UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 26, 2023

VIASAT, INC.
(Exact name of registrant as specified in its charter)

Delaware	000-21767	33-0174996
(State or other jurisdiction of incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)

6155 El Camino Real
Carlsbad, California 92009
(Address of principal executive offices, including zip code)

Registrant’s telephone number, including area code: (760) 476-2200

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

(Title of Each Class)	(Trading Symbol)	(Name of Each Exchange on which Registered)
Common Stock, par value $0.0001 per share	VSAT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

On June 2, 2023, Viasat, Inc., a Delaware corporation ("Viasat"), filed with the Securities and Exchange Commission a Current Report on Form 8-K (the "Initial Form 8-K") disclosing that on May 30, 2023, Viasat purchased all of the issued and outstanding shares of Connect Topco Limited, a private company limited by shares and incorporated in Guernsey ("Inmarsat"), pursuant to the previously announced Share Purchase Agreement, dated as of November 8, 2021, by and among Viasat, the shareholders of Inmarsat and the other parties thereto, in exchange for (i) cash consideration equal to $550.7 million, subject to adjustments, and (ii) approximately 46.36 million unregistered shares of common stock, par value $0.0001 per share, of Viasat, upon the terms and subject to the conditions set forth therein.

In the Initial Form 8-K, Viasat stated its intention to file the financial statements and pro forma financial information required by parts (a) and (b) of Item 9.01 of Form 8-K no later than 71 days following the date on which the Initial Form 8-K was required to be filed pursuant to Item 2.01. Pursuant to the instructions to Item 9.01 of Form 8-K, this Current Report on Form 8-K/A amends and supplements the Initial 8-K in order to provide the required financial statements and pro forma financial information.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The historical audited consolidated financial statements of Inmarsat for the year ended December 31, 2022 and the related notes are attached as Exhibit 99.1 to this report and are incorporated herein by reference.

The historical unaudited condensed consolidated interim financial statements of Inmarsat for the three months ended March 31, 2023 and the related notes are attached as Exhibit 99.2 to this report and are incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined financial information of Viasat as of and for the fiscal year ended March 31, 2023 is attached as Exhibit 99.3 to this report and is incorporated herein by reference.

(d) Exhibits

Exhibit Number	Description of Exhibit
23.1	Consent of Deloitte LLP, independent auditor for Connect Topco Limited.
99.1	Consolidated financial statements of Connect Topco Limited for the year ended December 31, 2022.
99.2	Unaudited condensed consolidated interim financial statements of Connect Topco Limited for the three months ended March 31, 2023.
99.3	Unaudited pro forma condensed combined financial information of Viasat, Inc.
104	Cover Page Interactive Data File (embedded with the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VIASAT, INC.

Date: June 5, 2023	By:	/s/ Brett Church
	Name:	Brett Church
	Title:	Associate General Counsel

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement Nos. 333-74276, 333-85522, 333-135652, 333-141238, 333-143425 and 333- 242477 on Form S-3 and Registration Statement Nos. 333-21113, 333-40396, 333-67010, 333-68757, 333-109959, 333-131382, 333-153828, 333-159708, 333-160361, 333-167379, 333-169593, 333-182015, 333-184029, 333-191326, 333-204440, 333-207064, 333-220556, 333-228221, 333-231791, 333-234634, 333-249941, 333-255690, 333-256652, 333-260249, 333-268281 and 333- 272129 on Form S-8 of Viasat, Inc. of our report dated June 5, 2023, relating to the financial statements of Connect Topco Limited appearing in this Current Report on Form 8-K/A dated May 26, 2023.

/s/ Deloitte LLP

Glasgow, United Kingdom

June 5, 2023

Connect Topco Limited

(Registered Company Number: 66184)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Connect Topco Limited

Opinion

We have audited the consolidated financial statements of Connect Topco Limited and subsidiaries (the "Company"), which comprise the consolidated balance sheets as at 31 December 2022 and 2021, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years ended 31 December 2022, 2021 and 2020, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022 and 2021, and the results of its operations and its cash flows for the years ended 31 December 2022, 2021 and 2020 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Deloitte LLP

Glasgow, United Kingdom

5 June 2023

Connect Topco Limited
Consolidated Income Statement
For the year ended 31 December 2022

($ in millions)	Note	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	**5**	**1,474.1**	**1,352.4**	**1,272.1**
Employee benefit costs	7	(311.2)	(303.9)	(280.3)
Network and satellite operations costs		(178.9)	(158.4)	(158.6)
Impairment of financial assets [1]		17.9	(2.1)	(16.8)
Other operating costs		(196.0)	(179.8)	(154.1)
Own work capitalised		43.6	30.7	36.2
Depreciation and amortisation		(600.8)	(632.5)	(673.0)
(Impairment) / Reversal of impairment of assets		(0.5)	0.3	(10.5)
Loss on disposals of assets		(4.1)	(7.6)	(3.2)
Share of profit of associates	16	7.2	5.1	4.2
Operating profit	**6**	**251.3**	**104.2**	**16.0**
Financing income		5.6	2.8	3.8
Financing costs		(190.8)	(194.9)	(202.9)
Fair value changes in financial assets and liabilities		-	76.4	0.2
Net financing costs	9	(185.2)	(115.7)	(198.9)
Profit / (Loss) before tax		**66.1**	**(11.5)**	**(182.9)**
Taxation charge	10	(17.7)	(165.0)	(32.8)
Profit / (Loss) for the period		**48.4**	**(176.5)**	**(215.7)**
Attributable to:				
Equity holders		47.4	(175.9)	(215.0)
Non-controlling interest[2]		1.0	(0.6)	(0.7)

1 $30.0m was received from Ligado in Q4 2022 which released a $15.3m (51%) impairment on the existing receivable owing (refer note 4(a)).
2 Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf and NCI resulting from the management incentive plan (refer note 25).

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

Connect Topco Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022

($ in millions)	Note	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Profit / (Loss) for the period		**48.4**	**(176.5)**	**(215.7)**
Other comprehensive income				
Items that may be reclassified subsequently to the Income Statement:				
Foreign exchange translation differences		(0.1)	(0.3)	-
(Loss) / gain on cash flow hedges on foreign exchange forwards	26	-	(0.7)	0.7
Net gain / (loss) accumulated in hedge reserve on interest rate caps	26	79.1	10.6	(6.6)
Tax credited directly to equity	10	(21.3)	-	-
Items that will not be reclassified subsequently to the Income Statement:				
Re-measurement of pension assets and liabilities	28	3.8	(1.5)	(29.8)
Tax (charged) / credited directly to equity	10	(1.1)	0.3	5.5
Other comprehensive income / (loss) for the period, net of tax		**60.4**	**8.4**	**(30.2)**
Total comprehensive profit / (loss) for the period, net of tax		**108.8**	**(168.1)**	**(245.9)**
Attributable to:				
Equity holders		107.8	(167.5)	(245.2)
Non-controlling interest[1]		1.0	(0.6)	(0.7)

1 Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf and NCI resulting from the management incentive plan.

Connect Topco Limited
Consolidated Balance Sheet
As at 31 December 2022

($ in millions)	Note	As at 31 December 2022	As at 31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	13	3,258.7	3,300.2
Intangible assets	14	2,757.5	2,907.3
Right of use assets	15	26.4	33.3
Investments	16	28.4	24.9
Finance lease receivable		0.4	0.4
Other receivables	18	3.4	3.2
Derivative financial instruments	31	38.0	5.8
Deferred tax asset	23	34.6	33.7
		6,147.4	**6,308.8**
Current assets			
Cash and cash equivalents	17	234.2	364.3
Short-term deposits	17	109.1	30.0
Trade and other receivables	18	304.9	262.7
Lease receivable		1.3	2.6
Inventories	19	57.2	36.6
Current tax assets	23	3.1	0.4
Derivative financial instruments	31	45.0	-
		754.8	**696.6**
Total assets		**6,902.2**	**7,005.4**
Liabilities			
Current liabilities			
Borrowings	20	17.5	17.5
Trade and other payables	21	1,354.4	1,271.6
Provisions	22	3.6	4.7
Current tax liabilities	23	158.3	169.8
Derivative financial instruments	31	-	1.8
Lease obligations	15	9.9	11.7
		1,543.7	**1,477.1**
Non-current liabilities			
Borrowings	20	3,630.8	3,619.1
Other payables	21	12.8	18.1
Provisions	22	3.7	7.0
Deferred tax liabilities	23	808.8	780.4
Lease obligations	15	23.9	33.8
		4,480.0	**4,458.4**
Total liabilities		**6,023.7**	**5,935.5**
Net assets		**878.5**	**1,069.9**
Shareholders' equity			
Ordinary shares	25	2,350.0	2,350.0
Hedge and other reserves		61.4	3.7
Retained earnings		(1,539.3)	(1,290.6)
Equity attributable to shareholders		**872.1**	**1,063.1**
Non-controlling interest[1]		**6.4**	**6.8**
Total equity		**878.5**	**1,069.9**

1 Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf and NCI resulting from the management incentive plan.

The consolidated financial statements were approved by the Board of Directors on 5 June 2023 and signed on behalf by

Elizabeth Palmer
Director

Connect Topco Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

($ in millions)	Share capital	Share option reserve	Hedge reserve	Other	Retained earnings	NCI[1]	Total
Balance at 1 Jan 2020	**2,350.0**	**-**	**(0.7)**	**-**	**(157.0)**	**0.9**	**2,193.2**
Share-based payments	-	0.2	-	-	-	-	**0.2**
Dividend declared	-	-	-	-	-	(0.8)	**(0.8)**
Acquisition of NCI	-	-	-	-	-	11.6	**11.6**
Transfer of share option reserve to retained earnings	-	(0.2)	-	-	0.2	-	**-**
Gain on cash flow hedges capitalised to tangible assets	-	-	0.4	-	-	-	**0.4**
Comprehensive Income:							
Loss for the period	-	-	-	-	(215.0)	(0.7)	**(215.7)**
Other Comprehensive Income – before tax	-	-	(5.9)	-	(29.8)	-	**(35.7)**
Other Comprehensive Income – tax	-	-	-	-	5.5	-	**5.5**
Balance at 31 December 2020	**2,350.0**	**-**	**(6.2)**	**-**	**(396.1)**	**11.0**	**1,958.7**
Dividend declared	-	-	-	-	(717.4)	(0.7)	**(718.1)**
NCI share buy-back	-	-	-	-	-	(2.9)	**(2.9)**
Gain on cash flow hedges capitalised to tangible assets	-	-	0.3	-	-	-	**0.3**
Comprehensive Income:							
Loss for the year	-	-	-	-	(175.9)	(0.6)	**(176.5)**
Other Comprehensive Income – before tax	-	-	9.9	(0.3)	(1.5)	-	**8.1**
Other Comprehensive Income – tax	-	-	-	-	0.3	-	**0.3**
Balance at 31 December 2021	**2,350.0**	**-**	**4.0**	**(0.3)**	**(1,290.6)**	**6.8**	**1,069.9**
Dividend declared	-	-	-	-	(298.8)	(0.7)	**(299.5)**
NCI share buy-back	-	-	-	-	-	(0.7)	**(0.7)**
Comprehensive Income:							
Profit for the year	-	-	-	-	47.4	1.0	**48.4**
Other Comprehensive Income – before tax	-	-	79.1	(0.1)	3.8	-	**82.8**
Other Comprehensive Income – tax	-	-	(21.3)	-	(1.1)	-	**(22.4)**
Balance at 31 December 2022	**2,350.0**	**-**	**61.8**	**(0.4)**	**(1,539.3)**	**6.4**	**878.5**

1 Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf and NCI resulting from the management incentive plan.

Connect Topco Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2022

($ in millions)	Note	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Cash flow from operating activities				
Cash from operations	24	843.6	801.0	1,388.1
Interest received		3.0	1.1	2.2
Tax paid		(23.6)	(16.0)	(14.6)
Net cash flow from operating activities		**823.0**	**786.1**	**1,375.7**
Cash flow from investing activities				
Purchase of property, plant and equipment		(204.0)	(287.9)	(190.4)
Additions to intangible assets		(77.4)	(40.4)	(61.6)
Own work capitalised		(34.6)	(28.0)	(35.9)
Net investment in short-term deposits		(79.1)	658.0	(688.0)
Net cash flow from investing activities		**(395.1)**	**301.7**	**(975.9)**
Cash flow from financing activities				
Dividends paid relating to NCI[1]		(0.7)	(1.1)	(0.6)
Dividends from associates		-	3.3	-
Dividends paid to Company shareholders		(298.8)	(717.4)	-
Proceeds from borrowings		-	-	1,312.3
Repayment of borrowings		(17.5)	(17.5)	(1,305.0)
Interest paid		(230.2)	(224.1)	(253.2)
Arrangement costs of financing		-	(1.7)	(60.4)
Cash payments for the principal portion of lease obligations		(10.5)	(11.4)	(10.6)
Acquisition of NCI		-	-	11.6
Share buy-back relating to NCI[1]		(0.5)	(2.6)	-
Other financing activities		(1.8)	(2.0)	(2.4)
Net cash flow from financing activities		**(560.0)**	**(974.5)**	**(308.3)**
Net (decrease) / increase in cash and cash equivalents		**(132.1)**	**113.3**	**91.5**
Cash and cash equivalents				
At beginning of the period		364.3	250.5	159.4
Net (decrease) / increase in cash and cash equivalents		(132.1)	113.3	91.5
Exchange gains / (losses) on cash and cash equivalents		2.0	0.5	(0.4)
At end of the period		**234.2**	**364.3**	**250.5**
Comprising:				
Cash at bank and in hand		192.5	94.3	250.5
Short-term deposits with original maturity less than 3 months		41.7	270.0	-
Cash and cash equivalents		**234.2**	**364.3**	**250.5**
Net cash and cash equivalents at end of period	**17**	**234.2**	**364.3**	**250.5**

1 Non-controlling interest (“NCI”) refers to the Group’s 51% shareholding in Inmarsat Solutions ehf and NCI resulting from the management incentive plan.

1. General information

Connect Topco Limited (the ‘Company’ or, together with its subsidiaries, the ‘Group’) is a private company limited by shares incorporated in Guernsey. Details of Group operations is provided in Note 5.

On 30 May 2023, Viasat, Inc. completed the acquisition of the Company which resulted in Viasat, Inc. acquiring control of the Group. See note 35 for further details.

Until 30 May 2023, the ultimate controlling party of the Group is the Company which is an entity based in Guernsey. From completion of the transaction on 30 May 2023, the ultimate controlling party and parent of the Group is Viasat, Inc., which is an entity based in the United States.

As at 31 December 2022 and until 30 May 2023, the smallest and largest group into which the results of the Company are consolidated is headed by Connect Topco Limited. From completion of the transaction on 30 May 2023, the smallest group into which the results of the Company will be consolidated is headed by Connect Topco Limited and largest group into which the results of the Company will be consolidated is headed by Viasat, Inc.

The Company’s registered office address is Redwood House, St Julian’s Avenue, St Peter Port, GY1 1WA, Guernsey. The address of Viasat, Inc’s registered office is 6155 El Camino Real Carlsbad, California 92009.

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 periods presented unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except for certain financial instruments that have been measured at fair value, as described later in these accounting policies.

Going concern

In order to confirm that the business should adopt the going concern basis in preparing the consolidated financial statements for 2022, the Board and Management have considered compliance with banking covenants, ability to generate future profits and positive cash flows, business risks and the pending acquisition by Viasat. The Group has a robust and resilient business model and is compliant with all banking covenants.

As at 31 March 2023, the Group had $979.4m of liquid resources (Cash and cash equivalents: $233.4m, short-term deposits: $46.0m and 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. As of 31 March 2023, $17.5m of debt was due to mature within the next twelve months, with $3,755m being due in greater than twelve months.

As at 31 December 2022, the Group had $1,043.3m of liquid resources (Cash and cash equivalents: $234.2m, short-term deposits: $109.1m, undrawn RCF: $700.0m) and a continued expectation that the Group will generate positive cash flow over the medium to long term. On 8 November 2021, the Company shareholders accepted an offer from Viasat, Inc. to purchase the Company for approximately $7.3bn. On 30 May 2023 Viasat, Inc. completed the acquisition of the Company which resulted in Viasat, Inc. acquiring control of the Group. See note 35 for further details.

