(0.4)	(0.4)
<b>At 31 December 2020</b>	<b>5.4</b>	<b>5.4</b>
<b>Accumulated depreciation</b>		
Accumulated depreciation at 1 January 2020	(4.8)	(4.8)
Charges for the year	(0.3)	(0.3)
Disposals	0.4	0.4
Accumulated amortisation at 31.12.20	(4.7)	(4.7)
<b>Net carrying value at 31.12.20</b>	<b>0.7</b>	<b>0.7</b>
<i>Useful life</i>	3-4 years	

**7. TANGIBLE ASSETS**

(\$ in millions)	Antennas	Services equipment, fixtures and fittings	Space segment	Assets in the course of construction	Total
<b>Acquisition cost</b>					
At 1 January 2019	206.3	2.8	1.4	-	210.5
Reclassification*	(206.3)	198.8	-	7.5	-
Additions	-	1.4	-	36.6	37.7
Disposals	-	(15.0)	-	(0.3)	(15.0)
Transfers	-	38.3	-	(38.3)	-
<b>At 31 December 2019</b>	<b>-</b>	<b>226.3</b>	<b>1.4</b>	<b>5.5</b>	<b>233.2</b>
<b>Accumulated depreciation</b>					
At 1 January 2019	(94.8)	(2.4)	(0.3)	-	(97.5)
Reclassification*	94.8	(94.8)	-	-	-
Charges for the year	-	(33.2)	(0.1)	-	(33.3)
Disposal	-	10.9	-	-	10.9
Accumulated depreciation at 31.12.19	-	(119.5)	(0.4)	-	(119.9)
<b>Net carrying value at 31.12.19</b>	<b>-</b>	<b>106.8</b>	<b>1.0</b>	<b>5.5</b>	<b>113.3</b>

\*As part of the review of intangible assets undertaken during the acquisition, asset categories were reviewed and assets have been re-aligned to better reflect the nature of the underlying assets.



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

**Inmarsat Solutions AS**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**7. TANGIBLE ASSETS (CONTINUED)**

(\$ in millions)	Antennas	Services equipment, fixtures and fittings	Space segment	Assets in the course of construction	Total
<b>Acquisition cost</b>					
At 1 January 2020	-	226.3	1.4	5.5	233.2
Additions	-	6.3	-	28.6	34.9
Disposals	-	(13.5)	-	(0.1)	(13.6)
Transfers	-	27.4	-	(27.4)	-
<b>At 31 December 2020</b>	<b>-</b>	<b>246.5</b>	<b>1.4</b>	<b>6.6</b>	<b>254.5</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	-	(119.5)	(0.4)	-	(119.9)
Charges for the year	-	(36.8)	(0.1)	-	(36.9)
Disposal	-	8.5	-	-	8.5
Accumulated depreciation at 31.12.20	-	(147.8)	(0.5)	-	(148.3)
<b>Net carrying value at 31.12.20</b>	<b>-</b>	<b>98.7</b>	<b>0.9</b>	<b>6.6</b>	<b>106.2</b>

Useful life 6-8 years 3-15 years 5-15 years

**8. LEASES**

**Right of use assets**

The right-of-use-assets for the entity's property lease is presented in the table below.

(\$ in millions)	2020	2019
Net carrying amount:		
1 January	2.7	3.1
Depreciation	(0.4)	(0.4)
Change in terms	0.3	-
<b>31 December</b>	<b>2.6</b>	<b>2.7</b>

No leases expired in the current financial year. The entity does not hold options to purchase any leased assets for a nominal amount at the end of the lease term. The entity expenses short-term leases and low-value assets as incurred which is in accordance with the recognition exemption in IFRS 16. Lease interest is \$0.1m in 2020 (2019: \$0.1m).

**Lease liabilities**

Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. The lease term of the Company's property lease is 6.6 years (2019: 8.6 years). The future minimum lease payments are as follows:

(\$ in millions)	2020	2019
Within one year	0.3	0.3
Later than one year but within five years	1.6	1.4
Later than five years	0.9	1.0
<b>Total</b>	<b>2.8</b>	<b>2.7</b>

The total cash flow relating to lease obligations in 2020 was \$0.3m (2019: \$0.6m) with lease obligations denominated NOK. Total lease interest paid was \$0.1m (2019: \$0.1m).



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## Inmarsat Solutions AS Notes to the financial statements (continued) For the year ended 31 December 2020

### 9. FINANCIAL MARKET RISK

The company uses some derivative instruments in order to manage financial market risk.

#### Interest risk

Given the Company has no significant interest-bearing assets (except cash and cash equivalents and amounts due from Group companies), income and operating cash flows are substantially independent of changes in market interest rates. In addition, borrowings are predominantly intercompany, and are at fixed interest rates, meaning that the Company is not exposed to variable market interest rates

#### Credit risk

The risk for losses on receivables is considered to be low, but can be expected to increase as a result of the market conditions. The Company has not yet experienced significant losses on receivables.

The company has not made any set-off or other derivative agreements to reduce the credit risk as at 31 December 2020 (2019: none).

#### Exchange rate risk

The company is exposed to financial risk due to changes in exchange rates. In particular this applies for NOK because a substantial part of the company's operating expenses and revenues are in foreign currency. The company continuously monitors the risk associated with currency positions. The company has not entered into any agreements to reduce this risk as at 31 December 2020 (2019: none).

#### Commodity price risk

The risk relating to changes in prices of raw materials is reduced by long term purchase agreements with supplier, and strategic agreements with suppliers and other participants in the market.

