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CONNECT BIDCO LIMITED
ANNUAL REPORT AND ACCOUNTS 2021

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

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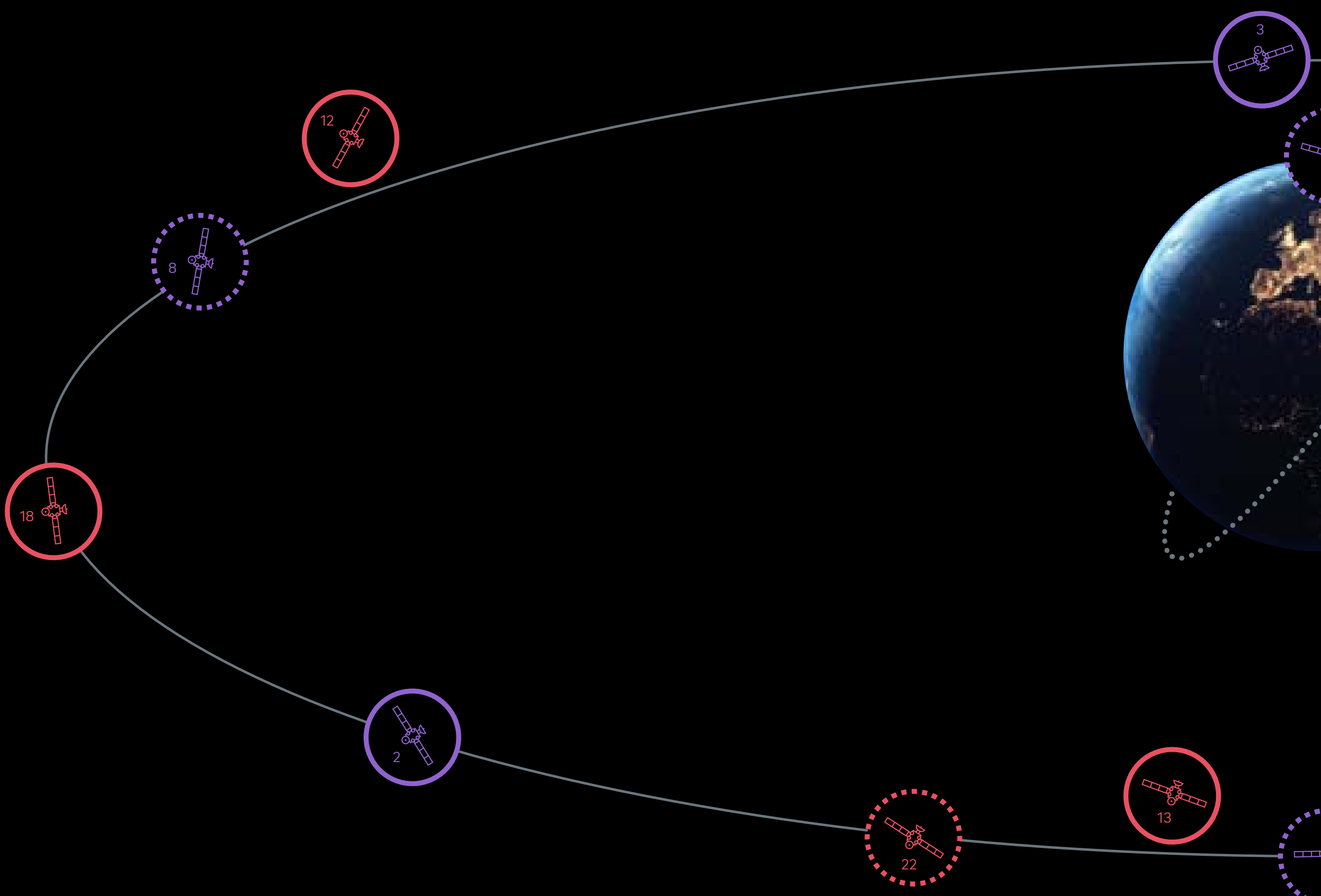
ENTY ONE

STRATEGIC REPORT

AN EVOLVING NETWORK

Delivering award-winning operational, safety and mission-critical connectivity services to organisations, governments and individuals around the world.



Global Xpress (Ka-band[1])

1 GX1
2 GX2
3 GX3
4 GX4
5 GX5
7 GX7
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9 GX9
10a GX10a[2]
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ELERA (L-band[3])

12 I-3 F1
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14 I-3 F3
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16 I-4 F1
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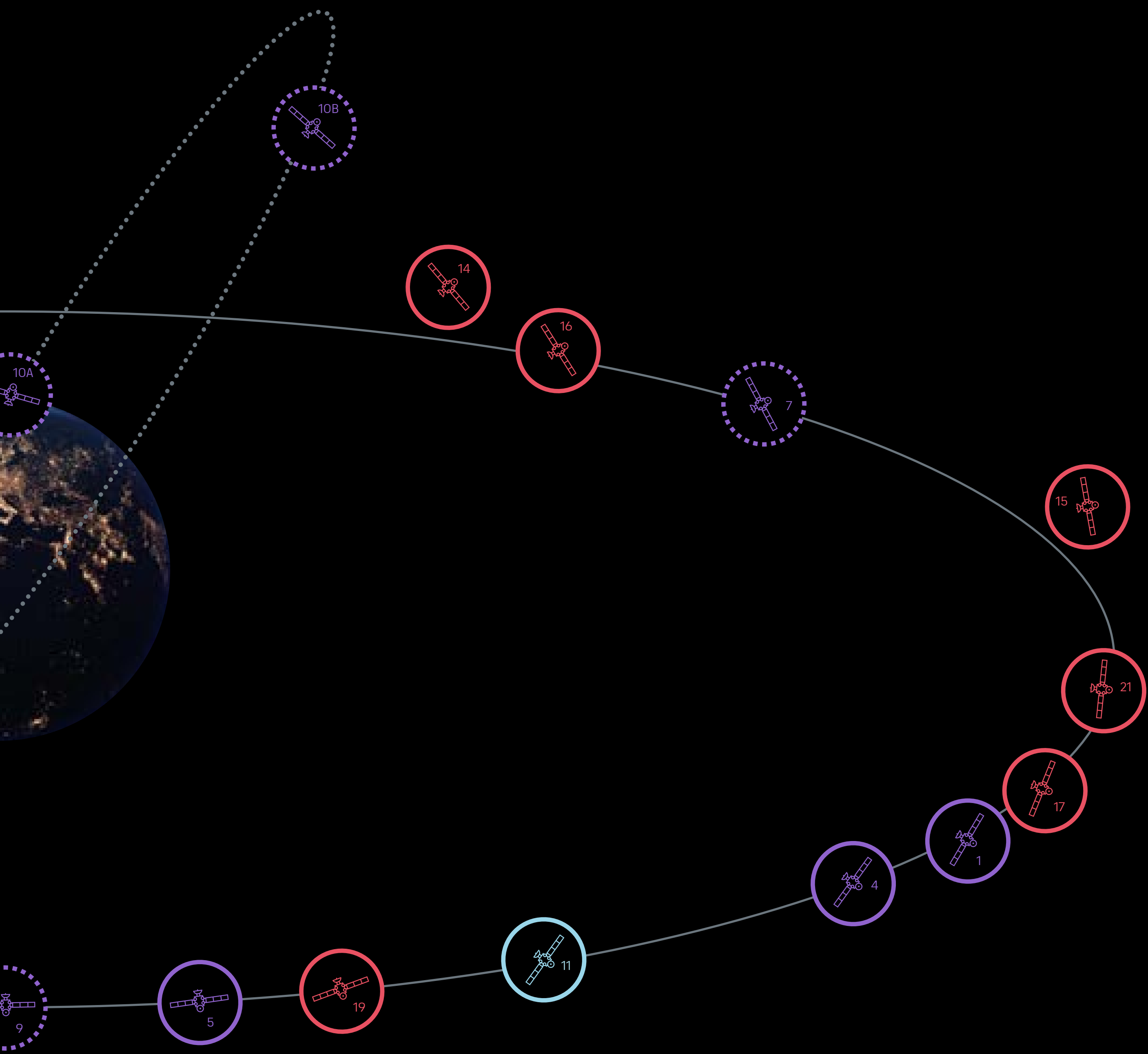
European Aviation Network[3]

11 EAN (S-band)



Coming soon

Notes:

(1) Broadband services are provided via our Ka-band satellites
(2) HEO orbit
(3) Narrowband services are provided via our L-band and EAN satellites
(4) GX6a Ka-band payload hosted on I-6 F1
(5) GX6b Ka-band payload hosted on I-6 F2
NB Satellite positions are indicative and for illustrative purposes only

Satellite	Expected launch year	Expected to be operational
I-6 F1	Launched 2021	H2 2022
I-6 F2	Planned 2023	2023
GX7	Planned 2024	2025
GX8	Planned 2025	2026
GX9	Planned 2025	2026
GX10a	Planned 2023	2023
GX10b	Planned 2023	2023
LEO	Planned 2027	TBC

KEY PERFORMANCE INDICATORS

Measuring success against our key strategic priorities.

FINANCIAL KPIs

Revenue

Revenue is total Group revenue generated from operations, including Ligado Networks. The 2019 comparative value represents pro forma numbers, with actual revenue being $93.4m. A reconciliation of pro forma to the 2019 actuals is provided in appendix 1 of the 2019 and 2020 financial statements of Connect Bidco Limited which is not replicated.

$1,352.4m

Link to strategy: 1, 2

Why it is important

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

Link to risks and remuneration

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

EBITDA

EBITDA is total Group profit before net financing costs, taxation, depreciation and amortisation, gains/losses on disposals of assets, impairment losses and share of profit of associates. The 2019 comparative value represents pro forma numbers, with actual EBITDA being ($58.8m). A reconciliation of pro forma to the 2019 actuals is provided in appendix 1 of the 2019 and 2020 financial statements of Connect Bidco Limited which is not replicated here.

$738.9m

Link to strategy: 1, 2, 3, 4

Why it is important

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

Link to risks and remuneration

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

Cash capex

Cash capital expenditure is the cash flow relating to tangible and intangible asset additions; it includes capitalised labour costs and excludes capitalised interest. The 2019 comparative value represents pro forma numbers, with actual cash capital expenditure being $90.3m. A reconciliation of pro forma to the 2019 actuals is provided in appendix 1 of the 2019 and 2020 financial statements of Connect Bidco Limited which is not replicated here.

$356.3m

Link to strategy: 1, 2, 3, 4

Why it is important

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

Link to risks and remuneration

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

Strategic priorities

1 Maintain and grow the core business	2 Extend into near adjacent markets	3 Drive innovation and differentiation of our services	4 Sharpen customer and distribution focus

NON-FINANCIAL KPIs

Network availability

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

99.9%

Link to strategy: 1, 2, 3, 4

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.

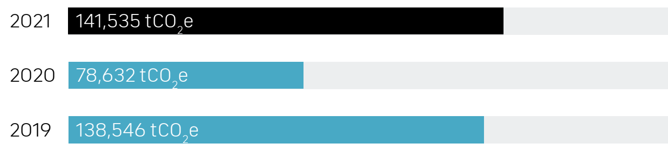
Link to risks and remuneration

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

Emissions

We track our emissions to check they are in line with the Paris Agreement on Climate Change and to prevent the worst effects of catastrophic climate change by limiting average global temperature increases to well below two degrees Celsius. In 2021, the Board approved the Science Based Targets for the Group which are being validated by the Science Based Targets Initiative.

141,535 TCO_2E



Link to strategy: 3, 4

Why it is important

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

Link to risks and remuneration

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

Employee engagement

Employee engagement describes an employee's level of commitment and enthusiasm to their work and their company. We measure employee engagement through our Peakon survey which helps us identify areas where we are performing well and those that need to be improved. More information on our employee engagement score can be found on page 30 of this Strategic Report.

7.9/10

Link to strategy: 1, 2, 3, 4

Why it is important

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

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.

OUR STRATEGY

A leading satellite operator focused on global mobility.

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

Our strategic framework is clear. Centred around our market and customer focus, we have defined four main strategic pillars. Our strategy guides our decisions and enables us to generate sustainable value and create growth for the benefit of all our stakeholders.

MAINTAIN AND GROW THE CORE BUSINESS

We are focused on our core markets and have built up leading positions. The revenue pools in our core markets are material at a projected revenue Total Addressable Market of c. $9bn and are growing at high single digit numbers, due to an increased demand for connectivity and digital applications. We enable our customers to deliver productivity gains and to serve new ecosystems including IoT that requires reliable connectivity services. Growing and maintaining our position in our core markets offers further strong growth opportunities.

EXTEND INTO NEAR ADJACENT MARKETS

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

DRIVE INNOVATION AND DIFFERENTIATION

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

SHARPEN CUSTOMER AND DISTRIBUTION FOCUS

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

OUR STRATEGIC PILLARS ARE UNDERPINNED BY THREE CORE CAPABILITIES:

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

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

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

"The revenue pools in our core markets are material at a projected revenue Total Addressable Market of c.$9bn and are growing at high single digit numbers, due to an increased demand for connectivity and digital applications."

STRATEGIC PRIORITIES
A CLEAR STRATEGY FOR SUCCESS

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

GROWTH STRATEGY

MARKET FOCUS

MAINTAIN & GROW THE CORE BUSINESS

We are committed to maintain and grow our core sectors to retain our market segment leadership positions.

EXTEND INTO NEAR ADJACENT MARKETS

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

CUSTOMER FOCUS

DRIVE INNOVATION & DIFFERENTIATION

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

SHARPEN CUSTOMER & DISTRIBUTION FOCUS

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

UNDERPINNED BY OUR PURPOSE, CULTURE AND CAPABILITIES

PURPOSE DRIVEN

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

CULTURAL EVOLUTION

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

TO BUILD A LEADERSHIP POSITION IN OUR CORE MARKETS

MARITIME

Grow Fleet Xpress (FX), minimise FleetBroadband (FB) losses, expand into adjacent market segments.

AVIATION

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

INMARSAT GOVERNMENT

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

GLOBAL GOVERNMENT

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

ENTERPRISE

Grow L-band IoT/M2M revenue and sustain legacy narrowband business.

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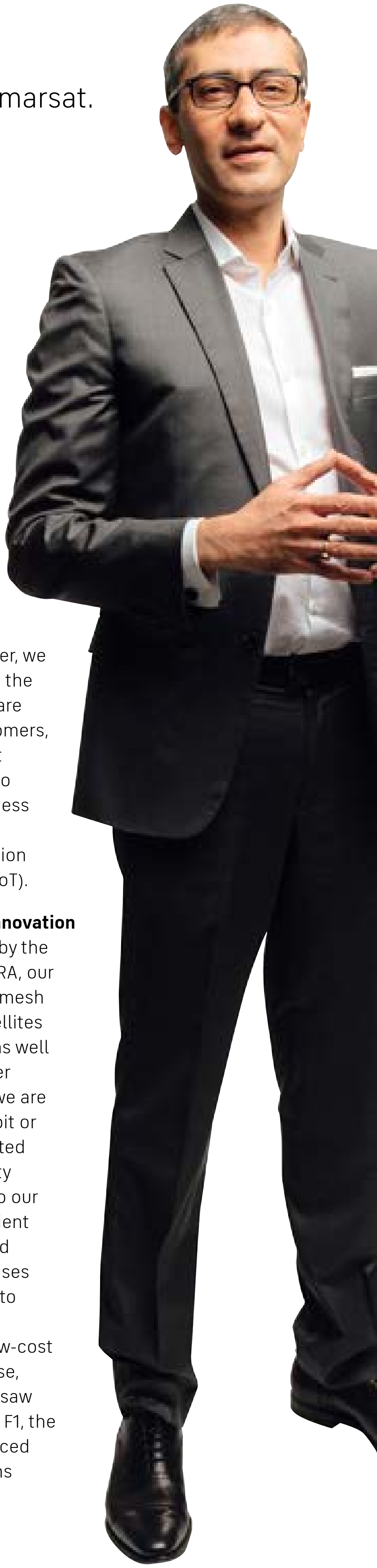
n

TECHNOLOGY LEADERSHIP

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

CHIEF EXECUTIVE'S STRATEGIC REVIEW

2021 was a year of excellent performance and progress for Inmarsat.



The strength of the company's performance was highlighted by full-year revenue growth of 6.3%, significantly outpacing our market. That remarkable development stands in stark contrast to many previous years. It is testament to the renewed drive and energy of the company as well as the commitment of our excellent employees. Growing faster than the market is a demonstration that Inmarsat is on the right path to becoming a genuinely high-performance company.

Other financial highlights include an 12.8% year-on-year increase in underlying EBITDA to $750.0m. Costs remained well under control and underlying free cash flow for the year was $195.1m, an increase of $83.2m from 2020. All our business units delivered growth in the year, with a particularly strong performance from our government and aviation business units reflecting some recovery in the number of aircraft returning to service. Our large maritime business also continued to stabilise as strong sales of our Fleet Xpress offering increasingly offset declining sales of earlier products.

These results were delivered in a year that was not without challenges. The coronavirus pandemic continued to create a host of operational difficulties and continued to depress many sectors, aviation in particular. Component shortages, which have hit many industries, were not absent in our market, even if they were managed well by the Inmarsat team. New, disruptive entrants continued to gain mindshare, even if their market share progress was significantly less. China made its ambitions to be a global leader clear and started to take action to deliver on those ambitions. The long-rumoured consolidation in satellite communications started to become a reality, with Viasat and Inmarsat leading the way, which I cover later in this update.

Overall, it was a year of industry change, but also a year when our employees came together and delivered. 2021 also saw plenty of progress in the company, spanning strategy, technology and innovation, customers, culture, sustainability, leadership and positioning for the future.

> "We are sharpening our focus on the products and services that are most important to our customers."

A full **strategy** review was conducted over 2021, with the goal of ensuring that the company's efforts are fully targeted at the areas with the best prospects for delivering fast growth and robust profitability. Our focus on global mobility, which, I believe, remains the most attractive part of the satellite communications market, remains unchanged. Within this segment, however, we are sharpening our focus on the products and services that are most important to our customers, and that will create the best value for our owners. We also plan to accelerate our business in select new adjacencies, including autonomous aviation and the Internet of Things (IoT).

Renewed **technology and innovation** leadership was highlighted by the announcement of ORCHESTRA, our planned multi-dimensional mesh network that combines satellites in GEO, HEO and LEO orbits as well as terrestrial 5G. Unlike other satellite service providers, we are not beholden to a single orbit or technology and are committed to bringing the right capacity and network performance to our customers in the most efficient way possible. We also moved forward with ELERA, which uses breakthrough technologies to deliver unparalleled L-band speeds and the smallest, low-cost user terminals. And, of course, at the end of December, we saw the successful launch of I-6 F1, the most technologically advanced commercial communications satellite ever launched.

For **customers**, we radically changed our organisation, creating a Customer and Product Management (CPM) team at the heart of our business. CPM is focused on ensuring we have the deep insight and market-leading portfolio needed to meet customer needs now and well into the future. They have already taken steps to streamline our product offerings, enhance our sales support model, simplify our pricing and develop new offers to take to market. There is still much we must do to become a true customer-focused company, but I have no doubt we are now heading in the right direction.

Inmarsat's **culture** is also evolving. Our goal is to protect the powerful parts of the culture, including a strong sense of purpose, collaboration, intellectual curiosity and technical excellence, while bringing more accountability and commercial and customer focus. Although employee engagement scores declined slightly during 2021 driven by the pandemic, considerable change and intense work demands, we saw that engagement remains high overall and above industry benchmarks.

In terms of **sustainability**, for the first time we set science-based targets and have submitted those targets to the Science Based Targets initiative (SBTi) for validation. This effort reflects our commitment to aligning emissions reduction targets to the goal of limiting global warming to 1.5°C. In fact, our reduction target for our own activities is 64% by 2030 from a 2019 baseline, which is a greater decline than needed to achieve the 1.5°C limit. Our reduction target for emissions within our supply chain is 27.5%, well below what would be needed for a 2°C target. We believe this is critical work to ensure that Inmarsat is doing its part to address the most significant risk to the future of our planet.

The company's **leadership** went through significant renewal. I joined the company in March 2021 and moved quickly to strengthen the company's leadership, with the appointments of Jat Brainch, Chief Commercial and Product Officer; Philippe Carette, President, Aviation; Barry French, Chief Marketing and Communications Officer; Fredrik Gustavsson, Chief Strategy Officer; and Ben Palmer, President, Maritime. These additions, when combined with the strong existing executive leaders, give us a powerful team to drive further progress and performance.

> " I am deeply proud of what has been accomplished and deeply proud of the employees who have made those accomplishments possible. "

From the outset of the invasion of **Ukraine,** Inmarsat has prioritised humanitarian support and compliance with sanctions over financial issues. Doing what is right is the priority. Additional information on this can be found on page 62 of the Directors' Report.

Finally, we took steps to position Inmarsat for the **future** by announcing a combination with Viasat. This transaction, which we expect to be completed in the second half of 2022, will create a strong global player, with the scale and scope to deliver sustained growth in the years to come. The combined company will have over $4 billion in annual revenue, strong profitability, and an improved path to positive free cash flow. It will also have a powerful distribution channel, the resources to invest in industry-leading innovation, and what I believe are the industry's best employees. It will also have the opportunity to generate significant cost synergies, particularly related to the capital expenditure needed for future network expansion.

In short, the combination is an excellent step forward for all Inmarsat's stakeholders. Inmarsat's current owners will become shareholders of Viasat after closing and have a long-term opportunity to participate in the future growth of the combined company. Employees will benefit from being part of an industry leader with significant opportunities for long-term, meaningful work with increased development and career opportunities. Customers and partners will have access to a company with a broad and truly global scope of offerings and the capacity to invest in the technologies of the future. The UK will gain from a growth of skilled employees and R&D investment in the country.

As I write this, 2021 has just ended and the calendar has turned to 2022. I have been CEO now for a year and what an incredible journey it has been. I am deeply proud of what has been accomplished and deeply proud of the employees who have made those accomplishments possible. I am also confident that we are only at the beginning of a new journey; a journey to becoming a truly world-class company. An exciting 2022 lies ahead, a year when I believe we can continue to outperform the market and when we will combine with Viasat and create a new industry leader.

With thanks and warm regards,

Rajeev Suri
CEO

BUSINESS MODEL

Our purpose is to enable the connected world by placing our customers at the centre 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

ELERA (L-band)

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

Dual payload

Our Inmarsat-6 satellites, the first (I-6 F1) of which was launched in December 2021, comprise a dual payload (L-band and Ka-band). I-6 F1 is due to enter commercial service in 2022. This will support the reorientation of our L-band capabilities towards new growth opportunities, as well as providing additional capacity to our existing GX network.

Global Xpress (GX) (Ka-band)

GX, is the world's first globally available bandwidth satellite network with five Inmarsat-5 satellites currently in orbit. It is the world's first global, mobile, high bandwidth network, designed to support our customers' high bandwidth connectivity requirements. A further six GX payloads will launch into GEO orbit by 2024.

S-band

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

ORCHESTRA

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

Supported by:

Our technology

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

Best-in-class partner ecosystem

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

Highly skilled workforce

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

Our financial resources

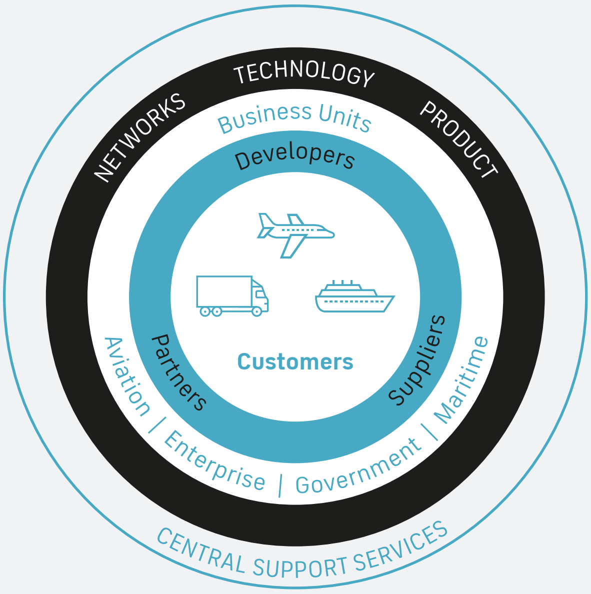
We use our balance sheet to support the organic and inorganic investment needed to deliver our strategic priorities.

OUR VALUE CHAIN

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

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

Our business model delivers sustainable value for all our stakeholders.



Our revenue streams

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

DELIVERING VALUE FOR OUR STAKEHOLDERS

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

Shareholders and lenders

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

Customers and partners

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

Employees

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

Communities

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

The need to control costs in offshore support vessel operations is ever more pressing in a market challenged by volatility for several years. The impact that digital management tools can have in optimising fleet management and improving vessel energy efficiency are increasingly recognised, but owners remain wary of solutions which propose the additional cost and disruption of installing new hardware onboard.

Maersk Supply Service (MSS) sought a software-based solution in pursuing its digitalisation strategy for optimised fleet management. A leading provider of marine services and project solutions for offshore energy sectors, MSS operates a fleet of anchor handling and subsea support vessels.

Directly meeting the needs of MSS, Inmarsat extended the terms of its Fleet Xpress service agreement to include IoT-based Fleet Data acquisition and uploading on separate Fleet Connect dedicated bandwidth across 30 vessels.

Fleet Data enables digitalisation across the full scope of vessel operations, using cloud-based analytics, which is agnostic of OEM-specific applications or sensor technologies. Owner-operators are free to choose which areas will benefit most from predictive analytics and decision-making. Fleet Connect provides always-available, dedicated bandwidth for specific vessel management applications.

By having the underlying Fleet Data service, Fleet Connect infrastructure and sensor data collectors installed on their vessels, Maersk have unlocked a portfolio of digital services which can be deployed to their fleet and brought to market in little-to-no time.

Fleet Data and Fleet Connect also offer a single IoT-based architecture capable of working with every OEM-supplied or stand alone analytics and management software in the market. The extended agreement is also allowing MSS to evaluate new vessel performance tools for selection, over 50 of which are available through Inmarsat's Certified Application Provider (CAP) programme.

New network investments from Inmarsat, such as ORCHESTRA, will have a beneficial impact on future service levels for the offshore maritime sector.

FLEET DATA AND FLEET CONNECT
Powering digital management tools

LISATION

Embracing digitalisation
with cutting-edge IoT solutions

OUR SOLUTIONS AND SERVICES: GLOBAL GOVERNMENT CASE STUDY

When a government end user, using a non-Inmarsat service, was experiencing unacceptable fluctuations in connectivity performance due to contention, it put their missions at risk. On presenting their dilemma to an Inmarsat Global Government Partner who is a Value-Added Reseller of Global Xpress and L-band services – it was clear that there was an Inmarsat solution that could satisfy their requirements.

The partner made initial enquiries about an Inmarsat lease product using specified antenna and modems, with hosted equipment at an Inmarsat Satellite Access Station (SAS).

Hardware was key to the requirement – size weight and power (SWaP) constraints were paramount to the installation due to space available on the mobile operational platform. The lease aspect was also key in ensuring maximum service availability and removing any issue in relation to contended space segment, whilst at the same time ensuring a desired level of data throughput which was vital to the mission profile of this customer.

Inmarsat reacted quickly to the requirement and even under the compromised working conditions created by the global pandemic, managed to carefully deliver a demonstration of the proposed solution and training in order to allow the partner to repeat a demonstration to their end user. The end user was immediately impressed with the overall solution and pressed to have this delivered as soon as possible.