The going concern assessment has been performed using the Group financial performance and position. The Board and Management have also considered a number of possible scenarios and their impact on future revenues, profit for the year and liquidity. Under all scenarios there continues to be sufficient headroom to the Financial Performance Covenant under the debt agreements. The Group has assessed the future compliance through most recently approved budget, which has considered the maturity profile of the existing debt facilities and the $700m undrawn revolving credit facility as discussed in note 20.

After considering current financial projections and facilities available and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Consequently, the Group continues to adopt the going concern basis in preparing the 2022 consolidated financial statements.

2. Principal accounting policies (continued)

Basis of accounting

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

Accounting policy changes

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

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

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non- current and Classification of Liabilities as Current or Non-current Deferral of Effective Date.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Disclosure of Accounting policies.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.
- Amendments to IAS 7 and IFRS 7 regarding supplier finance arrangements.
- Amendments to the Classification and Measurement of Financial Instruments—Proposed amendments to IFRS 9 and IFRS 7.
- Amendments to IAS 12 to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

Basis of consolidation

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

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

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

2. Principal accounting policies (continued)

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.

2. Principal accounting policies (continued)

Revenue (continued)

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.

Service contract revenue 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 2) the good or service is distinct in the context of the contract. The transaction price is allocated to each performance obligation based on its stand-alone selling price relative to the total of all performance obligations' stand-alone selling prices under the contract.

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

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

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

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

Financing income and financing cost

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

2. Principal accounting policies (continued)

Financing income and financing cost (continued)

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

Financial assets

Trade and other receivables

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

Cash and cash equivalents

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

Short-term deposits

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

Financial liabilities and equity

Equity instruments

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

Trade and other payables

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

Borrowings

Borrowings, comprising interest-bearing bank loans and Senior Notes, are initially recognised at fair value which equates to the proceeds received, net of direct transaction / arrangement costs and any premium or discount. They are subsequently measured at amortised cost.

Finance charges related to borrowings, including amortisation of direct transaction costs and any premium or discount, 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.

2. Principal accounting policies (continued)

Financial liabilities and equity (continued)

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 cashflows 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 timevalue of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Group applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item.

Cash flow hedges

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

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

2. Principal accounting policies (continued)

Derivative financial instruments (continued)

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

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

The value of a hedging derivative is classified as non-current asset or liability if the cash flows are due to be received in greater than twelve months, and as a current asset or liability if the cash flows are due to be received in less than 12 months.

IBOR Reform

The Group applies the Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39 and IFRS 7 issued in August 2020 (‘Phase 2 relief’). These amendments modify (provide relief to) specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

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

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

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

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

2. Principal accounting policies (continued)

Employee benefits

Wages, salaries, social security contributions, accumulating annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are performed by the employees of the Group. Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it has demonstrably committed to either terminate the employment of current employees or to provide termination benefits, as a result of an offer made to encourage voluntary redundancy.

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

Taxation

Current tax

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

Deferred tax

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

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

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

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

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

Uncertain tax positions

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

2. Principal accounting policies (continued)

Taxation (continued)

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

The Group calculates the uncertain tax position using a single best estimate of the most likely outcome on a case-by-case basis.

Property, plant and equipment

General

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

Space segment assets

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

Deferred satellite payments represent the net present value of future payments dependent on the future performance of each satellite and are recognised in space segment assets when the satellite becomes operational. The associated liability is stated at its net present value and included within borrowings. Depreciation on space segment assets is recognised over the life of the satellites from the date they become operational and are placed into service.

Assets in the course of construction

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

Capitalised borrowing costs

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

Other fixed assets

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

2. Principal accounting policies (continued)

Property, plant and equipment (continued)

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 period that the expenditure is incurred.

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

2. Principal accounting policies (continued)

Amortisation

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

Impairment reviews

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

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the full carrying amount may not be recoverable. Indicators of impairment may include changes in technology and business performance. An asset is tested for impairment on an individual basis as far as possible to determine its recoverable amount. Where this is not possible, assets are grouped and tested for impairment in a cash generating unit. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An asset will be impaired if the carrying amount exceeds its recoverable amount, which is the higher of the fair value less costs to sell the asset and the value in use. The impairment loss will be recognised in the income statement.

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

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

Leases

Contracts which convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases by the Group.

At the commencement date, the Group, as lessee, recognises a right-of-use asset and a lease liability. The lease liability is measured at the present value of the lease payments that are not paid at that date, discounted using the rate implicit in the lease, unless such a rate is not readily determinable, in which case the incremental borrowing rate is used. The right-of use asset comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs incurred by the Group.

Lease term is determined as the non-cancellable period of a lease adjusted for any reasonably certain extension or termination option.

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

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

2. Principal accounting policies (continued)

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 period in which the liability is incurred. Upon initial recognition of a liability for an asset retirement obligation, a corresponding asset retirement cost is added to the carrying amount of the related asset, which is subsequently amortised to income over the remaining useful life of the asset. Following the initial recognition of an asset retirement obligation, the carrying amount of the liability is increased for the passage of time by applying an interest method of allocation to the liability with a corresponding accretion cost reflected in operating expenses.

2. Principal accounting policies (continued)

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

3. Financial risk management

Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

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

However, the Group operates internationally, resulting in 3% (2021: 4% and 2020: 3%) and 32% (2021: 29% and 2020: 25%) of total revenue and total expenditure, respectively, being denominated in currencies other than the U.S. Dollar. 27% (2021 and 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 2022, a hypothetical 10% increase in the U.S. Dollar/Sterling year-end exchange rate (U.S.$1.21/£1.00 to U.S.$1.33/£1.00) would have decreased the 2022 profit before tax and equity by $1.0m (2021: $3.3m and 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.

(iii) Inflation risk

The Group faces inflationary risks which cause an increase in costs across the business. The Group has partially mitigated this risk through tight cost control, and targeted price increases.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has interest-bearing assets such as cash and cash equivalents, short-term deposits, and non-current other receivables, however the interest rate risk arises from its long-term borrowings specifically a Term Loan and Senior Notes 2026. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings related to Senior Notes due 2026 are charged at a fixed rate. As at 31

3. Financial risk management (continued)

Financial risk factors (continued)

December 2022 the Group had drawn down $1.70bn (2021 $1.72bn) on the Term Loan which is repayable in quarterly instalments over 7 years. The credit agreement will mature in 2026. Drawings under this credit agreement incur interest at a variable rate of LIBOR +3.5% (2021: +3.5%).

The Group has entered into interest rate cap arrangements to hedge the variable interest rates on the Term Loan. The cap provides protection of USD LIBOR up to 2% and covers 98% of the total nominal amount of the Term Loan. As at 31 December 2022, a hypothetical 1% increase in interest rate would have decreased the 2022 profit before tax and equity by $37m (2021: $36.5m). Management believes that a 1% sensitivity rate provides a reasonable basis upon which to assess expected changes in variable interest rates, given Senior Notes are charged at a fixed rate and the Term Loan is supported by an interest rate cap arrangement, therefore materially mitigating interest rate risk.

(c) Credit risk

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

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

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

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

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

($ in millions)	**Note**	**As at 31 December 2022**	**As at 31 December 2021**
Cash and cash equivalents	17	234.2	364.3
Short-term deposits	17	109.1	30.0
Trade receivables, other receivables and accrued income	18	262.3	239.6
Total credit risk exposure		**605.6**	**633.9**

3. Financial risk management (continued)

Financial risk factors (continued)

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

At 31 December 2022, $260.2m (2021: $236.3m) of trade receivables were not yet due for payment. No interest is charged on trade receivables until the receivables become overdue for payment. Thereafter, interest may be charged at varying rates depending on the terms of the individual agreements.

The Group has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilises both internal and third-party collection processes for overdue accounts. The Group maintains provisions for potential credit losses that are assessed on an ongoing basis. The provision for uncollectible trade receivables has decreased to $14.7m (excluding Ligado Networks – refer note 4a) as at 31 December 2022 (2021: $17.9m).

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

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

<u>(d) Liquidity risk</u>

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**	**As at 31 December 2022**	**As at 31 December 2021**
Cash and cash equivalents	17	234.2	364.3
Short-term deposits	17	109.1	30.0
Available but undrawn borrowing facilities[1]	20	700.0	700.0
Total available liquidity		**1,043.3**	**1,094.3**

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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

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

(a) Revenue in respect of Ligado Networks

In December 2007, Inmarsat and Ligado Networks LLP (formerly LightSquared LP and LightSquared Inc.), and Ligado Networks (Canada) Inc. (formerly Skyterra (Canada) Inc.) entered into a 100 year Cooperation Agreement for the efficient use of L-band spectrum over North America. The Cooperation Agreement has been modified a number of times, and this has been assessed against IFRS 15 as to whether the modification is treated as a new contract or an amendment to an earlier contract. Amendment 5 & 6, signed in 2020, provided a $700m payment from Ligado which reduced all future quarterly payments by 60% and deferred Q2 2020 to Q4 2022 quarterly payments as well as all previously deferred amounts to 1 January 2023, at which date a payment of $395m, including interest, falls due. Additionally, there is a call option available until 15 October 2025 for Ligado to buy out all remaining payment obligations to 2107 for a cash payment ranging between $825m - $968m.

Amendment 7 was signed on 23 December 2022 and Ligado subsequently paid Inmarsat $30.0m. This is a payment on the $395m due 1 January 2023 and provides a deferral of the remaining $365m due, to 1 April 2023. After interest, $373m will be payable from Ligado on 1 April 2023. Amendment 7 provides no further amendment to existing obligations and Ligado has retained spectrum rights during this period.

Given the level of uncertainty around the collection of future monies, the Group ceased to apply the IFRS 15 five-step model from Q2 2020 to Amendments 5 & 6. Based on the continued level of uncertainty, no change to this assessment has arisen from Amendment 7 and no revenue has been recognised in relation to spectrum and deferrals. The $30m receipt has been applied against the existing receivable.

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

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

Critical judgements in applying the Group’s accounting policies

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

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Group's accounting policies (continued)

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

The net book value of space segment assets is currently $1,450.4m (2021: $1,703.6m). There have been additions of $0.7m in the year (2021: $28.5m) and transfers from assets in the course of construction of $10.0m (2021: $10.8m). The key judgements involved in the capitalisation of space segment assets and associated borrowings costs are:

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

(c) Proxy board arrangement

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

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

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

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

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

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

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

5. Segmental information

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

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

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

Segment Results 2022

($ in millions)	Maritime	Government	Aviation	Enterprise	Central services	Total
Revenue	515.5	526.9	310.8	106.4	14.1	1,473.7
Ligado revenue	-	-	-	-	0.4	0.4
Total revenue	**515.5**	**526.9**	**310.8**	**106.4**	**14.5**	**1,474.1**

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**

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**

Timing of revenue recognition

($ in millions)	2022	2021	2020
At a point in time	95.6	72.5	48.5
Over time	1,378.5	1,279.9	1,223.6
	1,474.1	**1,352.4**	**1,272.1**

5. Segmental information (continued)

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.

Revenue by geography

($ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
United Kingdom	64.9	48.7	56.5
Rest of Europe	405.9	375.5	366.4
United States	600.2	531.6	486.5
Rest of North America	45.0	40.4	42.3
Asia and Pacific	253.9	248.9	236.3
Rest of the world	104.2	107.3	84.1
	1,474.1	**1,352.4**	**1,272.1**

Non-current segment assets

($ in millions)	As at 31 December 2022	As at 31 December 2021
United Kingdom	3,600.8	3,629.6
Rest of Europe	216.3	247.4
United States	98.2	80.0
Rest of North America	43.5	53.2
Asia and Pacific	111.0	99.3
Rest of the world	61.7	38.0
Unallocated[1]	1,943.3	2,121.8
	6,074.8	**6,269.3**

1 Unallocated items relate to satellites which are in orbit.

Remaining performance obligations

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

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

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

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	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Depreciation of property, plant and equipment	13	347.6	367.8	417.2
Amortisation of intangible assets	14	243.9	253.6	244.4
Depreciation of right-of-use assets	15	9.3	11.1	11.4
Acquisition related costs[1]		22.8	11.1	(0.2)
Loss on disposal of assets		4.1	7.6	3.2
Impairment[2]		0.5	(0.3)	10.5
IT support		39.0	37.8	37.3
Cost of inventories recognised as an expense		88.5	75.5	61.6
Write downs of inventories recognised as an expense	19	6.8	4.0	8.4
Research costs expensed		16.9	18.6	6.9

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

2 Relates to the impairment of $0.5m of intangible assets (2021: $0.6m impairment of tangible assets, offset by reversal of prior impairment of a financial asset of $0.9m; 2020: impairment of $2.7m of intangible assets and $8.4m of tangible assets)

7. Employee benefit costs

($ in millions)	Note	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Wages and salaries		266.5	261.3	247.7
Social security costs		30.1	29.1	20.2
Defined contribution pension plan costs		13.8	12.9	11.9
Defined benefit pension plan costs[1]	28	0.6	0.6	0.4
Post-employment benefits costs[1]	28	0.2	-	0.1
Total employee benefit costs		**311.2**	**303.9**	**280.3**

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

7. Employee benefit costs (continued)

Employee numbers

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

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
By activity			
Operations	856	777	915
Sales and marketing	342	378	361
Development and engineering	221	245	240
Administration	379	370	396
	1,798	**1,770**	**1,912**
By segment			
Maritime	84	129	129
Government	232	213	192
Enterprise	51	63	71
Aviation	66	73	206
Central services	1,365	1,292	1,314
	1,798	**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.

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)	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Short-term benefits	4.3	5.1	2.1
	4.3	**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 2021 relates to higher performance related compensation.

9. Net financing costs

($ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Bank interest receivable and other interest	(5.6)	(2.8)	(2.8)
Pension and post-retirement finance income	-	-	(1.0)
Total financing income	**(5.6)**	**(2.8)**	**(3.8)**
Interest on Senior Notes and credit facilities	228.7	222.1	244.3
Amortisation of term loan gain[1]	12.1	10.5	-
Amortisation of debt issue costs	20.0	18.7	13.9
Amortisation of discount on Senior Notes due 2022	-	-	1.5
Pension and post-retirement finance expense	-	0.2	-
Interest on lease obligations	1.6	2.0	2.3
Other interest	4.4	8.0	4.5
Financing costs	**266.8**	**261.5**	**266.5**
Less: Amounts capitalised in the cost of qualifying assets	(76.0)	(66.6)	(63.6)
Financing costs excluding derivative adjustments	**190.8**	**194.9**	**202.9**
Fair value changes in financial assets and liabilities[1]	-	(76.4)	(0.2)
Net financing costs	**185.2**	**115.7**	**198.9**

1 Fair value changes in financial assets in liabilities relates to an IFRS 9 gain on repricing the term loan (refer note 20). The gain is amortised over the remain loan period.

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 period was 7.1% (2021: 7.5% and 2020: 7.4%) .

10. Taxation

The tax charge / (income) for the year recognised in the income statement:

($ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Current tax			
Current period	22.5	13.7	23.8
Adjustments in respect of prior periods	(9.8)	5.8	(28.1)
Total current tax	**12.7**	**19.5**	**(4.3)**
Deferred tax			
Origination and reversal of temporary differences	(8.5)	(20.2)	(61.1)
Adjustments from changes in corporation tax rates	0.3	175.0	71.5
Adjustments in respect of prior periods	13.2	(9.3)	26.7
Total deferred tax	**5.0**	**145.5**	**37.1**
Total taxation charge	**17.7**	**165.0**	**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.

