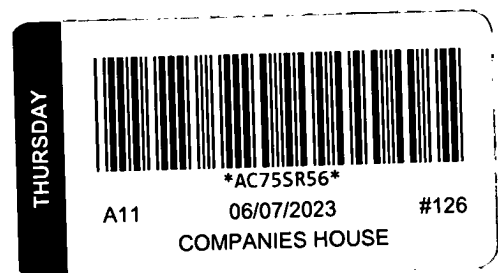


Company Registration No. 09481958 (England and Wales)

SPEEDCAST UK HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022



SPEEDCAST UK HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D Ross J R Trevelyan
Secretary	Vistra Company Secretaries Limited
Company number	09481958
Registered office	First Floor Templeback 10 Temple Back Bristol United Kingdom BS1 6FL
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Capitol 431 Union Street Aberdeen AB11 6DA

SPEEDCAST UK HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

At the year end, the company's ultimate parent undertaking and controlling party is Speedcast Holdings III LLC ("SCH III" or "The Successor company").

Fair review of the business

Speedcast UK Holdings Limited's principal activity during the year was that of a holding company. The principal activities of the subsidiaries owned by Speedcast UK Holdings Limited in the year were those of supplying managed satellite and terrestrial communications solutions, specifically for remote and harsh environments including the energy and maritime industries in the UK, as well as in the international market. The fundamentals of the oil and gas industry continued to be challenging in 2022, particularly as it relates to the deepwater offshore segment where the companies have a strong market leading position. Oil prices continued to rise through the first half of 2022 although started to drop in the latter half of the year. The companies maintain a very strong competitive position in deepwater drilling rigs with significant market share and through developing strategies to expand the services provided with value added services and products such as Crew Wi-Fi, Long-Term Evolution (LTE) connectivity, cybersecurity, Internet of Things (IoT), etc. Accordingly, the group is well positioned to continue to benefit through fluctuating Energy activity levels.

Principal risks and uncertainties

The group continued to experience challenging market conditions during the year due to the volatility of the oil and gas market. The participation in this market is often subject to uncertain economic conditions, along with the risk of fluctuating exchange rates and spending in the oil sector. This makes it difficult to estimate growth and, as a result, future income and expenditures. These risks are not new but are managed via excellent relationships between the group and its long standing and loyal customer base which has evolved through high levels of customer care and a generous after sales support service. We cannot predict the consequences of future geopolitical events, but they may adversely affect the markets in which we operate, our ability to insure against risks, our operations or our profitability.

Liquidity risk

The group retains sufficient cash resources to ensure it has funds available to meet its day to day requirements. In addition, the ultimate parent company has issued a letter of support assuring that the Parent will provide financial support to the group to settle its liabilities as they fall due. See the Going Concern disclosure within note 1 to these financial statements for further details.

Financial instrument risks

The group has established a risk and financial management framework whose primary objectives are to protect the group from events that hinder the achievement of the group's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk as a business unit level.

Interest rate risk

The directors do not consider the group to have any exposure to the risk of fluctuating interest rates that would necessitate the hedging of interest rates.

SPEEDCAST UK HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Currency risk

A substantial proportion of the group's turnover is derived from overseas sales, and as such the group has currency exposures on transactions which arise from sales and purchases in currencies other than its functional currency as well as the currency risk associated with intra group loans. Potential exposures to foreign currency exchange rate movements are monitored through cash flow forecasts and monthly currency exposure reporting in all currencies in which the group trades. These are reviewed monthly by senior management and the Board and appropriate actions are taken to manage net open foreign currency positions.

Credit risk

There is a risk of financial loss to the group arising from the failure of the group's customers to meet their financial obligations for the services provided by the group. The group manages this situation through credit control procedures, which are closely monitored by specialist staff and management, but nevertheless, we are subject to customer credit risk. The Board are of the view that the risk is at an acceptable level.