As a bespoke lease solution, the Inmarsat Partner and hardware manufacturers shipped hardware at short notice and Inmarsat worked quickly to create a technical and commercial L-band lease proposal. In tandem the leasing and engineering teams readied the SAS for hosting the necessary equipment via Inmarsat's network and on to the partner's network infrastructure.

This example is one of many where Inmarsat works closely with its partners to deliver what the customer wants efficiently and effectively.

Collaborating to provide mission critical reliability where it's needed most

OUR SOLUTIONS AND SERVICES: U.S. GOVERNMENT CASE STUDY

To improve mission flexibility and efficiency while reducing the number of crew members on the aircraft, a United States Department of Defense (DoD) customer sought to migrate its airborne Intelligence, Surveillance and Reconnaissance (ISR) solutions from a wide-body aircraft to a more modern, smaller aircraft. This migration required global commercial and military (Mil) Ka-band access and SATCOM services that had to operate at higher rates and efficiencies than the previous wide-body aircraft solution, and over two times faster.

Meeting the customer's needs required a terminal that could be accommodated in the small space available on a business jet while providing excellent satellite link performance – requirements that were in tension.

Inmarsat Government arranged and oversaw a development programme for a new aero terminal with Value Added Manufacturing Partner Orbit Communication Systems, which resulted in the GX46 airborne SATCOM terminal, with Inmarsat type approval for use over the Global Xpress (GX) and the Mil Ka-band steerable network.

The GX46 is a modular, multi-role terminal that operates across commercial and Mil Ka-bands through a 46 cm antenna. It brings worldwide connectivity, supporting the full range of Ka-band frequency bands through Inmarsat's GX satellite coverage, Inmarsat's Mil Ka-band steerable antennas, or via Wideband Global SATCOM (WGS) system. The terminal is electronically switchable between systems and bands via Automatic Beam Switching (ABS) using industry standard OpenAMIP protocol, ensuring seamless operations.

Following successful integration of the antenna in the launch customer's SIL (System Integration Lab), the customer decided to outfit its entire fleet with this highly capable aero terminal and employ GX services, using the newly developed GX46 terminal. With substantially lower total cost of ownership (TCO), the DoD customer can now reduce the size of the aircraft and flight crew using smaller aircraft while also improving operational capabilities.

GLOBAL XPRESS AND MIL KA-BAND
Mission critical satellite link performance

Delivering greater flexibility and capabilities for airborne ISR government missions

SATILITY

OUR SOLUTIONS AND SERVICES: AVIATION CASE STUDY

Inmarsat's 2021 Passenger Confidence Tracker, the largest and most comprehensive global survey of its kind since the Covid-19 pandemic began, found that digital solutions that keep passengers connected and minimise their contact with cabin crew and fellow passengers can go a long way in boosting passenger confidence when returning to the skies.

Saudi Arabian Airlines (SAUDIA), the multi-award-winning national flag carrier of the Kingdom of Saudi Arabia and one of the Middle East's largest airlines, recognised the vital role of inflight connectivity to the modern passenger experience. And when it began looking for a reliable and seamless solution for its customers to remain connected and entertained while flying, it turned to Inmarsat.

In November 2021, SAUDIA announced that its upcoming fleet of 35 Airbus A321neo and Airbus A321XLR aircraft will offer Inmarsat's award-winning GX Aviation high-speed inflight broadband solution.

As well as being the first major inflight connectivity agreement in the Middle East since the pandemic began, SAUDIA will be GX Aviation's launch customer in Saudi Arabia; the first airline in the region to select Inmarsat's revolutionary new OneFi customer experience platform; and the first in the world to select GX Aviation's ultra-high performance next-generation terminal, developed with GDC Advanced Technology. This selection enables SAUDIA to provide a world-class digital experience for passengers.

The airline's first installation of GX Aviation is expected in late 2022 and once the service is live, passengers will be able to seamlessly browse the internet, stream videos, check social media, shop online and more during flights using their own personal devices.

GX AVIATION
High-speed inflight broadband solution

CONNECTED FLIG

Delivering a world-class digital experience for passengers as they return to the skies

POWERING RENEW

Powering renewable energy production with reliable connectivity

As concerns over climate change grow and natural gas prices soar, reducing society's reliance on fossil fuel powered electricity to ensure security of supply becomes imperative. Energy producers have been responding to the challenge by leveraging the Internet of Things (IoT) and the satellite communications that underpin it to maximise the amount of renewable energy they can make.

RWE is one of the world's leading renewable energy companies and Wales' largest electricity generator. It produces almost 1GW of renewable energy in the nation and is at the forefront of a low carbon future for Wales. The company's renewable energy operations include five hydroelectric power stations in the Snowdonia National Park, a region with significant rainfall making it a perfect place for harnessing water to produce electricity. However, its protected status as a national park and its remote and hostile weather conditions make it a particularly challenging environment to work in.

When RWE wanted valuable, precise, up-to-date information on conditions without anyone needing to venture out, it turned to specialist satellite and IoT technology-as-a-service provider Ground Control and Inmarsat.

Working together we deployed four energy-efficient, solar-powered, IoT-enabled hydrological stations across RWE's catchment areas. Each measures and records water levels, precipitation, air and water temperatures and relative humidity. All this is underpinned by Inmarsat's ELERA network for IoT, which provides seamless, secure narrowband connectivity for global mobility that is reliable in all weather conditions, with 99.9% availability.

The data gathered at each hydrology station, powered by Inmarsat's BGAN M2M service, enables RWE to generate power more efficiently. For RWE, having near-real-time visibility over water levels and flow rates has been a game changer. Accurate, real-time data from the BGAN-enabled hydrology stations enables it to make the right decisions at the right time to make as much renewable energy for its customers as possible.

2021 PERFORMANCE REVIEW

All our business units delivered growth in the year

REVENUE

Growth in all business units

Total revenue for the year-ended 31 December 2021 increased by $80.3m (6.3%), to $1,352.4m from $1,272.1m for the corresponding period in 2020, reflecting growth in all business units. The overall increase was partially offset by $33.3m received from Ligado in Q2 2020 which was nil in 2021 following amendments 5 and of 6 the co-operation agreement, agreed in June 2020.

MARITIME

Revenues continue to stabilise

Revenue continued to stabilise, increasing by 3.2% ($15.5m) including new revenue from Speedcast customers acquired in January 2021. $11.8m of new revenue related to Speedcast was recognised including $5.3m which is non-recurring and is related to installed terminals in Q1 2021. Excluding these new Speedcast revenues, revenue increased by 0.8% ($3.7m) reflecting continued strong growth of Fleet Xpress (FX) now exceeding the decline of FleetBroadband (FB). FX vessels increased by 20% (9,800 to 11,800) in the year. FX average revenue per unit (ARPU – defined as revenue per average number of active vessels for the period) decreased by 7% ($1,940 to $1,810) as Inmarsat wholesale partners continued to provide an increasing share of revenues. FB vessels decreased by 13% (25,600 to 22,200) as customers migrated to FX and other third party Very Small Aperture Terminals (VSAT) services, FB ARPU declined by 6% ($647 to $609) as migrations remained skewed to the higher value customers.

GOVERNMENT

Sixth consecutive year of revenue and earnings growth

Revenue increased by 10.8% ($47.9m). Strong U.S. Government revenue, rising by 12.8% ($39.7m) following high op tempo, new business, higher equipment sales, expanded mandates and high stage payments on one large contract. Outside the U.S., revenue increased by 6.2% ($8.2m), with growth in Global Xpress (GX) and managed services revenue from higher usage and activations from both new and existing business, however this was partially offset by lower usage of L-band services and lower equipment sales.

> Total revenue for the year-ended 31 December 2021 increased by $80.3m (6.3%), to $1,352.4m from $1,272.1m for the corresponding period in 2020, reflecting growth in all business units.

AVIATION

Strong recovery in Core business, IFC steadily improving

Revenue increased by 27.3% ($48.7m) reflecting ongoing recovery in the aviation industry. Core Aviation revenue, comprising Business Aviation (BGA) and Aircraft Operations and Safety services (AOS) continued their strong recovery and were 34.7% ($45.8m) higher than the corresponding period in 2020. The number of installed Jet ConneX (JX) aircraft increased by 26% (884 to 1,118). InFlight Connectivity (IFC) revenue and airline activity continues to steadily improve with revenue increasing 6.3% ($2.9m) reflecting more aircraft returning to service, but nevertheless activity remained low. The number of IFC installed aircraft increased by 6% (806 to 853) after adjusting for the loss of 109 aircraft due to Norwegian Air Shuttle falling into bankruptcy in Q2 2021.

EBITDA

EBITDA for the year-ended 31 December 2021 increased by $40.4m (5.8%), to $738.9m as compared to $698.5m for the corresponding period in 2020. This reflected revenue growth in all business units, offset by higher costs in support of revenue growth and for work in relation to the Viasat acquisition.

ENTERPRISE

Year-on-Year growth from a highly diversified portfolio

Revenue increased by 1.8% ($2.0m), driven by new lease contracts and satellite phone handset sales. Market pressure on the legacy product base remained during 2021.

LOSS AFTER TAX

Loss for the year-ended 31 December 2021 is $152.9m as compared to $215.7m for the corresponding period in 2020. This reflects higher EBITDA, offset by net financing costs and a $175m deferred tax charge in relation to revaluation of the UK deferred tax liability from 19% to 25% following enactment of the change in the UK headline tax rate from April 2023.

CASH CAPEX

Cash capital expenditure increased by $68.4m for the year-ended December 31, 2021 to $356.3m as compared to $287.9m for the corresponding period in 2020. This was driven mainly by the timing of contractual payments on major infrastructure investments, including the I-6 F1 launch in December 2021.

ENGAGING WITH OUR STAKEHOLDERS: S172 STATEMENT

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

Connect Bidco Limited is a Guernsey incorporated entity with a registered establishment in England and Wales. As a Guernsey incorporated entity, we are not required to make a section 172 statement however, we have chosen to do so in line with best practice and our Corporate Governance Policy. Section 172 of the Companies Act 2006 requires the Directors to take into consideration the interests of stakeholders in their decision making. 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 corporate governance statement on pages 49 and 50 and the stakeholder statement on page 58 to 60.

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 our employees 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, principally through our Global Workforce Advisory Panel (GWAP) – a body set up in line with requirements outlined in the updated Financial Reporting Council's UK Corporate Governance Code. The GWAP is made up of 12 workforce 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 our workforce on proposals and issues which affect our people, recognising barriers and enablers and helping to address them. The GWAP have been instrumental in developing our new flexible ways of working as we move to a new hybrid working model, and in engaging employees regarding some key changes to the way we work globally. They have also continued to provide invaluable feedback about workforce morale and wellbeing as we navigated the challenge of the pandemic and the gradual return to a more normal environment when and where circumstances permit. 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 with other, local employee bodies in accordance with local requirements and best practice. In terms of wider employee engagement programmes our CEO has oversight and delegated responsibility for all other activity through the Chief People Officer. Through the People Strategy, there is a proactive communications and engagement programme, supporting open and honest dialogue with the global workforce and formal employee representative bodies. Regular Board papers concerning employee engagement are prepared for the Board, and more frequently during the pandemic period.

Stakeholder	Why we engage	How we engage
Employees (cont.)		The CEO through the Chief People Officer continued to make our people a focus in 2021, there was a global programme of engagement and support as we navigated a number of significant business changes: the announcement of a new CEO and resulting changes to operating model and strategic focus, the transition to a hybrid working model and ongoing internal transformation. Later in the year this also included the announcement of the plan to combine with Viasat. Our employee engagement scores have decreased slightly during 2021, owing to the sustained challenges of the pandemic and organisational changes during the year. However, the score still remains robust and close to the score in December 2019, and is still ahead of previous years. We continue to actively consider the outcome of engagement surveys and adjust our actions accordingly. We are currently focused on ensuring alignment to our new business strategy, adjustment to a new hybrid way of working and leveraging our culture to drive our focus on customer centricity and simplification.
Customers	By working collaboratively with our customers, we develop innovative solutions to meet their 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 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 satisfaction surveys in 2019 to initiate what we expected to be a productive and ongoing dialogue about our customers' experience of working with us. The feedback they share allows us to focus on the improvements that are most important to them and also, understand if the improvements we have implemented have been well received. Our Customer Satisfaction score this year remained the same as in 2020 whilst our Net Promoter Score dropped slightly. In 2019 and 2020 we saw an improvement in satisfaction scores, however despite efforts made since our last survey in October 2020, the 2021 scores have remained flat. Customers told us that our network coverage, service reliability and portfolio of products are valued, and that we could further enhance our self service and billing experiences. We analyse the feedback in detail to help us to better understand what our customers value most from our products and services, along with which aspects make them happier and more loyal. This year we were fortunate that 50% more respondents left a comment which helps us to better understand the scores given. This analysis shapes the improvement initiatives we invest in and how we drive differentiation between ourselves and our competitors. Customers feedback is key to help us to drive targeted improvement. Continued regular insights through customer interviews and advisors boards will enable us to further enhance the customer experience. Being a customer-centric organisation not only delivers a world class customer experience, but also supports our growth in the marketplace, ensuring that Inmarsat continues to be world leading.

ENGAGING WITH OUR STAKEHOLDERS: S172 STATEMENT CONTINUED

Stakeholder	Why we engage	How we engage
Partners	We recognise that a collaborative approach to innovation and the use and capabilities of our technology can often accelerate time to market, reduce costs and create differentiation. We recognise that our service is mission critical to our partners and the reliability of our service is essential for them and their customers.	The Board engages with our Partners through the CEO and receives regular information about partners in Board reports and other business reports. We engage with our partners through our virtual and hybrid conferences. We held three virtual conferences last year which were attended by over 1,500 Partners. The conferences provide us with a platform to share key information with our Partners and to answer their questions. During 2021 we updated the Partner portal to make it easier for Partners to access key marketing material.
Shareholders and Lenders (Our Investors)	We have a clear responsibility to engage with shareholders and lenders to our business. Our shareholders' views are an important element of our strategy.	We keep our shareholders regularly informed through our Governance frameworks while lenders receive quarterly updates and a presentation on the performance of the organisation from the CFO. There is an opportunity for lenders to ask questions on the financial performance of the business at the end of each presentation. Lender consensus is fed back directly to the Board as part of the routine financial update agenda item.
Suppliers	Supply chain integrity is a critical part of our business as we rely on our suppliers to help meet our customers' needs as well as drive some of our strategic longer term initiatives that deliver competitive advantage.	We engage with our suppliers via our Procurement team and other functions such as Legal and Compliance. During Covid-19 times, just like most other companies that use technical components in their supply chains, we have experienced component and labour shortages with our suppliers and their supply chains. Our Procurement and Supply Chain teams have worked tirelessly with suppliers to find extra raw materials and components, source alternative components and re-engineer existing terminals, which has largely mitigated risks and protected revenue. The Supplier Relationship Management programme is now established with our top seven strategic suppliers. This enhanced management strategic focus has already seen real value both in holding suppliers to account on delivery as well as helping our technical and strategic advancement to deliver customer value and market share. In addition, we continue our focus on the financial stability of suppliers ensuring compliance to our supplier code of conduct and a re-invigorated focus on sustainability. The Board receives information through Board reports and annually reviews our strategy and performance in respect of the requirements of the Modern Slavery Act. The Board reviews the payment practices of the Group as part of routine financial updates. For the full year 2021, 83% of suppliers were paid on time (2020: 87%). The 4% decrease may be attributed to issues with new automation technology, which is expected to be fully resolved during 2022.

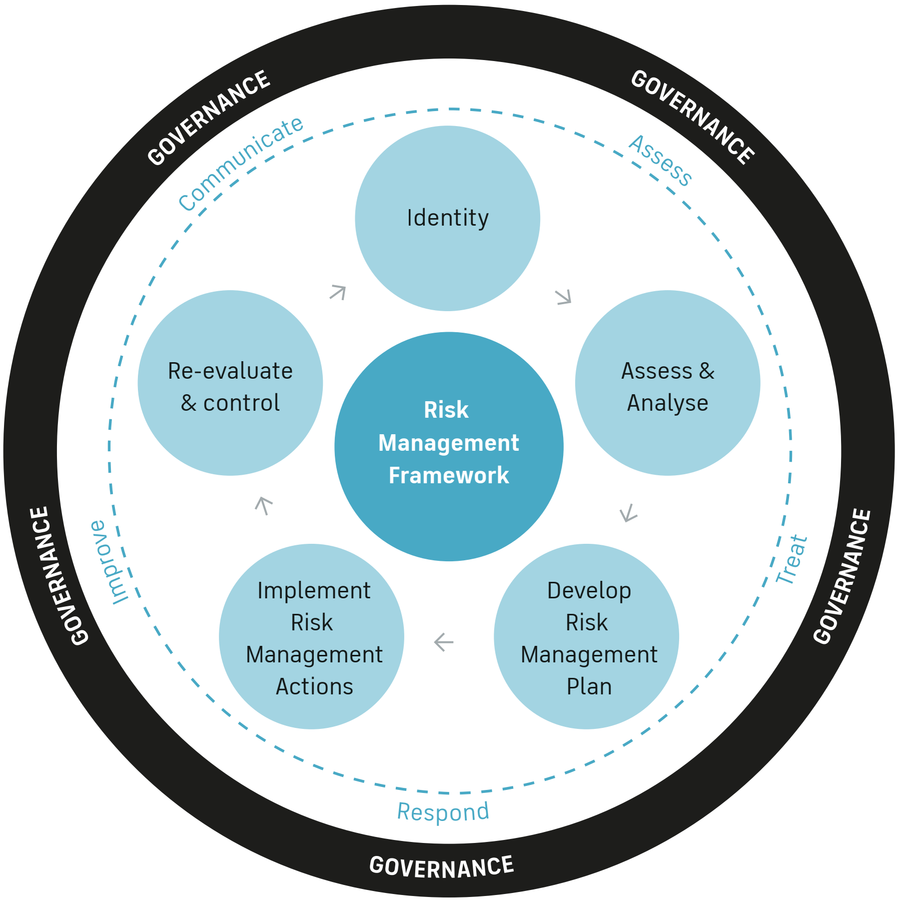
Stakeholder	Why we engage	How we engage
Local Communities	Communities rightly expect local employers to operate safely, effectively and sustainably and to give back to society.	We engage with local communities through our local offices and sites. The Board, through the CEO, who delegates oversight to the Chief People Officer, receives regular information in the CEO's Board reports and in other Board reports.
	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.	The Chief People Officer oversees a global local outreach programme of promoting STEM careers to women and girls and tackling social mobility through partnerships with schools and targeted organisations. As in 2020, Covid-19 has challenged the execution of this programme, however our STEM outreach remains important to us. We continue to partner with the Maiden outreach programme (www.themaidenfactor.org) supporting them to help drive awareness and understanding of STEM subjects with the communities they work with, however this project was suspended in February 2020 due to Covid-19. It has resumed in 2022 and we will provide further details in next year's report. In April 2020 all educational engagement activity was suspended due to Covid-19. We continued to liaise with schools but were unable to offer work experience placements or STEM initiatives. Whilst we were not able to have the impact we had planned in 2021, Covid-19 provided us with the opportunity to rethink how we engage with young people and we developed a range of offerings to enable greater geographical reach and a broader range of initiatives that can be delivered virtually as well as in person when appropriate. The impact of this will mean our programmes are more inclusive (more access to young people from across the globe, particularly benefiting those from disadvantaged backgrounds) with stronger links to the STEM national curriculum.

RISK MANAGEMENT

AN OVERVIEW OF OUR RISK MANAGEMENT FRAMEWORK

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

Risk comes hand-in-hand with business opportunity. Risk is not something that should be driven out of the business but rather something to be identified, intelligently assessed and managed. The aim is not to eliminate all risks, but to foster a culture supportive of effective risk management by encouraging appropriate risk-taking to achieve our objectives. The Group's approach to risk is bought together in an overarching risk management policy. This policy, together with the risk management framework for 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 our compliance with the ISO 27001 standard and accreditation. The policy sets out our risk appetite as well as roles and responsibilities of risk team members.



Roles and Responsibilities:

The Board	Audit Committee	Executive team	Business lead	Central Risk Committee
Responsible for annually reviewing the risks and risk management processes to ensure that they meet their requirements	Review the Group's internal control framework Monitors exposure	Approve risk management policies, processes and tools Review quarterly risk reports and ensure mitigation steps are actioned	Responsible for the identification, assessment and implementation of mitigation activities for internal and external risks that may impact the ability of their division to meet company objectives	Understand the relationship of risks across business activities and ensure actions taken to mitigate risks are considered, implemented and maintained as appropriate Act as a Risk Champion in their respective department, promote a risk mentality and ensure that mitigation activity is being actioned and coordinated

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 in the following pages.

Brexit

The impact of Brexit is not significant in terms of overall risk to the Group.

We maintained our Brexit steering group over the course of 2021 and this group continues to meet on an ad-hoc basis when required to ensure there remains a focus on ongoing Brexit decisions taken by the UK Government.

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

Covid-19

Covid-19 continued in 2021 to present 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 (CVRMG) was in place over the course of the year, and can be quickly reconvened, to provide an agile response to any future Covid risks.

The team met frequently to consider all impacts across the business with the focus based around the wellbeing of our employees and ability to work at home safely and maintaining business as usual as much as possible. This team reported to a specially created sub-group of the Executive Management team. These activities allowed us to maintain business continuity and so ensuring sufficient financial liquidity to the organisation.

Whilst the economic outlook remains uncertain following the impact of Covid, drawing on the information known to the business, the Executive Management team 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 contributed to the Group producing solid results in 2021. The actions taken during the Covid pandemic position the Group well for future growth.

Sharp reduction in air traffic

The risk of a sudden drop in aviation traffic crystallised in 2020 due to the impact of Covid-19 and the sudden drop in demand for air travel. This has continued to prove challenging through 2021. 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' in our current risk register which has been reassessed risk based on the current climate for air travel.

Climate Change

Changes in climate that can affect the future of the business is an emerging risk. We have an enthusiastic sustainability committee in place, which reviews, for example, weather action plans and procedures to manage any impact to our operations. Science-based Targets have been approved by the Board and submitted for validation to Science-based Targets Initiative. We will implement initiatives to achieve the agreed target throughout 2022 and beyond with procurement of goods and services being a significant focus area. We have also carried out TCFD (Taskforce on Climate Related Financial Disclosures) scenario analysis, supported by our sustainability partner Carbon Intelligence, to assess business resilience under multiple climate scenarios and to test strategies and prompt longer-term strategic thinking about climate risks and opportunities. We are now focussed on building a roadmap to improve the depth of scenario and risk analysis. More information on TCFD can be found on pages 68 and 69.

Viasat

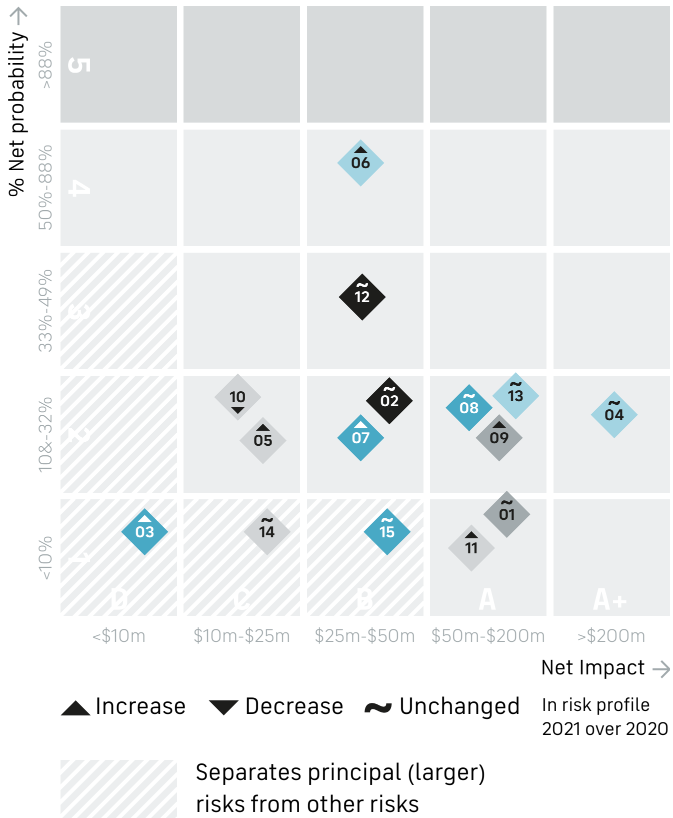
On 8 November 2021 we announced the acquisition of Inmarsat by Viasat Inc. Closing is subject to Viasat shareholder approval, customary approvals and obtaining other regulatory filings. The initial assessment of risks of the pre-completion period of the acquisition on our business will be in the areas of people, customers and suppliers and we will monitor this during 2022.

Russia and Ukraine

Before the Russian invasion of Ukraine, we had set up a crisis management team to manage the business response. This team brings together compliance, network and satellite operations, cyber security, IT, HR, legal, and other disciplines to maintain a close review of daily developments. More information on this can be found on page 62 of the Directors' Report.

PRINCIPAL RISKS

This section introduces details of our principal risks showing the description and mitigation we take. The table below summarises where these risks sit in our principal risk matrix summary as at 31 December 2021 and shows the change in the risk profile over 2020.



	PRINCIPAL RISKS	REASON FOR CHANGE
	STRATEGIC	
03	Mergers & Acquisitions	The risk has increased following the announcement of the acquisition of Inmarsat by Viasat Inc and that there will be a period of time for customary clearances and filings which may create a period of uncertainty for staff and our ecosystem
07	Geopolitical	This risk has increased due to the pressures of the ongoing geo-political issues between different nations, the additional tightening of sanctions and potential impact on our operations.
08	Business Optimisation	No significant change.
15	Environmental Social & Governance	No significant change.
	FINANCIAL	
01	Financing, Liquidity & Investment Risk	No significant change.
09	Major Supplier / Channel Partner Failure	This is risk has increased but staying in the same quadrant. The risk increased due to the impact of Covid-19 on businesses and the global shortage of component parts impacting our supply chain.
	COMMERCIAL	
04	Market size	No significant change.
06	Competition	This risk has increased but the overall quadrant remains the same. The increase in risk is due to LEO operators being more active, all network operators are continuing to introduce capacity.
13	Customer expectations not met	No significant change.
	TECHNOLOGY	
02	Technology and Innovation	No significant change.
12	Spectrum and Regulatory	No significant change.
	OPERATIONAL	
05	People	This risk has increased but staying in the same quadrant. The risk has increased due to the uncertainty around the impact of the Viasat acquisition as well as industry wide voluntary turnover.
10	Legal, Compliance & Governance	The legal risk has decreased but remains in the same quadrant. This risk has decreased due to favourable legal outcomes in 2021.
14	Major Operational Failure	No significant change.
11	Major security or Cyber Event	This is risk has increased but staying in the same quadrant. The risk has increased due to the threat landscape continuing to worsen with significant increase in ransomware and 3rd party risks.