10. Taxation (continued)

The effective tax rate is 26.8% (2021:1,434.8% and 2020: 17.9%) and is also reconciled below:

($ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Profit / (Loss) before tax	**66.1**	**(11.5)**	**(182.9)**
Income tax at 19.0%	12.6	(2.2)	(34.7)
Differences in overseas tax rates	1.8	3.3	0.9
Adjustments in respect of prior periods	3.4	(3.5)	(1.4)
Adjustments due to changes in corporation tax rates	0.3	175.0	71.5
Impact of UK patent box regime	(2.2)	(5.7)	(6.3)
Tax losses for which no DTA is recognised	-	-	1.1
Impact of current temporary difference not recognised	-	0.3	-
Impact of prior year losses not previously recognised	-	-	(0.8)
Other non-deductible expenses / non-taxable income	1.8	(2.2)	2.5
Total taxation charge	**17.7**	**165.0**	**32.8**

Tax credited directly to other comprehensive income:

($ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Deferred tax on re-measurement of derivatives	(21.3)	-	-
Deferred tax on re-measurement of pension assets and liabilities	(1.1)	0.3	5.5
Total tax (charged) / credited directly to other comprehensive income	**(22.4)**	**0.3**	**5.5**

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

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

11. Net foreign exchange gain

($ in millions)	Note	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Pension and post-employment benefits	28	1.7	0.3	0.7
Other operating gain / (costs)		7.2	1.5	(0.7)
Total foreign exchange gain		**8.9**	**1.8**	**-**

12. Dividends

Following strong performance and cashflow generation, during April 2022 the Board declared and paid $298.8m of dividends to company shareholders (2021: $717.4m). Pursuant to Companies (Guernsey) Law, 2008 prior to the dividend being issued, the Company performed a solvency test by ensuring its debts can be paid as they become due (cash flow test) and the value of assets were greater that the liabilities (balance sheet test). During 2020 the Board did not declare an interim dividend. During 2020 no dividend was paid to Company shareholders.

13. Property, plant and equipment

($ in millions)	Freehold land and buildings	Service equipment, fixtures and fittings	Space segment	Assets in the course of construction	Total
Cost					
1 January 2021	**12.7**	**390.0**	**2,201.9**	**1,025.9**	**3,630.5**
Additions	-	28.6	28.5	308.3	365.4
Disposals	-	(41.0)	(0.4)	(0.2)	(41.6)
Transfers	-	3.1	-	14.5	17.6
Transfers from assets in the course of construction	-	35.8	10.8	(46.6)	-
31 December 2021	**12.7**	**416.5**	**2,240.8**	**1,301.9**	**3,971.9**
Additions	-	13.8	0.5	302.8	317.1
Disposals	-	(64.7)	(0.6)	-	(65.3)
Transfers	-	-	(0.3)	-	(0.3)
Transfers from assets in the course of construction	-	41.2	10.0	(51.2)	-
31 December 2022	**12.7**	**406.8**	**2,250.4**	**1,553.5**	**4,223.4**
Accumulated depreciation					
1 January 2021	**(0.3)**	**(71.7)**	**(260.3)**	**-**	**(332.3)**
Charge for the period	(0.3)	(90.2)	(277.3)	-	(367.8)
Disposals	-	30.0	0.4	-	30.4
Transfers	-	(2.0)	-	-	(2.0)
31 December 2021	**(0.6)**	**(133.9)**	**(537.2)**	**-**	**(671.7)**
Charge for the period	(0.3)	(83.7)	(263.6)	-	(347.6)
Disposals	-	54.0	0.6	-	54.6
31 December 2022	**(0.9)**	**(163.6)**	**(800.2)**	**-**	**(964.7)**
Net book amount at 31 December 2021	**12.1**	**282.6**	**1,703.6**	**1,301.9**	**3,300.2**
Net book amount at 31 December 2022	**11.8**	**243.2**	**1,450.2**	**1,553.5**	**3,258.7**

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

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

13. Property, plant and equipment (continued)

Freehold land is not depreciated. At 31 December 2022, the Group was carrying certain freehold land and buildings with a net book value of $11.8m (2021: $12.1m). Had they been revalued on a market basis, their carrying amount at 31 December 2022 would have been $12.7m (2021: $12.7m). Market valuation is based on the Directors' best estimates.

In 2022, the Group received government grants in relation to the purchase and construction of certain assets. The grants have been deducted from the cost of the relevant asset to arrive at the carrying amount. Government grants received in 2022 were $2.6m (2021: $3.7m).

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

14. Intangible assets

($ in millions)	Goodwill	Trademarks	Software	Terminal development and network access costs	Customer relationships	Other	Total
Cost							
1 January 2021	**868.4**	**160.5**	**334.4**	**59.6**	**1,654.2**	**293.1**	**3,370.2**
Additions	-	-	33.9	15.3	1.5	12.6	63.3
Disposals	-	-	(24.0)	(1.4)	-	-	(25.4)
Impairments	-	-	(0.1)	-	-	-	(0.1)
Transfers	-	-	(10.3)	-	-	(7.3)	(17.6)
31 December 2021	**868.4**	**160.5**	**333.9**	**73.5**	**1,655.7**	**298.4**	**3,390.4**
Additions	-	-	58.3	8.0	-	28.4	94.7
Disposals	-	-	(26.2)	(4.5)	-	-	(30.7)
Impairments	-	-	(0.5)	-	-	-	(0.5)
Transfers	-	-	-	0.3	-	-	0.3
31 December 2022	**868.4**	**160.5**	**365.5**	**77.3**	**1,655.7**	**326.8**	**3,454.2**
Accumulated Amortisation							
1 January 2021	**-**	**(6.9)**	**(51.5)**	**(21.4)**	**(148.9)**	**(25.8)**	**(254.5)**
Charge for the period	-	(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
31 December 2021	**-**	**(13.3)**	**(98.9)**	**(40.8)**	**(287.0)**	**(43.1)**	**(483.1)**
Charge for the period	-	(6.4)	(65.4)	(14.7)	(137.9)	(19.5)	(243.9)
Disposals	-	-	26.0	4.3	-	-	30.3
31 December 2022	**-**	**(19.7)**	**(138.3)**	**(51.2)**	**(424.9)**	**(62.6)**	**(696.7)**
Net book amount at 31 December 2021	**868.4**	**147.2**	**235.0**	**32.7**	**1,368.7**	**255.3**	**2,907.3**
Net book amount at 31 December 2022	**868.4**	**140.8**	**227.2**	**26.1**	**1,230.8**	**264.2**	**2,757.5**

14. Intangible assets (continued)

Goodwill represents the excess of consideration paid on an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Trademarks are being amortised on a straight-line basis over their estimated useful lives, which are between seven and twenty years.

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

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

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

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

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

Government grants received in 2022 were $7.4m (2021: $4.7m and 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)

Net carrying amount	Property	Vehicles	Total
As at 1 January 2021	**40.9**	**0.5**	**41.4**
Additions	2.2	0.3	2.5
Changes in terms	0.3	0.2	0.5
Charge for the year	(10.8)	(0.3)	(11.1)
As at 31 December 2021	**32.6**	**0.7**	**33.3**
Additions	2.3	0.1	2.4
Charge for the year	(9.1)	(0.2)	(9.3)
As at 31 December 2022	**25.8**	**0.6**	**26.4**

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

The Group expenses short-term leases and low-value assets as incurred which is in accordance with the recognition exemption in IFRS 16. Expenses for short-term leases and low-value assets was $0.1m (2021: $0.1m and 2020: less than $0.1m) for the year. As at 31 December 2022, the Group is committed to $0.1m (2021: $0.1m and 2020: $0.1m) of short-term leases and low-value assets.

In the year, the Group received $nil (2021: $0.1m and 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 2022 comprise existing contracts as well as contracts entered into during the financial year 2022.

The average lease term of the Group's property and vehicle leases is 3.7 and 2.0 years respectively (2021: 3.3 and 2.6 respectively; and 2020: 3.5 and 2.6 respectively). The undiscounted maturity profile of the Group's leases is shown in the table below.

As at 31 December 2022

($ in millions)	Property	Vehicles	Total
Within one year	10.8	0.2	11.0
Between two to five years	22.4	0.3	22.7
Greater than five years	2.6	-	2.6
	35.8	**0.5**	**36.3**

As at 31 December 2021

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

15. Leases (continued)

For the year ended 31 December 2022, the weighted average discount rate applied was 4.4% (2021: 4.0% and 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 $10.5m (2021: $11.4m and 2020: $10.6m) with lease obligations denominated in various currencies. Total lease interest paid was $1.6m (2021: $2.0m and 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 2022	As at 31 December 2021
Interest in associates	27.3	23.8
Other investments	1.1	1.1
Total investments	**28.4**	**24.9**

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

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

Cash dividends received from the associates for the year ended 31 December 2022 total $3.7m (2021: $3.4m and 2020: $2.2m). The Group's aggregate share of its associates' profits from continuing operations for the year is $7.2m (2021: $5.1m and 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 2022	As at 31 December 2021
Cash at bank and in hand	192.5	94.3
Short-term deposits with original maturity less than 3 months	41.7	270.0
Cash and cash equivalents	**234.2**	**364.3**

Short-term deposits

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

18. Trade and other receivables

($ in millions)	As at 31 December 2022	As at 31 December 2021
Current		
Trade receivables and contract assets	227.9	204.9
Other receivables	21.1	19.2
Accrued income	9.9	12.3
Prepayments	46.0	26.3
Total trade and other receivables	**304.9**	**262.7**
Non-current		
Other receivables	3.4	3.2
Total other receivables	**3.4**	**3.2**

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.

As at 31 December 2022

($ in millions)	Internal rating A	Internal rating B	Internal rating C	Internal rating D/E	Total
Carrying value of trade receivables (gross)[1]	**20.8**	**193.5**	**66.8**	**12.2**	**293.3**
Lifetime ECL	-	2.1	6.6	0.1	8.8
Specific allowances	-	0.4	5.6	4.5	10.5
Group loss allowance	**-**	**2.5**	**12.2**	**4.6**	**19.3**

As at 31 December 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 $46.1m (2021: $40.5m).

18. Trade and other receivables (continued)

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)	As at 31 December 2022	As at 31 December 2021
As at 1 January	**37.7**	**36.5**
Charged in the year	7.6	13.4
Utilised in the year	(0.8)	(2.3)
Released in the year	(9.9)	(9.9)
Ligado charge / (release) in the year	(15.3)	-
As at 31 December[1]	**19.3**	**37.7**

1 The maturity of the Group's provision for uncollectable trade receivables for the period ended 31 December 2022 is $0.9m current, $0.9m between one and 30 days overdue, $3.1m between 31 and 120 days overdue and $14.4m over 120 days overdue (2021: $0.8m current, $0.0m between one and 30 days overdue, $6.5m between 31 and 120 days overdue and $30.4m over 120 days overdue).

During the period ended December 31, 2020, $7.7m was charged to the consolidated statement of income as loss allowance.

19. Inventories

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

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

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

During the period ended December 31, 2020, $1.2m was credited to the consolidated statement of income as a net release of allowances for obsolescence.

20. Net borrowings

($ in millions)	As at 31 December 2022 Amount	Unamortised term loan gain	Deferred finance costs	Net balance	As at 31 December 2021 Amount	Unamortised term loan gain	Deferred finance costs	Net balance
Current:								
Term loan	17.5	-	-	17.5	17.5	-	-	17.5
Total current borrowings	**17.5**	**-**	**-**	**17.5**	**17.5**	**-**	**-**	**17.5**
Non-current:								
Senior Notes due 2026	2,075.0	-	(9.1)	2,065.9	2,075.0	-	(11.6)	2,063.4
Term loan	1,684.4	(53.8)	(65.7)	1,564.9	1,701.9	(65.9)	(80.3)	1,555.7
Total non-current borrowings	**3,759.4**	**(53.8)**	**(74.8)**	**3,630.8**	**3,776.9**	**(65.9)**	**(91.9)**	**3,619.1**
Total borrowings	**3,776.9**	**(53.8)**	**(74.8)**	**3,648.3**	**3,794.4**	**(65.9)**	**(91.9)**	**3,636.6**
Cash and cash equivalents	(234.2)	-	-	(234.2)	(364.3)	-	-	(364.3)
Short-term deposits	(109.1)	-	-	(109.1)	(30.0)	-	-	(30.0)
Net borrowings	**3,433.6**	**(53.8)**	**(74.8)**	**3,305.0**	**3,400.1**	**(65.9)**	**(91.9)**	**3,242.3**

Senior revolving credit facility

On 12 December 2019, the Group signed a new five-year $700m revolving credit facility (‘Senior Revolving Credit Facility’). Advances in U.S. dollar under the facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 3.0% and 3.5% determined by reference to the ratio of Senior Secured First Lien Net Leverage. At 31 December 2022, there were no drawings under the Senior Revolving Credit Facility. In line with the IBOR interest rate benchmark reform, the Senior Revolving Credit Facility will shift its reference rate to Term SOFR from 30 June 2023 (refer note 2).

Senior Notes due 2026

On 7 October 2019, the Group issued $2.075bn of 6.75% Secured Senior Notes due 1 October 2026. The aggregate gross proceeds were $2.055bn, net of $19.7m issuance discount. The fair value of Secured Senior Notes is provided in note 31. Accrued interest of $35.0m (2021: $35.0m) are recognized as Other accruals within Trade and Other Payables, see note 21.

Term loan

On 12 December 2019, the Group entered into a $1.75bn Term Facility with Barclays Bank PLC acting as administrative and collateral agent. As at 31 December 2022 the Group had drawn down $1.70bn which is repayable in quarterly instalments over 7 years (the credit agreement will mature in 2026). On 25 January 2021, the term loan was repriced from USD Libor +4.5% to USD Libor +3.5%. This reduction of 1% on the margin resulted in the Group recognising a gain through the income statement of $76.4m. The carrying value of the term loan was reduced by a similar value and is offset by amortisation, charged over the life of the loan. In line with the IBOR interest rate benchmark reform, the Term Loan Facility will shift its reference rate to Term SOFR from 30 June 2023 (refer note 2). The fair value of the term loan is provided in note 31. Accrued interest of $0.5m ($0.2m) are recognized as Other accruals within Trade and Other Payables, see note 21.

20. Net borrowings (continued)

Effective interest rate

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

Effective interest rate %

($ in millions)	As at 31 December 2022	As at 31 December 2021
Senior Notes due 2026	7.0%	7.0%
Term loan	5.8%	4.9%

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

($ in millions)	As at 31 December 2021	Cash flows[1]	Transfers[2]	Deferred finance costs & term loan gain	Interest expenses	Foreign exchange	Lease adjustments	Other adjustments	As at 31 December 2022
Short-term borrowings	17.5	(17.5)	17.5	-	-	-	-	-	17.5
Long-term borrowings	3,619.1	(228.7)	(17.5)	29.2	228.7	-	-	-	3,630.8
Lease liabilities	45.5	(12.0)	-	-	-	(3.0)	2.4	0.9	33.8
Total	**3,682.1**	**(258.2)**	**-**	**29.2**	**228.7**	**(3.0)**	**2.4**	**0.9**	**3,682.1**

($ in millions)	As at 31 December 2020	Cash flows[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	**3,761.0**	**(253.0)**	**-**	**(52.3)**	**222.1**	**(0.6)**	**3.0**	**1.9**	**3,682.1**

1 Cashflows relate to repayment of borrowings, interest paid, and cash payments for the principal portion of lease obligations.
2 Transfers comprise debt maturing from long-term to short-term borrowings

21. Trade and other payables

($ in millions)	Note	As at 31 December 2022	As at 31 December 2021
Current			
Trade payables		155.1	107.4
Other taxation and social security payables		4.6	5.6
Other creditors		7.6	2.8
Other accruals		149.8	137.8
Deferred income[1]		1,037.3	1,018.0
Total trade and other payables		**1,354.4**	**1,271.6**
Non-current			
Other payables		2.0	1.8
Defined benefit pension and post-employment liability	28	10.8	16.3
Total other payables		**12.8**	**18.1**

1 The deferred income balance includes $906.1m (2021: $906.5m) relating to payments received from Ligado Networks (refer note 4).