Key performance indicators

The Board of Directors regularly review a suite of financial Key Performance Indicators (KPIs) to ensure that the performance of the group is in line with the group's strategic objectives. These include:

Financial KPIs	Year ended	Year ended	Change	
	31 December 2022	31 December 2021	\$'000s	%
Turnover	70,689	68,028	2,661	3.91%
Operating Loss	(5,149)	(10,563)	5,414	51.25%
Loss before tax	(6,232)	(10,570)	4,338	41.04%

The operating loss and loss before tax in 2022 include a charge of \$6.7m for the Network Access Fee recharge and a charge of \$4.8m for the impairment of amounts owed by group undertakings.

Going concern basis

The group is a part of the wider Speedcast Holdings III LLC group and relies on its parent's, (Speedcast Holdings III LLC - "the Group"), shared service centre and back office support for accounts payable, treasury, working capital management and other functions in Aberdeen, UK, Houston, USA and Kuala Lumpur, Malaysia. The group also provides services to, and relies on services it receives from other entities within the Group. Without these activities and services, the group may not be able to continue operating.

When assessing the going concern assumption, the directors and management have considered the group's and company's working capital and funding requirements in 2023 and 2024. In addition, Speedcast Holdings III LLC (ultimate parent entity) has issued a letter of support assuring that it will provide financial support to the group and company to settle its liabilities as they fall due.

SPEEDCAST UK HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172 statement

The directors consider, both individually and collectively, that in the decisions taken during the financial year they have satisfied the requirements of section 172 of the Companies Act 2006 ("s172") in performing their duties, to promote the success of the group and company for the benefit of its members, as a whole, and in doing so having regard to the stakeholders and matters outlined in that section which will have an impact on the long-term success of the group.

The directors recognise that they have an important role in assessing and monitoring that the desired culture is embedded in the values, attitudes and behaviours that the group demonstrates, including our activities and stakeholder relationships.

When making decisions, each director ensures that they consider, in good faith, what would most likely promote the group's success for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the group's employees;
- the need to foster the group's business relationships with suppliers, customers and others;
- the impacts of the group's operations on the community and the environment;
- the desirability of the group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the group.

On behalf of the board



.....
D Ross
Director

Date: 30th June 2023
.....

SPEEDCAST UK HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and audited consolidated financial statements for the year ended 31 December 2022.

Branches

During the year, the group operated branches in the U.A.E., Turkmenistan, Kazakhstan and Ghana. These branches provide telecommunications systems and services in their respective regions.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid (2021: \$Nil). The directors did not recommend a dividend payment during the year.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Ross
J R Trevelyan

Qualifying third party indemnity provisions

During the financial year, and up to the date of approval of the financial statements, the company had in place a third party indemnity provision for the benefit of all the directors of the Company, subject to the conditions set out in Section 234 of the Companies Act 2006.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group is an equal opportunities employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of race, colour, national or ethnic origins, sex, marital status, sexual preferences, disability, membership or non-membership of a trade union, "spent convictions" of ex-offenders, class, age, political or religious belief.

The group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the financial year, the policy of disseminating information has continued, thus providing a free flow of information and ideas, and keeps employees informed of the group's financial and operational matters that affect them. The group also has a recruitment programme that rewards employees for introductions of new hires.

The group has a strong ethos of career development and training. The group runs an online training and learning facility covering a multitude of business-related topics.

Future developments

The group continues to look for opportunities to win new business in a number of key developing markets around the world, with existing and new customers. A number of markets in which the group operates are potentially unstable due to circumstances beyond our control, we aim to mitigate these risks as much as possible through advance planning and flexibility to enable us to react to changing circumstances as they arise.

SPEEDCAST UK HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Energy and carbon reporting

The company and its subsidiaries recognise the importance of protecting the environment. Speedcast are acutely aware of the need to minimise damage where possible and at present, considers the trading and related activities of the company to pose no risk to the external environment.