STRATEGY

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
MERGERS & ACQUISITIONS	— Failure of due diligence process in acquisitions leading to discrepancies in revenue generation and expected returns — Integration and operation post-acquisition is poorly managed	1, 2, 3, 4	— This risk is subject to the availability of suitable M&A opportunities and considers our failure to acquire targets at a sensible price and/or failure to integrate and operate them successfully post deal completion	▲

Mitigation

- We are focused on professional due diligence during the acquisition process
- We ensure we develop, resource and execute comprehensive transaction processes, integration and synergy delivery plans
- We include appropriate liability protection in transaction documents. We use third party specialist advisors when required
- We develop integration plans for use on and post the acquisition completion and ensure periodic review of lessons learned
- We prioritise workload to meet the requirements and also look at bringing in external experts when required

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
GEOPOLITICAL	— Restricted access to key regional markets — Restrictions on licences being approved for regional markets — Impact of global government actions affects how we provide our services	1, 2, 3, 4	— Failure to identify large downturns in the world economy and/or restrictions on accessing key markets, resulting in a negative impact to the business and the execution of our strategy — Failure to be able to operate across global markets due to political restrictions	▲

Mitigation

- We assess and manage new risks which arise from political decisions including protectionism that potentially could impact our business
- We build strong relationships with in-country partners to understand how to work with them to manage business uncertainty and how to develop revenue opportunities
- Geopolitical factors are considered alongside other PESTLE factors as part of management reviews
- The Proxy arrangements for Inmarsat Government allows the company to manage its business in accordance with U.S. requirements allowing it to compete for U.S. government business
- We look at light touch product development opportunities to support a "made local" requirement which supports overall relationship building
- We have built into our internal practices the gathering of insights covering the different geographical regions we trade in
- We have in-house experts who understand sanctions and their implementation
- We continuously review and adapt our strategy in reaction to developing political or economic situations

Strategic priorities

1 Maintain and grow the core business

2 Extend into near adjacent market

3 Drive innovation and differentiation of our services

4 Sharpen customer and distribution focus

Trend

2021 over 2020

▲ Increase

▼ Decrease

~ Unchanged

STRATEGY

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
BUSINESS OPTIMISATION	— Optimal exit strategy is not achieved — Business planning and continuity is not executed effectively — Short termism is preferred over long term position	1, 3, 4	— Failure to have a plan to deliver the optimal outcome for all stakeholders — Failure to execute the agreed plan to time and budget	~

Mitigation

- We prioritise focus areas and align all company activities to support agreed priorities
- We have an annual strategic planning process in place which includes development of budget and long range business plans and ensures headroom vs the debt covenants over the 5 year planning period
- We maintain an ongoing dialogue with our relationship banks, the credit agencies and the investment community to ensure that internal and external expectations are aligned. This includes holding investor calls to communicate our quarterly results
- The organisation continuously reviews and adapts its business focus in reaction to developing political or economic situations
- We are putting in place the simplification of operating processes and project delivery in line with industry best practices and a standard operating framework
- We critically review our business cases before we proceed and assess our progress against the original business case
- We evaluate performance against the budget, financial covenants and banking headroom each month and update the current year forecast monthly

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
ENVIRONMENT, SOCIAL & GOVERNANCE	— Disruption to infrastructure / operations as a result of adverse weather events and climate change — Political and regulatory environment — Brand Reputation is damaged by company actions — Our Crisis Management response is not effective	1, 2, 3, 4	— Failure to run our operations in a sustainable way by assessing the environmental impact of our operations, which may result in damage to our corporate reputation or investor confidence — Failure of having poor governance processes in place which impact business outcomes	~

Mitigation

- We have 'severe' weather action plans and procedures to manage the impact of our operations
- Our Science Based Targets have been approved by the Board and submitted for validation to the Science Based Target Initiative.
- The Group has a formal, documented and externally verified approach for reporting on carbon emissions and energy
- We have set our Science Based Targets to reduce emissions by 2030 and implement ISO 20400 sustainable procurement diagnostic to target emission reductions in the supply chain
- TCFD Gap analysis has been completed and we are working to identify opportunities and mitigations of climate related risks
- We have policies and annual training on areas covering anti-bribery and corruption, export control and whistleblowing
- We regularly seek feedback from customers and our professional advisors on our activities
- We have an ongoing review of our business continuity and crisis management plans
- We document lessons learned processes through exercises in crisis management or incidents to improve prevention, business continuity and recovery procedures
- We have identified lessons learned from the Covid Crisis Management Group and improvements have been put in place
- We have an appropriate insurance programme in place to mitigate the financial consequences of events where practicable

FINANCIAL

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
FINANCING, LIQUIDITY & INVESTMENT	— Capital structure/funding availability or inability to access capital markets — Increased cost of debt — Foreign exchange risk — Bank failure/bank systems failure — Payment error	1, 3, 4	— Failure to have sufficient funds available to support the growth agenda (opex, capex, M&A) at an appropriate cost and on an acceptable timeline, affecting our ability to meet the company's strategic objectives	Unchanged

Mitigation

— We have a sound control framework and experienced Treasury capability in place and maintain close relationships with the credit rating agencies
— We are implementing a software tool (Blackline) to track controls and increase visibility
— We have natural long term currency hedges in place to ensure that the majority of revenues, costs, capital expenditure and debt funding are USD denominated
— Multiple reviewers verify bank details for standard and non-standard requests
— The majority of payments are processed via BACs with no manual intervention
— There are robust notification plans in place if we are unable to bill/invoice customers or pay suppliers. Customers remain contractually liable even if billing/invoicing is delayed
— We have a robust revenue assurance process

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
MAJOR SUPPLIER/ CHANNEL PARTNER FAILURE	— A reliance on a limited number of suppliers — A reliance on our distribution channel — A reliance on a limited number of suppliers delivering material services	1, 2, 3, 4	— Failure of a critical supplier or channel partner to deliver their services which may affect our ability to generate revenues. A failure of one could also impact the availability of technology platforms, equipment supply or support capability	Increase

Mitigation

— We maintain contractual options with multiple launch vehicle providers and keep several launch options available to maintain launch vehicle flexibility until late into the spacecraft manufacture process
— We are continuously looking to widen the scope and number of manufacturers of terminals
— We implemented a Supplier Relationship Management framework to drive best financial and technical performance and to provide early insights of divergence in joint strategic goals
— We promote fair play in our distribution channel
— We will implement a new channel strategy to drive greater engagement with all partners
— We constantly look for powerful additions to our channel partner community in light of changing market dynamics. We continue to work dynamically with existing partners to grow their revenues

Strategic priorities

1 Maintain and grow the core business
2 Extend into near adjacent market
3 Drive innovation and differentiation of our services
4 Sharpen customer and distribution focus

Trend

2021 over 2020
Increase
Decrease
Unchanged

COMMERCIAL

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
MARKET SIZE	— Changing customer demand — Commoditisation of our products and services — New competitive threats impact our business	1, 2, 3, & 4	— Failure to gain access to a minimum available market in a timely manner in order to fulfill shareholder expectations and to support the growth agenda. — Failure to respond appropriately to market conditions to protect the business against areas such as low / flat growth, changes in consumer behaviour and requirements, M&A activities of others and loss of spectrum slots	~

Mitigation

- We are focused on Increasing the impact and quality of our business and market intelligence
- We proactively react to new competitive threats
- We focus on reinforcing our market focus and customer intimacy through our Business Units
- We are continuously looking to increase our operational agility, to optimise the mobilisation of our network capacity to leverage cost/bit capabilities
- We broaden our market presence beyond pure connectivity to capture new value-added services to include connectivity+ capabilities, managed services and related activities, and digital capabilities and partnerships
- We perform ongoing and adhoc contract review assessments

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
COMPETITION	— New competitors enter the market — Existing competitors improve offerings — Competitor pricing may be more compelling to a customer	1, 2, 3, & 4	— Failure of the company to not respond to actions of a competitor which impacts our strategic objectives. These may be new entrants or established players in the satellite communications who introduce disruptive business models or technology	▲

Mitigation

- We differentiate our products to ensure we appeal to our customers' needs
- We obtain in-country market access for our distribution channel as far in advance as possible and make licensing requirements as straightforward as possible for our partners
- We proactively support satellite operators in forums where appropriate to defend broader satellite interests from use by terrestrial operators
- We develop commercial strategies to retain customers effectively, driving product capabilities or revised commercial offers in response to customer insight feedback
- We continuously monitor technology, competitor and market developments
- ELERA and ORCHESTRA work is underway to showcase our services
- We invest in market intelligence to understand longer term pricing dynamics, and plan our response in advance
- We have simplified our standard contracts and pricing in order to make it easier to do business with us
- We introduced new services with common technologies

COMMERCIAL

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
CUSTOMER EXPECTATIONS NOT MET	— Customer data demand exceeds over capacity — Customer requirements cannot be met — We lose customer engagement to competitors	1, 2, 3, & 4	— Failure to meet the expectations of customers, either through lack of competitive products or failure to understand customer requirements, leading to a loss of revenue and failure to capture market opportunities	~

Mitigation

- We continuously optimise the mobilisation of our network capacity to leverage cost/bit capabilities which has a financial benefit for the business
- We broaden our market presence beyond pure connectivity to embed our core value-add to the customer
- We manage customer data demands in line with our commercial strategy, deploying and using satellite capacity resource management tools
- Our business analysts prioritise capturing customer experience requirements and technical requirements in our offer development phase
- Customer surveys are regularly undertaken to understand core issues and provide resolutions
- We work hard to reinforce our market focus and customer intimacy
- We are establishing customer boards to amplify their voice within our business
- We invest in new satellites to meet customer capacity demands. We adapt our product and services portfolio to address technological developments

Strategic priorities

1 Maintain and grow the core business

2 Extend into near adjacent market

3 Drive innovation and differentiation of our services

4 Sharpen customer and distribution focus

Trend

2021 over 2020

▲ Increase

▼ Decrease

~ Unchanged

TECHNOLOGY

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
TECHNOLOGY & INNOVATION	— Low Earth Orbit (LEO) satellite operators impact our revenue growth — Disruptive technology impacts our services — Competitive products are appealing to our existing customers	1, 2, 3, 4	— Failure to deliver value/create value from investment in disruptive technologies needed to meet our customers' needs — Failure to create breakout opportunities in a timely manner — Failure to invest in new technologies will lead to reduced opportunities for growth and potential loss of our existing customer base	~

Mitigation

- We have developed a broad portfolio of products and services to address customer requirements and opportunities in several markets. This makes us more resilient to competitor developments
- We have ELERA (L-band) developments underway including next generation terminal activities
- We monitor technology, competitor and market developments and adapt accordingly
- We regularly review alternative sources of supply
- We regularly improve the efficiency of our spectrum usage through innovation and system enhancement
- We maximise spectrum opportunities where possible
- Our Business Units provide pipeline assessment to allow future capacity assessments to be performed

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
SPECTRUM & REGULATORY	— Market licenses may not be obtained — We may not secure the orbital slots — Regional SAS licenses may not be issued — Spectrum costs may be excessive — 5G deployment may impact our service offerings	1, 2, 4	— Failure to obtain adequate orbital slots and frequency filings, failure to obtain country by country market access licenses hinders deployment of our services — Deployment of terrestrial networks impact our existing and any planned infrastructure	~

Mitigation

- We work closely with in-country partners/regulators to secure licenses and market access to allow our services to be operated in key countries
- We engage with and support regulators to defend our licences against 5G demands
- We work with regulators globally through ITU forums
- We proactively make ITU filings for orbital slots through several national administrations for our short and long term spectrum and orbital slot requirements
- We work closely with regulators to source network licenses in the market and secure licenses early wherever possible to grandfather spectrum
- We regularly improve the efficiency of our spectrum usage through innovation and system enhancements
- We take responsibility for updating regulators and governments about the socio economic contribution of our mobile satellite services

OPERATIONAL

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
PEOPLE & TALENT	— We do not attract talent or retention of employees in critical roles — We do not have robust succession planning in place — Leadership engagement and capability declines — Resource allocation is not optimised	1, 2, 3, 4	— Failure to put in place in a timely manner the necessary people capabilities to find, acquire, negotiate, integrate and successfully operate new business opportunities including accessing third party capabilities for M&A — Failure to invest in the key skills required to maintain competitive advantage in the current business environment, resulting in insufficient capacity or capability to deliver the core business plans and establish effective organisational structures — Failure to attract candidates and put in place a diverse workforce	▲

Mitigation

- We review succession plans for critical roles and put in place development plans for employees identified as having steep growth potential
- Our employee value proposition focuses on career development, training and reward to ensure we have an engaged and motivated workforce
- Our 2021 D&I survey set the base to measure progress for future survey results
- We implement our People strategy where we identify key employees, skills and skills gaps to manage human resources effectively
- We have introduced a compressed working week offering which has been well received
- We delivered a comprehensive communication and engagement plan around return to office work and future working patterns during and post Covid.
- We have taken comprehensive steps to ensure employee health and wellbeing is promoted and to support employees transitioning to remote working
- We are committed to a D&I environment which encourages employees to collaborate in an inclusive way

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
LEGAL, COMPLIANCE & GOVERNANCE	— New laws and regulations impact how we operate — Litigation claims increase — Compliance and governance regulations increase in complexity	1, 3	— Failure to comply with laws, regulations and governance requirements which would result in fines, loss/damage of reputation and potential litigation claims — Failure to meet compliance requirements and standards could result in fines and penalties and reputational damage	▼

Mitigation

- We maintain awareness of new legislation by legal horizon scanning
- We introduce new policies and training into the business when relevant
- We have strong external advisors and in-house experts in place to advise the business and help mitigate legal and compliance risks
- Our legal team provides regular litigation protocol training to the business as well as annual refresh training for all employees
- We ensure that legal, compliance and governance teams are involved from the outset of any new projects to ensure risk is managed and mitigated
- We have compliance programmes and training in place for anti-bribery and corruption, export controls, sanctions and whistleblowing
- We maintain and update our policies and processes regularly

Strategic priorities

1 Maintain and grow the core business

2 Extend into near adjacent market

3 Drive innovation and differentiation of our services

4 Sharpen customer and distribution focus

Trend

2021 over 2020

▲ Increase

▼ Decrease

~ Unchanged

OPERATIONAL

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
MAJOR SECURITY OR CYBER EVENT	— Information security is breached — Supply chain vulnerability impacts our business — A strong security culture is not in place	1, 3	— Failure to secure satellites, networks, information, data, systems, processes and services which could impact business objectives, services to customers, performance and reputation	▲

Mitigation

- We maintain industry standard security measures and meet regulatory requirements through in depth, state-of-the art counter measure monitoring and enhanced cyber security operations including a dedicated 24/7 Cyber Security Operations centre
- Due to increasing scale, complexity and sophistication of cyber threats we maintain a continuous improvement programme to maintain risk appetite and reduce risk in targeted areas
- We undertake an independent maturity assessment against the NIST framework and maintain accreditations including ISO 27001 and Cyber Essentials (Plus)
- Our mitigation strategy is informed by feedback from commercial and government organisations
- We maintain a level of insurance cover where available to reduce the financial consequences of a cyber event
- The ISO27001 standard was met and renewed in 2021 and our certificate has been reconfirmed
- We maintain a broad and sophisticated cyber security awareness programme, including mandatory training and employee confirmation of understanding our obligations
- We maintain policies, guidelines and standards consistent with a positive security culture and embed security assessments in key elements of project initiation and at each stage of a project's deployment

Principal Risks	Sub Risks	Link to Strategy	Background & Impact	Trend
MAJOR OPERATIONAL FAILURE	— Major Space or Ground Segment failure — Major business system failure — Major failure in service delivery network or supply chain — Business continuity is not effective	1, 3	— Failure of one or more critical systems or assets disrupts our ability to operate and results in a failure to meet designed resilience levels and customer commitments or we lose key business systems resulting in a loss of revenues, supplier or reputational impacts	~

Mitigation

- We have services and related infrastructure (including satellites) which are designed, built and maintained with an acceptable level of redundancy and resilience, and are continuously reviewed in accordance with life cycle management practices
- Our space asset operation is in line with manufacturer instructions and industry best practices, with protection against space weather and debris enhanced through participation in industry and international bodies
- Our global operating model includes satellite and network operations centres, with established back ups, distributed teams, site and infrastructure redundancy at defined levels, and skills and capabilities retained and developed as required
- Our IT investment strategy is based on commercially available software products wherever possible
- Inmarsat operates a broad regional service and global partner network to mitigate localised disruptions and enable alternative operating approaches
- Our operation of supply chain management techniques include multi sourcing, variants and alternate suppliers to minimise single source or component exposure

DIRECTORS' REPORT

REPORTING IN ACCORDANCE WITH OUR CORPORATE GOVERNANCE POLICY

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

PURPOSE AND BOARD LEADERSHIP

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

BOARD COMPOSITION

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

DIRECTOR RESPONSIBILITIES

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

OPPORTUNITIES AND RISKS

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

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

Our strategic priorities and values reflects how we deliver our vision. The table set out in our section 172 statement of page 30 to 33 sets out some of the engagement that takes place with key stakeholders.

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

GOVERNANCE AND LEADERSHIP

Corporate governance statement.

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

The Board of Connect Bidco Limited is pleased to present its Corporate Governance Statement for the period to 31 December 2021. 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 continued to follow the Corporate Governance Policy it adopted in 2021. Our Corporate Governance Policy is a combination of both the Wates Principles for Large Private Companies and our own pre-existing governance frameworks which provide detailed governance principles reserved for the Board and its subsidiary boards. These matters are strictly reserved to ensure the Directors and subsidiary directors can demonstrate sound and competent execution of their statutory duties (including oversight of the management of relationships and engagement with stakeholders on their behalf) in accordance with applicable legislation.

The Board has deemed the Corporate Governance Policy appropriate to use instead of the Wates Principles as it reflects the ownership structure and utilises the pre-existing and overarching corporate governance frameworks that were operational during the time Inmarsat was a listed business on the London Stock Exchange. The Board considers these frameworks and delegations to be effective to enable the Board to discharge their statutory and fiduciary duties appropriately. The Corporate Governance Policy created a framework to capture key corporate governance protocols, subsidiary governance protocols and a principal decision process, as set out in the section 172 statement on pages 30 to 33 of the Strategic Report and pages 58 to 60 of this Directors' Report.

HOW THE BOARD OPERATES

To ensure effective governance, the Board has structured its governance framework as noted on page 51. The Board has established Committees to assist it in exercising its authority. The permanent Committees of the Board are the Audit and Remuneration Committees. Each Committee has Terms of Reference under which authority is delegated to it by the Board.

The Company has established a Board with a balance of skills, backgrounds, experience and knowledge required to compliment the promotion of the long-term success of the Company and to identify the impacts of the Board's decisions on 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 pages 55 to 57 of this Directors' Report).

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

ROLE OF THE BOARD

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

Our Board is ultimately accountable for:

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

Responsibility for developing and implementing strategy within the Group's operations and for day-to-day management of the business is delegated to the Chief Executive Officer (CEO) who, as the head of the Executive Management team, cascades this responsibility through the Group. The CEO is empowered by the Board to handle all business activities up to a designated level of authorisation and to report to the Board for guidance, support and approval on other matters which require Board input. The members of the Executive Management team are listed on page 52 and their biographies can be found on our website at www.inmarsat.com/en/about/who-we-are/leadership-team-and-board.

The Board has responsibility for managing risk and although the Audit Committee has responsibility for the risk management process, the Board does not delegate overall responsibility for the approval of the risk management policy to either the Audit Committee or management. Following the additional work undertaken in 2020 on risk processes and a review of the principal risks undertaken with, and by, the Executive Management team, changes to the format of Audit Committee and Board reporting were implemented in 2021.

In accordance with the Corporate Governance Policy, principal decisions are delegated through the CEO to the Executive Management team. In making its decisions, the Executive Management team is required to consider the outcome of any stakeholder impact assessment that has been undertaken to support it making any principal decision (details of the principal decisions made by the Board during the reporting period are set out on pages 59 and 60). The CEO reports back to the Board as part of the wider risk management and internal controls of the Group, allowing the Board to demonstrate its oversight of the delegated responsibilities.

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

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

The Board has an annual rolling plan of items for discussion which is reviewed formally at Board meetings and adapted regularly to ensure all matters reserved for the Board, with other items as appropriate, are discussed. During 2021 and the continued Covid-19 pandemic, the Board continued its scheduled meetings albeit with a shorter agenda to cater for the Board Directors being in different time zones. Where urgent matters were required to be discussed, this was done by email and ad hoc meetings requisitioned as necessary. There is an established procedure for the review of the agenda between the Chairman, the Chief Executive and the Company Secretary in advance of each Board meeting. At each Board meeting there is a detailed report on current trading from the Chief Executive and Chief Financial Officer and detailed papers are provided on matters where the Board will be required to make a decision or give approval. Where appropriate, specific responsibilities are delegated to Board Committees or to committees convened for special purposes.

In 2021 the Board focused its attention on the following key areas:

Strategy review and development:

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

Special business:

- Discussed and approved theacquisition of Inmarsat by Viasat Inc. a U.S. listed company, to position the Group well for the future

Ensuring appropriate financial and operational management:

- Received and discussed reports from the CEO on the performance of the Group's operations
- Received and discussed regular reports on the Group's financial performance
- Discussed and approved the 2022 budget and long range business plan for the period 2022 to 2026
- Discussed the Group's capital structure and approved revised terms on the term loan

Implementing governance and ethics and monitoring risk:

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

Workplace reviews:

- Approved changes in the Executive Management team
- Received regular and detailed updates from the CEO and Chief People Officer on employee engagement and retention
- Discussed and approved the location strategy for the London Headquarters

THE BOARD AND ITS COMMITTEES

Connect Bidco Limited Board

11 Directors

The Chairman, CEO and nine Non-Executive Directors.

Key objectives:

- Responsible for the overall conduct of the business; setting strategy and a positive culture

Chairman

Andrew Sukawaty

Key objectives:

- Leadership, operation and governance of the Board
- Setting the agenda for the Board

Audit Committee

Chairman: Max Fowinkel

Key objectives:

- Oversight and review of financial and operations, risk management, audit and internal control issues

Remuneration Committee

Chairman: Salim Nathoo

Key objectives:

- Oversight and review of changes to the Executive Management team, remuneration, bonus and share plan issues

Chief Executive

Rajeev Suri

Key objectives:

- Management of the overall business
- Implementation of strategy and policy

Executive Management Team

Chairman: Rajeev Suri

Key objectives:

- To focus on strategy, financial performance, culture, succession planning, business growth, organisational development and adherence to Group-wide policies

In 2021 the Audit Committee focused its attention on the following key areas:

- Confirm to the Board that the 2020 Annual Report and Accounts is fair, balanced and understandable
- Review and endorse, prior to submission to the Board the Management Discussion and Analysis papers for release to the debt investor community
- Review and approve internal reports, and findings and recommendations arising from the reports
- Agree external annual audit plans and authorise the auditors remuneration
- Review key accounting judgements relating to specific transactions
- Monitor key programmes across the Group

In 2021 the Remuneration Committee focused its attention on the following key areas:

- Executive Management team remuneration arrangements including new appointments and leavers
- Approved 2020 bonus payments and 2021 annual bonus and LTIP performance targets for the company
- Approved the implementation of a share option scheme
- Approved changes to UK pension and benefits arrangements and Australian pension arrangements
- Reviewed succession plans for the Executive Management team

NON-EXECUTIVE DIRECTORS

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

CHANGE IN CEO

On 26 February 2021, Rupert Pearce stepped down from his role as CEO and resigned as a Director of Connect Bidco Limited and its subsidiaries. He was replaced by Rajeev Suri effective 1 March 2021.

EXECUTIVE MANAGEMENT TEAM

The Chief Executive chairs the Executive Management team which meets on a monthly basis. During 2021 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 Executive Management team remained connected and operated effectively. Discussions focused on the Group's strategy, financial reviews and long range business planning, the competitive landscape, strategic updates from all areas of the business, risk reviews, culture, learning and development, and organisational development. The Executive Management team comprises:

Rupert Pearce CEO until 26 February 2021

Rajeev Suri CEO effective 1 March 2021

Tony Bates Chief Financial Officer

Jat Brainch Chief Commercial and Product Officer effective 1 April 2021

Phil Balaam President, Aviation Business Unit until 22 November 2021

Phillipe Carette President, Aviation Business Unit effective 22 November 2021

Mike Carter President, Enterprise Business Unit

Natasha Dillon Chief People Officer

Barry French Chief Marketing and Communications Officer effective 12 April 2021

Fredrik Gustavsson Chief Strategy Officer effective 1 July 2021

Peter Hadinger Chief Technology Officer

Alison Horrocks Chief Corporate Affairs Officer and Company Secretary

Todd McDonell President, Global Government Business Unit

Susan Miller CEO Inmarsat Government Inc.

Ben Palmer OBE President, Maritime Business Unit effective 8 November 2021

Ronald Spithout President, Maritime Business Unit until 5 November 2021

Jason Smith Chief Operations Officer

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

GOVERNANCE AND CONDUCT OF BOARD MEETINGS

Our Board meets as often as necessary to effectively conduct its business. During 2021, the Board met six times. Unscheduled supplementary meetings also took place as and when necessary, for example, calling additional meetings to discuss progress on the possible Viasat Inc. acquisition. At each regular Board meeting, the Chief Executive Officer and Chief Financial Officer provide reports to the Board. The Board is regularly given exposure to the next layer of management at the Executive Management team level and often to their direct reports. This is helpful to the Board as it provides additional insight into internal talent and informs any management succession discussions. In instances where a Director is unable to attend Board or Committee meetings, any comments which he may have arising out of the papers to be considered at the meeting are relayed in advance to the relevant Chairman or the Company Secretary who would then report to the Board or Committee.

Meeting attendance

The attendance of the Directors at the scheduled Board, Audit Committee and Remuneration Committee meetings held in 2021 is shown in the table below. The Directors noted below served on the Board during 2021. Where their tenure started or ended during the period, the numbers reflect only those meetings they were eligible to attend. Occasionally, Directors were unable to attend meetings due to prior commitments.

Number of scheduled Board meetings held and meeting attendance in 2021	Board	% Attendance	Audit	Percentage Attendance	Remuneration	% Attendance
Andrew Sukawaty (Chairman)	6/6	100%	–	–	1/1	100%
Rupert Pearce[1]	1/1	100%	–	–	–	–
Rajeev Suri[2]	5/5	100%	–	–	–	–
Max Fowinkel	6/6	100%	4/4	100%	–	–
Eric Hargrave	6/6	100%	4/4	100%	–	–
Rtd General C. Robert Kehler	6/6	100%	–	–	1/1	100%
Pascal Keutgens	6/6	100%	4/4	100%	1/1	100%
Ashvin Malkani	5/6	83%	–	–	1/1	100%
Christoph Mueller	6/6	100%	–	–	–	–
Salim Nathoo	6/6	100%	–	–	1/1	100%
René Obermann	4/6	66%	–	–	1/1	100%
Andrew Sillitoe	5/6	83%	–	–	–	–

1 On 26 February 2021, Rubert Pearce stepped down from his role as CEO and resigned as Director of Connect Bidco Limited and its subsidiaries.
2 On 1 March 2021, Rajeev Suri was appointed CEO and Director of Connect Bidco Limited and its subsidiaries.

KEY ROLES AND RESPONSIBILITIES

Andrew Sukawaty The Chairman

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

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

Rajeev Suri The Chief Executive Officer

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

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

Alison Horrocks The Company Secretary

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

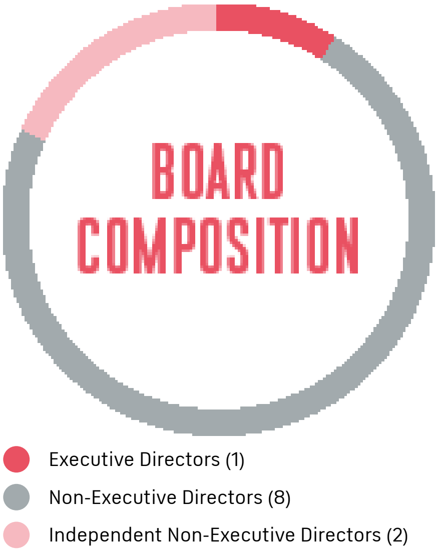
- In ensuring that all Directors have full and timely access to all relevant information
- By organising induction and training programmes

BOARD EXPERIENCE

- Regulatory
- Marketing
- Government
- Aviation
- Sustainability
- Manufacturing
- Cyber security
- Telecomms
- Technology
- Financial management
- Tax
- Mergers and acquisitions
- Digital

BOARD OF DIRECTORS

The right balance of skills.