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

Deferred income

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

($ in millions)	As at 31 December 2022	As at 31 December 2021
As at 1 January	**1,018.0**	**1,001.1**
Contract liability raised in the year	421.9	524.9
Contract liability utilised in the year	(402.6)	(508.0)
As at 31 December	**1,037.3**	**1,018.0**

22. Provisions

Movements in the Group's provisions were as follows:

($ in millions)	Restructuring	Contract Obligation	Asset retirement	Deferred salary	Other	Total
As at 1 January 2022	**2.0**	**6.7**	**1.0**	**0.9**	**1.1**	**11.7**
Charged in respect of year	2.3	-	0.1	-	-	2.4
Utilised in year	(1.9)	(3.3)	-	(0.1)	-	(5.3)
Reversal in the year	-	(1.2)	-	-	(0.3)	(1.5)
As at 31 December 2022	**2.4**	**2.2**	**1.1**	**0.8**	**0.8**	**7.3**
Non-current	-	1.2	1.1	0.8	0.6	3.7
Current	2.4	1.0	-	-	0.2	3.6
	2.4	**2.2**	**1.1**	**0.8**	**0.8**	**7.3**

22. Provisions (continued)

A. Restructuring

The restructuring provision relates to organisational restructuring and employee severance. The provision is calculated based on the estimated costs from the terms of relevant employee contracts. The remaining provision is expected to be utilised within 1 year.

B. Contract Obligation

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

C. Asset retirement

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

D. Deferred Salary

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

23. Current and deferred taxation

The current tax asset of $3.1m and the current tax liability of $158.3m (2021: $0.4m and $169.8m) represent the tax receivable and payable in respect of current and prior periods, less amounts paid.

Recognised deferred tax assets and liabilities

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

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

1 Other relates to pensions and corporate interest restrictions.

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

23. Current and deferred taxation (continued)

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

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

Movement in temporary differences during the period:

($ in millions)	As at 1 January 2022	Recognised in income	Recognised in other comprehensive income	As at 31 December 2022
Property, plant and equipment and intangible assets	883.3	27.4	-	910.7
Provisions	(7.9)	(2.9)	-	(10.8)
Other[1]	(64.6)	(19.4)	1.1	(82.9)
Tax losses	(64.1)	-	-	(64.1)
Hedge reserve on interest rate caps	-	-	21.3	21.3
Total	**746.7**	**5.1**	**22.4**	**774.2**

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

1 Other relates to pensions and corporate interest restrictions.

Total unrecognised deferred tax assets:

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

23. Current and deferred taxation (continued)

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

Overseas dividends received are largely exempt from UK tax but may be subject to foreign withholding taxes. The unrecognised gross temporary difference in respect of the unremitted earnings of those overseas subsidiaries affected by such taxes is $nil (2021: $nil), resulting in a deferred tax liability of $nil (2021: $nil).

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

24. Reconciliation of cash generated from operations

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

($ in millions)	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
Profit / (Loss) for the period	**48.4**	**(176.5)**	**(215.7)**
Adjustments for			
Taxation charge	17.7	165.0	32.8
Financing costs	190.8	194.9	202.9
Financing income	(5.6)	(2.8)	(3.8)
Fair value changes in financial assets and liabilities	-	(76.4)	(0.2)
Operating profit	**251.3**	**104.2**	**16.0**
Depreciation and amortisation	600.8	632.5	673.0
Loss on disposal of assets	4.1	7.6	3.2
Impairment of assets	0.5	(0.3)	10.5
Share of profit of associates	(7.2)	(5.1)	(4.2)
Dividends received from associates	3.7	-	-
Non-cash employee benefits costs	-	-	0.2
Non-cash foreign exchange movements	(7.4)	2.1	0.9
Changes in net working capital			
Decrease / (increase) in restricted cash[1]	-	6.9	(6.1)
(Increase) / decrease in trade and other receivables	(41.6)	16.9	92.1
(Increase) / decrease in inventories	(20.6)	0.3	2.3
Increase in trade and other payables	64.4	45.4	589.4
(Decrease) / increase in provisions	(4.4)	(9.5)	10.8
Cash generated from operations	**843.6**	**801.0**	**1,388.1**

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

25. Share capital

($ in millions, except share amounts)	As at 31 December 2022	As at 31 December 2021
Authorised		
2,350,000,000 ordinary shares of $1 each (2020: 2,350,000,000 of $1 each)	2,350.0	2,350.0
	2,350.0	**2,350.0**
Authorised, issued and fully paid		
2,350,000,000 ordinary shares of $1 each (2020: 2,350,000,000 of $1 each)	2,350.0	2,350.0
	2,350.0	**2,350.0**

During 2022, no new shares were authorised, allotted, or issued (2021: nil).

Non-controlling interests

Management incentive plan:

During the year ended 31 December 2020, 14,525,721 ordinary shares were issued in Connect Sub-Topco Limited in relation to the Group management incentive plan (refer note 27), which represent a non-controlling interest in the Group. The shares issued include 8,769,320 priority ordinary shares, which carry a 9% coupon that will be settled upon an exit event.

During the year ended 31 December 2021, 2,627,263 priority ordinary shares ($0.1 par and $0.9 premium) were bought-back from NCI as part of the February 2021 (2,200,205) and July 2021 (427,058) distributions to shareholders. A further net $0.3m was acquired from NCI during 2021 (2021 total NCI repurchase was $2.9m). During the year ended 31 December 2022, 550,515 priority ordinary shares ($0.1 par and $0.9 premium) were bought-back from NCI as part of the April 2022 distribution to shareholders. A further net $0.1m has been acquired from NCI during 2022 (2022 total NCI repurchase is $0.7m).

Inmarsat Solutions ehf:

The remaining non-controlling interest relates to the Group's 51% shareholding in Inmarsat Solutions ehf.

26. Reserves

Reserves relate to fair value movements in the Group's interest rate cap which provides interest protection on the variable Term Loan borrowing (refer note 20). IFRS 9 requires the separate valuation for foreign currency basis, where the changes in the fair value of currency basis are recognised as a separate component of equity, being the cost of hedging reserve, in other comprehensive income.

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

26. Reserves (continued)

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).

Cashflow and cost of hedging reserve:

		Cash flow hedge reserve		
($ in millions)	Cost of hedging reserve	Intrinsic value of options	Foreign currency forwards	Total hedge reserves
Balance at 1 January 2021	**(6.6)**	**-**	**0.4**	**(6.2)**
Add: change in fair value of hedging instrument recognised in OCI	-	0.1	-	0.1
Add: costs of hedging deferred and recognised in OCI in respect of the time value of options	8.5	-	-	8.5
Less: reclassified from OCI to profit or loss in respect of the time value of options	2.0	-	-	2.0
Less: gain on foreign currency basis on cash flow hedges capitalised to tangible assets	-	-	0.3	0.3
Less: reclassified from OCI to profit or loss from the cash flow hedge reserve	-	-	(0.7)	(0.7)
Balance at 31 December 2021	**3.9**	**0.1**	**-**	**4.0**
Add: change in fair value of hedging instrument recognised in OCI	-	91.8	-	91.8
Add: costs of hedging deferred and recognised in OCI in respect of the time value of options	(6.3)	-	-	(6.3)
Less: reclassified from OCI to profit or loss in respect of the time value of options	2.0	-	-	2.0
Less: reclassified from OCI to profit or loss from the cash flow hedge reserve	-	(8.4)	-	(8.4)
Less: deferred tax on change in fair value of hedging instrument recognised in OCI	-	(21.3)	-	(21.3)
Balance at 31 December 2022	**(0.4)**	**62.2**	**-**	**61.8**

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

27. Employee share options and awards

Cash Long-Term Incentive Plan (LTIP)

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

The total cash LTIP charge for the year is $4.3m (2021: $2.6m and 2020: 1.9m), comprising of the 2020, 2021 and 2022 LTIP, bringing the accumulated cash LTIP provision to $8.8m (2021: $4.5m).

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

($ in millions)	**Weighting**	**Threshold**	**Target**	**Maximum**
2022 LTIP:				
Revenue	50%	1,648.0	1,782.0	1,916.0
Free cash flow	50%	1,100.0	1,200.0	1,300.0
	100%			
2021 LTIP:				
Revenue	50%	1,475.0	1,595.0	1,714.0
Free cash flow	50%	960.0	1,060.0	1,160.0
	100%			

Employee Participation Units (EPU)

The employee participation unit scheme provides 100 participation units to all permanent employees each year, beginning in 2020. This continues until an exit-event, such as the Viasat acquisition. The value of these units is based on a fixed amount of share capital issued in Connect Sub-Topco Limited, held in ownership by Connect Topco Limited, the ultimate parent of the Group. The total EPU credit for the year was $0.4m (2021: charge of $2.5m and 2020: $nil) resulting in a year-end provision of $2.1m (2021: $2.5m).

Management Incentive Plan (MIP)

The management incentive plan (MIP) is a long term incentive plan for senior and executive management of the Group, where participants are required to make a material cash investment by buying shares in Connect Sub-Topco Ltd, a direct subsidiary of the Company, at fair market value. The equity issued under the MIP represents non-controlling interest (NCI) in the Group (refer note 25). Participants receive pay-out on an exit event, payable by the acquiring entity and not the Group.

28. Pensions and post-employment benefits

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

The Group operates defined benefit pension schemes in Germany and Indonesia which remain active. The Group's previous principal defined benefit pension plan was the Inmarsat Global defined benefits scheme, which was a UK funded scheme. This scheme underwent a 'buy-in' during 2020 and has since undergone a buy-out during 2022 which is explained below.

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

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

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

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

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

	As at 31 December 2022	As at 31 December 2021
Weighted average actuarial assumptions		
Discount rate	5.2%	1.8%
Future salary increases	7.0%	5.2%
Medical price inflation	3.3%	3.3%
Future pension increases[1]	-	3.3%

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

28. Pensions and post-employment benefits (continued)

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 2022**	**As at 31 December 2021**
Mortality assumptions - male	88.5	88.4
Mortality assumptions - female	89.7	89.6

Mortality assumptions used are consistent with those recommended by the individual scheme actuaries and reflect the latest available tables, adjusted for the experience of the Group where appropriate. For the Inmarsat Global defined benefit pension scheme and the Inmarsat Global post-retirement healthcare benefits for 2022, mortality has been assumed to follow the S2PA tables with -1 year age rating for males and CMI 2017 improvement with a long-term trend of 1.75% pa.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, mortality and healthcare cost trend rates. The sensitivity analysis below is for the Group's principal post-employment benefits scheme and has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period assuming that all other assumptions are held constant. No sensitivities are relevant for the Inmarsat Global defined benefit pension scheme following the buy-out in 2022.

Inmarsat Global post-retirement healthcare benefit scheme:

($ in millions)	**Impact on benefit obligation - increase/ (decrease)**	**Impact on projected pension cost - increase/ (decrease)**
Change in assumption:		
Increase in discount factor of 0.5%	(0.6)	-
Increase in inflation of 0.5%	0.6	-
Increase in medical price inflation trend rate of 1%	1.4	0.1
Decrease in medical price inflation trend rate of 1%	(1.1)	(0.1)

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

Amounts recognised in the balance sheet are:

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

28. Pensions and post-employment benefits (continued)

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

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

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

($ in millions)	**Defined benefit pension plan**	**Post-employment benefits**
As at 1 January 2021	**138.0**	**15.3**
Current service cost	-	0.2
Past service gain	-	(0.2)
Interest cost	1.8	0.3
Remeasurement gains		
Actuarial gains arising from changes in financial assumptions	3.0	0.3
Experience adjustment	-	0.8
Foreign exchange loss	(2.1)	(0.3)
Benefits paid	(1.4)	(0.3)
Liabilities extinguished on plan settlement	(15.0)	-
As at 1 January 2022	**124.3**	**16.1**
Current service cost	-	0.2
Interest cost	2.0	0.2
Remeasurement gains / (loss):		
Actuarial gains arising from changes in financial assumptions	(43.7)	(5.6)
Experience adjustment	-	1.8
Benefits paid	(0.7)	(0.4)
Foreign exchange gain	(13.3)	(1.7)
Defined benefit pension buy-out	(68.4)	-
As at 31 December 2022	**0.2**	**10.6**

28. Pensions and post-employment benefits (continued)

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

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

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

	Year ended 31 December 2022		**Year ended 31 December 2021**		**Year ended 31 December 2020**	
($ in millions)	**Defined benefit pension plan**	**Post-employment benefits**	**Defined benefit pension plan**	**Post-employment benefits**	**Defined benefit pension plan**	**Post-employment benefits**
Current service cost	0.6	0.2	0.6	0.2	0.4	0.1
Past service gain	-	-	-	(0.2)	-	-
Net interest (income) / expense	-	0.2	(0.1)	0.3	(0.6)	0.3
Foreign exchange gain	-	(1.7)	-	(0.3)	(1.1)	0.4
	0.6	**(1.3)**	**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:

	Year ended 31 December 2022		**Year ended 31 December 2021**		**Year ended 31 December 2020**	
($ in millions)	**Defined benefit pension plan**	**Post-employment benefits**	**Defined benefit pension plan**	**Post-employment benefits**	**Defined benefit pension plan**	**Post-employment benefits**
Actuarial gains arising from changes in financial assumptions	(43.7)	(5.6)	3.0	0.3	18.5	1.2
Actuarial gains arising from changes in experience adjustment	-	1.8	-	0.8	-	1.3
Loss / (return) on plan asset (excluding interest amounts)	43.7	-	(2.6)	-	8.8	-
Remeasurement of the net defined benefit liability	**-**	**(3.8)**	**0.4**	**1.1**	**27.3**	**2.5**

28. Pensions and post-employment benefits (continued)

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

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

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

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

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

29. Operating leases

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

During the year the Group received $37.2m (2021: $31.6m) revenue from various agreements deriving revenue from leased equipment. The income relates predominantly to maritime antenna leases, as well as other onboard vessel equipment which is required for customers to connect to the Group's satellite network.

Customers must be deemed to be creditworthy under the Group's credit policy before any equipment is leased. Should any customer terminate its relationship with the Group, then onboard leased assets are required to be returned as these remain property of the Group. In the event of damage, or the non-return of equipment, the Group will invoice the customer for the value of the equipment. Collection of this debt falls under the Group's credit policy.

The following table summarises the future minimum lease payments:

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

30. Capital risk management

The following table summarises the capital of the Group:

($ in millions)	As at 31 December 2022	As at 31 December 2021
As per balance sheet		
Cash and cash equivalents	(234.2)	(364.3)
Short-term deposits greater than three months	(109.1)	(30.0)
Borrowings[1]	3,648.3	3,636.6
Net borrowings	**3,305.0**	**3,242.3**
Equity attributable to shareholders of the parent	872.1	1,063.1
Capital	**4,177.1**	**4,305.4**

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

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

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

31. Financial instruments

Treasury management and strategy

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

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

Key features of treasury management include:

- Ensuring that the Group is in a position to fund its obligations in appropriate currencies as they fall due;
- Maintaining adequate undrawn borrowing facilities; 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.

31. Financial instruments (continued)

Financial instruments by category

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

	As at 31 December 2022			As at 31 December 2021		
($ in millions)	**Amortised cost**	**Derivatives used for hedging**	**Total**	**Amortised cost**	**Derivatives used for hedging**	**Total**
Assets as per balance sheet						
Trade receivables and other[1]	262.3	-	262.3	239.6	-	239.6
Cash and cash equivalents	234.2	-	234.2	364.3	-	364.3
Short term deposits	109.1	-	109.1	30.0	-	30.0
Derivative financial instruments	-	83.0	83.0	-	5.8	5.8
	605.6	**83.0**	**688.6**	**633.9**	**5.8**	**639.7**

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

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

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

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

	As at 31 December 2022				
($ in millions)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Borrowings[1]	294.9	295.2	4,266.3	-	4,856.4
Trade payables and other[2]	312.5	0.1	0.2	1.7	314.5
	607.4	**295.3**	**4,266.5**	**1.7**	**5,170.9**

31. Financial instruments (continued)

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

1 Includes interest obligations on the Senior Notes due 2026 and Term Loan. 2 Consists of trade payables, other payables, accruals and excludes pension liabilities and other taxation and social security payables (see note 21).