Independent auditors

The Group has chosen after 7 years with auditors, Pricewaterhouse Coopers LLP, to change to RSM UK Audit LLP and a resolution concerning their appointment will be proposed at the annual general meeting.

Engagement with employees

The Company is an equal opportunities employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of race, colour, national or ethnic origins, sex, marital status, sexual preferences, disability, membership or non membership of a trade union, "spent convictions" of exoffenders, class, age, political or religious belief.

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the financial year, the policy of disseminating information has continued, thus providing a free flow of information and ideas, and keeps employees informed of the Group's financial and operational matters that affect them. The Company also has a recruitment programme that rewards employees for introductions of new hires.

The Company has a strong ethos of career development and training. The Company runs an online training and learning facility covering a multitude of business-related topics.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of its principal activities, a fair review of the business, its principal risks, financial instruments, and going concern basis.

On behalf of the board



.....
D Ross
Director

30th June 2023

Date:

SPEEDCAST UK HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Independent auditors' report to the members of Speedcast UK Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Speedcast UK Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statement of Financial Position as at 31 December 2022; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPEEDCAST UK HOLDINGS LIMITED (CONTINUED)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report (qualified opinion)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and the information in the Strategic Report has been prepared in accordance with applicable legal requirements.

Except for the matter referred to in the Basis for qualified opinion in respect of the Directors' Report paragraph below, the Directors' Report has been prepared in accordance with applicable legal requirements.

Except for the misstatement referred to in the Basis for qualified opinion in respect of the Directors' Report paragraph below in light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Basis for qualified opinion in respect of the Directors' Report

The Directors' Report does not contain the disclosures required by part 7A of schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, relating to disclosures concerning greenhouse gas emissions, energy consumption and energy efficiency action by unquoted companies. This constitutes both a misstatement in statutory other information and a failure to prepare this information in accordance with applicable legal requirements.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPEEDCAST UK HOLDINGS LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK and foreign tax legislation, health and safety regulations and telecommunication regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to risk of management override of controls and risk of fraud in revenue recognition potential management bias in accounting estimates and the posting of inappropriate journal entries to increase revenue or profits. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Challenging management on the assumptions and judgements made in their significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations that increased revenue or profits.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Julie Watson

Julie Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
30 June 2023

SPEEDCAST UK HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$'000	2021 \$'000
Turnover	3	70,689	68,028
Cost of sales		(20,824)	(33,105)
Gross profit		49,865	34,923
Administrative expenses		(55,014)	(45,486)
Operating loss	6	(5,149)	(10,563)
Interest receivable and similar income	8	303	-
Interest payable and similar expenses	9	(1,386)	(7)
Loss before taxation		(6,232)	(10,570)
Tax on loss	10	(560)	(654)
Loss for the financial year		(6,792)	(11,224)
Other comprehensive expense net of taxation			
Currency translation differences		2,257	4,234
Total comprehensive expense for the year		(4,535)	(6,990)
Total comprehensive expense for the year is attributable to:			
- Owners of the parent company		(4,610)	(8,924)
- Non-controlling interests		75	1,934
		(4,535)	(6,990)

The directors are of the opinion that Speedcast UK Holdings Limited controls all of the other companies and they should be treated as subsidiaries.

Non-controlling interests represent the share of profits or losses attributable to non-group shareholders of a number of subsidiaries.