CHAIRMAN

Andrew Sukawaty ●

Appointed: 10 December 2019

Background and relevant experience

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

Audit Committee

- ■ Chairman
- ● Member

Remuneration Committee

- ■ Chairman
- ● Member

CEO

Rajeev Suri

Appointed: 1 March 2021

Background and relevant experience

Rajeev was appointed as Inmarsat's Chief Executive Officer effective 1 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, and positioned Nokia as a leader in a world connected by 5G. 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 stand alone telecom software business, significantly grew the annual recurring revenue patent licensing business and engineered the return of the Nokia brand to mobile phones.

In March 2021, he was reappointed as a Commissioner of the United Nations Broadband Commission. He was Co-Chair of the digitalisation task force for the B20 and a member of various digital and healthcare committees at the World Economic Forum. Rajeev was a member of the Chinese Premier's Global CEO Council from 2014 to 2020, and a recipient of China's Marco Polo award. Rajeev is an engineering graduate in Electronics and Communications and has been awarded an Honorary Doctorate by Manipal University, India.

NON-EXECUTIVE DIRECTOR

Max Fowinkel ■

Appointed: 10 December 2019

Background and relevant experience

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

NON-EXECUTIVE DIRECTOR

Salim Nathoo ■

Appointed: 10 December 2019

Background and relevant experience

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

NON-EXECUTIVE DIRECTOR

Eric Hargrave ●

Appointed: 10 December 2019

Background and relevant experience

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

NON-EXECUTIVE DIRECTOR

Pascal Keutgens ● ●

Appointed: 28 October 2019

Background and relevant experience

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

NON-EXECUTIVE DIRECTOR

Ashvin Malkani ●

Appointed: 10 December 2019

Background and relevant experience

Ashvin leads the global Technology private equity group at Ontario Teachers' Pension Plan. He has over 20 years of private equity investing experience. He currently serves on the board of directors of 24-7 Intouch, Compass Datacenters, Mitratech and Sovos Compliance.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Christoph Mueller

Appointed: 14 February 2020

Background and relevant experience

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

INDEPENDENT NON-EXECUTIVE DIRECTOR

General C Robert Kehler (Rtd) ●

Appointed: 14 February 2020

Background and relevant experience

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

NON-EXECUTIVE DIRECTOR

René Obermann ●

Appointed: 10 December 2019

Background and relevant experience

René is based in Berlin and is Co-Head of Warburg Pincus' European activities and Head of Warburg Pincus Deutschland GmbH. Serving as Vice-Chairman of 1&1 Ionos Holding SE, the leading European web hosting provider, René is actively involved in two major Warburg Pincus fund investments.

In April 2020 René was elected Chairman of the Board of Directors at Airbus SE, where he previously served as a Non-Executive Board Director.

He has also been a member of various company boards including E.On, Spotify and Telenor.

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

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

NON-EXECUTIVE DIRECTOR

Andrew Sillitoe

Appointed: 10 December 2019

Background and relevant experience

Andrew is co-CEO of Apax Partners and a Partner in the Tech & Telco team. Andrew is also a member of the Apax Executive and Investment Committees. He has been based in London since joining the firm in 1998 and his focus has been on the technology & telecommunications sectors. Andrew has been involved in a number of deals, including the private equity of Inmarsat acquisition in 2003, Intelsat, King, Orange, TDC, TIVIT and Unilabs. Prior to joining Apax Partners, Andrew was a consultant at LEK where he advised clients on acquisitions in a number of sectors.

COMPANY SECRETARY

Alison Horrocks

Appointed: 10 December 2019

Background and relevant experience

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

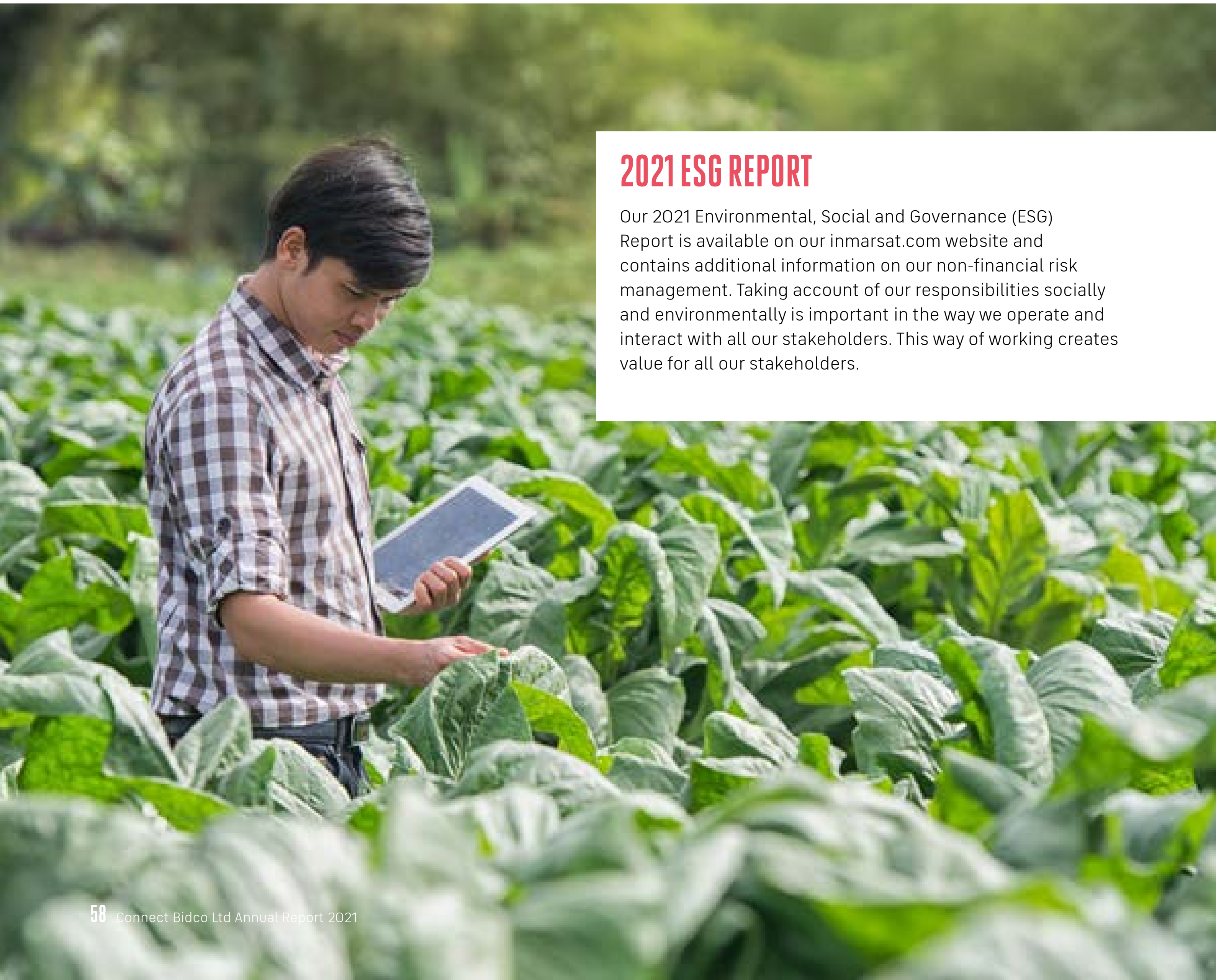
ENGAGING WITH OUR STAKEHOLDERS: STAKEHOLDER STATEMENT

The Directors understand their responsibility to promote the success of the business.

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 Chairman and Company Secretary provide 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 reviewed the Company's key stakeholders during 2020 as part of its Corporate Governance policy. On pages 30 to 33 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.



2021 ESG REPORT

Our 2021 Environmental, Social and Governance (ESG) Report is available on our inmarsat.com website and contains additional information on our non-financial risk management. Taking account of our responsibilities socially and environmentally is important in the way we operate and interact with all our stakeholders. This way of working creates value for all our stakeholders.

ACQUISITION BY VIASAT INC

On 8 November 2021, it was announced that Viasat Inc., and Inmarsat had entered into a definitive agreement for the acquisition of the entire issued share capital of the Inmarsat Group.

The Board gave significant consideration to the strategic rationale, medium and long-term (quantitative and qualitative) synergies, liquidity, valuation, non-financial matters such as governance and cultural fit for our employees.

The Board considered that the combination would create a leading global communications innovator with enhanced scale and scope to affordably, securely and reliably connect the world. The complementary assets and resources of the new organisation would enable the availability of advanced new services in mobile and fixed segments, driving greater customer choice in broadband communications and narrowband services.

The combined company's revenue and earnings profile was expected to be more diverse, resilient and global. The transaction was expected to deliver meaningful and enduring capital, operating and cross-selling revenue synergies.

It was noted that the combined larger organisation would offer greater career opportunities for existing employees and would help bring additional space capabilities and other advance technologies to the U.K. as well as create long-term highly skilled engineering and related jobs for UK based employees.

How we engaged

The Board engaged extensively with shareholders by holding a number of virtual meetings and provided papers on the transaction as a whole. The Board engaged with the internal project team as part of the assessment of synergies, cultural fit, risks and opportunities. Following the announcement, the Board, through the CEO and CFO held global virtual all staff meetings to inform all employees and set up communication groups on Yammer (the Company's social media platform) and LiftOff (the Company's intranet). The Board engaged with partners, customers and suppliers through the business unit leads and the CEO.

Outcome of engagement

Taking all these factors into account, the Board was reassured that there had been fair and consistent treatment of all key stakeholders during the process and that the transaction would position the Company for the future for the benefit of its wider stakeholders and approved the transaction which is expected to close in the second half of calendar year 2022.

More information can be found here: https://www.inmarsat.com/en/news/latest-news/corporate/2021/viasat-inmarsat-to-combine.html

ORCHESTRA

The Board considered and approved capital expenditure on ORCHESTRA, a unique, global, multi-dimensional, dynamic mesh network.

The Board had regard to the positive impact on customer experience offered through enhanced and new technology, enhanced scope for partners and new opportunities for employees. The Board also took account of the funding risks and financial returns in the long-term and considered the investment to be in the best interests of shareholders.

How we engaged

The Board engaged with its stakeholder groups through the CEO and Executive Management team and received multiple papers on the technological capabilities, testing, proof of concept and financing requirements.

Outcome of engagement

ORCHESTRA will redefine connectivity at scale with the highest capacity for mobility worldwide and at hot spots, as well as the fastest average speeds and the lowest average latency of any network, planned or in existence. The investment was considered in the best interests of all stakeholders by positioning the Company as a technological leader, and approved the capital investment.

SCIENCE BASED TARGETS

The Board takes its responsibility for setting the Climate Change and ESG strategy of the Company seriously and during the year approved Science Based Targets for the Group.

The Board considered climate risk in the context of investment risk and the correlation between disclosure and capital allocation. The Board agreed a clear and defined pathway to reduce emissions to help prevent the worst impacts of climate change would future-proof the business, for the benefit of all stakeholders in the long-term.

How we engaged

The Board engaged with its suppliers through the Vice President of Global Procurement to better understand our Scope 3 footprint.

Outcome of engagement

Sustainable procurement is a key focus area for us to achieve our Science Based Targets with a significant percentage of our emissions sitting in the purchased products and services category. We will continue to engage with our suppliers to understand more about our products, improve the credibility of our data and work collaboratively to produce lower carbon terminals. We will look more closely at sustainable criteria as we on-board new suppliers.

REPORT OF THE DIRECTORS

For the year ended 31 December 2021.

The Directors submit their report and the audited financial statements for Connect Bidco Limited (the 'Company' or together with its subsidiaries, the 'Group') for the year ended 31 December 2021.

2021 PERFORMANCE

The 2021 performance review is provided in the Strategic Report, reflecting growth in all business units and in particular; revenues continue to stabilise in Maritime, sixth consecutive year of revenue and earnings growth in Government, strong recovery in Core (BGA and AOS) business and IFC steadily improving in Aviation, and year-on-year growth from a highly diversified Enterprise portfolio. EBITDA increased by $40.4m (5.8%), reflecting this revenue growth, offset by higher costs in support of revenue growth and for work in relation to the Viasat acquisition. Cash capital expenditure increased by $68.4m driven mainly by the timing of contractual payments on major infrastructure investments, including the I-6 F1 launch in December 2021.

RESPONSIBILITY STATEMENT

The Responsibility Statement made by the Board regarding the preparation of the financial statements is set out on page 71.

BUSINESS REVIEW, STRATEGIC REPORT AND FUTURE DEVELOPMENTS

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

POST-BALANCE SHEET EVENTS

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

CHANGE IN ACCOUNTING POLICIES

During 2021, the Group adopted amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform – Phase 2' which has no quantitative impact to the financial statements, however additional qualitative disclosures have been included within note 2. No other changes to the Group's accounting policies have occurring during the current period.

RESULTS AND DIVIDENDS

A 2021 financial review is provided in the Strategic Report, along with the results for the year being shown in the Consolidated Income Statement on page 74.

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 2021 is set out on page 53.

INDEMNITIES AND INSURANCE

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

CONFLICTS OF INTEREST

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

BRANCHES

The Group has activities operated through many jurisdictions.

GOING CONCERN

In order to confirm that the business should adopt the going concern basis in preparing the consolidated financial statements for 2021, the Board and Management have considered a number of possible scenarios and their impact on future revenues, EBITDA and liquidity. These scenarios consider 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 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. As at 31 December 2021, the Group has $1,094.0m of liquid resources (Cash: $364.0m, short-term deposits: $30.0m, undrawn RCF: $700.0m) and a continued expectation that the Group will generate positive free cash flow and reduce leverage over the medium to long term.

The impact of Covid-19 is now confined to the aviation business unit where the aviation industry continues to recover and steady improvement has been shown throughout 2021. Inmarsat's robust business model and capital structure, along with strong positions in a diverse range of geographies and markets will help Inmarsat manage future Covid-19 related risks.

During 2021 the Connect Topco Limited shareholders accepted an offer from Viasat Inc. to purchase the Group for approximately $7.3bn. The transaction is currently expected to complete during the second half of 2022 following Viasat shareholder, customary and regulatory approvals (refer to note 35). The going concern assessment has been performed using the Inmarsat financial performance and position.

The Directors have a reasonable expectation that the Group shall continue to operate as a going concern for the foreseeable future. Consequently, the Group continues to adopt the going concern basis in preparing the 2021 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 stand alone GRI Report which includes the results of our 2021 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.

RUSSIA AND UKRAINE

The Group has set up a Ukraine Crisis Management Team to assess and respond to the operational and business risks arising from the invasion of Ukraine, including ensuring compliance with sanctions. Inmarsat is not supplying new products or services to Russia and planned infrastructure projects in the country are stopped. To ensure the ongoing provision of services that support humanitarian efforts as well as other governments in the region, including the work of national embassies, and safety related services, we continue to provide existing airtime services. Decisions in this matter have been made on security of critical and safety services in the region and not on financial grounds. The Group has limited exposure to revenue generation in both Russia and Ukraine, does not receive any income in Roubles and holds very limited amounts in Roubles. Revenue represents less than 2% of total revenue for 2021 and the current outstanding debtors balance is not material. No post balance sheet adjustments are therefore required.

OUR PEOPLE

2021 has once again been a challenging year for our employees as the pandemic and its impact have endured throughout the year. Our people agenda, having adapted in 2020 to the challenges of a more remote working environment, 2021 has focused on embedding these across our business. We have also continued our focus on employee wellbeing with a comprehensive programme of support.

Flexible working

In 2021 we built on previous co-creation work with our employees to shape new working patterns appropriate to a hybrid working model, and we have supported colleagues in implementing these across the business as we started to slowly return to the office in the second half of 2021.

We also made further strides in our flexible working offer with the launch of compressed working cycles broadly across the organisation, following a successful pilot with our Global Government Business Unit. Our approach to flexible working is something highly prized by our employees and an important part of Our People Promise – our employee value proposition – which we also refreshed.

New CEO and strategic focus

This year we welcomed Rajeev Suri as our new CEO and our people agenda has focused on ensuring a seamless transition, engaging our employees with a reinvigorated strategic direction, embedding a strengthened operating model and building our culture to support renewed commercial and customer focus.

Later in 2021, we announced a plan to combine with Viasat to create a new global leader in our industry and we implemented a comprehensive engagement and communications plan to inform our employees about this exciting announcement and underpin retention during the period leading up to the transaction close.

Internal transformation

A strategic reset in 2020 led to internal transformation, work that continued into 2021. A Commercial and Product Management function was mobilised with the ambition to bring focused commercial capabilities built on customer insight to drive our growth ambitions. Other programmes of work, included driving greater simplification across our organisation, a programme to drive deeper customer centricity and also to strengthen our strategic planning capabilities.

Diversity and Inclusion

Inmarsat embraces diversity and prides itself on creating an inclusive environment where everyone can bring their whole selves to work. In 2021 we conducted our first diversity and inclusion survey, which gave us baseline data for our workforce metrics by attributes. This allows us to drill into our engagement scores and establish any significant differences by ethnic groups as well as by gender, religion, sexual orientation. This complements the great work our employee resource networks – EDEN (ethnic diversity), WIN (women in Inmarsat), PRIDE (LBGTQ+) and Veterans – already do to champion these diverse interests. We have also launched a fifth network for Parents and Carers.

Learning and development

For Senior Leaders we have continued a virtual thought leadership programme, bringing academics and business leaders into the organisation to share insight and strengthen our leadership capabilities. This complements our wide ranging Learning and Development offering that includes Corporate Induction, our High Performance Culture programme and a comprehensive online learning offering.

Reward

This year we have refreshed our UK Pension and benefits plans, moving away from an age-related pension contributions arrangement and offering a more flexible pension design, giving all employees more choice about pension contributions. We also introduced a workplace investment vehicle for U.K. employees which operates alongside our pension scheme, giving employees an additional way to save to meet their personal financial goals, along with improved tools and information to make informed choices about their financial future.

Communications

We have continued to evolve our communications and engagement activity, adapting to new hybrid ways of working, launching a new enterprise social networking tool and driving a richer mix of media, to bridge the remote nature of our working life, with more human communications and commentary via user generated video content.

Gender Pay Gap

Inmarsat's Gender Pay Gap report is available on our Inmarsat.com website and also in our 2021 ESG Report.

OUR VALUES

Customer

Accountability

Respect

Excellence

ENVIRONMENTAL, HEALTH AND SAFETY MANAGEMENT

The Group is committed and continues to aim to maintain the highest standards of environmental, wellbeing, health and safety management for its employees, customers, visitors, contractors and anyone affected by its business activities. This is reflected in the latest Environmental, Health and Safety policy statements of intent and its arrangements. During 2021, we enhanced our environmental, health and safety management system to meet the requirements of both ISO 45001 and ISO 14001 which included the integration of policies and processes to enable us to work both safer and smarter. Rajeev Suri, our CEO, is the Director designated for health and safety matters at Board level with employees having roles and responsibilities whose objectives are to ensure that environmental, health and safety is managed across the Company.

We have a wide variety of transparent and maturing wellbeing programmes with the knowledge that good mental and physical health contributes to better decision making, greater productivity and higher levels of employee satisfaction. There continued to be significant focus on health and safety across the Group during the Covid-19 period including advice and support to staff on completing display screen equipment self-assessments at home and the introduction of mandatory e-learning modules that are rolled out on a regular basis.

Our aim continues to encourage strong leadership in championing the importance of meeting our moral, legal and other requirements for good environmental, health and safety management in the workplace and to raise awareness throughout. We recognise the need to provide a safe working environment for our employees, contractors and any visitors, especially as we see a gradual return to the office from Covid-19.

ENVIRONMENTAL PERFORMANCE AND STRATEGY

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

Our environmental impacts include the use of natural resources, the consumption of energy and water, the production of a variety of waste, as well as staff and visitor travel. We have provided further details of our objectives for how we manage our environmental activities with our ESG report which can be found on our website. The following information summarises our emissions performance over the year. Our reporting covers the relevant Scope 3 categories as per the Greenhouse Gas Protocol. During 2021, we submitted an ambitious Science Based Target covering our Scope 1, 2 and 3.

Greenhouse gas (GHG) emissions

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

The table on page 66 shows our greenhouse gas emissions for the years ended 31 December 2019 to 2021. Our emissions have been independently verified to the ISO 14064-3 standard to ensure continuous improvement of our GHG reporting. This verification statement can be found on our website and in our ESG Report 2021.

Methodology

We quantify and report our organisational GHG emissions according to the Greenhouse Gas Protocol. Consumption data has been collated by our sustainability consultant, Carbon Intelligence, and has been converted into CO_2 equivalents using the U.K. Government 2020 Conversion Factors for Company Reporting and the International Energy Agency international electricity conversion factors in order to calculate emissions from corresponding activity data.

This report has been prepared in accordance with the GHG Protocol's Scope 2 Guidance; we have therefore reported both a location-based and market-based Scope 2 emissions figure. The Scope 2 market-based figure reflects emissions from electricity purchasing decisions that Inmarsat has made. When quantifying emissions using the market-based approach we have used a supplier specific emissions factor where possible. If these factors were unavailable, a residual mix emissions factor was then used, and as a final alternative the location-based grid emissions factor was used.

The table on page 66 shows our total emissions for the year ended 31 December 2021 using the two different Scope 2 accounting methodologies.

Performance

We operate in 37 locations with a combined workforce of approximately 1,770 staff. In 2019, we updated our carbon targets to ensure they are aligned with the latest climate science and in line with the UK's commitment under the UN Paris Agreement, thereby contributing to the global effort to prevent the worst consequences of climate change. As part of our journey towards setting an ambitious Science Based Target, in 2019, we set and internally approved a Scope 1 and 2 reduction target of 29% in Scope 1 and 2 emissions by 2025 relative to our 2018 baseline. Further to this, we set Science Based Targets covering our Scope 1, 2, and 3 emissions in 2021 and these have been submitted to the Science Based Targets Initiative for validation. We are pleased for the year ended 2021 to be able to report on our full Scope 1, 2 and 3 emissions in line with the Greenhouse Gas Protocol.

In 2021, our Scope 1 and 2 emissions decreased by 21% since 2018 (using the market-based Scope 2 accountancy method). Our Scope 1 and 2 emissions intensity increased by 24% from 4.4 (2020) to 5.5 (2021) tCO_2e/FTE (using the market-based Scope 2 accounting approach). This is positively impacted by a decrease in our fuel consumption primarily due to a reduction in gas consumption at our London site. However, the amount of electricity from renewable sources in 2021 decreased which we will monitor over the coming year and review where we can update energy contracts to renewable energy across our sites in line with our emissions targets.

To achieve our Scope 1 and 2 emissions target of 29% reduction from 2018 by 2025, we will continue our efforts in the coming years to reduce our Scope 1 and 2 emissions by implementing our energy efficiency initiatives, which are described further on page 67.

Similarly, we saw a 86% increase in our Scope 3 emissions from 2020. This was largely due to the launch of a new satellite at the end of 2021. We also saw a high level of product sales and therefore the emissions related to our products such as procurement, logistics, product energy use and disposal of products increased from previous years.

Greenhouse gas emissions (tCO_2e)		**2021**	2020	2019
Scope 1[1]	Combustion of fuel and operation of facilities (Scope 1)	696	868	1,528
Scope 2 (location-based)[1]	Electricity, heat, steam and cooling purchased for our own use	10,515	11,381	12,759
Scope 2 (market-based)[1]	Electricity, heat, steam and cooling purchased for our own use	8,839	7,452	7,953
	Total Scope 1 and 2 emissions (location-based)[1]	**11,211**	**12,249**	**14,288**
	Total Scope 1 and 2 emissions (market-based)[1]	**9,535**	**8,320**	**9,481**
Emissions intensity tCO_2e per full-time equivalent ('FTE') employee (location-based)[1]		**6.4**	**6.5**	**7.7**
Emissions intensity tCO_2e per full-time equivalent ('FTE') employee (market-based)[1]		**5.5**	**4.4**	**5.1**
Scope 3	Purchased goods and services [1]	67,984	57,302	98,906
	Capital Goods	13,105	5,694	13,561
	Fuel-and-energy-related activities[3]	3,589	2,623	3,119
	Upstream Transportation and Distribution	39,226	1,670	2,038
	Business travel	319	1,790	10,660
	Waste	20	16	78
	Water	7	27	21
	Employee Commuting (incl. homeworking)	2,216	997	1536
	Upstream Leased Asset[3]	1,677	-	2,433
	Use of sold goods	209	191	117
	End of Life treatment of products	2,492	3	5
Total Scope 3 emissions[2]		**130,838**	**70,312**	**132,474**
Gross Scope 1, 2 and 3 (location-based)		**142,049**	**82,561**	**146,761**
Gross Scope 1, 2 and 3 (market-based)		**140,373**	**78,632**	**141,955**

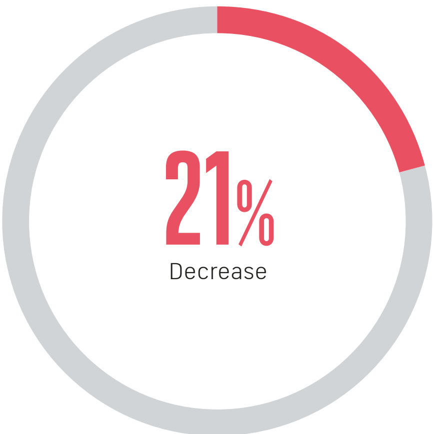
[1] Emissions intensity tCO2e per full-time equivalent (FTE) employee (location-based) have been restated to correct a calculation error due to the omission of Scope 1 from the calculation. In 2020, the formula to calculate Scope 1 and 2 emissions intensity tCO2e per full-time equivalent (FTE) was calculated as follow: Scope 2 emissions (location-based)/ full-time equivalent (FTE) employee. We corrected the formula to Scope 1 emissions + Scope 2 emissions (location-based))/ full-time equivalent (FTE) employee and restated the figures in the report. Prior to this restatement, emissions intensity tCO2e per full-time equivalent (FTE) employee (location-based) were 6.1 (2020) and 6.9 (2019) tCO2e/FTE.

[2] 2019 and 2020 Scope 3 emissions related to Purchased Goods & Services have been restated to correct a calculation error. Prior to this restatement, Scope 3 emissions related to Purchased Goods & Services were 210,774 (2020) and 265,220 (2019) tCO2e. This was due to the incorrect emissions factor applied to calculate the emissions of maritime terminals.

[3] 2019 Scope 3 emissions related to Fuel-and-energy-related activities and Upstream Leased Asset have been restated to correct a calculation error.

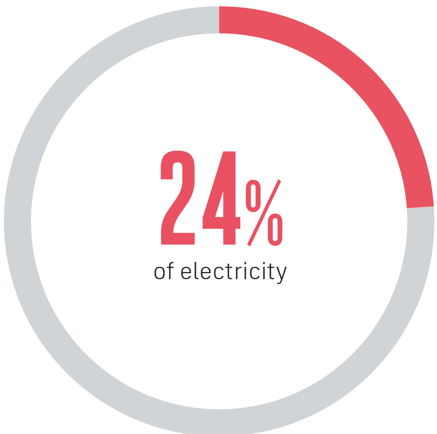
Emissions from the consumption of electricity outside the U.K. and Scope 2 emissions calculated using the market-based approach using supplier specific emission factors are calculated and reported in tCO2. The emissions intensity calculation is based on a figure of 1,770 employees (including homeworkers) in 2021, 1,881 employees (including homeworkers) in 2020, and 1,849 employees in 2019. Note that the Nemea Land Earth Station has not been included this year due to a lack of available data.