Fair values of derivative financial instruments

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

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

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

The value of a hedging derivative is classified as non-current asset or liability if the cash flows are due to be received in greater than twelve months, and as a current asset or liability if the cash flows are due to be received in less than 12 months. The fair values at the balance sheet date were:

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

31. Financial instruments (continued)

Interest rate cap

The Group has entered into interest rate cap arrangements to hedge the variable interest rates on the Term Loan. The cap provides protection of where USD LIBOR is above 2% and is designated as cashflow hedges. The total nominal amount of the interest rate cap arrangement is $1.7bn, hedging 98% of the term loan balance.

Hedge ineffectiveness can arise from changes in the creditworthiness of counterparties hedged with and the credit risk of the Group, along with the ability of the Group to refinance the debt and make changes to the economic terms of the hedged loan, resulting in mismatches. The hedge ineffectiveness for 2022 was $0.1m (2021 and 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 and Convertible Bonds are classified as level 2 in the fair value hierarchy according to IFRS 13.

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

- The fair values of cash at bank, overdrafts and short-term deposits approximate their carrying values because of the short-term maturity of these instruments (see note 17);
- The fair value of trade and other receivables and payables, accrued income and costs, lease liabilities, and deferred consideration approximate their carrying values (see notes 18 and 21 respectively);
- The Senior Notes due 2026 are reflected in the balance sheet net of unamortised arrangement costs of $9.1m (2021: $11.6m and 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; and
- The Term loan is reflected in the balance sheet net of unamortised arrangement costs and IFRS 9 related gain from repricing (refer note 20) of $128.6m (2021: $157.8m and 2020: $91.5m) and the fair value is based on the net present value discounted at LIBOR +3.5%.

	As at 31 December 2022		**As at 31 December 2021**	
($ in millions)	**Carrying amount**	**Fair value amount**	**Carrying amount**	**Fair value amount**
Senior Notes due 2026	2,065.9	1,942.2	2,063.4	2,182.6
Term loan	1,582.4	1,760.2	1,573.2	1,737.4

32. Capital and purchase commitments

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

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

33. Contingent liabilities

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

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

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. At 31 December 2022, the Group had $25.0m of contingent liabilities in relation to employee retention compensation. This will be payable on successful completion of the Viasat acquisition and is subject to employees being retained for a set retention period, post-acquisition. (2021: $nil).

34. Related party transactions

In the normal course of operations, the Group engages in transactions with its equity-accounted associates (Navarino UK and JSAT Mobile), along with the ultimate shareholders (the 'Consortium': Apax LLP, Warburg Pincus LLC, Canada Pension Plan Investment Board, Ontario Teachers' Pension Plan Board, and Pretzel Logic BV).

Transactions with equity-accounted associates represent sales of airtime and equipment and are measured at the amounts exchanged. Group revenue from Navarino UK and JSAT Mobile for the 2022 financial year is $43.4m and $24.6m respectively (2021: $39.3m and $17.3m, respectively and 2020: $41.2m and $15.7m, respectively). The amount receivable from Navarino UK and JSAT Mobile at 31 December 2022 is $9.9m and $3.4m, respectively (2021: $9.3m and $2.0m, respectively and 2020: $9.5m and $1.7m, respectively).

Transactions with the Consortium, related to expenses, for the 2022 financial year is $nil. (2021: $0.2m and 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 the balance sheet date

Viasat acquisition

On 8 November 2021, Viasat, Inc. and the Company announced a definitive agreement under which Viasat would acquire the Company in a transaction then valued at $7.3bn, comprised of $850m in cash (reduced to $551m, post distribution to shareholders), approximately 46.36m shares of Viasat common stock valued at $3.1bn based on the closing price on Friday 5 November 2021, and the assumption of $3.4bn of net debt.

On 30 May 2023, the transaction was completed and Viasat, Inc. acquired the Company. Under the terms of the purchase agreement, at the closing of the transaction, the Company's shareholders received an aggregate of $551m in cash, subject to adjustments, and approximately 46.36m shares of common stock. The cash portion of the purchase price was reduced from $850m to $551m after the Company paid a $299m special dividend to its shareholders in April 2022. The shares issued to the Company shareholders at the closing represent an aggregate of approximately 37.6% of the total shares of Viasat common stock on a fully diluted basis, with no Company shareholder receiving shares representing 10% or more.

On completion of the transaction, Elizabeth Palmer, Hisham Said Awad and Robert James Blair were appointed as directors of the Company and Maxmilian Buttinger, Eric Hargrave, Pascal Keutgens and Gonzague de Lhoneaux resigned as directors of the Company.

HMRC Launch Cost Case

The Group's 1999 claim for a tax deduction for satellite launch costs was heard at the Court of Appeal which ruled in favour of HMRC in July 2022. The Group subsequently appealed directly to the Court of Appeal which was heard and rejected on 5 January 2023. This is treated as a non-adjusting post balance sheet date event per IAS 10. The Group has provided fully for the expected cost of c. $128m, comprising current and deferred tax ($100m) and interest ($28m). Given the affected tax computations span over 20 years, the exact amount of tax and interest has yet to be agreed with HMRC. To manage ongoing late payment interest, during Q1 2023 the Group has paid £57.2m Income tax ($69.1m) and £17.4m interest ($20.9m) resulting in a foreign exchange gain of c.$27.6m.

Ligado

On 31 March 2023, the Group and Ligado signed Amendment 8 to the Cooperation Agreement pursuant to which the Group granted Ligado a further 90 days to pay the deferred amounts subject to making a $30m part payment, which was made on 3 April 2023. Ligado is now required to pay the Group $350m on 1 July 2023. Amendment 8 also deferred the $15m quarterly payment due on 31 March to 30 June.

36. Group entities

As at 31 December 2022, the Company had investments in the following subsidiaries and associates:

	Principal activity	Country of incorporation / registered address[1]	Ownership
Inmarsat Group Holdings Limited (formerly Inmarsat plc)	Holding company	England and Wales/A	100%
Connect Finco SARL	Finance company	Luxembourg/AI	100%
Connect U.S. Finco LLC	Finance company	United States/D	100%
Inmarsat Holdings Limited	Holding company	England and Wales/A	100%
Inmarsat Group Limited	Holding company	England and Wales/A	100%
Inmarsat Finance Limited	Finance company	England and Wales/A	100%
Inmarsat Investments Limited	Holding company	England and Wales/A	100%
Inmarsat Ventures SE	Operating company	Luxembourg /AI	100%
Inmarsat Global Limited	Satellite telecommunications	England and Wales/A	100%
ISAT Global Xpress OOO	Dormant	Russian Federation/X	100%
Inmarsat Brasil Eireli	Dormant	Brazil/H	100%
Inmarsat Leasing (Two) Limited	Satellite leasing	England and Wales/A	100%
Inmarsat New Zealand Limited	Operating company	New Zealand/U	100%
Inmarsat Services Limited	Operating company	England and Wales/A	100%
PT ISAT	Operating company	Indonesia/Q	100%
Inmarsat Communications Company LLC	Operating company	UAE/AC	49%
Inmarsat Group Holdings Inc.	Operating company	United States/C	100%
ISAT U.S. Inc.	Operating company	United States/C	100%
Inmarsat Government Inc.	Operating company	United States/D	100%
Stratos Government Services Inc.	Operating company	United States/D	100%
Inmarsat Commercial Services Inc.	Operating company	United States/D	100%
Inmarsat Solutions (U.S.) Inc.	Operating company	United States/D	100%
Inmarsat Inc.	Holding company	United States/D	100%
Europasat Limited	Operating company	England and Wales/A	100%
Inmarsat Employment Company Limited	Employment company	Jersey/T	100%
Inmarsat Trustee Company Limited	Dormant	England and Wales/A	100%
Inmarsat Finance III Limited	Operating company	England and Wales/A	100%
Inmarsat Solutions Limited	Holding company	England and Wales/A	100%
Inmarsat Solutions (Canada) Inc.	Operating company	Canada/B	100%
Inmarsat Holdings (Cyprus) Limited	Holding company	Cyprus/K	100%
Connect Bidco Limited	Holding company	Guernsey/AJ	100%
Connect Midco Limited	Holding company	Guernsey/AJ	100%
Connect Sub-Topco Limited	Holding company	Guernsey/AJ	100%

1 For the list of registered addresses please refer to the table on page 59.

36. Group entities (continued)

Investments in the following subsidiaries and associates (Continued)

	Principal activity	Country of incorporation / registered address[1]	Ownership
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%
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	26.7%

1 For the list of registered addresses please refer to the table on page 59 .

36. Group entities (continued)

Registered address key

Key	Registered address
A	99 City Road, London EC1Y 1AX, United Kingdom
B	34 Glencoe Drive, Box 5754, Donovan’s Bus. Park, Mount Pearl Newfoundland A1N 4S8, Canada
C	874 Walker Road, Suite C, City of Dover DE 19904, United States
D	251 Little Falls Drive, Wilmington DE 19808, United States
E	Str. Risto Ravanovski no 13a, Skopje, Republic of Macedonia, Macedonia, the former Yugoslav Republic of Macedonia
F	Mills Oakley, Level 7, 151 Clarence Street, Sydney NSW 2000, Australia
G	Nisso Building #22 8F, Azabudai1-11-10, Minato-ku, Tokyo 106-0041, Japan
H	Av. Brig Faria Lima, 3400 – Cj. 151 – 15.º andar, parte C 04538-132 , São Paulo, Brazil
I	Cra. 7 No. 71-52 Tower B 9th Floor, Bogota, DC, Colombia 110231
J	11F, Tower B, Central Towers, No.567, Lan Gao Road, Putuo District, Shanghai, 200333, China
K	1, Lampousas, Nicosia, 1095, Cyprus
L	Willy-Brandt, 23, 20457, Hamburg, Germany
M	280 Kifisias Avenue, Halandri, 152 32, Greece
N	Unit 4217- Metroplaza, Tower 1, 223 Hing Fong Road, Kwai Fong, N.T, Hong Kong, Hong Kong
O	Hlíðarsmára 10, 201 Kópavogi, Iceland
P	P-24, Green Park Extension, New Delhi, 110016, India
Q	Panbil Residence 1st – 2nd Floor, Jl. Ahmad Yani, Muka Kuning – Batam – 29433, Indonesia
R	Maltepe Mah. Eski Çırpıcı , Yolu Sk. Parima , Blok No:8 İç kapı , 14 Zeytinburnu, İstanbul, Turkey
S	Level 25 Ark Hills Sengokuyama Mori Tower, 1-9-10, Roppongi, Minato-ku, Tokyo, 106-0032, Japan
T	44 Esplanade, St. Helier, Jersey JE4 9WG, Jersey
U	24 Unity Drive North, North Harbour, Auckland, New Zealand
V	Loire 158-160, 2491 AL, The Hague, Netherlands
W	NMK – Borgundveien 340, 6009 Ålesund, Norway
X	Bld. 5, 13 Kasatkina Street, 129301, Moscow, Russian Federation
Y	11 Lorong 3 Toa Payoh , #01-31, Jackson Square, 319579, Singapore
Z	Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, Sandton, Johannesburg, Gauteng, 2052, South Africa
AA	Príncipe de Vergara 73, 28006, Madrid, Spain
AB	Avenue Gratta-Paille 2, c/o MAZARS SA, World Trade Center, 1018, Lausanne, Switzerland
AC	Festival Tower - Unit 2303, P.O. Box 27313, Dubai Festival City, Dubai, United Arab Emirates
AD	Camburgh House, 27 New Dover Road, Canterbury, Kent CT1 3DN, United Kingdom
AE	Republica de El Salvador N35-146 y Suecia, Edif. Prisma Norte, Piso 11, Quito, C.P. 170505, Ecuador
AF	22 Tudor Vladimirescu Blv., Building Green Gate Office, Bucharest, 5th Floor 573Campus07, Sector, Bucharest, Romania
AG	Street Skenderpasina 1, Sarajevo, Bosnia and Herzegovina
AH	GTC Avenue 19, 38-40 Vladimira Popovica Street, New Belgrade, Servia, 11070, Serbia
AI	6, rue Engene Ruppert, L-2453, Luxembourg
AJ	Redwood House, St Julian’s Avenue, St Peter Port, GY1 1WA, Guernsey

Exhibit 99.2

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED March 31, 2023

CONNECT TOPCO LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended March 31, 2023

($ in millions)	Three Months Ended Mar. 31, 2023	Three Months Ended Mar. 31, 2022
Revenue	**402.6**	**348.0**
Employee benefit costs	(105.5)	(74.3)
Network and satellite operations costs	(44.8)	(47.5)
Reversal of impairment of financial assets	3.1	1.1
Other operating costs[1]	(34.4)	(43.4)
Own work capitalised	14.4	8.4
Depreciation and amortisation	(146.6)	(152.9)
Loss on disposals of assets	(2.7)	(0.3)
Share of profit of associates	1.7	0.1
Operating profit	**87.8**	**39.2**
Financing income	3.8	0.8
Financing costs	(47.7)	(44.0)
Net financing costs	**(43.9)**	**(43.2)**
Profit / (loss) before tax	**43.9**	**(4.0)**
Taxation (charge) / income	(16.5)	0.8
Profit / (loss) for the period	**27.4**	**(3.2)**
Attributable to:		
Equity holders	**27.0**	**(3.3)**
Non-controlling interest[2]	**0.4**	**0.1**

1 Other operating costs for the three months ended March 31, 2023 include foreign exchange gains of $26.0 million (three months ended March 31, 2022: $1.6 million)

2 Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf and NCI resulting from the management incentive plan.

CONNECT TOPCO LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2023

($ in millions)	Three Months Ended Mar. 31, 2023	Three Months Ended Mar. 31, 2022
Profit / (loss) for the period	**27.4**	**(3.2)**
Other comprehensive income		
Items that may be reclassified subsequently to the Income Statement:		
Foreign exchange translation differences	(0.4)	—
Net (loss) / gain accumulated in hedge reserve on interest rate caps	(16.1)	34.6
Tax credited / (charged) directly to equity	4.4	(9.7)
Other comprehensive (loss) / income for the period, net of tax	**(12.1)**	**24.9**
Total comprehensive income for the period, net of tax	**15.3**	**21.7**
Attributable to:		
Equity holders	**14.9**	**21.6**
Non-controlling interest[1]	**0.4**	**0.1**

1 Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf and NCI resulting from the management incentive plan.

CONNECT TOPCO LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET

As of March 31, 2023

($ in millions)	As of March 31, 2023	As of December 31, 2022
Assets		
Non-current assets		
Property, plant and equipment	3,249.2	3,258.7
Intangible assets	2,730.8	2,757.5
Right of use assets	90.3	26.4
Investments	29.1	28.4
Lease receivable	0.3	0.4
Other receivables	5.4	3.4
Derivative financial instruments	24.2	38.0
Deferred tax asset	35.9	34.6
	6,165.2	**6,147.4**
Current assets		
Cash and cash equivalents	233.4	234.2
Short-term deposits	46.0	109.1
Trade and other receivables	342.2	304.9
Lease receivable	0.2	1.3
Inventories	62.8	57.2
Current tax assets	3.1	3.1
Derivative financial instruments	42.8	45.0
	730.5	**754.8**
Total assets	**6,895.7**	**6,902.2**
Liabilities		
Current liabilities		
Borrowings	17.5	17.5
Trade and other payables	1,350.3	1,354.4
Provisions	1.8	3.6
Current tax liabilities	73.5	158.3
Lease obligations	8.9	9.9
	1,452.0	**1,543.7**
Non-current liabilities		
Borrowings	3,633.4	3,630.8
Other payables	13.1	12.8
Provisions	3.6	3.7
Deferred tax liabilities	809.8	808.8
Lease obligations	90.5	23.9
	4,550.4	**4,480.0**
Total liabilities	**6,002.4**	**6,023.7**
Net assets	**893.3**	**878.5**
Shareholders' equity		
Ordinary shares	2,350.0	2,350.0
Other reserves	49.3	61.4
Retained earnings	(1,512.3)	(1,539.3)
Equity attributable to shareholders	**887.0**	**872.1**
Non-controlling interest[1]	**6.3**	**6.4**
Total equity	**893.3**	**878.5**

1 Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf and NCI resulting from the management incentive plan.