### 10. LIABILITIES AND RECEIVABLES

There were no current receivables due longer than one year after the balance sheet date in 2020 (2019: nil). All non-current liabilities have a due date within five years, but not within 1 year after the balance sheet date. A detailed repayment schedule for the loans due to group companies is not prepared. There were no secured debt obligations to financial institutions or long term liabilities including financial leases.

### 11. INVENTORY

(\$ in millions)	2020	2019
Goods for sale	0.5	1.1
<b>Total</b>	<b>0.5</b>	<b>1.1</b>

### 12. BANK DEPOSITS

(\$ in millions)	2020	2019
Employees tax deduction, deposited in a separate bank account	0.6	0.7
<b>Total</b>	<b>0.6</b>	<b>0.7</b>



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

## Inmarsat Solutions AS Notes to the financial statements (continued) For the year ended 31 December 2020

### 13. SHARE CAPITAL AND SHARE INFORMATION

The share capital consists of:

	Number of shares	Face value NOK	Book value NOK	Book value USD
Ordinary shares	192,353	2.0	0.4	0.1
<b>Total</b>	<b>192,353</b>	<b>2.0</b>	<b>0.4</b>	<b>0.1</b>

There is no change in share capital and share information from 2019. All shares are owned by Inmarsat Solutions Ltd. (UK). Inmarsat Solutions AS with subsidiaries are included in the Group accounts of Connect Topco Ltd, based in Guernsey.

### 14. EQUITY

(\$ in millions)	Ordinary share capital	Share premium	Share option reserve	Retained earnings	Total
<b>Balance at 31 December 2018</b>	<b>0.1</b>	<b>84.7</b>	<b>0.1</b>	<b>(12.8)</b>	<b>72.1</b>
Share options granted	-	-	0.1	0.0	0.1
Transfer share option reserve	-	-	(0.2)	0.2	-
Profit for the year	-	-	-	42.5	42.5
<b>Balance at 31 December 2019</b>	<b>0.1</b>	<b>84.7</b>	<b>-</b>	<b>29.9</b>	<b>114.7</b>
Profit for the year	-	-	-	10.1	10.1
<b>Balance at 31 December 2020</b>	<b>0.1</b>	<b>84.7</b>	<b>-</b>	<b>40.0</b>	<b>124.8</b>

### 15. INTERCOMPANY TRANSACTIONS AND BALANCES WITH RELATED PARTIES

General Manager salary cost is an intercompany charge with Inmarsat Group which is shown in note 3. Other profit & loss transactions with related parties are shown below.

Transaction	Related	2020	2019
Sale of parts and service revenue	Inmarsat Group	109.2	0.7
<b>Total Sales</b>		<b>109.2</b>	<b>0.7</b>
Cost of goods sold	Inmarsat Group	164.7	43.8
Interest on intercompany loans	Inmarsat Group	2.4	0.5
<b>Total cost of goods sold &amp; interest</b>		<b>167.1</b>	<b>44.3</b>

Outstanding total intercompany receivables / payables are shown within the Balance Sheet, including total loan payable to Inmarsat Group. Included within other payables below is \$0.2m of intercompany loan interest payable (2019: \$0.3m). The loan payable to Inmarsat Group incurs variable interest at L+5.5% and is repayable in 2024.

Related party	Accounts receivables		Other Receivables	
	2020	2019	2020	2019
Inmarsat Group	0.1	-	87.2	84.1
<b>Total</b>	<b>0.1</b>	<b>-</b>	<b>87.2</b>	<b>84.1</b>

Related party	Accounts payable		Other payables	
	2020	2019	2020	2019
Inmarsat Group	21.2	5.1	14.3	25.0
<b>Total</b>	<b>21.2</b>	<b>5.1</b>	<b>14.3</b>	<b>25.0</b>



DocuSign Envelope ID: 19112352-FCE3-46C8-BC9A-2092516F4BEA

**Inmarsat Solutions AS**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**16. SUBSIDIARIES**

(\$ in millions)	Office	Ownership	Book	Equity	Profit
Inmarsat Solutions Pte. Ltd.	Singapore	100%	0.6	3.5	1.0
Inmarsat Solutions ehf	Iceland	51%	0.3	1.5	1.4

**17. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There have been no significant events which would require disclosure in the 31 December 2020 financial statements.



# Deloitte.

Deloitte AS  
Strandavegen 15  
NO-6905 Florø  
Norway

Tel: +47 23 27 90 00  
www.deloitte.no

To the General Meeting of Inmarsat Solutions AS

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Inmarsat Solutions AS, which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

#### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and a true and fair view of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.no](http://www.deloitte.no) to learn more.

© Deloitte AS

Registrert i Foretaksregisteret Medlemmer av Den norske Revisorforening  
Organisasjonsnummer: 980 211 282

Pennco Dokumenthøkket: SLEYN-HYBVC-01UNM-TET6G-LKO26-3AE82



## Deloitte.

Page 2  
Independent Auditor's Report -  
Inmarsat Solutions AS

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

#### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

#### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Florø, 27 August 2021  
Deloitte AS

Hans Jørgen Kirkeide  
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: SLEYN-HYBVQ-0IUNM-TET6G-LK026-3AE82



# PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".  
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

## Hans Jørgen Kirkeeide

Statsautorisert revisor

Serienummer: 9578-5993-4-2111051

IP: 77.16.xxx.xxx

2021-09-08 19:25:59 UTC



Penneo DokumentID: SILEXN-HYBVQ-0IUNM-IET6G-LK026-3AE82

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

### Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>