To meet our requirements under the Streamlined Energy and Carbon Reporting obligations, our emissions, included in the above totals, that relate to the UK equal 453tCO2e Scope 1 and 1,495tCO2e Scope 2 (location-based).



in scope 1 and 2 emissions since 2018

in emissions intensity since 2020



from renewable sources

REPORT OF THE DIRECTORS CONTINUED

Reporting boundaries and limitations

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

- **Scope 1:** Natural gas combustion within boilers, gas oil combustion within generators, road fuel combustion within owned and leased vehicles, and fugitive refrigerants from air-conditioning equipment
- **Scope 2:** Purchased electricity consumption for our own use
- **Scope 3:** Purchased goods & services, capital goods, fuel and energy related activities (FERA), upstream transportation & distribution, waste, business travel, employee commuting, upstream leased assets (related to launch vehicles), use of sold goods and end of life emissions. A further description of each of these categories can be found in our ESG Report

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

Energy consumption (MWh)	2021			2020			2019		
	UK	Rest of world	Total	UK	Rest of world	Total	UK	Rest of world	Total
Electricity	7,043	27,353	34,396	6,945	26,500	33,445	7,632	27,426	35,058
Fuels	2,313	931	3,244	3,168	939	4,107	3,235	3,046	6,282

Further information on our energy efficiency initiatives is detailed in our ESG Report.

Energy efficiency

In London, which is our largest single office site for employees, we have continued to upgrade lighting to LED's achieving approximately 55% LED lighting. We are still looking to upgrade key areas in future. We also increased our energy efficiency through the following actions on our equipment:

- Installation of a new UPS system
- Refurbishment of 3 boilers
- Replacement and repairs on our heating system to prevent problematic leaks. This also allows us to switch the heating system off out of core office hours
- Change our maintenance schedule with the use of a FSI Helpdesk. This reactive approach to maintenance has many benefits including less breakdowns, better monitoring and reporting

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Recognising the importance of how the business could be financially impacted by climate change, now and in the future, during 2021 Inmarsat undertook a review to determine Inmarsat's top climate-related risks and opportunities. Inmarsat is most impacted by the physical nature of climate change given our geographical diversity and extensive supply chain. However, we recognise we have significant opportunities to increase our renewable energy consumption and generation footprint as well as using our sustainability initiatives to access new markets and financing options. Our most significant climate-related risks and opportunities are outlined below:

PHYSICAL RISKS

Asset damage	Long term (2036-2050)	As global warming increases so does the likelihood of increased frequency and severity of extreme weather. Given our global presence, we carry different levels of exposure to different extreme weather events which may cause damage and loss of our infrastructure and operational sites.
Service disruption	Medium term (2024-2035)	As well as asset damage and loss, extreme weather events cause operational and service disruption both within our business and to our customers. Additionally, our assets may be affected by extreme temperature changes such as heatwaves causing asset shutdowns and service disruptions.
Energy	Medium term (2024-2035)	Interrelated with the above risk, as temperatures continue to rise our energy consumption will increase to regulate and cool our assets and infrastructure to ensure optimal functioning. This risk also occurs in events of extreme cold and will require additional heating. This impacts our energy costs as well as our energy footprint linked to our carbon reduction targets.

TRANSITION RISKS

Carbon pricing	Medium term (2024-2035)	Increasing pressure to reduce and offset emissions causes volatility in the price of carbon and therefore the increasing costs of our overall climate strategy.
Changing customer preferences	Short to medium term (2021-2035)	We may encounter loss of market share to competitors with better ESG credentials which better meet changing consumer preferences.

OPPORTUNITIES

Renewable energy & on-site generation	Short term (2021-2024)	Focusing on our energy efficiency and move to renewables across our sites is integral to the achievement of our Science Based Targets as well as additional benefits of energy resilience from on-site generation due to reduced exposure from grid outages and pricing volatility.
Green financing	Medium term (2024-2035)	Access to lower cost of capital or debt with preferential interest on green financial instruments linked to our sustainability performance and carbon reduction commitments is beneficial to our financing overall.
Products and markets	Medium term (2024-2035)	The effects of climate change and general consciousness on the issue may lead to access to new markets increasing Inmarsat's revenue. We particularly see opportunities in our aviation business given the scrutiny over the carbon-intensity such as enhancing the efficiency of flight paths through satellite-based communication solutions provided by Inmarsat. There may also be additional demand for our services due to the impacts of climate change such as changes in weather patterns resulting in ship operators and airlines requiring more advanced connectivity for optimal route planning.

With the previously identified risks and opportunities, we also conducted a qualitative scenario analysis exercise to understand the potential impact of the risks and opportunities under three climate scenarios looking out to 2050. For further information on this, see our ESG report.

During 2022 Inmarsat will continue to embed climate risk and opportunities into our business and long-term strategy planning, in order to mitigate and adapt to long-term impacts of the transition to a low carbon economy. We will undertake further analysis to understand the effectiveness of our current processes and controls to mitigate and manage our climate-related risks. We will look to build an action plan, bringing together our TCFD and climate strategy work, to improve our strategic response to climate change, enhance decision-making and oversight and embed long-term resilience into our business model and operations. Alongside our Science Based Targets, carbon footprint and other environmental performance metrics, we will develop key metrics that will enable us to track the improvement to our climate resilience over time.

TCFD is a framework which aims to support companies to embed climate risk into governance and strategy. This index shows how we have applied the framework and where key content can be found in this report.

Governance	Our Board is responsible for dealing with risks and opportunities associated with climate change.	pages 50 to 54
	All management positions share the responsibility of assessing and managing relevant climate-related risks and opportunities.	
Strategy	We have identified a range of short, medium and long-term climate-related risks and opportunities.	page 36, 38 and 68
	Climate-related risks and opportunities are taken into account within our annual strategic and financial planning.	
	We look at a 1.5°C scenario alongside our business strategy and are committed to emissions reduction targets.	
Risk management	Climate-related risks are integrated into our risk assessment process and are assessed using our risk framework.	pages 36 to 44
	Climate-related risks are reviewed by the Board and monitored regularly by the sustainability committee.	
	We have thorough processes in place for assessing and managing climate-related risks, which are integrated into our overall risk management framework.	
Metrics and Targets	We have several climate-related targets in line with our 1.5°C scenario, which have a range of metrics to ensure we are meeting our targets.	page 9 and pages 65 to 67
	We monitor our Scope 1, Scope 2 and Scope 3 GHG emissions, and the related risks.	
	We have a range of stretching KPIs to help us manage climate-related risks and opportunities and performance against targets.	

Principal risks and uncertainties

Details of principal risks and uncertainties are provided on pages 36 to 44.

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 FCIS
Company Secretary

25 March 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

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

The Companies (Guernsey) Law 2008 requires the Directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies (Guernsey) Law 2008. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have also chosen to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgments and accounting estimates that are reasonable and prudent
- State whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements

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

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

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

Responsibility statement

We confirm that to the best of our knowledge:

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

By order of the Board

Rajeev Suri
CEO

25 March 2022

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

($ in millions)	Note	2021	2020
Revenue	5	**1,352.4**	**1,272.1**
Employee benefit costs	7	(303.9)	(280.3)
Network and satellite operations costs		(158.4)	(158.6)
Impairment of financial assets		(2.1)	(16.8)
Other operating costs		(179.8)	(154.1)
Own work capitalised		30.7	36.2
Total net operating costs		**(613.5)**	**(573.6)**
EBITDA		**738.9**	**698.5**
Depreciation and amortisation		(632.5)	(673.0)
Loss on disposal of assets		(7.6)	(3.2)
Impairment of assets		0.3	(10.5)
Share of profit of associates	16	5.1	4.2
Operating profit	6	**104.2**	**16.0**
Financing income		32.0	3.8
Financing costs		(194.9)	(202.9)
Fair value changes in financial assets and liabilities		76.4	0.2
Net financing costs	9	**(86.5)**	**(198.9)**
Profit / (loss) before tax		**17.7**	**(182.9)**
Taxation charge	10	(170.6)	(32.8)
Loss for the year		**(152.9)**	**(215.7)**
Attributable to:			
Equity holders		(153.6)	(216.5)
Non-controlling interest[1]		0.7	0.8

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

($ in millions)	Note	2021	2020
Loss for the year		**(152.9)**	**(215.7)**
Other comprehensive income			
Items that may be reclassified subsequently to the Income Statement:			
Foreign exchange translation differences		(0.3)	-
(Loss) / gain on cash flow hedges on foreign exchange forward contracts	26	(0.7)	0.7
Net gain / (loss) accumulated in hedge reserve on interest rate caps	26	10.6	(6.6)
Items that will not be reclassified subsequently to the Income Statement:			
Re-measurement of pension assets and liabilities	28	(1.5)	(29.8)
Tax credited directly to equity	10	0.3	5.5
Other comprehensive gain / (loss) for the year, net of tax		**8.4**	**(30.2)**
Total comprehensive loss for the year, net of tax		**(144.5)**	**(245.9)**
Attributable to:			
Equity holders		(145.2)	(246.7)
Non-controlling interest[1]		0.7	0.8

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

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

($ in millions)	Note	As at 31 December 2021	As at 31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	13	3,300.2	3,298.2
Intangible assets	14	2,907.3	3,115.7
Right of use assets	15	33.3	41.4
Investments	16	24.9	23.1
Lease receivable		0.4	0.6
Other receivables	18	752.3	7.1
Derivative financial instruments	31	5.8	-
Deferred tax asset	23	33.7	30.0
		7,057.9	**6,516.1**
Current assets			
Cash and cash equivalents	17	364.0	250.4
Short-term deposits	17	30.0	688.0
Restricted cash	17	-	7.0
Trade and other receivables	18	262.7	268.7
Lease receivable		2.6	0.2
Inventories	19	36.6	36.9
Current tax assets	23	0.4	3.5
		696.3	**1,254.7**
Total assets		**7,754.2**	**7,770.8**
Liabilities			
Current liabilities			
Borrowings	20	17.5	17.5
Trade and other payables	21	1,271.6	1,202.3
Provisions	22	4.7	15.6
Current tax liabilities	23	174.8	171.5
Derivative financial instruments	31	1.8	2.0
Lease obligations	15	11.7	11.2
		1,482.1	**1,420.1**
Non-current liabilities			
Borrowings	20	3,619.1	3,688.9
Other payables	21	18.1	17.8
Provisions	22	7.0	5.9
Deferred tax liabilities	23	780.4	631.5
Derivative financial instruments	31	-	4.6
Lease obligations	15	33.8	43.4
		4,458.4	**4,392.1**
Total liabilities		**5,940.5**	**5,812.2**
Net assets		**1,813.7**	**1,958.6**
Shareholders' equity			
Ordinary shares	25	2,361.5	2,361.5
Hedge and other reserves		3.7	(6.2)
Retained earnings		(552.4)	(397.6)
Equity attributable to shareholders		**1,812.8**	**1,957.7**
Non-controlling interest[1]		**0.9**	**0.9**
Total equity		**1,813.7**	**1,958.6**

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

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

The consolidated financial statements of the Group were approved by the Board of Directors on 25 March 2022 and were signed on its behalf by

Rajeev Suri
CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2021

($ in millions)	Share capital	Share option reserve	Hedge reserve	Other reserves	Retained earnings	NCI[1]	Total
Balance at 1 January 2020	**2,349.9**	**-**	**(0.7)**	**-**	**(157.0)**	**0.9**	**2,193.1**
Issue of share capital	11.6	-	-	-	-	-	11.6
Share-based payments	-	0.2	-	-	-	-	0.2
Dividend declared	-	-	-	-	-	(0.8)	(0.8)
Transfer of SBP reserve to retained earnings	-	(0.2)	-	-	0.2	-	-
Gain on cash flow hedges capitalised to tangible assets	-	-	0.4	-	-	-	0.4
Comprehensive Income:							
(Loss) / profit for the year	-	-	-		(216.5)	0.8	(215.7)
OCI – before tax	-	-	(5.9)	-	(29.8)	-	(35.7)
OCI – tax	-	-	-	-	5.5	-	5.5
Balance at 31 December 2020	**2,361.5**	**-**	**(6.2)**	**-**	**(397.6)**	**0.9**	**1,958.6**
Balance at 1 January 2021	**2,361.5**	**-**	**(6.2)**	**-**	**(397.6)**	**0.9**	**1,958.6**
Dividend declared	-	-	-	-	-	(0.7)	(0.7)
Gain on cash flow hedges capitalised to tangible assets	-	-	0.3	-	-	-	0.3
Comprehensive Income:							
(Loss) / profit for the year	-	-	-	-	(153.6)	0.7	(152.9)
OCI – before tax	-	-	9.9	(0.3)	(1.5)	-	8.1
OCI – tax	-	-	-	-	0.3	-	0.3
Balance at 31 December 2021	**2,361.5**	**-**	**4.0**	**(0.3)**	**(552.4)**	**0.9**	**1,813.7**

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

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

($ in millions)	Note	2021	2020
Cash flow from operating activities			
Cash generated from operations	24	800.8	1,388.1
Interest received		1.1	2.2
Tax paid		(16.0)	(14.6)
Net cash flow from operating activities		**785.9**	**1,375.7**
Cash flow from investing activities			
Purchase of property, plant and equipment		(287.9)	(190.4)
Additions to intangible assets		(40.4)	(61.6)
Own work capitalised		(28.0)	(35.9)
Net Investment in short-term deposits		658.0	(688.0)
Issue of intergroup borrowings		(719.8)	-
Net cash used in investing activities		**(418.1)**	**(975.9)**
Cash flow from financing activities			
Dividends paid relating to NCI		(1.1)	(0.6)
Dividends from associates		3.3	-
Proceeds from borrowings		-	1,312.3
Repayment of borrowings		(17.5)	(1,305.0)
Interest paid		(224.1)	(253.2)
Debt financing arrangement fees		(1.7)	(60.4)
Cash payments for the principal portion of lease obligations		(11.4)	(10.6)
Net proceeds from issuance of ordinary shares		-	11.6
Other financing activities		(2.2)	(2.4)
Net cash used in financing activities		**(254.7)**	**(308.3)**
Net increase in cash and cash equivalents		**113.1**	**91.5**

Cash and cash equivalents			
At beginning of the year		250.4	159.3
Net increase in cash and cash equivalents		113.1	91.5
Exchange gain / (loss) on cash and cash equivalents		0.5	(0.4)
At end of the year		**364.0**	**250.4**

Comprising:			
Cash at bank and in hand		94.0	250.4
Short-term deposits with original maturity less than 3 months		270.0	-
Cash and cash equivalents		**364.0**	**250.4**
Net cash and cash equivalents at end of year	17	**364.0**	**250.4**

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

1. GENERAL INFORMATION

Connect Bidco Limited (the 'Company' or, together with its subsidiaries, the 'Group') is a private company limited by shares incorporated in Guernsey. The address of its registered office is Redwood House, St Julian's Avenue, St Peter Port, GY1 1WA, Guernsey.

The ultimate controlling party of the Company is Connect Topco Limited which is an entity based in Guernsey.

The smallest and largest group into which the results of the Company are consolidated is headed by Connect Topco Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies (Guernsey) Law, 2008 and International Financial Reporting Standards as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except for certain financial instruments that have been measured at fair value, as described later in these accounting policies.

Going concern

In order to confirm that the business should adopt the going concern basis in preparing the consolidated financial statements for 2021, the Board and Management have considered a number of possible scenarios and their impact on future revenues, EBITDA and liquidity. These scenarios consider 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 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. As at 31 December 2021, the Group has $1,094.0m of liquid resources (Cash: $364.0m, short-term deposits: $30.0m, undrawn RCF: $700.0m) and a continued expectation that the Group will generate positive free cash flow and reduce leverage over the medium to long term.

The impact of Covid-19 is now confined to the aviation business unit where the aviation industry continues to recover and steady improvement has been shown throughout 2021. Inmarsat's robust business model and capital structure, along with strong positions in a diverse range of geographies and markets will help Inmarsat manage future Covid-19 related risks.

During 2021 the Connect Topco shareholders accepted an offer from Viasat Inc. to purchase the Group for approximately $7.3bn. The transaction is currently expected to complete during the second half of 2022 following Viasat shareholder, customary and regulatory approvals (refer note 35). The going concern assessment has been performed using the Inmarsat financial performance and position.

The Directors have a reasonable expectation that the Group shall continue to operate as a going concern for the foreseeable future. Consequently, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.

Basis of accounting

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

Accounting policy changes

New and amended accounting standards adopted by the Group during 2021 which have no material impact include amendments to IFRS 4 'Insurance Contracts – deferral of IFRS19' and amendments to IFRS 16 Leases 'Covid-19-Related Rent Concessions beyond 30 June 2021'. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform – Phase 2' has been adopted and has no quantitative impact to the financial statements. Qualitative disclosures have been included within the "Derivative financial instruments" section.

New and amended accounting standards that have been issued but are not yet effective and have not been adopted by the Group are provided below. All are effective for years beginning on or after 1 January 2023 and none will have a material impact on the Group.

- FRS 17 'Insurance Contracts'.
- Amendments to IAS 1 'Presentation of Financial Statements': Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date.
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Disclosure of Accounting policies'.
- Amendments to IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors': Definition of Accounting Estimates.
- Amendments to IAS 12 'Income Taxes': Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IFRS 3 'Business Combinations'; IAS 16 'Property, Plant and Equipment'; IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'; and Annual Improvements 2018-2020.

Basis of consolidation

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

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

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

Business combinations

Business combinations are accounted for using the acquisition method. When the Group acquires a business, it identifies the assets and liabilities of the acquiree at the date of acquisition and measures them at fair value. Only separately identifiable intangible assets are recognised. Any assets or disposal groups held for sale at the acquisition date are measured at fair value less costs to sell.

Consideration is the fair value at the acquisition date of the assets transferred and liabilities incurred in acquiring the business and includes the fair value of any contingent consideration. Changes in fair value of contingent consideration after the acquisition date are recognised in the income statement. Acquisition-related costs are expensed as incurred and included in operating costs.

Foreign currency translation

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

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

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

Revenue

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

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

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

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

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

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

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

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

The nature of the contracts within the Group may give rise to variable consideration. This is estimated as the most likely amount based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available and is included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

Where a contract contains a significant financing component, the Group adjusts the transaction price to a present value where the effect of discounting is deemed to be material. The Group has adopted the practical expedient whereby it is not required to adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or services is expected to be one year or less. For contracts with an overall duration greater than one year, the practical expedient also applies if the period between performance and payment for that performance is one year or less.

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

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

Financing income and financing cost

Financing income comprises interest receivable on intergroup lending, funds invested in short-term deposits, and interest on the net defined benefit and post-employment asset/liability.

Financing costs comprise interest payable on borrowings including the Senior Notes and Term Loan, amortisation of deferred financing costs, and interest on lease liabilities. Finance charges are recognised in the income statement at the effective interest rate.

Financial assets

Trade and other receivables

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

Cash and cash equivalents

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

Short-term deposits

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

Intergroup lending

Intergroup lending includes interest-bearing loans with other entities which are 100% owned by the ultimate parent company. This is initially recognised at fair value which equates to the proceeds provided, net of direct transaction and arrangement costs. They are subsequently measured at amortised cost. Finance income is charged to the income statement over the term of the borrowing using the effective interest rate method.

Financial liabilities and equity

Equity instruments

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

Trade and other payables

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

Borrowings

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

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

Senior notes and term loan

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

Net borrowings

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

Derivative financial instruments

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

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

Hedge Accounting

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

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

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

Cash flow hedges

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

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

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

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

IBOR Reform

In prior year's, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform: Amendments to IFRS 9/IAS 39 and IFRS 7. The Company has now adopted the Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39 and IFRS 7 issued in August 2020 ('Phase 2 relief'). These amendments modify (provide relief to) specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In relation to borrowing, the IFRS reliefs mean the Group can update its effective interest rate for the change to the new risk-free rate without recognising an immediate gain or loss. For hedge accounting, the reliefs mean existing hedge accounting will not terminate and updates to hedge documentation relating to IBOR reform will not result in a de-designation event for existing hedge relationships. Hedge ineffectiveness will continue to be recorded in the income statement. In order to qualify for the relief the Group will ensure that transition is economically equivalent to the previous LIBOR basis.

All Financial instruments with a reference rate linked to LIBOR are exposed to IBOR reform, meaning the Company has a material exposure to changes in the USD IBOR benchmark. At 31 December 2021 the Group has a term loan of $1.74bn (2020: $1.74bn) and interest rate caps with a notional amount of $1.66bn (2020: $1.66bn), which are indexed to USD LIBOR. The interest rate caps are designated in a cash flow hedge relationship hedging the USD LIBOR term loan.

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

The Group anticipates that USD LIBOR will transition to SOFR and has considered an IBOR transition plan. As at 31 December 2021, the Group has begun steps in its transition plan such as initial discussions with counterparty banks. The transition project will include consideration to changes in systems, processes, risk and valuation models, as well as managing related tax and accounting implications. The Company currently anticipates that the areas of greatest change will be amendments to the contractual terms of its LIBOR referenced floating-rate caps and updating its hedge designations. USD LIBOR will be continue to be used for the year ended 31 December 2022, while transition occurs.

Employee benefits

Wages, salaries, social security contributions, accumulating annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are performed by the employees of the Group.

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

Cash based LTIP is an executive remuneration scheme for members of senior management, which runs over three years. The scheme awards are accrued in the financial statements for the duration of the award. The accrual is based on the values assessed for the applicable schemes, taking into account the duration of the individual scheme, and by comparing the Company's performance against the criteria used to award payments. These are recognised as the present value of the benefit obligation. Where the 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 single best estimate of the most likely outcome on a case-by-case basis.

Property, plant and equipment

General

Property, plant and equipment assets are initially recognised at cost and subsequently treated under the cost model:

at cost less accumulated depreciation and any accumulated impairment losses.

Space segment assets

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

Assets in the course of construction

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

Capitalised borrowing costs

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

Other fixed assets

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

Depreciation

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

Derecognition

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

Government grants

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

Intangible assets

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

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

Goodwill

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

Research and development costs

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

Development costs are expensed when the costs are incurred unless it meets criteria for capitalisation under IAS 38.

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

Amortisation

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

Impairment reviews

Goodwill is not amortised, but is tested annually for impairment. Impairment losses in respect of goodwill are not reversed.

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

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

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

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

Leases

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

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

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

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

Non-current assets and disposal groups held for sale

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

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

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

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

Any resulting impairment loss is recognised in the income statement.

Inventories

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

Provisions

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

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

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

Asset retirement obligations

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

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

Alternative performance measures

In addition to IFRS measures the Group uses a number of Alternative Performance Measures ('APMs') in order to provide readers with a better understanding of the underlying performance of the business, and to improve comparability of our results for the period. More detail on IFRS and APMs can be found on page 132.

3. FINANCIAL RISK MANAGEMENT

Covid-19

The impact of Covid-19 is now confined to the aviation business unit where the aviation industry continues to recover and steady improvement has been shown throughout 2021. Inmarsat's robust business model and capital structure, along with strong positions in a diverse range of geographies and markets will help Inmarsat manage future Covid-19 related risks. For further information, refer to the Strategic Report.

Financial risk factors

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

The Board of Directors has delegated to the treasury department the responsibility for setting and implementing the financial risk management policies applied by the Group. The treasury department has an operating manual that sets out specific guidelines for managing foreign exchange risk, interest rate risk and credit risk (see note 31). The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

(a) Market risk

(i) Foreign exchange risk

The functional currency of the Company and its principal subsidiaries is the U.S. Dollar. All of the Group's long-term borrowings are denominated in U.S. Dollars, the majority of its revenue is earned in U.S. Dollars and the majority of capital expenditure is denominated in U.S. Dollars, which are therefore not subject to risks associated with fluctuating foreign currency rates of exchange.

However, the Group operates internationally, resulting in approximately 4% (2020: 3%) and 29% (2020: 25%) of total revenue and total expenditure respectively, being denominated in currencies other than the U.S. Dollar. Approximately 30% (2020: 30%) of the Group's operating costs are denominated in Pounds Sterling. The Group's exposure therefore needs to be carefully managed to avoid variability in future cash flows and earnings caused by volatile foreign exchange rates.

For the year ended 31 December 2021, it is estimated that a hypothetical 10% increase in the U.S. Dollar/Sterling year-end exchange rate (U.S.$1.35/£1.00 to U.S.$1.49/£1.00) would have decreased the 2021 profit before tax by approximately $3.3m (2020: $4.7m). 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 the interest rate risk arises from its long-term borrowings specifically a Term Loan and Senior Notes 2026. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings related to Senior Notes due 2026 are charged at a fixed rate. As at 31 December 2021 the Group had drawn down $1.72bn (2020: $1.74bn) on the Term Loan which is repayable in quarterly instalments over 7 years. The credit agreement will mature in 2026. Drawings under this credit agreement incur interest at a variable rate of LIBOR +3.5% (2020: +4.5%). The Group has entered into interest rate cap arrangements to hedge the variable interest rates on the Term Loan. The cap provides protection of USD LIBOR up to 2% and covers 97% of the total nominal amount of the Term Loan. As at 31 December 2021 it is estimated that a hypothetical 1% increase in interest rate would have decreased the 2021 profit before tax by approximately $36.5m (2020: $36.3m). 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)
- Debtor cannot be located
- Debt uneconomical to pursue

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

Financial instruments that potentially subject the Group to a concentration of credit risk consist of cash and cash equivalents, short-term deposits, trade receivables, other receivables, accrued income and derivative financial instruments. The credit risk on liquid funds (cash and cash equivalents and short-term deposits) and derivative financial instruments is limited because the counterparties are highly rated financial institutions. The maximum exposure to credit risk as at 31 December is:

($ in millions)	Note	2021	2020
Cash and cash equivalents	17	364.0	250.4
Short-term deposits	17	30.0	688.0
Trade receivables, other receivables and accrued income	18	239.6	251.1
Intergroup lending	18	749.1	-
Total credit risk exposure		**1,382.7**	**1,189.5**

The Group's average age of trade receivables as at 31 December 2021 was approximately 55 days (2020: 62 days).

At 31 December 2021, $236.3m (2020: $229.9m) 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 slightly increased to $17.9m (excluding Ligado Networks) as at 31 December 2021 (2020: $16.7m).

For 2021, no customer comprised greater than 10% of the Group's total revenues (2020: no customer).

As a result of the pension scheme buy-in (note 28) the Group is exposed to 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:

($ in millions)	Note	2021	2020
Cash and cash equivalents	17	364.0	250.4
Short-term deposits	17	30.0	688.0
Available but undrawn borrowing facilities[1]	20	700.0	700.0
Total available liquidity		**1,094.0**	**1,638.4**

1 Relates to the Senior Revolving Credit Facility (see note 20).

The Directors currently believe the Group's liquidity position is more than sufficient to meet its needs for the foreseeable future.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the year of the revision and future years if the revision affects both current and future years.

Key sources of estimation uncertainty

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

(a) 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 $129m, excluding interest, during 2022. 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. The Group's 1999 claim for a tax deduction for satellite launch costs was heard at the Upper Tribunal which ruled in favour of HMRC in March 2021 on one point of legal interpretation. Inmarsat subsequently appealed directly to the Court of Appeal which was granted and a hearing is set for Q2 2022. The Group has provided fully for the potential cost of c. $125m, comprising tax ($100m) and interest ($25m).