CONNECT TOPCO LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended March 31, 2023

($ in millions)	Share capital	Hedge reserve	Other	Retained earnings	NCI[1]	Total
Balance at 1 Jan 2022	**2,350.0**	**4.0**	**(0.3)**	**(1,290.6)**	**6.8**	**1,069.9**
Dividend declared	—	—	—	—	(0.7)	(0.7)
Comprehensive Income:						—
Loss for the period	—	—	—	(3.3)	0.1	(3.2)
Other comprehensive income – before tax	—	34.6	—	—	—	34.6
Other comprehensive income – tax charge	—	(9.7)	—	—	—	(9.7)
Balance at 31 Mar 2022	**2,350.0**	**28.9**	**(0.3)**	**(1,293.9)**	**6.2**	**1,090.9**
Balance at 1 Jan 2023	**2,350.0**	**61.8**	**(0.4)**	**(1,539.3)**	**6.4**	**878.5**
Dividend declared	—	—	—	—	(0.5)	(0.5)
Comprehensive Income:						
Profit for the period	—	—	—	27.0	0.4	27.4
Other comprehensive loss – before tax	—	(16.1)	(0.4)	—	—	(16.5)
Other comprehensive loss – tax credit	—	4.4	—	—	—	4.4
Balance at 31 Mar 2023	**2,350.0**	**50.1**	**(0.8)**	**(1,512.3)**	**6.3**	**893.3**

1 Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf and NCI resulting from the management incentive plan.

CONNECT TOPCO LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the three months ended March 31, 2023 (unaudited)

($ in millions)	Three Months Ended Mar. 31, 2023	Three Months Ended Mar. 31, 2022
Cash flow from operating activities		
Cash generated from operations	167.5	151.6
Interest received	3.0	0.2
Tax paid	(75.3)	(7.2)
Net cash from operating activities	**95.2**	**144.6**
Cash flow from investing activities		
Purchase of property, plant and equipment	(31.6)	(29.0)
Additions to intangible assets	(62.8)	(10.5)
Own work capitalised	(11.5)	(7.8)
Net investment in short-term deposits	63.1	30.0
Net cash flow used in from investing activities	**(42.8)**	**(17.3)**
Cash flow from financing activities		
Dividends paid related to NCI[1]	(0.5)	(0.7)
Repayment of borrowings	(4.4)	(4.4)
Interest paid	(46.2)	(20.2)
Cash payments for the principal portion of lease obligations	(0.6)	(1.0)
Other financing activities	(0.5)	(0.4)
Net cash used in financing activities	**(52.2)**	**(26.7)**
Net increase in cash and cash equivalents	**0.2**	**100.6**
Cash and cash equivalents		
At beginning of the period	234.2	364.3
Net increase in cash and cash equivalents	0.2	100.6
Foreign exchange adjustment	(1.0)	(0.2)
At end of the period	**233.4**	**464.7**
Comprising:		
Cash at bank and in hand	202.1	155.7
Short-term deposits with original maturity of <3months	31.3	309.0
Cash and cash equivalents	**233.4**	**464.7**
Net cash and cash equivalents at end of period	**233.4**	**464.7**

1. Non-controlling interest relates to the Group's 51% shareholding in Inmarsat Solutions ehf and NCI resulting from the management incentive plan.

1. GENERAL INFORMATION

Connect Topco Limited (the ‘Company’ or, together with its subsidiaries, the ‘Inmarsat 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 smallest group into which the results of the Company are consolidated is headed by Connect Topco Limited.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2023 have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’. They were approved by the Board of Directors on May 16, 2023. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS standards and should be read in conjunction with the annual financial statements for the year ended December 31, 2022.

Going concern

As at March 31, 2023, the Group has $979.4 million of liquid resources (Cash and cash equivalents and short term deposits: $279.4 million and undrawn RCF: $700.0 million) and a continued expectation that the Group will generate positive free cash flow and reduce leverage over the medium to long term. As of March 31, 2023 $17.5 million of debt is due to mature within the next twelve months, with $3,755 million being due in greater than twelve months. During 2021 the Connect Topco shareholders accepted an offer from Viasat Inc. to purchase the Group for approximately $7.3 billion, comprised of $850 million in cash (reduced to $551 million, post distribution to shareholders in Q2 2022) 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 Directors, and Viasat shareholders. Regulatory clearance is progressing and we now expect the transaction to close during Q2 2023. 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 Condensed Consolidated Interim Financial Statements.

Basis of accounting

The same accounting policies and methods of computation are followed in the Condensed Consolidated Interim Financial Statements as in the most recent annual financial statements, at December 31, 2022.

The functional and reporting currency of the Company and most of the Inmarsat Group’s subsidiaries is the US Dollar, as the majority of receipts from operational transactions and borrowings are denominated in US Dollars.

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with IAS 34 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 period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. SEGMENT INFORMATION

The Group has identified the provision of global mobile satellite communications services to customers around the world as the only operating segment. The Board of Directors review the Group's financial reporting 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.

($ in millions)	Three Months Ended Mar. 31, 2023	Three Months Ended Mar. 31, 2022
Government	142.8	125.5
Maritime	133.7	126.6
Aviation	93.2	68.7
Enterprise	29.2	23.4
Central services	3.7	3.8
Revenue	**402.6**	**348.0**

4. TAXATION

The interim period income tax charge is accrued based on the estimated average annual effective tax rate of 37.6% (2022: 20.0%). The average effective rate reflects credits in relation to UK Patent Box and R&D claims, adjustments for non-deductible professional fees in relation to the Viasat acquisition, non-taxable FX gain and adjustments for overseas tax rates differing from the 23.5% UK blended tax rate.

From time to time, the Group may be involved in disputes in relation to on-going tax matters where a tax authority adopts a different interpretation to our own. The Group's total tax provision of $23.7m (Q4 2022 $129.4m) relates to management's judgement of the amount of tax payable in respect of on-going enquiries with tax authorities. The material decrease in the provision is due to the settlement of the launch costs case which is discussed below. The quantum and timing of any payment in relation to these matters remains uncertain but it is substantially provided for and the enquiries remain ongoing at this time.

The Group's Launch Costs case was heard by the Court of Appeal in June 2022 which ruled in favour of HMRC in July 2022. The Group subsequently appealed directly to the Supreme Court which was heard and rejected on January 5, 2023. In accordance with accounting policies the Group had provided fully for the expected cost of c.$128 million, comprising tax ($100 million) and interest ($28 million) at historic exchange rates. The settlement, which has been substantially settled in Q1 2023, was paid at the then prevailing exchange rate resulting a cash outflow of c.$90.1 million and this resulted in a foreign exchange gain of $27.6 million.

5. NET FINANCIAL COSTS

($ in millions)	Three Months Ended Mar. 31, 2023	Three Months Ended Mar. 31, 2022
Bank interest receivable and other interest	3.8	0.8
Total financing income	**3.8**	**0.8**
Interest on Senior Notes and credit facilities	(59.1)	(54.8)
Amortisation of debt issue costs	(4.9)	(4.7)
Amortisation of term loan gain	(2.9)	(2.9)
Net interest on the net pension asset and post-employment liability	(0.4)	0.4
Interest on lease obligations	(1.6)	(0.4)
Other interest	(1.6)	(1.0)
Total financing costs	**(70.5)**	**(63.4)**
Less: Amounts capitalised in the cost of qualifying assets	22.8	19.4
Net financing costs	**(43.9)**	**(43.2)**

6. NET BORROWINGS

	As of March 31, 2023				As of December 31, 2022			
($ in millions)	Amount	Unamortised term loan gain[1]	Deferred finance costs	Net balance	Amount	Unamortised term loan gain[1]	Deferred finance costs	Net balance
Current borrowings								
Term loan	17.5	—	—	17.5	17.5	—	—	17.5
Total current borrowings	**17.5**	**—**	**—**	**17.5**	**17.5**	**—**	**—**	**17.5**
Non-current borrowings								
Senior Notes due 2026	2,075.0	—	(8.5)	2,066.5	2,075.0	—	(9.1)	2,065.9
Term loan	1,680.0	(51.0)	(62.1)	1,566.9	1,684.4	(53.8)	(65.7)	1,564.9
Total non-current borrowings	**3,755.0**	**(51.0)**	**(70.6)**	**3,633.4**	**3,759.4**	**(53.8)**	**(74.8)**	**3,630.8**
Total borrowings	**3,772.5**	**(51.0)**	**(70.6)**	**3,650.9**	**3,776.9**	**(53.8)**	**(74.8)**	**3,648.3**
Cash and cash equivalents	(233.4)	—	—	(233.4)	(234.2)	—	—	(234.2)
Short-term deposits	(46.0)	—	—	(46.0)	(109.1)	—	—	(109.1)
Net borrowings	**3,493.1**	**(51.0)**	**(70.6)**	**3,371.5**	**3,433.6**	**(53.8)**	**(74.8)**	**3,305.0**

1 Gain on term loan reprice relates to a $76.4 million IFRS 9 related gain, net of $25.4 million amortisation (2022: $76.4 million IFRS 9 related gain, net of $22.6 million amortisation), following repricing of the term loan during 2021.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Inmarsat Group's derivative financial instruments consist of an interest rate cap. The Inmarsat Group entered into interest rate cap agreements in February 2020 to hedge against the movements in the USD LIBOR.

The Inmarsat Group generally does not hedge foreign currency transactions. Where there is a material contract with a foreign currency exposure, a specific hedge to match the specific risk will be evaluated. At present the Inmarsat Group has no material hedges on foreign currency milestone payments.

The fair values and level of fair value on the hierarchy at the Balance Sheet date were:

($ in millions)	As of March 31, 2023	As of December 31, 2022
Financial assets		
Interest rate cap (Level 2)	67.0	83.0
Total derivative financial assets	**67.0**	**83.0**
Financial liabilities		
Interest rate cap (Level 2)	—	—
Total derivative financial liabilities	—	—

The fair value of the interest rate cap is based on the forward interest rate curve at each reporting date. The Inmarsat 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 Directors consider that the carrying value of non-derivative financial assets and liabilities approximately equal to their fair values except for those items listed below:

	As of March 31, 2023		As of December 31, 2022	
($ in millions)	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Senior Notes due 2026	2,066.5	1,955.6	2,065.9	1,942.2
Term loan	1,584.4	1,741.1	1,582.4	1,760.2

8. CONTINGENT ASSETS AND LIABILITIES

In the ordinary course of business, the Inmarsat 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 Inmarsat 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 March 31, 2023 the Inmarsat Group had no material contingent liabilities or contingent assets.

9. RELATED PARTY TRANSACTIONS & PRINCIPAL RISKS AND UNCERTAINTIES

There have been no material changes in the nature of the related party transactions nor principal risks and uncertainties described in the 2022 Connect Topco Annual Report.

10. EVENTS AFTER THE BALANCE SHEET DATE

Viasat Transaction

On November 8, 2021 Viasat Inc and Inmarsat announced a definitive agreement under which Viasat will acquire Inmarsat in a transaction then valued at $7.3 billion, comprised of $850 million in cash (reduced to $551 million, post a distribution to shareholders in Q2 2022) 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 Directors, and Viasat shareholders. On May 9, 2023 the UK's Competition & Market Authority's approval was granted. We now expect the transaction to close during Q2 2023.

Ligado

On March 31, 2023 Inmarsat and Ligado signed Amendment 8 to the Cooperation Agreement pursuant to which Inmarsat granted Ligado a further 90 days to pay the deferred amounts subject to making a $30 million part-payment, which was made on April 3, 2023. Ligado is now required to pay Inmarsat $350 million on July 1, 2023. Amendment 8 also deferred the $15 million quarterly payment due on March 31 to June 30.

There are no other events after balance sheet date which would require disclosure in these Condensed Consolidated Interim Financial Statements.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On November 8, 2021, Viasat, Inc. (the Company or Viasat) entered into a Share Purchase Agreement (the Purchase Agreement) with the shareholders of Connect Topco Limited (referred to herein as Inmarsat Holdings and, collectively with its subsidiaries, Inmarsat) and certain management and employees who held options and shares of a subsidiary of Inmarsat Holdings that were exchanged for shares of Inmarsat Holdings prior to closing (collectively, the Sellers), for the acquisition of Inmarsat (the Transaction). On May 30, 2023, Viasat purchased all of the issued and outstanding shares of Inmarsat Holdings from the Sellers pursuant to the Purchase Agreement in exchange for the payment of approximately $550.7 million in cash (after giving effect to the reduction resulting from the dividend paid by Inmarsat Holdings in April 2022), subject to adjustments, and the issuance of 46,363,636 unregistered shares of Viasat common stock.

In connection with the closing of the Transaction, on May 30, 2023, Viasat entered into (1) a $616.7 million senior secured term loan facility (the 2023 Term Loan Facility), and (2) a $733.4 million unsecured bridge loan facility (the Bridge Facility and, together with the 2023 Term Loan Facility, the Transaction Financing), which were both fully drawn at closing. The cash portion of the consideration payable in the Transaction was funded with a portion of the proceeds from the Transaction Financing.

These unaudited pro forma condensed combined financial statements have been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses,” and should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined statements of operations for the fiscal year ended March 31, 2023 combine the historical consolidated statements of operations and comprehensive income of Viasat for the fiscal year ended March 31, 2023 with the historical consolidated income statements of Inmarsat Holdings for the twelve months ended March 31, 2023, giving effect to the Transaction and the Transaction Financing as if they had each occurred on April 1, 2022, and the assumptions and adjustments set forth in the accompanying explanatory notes. Viasat and Inmarsat Holdings have different fiscal years. Therefore, Inmarsat’s results for the twelve-month period ended March 31, 2023 were derived by subtracting Inmarsat’s historical results of operations for the three months ended March 31, 2022 from its historical results of operations for the year ended December 31, 2022 and adding Inmarsat’s historical results of operations for the three months ended March 31, 2023. The unaudited pro forma condensed combined balance sheet as of March 31, 2023 combines the historical consolidated balance sheet of Viasat and the historical unaudited condensed consolidated balance sheet of Inmarsat Holdings as of March 31, 2023, giving effect to the Transaction and the Transaction Financing as if they had each occurred on March 31, 2023, and the assumptions and adjustments set forth in the accompanying explanatory notes.

The unaudited pro forma combined financial information was derived from and should be read in conjunction with the following historical consolidated financial statements and accompanying notes:

- The historical audited consolidated financial statements of Viasat as of and for the fiscal year ended March 31, 2023, and the related notes, included in Viasat’s Annual Report on Form 10-K for the fiscal year ended March 31, 2023;

- The historical audited consolidated financial statements of Inmarsat Holdings as of and for the fiscal year ended December 31, 2022, and the related notes, included in Viasat’s Current Report on Form 8-K/A dated May 26, 2023; and

- The historical unaudited condensed consolidated interim financial statements of Inmarsat Holdings as of and for the three months ended March 31, 2023, and the related notes, included in Viasat’s Current Report on Form 8-K/A dated May 26, 2023.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting for business combinations in accordance with US GAAP, with Viasat considered the acquirer of Inmarsat for accounting purposes.

The unaudited preliminary pro forma adjustments for the Transaction were made primarily to reflect:

- Certain adjustments and reclassifications to conform the historical financial information of Inmarsat from International Financial Reporting Standards (IFRS) to US GAAP and the effect of these adjustments on income tax, as well as reclassification to conform the historical financial information of Inmarsat to Viasat’s presentation.

- Transaction accounting adjustments:

  - The acquisition of Inmarsat by Viasat, including application of the acquisition method of accounting in connection with the Transaction, such as changes in the carrying values of certain assets and liabilities based on a preliminary valuation analysis to reflect their estimated fair values, including values assigned to previously unrecognized intangible assets and related changes in amortization expenses;

  - Transaction costs and fees in connection with the Transaction; and

  - The effect of the above adjustments on income tax.

- Financing and other adjustments:

  - The incurrence of $1.35 billion of Transaction Financing, consisting of the $616.7 million 2023 Term Loan Facility, and the $733.4 million Bridge Facility;

  - Debt issuance costs, original issue discount (OID) and interest expense relating to the Transaction Financing; and

  - The effect of the above adjustments on income tax.