SPEEDCAST UK HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022		2021	
		\$'000	\$'000	\$'000	\$'000
Fixed assets					
Intangible assets	11		28		593
Tangible assets	12		13,006		12,287
			<u>13,034</u>		<u>12,880</u>
Current assets					
Stocks	14	4,062		5,302	
Debtors	15	128,856		76,203	
Cash at bank and in hand	23	6,161		21,142	
			<u>139,079</u>	<u>102,647</u>	
Creditors: amounts falling due within one year	16	(190,887)		(171,741)	
Net current liabilities			<u>(51,808)</u>		<u>(69,094)</u>
Total assets less current liabilities			<u>(38,774)</u>		<u>(56,214)</u>
Creditors: amounts falling due after more than one year	17		(41,225)		(19,250)
Net liabilities			<u>(79,999)</u>		<u>(75,464)</u>
Capital and reserves					
Called up share capital	20		13,974		13,974
Capital contribution reserve	21		138,096		138,096
Profit and loss account	21		(234,995)		(230,385)
Equity attributable to owners of the parent			<u>(82,925)</u>		<u>(78,315)</u>
Non-controlling interests			<u>2,926</u>		<u>2,851</u>
Total equity			<u>(79,999)</u>		<u>(75,464)</u>

30/06/2023

The financial statements on pages 10 to 36 were approved by the Board of Directors on and signed on its behalf by:



.....
D Ross
Director

SPEEDCAST UK HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 \$'000	\$'000	2021 \$'000	\$'000
Fixed assets					
Investments			-		-
Current assets					
Debtors	15	36		31	
Creditors: amounts falling due within one year	16	<u>(53,711)</u>		<u>(53,454)</u>	
Net current liabilities			(53,675)		(53,423)
Creditors: amounts falling due after more than one year	17		(2,559)		-
Net liabilities			<u>(56,234)</u>		<u>(53,423)</u>
Capital and reserves					
Called up share capital	20		13,974		13,974
Capital contribution reserve	21		138,096		138,096
Profit and loss account	21		<u>(208,304)</u>		<u>(205,493)</u>
Total equity			<u>(56,234)</u>		<u>(53,423)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group financial statements. The company's loss for the year was \$2,811,000 (2021: \$6,348,000 loss).

30/06/2023

The financial statements on pages 10 to 36 were approved by the Board of Directors on and signed on its behalf by:



.....
D Ross
Director

PEEDCAST UK HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital \$'000	Capital redemption reserve \$'000	Profit and loss reserves \$'000	Total controlling interest \$'000	Non- controlling interest \$'000	Total \$'000
Balance at 1 January 2021	13,974	73,276	(224,834)	(137,584)	4,290	(133,294)
Year ended 31 December 2021:						
Loss for the year	-	-	(13,158)	(13,158)	1,934	(11,224)
Other comprehensive expense net of taxation:						
Currency translation differences	-	-	4,234	4,234	-	4,234
Total comprehensive (expense)/income for the year	-	-	(8,924)	(8,924)	1,934	(6,990)
Effect of subsidiary moving from non-controlling interest	-	-	3,373	3,373	(3,373)	-
Capital contributions received	-	64,820	-	64,820	-	64,820
Balance at 31 December 2021	13,974	138,096	(230,385)	(78,315)	2,851	(75,464)
Year ended 31 December 2022:						
Loss for the year	-	-	(6,867)	(6,867)	75	(6,792)
Other comprehensive expense net of taxation:						
Currency translation differences	-	-	2,257	2,257	-	2,257
Total comprehensive (expense)/income for the year	-	-	(4,610)	(4,610)	75	(4,535)
Balance at 31 December 2022	13,974	138,096	(234,995)	(82,925)	2,926	(79,999)

SPEEDCAST UK HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Called up share capital \$'000	Capital contribution reserve \$'000	Profit and loss account \$'000	Total \$'000
Balance at 1 January 2021		13,974	73,276	(199,145)	(111,895)
Year ended 31 December 2021:					
Loss and total comprehensive expense for the year		-	-	(6,348)	(6,348)
Capital contributions received		-	64,820	-	64,820
Balance at 31 December 2021		13,974	138,096	(205,493)	(53,423)
Year ended 31 December 2022:					
Loss and total comprehensive expense for the year		-	-	(2,811)	(2,811)
Balance at 31 December 2022		13,974	138,096	(208,304)	(56,234)