(b) Revenue in respect of Ligado Networks

There have been no material developments regarding Ligado during 2021 and our collectability assessment of future receipts remains unchanged. A summary of Ligado, including the current outstanding balances, is provided below.

In December 2007, Inmarsat and Ligado Networks LLP (formerly LightSquared LP and LightSquared Inc.), and Ligado Networks (Canada) Inc. (formerly Skyterra (Canada) Inc.) entered into a 100 year Cooperation Agreement for the efficient use of L-band spectrum over North America. The Cooperation Agreement has been modified a number of times, and this has been assessed against IFRS 15 as to whether the modification is treated as a new contract or an amendment to an earlier contract. The most recent amendments were signed in 2020 (amendment 5 & 6) under which Ligado paid $700m. The amendments 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 2021, the Group recognised $nil revenue or operating costs (year ended 31 December 2020: $33.3m and $nil 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. Based on the continued level of uncertainty, no revenue has been recognised during 2021.

At 31 December 2021, deferred income of $906.5m (2020: $906.5m) 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 2021 a receivable, net of bad debt, of $17.2m (2020: $17.2m) has been recorded on the balance sheet relating to the deferrals and an interest receivable, net of bad debt, of $2.0m (2020: $2.0m). A 51% impairment has been recognised in the prior year in order to comply with IFRS 9 and align with our conclusion that uncertainty remains around the collection of future monies. No adjustment to this provision was required in 2021. If Ligado failed to make remaining payments as they fall due, this default would release Inmarsat from its remaining obligations, which would trigger the recognition in the income statement of the remaining deferred income resulting in a net gain to the Group.

Critical judgements in applying the Group's accounting policies

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

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

The net book value of space segment assets is currently $1,703.6m (2020: $1,941.6m). There have been additions of $28.5m in the year (2020: $0.9m) and transfers from assets in the course of construction of $10.8m (2020: $217.8m). The key judgements involved in the capitalisation of space segment assets and associated borrowings costs are:

- Whether the capitalisation criteria of the underlying IAS have been met
- Whether an asset is ready for use and as a result further capitalisation of costs should cease and depreciation

should commence
- Whether an asset is deemed to be substantially complete and as a result capitalisation of borrowing costs should cease

(d) Proxy board arrangement

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

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

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

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

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

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

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

5. SEGMENTAL INFORMATION

The Group have identified the provision of global mobile satellite communications services to customers around the world as the only operating segment. The Board of Directors review the Group's financial reporting on a consolidated basis and approves those proposals for the allocation of the Group's resources and have therefore been identified as the chief operating decision maker. The Group's revenue is categorised by four business units, namely:

- Maritime: focusing on worldwide commercial maritime services including safety services;
- Government: focusing on military and other government services to the U.S. and other international governments;
- Aviation: focusing on commercial aviation, business and general aviation; and providing operational and safety services to support both of these segments; and
- Enterprise: focusing on worldwide land-based Internet of Things, lease, broadband, and voice segments.

These four business units are supported by 'Central Services' which includes satellite operations, technology, corporate functions, backbone infrastructure, and any income that is not directly attributable to a business unit, such as Ligado.

Segment results 2021

($ in millions)	Maritime	Government	Aviation	Enterprise	Central Services	Total
Revenue	506.1	490.7	226.9	115.5	13.2	1,352.4
Ligado revenue	-	-	-	-	-	-
Total revenue	**506.1**	**490.7**	**226.9**	**115.5**	**13.2**	**1,352.4**

Cash capital expenditure	356.3
Financing costs capitalised in the cost of qualifying assets	66.6
Cash flow timing[1]	4.7
Total capital expenditure	**427.6**

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

Segment results 2020

($ in millions)	Maritime	Government	Aviation	Enterprise	Central Services	Total
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**

Cash capital expenditure	287.9
Financing costs capitalised in the cost of qualifying assets	63.6
Cash flow timing[1]	(13.3)
Goodwill adjustment	19.8
Total capital expenditure	**358.0**

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

Timing of revenue recognition

($ in millions)	2021	2020
At a point in time	72.5	48.5
Over time	1,279.9	1,223.6
	1,352.4	**1,272.1**

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.

	2021		2020	
($ in millions)	Revenue	Non-current segment assets	Revenue	Non-current segment assets
United Kingdom	48.7	4,418.2	56.5	4,260.5
Rest of Europe	375.5	247.4	366.4	271.4
United States	531.6	80.0	486.5	70.8
Rest of North America	40.4	53.2	42.3	60.9
Asia and Pacific	248.9	99.3	236.3	85.5
Rest of the world	107.3	38.0	84.1	1.4
Unallocated[1]	-	2,121.8	-	1,765.6
	1,352.4	**7,057.9**	**1,272.1**	**6,516.1**

1 Unallocated items relate to satellites which are in orbit.

Remaining performance obligations

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

($ in millions)	As at 31 December 2021	As at 31 December 2020
Within one year	418.0	380.8
Between two to four years	442.1	355.8
Five years and greater	286.5	268.0
	1,146.6	**1,004.6**

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

6. OPERATING PROFIT

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

Operating profit is stated after charging the following items:

($ in millions)	Note	2021	2020
Depreciation of property, plant and equipment	13	367.8	417.2
Amortisation of intangible assets	14	253.6	244.4
Depreciation of right-of-use assets	15	11.1	11.4
Acquisition related costs[1]		11.1	(0.2)
Loss on disposal of assets		7.6	3.2
Impairment[2]		(0.3)	10.5
IT support		37.8	37.3
Cost of inventories recognised as an expense		75.5	61.6
Write downs of inventories recognised as an expense	19	4.0	8.4
Research costs expensed		18.6	6.9

1 Costs associated with the acquisition for 2021 relate to professional fees supporting the Viasat acquisition (refer note 35).

2 Relates to the impairment of $0.6m of tangible assets, offset by reversal of prior impairment of a financial asset of $0.9m.

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

($ in millions)	2021	2020
Audit fees:		
Annual audit of the Company	0.1	0.2
Annual audit of subsidiary companies	1.1	1.1
Total audit fees	**1.2**	**1.3**
Audit-related assurance services[1]	1.7	-
Total audit and audit-related fees	**2.9**	**1.3**
Other services	0.1	0.1
Total non-audit fees	**0.1**	**0.1**
Total auditor's remuneration	**3.0**	**1.4**

1 Fees paid for audit-related assurance services relate to additional assurance over historical Group financial information, in support of Viasat debt offering and regulatory filing (refer note 35).

7. EMPLOYEE BENEFIT COSTS

($ in millions)	Note	2021	2020
Wages and salaries		261.3	247.7
Social security costs		29.1	20.2
Defined contribution pension plan costs		12.9	11.9
Defined benefit pension plan costs[1]	28	0.6	0.4
Post-employment benefits costs[1]	28	-	0.1
Total employee benefit costs		**303.9**	**280.3**

1 Defined benefit pension plan costs and post-employment benefits costs includes current service costs (see note 28).

Employee Numbers

The average monthly number of employees (including the Executive Director) employed is as follows:

By activity:	2021	2020
Operations	777	915
Sales and marketing	378	361
Development & engineering	245	240
Administration	370	396
	1,770	**1,912**

By segment:	2021	2020
Maritime	129	129
Government	213	192
Enterprise	63	71
Aviation	73	206
Central Services	1,292	1,314
	1,770	**1,912**

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 $3.9m (2020: $9.2m) relating to contractors and temporary staff have been included in the cost table above.

8. KEY MANAGEMENT COMPENSATION

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

($ in millions)	2021	2020
Short-term benefits	5.1	2.1
	5.1	**2.1**

In the current year, no Director has been a member of the Group's defined contribution pension plan. The increase in the current year relates to higher performance related compensation.

9. NET FINANCING COSTS

($ in millions)	2021	2020
Bank interest receivable and other interest	(2.8)	(2.8)
Intergroup loan interest receivable	(29.2)	-
Pension and post-retirement liability finance income	-	(1.0)
Total financing income	**(32.0)**	**(3.8)**
Interest on Senior Notes and credit facilities	222.1	244.3
Amortisation of term loan gain[1]	10.5	-
Amortisation of debt issue costs	18.7	13.9
Amortisation of discount on Senior Notes due 2022	-	1.5
Pension and post-retirement liability finance expense	0.2	-
Interest on lease obligations	2.0	2.3
Other interest	8.0	4.5
Finance costs	**261.5**	**266.5**
Less: Amounts capitalised in the cost of qualifying assets	(66.6)	(63.6)
Financing costs excluding derivative adjustments	**194.9**	**202.9**
Fair value changes in financial assets and liabilities[1]	(76.4)	(0.2)
Net financing costs	**86.5**	**198.9**

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

Borrowing costs capitalised in the cost of qualifying assets during the year are calculated by applying a capitalisation rate to expenditures on such assets. The average interest capitalisation rate for the year was 7.5% (2020: 7.4%).

10. TAXATION

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

($ in millions)	2021	2020
Current tax charge:		
Current year	19.3	23.8
Adjustments in respect of prior periods	5.8	(28.1)
Total current tax charge / (income)	**25.1**	**(4.3)**
Deferred tax charge:		
Origination and reversal of temporary differences	(20.2)	(61.1)
Adjustments due to changes in corporation tax rates	175.0	71.5
Adjustments in respect of prior periods	(9.3)	26.7
Total deferred tax charge	**145.5**	**37.1**
Total taxation charge	**170.6**	**32.8**

The table below explains the differences between the expected tax expense, being the Group's profit multiplied by the UK tax rate, and the Group's total tax expense. The UK rate is used on the basis that this is our principal operating jurisdiction.

The effective tax rate is 963.8% (2020: 17.9%) and is reconciled below:

($ in millions)	2021	2020
Profit / (loss) before tax	**17.7**	**(182.9)**
Income tax at 19.0%	3.4	(34.7)
Differences in overseas tax rates	3.3	0.9
Adjustments in respect of prior periods	(3.5)	(1.4)
Adjustments due to change in the corporation tax rate	175.0	71.5
Impact of UK patent box regime	(5.7)	(6.3)
Tax losses for which no DTA is recognised	-	1.1
Impact of prior year losses not previously recognised	-	(0.8)
Impact of current temporary difference not recognised	0.3	-
Other non-deductible expenses/non-taxable income	(2.2)	2.5
Total taxation charge	**170.6**	**32.8**

Tax credited directly to other comprehensive income:

($ in millions)	2021	2020
Deferred tax on re-measurement of pension assets and liabilities	0.3	5.5
Total tax credited directly to other comprehensive income	**0.3**	**5.5**

On 3 March 2020 the UK Government announced their intention to increase the headline rate of tax from 19% to 25% from April 2023. This was enacted during 2021 and the UK deferred tax has been uplifted (refer note 10) on the basis that 25% is the substantively enacted rate at 31 December 2021.

In January 2022, the UK Government reconfirmed its intention to introduce legislation to give effect to the OECD Inclusive Framework agreement that there should be a global minimum corporate income tax rate of 15%, taking effect in 2023. This does not affect the group's results for 2021 and is not expected to have a material impact on the financial statements for subsequent years. However, the exact impact will depend on the precise rules adopted in individual countries which are not known at this time.

11. NET FOREIGN EXCHANGE GAIN

($ in millions)	Note	2021	2020
Pension and post-retirement liability	28	0.3	0.7
Other operating costs		1.5	(0.7)
Total foreign exchange gain		**1.8**	**-**

12. DIVIDENDS

During 2021 the Board did not declare an interim or final dividend (2020: nil). During 2021 no dividend was paid to Company shareholders (2020: nil).

13. PROPERTY, PLANT AND EQUIPMENT

($ in millions)	Freehold land and buildings	Services equipment, fixtures and fittings	Space segment	Assets in the course of construction	Total
Cost:					
As at 1 January 2020	**12.7**	**370.2**	**2,082.8**	**1,042.7**	**3,508.4**
Additions	-	18.2	0.9	233.1	252.2
Disposals	-	(35.0)	(92.2)	(0.1)	(127.3)
Impairments	-	–	(7.4)	-	(7.4)
Transfers	-	(2.6)	–	7.2	4.6
Transfer from assets in the course of construction	-	39.2	217.8	(257.0)	–
As at 31 December 2020	**12.7**	**390.0**	**2,201.9**	**1,025.9**	**3,630.5**
Additions	-	28.6	28.5	308.3	365.4
Disposals	-	(41.0)	(0.4)	(0.2)	(41.6)
Transfers	-	3.1	-	14.5	17.6
Transfers from assets in the course of construction	-	35.8	10.8	(46.6)	–
As at 31 December 2021	**12.7**	**416.5**	**2,240.8**	**1,301.9**	**3,971.9**
Accumulated Depreciation:					
As at 1 January 2020	-	**(6.8)**	**(27.7)**	-	**(34.5)**
Charge for the year	(0.3)	(92.7)	(324.2)	-	(417.2)
Disposals	-	26.5	91.9	-	118.4
Impairment losses	-	(0.7)	(0.3)	-	(1.0)
Transfers	-	2.0	-	-	2.0
As at 31 December 2020	**(0.3)**	**(71.7)**	**(260.3)**	-	**(332.3)**
Charge for the year	(0.3)	(90.2)	(277.3)	-	(367.8)
Disposals	-	30.0	0.4		30.4
Transfers	-	(2.0)	-	–	(2.0)
As at 31 December 2021	**(0.6)**	**(133.9)**	**(537.2)**	**-**	**(671.7)**
Net book value at 31 December 2020	**12.4**	**318.3**	**1,941.6**	**1,025.9**	**3,298.2**
Net book value at 31 December 2021	**12.1**	**282.6**	**1,703.6**	**1,301.9**	**3,300.2**

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 2021, the Group was carrying certain freehold land and buildings with a net book value of $12.1m (2020: $12.4m). Had they been revalued on a market basis, their carrying amount at 31 December 2021 would have been $12.7m (2020: $12.7m). Market valuation is based on the Directors' best estimates.

In 2021, 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 2021 were $3.7m (2020: $11.1m).

14. INTANGIBLE ASSETS

($ in millions)	Goodwill	Trademarks	Software	Terminal development and network access costs	Customer relationships	Other	Total
Cost:							
As at 1 January 2020	**855.6**	**160.5**	**294.7**	**42.3**	**1,654.2**	**276.1**	**3,283.4**
Additions	19.8	-	55.1	18.8	-	12.1	105.8
Disposals	-	-	(11.0)	(0.2)	-	(0.7)	(11.9)
Impairments	-	-	(1.3)	(1.2)	-	-	(2.5)
Transfers	(7.0)	-	(3.1)	(0.1)	-	5.6	(4.6)
As at 31 December 2020	**868.4**	**160.5**	**334.4**	**59.6**	**1,654.2**	**293.1**	**3,370.2**
Additions	-	-	33.9	15.3	1.5	12.6	63.3
Disposals	-	-	(24.0)	(1.4)	-	-	(25.4)
Impairments	-	-	(0.1)	-	-	-	(0.1)
Transfers	-	-	(10.3)	-	-	(7.3)	(17.6)
As at 31 December 2021	**868.4**	**160.5**	**333.9**	**73.5**	**1,655.7**	**298.4**	**3,390.4**
Accumulated Depreciation:							
As at 1 January 2020	**-**	**(0.5)**	**(4.0)**	**(2.2)**	**(11.0)**	**(1.9)**	**(19.6)**
Charge for the year	-	(6.4)	(58.1)	(19.4)	(137.9)	(22.6)	(244.4)
Disposals	-	-	11.0	-	-	0.7	11.7
Impairment losses	-	-	(0.4)	0.2	-	-	(0.2)
Transfers	-	-	-	-	-	(2.0)	(2.0)
As at 31 December 2020	**-**	**(6.9)**	**(51.5)**	**(21.4)**	**(148.9)**	**(25.8)**	**(254.5)**
Charge for the year	-	(6.4)	(69.0)	(20.8)	(138.1)	(19.3)	(253.6)
Disposals	-	-	22.1	1.4	-	-	23.5
Impairments	-	-	(0.5)	-	-	-	(0.5)
Transfers	-	-	-	-	-	2.0	2.0
As at 31 December 2021	**-**	**(13.3)**	**(98.9)**	**(40.8)**	**(287.0)**	**(43.1)**	**(483.1)**
Net book value at 31 December 2020	**868.4**	**153.6**	**282.9**	**38.2**	**1,505.3**	**267.3**	**3,115.7**
Net book value at 31 December 2021	**868.4**	**147.2**	**235.0**	**32.7**	**1,368.7**	**255.3**	**2,907.3**

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

As at 31 December 2021, the Group has no indefinite useful life intangible assets, other than Goodwill.

Government grants received in 2021 were $4.7m (2020: $3.3m). 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 fair value less cost to sell, with reference to the recent Viasat acquisition offer of approximately $7.3bn which includes cash and equity (share price valued as at 5 November 2021). Further information on the Viasat acquisition can be found in note 35.

15. LEASES

Right of Use Assets

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

($ in millions)	Property	Vehicles	Total
Net carrying amount:			
As at 31 December 2019	**50.1**	**0.2**	**50.3**
Additions	0.4	0.4	0.8
Changes in terms	1.5	0.2	1.7
Charge for the year	(11.1)	(0.3)	(11.4)
As at 31 December 2020	**40.9**	**0.5**	**41.4**
Additions	2.2	0.3	2.5
Changes in terms	0.3	0.2	0.5
Charge for the year	(10.8)	(0.3)	(11.1)
As at 31 December 2021	**32.6**	**0.7**	**33.3**

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

The Group expenses short-term leases and low-value assets as incurred which is in accordance with the recognition exemption in IFRS 16. Expenses for short-term leases and low-value assets was $0.1m (2020: less than $0.1m) for the year. As at 31 December 2021, the Group is committed to $0.1m (2020: $0.1m) of short-term leases and low-value assets.

In the year, the Group received $0.1m (2020: $0.3m) in relation to income from the subleasing of right-of-use assets.

Lease liabilities

Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. The Group's lease liabilities as of 31 December 2021 comprise existing contracts as well as contracts entered into during the financial year 2021.

The average lease term of the Group's property and vehicle leases is 3.3 and 2.6 years respectively (2020: 3.5 and 2.6 respectively). The maturity profile of the Group's leases is shown in the table below.

As at 31 December 2021

($ in millions)	**Property**	**Vehicles**	**Total**
Within one year	11.5	0.2	11.7
Between two to five years	28.9	0.4	29.3
Greater than five years	4.5	-	4.5
	44.9	**0.6**	**45.5**

As at 31 December 2020

($ in millions)	**Property**	**Vehicles**	**Total**
Within one year	11.1	0.1	11.2
Between two to five years	37.7	0.6	38.3
Greater than five years	5.1	-	5.1
	53.9	**0.7**	**54.6**

For the year ended 31 December 2021, the weighted average discount rate applied was 4.0% (2020: 3.9%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The total cash flow relating to all lease obligations in year was $11.4m (2020: $10.6m) with lease obligations denominated in various currencies. Total lease interest paid was $2.0m (2020: $2.3m).

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

16. INVESTMENTS

($ in millions)	**As at 31 December 2021**	**As at 31 December 2020**
Interest in associates	23.8	22.0
Other investments	1.1	1.1
Total investments	**24.9**	**23.1**

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

Other investments represent the Group's investment in Actility S.A. and is accounted for as fair value through profit and loss.

Cash dividends received from the associates for the year ended 31 December 2021 total $3.4m (2020: $2.2m). The Group's aggregate share of its associates' profits for the year is $5.1m (2020: $4.2m) 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.

($ in millions)	As at 31 December 2021	As at 31 December 2020
Cash at bank and in hand	94.0	250.4
Short-term deposits with original maturity less than 3 months	270.0	-
Cash and cash equivalents	**364.0**	**250.4**

At 31 December 2021, the Group has $30.0m of cash held in short-term deposits with an original maturity of between four to twelve months (2020: $688.0m), along with $nil held as restricted cash (2020: $7.0m). Restricted cash in 2020 related to cash held in escrow from the Speedcast asset acquisition. This asset acquisition was finalised during 2021 and the cash held in escrow was released.

18. TRADE AND OTHER RECEIVABLES

($ in millions)	As at 31 December 2021	As at 31 December 2020
Current:		
Trade receivables and contract assets	204.9	215.0
Other receivables	19.2	24.2
Accrued income	12.3	8.3
Prepayments	26.3	21.2
Total trade and other receivables	**262.7**	**268.7**
Non-current:		
Intergroup lending, gross of capitalised interest	749.1	-
Defined benefit pension asset	-	3.5
Other receivables	3.2	3.6
Total other receivables	**752.3**	**7.1**

Intergroup lending

As at 31 December 2021, a $719.8m intergroup loan (2020: $nil) was issued to Connect Midco Limited, 100% owned by the ultimate parent of the Company. This was issued in support of the distribution to shareholders by Inmarsat Global Limited. The loan which is charged at 3-month Libor +5.05% and is repayable on 23 February 2023.

Expected credit loss

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

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

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

2021

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

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

2020

($ in millions)	Internal rating A	Internal rating B	Internal rating C	Internal rating D/E	Total
Carrying value of trade receivables (gross)[1]	**6.5**	**156.5**	**66.5**	**49.0**	**278.5**
Lifetime ECL	-	2.1	5.2	1.6	8.9
Specific allowances	-	-	7.8	19.8	27.6
Group loss allowance	**-**	**2.1**	**13.0**	**21.4**	**36.5**

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

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

($ in millions)	2021	2020
As at 1 January	**36.5**	**28.8**
Charged in the year	13.4	24.3
Ligado charge for the year	-	19.8
Utilised in the year	(2.3)	(28.9)
Released in the year	(9.9)	(7.5)
As at 31 December[1]	**37.7**	**36.5**

1 The maturity of the Group's provision for uncollectable trade receivables for the year ended 31 December 2021 is $0.8m current, $nil between one and 30 days overdue, $6.5m between 31 and 120 days overdue and $30.4m over 120 days overdue (2020: $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).

19. INVENTORIES

($ in millions)	As at 31 December 2021	As at 31 December 2020
Finished goods	35.7	35.9
Work in progress	0.9	1.0
Total inventories	**36.6**	**36.9**

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

($ in millions)	2021	2020
As at 1 January	**16.2**	**17.4**
Charged to the allowance in respect of the current year	4.4	7.2
Released in the year	(0.4)	(8.4)
As at 31 December	**20.2**	**16.2**

20. NET BORROWINGS

($ in millions)	As at 31 December 2021 Amount	Term loan gain	Deferred finance costs	Net balance	As at 31 December 2020 Amount	Deferred finance costs	Net balance
Current:							
Term loan	17.5	-	-	17.5	17.5	-	17.5
Total current borrowings	**17.5**	**-**	**-**	**17.5**	**17.5**	**-**	**17.5**
Non-current:							
Senior Notes due 2026	2,075.0	-	(11.6)	2,063.4	2,075.0	(14.0)	2,061.0
Term loan	1,701.9	(65.9)	(80.3)	1,555.7	1,719.4	(91.5)	1,627.9
Total non-current borrowings	**3,776.9**	**(65.9)**	**(91.9)**	**3,619.1**	**3,794.4**	**(105.5)**	**3,688.9**
Total borrowings	**3,794.4**	**(65.9)**	**(91.9)**	**3,636.6**	**3,811.9**	**(105.5)**	**3,706.4**
Cash and cash equivalents	(364.0)	-	-	(364.0)	(250.4)	-	(250.4)
Short-term deposits	(30.0)	-	-	(30.0)	(688.0)	-	(688.0)
Net borrowings	**3,400.4**	**(65.9)**	**(91.9)**	**3,242.6**	**2,873.5**	**(105.5)**	**2,768.0**

Senior revolving credit facility

On 12 December 2019, the Group signed a new five-year $700m revolving credit facility ('Senior Revolving Credit Facility'). Advances in U.S. dollar under the facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 3.0% and 3.5% determined by reference to the ratio of Senior Secured First Lien Net Leverage. At 31 December 2021, there were no outstanding drawings under the Senior Revolving Credit Facility.

Senior Notes due 2026

On 7 October 2019, the Group issued $2.075bn of 6.75% Secured Senior Notes due 1 October 2026. The aggregate gross proceeds were $2.055bn, net of $19.7m issuance discount. The fair value of Secured Senior Notes is provided in note 31.

Term loan

On 12 December 2019, the Group entered into a $1.75bn Term Facility with Barclays Bank PLC acting as an administrative and collateral agent. As at 31 December 2021 the Group had drawn down $1.74bn which is repayable in quarterly instalments over 7 years (the credit agreement will mature in 2026). On 25 January 2021, the term loan was repriced from USD Libor +4.5% to USD Libor +3.5%. This reduction of 1% on the margin resulted in the Group recognising a gain through the income statement of $76.4m. The carrying value of the term loan was reduced by a similar value and is offset by amortisation, charged over the life of the loan. In line with the IBOR interest rate benchmark reform, the Group is working with its counterparties to determine appropriate alternative benchmarks. All financial instruments with a reference rate linked to LIBOR are exposed to IBOR reform. Therefore, as at 31 December 2021 this would impact financial instruments with a value of $1.74bn (2020: $1.74bn). The fair value of the term loan is provided in note 31.

Effective interest rate

The effective interest rates at the balance sheet dates were as follows:

Effective interest rate %	2021	2020
Bank overdrafts	-	4.5%
Senior Notes due 2026	7.0%	7.0%
Term Loan	4.9%	6.0%

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

($ in millions)	As at 31 December 2020	Cashflows[1]	Transfers[2]	Deferred finance costs & term loan gain	Interest expenses	Foreign exchange	Lease adjustments	Other adjustments	As at 31 December 2021
Short-term borrowings	17.5	(17.5)	17.5	-	-	-	-	-	17.5
Long-term borrowings	3,688.9	(222.1)	(17.5)	(52.3)	222.1	-	-	-	3,619.1
Lease liabilities	54.6	(13.4)	-	-	-	(0.6)	3.0	1.9	45.5
Total liabilities from financing activities	**3,761.0**	**(253.0)**	**-**	**(52.3)**	**222.1**	**(0.6)**	**3.0**	**1.9**	**3,682.1**

($ in millions)	As at 31 December 2019	Additions	Drawdowns and repayments	Cashflows	Transfers[2]	Interest expense	Arrangement costs amortisation	Other cash movements	As at 31 December 2020
Short-term borrowings	1,014.7	-	(1,018.0)	(15.2)	17.5	8.5	3.3	6.7	17.5
Long-term borrowings	2,730.3	-	966.2	(232.4)	(17.5)	233.4	9.9	(1.0)	3,688.9
Convertible Bond[2]	1.8	-	(1.6)	-	-	(0.2)	-	-	-
Lease liabilities	62.4	0.8	(10.6)	-	2.3	-		(0.3)	54.6
Total liabilities from financing activities	**3,809.2**	**0.8**	**(64.0)**	**(247.6)**	**2.3**	**241.7**	**13.2**	**5.4**	**3,761.0**

1 Cashflows relate to repayment of borrowings, interest paid, and cash payments for the principal portion of lease obligations.

2 Transfers comprise debt maturing from long-term to short-term borrowings.

21. TRADE AND OTHER PAYABLES

($ in millions)	Note	As at 31 December 2021	As at 31 December 2020
Current:			
Trade payables		107.4	98.1
Other taxation and social security payables		5.6	5.3
Other creditors		2.8	4.2
Other accruals		137.8	93.6
Deferred income[1]		1,018.0	1,001.1
Total trade and other payables		**1,271.6**	**1,202.3**
Non-current:			
Other payables		1.8	2.3
Defined benefit pension and post employment liability	28	16.3	15.5
Total other payables		**18.1**	**17.8**

1 The deferred income balance includes $906.5m (2020: $906.5m) relating to payments received from Ligado Networks (refer note 4).