Pursuant to the acquisition method of accounting, the total purchase price for the Transaction has been preliminarily allocated to the assets acquired and liabilities assumed based on their respective estimated fair values at March 31, 2023. Since these unaudited pro forma condensed combined financial statements have been prepared based on preliminary estimates of fair values attributable to the Transaction, the actual amounts recorded in connection with the acquisition, which will be based on the fair value of the assets acquired and liabilities assumed on the closing date of the Transaction, may differ materially from the information presented. Viasat has determined the preliminary fair value of the tangible and intangible assets at the unaudited pro forma condensed combined balance sheet date of March 31, 2023. These allocations are subject to change pending further review of the fair value of the assets acquired and liabilities assumed. Viasat expects that the strategic and financial benefits of the Transaction will result in potentially significant operating synergies and cost savings opportunities. However, given the preliminary nature of those operating synergies and cost savings, neither they, nor the costs of integration activities that could result from the Transaction, have been reflected in the following unaudited pro forma condensed combined statements of operations for either period.

The unaudited pro forma condensed combined financial information set forth below has been prepared for illustrative purposes only. The unaudited pro forma condensed combined financial information set forth below contains adjustments that are based on preliminary estimates, many of which are inherently uncertain. The actual results reported in periods following the date of this Current Report on Form 8-K/A may differ significantly from those reflected in these unaudited pro forma condensed combined financial statements for a number of reasons, including but not limited to: differences between the assumptions used to prepare these unaudited pro forma condensed combined financial statements and actual amounts, preliminary allocation of the total purchase price, cost savings from operating efficiencies, differences resulting from potential synergies, the impact of the incremental costs incurred in integrating the Inmarsat business, or Viasat's or Inmarsat's results of operations, financial condition or other transactions or developments since March 31, 2023. The assets and liabilities of Inmarsat have been measured based on various preliminary estimates using assumptions that Viasat believes are reasonable based on information that is currently available. Accordingly, the following unaudited pro forma condensed combined financial information should not be considered illustrative of what our financial condition or results of operations would have been had the Transaction and the Transaction Financing been completed on the dates indicated in the unaudited pro forma condensed combined financial information and does not purport to project Viasat's future financial condition and results of operations after giving effect to these transactions. The Company therefore cautions you not to place undue reliance on the following unaudited pro forma condensed combined financial information.

Unaudited pro forma condensed combined balance sheet as of March 31, 2023

(In thousands)	Historical Mar. 31, 2023 Viasat	Historical Mar. 31, 2023 Inmarsat Holdings After Reclassification (Note 1)	IFRS to US GAAP Adjustments (Note 3)	Transaction Accounting Adjustments (Note 4)	Financing and Other Adjustments (Note 5)	Pro forma Combined
Assets						
Current assets:						
Cash and cash equivalents	$1,348,854	$ 233,400	$ —	$ (550,702)[a]	$ 1,243,447[1]	$ 2,274,999
Restricted cash	30,532	—	—	—	—	30,532
Short-term investments	—	46,000	—	—	—	46,000
Accounts receivable, net	419,934	261,200	—	—	—	681,134
Inventories	268,563	62,800	—	—	—	331,363
Prepaid expenses and other current assets	176,629	127,100	—	—	(4,936)[1]	298,793
Total current assets	2,244,512	730,500	—	(550,702)	1,238,511	3,662,821
Property, equipment and satellites, net	4,378,283	3,249,200	—	930,000[b]	—	8,557,483
Operating lease right-of-use assets	281,757	90,300	—[cc]	—	—	372,057
Other acquired intangible assets, net	201,205	1,862,400	—	437,600[b]	—	2,501,205
Goodwill	158,542	868,400	—	(34,065)[b]	—	992,877
Other assets	466,038	94,900	—	—	1,482[1]	562,420
Total assets	$7,730,337	$ 6,895,700	$ —	$ 782,833	$ 1,239,993	$16,648,863
Liabilities and equity						
Current liabilities:						
Accounts payable	$ 271,548	$ 141,700	$ —	$ —	$ —	$ 413,248
Accrued and other liabilities	647,232	1,292,800	(1,000)[bb]	86,557[d]	(9,240)[1]	1,358,349
				(658,000)[b]		
Current portion of long-term debt	37,939	17,500	—	—	3,084[2]	58,523
Total current liabilities	956,719	1,452,000	(1,000)	(571,443)	(6,156)	1,830,120
Senior notes	1,689,186	2,066,500	—	(302,450)[b]	—	3,453,236
Other long-term debt	732,315	1,566,900	50,967[aa]	(135,967)[b]	613,616[2]	3,483,829
			—		733,400[2]	
					(77,402)[2]	
Non-current operating lease liabilities	273,006	90,500	—[cc]	—	—	363,506
Other liabilities	218,542	826,500	1,000[bb]	610,870[b]	—	1,644,170
			(12,742)[aa]			
Total liabilities	3,869,768	6,002,400	38,225	(398,990)	1,263,458	10,774,861
Stockholders' equity:						
Common stock	8	2,350,000	—	(2,350,000)[c]	—	13
				5[a]		
Additional paid-in capital	2,540,679	—	—	2,123,450[a]	—	4,664,129
Retained earnings (accumulated deficit)	1,318,336	(1,512,300)	(38,225)[aa]	1,550,525[c]	(23,465)[1]	1,208,314
				(86,557)[d]		
Accumulated other comprehensive (loss) income	(34,713)	49,300	—	(49,300)[c]	—	(34,713)
Total stockholders' equity	3,824,310	887,000	(38,225)	1,188,123	(23,465)	5,837,743
Noncontrolling interest in subsidiary	36,259	6,300	—	(6,300)[c]	—	36,259
Total equity	3,860,569	893,300	(38,225)	1,181,823	(23,465)	5,874,002
Total liabilities and equity	$7,730,337	$ 6,895,700	$ —	$ 782,833	$ 1,239,993	$16,648,863

Unaudited pro forma condensed combined statement of operations for the year ended March 31, 2023

(In thousands, except per share data)	Historical Year Ended Mar. 31, 2023 Viasat	Historical Twelve Months Ended Mar. 31, 2023 Inmarsat Holdings After Reclassification (Note 1)	IFRS to US GAAP Adjustments (Note 3)	Transaction Accounting Adjustments (Note 4)	Financing and Other Adjustments (Note 5)	Pro forma Combined
Revenues:						
Product revenues	$ 954,126	$ 98,400	$ —	$ —	$ —	$1,052,526
Service revenues	1,602,032	1,430,300	—	—	—	3,032,332
Total Revenues	2,556,158	1,528,700	—	—	—	4,084,858
Operating expenses:						
Cost of product revenues	736,446	88,500	—	—	—	824,946
Cost of service revenues	1,098,308	676,000	—	66,429[f]	—	1,840,737
Selling, general and administrative	718,626	218,100	2,736[dd]	86,557[j]		1,053,619
			27,600[gg]			
Independent research and development	128,923	16,800	—	—	—	145,723
Amortization of acquired intangible assets	29,811	238,200	—	(38,914)[g]	—	229,097
Income (loss) from continuing operations	(155,956)	291,100	(30,336)	(114,072)	—	(9,264)
Interest income	19,512	8,600	—	—	—	28,112
Interest expense	(26,809)	(194,500)	12,083[ff]	(122,672)[h]	(151,805)[4]	(477,619)
			2,736[dd]			
			3,348[ee]			
Other income, net	1,098	—	—	—	—	1,098
Income (loss) from continuing operations before income taxes	(162,155)	105,200	(12,169)	(236,744)	(151,805)	(457,673)
(Provision for) benefit from income taxes from continuing operations	(49,418)	(35,000)	(3,021)[hh]	(10,015)[k]	35,674[5]	(37,528)
			(3,348)[ee]			
			27,600[gg]			
Equity in income (loss) of unconsolidated affiliate, net	(66)	8,800	—	—	—	8,734
Net income (loss) from continuing operations	(211,639)	79,000	9,062	(246,759)	(116,131)	(486,467)
Less: Net income (loss) attributable to noncontrolling interest	5,942	1,300	—	(1,300)[i]	—	5,942
Net income (loss) from continuing operations attributable to Viasat, Inc.	$ (217,581)	$ 77,700	$ 9,062	$ (245,459)	$ (116,131)	$ (492,409)
Basic net income (loss) from continuing operations per share attributable to Viasat, Inc. common stockholders	$ (2.87)					$ (4.03)
Diluted net income (loss) from continuing operations per share attributable to Viasat, Inc. common stockholders	$ (2.87)					$ (4.03)
Shares used in computing basic net income (loss) per share	75,915			46,364[l]		122,279
Shares used in computing diluted net income (loss) per share*	75,915			46,364[l]		122,279

* As the pro forma financial information results in a net loss, the weighted average number of shares used to calculate basic and diluted net loss per share is the same, as diluted shares would be anti-dilutive.

Notes to unaudited pro forma condensed combined financial statements

1. Basis of pro forma presentation

The historical financial information of Viasat is reported pursuant to US GAAP, while the historical financial information of Inmarsat is reported pursuant to IFRS. As discussed in Note 3, certain adjustments and reclassifications have been made to conform the historical financial information of Inmarsat from IFRS to US GAAP. Viasat is in the process of performing a detailed review of Inmarsat’s accounting policies. As a result of that review, Viasat may identify differences between the accounting policies of Viasat and Inmarsat that, when conformed, could have a material impact on the consolidated financial statements of the combined company. As of the date of these unaudited pro forma condensed combined financial statements, Viasat is not aware of any significant accounting policy differences. Further, there were no material intercompany transactions and balances between Viasat and Inmarsat as of and for the year ended March 31, 2023.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting in accordance with the authoritative guidance for business combinations (Accounting Standards Codification (ASC) 805) based on the historical consolidated financial statements of Viasat and Inmarsat Holdings, with Viasat as the accounting acquirer. Under ASC 805, all assets acquired and liabilities assumed in a business combination are recognized and measured at their acquisition date fair value, while acquisition-related transaction costs associated with the business combination are expensed as incurred. The excess of acquisition consideration over the fair value of assets acquired and liabilities assumed is allocated to goodwill. Transaction costs that have been already recognized in the historical financial statements of Viasat and Inmarsat Holdings have not been eliminated in the pro forma condensed combined financial statements. Viasat has made significant assumptions and estimates in determining the preliminary allocation of the purchase price in the unaudited pro forma condensed combined financial statements. These preliminary estimates and assumptions are subject to change from the date of the Transaction closing date through to the end of the purchase price allocation period (up to one year from the acquisition closing date) as Viasat finalizes the valuations of the net tangible assets, intangible assets and certain tax attributes acquired. In particular, the final valuations of identifiable intangible assets, property values and realization of net operating losses acquired may change significantly from Viasat’s preliminary estimates. These changes could result in material variances between Viasat’s future financial results and the amounts presented in these unaudited pro forma condensed combined financial statements, including variances in fair values recorded, as well as expenses and cash flows associated with these items.

Reclassifications of Inmarsat Holdings’ historical financial statements

The following reclassifications have been made to the presentation of Inmarsat Holdings’ historical financial statements in order to conform to Viasat’s presentation:

Balance sheet reclassifications:

- As of March 31, 2023, short-term deposits amounted to $46.0 million. Short-term deposits were reclassified to short-term investments as of March 31, 2023.

- As of March 31, 2023, trade and other receivables (current) amounted to $342.2 million. Trade and other receivables (current) were reclassified to accounts receivable, net for $261.2 million and prepaid expenses and other current assets for $81.0 million as of March 31, 2023.

- As of March 31, 2023, derivative financial instruments (current) amounted to $42.8 million, finance lease receivable (current) amounted to $0.2 million and current tax assets amounted to $3.1 million. Derivative financial instruments (current), finance lease receivable (current) and current tax assets were reclassified to prepaid expenses and other current assets as of March 31, 2023.

- As of March 31, 2023, property, plant and equipment amounted to $3,249.2 million. Property, plant and equipment was reclassified to property, equipment and satellites, net as of March 31, 2023.

- As of March 31, 2023, intangible assets amounted to $2,730.8 million. Intangible assets were reclassified to other acquired intangible assets, net for $1,862.4 million and goodwill for $868.4 million as of March 31, 2023.

- As of March 31, 2023, derivative financial instruments (non-current) amounted to $24.2 million, investments amounted to $29.1 million, lease receivable (non-current) amounted to $0.3 million, other receivables amounted to $5.4 million and deferred tax asset amounted to $35.9 million. Derivative financial instruments (non-current), investments, lease receivable (non-current), other receivables and deferred tax asset were reclassified to other assets as of March 31, 2023.

- As of March 31, 2023, right of use assets (non-current) amounted to $90.3 million. Right of use assets (non-current) were reclassified to operating lease right-of-use assets as of March 31, 2023.

- As of March 31, 2023, borrowings (current) amounted to $17.5 million. Borrowings (current) were reclassified to current portion of long-term debt as of March 31, 2023.

- As of March 31, 2023, trade and other payables (current) amounted to $1,350.3 million. Trade and other payables (current) were reclassified to accounts payable for $141.7 million and accrued and other liabilities for $1,208.6 million as of March 31, 2023.

- As of March 31, 2023, provisions (current) amounted to $1.8 million, current tax liabilities amounted to $73.5 million and lease obligations (current) amounted to $8.9 million. Provisions (current), current tax liabilities and lease obligations (current) were reclassified to accrued and other liabilities as of March 31, 2023.

- As of March 31, 2023, borrowings (non-current) amounted to $3,633.4 million. Borrowings (non-current) were reclassified to senior notes for $2,066.5 million and other long-term debt of $1,566.9 million as of March 31, 2023.

- As of March 31, 2023, other payables (non-current) amounted to $13.1 million, provisions amounted to $3.6 million and deferred tax liabilities amounted to $809.8 million. Other payables (non-current), provisions and deferred tax liabilities were reclassified to other liabilities as of March 31, 2023.

- As of March 31, 2023, lease obligations (non-current) amounted to $90.5 million. Lease obligations (non-current) were reclassified to non-current operating lease liabilities as of March 31, 2023.

- As of March 31, 2023, ordinary shares amounted to $2,350.0 million. Ordinary shares were reclassified to common stock as of March 31, 2023.

- As of March 31, 2023, hedge and other reserves amounted to $49.3 million. Hedge and other reserves were reclassified to accumulated other comprehensive income (loss) as of March 31, 2023.

- As of March 31, 2023, non-controlling interest amounted to $6.3 million. Non-controlling interest was reclassified to noncontrolling interest in subsidiary as of March 31, 2023.

Statement of operations reclassifications:

Under IFRS, Inmarsat has elected to present its consolidated income statement on the basis of the nature of the expenditure incurred, which is one of the two methods of presentation acceptable under IFRS. The other method of presentation is a functional presentation, which is the method of presentation used by Viasat under US GAAP. As a result, it is necessary to allocate the nature of items presented in Inmarsat's consolidated income statement to the functional captions used by Viasat. The reclassifications made are described below:

- Revenue for the twelve months ended March 31, 2023 amounted to $1,528.7 million. Revenue was reclassified to product revenues for $98.4 million and service revenues for $1,430.3 million for the twelve months ended March 31, 2023.

- Employee benefit costs for the twelve months ended March 31, 2023 amounted to $342.4 million. Employee benefit costs were reclassified to cost of service revenues for $215.0 million and selling, general and administrative expense for $127.4 million for the twelve months ended March 31, 2023.

- Network and satellite operations costs for the twelve months ended March 31, 2023 amounted to $176.2 million. Network and satellite operations costs were reclassified to cost of service revenues for $121.1 million and selling, general and administrative expense for $55.1 million for the twelve months ended March 31, 2023.

- Impairment of financial assets expenses for the twelve months ended March 31, 2023 amounted to $19.9 million. Impairment of financial assets were reclassified to cost of service revenues for the twelve months ended March 31, 2023.

- Other operating costs for the twelve months ended March 31, 2023 amounted to $187.0 million. Other operating costs were reclassified to cost of product revenues for $88.5 million, cost of service revenues for $13.9 million, selling, general and administrative expense for $67.8 million and $16.8 million for independent research and development for the twelve months ended March 31, 2023.

- Own work capitalized for the twelve months ended March 31, 2023 amounted to $49.6 million. Own work capitalized was reclassified to selling, general and administrative expense for the twelve months ended March 31, 2023.