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

Deferred income

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

($ in millions)	As at 31 December 2021	As at 31 December 2020
At January	1,001.1	300.1
Contract liability raised in the year	524.9	1,121.9
Contract liability utilised in the year	(508.0)	(420.9)
At 31 December	**1,018.0**	**1,001.1**

22. PROVISIONS

Movements in the Group's provisions were as follows:

($ in millions)	Restructuring	Contract Obligation	Asset retirement	Deferred salary	Other	Total
As at 31 December 2020	**11.1**	**6.3**	**1.0**	**1.0**	**2.1**	**21.5**
Charged in respect of year	-	3.1	-	-	-	3.1
Utilised in year	(9.1)	(0.6)	-	(0.1)	(1.0)	(10.8)
Reversal in the year	-	(2.1)	-	-	-	(2.1)
As at 31 December 2021	**2.0**	**6.7**	**1.0**	**0.9**	**1.1**	**11.7**
Non-current	-	4.2	1.0	0.9	0.9	**7.0**
Current	2.0	2.5	-	-	0.2	**4.7**
	2.0	**6.7**	**1.0**	**0.9**	**1.1**	**11.7**

A. Restructuring

The restructuring provision relates to an organisational development review which began in 2020, in response to the Covid-19 pandemic. As part of that review, a number of roles came under consultation, ultimately resulting in employees exiting the business. The provision is calculated based on the estimated costs from the terms of relevant employee contracts. The remaining provision is expected to be utilised within 1 year.

B. Contract Obligation

Contract obligation provisions relate to various contracts within the Aviation business unit, which are expected to result in an outflow of economic benefit as a result of the contract terms. The provisions are calculated using various best estimate methods including weighted probability of a range of potential outcome. The costs do not include future operating costs.

C. Asset retirement

Asset retirement obligations relate to the expected costs of removing equipment from occupied premises. This is based on contractual obligations set out in the occupation agreements and is calculated using the best estimate of the cost to remove equipment at the end of the term. The costs are expected to be utilised within 2 - 5 years.

D. Deferred Salary

Deferred salary payments are regulatory provisions arising from staff located in Italy and the United Arab Emirates, where the amounts are paid upon the termination of the employment relationship. The provision is calculated based on the estimated costs from the terms of relevant employee contracts.

23. CURRENT AND DEFERRED TAXATION

The current asset of $0.4m and the current tax liability of $174.8m (2020: $3.5m and $171.5m) represent the tax receivable and payable in respect of current and prior periods, less amounts paid.

Recognised deferred tax assets and liabilities

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

($ in millions)	As at 31 December 2021 Assets	Liabilities	Net	As at 31 December 2020 Assets	Liabilities	Net
Property, plant and equipment and intangible assets	(2.2)	885.5	883.3	(3.0)	702.1	699.1
Provisions	(7.9)	-	(7.9)	(8.1)	-	(8.1)
Other[1]	(64.6)	-	(64.6)	(46.5)	-	(46.5)
Tax losses	(64.1)	-	(64.1)	(43.0)	-	(43.0)
Net deferred tax liabilities	**(138.8)**	**885.5**	**746.7**	**(100.6)**	**702.1**	**601.5**

1 Other relates to pensions and corporate interest restrictions.

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

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

($ in millions)	As at 31 December 2021	As at 31 December 2020
Deferred tax assets	(33.7)	(30.0)
Deferred tax liabilities	780.4	631.5
Net deferred tax liabilities	**746.7**	**601.5**

Movement in temporary differences during the year:

($ in millions)	As at 31 December 2020	Recognised in income	Recognised in other comprehensive income	As at 31 December 2021
Property, plant and equipment and intangible assets	699.1	184.2	-	883.3
Provisions	(8.1)	0.2	-	(7.9)
Other[1]	(46.5)	(17.8)	(0.3)	(64.6)
Tax losses	(43.0)	(21.1)	-	(64.1)
Total	**601.5**	**145.5**	**(0.3)**	**746.7**

($ in millions)	As at 31 December 2019	Recognised in income	Recognised in other comprehensive income	As at 31 December 2020
Property, plant and equipment and intangible assets	642.1	57.0	-	699.1
Provisions	(10.4)	2.3	-	(8.1)
Other[1]	(9.2)	(31.8)	(5.5)	(46.5)
Share-based payments	(0.4)	0.4	-	-
Tax losses	(52.2)	9.2	-	(43.0)
Total	**569.9**	**37.1**	**(5.5)**	**601.5**

1 Other relates to pensions and corporate interest restrictions.

Total unrecognised deferred tax assets:

($ in millions)	As at 31 December 2021	As at 31 December 2020
Unrecognised income tax losses	-	(0.1)
Unrecognised capital losses	(63.8)	(37.9)
Total	**(63.8)**	**(38.0)**

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

Overseas dividends received are largely exempt from UK tax but may be subject to foreign withholding taxes. The unrecognised gross temporary difference in respect of the unremitted earnings of those overseas subsidiaries affected by such taxes is $nil (2020: $nil), resulting in a deferred tax liability of $nil (2020: $nil).

The unrecognised gross temporary difference in respect of the investments in associates is $2.3m (2020: $2.2m), resulting in an unrecognised deferred tax liability of $0.7m (2020: $0.7m).

24. RECONCILIATION OF CASH GENERATED FROM OPERATIONS

Reconciliation of profit for the year to cash generated from operations:

($ in millions)	2021	2020
Loss for the year	**(152.9)**	**(215.7)**
Adjustments for:		
Taxation charge	170.6	32.8
Financing costs	194.9	202.9
Financing income	(32.0)	(3.8)
Fair value changes in financial assets and liabilities	(76.4)	(0.2)
Operating profit	**104.2**	**16.0**
Depreciation and amortisation	632.5	673.0
Loss on disposal of assets	7.6	3.2
Impairment (reversal) / loss	(0.3)	10.5
Share of profit of associates	(5.1)	(4.2)
EBITDA	**738.9**	**698.5**
Non-cash employee benefit costs	-	0.2
Non-cash foreign exchange movements	2.1	0.9
Changes in net working capital:		
Decrease / (increase) in restricted cash[1]	6.9	(6.1)
Decrease in trade and other receivables	16.3	92.1
Decrease in inventories	0.3	2.3
Increase in trade and other payables	45.8	589.4
(Decrease) / increase in provisions	(9.5)	10.8
Cash generated from operations	**800.8**	**1,388.1**

1 Restricted cash in 2020 related to cash held in escrow from the Speedcast asset acquisition. This asset acquisition was finalised during 2021 and the cash held in escrow was released.

25. SHARE CAPITAL

($ in millions)	As at 31 December 2021	As at 31 December 2020
Authorised:		
2,361,467,197 ordinary shares of $1 each	2,361.5	2,361.5
Allotted, issued and fully paid:		
2,361,467,197 ordinary shares of $1 each	2,361.5	2,361.5

During 2021, no new shares were authorised, allotted, or issued (2020: 11,597,843 new ordinary shares of $1.00 each were authorised, allotted, and issued).

26. RESERVES

During 2020 the Group adopted IFRS 9 for hedge accounting, which was 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 year ended 31 December 2021 (2020: $nil).

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

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

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

($ in millions)	Cost of hedging reserve	Intrinsic value of options	Foreign currency forwards	Total hedge reserves
As at 31 December 2019	-	**-**	**(0.7)**	**(0.7)**
Adjustment on adoption of IFRS 9	-	-	-	-
As at 1 January 2020	**-**	**-**	**(0.7)**	**(0.7)**
Add: change in fair value of hedging instrument recognised in OCI	-	-	0.7	0.7
Add: costs of hedging deferred and recognised in OCI in respect of the time value of options	(8.2)	-	-	(8.2)
Less: reclassified from OCI to profit or loss in respect of the time value of options	1.6	-	-	1.6
Less: gain on foreign currency basis on cash flow hedges capitalised to tangible assets	-	-	0.4	0.4
As at 31 December 2020	**(6.6)**	**-**	**0.4**	**(6.2)**
Add: change in fair value of hedging instrument recognised in OCI	-	0.1	-	0.1
Add: costs of hedging deferred and recognised in OCI in respect of the time value of options	8.5	-	-	8.5
Less: reclassified from OCI to profit or loss in respect of the time value of options	2.0	-	-	2.0
Less: gain on foreign currency basis on cash flow hedges capitalised to tangible assets	-	-	0.3	0.3
Less: reclassified from OCI to profit or loss from the cash flow hedge reserve	-	-	(0.7)	(0.7)
As at 31 December 2021	**3.9**	**0.1**	**-**	**4.0**

27. EMPLOYEE LONG-TERM INCENTIVE PLAN

Cash Long-Term Incentive Plan (LTIP)

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

The total cash LTIP charge for the year is $2.6m (2020: $1.9m), comprising both the 2020 and 2021 LTIP, bringing the accumulated cash LTIP provision to $4.5m (2020: $1.9m).

2021 LTIP :

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

2020 LTIP :

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

Employee Participation Units (EPU)

The employee participation unit scheme provides 100 participation units to all permanent employees each year, beginning in 2020. This continues until an exit-event, such as the recent Viasat acquisition (refer note 35). The value of these units is based on a fixed amount of share capital issued in Connect Sub-Topco Limited, held in ownership by Connect Topco Limited, the ultimate parent of the Group. The total EPU charge for the year and year-end provision is $2.5m (2020: $nil).

28. PENSIONS AND POST-EMPLOYMENT BENEFITS

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

The Group operates defined benefit pension schemes in the United Kingdom, regulated by the Pensions Regulator, and also in Germany, and Indonesia. The Group's principal defined benefit pension plan is the Inmarsat Global defined benefits scheme, which is 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 DB accruals with effect from 1 April 2017. This scheme has undergone a 'buy-in' during 2020 which is explained below. The trustee is required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The Germany and Indonesia schemes are still active.

During October 2020, the Trustees of the Inmarsat Global defined benefits scheme entered into a bulk annuity insurance contract with Aviva Life & Pensions UK Limited (Aviva), a UK insurance company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority in respect of the liabilities of the scheme. This is known as a 'buy-in'. Under this policy Aviva undertakes, via the Plan, to pay the Plan's benefit obligations as they fall due. The 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 is matched by a corresponding movement in the valuation of the insurance asset. Following the buy-in there was a net defined benefit asset of $3.5m on the Balance Sheet reflecting the remaining assets held by the scheme. The value of this asset is nil at 31 December 2021 as it was used to fund defined contribution obligations under the scheme. A buy-out, whereby the legal obligation for the benefits provided under the scheme shift to the insurer, has not yet occurred but is expected during 2022.

Given the Group still holds 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 2021. 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 2021, are set out below. There are no guaranteed minimum pension (GMP) benefits held under the scheme.

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 is taking on the majority of risks in relation to the Plan's defined benefit liabilities.

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 includes a £100 excess, required since January 2020.

There have been no pension plan amendments, curtailments or settlements since the previous year end that we have been made aware of, other than the buy-in disclosure above. Schemes denominated in local currencies are subject to fluctuations in the exchange rate between U.S. Dollars and local currencies.

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

Weighted average actuarial assumptions:	**As at 31 December 2021**	**As at 31 December 2020**
Discount rate	1.8%	1.5%
Future salary increases	5.2%	7.0%
Medical cost trend	3.3%	2.9%
Future pension increases	3.3%	2.9%

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	**As at 31 December 2021**	**As at 31 December 2020**
Mortality assumptions - male	88.4	88.3
Mortality assumptions - female	89.6	89.4

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 2021, mortality has been assumed to follow the S2PA tables with -1 year age rating for males and CMI 2017 improvement with a long-term trend of 1.75% pa.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, mortality and healthcare cost trend rates. The sensitivity analysis below is for the 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:

($ in millions)	Impact on benefit obligation increase / (decrease)	Impact on projected pension cost increase / (decrease)
Change in assumption:		
Increase in discount factory of 0.25%	(6.4)	-
Decrease in discount factor of 0.25%	6.9	-
Increase in inflation of 0.25%	7.1	-
Decrease in inflation of 0.25%	(6.7)	-
Mortality: -1 year	4.6	-

Inmarsat Global post-retirement healthcare benefit scheme:

($ in millions)	Impact on benefit obligation increase / (decrease)	Impact on service cost increase / (decrease)
Change in assumption:		
Increase in discount factor of 0.5%	(1.2)	-
Increase in inflation of 0.5%	1.3	-
Increase in medical price inflation trend rate of 1%	2.8	0.1
Decrease in medical price inflation trend rate of 1%	(2.2)	(0.1)

In reality, there is an expectation of inter-relationships between the assumptions, for example, between discount rate and inflation. The above analysis does not take the effect of these inter-relationships into account. The impact on projected pension and service costs are nil due to the buy-in of the Inmarsat Global defined benefits scheme.

Amounts recognised in the balance sheet are:

($ in millions)	As at 31 December 2021	As at 31 December 2020
Present value of funded defined benefit obligations (pension)	(124.3)	(138.0)
Present value of unfunded defined benefit obligations (pension)	-	-
Present value of unfunded defined benefit obligations (post-employment benefits)	(16.1)	(15.3)
Fair value of defined benefit assets	124.1	141.3
Net defined benefit liability recognised in the Balance Sheet	**(16.3)**	**(12.0)**

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

($ in millions)	Note	As at 31 December 2021	As at 31 December 2020
Defined benefit pension asset	18	-	3.5
Defined benefit pension and post-employment liability	21	(16.3)	(15.5)

Analysis of the movement in the present value of the defined benefit obligations is as follows:

($ in millions)	Defined benefit pension plan	Post-employment benefits
As at 31 December 2020	**138.0**	**15.3**
Current service cost	-	0.2
Past service gain	-	(0.2)
Interest cost	1.8	0.3
Remeasurement gain:		
Actuarial gains from changes in financial assumptions	3.0	0.3
Experience adjustment	-	0.8
Benefits paid	(2.1)	(0.3)
Foreign exchange gain	(1.4)	(0.3)
Netherlands pension buy-out[1]	(15.0)	-
As at 31 December 2021	**124.3**	**16.1**

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

($ in millions)	2021	2020
As at 1 January	**141.3**	**143.7**
Interest income	1.9	2.7
Remeasurement gain / (losses):		
Return on plan assets (excluding interest income)	2.6	(8.8)
Contributions by employer	(2.6)	-
Benefits paid	(2.1)	(1.7)
Expenses paid (included in service cost)	(0.6)	(0.4)
Foreign exchange (loss) / gain	(1.4)	5.8
Netherlands pension buy-out[1]	(15.0)	-
As at 31 December	**124.1**	**141.3**

1 The Trustees of The Netherlands pension scheme terminated the plan and removed future obligations. This is known as 'buy-out'. Employees of this defined benefit plan now participate in a new defined contribution scheme based on individual investments. The buy-out has resulted in the de-recognition of the defined benefit plan's assets and liabilities.

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

	2021		2020	
($ in millions)	Defined benefit pension plan	Post-employment benefits	Defined benefit pension plan	Post-employment benefits
Current service cost	0.6	0.2	0.4	0.1
Past service gain	-	(0.2)	-	-
Net interest expense	(0.1)	0.3	(0.6)	0.3
Foreign exchange (gain) / loss	-	(0.3)	(1.1)	0.4
	0.5	**-**	**(1.3)**	**0.8**

Current service cost is included within employee benefit costs (note 7). The net financing costs together with foreign exchange gains and losses are included within interest payable (note 9).

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

($ in millions)	2021 Defined benefit pension plan	2021 Post -employment benefits	2020 Defined benefit pension plan	2020 Post -employment benefits
Actuarial gain from changes in financial assumptions	3.0	0.3	18.5	1.2
Actuarial gain arising from changes in experience adjustment	-	0.8	-	1.3
Return on plan asset (excluding interest amounts)	(2.6)	-	8.8	-
Remeasurement of the net defined benefit liability / (asset)	**0.4**	**1.1**	**27.3**	**2.5**

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

	As at 31 December 2021		As at 31 December 2020	
	Value ($ in millions)	Percentage of total plan assets	Value ($ in millions)	Percentage of total plan assets
Cash	-	-	1.6	1.1%
Assets held by insurance company	124.1	100.0%	122.8	86.9%
Other	-	-	16.9	12.0%
Fair value of scheme assets	**124.1**	**100.0%**	**141.3**	**100.0%**

The Plan's main asset is the buy-in policy with Aviva, the value of which has been set equal to the corresponding value of the IAS-19 liabilities it covers. The remaining assets retained by the Trustees was used to fund expenses and defined contribution payments under the scheme.

The duration of the defined benefit liabilities within the Inmarsat Global defined benefit plan is approximately 25 years. The defined benefit obligation as at 31 December 2021 is split as follows:

Active members	N/A
Deferred members	83%
Pensioner members	17%

The average age of the deferred and pensioner members at the date of the last statutory funding valuation for the Inmarsat Global defined benefit plan (at 31 December 2017) was 56 years and 69 years, respectively.

The estimated contributions expected to be paid into the Inmarsat Global defined benefit pension plan during 2022 are $nil. In 2021 actual contributions under this plan were $2.6m (2020: $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.

($ in millions)	As at 31 December 2021	As at 31 December 2020
Within one year	37.2	29.1
Between two to five years	56.9	46.6
	94.1	**75.7**

30. CAPITAL RISK MANAGEMENT

The following table summarises the capital of the Group:

($ in millions)	As at 31 December 2021	As at 31 December 2020
As per balance sheet		
Cash and cash equivalents	(364.0)	(250.4)
Short-term deposits greater than three months	(30.0)	(688.0)
Borrowings[1]	3,636.6	3,706.4
Net borrowings	**3,242.6**	**2,768.0**
Equity attributable to shareholders of the parent	1,812.8	1,958.6
Capital	**5,055.4**	**4,726.6**

1 This excludes lease obligations of $45.5m (2020: $54.6m).

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

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

31. FINANCIAL INSTRUMENTS

Treasury management and strategy

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

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

Key features of treasury management include:

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

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

Financial instruments by category

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

($ in millions)	As at 31 December 2021				As at 31 December 2020		
	Amortised cost	Fair value through profit and loss	Derivatives used for hedging	Total	Amortised cost	Fair value through profit and loss	Total
Assets as per balance sheet							
Trade receivables and other[1]	239.6	-	-	239.6	251.1	-	251.1
Cash and cash equivalents	-	364.0	-	364.0	-	250.4	250.4
Short-term deposits	-	30.0	-	30.0	-	688.0	688.0
Intergroup lending, gross of capitalised interest	749.1	-	-	749.1	-	-	-
Derivative financial instruments	-	-	5.8	5.8	-	-	-
	988.7	**394.0**	**5.8**	**1,388.5**	**251.1**	**938.4**	**1,189.5**

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

($ in millions)	As at 31 December 2021			As at 31 December 2020		
	Amortised cost	Derivatives used for hedging	Total	Amortised cost	Derivatives used for hedging	Total
Liabilities as per balance sheet						
Borrowings	3,636.6	-	3,636.6	3,706.4	-	3,706.4
Trade payables and other[1]	249.8	-	249.8	197.7	-	197.7
Lease liabilities	45.5	-	45.5	54.6	-	54.6
Derivative financial instruments	-	1.8	1.8	-	6.6	6.6
	3,931.9	**1.8**	**3,933.7**	**3,958.7**	**6.6**	**3,965.3**

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

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

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

($ in millions)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	As at 31 December 2020 Total
Borrowings[1]	237.7	235.5	702.8	3,935.6	5,111.6
Trade payables and other[2]	195.9	0.1	0.3	1.4	197.7
Derivative financial instruments	2.0	-	4.6	-	6.6
	435.6	**235.6**	**707.7**	**3,937.0**	**5,315.9**

1 Includes interest obligations on the Senior Notes due 2026 and Term Loan.

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

Fair values of derivative financial instruments

The Group's derivative financial instruments consist of interest rate caps. Forward foreign currency contracts have previously been held by the Group, however are nil at year end (2020: nil) and were designated as cash flow hedges. The Group generally does not hedge foreign currency transactions, however where there is a material contract with a foreign currency exposure, a specific hedge to match the specific risk will be evaluated. Previously, certain foreign currency milestone payments to Airbus for the construction of the I-6 satellites were hedged.

Derivative financial instruments are initially measured at fair value (see further below) on the contract date and are re-measured at each reporting date. The change in the fair value is accounted for under the hedge accounting rules of IFRS 9. Under hedge accounting, the change in fair value initially goes through other comprehensive income. At the point hedge accounting is discontinued, i.e. when the hedging instrument expires, is terminated or no longer qualifies for hedge accounting, the amounts sitting in other comprehensive income at that time remain in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the amounts that were reported in equity are immediately reclassified to profit or loss. Where hedge accounting does not apply, the change in fair value is included in net financing costs in the income statement.

The fair value of the interest rate cap is based on the forward interest rate curve at each reporting date and is classified as level 2 in the fair value hierarchy according to IFRS 13. The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs, i.e. those that would be classified as level 3 in the fair value hierarchy, nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The 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 at the balance sheet date were:

($ in millions)	As at 31 December 2021	As at 31 December 2020
Financial liabilities:		
Interest rate cap - current	1.8	2.0
Interest rate cap - non-current	-	4.6
Total derivative financial liabilities	**1.8**	**6.6**
Financial assets:		
Interest rate cap - non-current	5.8	-
Total derivative financial assets	**5.8**	**-**

Interest rate cap

The Group has entered into interest rate cap arrangements to hedge the variable interest rates on the Term Loan. The cap provides protection of where USD LIBOR is above 2% and is designated as cashflow hedges. The total nominal amount of the interest rate cap arrangement is $1.7bn, hedging 97% of the term loan balance.

Hedge ineffectiveness can arise from changes in the creditworthiness of counterparties hedged with and the credit risk of the Group, along with the ability of the Group to refinance the debt and make changes to the economic terms of the hedged loan, resulting in mismatches. The hedge ineffectiveness for 2020 was less than $0.1m (2020: less than $0.1m).

Non-derivative financial assets and financial liabilities

Non-derivative financial assets consist of cash at bank, short-term investments, trade receivables, intergroup loan, other receivables, and accrued income.

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

Fair value of non-derivative financial assets and financial liabilities

With the exception of the Senior Notes and Term loan, the fair values of all non-derivative financial instruments approximate to the carrying value in the balance sheet. The fair value of Senior Notes & Term Loan are classified as level 2 in the fair value hierarchy according to IFRS 13.

The following methods and assumptions have been used to determine fair values:

- The fair values of cash at bank, overdrafts and short-term deposits approximate their carrying values because of the short-term maturity of these instruments (see Note 17);
- The fair value of trade and other receivables and payables, accrued income and costs, lease liabilities, and deferred consideration approximate their carrying values (see Notes 18 and 21 respectively);
- The Senior Notes due 2026 are reflected in the balance sheet net of unamortised arrangement costs of $11.6m (2020: $14.0m) (see note 20). The fair values of the Senior Notes due 2026 are based on the market price of the bonds and are reflected in the next table;
- The Term loan is reflected in the balance sheet net of unamortised arrangement costs and IFRS 9 related gain from repricing (refer note 20) of $157.8m (2020: $91.5m) and the fair value is based on the net present value discounted at LIBOR +3.5%; and
- The Intergroup loan fair value is reflected in the balance sheet net of unamortised arrangement costs of nil. The fair value is based on the net present value discounted at Libor +5.05%

	As at 31 December 2021		As at 31 December 2020	
($ in millions)	**Carrying amount**	**Fair value amount**	**Carrying amount**	**Fair value amount**
Senior Notes due 2026	2,075.0	2,182.6	2,075.0	2,236.3
Term Loan	1,701.9	1,737.4	1,736.9	1,751.6
Intergroup lending	745.2	804.7	-	-

32. CAPITAL AND PURCHASE COMMITMENTS

($ in millions)	Total	Less than 1 year	Between 2 and 5 years	Over 5 years
Lease and purchase commitments	330.2	40.2	81.1	208.9
Capital commitments	506.7	329.0	177.7	-
Total commitments	**836.9**	**369.2**	**258.8**	**208.9**

Capital commitments primarily represent commitments in respect of the Group's I-6 satellite program. Lease and purchase commitments mainly comprise the commitment for development of Arctic capabilities for GX in partnership with Space Norway.

33. CONTINGENT LIABILITIES

In the ordinary course of business, the Group is subject to contingencies pursuant to requirements that it complies with relevant laws, regulations and standards. Failure to comply could result in restrictions in operations, damages, fines, increased tax, increased cost of compliance, interest charges, reputational damage and other sanctions. These matters are inherently difficult to quantify.

In cases where the Group has an obligation as a result of a past event existing at the balance sheet date, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated, a provision will be recognised based on best estimates and management judgement.

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. At 31 December 2021, the Group had no material contingent liabilities (2020: $nil).

34. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Group engages in transactions with its equity-accounted associates (Navarino UK and JSAT Mobile), parent companies (being Connect Midco Limited, Connect Sub-Topco Limited, and Connect Topco Limited), and the ultimate shareholders (being the 'Consortium': Apax, Warburg Pincus, Canada Pension Plan Investment Board, and Ontario Teachers' Pension Plan Board).

Transactions with equity-accounted associates represent sales of airtime and equipment and are measured at the amounts exchanged. Group revenue from Navarino UK and JSAT Mobile for the 2021 financial year is $39.3m and $17.3m respectively (2020: $41.2m and $15.7m, respectively). The amount receivable from Navarino UK and JSAT Mobile at 31 December 2021 is $9.3m and $2.0m, respectively (2020: $9.5m and $1.7m, respectively).

Transactions with the parent companies relate to $nil of additional share capital (2020: $11.6m), $0.2m intercompany management charges (2020: $0.2m), and $749.1m intergroup loan, gross of capitalised interest. Other than the intergroup loan, no amount remains outstanding (2020: $0.2m payable and $nil receivable remains outstanding).

Transactions with the Consortium, related to expenses, for the 2021 financial year is $0.2m (2020: $nil). No amount remains outstanding.

Transactions with the Executive and Non-executives, relating to remuneration earned in the normal course of operations, is provided in note 8.

35. EVENTS AFTER BALANCE SHEET DATE

Viasat acquisition

On 8 November 2021, Viasat Inc and Inmarsat announced a definitive agreement under which Viasat will acquire Inmarsat in a transaction then valued around $7.3 billion, comprised of $850.0 million in cash, approximately 46.36 million shares of Viasat common stock valued at $3.1 billion based on the closing price on Friday November 5, 2021, and the assumption of $3.4 billion of net debt. The agreement has been approved by both the Inmarsat and Viasat Board of Director's, including support provided by The Baupost Group, L.L.C., Viasat's largest shareholder. Subject to Viasat shareholder, customary and regulatory approvals, the agreement will close during the second half of 2022.

36. GROUP ENTITIES

At 31 December 2021, the Company had investments in the following subsidiaries and associates:

Entity name	Principal activity	Country of incorporation / registered address	Ownership
Inmarsat Group Holdings Limited (formerly Inmarsat plc)	Holding company	England and Wales/A	100%
Connect Finco SARL	Finance company	Luxembourg/AI	100%
Connect U.S. Finco LLC	Finance company	United States/D	100%
Inmarsat Holdings Limited	Holding company	England and Wales/A	100%
Inmarsat Group Limited	Holding company	England and Wales/A	100%
Inmarsat Finance Limited	Finance company	England and Wales/A	100%
Inmarsat Investments Limited	Holding company	England and Wales/A	100%
Inmarsat Ventures SE	Operating company	Luxembourg /AJ	100%
Inmarsat Global Limited	Satellite telecommunications	England and Wales/A	100%
ISAT Global Xpress OOO	Operating company	Russian Federation/X	100%
Inmarsat Brasil Eireli	Dormant	Brazil/H	100%
Inmarsat Leasing (Two) Limited	Satellite leasing	England and Wales/A	100%
Inmarsat New Zealand Limited	Operating company	New Zealand/U	100%
Inmarsat Services Limited	Operating company	England and Wales/A	100%
PT ISAT	Operating company	Indonesia/Q	100%
Inmarsat Communications Company LLC	Operating company	UAE/AC	49%
Inmarsat Group Holdings Inc.	Operating company	United States/C	100%
ISAT U.S. Inc.	Operating company	United States/C	100%
Inmarsat Government Inc.	Operating company	United States/D	100%
Stratos Government Services Inc.	Operating company	United States/D	100%
Inmarsat Commercial Services Inc.	Operating company	United States/D	100%
Inmarsat Solutions (U.S.) Inc.	Operating company	United States/D	100%
Inmarsat Inc.	Holding company	United States/D	100%
Europasat Limited	Operating company	England and Wales/A	100%
Inmarsat Employment Company Limited	Employment company	Jersey/T	100%
Inmarsat Trustee Company Limited	Dormant	England and Wales/A	100%
Inmarsat Finance III Limited	Operating company	England and Wales/A	100%
Inmarsat Solutions Limited	Holding company	England and Wales/A	100%
Inmarsat Solutions (Canada) Inc.	Operating company	Canada/B	100%
Inmarsat Holdings (Cyprus) Limited	Holding company	Cyprus/K	100%
Inmarsat Germany (GmBH)	Operating company	Germany/L	100%
Inmarsat Global Japan KK	Holding company	Japan/S	100%
Inmarsat Investments BV	Holding company	The Netherlands/V	100%
Inmarsat Solutions B.V.	Operating company	The Netherlands/V	100%
Inmarsat Solutions SA (PTY) Limited	Operating company	South Africa/Z	90%
Inmarsat Spain S.A.	Operating company	Spain/AA	100%
Inmarsat Hong Kong Limited	Operating company	Hong Kong/N	100%
Inmarsat Hellas Satellite Services SA	Satellite telecommunications	Greece/M	100%
Inmarsat Navigation Ventures Limited	Operating company	England and Wales/A	100%
Inmarsat SA	Operating company	Switzerland/AB	100%
Inmarsat Solutions Global Limited	Operating company	England and Wales/A	100%
Inmarsat Solutions AS	Operating company	Norway/W	100%
Inmarsat Solutions Pte. Limited	Operating company	Singapore/Y	100%

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

Registered address key:

Key	Registered Address
A	99 City Road, London EC1Y 1AX, United Kingdom
B	34 Glencoe Drive, Box 5754, Donovan's Bus. Park, Mount Pearl Newfoundland A1N 4S8, Canada
C	874 Walker Road, Suite C, City of Dover DE 19904, United States
D	251 Little Falls Drive, Wilmington DE 19808, United States
E	Str. Risto Ravanovski no 13a, Skopje, Republic of Macedonia, Macedonia, the former Yugoslav Republic of Macedonia
F	Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, Australia
G	Nisso Building #22 8F, Azabudai1-11-10, Minato-ku, Tokyo 106-0041, Japan
H	Av Presidente Juscelino Kubitschek 50, Suite 172, Room 7, 17th Floor, São 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, Lampousas, Nicosia, 1095, Cyprus
L	Aarberger Strasse 18, 12205, Berlin, Germany
M	280 Kifisias Avenue, Halandri, 152 32, Greece
N	19 Floor, Milennium trade Centre, No. 56 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong
O	Hlíðarsmára 10, 201 Kópavogi, Iceland
P	P-24, Green Park Extension, New Delhi, 110016, India
Q	Panbil Residence 1st – 2nd Floor, Jl. Ahmad Yani, Muka Kuning – Batam – 29433, Indonesia
R	Maltepe Mah. Eski Çırpıcı , Yolu Sk. Parima , Blok No:8 İç kapı , 14 Zeytinburnu, İstanbul, Turkey
S	Level 25 Ark Hills Sengokuyama Mori Tower, 1-9-10, Roppongi, Minato-ku, Tokyo, 106-0032, Japan
T	44 Esplanade, St. Helier, Jersey JE4 9WG, Jersey
U	24 Unity Drive North, North Harbour, Auckland, New Zealand
V	Loire 158-160, 2491 AL, The Hague, Netherlands
W	NMK – Borgundveien 340, 6009 Ålesund, Norway
X	Bld. 5, 13 Kasatkina Street, 129301, Moscow, Russian Federation
Y	11 Lorong 3 Toa Payoh , #01-31, Jackson Square, 319579, Singapore

Key	Registered Address
Z	Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, Sandton, Johannesburg, Gauteng, 2052, South Africa
AA	Príncipe de Vergara 73, 28006, Madrid, Spain
AB	Route de Crassier 19, 1262, Eysins, Switzerland
AC	Festival Tower - Unit 2303, P.O. Box 27313, Dubai Festival City, Dubai, United Arab Emirates
AD	Camburgh House, 27 New Dover Road, Canterbury, Kent CT1 3DN, United Kingdom
AE	Republica de El Salvador N35-146 y Suecia, Edif. Prisma Norte, Piso 11, Quito, C.P. 170505, Ecuador
AF	22 Tudor Vladimirescu Blv., Building Green Gate Office, Bucharest, 5th Floor 573Campus07, Sector, Bucharest, Romania
AG	Street Skenderpasina 1, Sarajevo, Bosnia and Herzegovina
AH	GTC Avenue 19, 38-40 Vladimira Popovica Street, New Belgrade, Servia, 11070, Serbia
AI	1-3, Boulevard de la Foire, L-1528, Luxembourg
AJ	5, rue Goethe, Grand Duchy of Luxembourg, L-1637, Luxembourg

COMPANY BALANCE SHEET

As at 31 December 2021

($ in millions)	As at 31 December 2021	As at 31 December 2020
Assets		
Non-current assets		
Investments[1]	3,370.1	3,370.1
Other receivables[2]	2,344.6	2,505.6
Deferred tax asset	23.4	23.0
	5,738.1	**5,898.7**
Current assets		
Cash and cash equivalents	-	0.6
Trade and other receivables[2]	60.6	43.6
Income tax assets	16.8	-
	77.4	**44.2**
Total assets	**5,815.5**	**5,942.9**
Liabilities		
Current liabilities		
Trade and other payables	39.3	37.6
	39.3	**37.6**
Non-current liabilities		
Borrowings[3]	3,642.1	3,719.6
	3,642.1	**3,719.6**
Total liabilities	**3,681.4**	**3,757.2**
Net assets	**2,134.1**	**2,185.7**
Shareholders' equity		
Ordinary shares	2,361.5	2,361.5
Retained earnings	(227.4)	(175.8)
Total equity	**2,134.1**	**2,185.7**

1 Investments includes $3,335.3m investment in Inmarsat Group Holdings Limited (2020: $3,335.3m) and $34.8m investment in Connect Finco Sarl (2020: $34.8m).

2 Other receivables comprise $2,344.6m loan owing from Inmarsat Group companies (2020: $2,505.6m). Trade and other receivables include $9.9m current portion of loan owing from Inmarsat Group companies (2020: $9.9m), $18.7m of current intercompany loan interest accrued (2020: $20.0m), $8.2m of capitalised loan issue costs (2020: $11.7m), $18.5m owing from Inmarsat Group companies (2020: $1.4m), and $5.3m other receivables (2020: $0.6m).

3 Borrowings comprise of $3,734.1m (2020: $3,825.0m) of loan owing to Inmarsat Group companies, offset by $91.9m (2020: $105.4m) of capitalised loan issue costs.

The Company reported a loss for the financial year ended 31 December 2021 of $51.6m (2020: loss of $81.5m).

The financial statements of the Company, registered number 66187, were approved by the Board of Directors on 25 March 2022 and signed on its behalf by

Rajeev Suri
CEO

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

($ in millions)	Ordinary shares	Retained earnings	Total
As at 31 December 2019	**2,349.9**	**(94.3)**	**2,255.6**
Share issue	11.6	-	11.6
Loss for the year	-	(81.5)	(81.5)
As at 31 December 2020	**2,361.5**	**(175.8)**	**2,185.7**
Loss for the year	-	(51.6)	(51.6)
As at 31 December 2021	**2,361.5**	**(227.4)**	**2,134.1**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2021

a) Principal accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council ('FRC'). Accordingly, the Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

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

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

The Company was incorporated on 15 March 2019.

b) Critical accounting estimates and key judgements

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

c) Income statement

Under Section 244 (5) of the Companies (Guernsey) Law 2008, the Company is not required to prepare individual accounts. However, The Directors are mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities, including application of duties under applicable local legislation. Therefore, a Company only Balance Sheet and Statement of Changes in Equity have been presented. The loss for the year ended 31 December 2021 was $51.6m (2020: loss of $81.5m).

Auditor's remuneration

During the year, the company paid its external auditor less than $0.1m (2020: $0.1m) for statutory audit services.

Employee costs and Directors' remuneration

The average monthly number of people employed during the year was nil (2020 was nil). Total staff costs for 2021 were $nil (2020 was $nil). Full details of Directors' remuneration are given in notes 8 & 27.

Foreign currency translation

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

Share capital

During the year ended 31 December 2021, nil ordinary shares were authorised, allotted, and issued by the Company. All shares are fully paid. Total shares issued (at $1.00 each) and fully paid is 2,361,467,193 (2020: 2,361,467,193 at $1.00 each).

d) Financial instruments

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

The differences between the Group and Company in relation to intercompany balances are $1,624.1m loan & accrued interest due from Group companies (2020: $2,535.5m), $18.5m other amounts due from Group companies (2020: $1.4m), and $3,734.1m (2020: $3,860.6m) loan & interest due to Group companies, all of which eliminate on consolidation. The Directors consider the carrying value of the intercompany balances to approximate to their fair value.

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

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

Report on the audit of the financial statements

1. Opinion

In our opinion:

- The financial statements of Connect Bidco Limited (the 'company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- The group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- The company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- The financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- The consolidated income statement;
- The consolidated statement of comprehensive income;
- The consolidated and company balance sheets;
- The consolidated and company statement of changes in equity;
- The consolidated cash flow statement; and
- The related notes 1 to 36 to the consolidated financial statements and notes a to d of the company financial statements

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

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

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: — Accounting for capital expenditure on assets under construction
Materiality	The materiality that we used for the group financial statements in the current year was $21.8m which was determined on the basis of EBITDA.
Scoping	We have performed audit procedures for components which represent 99% of net assets, revenue and EBITDA.
Significant changes in our approach	Given the proposed acquisition of the group by Viasat Inc, there is an identifiable fair value less cost to dispose of the group which is in excess of the carrying value of assets. We have therefore determined that impairment of goodwill is no longer a key audit matter. We no longer consider accounting for complex contracts to be a key audit matter as there have been no triggers to change the assessment of collectability during the year. Due to the improved control environment, and lack of errors identified in the prior year, we have removed the calculation of capitalised borrowing costs from our key audit matter in relation to capitalised development expenditure.

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's and company's ability to continue to adopt the going concern basis of accounting included:

- Agreeing the level of committed, undrawn facilities of $700 million to the signed facility agreement and evaluating the other financing facilities in place including the repayment terms and covenants in place;
- Assessing the historical accuracy of forecasts prepared by management;
- Testing the clerical accuracy of the model used to prepare the forecasts;
- Recalculating the EBITDA headroom within the forecasts for covenant compliance and assessing the sensitivities run by the directors on the EBITDA headroom. These sensitivities included the continued Covid-19 impact in 2021 across all business units and a delay in Aviation growth by one year;
- Assessing the significant cash outflows in the going concern period; and
- Assessing the appropriateness of going concern disclosures in the financial statements including the directors' considerations of the Viasat acquisition

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

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

5.1. Accounting for capital expenditure on assets under construction

Key audit matter description	The Group capitalises internal costs ("charge to capital") (2021: \$30.7m, 2020: \$36.2m), external costs (e.g. satellite construction milestones) (2021: \$303m, 2020: \$287.9m) and certain qualifying borrowing costs in respect of capital projects (2021: \$66.6m, 2020: \$63.6m), most notably relating to major satellite programmes and associated infrastructure. Management are required to assess these assets for impairment, and consider whether they still meet the criteria to be classified as assets under construction ("AUC") per IAS 16. Given that projects can span multiple years and be complex in nature, there is a high level of judgement as to whether these assets should be impaired. There is also a risk that due to Covid-19, the progress of projects may be delayed which would impact upon the recoverability of these assets. We identified a key audit matter relating to the risk that the valuation and classification of such assets exists. The accounting policy in relation to AUC is in note 2, with additional disclosure on the AUC in note 13.
How the scope of our audit responded to the key audit matter	Our procedures in relation to this key audit matter involved the following: — Obtaining an understanding of, and testing, relevant controls over the additions to AUC and the annual impairment review process; — Discussing material capital projects within the year with the respective project managers in order to understand the nature of the costs capitalised, inquiring as to the reasons for any significant deviations from budget; — Challenging management's assessment of the impact of Covid-19 on each project by inquiring — Testing the integrity of AUC ageing reports and comparing the profile of capitalised expenditure during the period to previous periods, in order to identify projects that may be at risk of being abandoned. with relevant project managers as to the ongoing progress of each project;
Key observations	We have concluded that management have accounted for capital expenditure appropriately during the year.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	$21.8m (2020: $15.9m)	$20.7m (2020: $15.0m)
Basis for determining materiality	We determined materiality using EBITDA. Materiality represents 3.0% of EBITDA (2020: 2.3%).	We determined company materiality based on 1% of net assets but capped materiality at 95% of group materiality. Our final materiality constituted 1.0% of net assets (2020: 0.6%).
Rationale for the benchmark applied	We considered it appropriate to use EBITDA as this is the key area of investor interest. In the prior year, materiality was determined on the basis of a range of metrics in view of the loss making position of the group and the importance of balance sheet metrics to users of the financial statements. For the 2021 audit, in view of the more immediate impact of Covid-19 passing and the business performing in line with its forecasts, we increased the percentage of EBITDA from 2.3% to 3.0%.	We considered net assets to be the most appropriate benchmark given the primary purpose of the company is a holding company.

$739m – EBITDA
$21.8m – Group materiality

$21.8m – Group materiality
$11.0m – $21.6m – Component materiality range
$1.1m – Audit Committee reporting threshold

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group and company performance materiality was set at 70% of group and company materiality, respectively, for the 2021 audit (2020: 65%). In determining performance materiality, we considered the following factors:

- The control environment, including the continued improvements made which allowed us to increase our controls reliance across various business processes compared to the prior year; and
- The lower level of uncorrected misstatements from prior years.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $1.1m (2020: $0.8m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

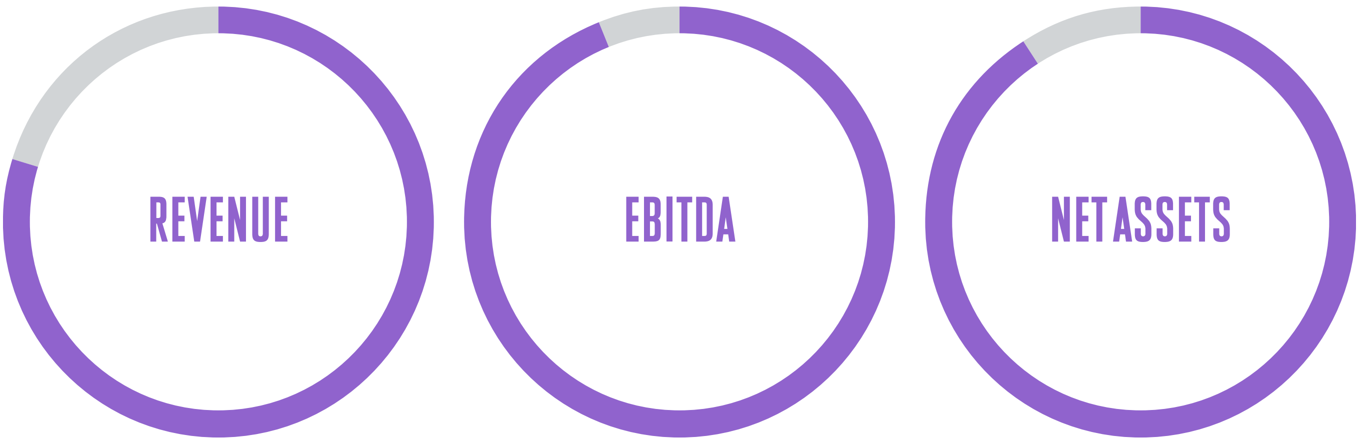
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focussed our Group audit scope primarily on the audit work performed in the following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

- London, United Kingdom; and
- St John's, Canada

We determined there to be two components in the Group, as follows:

- The core Inmarsat business unit headquartered in London
- The US Government business

The US Government business is considered to be a separate component as it has a separate financial control environment. The core Inmarsat business was subject to a full scope audit, whilst specified audit procedures were carried out on the US Government business due to its relative financial significance. Our audit work was executed at levels of materiality applicable to each individual component, which were between $11.0m and $21.6m (2020: $8m and $15m). Our audit scoping coverage for key balances is summarised in the charts below



79% – Full audit scope
20% – Specified audit procedures

93% – Full audit scope
6% – Specified audit procedures

90% – Full audit scope
9% – Specified audit procedures

7.2. Working with other auditors

The component auditor for the US Government business was Deloitte Canada. For this component, we involved the component audit partner and manager in our team briefing, discussed their risk assessment and reviewed their audit file. In addition, we had ongoing calls throughout the year with them, we attended a close meeting call with the management of the US Government business, our component audit team, and senior members of the UK Group team.

7.3 Our consideration of the control environment

With the involvement of our IT specialist, we obtained an understanding of the IT environment and the relevant general IT controls, and in some instances, we tested the relevant general IT controls.. We took a controls reliant approach on the relevant controls for certain components within the revenue, capex, trade receivables, expenditure and trade payables business process cycles.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

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

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- Results of our enquiries of management, each business unit, the legal team and the audit committee about their own identification and assessment of the risks of irregularities;
- Any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- The matters discussed among the audit engagement team including the component team and relevant internal specialists, including tax, valuations, pensions and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: accounting for capital expenditure on assets under construction. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008, and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty such as data protection requirements, US Government regulations and telecom regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified accounting for capital expenditure on assets under construction as a key audit matter related to the potential risk of fraud.

The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management and the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance and reviewing internal audit reports; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and the component audit team, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Proper accounting records have not been kept by the parent company,; or
- The financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

13. Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Sweeney CA
For and on behalf of Deloitte LLP
Recognised Auditor

Glasgow, United Kingdom
25th March 2022

APPENDIX 1: ALTERNATIVE PERFORMANCE MEASURES

For the year ended 31 December 2021

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 a commonly used industry measure which helps investors to understand the contribution made by each of our business units. It reflects how the effect of growing revenue and cost management deliver value for our shareholders. This measure has been reconciled to both operating profit and profit after tax on the face of the income statement.
2. Cash capital expenditure	Cash capital expenditure is the cash flow relating to tangible and intangible asset additions, it includes capitalised labour costs and excludes capitalised interest. Cash capital expenditure indicates our continued investment in the growth and development of our network and infrastructure as well as our investment in the future technologies of the business. This has been reconciled to total capital expenditure within Note 5.

IN THE SPOTLIGHT: OUR RECENT AWARDS

WORLD'S BEST INFLIGHT INTERNET SERVICE PROVIDER

December 2021
Inmarsat was crowned 'World's Best Inflight Internet Service Provider' for the fifth consecutive year at the World Travel Tech Awards in recognition of the company's market leading GX Aviation and European Aviation Network (EAN).

TOP ENVIRONMENT, SOCIAL GOVERNANCE (ESG) IMPACT MOBILE INNOVATION

September 2021
Inmarsat's next evolution of Global Xpress (GX), the GX10A & GX10B Arctic payloads, was named as the winner of the "Top Environment, Social & Governance (ESG) Impact Mobile Innovation" category in the Mobile Satellite User Association's (MSUA) 2021 Satellite Mobile Innovation Awards.

GOLD STANDARD CSR ACCREDITATION ACHIEVED

May 2021
Inmarsat's commitment to the environment, employees, the community and philanthropic work has resulted in achieving a Gold CSR accreditation, the highest accolade available from CRS-A in the U.K..

SATELLITE NETWORK PROVIDER OF THE YEAR

March 2021
Inmarsat was recognised as Satellite Network Provider of the Year at the Aviation Achievement Awards. Inmarsat was praised for showing exceptional leadership, innovation and resilience in the industry over the last 12 months.

AIR TRAFFIC MANAGEMENT (ATM) MAGAZINE AWARDS 2020

February 2021
Altitude Angel, the world's leading Unmanned Traffic Management (UTM) technology provider and Inmarsat's jointly developed Pop-Up UTM platform won the award's new 'UTM Service Suppliers' category.

RAILWAY TECHNOLOGY AWARDS 2021

November 2021
Inmarsat won two awards in Product and Operations categories for its all-inclusive new Rail Telemetry and Communications Solution for the industry. The solution helps to drive operational efficiencies and boost overall railway safety.

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Designed and produced by
thefoldcreative.com

GLOSSARY

Active terminal	A terminal that has been used to access commercial services (except certain handheld terminals) at any time during the preceding 12 months and is registered for one of our services at the year end. It includes the average number of certain handheld terminals active on a daily basis during the final month of a year and excludes M2M terminals.
Alphasat	A satellite developed with the European Space Agency and launched in 2013, also known as I-4 F4 in our Inmarsat-4 satellite constellation.
ARPA	Average Revenue Per Aircraft.
ARPU	Average Revenue Per User.
ATC	Ancillary Terrestrial Components provide communications services from ground stations either as stand-alone services or to complement satellite services.
ATG	ATG means the air to ground terrestrial component of the EAN.
Bandwidth	The radio spectrum is divided into different bands which each cover a section of frequencies that are usually used for a similar purpose. Bands are allocated to specific uses at international level by the ITU and regulated at a national level by domestic organisations and governments.
BGAN	Broadband Global Area Network is a data satellite network using L-band frequency that spans the globe.
Business and General Aviation ('BGA'):	Business and General Aviation refers to all civil aviation operations other than commercial air transport, covering private jets flying globally and regionally.
Cash capital expenditure	Cash capital expenditure is the cash flow relating to tangible and intangible asset additions, it includes capitalised labour costs and excludes capitalised interest.
Commissioned terminal	A terminal that is registered for one of our services at the year end.
CAGR	The Compound Annual Growth Rate measures average annual growth over a period of time.
CGU	A cash-generating unit is the smallest group of assets that generates cash inflows largely independently from the other parts of the business and which represents the lowest level at which goodwill is monitored within the business.
The Company	Where we refer to the Company we are referring to Connect Bidco Limited, the holding company of the Inmarsat Group.
Defined benefit and defined contribution schemes	Defined benefit pensions schemes provide post-employment benefits based on an employee's final salary. Defined contribution pension schemes are schemes into which Inmarsat makes fixed contributions based on a percentage of an employee's salary.
Distribution Partner ('DP')	A Distribution Partner is an entity that has a direct relationship with Inmarsat and re-sells Inmarsat's services to an end customer.
EAN	Our European Aviation Network ('EAN') comprises an integrated satellite and complementary ground component ('CGC').
EBITDA	EBITDA is defined as profit for the year before net financing costs, taxation, depreciation and amortisation, gains/losses on disposal of assets, impairment losses and share of profit of associates. EBITDA is a commonly used industry measure which helps investors to understand the contribution made by each of our business units. It reflects how the effect of growing revenues and cost management deliver value for our shareholders. This measure has been reconciled to both operating profit and profit after tax on the face of the income statement.
ELERA	ELERA is the name of Inmarsat's L-band network and represents all of the satellites and infrastructure around L-band and the future vision for the network.

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

Ka-band	Downlink frequencies between 18GHz and 22GHz and uplink frequencies between 27GHz and 31GHz. Often referred to as 20/30GHz. This is the frequency band used by our GX satellites, it has higher bandwidth than other bands allowing more data to be transmitted over the same satellite capacity.
Ku-band	Downlink frequencies between 10.7GHz and 12.74GHz and uplink frequencies between 13.75GHz and 14.8GHz. Often referred to as 11/14 or 12/14GHz. This is the frequency band used by a limited number of products and services that we procure from other satellite network operators.
L-band	Uplink and downlink frequencies between satellites and mobile users between 1.5GHz and 1.6GHz. This is the frequency band used by our Inmarsat-3 and Inmarsat-4 satellites and also by our Inmarsat-6 satellites.
Low-Earth orbit (LEO)	Low-Earth orbit (often known as LEO) encompasses Earth-centered orbits with an altitude of 2,000 km (1,200 mi) or less.
Ligado networks	A Cooperation Agreement between Inmarsat and Ligado Networks (formerly LightSquared LP, Skyterra (Canada) Inc. and LightSquared Inc.) for the use of L-band spectrum in North America.
M2M	Machine-to-machine services and products.
MSS	Mobile Satellite Services.
MBPS	Megabits per second are the units used to measure data transfer rates in the satellite communications industry.
Network Operations Centre ('NOC')	The network operations centre is one or more locations from which network monitoring and control, or network management, is exercised over our satellite network.
Network and satellite operations costs	The costs of operating our ground stations.
Own work capitalised	Employee-related costs including salary and travel costs incurred in bringing property, plant and equipment into use. Own work capitalised is capitalised as part of the total cost of an asset.
ORCHESTRA	Inmarsat's newly announced dynamic mesh-network that will be a configuration of ELERA (L-band) and Global Xpress (Ka band) networks with terrestrial 5G and targeted Low-Earth orbit (LEO) capacity.
OCI	Other comprehensive income.
SAS	Satellite Access Stations that receive the satellite signal and transfer it via our ground network to terrestrial systems.
Safety and Operational Services ('SOS'):	Safety and Operational Services refers to connectivity and related services to ensure the safety, operational efficiency and safe navigation of aircraft as well as data services for critical flight operations and pilot communications.
SOS	Safety and Operational Services.
S-band	A mobile satellite band between 2 and 2.5GHz, which we are using for a high-speed broadband service under development for the EU aviation industry. The programme has an Inmarsat S-band satellite fully integrated with a ground network. We also use the term S-band to refer to the S-band programme in general.
Scope 1, 2 and 3 emissions	Carbon emissions as defined by the greenhouse gas protocol.
Scope 1	All direct greenhouse gas emissions.
Scope 2	Indirect emissions from purchased electricity, heat or steam.
Scope 3	Other indirect emissions including travel.
SwiftBroadband	A global service providing voice and high-speed data simultaneously through a single installation on an aircraft.
Télécoms Sans Frontières ('TSF')	The telecommunications relief aid organisation is the principle beneficiary of our charitable support.

Terminals	The consumer hardware used to receive and transmit voice and data from earth across our satellite network. It includes antenna enabled hardware such as satellite phones and onboard antennas.
Underlying EBITDA and free cash flow	EBIDTA and free cash flow after adjusting for costs associated with the Viasat acquisition, 2019 Public to Private and transaction, and cash received from Ligado in 2020.
Vessel monitoring system ('VMS')	A vessel monitoring system is fitted to fishing vessels to track and report the location, course and speed at regular intervals (typically 30 minutes to 1 hour) to fishing regulators.
VMS	Vessel monitoring system.
VSAT	Very Small Aperture Terminals are small mobile two-way satellite antennas able to receive and transmit voice and broadband data to a satellite. VSAT services are typically charged using a fixed monthly fee.

CONNECT BIDCO LIMITED
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