- Depreciation and amortization expenses for the twelve months ended March 31, 2023 amounted to $594.5 million. Depreciation and amortization expenses were reclassified to cost of service revenues for $345.9 million, selling, general and administrative expense for $10.4 million, and amortization of acquired intangible assets for $238.2 million for the twelve months ended March 31, 2023.

- Loss on disposal for the twelve months ended March 31, 2023 amounted to assets of $6.5 million. Loss on disposal was reclassified to selling, general and administrative expense for the twelve months ended March 31, 2023.

- Impairment of assets for the twelve months ended March 31, 2023 amounted to $0.5 million. Impairment of assets was reclassified to selling, general and administrative expense for the twelve months ended March 31, 2023.

- Share of profit of associates for the twelve months ended March 31, 2023 amounted to $8.8 million. Share of profit of associates was reclassified to equity in income (loss) of unconsolidated affiliate, net for the twelve months ended March 31, 2023.

- Financing income for the twelve months ended March 31, 2023 amounted to $8.6 million. Financing income was reclassified to interest income for the twelve months ended March 31, 2023.

- Financing costs for the twelve months ended March 31, 2023 amounted to $194.5 million. Financing costs were reclassified to interest expense for the twelve months ended March 31, 2023.

- Taxation charge for the twelve months ended March 31, 2023 amounted to $35.0 million. Taxation charge was reclassified to (provision for) benefit from income taxes for the twelve months ended March 31, 2023.

2. Consideration transferred and preliminary estimated purchase price allocation

For purposes of developing the unaudited pro forma condensed combined financial information as of March 31, 2023, acquired assets of Inmarsat, including identifiable intangible assets, and liabilities assumed, have been recorded at their estimated fair values with the excess purchase price assigned to goodwill, of which it is estimated that approximately $500.6 million and $333.7 million of goodwill would be recorded to Viasat's satellite services segment and government systems segment, respectively. The pro forma adjustments are based on preliminary estimates of the fair values of assets acquired and liabilities assumed and information currently available. Detailed valuations and assessments, including valuations of intangible and tangible assets and liabilities assumed, as well as the assessment of the tax positions and rates of the combined business, are in process and will not be completed until the end of the purchase price allocation period (up to one year from the Transaction closing date). The estimated fair values assigned in this unaudited pro forma condensed combined financial information are preliminary and represent Viasat's current best estimate of fair value and are subject to revision, which may result in material adjustments through the end of the purchase price allocation period.

In accordance with ASC 805, the 46.36 million of newly issued shares that were issued to the Sellers in the Transaction were valued for purposes of the unaudited pro forma condensed combined financial information using the closing price per share of Viasat common stock on May 30, 2023 (the closing date of the Transaction). The following sets forth the value of the consideration that was issued and paid to the Sellers in the Transaction:

(In thousands, except share data)	
Number of shares of Viasat common stock issued to the Sellers	46,363,636
multiplied by the closing price per share of Viasat common stock on May 30, 2023	$ 45.80
Fair value of the Viasat common stock issued (total par value $5)	$ 2,123,455
Cash	550,702
Total consideration transferred	$ 2,674,157

For purposes of this pro forma analysis, the following is a preliminary estimate of the assets acquired and the liabilities assumed as if the Transaction had occurred on the pro forma balance sheet date, reconciled to value of the consideration transferred to the Sellers in the Transaction:

(In thousands)	
Current assets	$ 730,500
Property, equipment and satellites	4,179,200
Identifiable intangible assets	2,300,000
Other assets	185,200
Total assets acquired	$ 7,394,900
Current liabilities	(793,000)
Long-term debt, excluding short-term portion	(3,245,950)
Deferred tax liability	(1,407,928)
Other long-term liabilities	(108,200)
Total liabilities assumed	$(5,555,078)
Goodwill	834,335
Total consideration transferred	$ 2,674,157

3. Adjustments to Inmarsat historical financial statements to conform to US GAAP

During the preparation of these unaudited pro forma condensed combined financial statements, management performed a preliminary analysis of Inmarsat's financial information to identify differences in accounting policies as compared to those of Viasat and differences in financial statement presentation as compared to the presentation of Viasat, including certain adjustments and reclassifications to conform the historical financial information of Inmarsat from IFRS to US GAAP.

Viasat is in the process of performing a detailed review of Inmarsat's accounting policies. As a result of that review, Viasat may identify differences between the accounting policies of Viasat and Inmarsat that, when conformed, could have a material impact on the consolidated financial statements of the combined company. During the preparation of these unaudited pro forma condensed combined financial statements, Viasat identified certain differences between IFRS and US GAAP, as noted further in the sections below regarding IFRS to US GAAP adjustments, including with respect to accounting for lease agreements. Such differences, for certain items, were immaterial to the periods presented in the unaudited pro forma financial information contained herein. As of the date of this Current Report on Form 8-K/A, Viasat is not aware of any significant accounting policy differences in addition to items identified below for the periods presented, but there can be no assurance that other differences will not be identified in connection with or following the closing of the Transaction or that such differences will be immaterial in future periods.

The adjustments to conform Inmarsat's financial statements to US GAAP are included within the IFRS to US GAAP adjustments column of the pro forma financial statements, and are described as follows:

Pro forma balance sheet IFRS to US GAAP adjustments:

(aa) Restructuring of debt investments: Under IFRS, Inmarsat recognized a gain on refinancing of Inmarsat's term loan in other income, net during the three months ended March 31, 2021 and the related amortization in interest expense. The refinancing of the term loan was not considered substantial and was not a troubled-debt restructuring, therefore under US GAAP, this refinancing is accounted for as a modification and no gain would be recognized. This adjustment removes the impact that the gain, net of amortization had on other long-term debt including the related estimated impact on deferred tax liabilities.

(bb) Uncertain tax position (UTP): Under IFRS, Inmarsat records UTPs and related accrued interest within short-term liabilities, however under US GAAP, UTPs are classified as long-term liabilities unless the amounts are expected to be paid in cash within the next 12 months. For a portion of the recorded UTPs, there is no indication at this time that the payment will be made within the next 12 months and therefore under US GAAP such portion is recorded as long-term. This adjustment reclassifies the long-term portion of the UTP liability and related accrued interest associated with the UTP from accrued and other liabilities to other liabilities (long-term).

(cc) Lease accounting: Under IFRS, all lessee leases are classified as financing leases, whereas under US GAAP leases are classified as operating or financing. Based on Viasat's preliminary assessment, Inmarsat's leases are classified as operating leases under US GAAP. Inmarsat's historical financial statements classified leases in separate balance sheet line items, therefore Viasat mapped Inmarsat's lease balance sheet lines to Viasat's lease balance sheet lines.

Pro forma statements of operations IFRS to US GAAP adjustments:

(dd) Lease accounting: Under IFRS, the interest associated with leases is classified as interest expense, whereas under US GAAP operating leases are recorded as straight-line lease expense in selling, general and administrative expenses. This adjustment reclassifies the interest associated with leases incurred by Inmarsat from interest expense to selling, general and administrative expenses.

(ee) Uncertain tax position: Under IFRS, the interest related to the UTP recorded by Inmarsat Holdings was classified as interest expense, however in accordance with Viasat's US GAAP policy election, the interest is classified as provision for income taxes. This adjustment reclassifies the interest expense to provision for income taxes.

(ff) Restructuring of debt investments: Under IFRS, Inmarsat recognized a gain of $76.4 million on refinancing of its term loan in other income, net during the three months ended March 31, 2021 and the related amortization in interest expense with a corresponding amount recorded as contra-other long-term debt. The refinancing of the term loan was not considered substantial and was not a troubled-debt restructuring, therefore under US GAAP, this refinancing would be accounted for as a modification and no gain would be recognized. This adjustment removes the amortization of the gain from interest expense.

(gg) Uncertain tax position: Under IFRS, a foreign currency gain related to the settlement of a UTP recorded by Inmarsat in the three months ended March 31, 2023, was classified as selling, general and administrative expense, however in accordance with Viasat's US GAAP policy election, the foreign currency gain related to the settlement of a UTP is classified as provision for income taxes. This adjustment reclassifies the foreign currency gain from selling, general and administrative expense to provision for income taxes.

(hh) To record the estimated tax effect of IFRS to US GAAP adjustments. A United Kingdom current statutory tax rate of 19% and deferred statutory tax rate of 25% have been used for all periods presented.

4. Transaction accounting adjustments

Pro forma balance sheet transaction accounting adjustments:

(a) Reflects the consideration transferred to acquire Inmarsat as further described under Note 1 "Basis of pro forma presentation" and Note 2 "Consideration transferred and preliminary estimated purchase price allocation" above.

(b) Reflects the acquisition method of accounting based on the estimated fair value of the assets (property, equipment and satellites and acquired intangible assets) and liabilities (deferred revenue and debt) of Inmarsat as described in Note 1 "Basis of pro forma presentation" and Note 2 "Consideration transferred and preliminary estimated purchase price allocation" above, including the related estimated impact on deferred tax liabilities. Deferred taxes are determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related asset is realized or the deferred tax liability is settled. The United Kingdom enacted tax rate of 25%, which became effective in April 2023, was used in establishing the deferred tax liability. New accounting principle Accounting Standards Update 2021-08, Business Combinations (ASC 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, is applicable for Viasat as of April 1, 2023, however as a registrant is prohibited from adopting a new accounting principle in the pro forma presentation until it has filed financial statements reflecting the adoption, the enclosed pro formas do not reflect the potential effect of this new accounting principle.

(c) To eliminate Inmarsat's historical equity, inclusive of accumulated deficit and equity balance held by Inmarsat's previous stockholders, and accumulated other comprehensive income.

(d) Represents the accrual of additional estimated transaction-related transaction costs estimated to be incurred by both Viasat and Inmarsat subsequent to their historical balance sheet dates. These costs will not affect Viasat's income statement beyond 12 months after the acquisition date.

(e) Not used.

Pro forma statements of operations transaction accounting adjustments:

(f) Reflects the estimated incremental depreciation expense related to the estimated fair value adjustment of property, equipment and satellites based on the estimated useful lives. The depreciation has been recorded as an element of cost of service revenues based on the nature of the underlying assets.

(g) Reflects estimated adjustment to amortization of acquired intangible assets related to the fair value adjustment based on estimated useful lives. Given the preliminary valuations of intangible assets, the sensitivity of the annual amortization expense was considered. A 20% change in the valuation of intangible assets would cause a corresponding increase or decrease in annual amortization expense of approximately $39.9 million.

The following table provides a breakdown of the preliminary estimated amounts assigned to identifiable intangible assets assumed, their estimated useful lives as of March 31, 2023 and the total estimated adjustment to amortization of acquired intangible assets:

(In thousands)	Preliminary fair value	Weighted average estimated useful life (In years)	Estimated amortization for twelve months ended March 31, 2023
Customer relationships	$ 850,000	10	$ 85,000
Orbital assets	1,000,000	20	50,000
Other	450,000	7	64,286
Estimated amortization			199,286
Less: Inmarsat historical amortization expense			(238,200)
Total estimated adjustment to amortization of acquired intangible assets			$ (38,914)

(h) Reflects the estimated adjustment to amortization related to the estimated fair value adjustment of debt assumed from Inmarsat based on the straight-line basis, given the results of the effective interest rate method is not materially different. See transaction accounting adjustment for the fair value adjustment recorded in the unaudited pro forma condensed combined balance sheet.

(i) Reflects the elimination of noncontrolling interest income (loss).

(j) Represents the accrual of additional estimated Transaction-related transaction costs anticipated to be incurred as a result of the Transaction by both Viasat and Inmarsat. Transaction costs of $44.8 million (excluding $19.1 million of transaction costs incurred prior to April 1, 2022) are included in the historical income statement of Inmarsat for the twelve months ended March 31, 2023. Transaction costs of $41.4 million (excluding $26.3 million of transaction costs incurred prior to April 1, 2022) are included in the historical income statement of Viasat for fiscal year 2023. These costs will not affect Viasat's income statement beyond twelve months after the acquisition date. The accrual of additional estimated Transaction-related transaction costs anticipated to be incurred are forward-looking. While these costs represent Viasat's and Inmarsat's current estimate of total Transaction-related transaction costs associated with the Transaction that have been and will be incurred, the actual amount and timing of recognition of these costs will be based on the final integration and other transaction-related costs following the consummation of the Transaction. Readers are cautioned that the completion of this integration and other actions that may be taken in connection with the Transaction will impact future results. The type and amount of actual costs incurred could vary materially from these estimates if future developments differ from the underlying assumptions used by management in determining the current estimate of these costs.

(k) To record the estimated tax effect of the taxable transaction accounting adjustments related to the Transaction. A blended US federal and state statutory tax rate (net of state valuation allowance) of 23.5%, the United Kingdom current statutory tax rate of 19% and the United Kingdom deferred statutory tax rate of 25% have been used the period presented for the applicable jurisdictions. This adjustment includes an increase in tax expense related to the estimated Base Erosion and Anti-Abuse Tax (BEAT) for the period based on the combined company.

(l) To adjust shares used in computing basic and diluted net income (loss) per share to reflect the issuance of 46,363,636 shares of Viasat common stock as part of the consideration for the Transaction, calculated as if the shares were outstanding from the beginning of the period presented.

5. Financing and other adjustments

Pro forma balance sheet financing and other adjustments:

(1) Reflects the increase in cash and cash equivalents as a result of the net cash proceeds from the Transaction Financing (net of OID and estimated debt issuance costs), fees related to senior secured credit facility amendments to allow for the Transaction to occur and other financing related fees, a portion of which was expensed (reflected in retained earnings) upon the closing of the Transaction and a portion of which was accrued in accrued and other liabilities and in prepaid expenses and other current assets in the historical consolidated balance sheet of Viasat which upon close of the Transaction were reclassified to other assets (long-term) and debt issuance costs.

The following table is a reconciliation of the other financing events adjustments impacting cash and cash equivalents:

(In thousands)	
Net cash proceeds from the incurrence of $1.35 billion of indebtedness	$1,276,984
Payment of fees related to senior secured credit facility amendments and other financing related fees	(33,537)
Increase in cash and cash equivalents	$1,243,447

(2) To record the incurrence of $616.7 million in term loan borrowings under the 2023 Term Loan Facility and the incurrence of $733.4 million in borrowings under the Bridge Facility, net of related estimated debt issuance costs and OID (see footnote 4 below).

(3) Not used.

Pro forma statements of operations financing and other adjustments:

(4) To record (1) estimated interest expense (on a straight-line basis, given the results of the effective interest rate method are not materially different) related to the Transaction Financing, and (2) estimated interest expense related to the Inmarsat Transaction and financing events including amortization of debt issuance costs and OID:

			Pro forma interest expense
(In thousands)	**Debt balance**	**Rate**	**For the fiscal year ended March 31, 2023**
2023 Term Loan Facility	$ 616,700	9.78%	$ 60,283
Bridge Facility	733,400	7.50%	55,005
Total	1,350,100		115,288
Estimated interest expense related to the Transaction and financing events including amortization of debt issuance costs and discount			36,517
Total pro forma interest expense adjustment			$ 151,805

The interest expense related to the 2023 Term Loan Facility was calculated using the forward-looking SOFR term rate administered by CME for a one-month interest period as of May 30, 2023, plus an applicable margin of 4.50% and a one-month SOFR Adjustment of 0.1148%. However, borrowings under the 2023 Term Loan Facility bear interest at a variable rate, and therefore the actual interest expense incurred with respect to such borrowing may differ materially from the amounts set forth above. Additionally, management performed a sensitivity analysis over the impact that a change in interest rate of +/– 0.125% under the 2023 Term Loan Facility would have on pro forma interest expense. An increase or decrease in interest rate of +/– 0.125% would increase or decrease interest expense for the fiscal year ended March 31, 2023 by an insignificant amount. The interest expense related to the Bridge Facility was calculated based on the interest rate applicable as of the closing date of the Transaction.

(5) To record the estimated tax effect of the financing and other adjustments. A blended US federal and state statutory tax rate net of state valuation allowance of 23.5% has been used for all periods presented.