SPEEDCAST UK HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$'000	\$'000	2021 \$'000	\$'000
Cash flows from operating activities					
Cash (used by)/generated from operations	22		(7,572)		13,654
Interest paid			-		(7)
Income taxes paid			(679)		(876)
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(8,251)		12,771
Investing activities					
Purchase of tangible fixed assets		(7,306)		(1,976)	
Proceeds on disposal of tangible fixed assets		321		95	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(6,985)		(1,881)
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents	23		(15,236)		10,890
Cash and cash equivalents at beginning of year			21,142		9,970
Effect of foreign exchange rates			255		282
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year	23		<u>6,161</u>		<u>21,142</u>

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Speedcast UK Holdings Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is First Floor, Templeback, 10 Temple Back, Bristol, United Kingdom, BS1 6FL.

The group consists of Speedcast UK Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Strategic Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are presented in US dollars as the Group's functional and presentational currency. Monetary amounts in these financial statements are rounded to the nearest \$'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

The stand alone company is a qualifying entity for the purposes of FRS 102, being a member of Speedcast UK Holdings Limited (Group), where the group prepares consolidated financial statements, including its stand alone accounts, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Speedcast UK entities. The company has therefore taken advantage of the following exemption from the disclosure requirements for parent company information presented within the consolidated financial statements:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Basis of consolidation

The consolidated financial statements incorporate those of Speedcast UK Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous years are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill.

Going concern

The group is a part of the wider Speedcast Holdings III LLC group and relies on its parent's, (Speedcast Holdings III LLC - "the Group"), shared service centre and back office support for accounts payable, treasury, working capital management and other functions in Aberdeen, UK, Houston, USA and Kuala Lumpur, Malaysia. The group also provides services to, and relies on services it receives from other entities within the Group. Without these activities and services, the group may not be able to continue operating.

When assessing the going concern assumption, the directors and management have considered the group's and company's working capital and funding requirements in 2023 and early 2024. In addition, Speedcast Holdings III LLC (ultimate parent entity) has issued a letter of support assuring that it will provide financial support to the group and company to settle its liabilities as they fall due.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from a contract to provide services is recognised in the financial year in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting financial year can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost of assets over their useful lives on a straight line basis. All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed seven years. The estimated useful lives ranges are as follows:

Software	1-7 years
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Tangible assets

Tangible assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight line method, on the following bases:

Freehold buildings	45 years
Plant and equipment	5 years
Fixtures and fittings	3-10 years

Construction in progress assets are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Investments

In the separate financial statements of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting year end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade debtors, amounts owed by group undertakings and other debtors, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade creditors and amounts owed to group undertakings and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different years from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Retirement benefits

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the group in independently administered funds.

Provision for employees' end of service benefits

End of service benefit is based on employees' compensation and accumulated period of service and is payable upon termination, resignation or retirement. The present value of this obligation is determined using the projected unit credit method, in respect of employees' end of service benefits payable under UAE Labour Law and in accordance with the provision of FRS 102 paragraph 28.18. Under this method, an assessment has been made of an employee's expected service life with the group and his expected base salary at the date of leaving the service. The expected liability at the date of leaving the service has been discounted to its net present value using an appropriate discount rate. The provision relating to employees' end of service benefits is disclosed as a non-current liability.

Foreign exchange

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Operating leases - the group as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 5 July 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

Research and development expenditure

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 1 to 7 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

Judgements in applying accounting policies and key sources of estimation uncertainty

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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 recognized in these financial statements.

Critical judgements

The directors do not consider that there are any critical judgements (apart from those involving estimates) that will have a significant effect on amounts recognised in the financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

See note 12 for the depreciation charge of tangible assets, and note 1 for the useful economic lives for each class of asset.

Impairment of tangible assets

The group considers whether tangible assets are impaired on an annual basis. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the future cash flows from the use of the asset or its cash generating unit and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

See note 12 for the carrying amount of the tangible assets, and note 1 for the useful economic lives for each class of asset.

Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. The useful economic life selected requires an estimation of the period and profile over which the group expects to consume the future economic benefits embodied in the assets. They are amended when necessary to reflect any changes to these factors.

See note 11 for the amortisation charge of intangible assets, and note 1 for the useful economic lives for each class of asset.

Impairment of intangible assets including goodwill

The group also considers whether intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the future cash flows from the use of the asset or its cash generating unit and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

See note 11 for the carrying amount of the intangible assets including goodwill, and note 1 for the useful economic lives for each class of asset.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover

An analysis of turnover, by class of business and geographical analysis, has not been given as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the group.

4 Employees

The average monthly number of persons employed during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Engineering	175	184	-	-
Sales	22	36	-	-
Administration	64	69	-	-
	<u>261</u>	<u>289</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2022 \$'000	2021 \$'000	Company 2022 \$'000	2021 \$'000
Wages and salaries	21,601	19,909	-	-
Social security costs	2,912	2,757	-	-
Other pension costs	802	892	-	-
	<u>25,315</u>	<u>23,558</u>	<u>-</u>	<u>-</u>

5 Directors' remuneration

	2022 \$'000	2021 \$'000
Remuneration for qualifying services	522	646
Company pension contributions to defined contribution schemes	21	23
	<u>543</u>	<u>669</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 \$'000	2021 \$'000
Remuneration for qualifying services	356	424
Company pension contributions to defined contribution schemes	14	15
	<u>370</u>	<u>439</u>

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Directors' remuneration (Continued)

During the year retirement benefits were accruing to 2 directors (2021: 2) in respect of defined contribution pension.

The directors are considered to be the key management personnel of the group, and their remuneration is as stated above.

6 Operating loss

	2022 \$'000	2021 \$'000
Operating loss for the year is stated after (crediting)/charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(804)	(1,269)
Depreciation of owned tangible fixed assets	5,286	4,032
Amortisation of intangible assets	99	309
Impairment of stock	612	50
Impairment of amounts/(reversal of impairments) owed by group undertakings	4,795	(3,227)
Operating lease charges	1,256	1,406
	<u> </u>	<u> </u>

The reversal of impairment relates to the group emergence from Chapter 11.

7 Auditors' remuneration

	2022 \$'000	2021 \$'000
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the group and company	168	114
Audit of the financial statements of the company's subsidiaries	352	416
	<u>520</u>	<u>530</u>
	2022	2021
	\$'000	\$'000
For other services		
All other non-audit services	9	9
	<u> </u>	<u> </u>

The auditors' other services relates to the provision of other assurance services in relation to the Dubai branch filings in the United Arab Emirates.

8 Interest receivable and similar income

	2022 \$'000	2021 \$'000
Interest on bank deposits	14	-
Interest receivable from group companies	289	-
	<u>303</u>	<u> </u>
Total income	<u>303</u>	<u> </u>

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9 Interest payable and similar expenses

	2022	2021
	\$'000	\$'000
Interest on bank overdrafts and loans	8	7
Interest payable to group undertakings	1,378	-
	<u>1,386</u>	<u>7</u>
Total finance costs	<u>1,386</u>	<u>7</u>

10 Tax on loss

	2022	2021
	\$'000	\$'000
Current tax		
UK corporation tax on profits for the current period	15	357
Adjustments in respect of prior periods	-	(1)
	<u>15</u>	<u>356</u>
Total UK current tax	15	356
Foreign current tax on profits for the current period	-	63
	<u>-</u>	<u>63</u>
Total current tax	<u>15</u>	<u>419</u>
Deferred tax		
Origination and reversal of timing differences	46	312
Changes in tax rates	-	71
Derecognition of deferred tax asset previously recognised	499	-
Tax losses carried forward	-	(148)
	<u>545</u>	<u>235</u>
Total deferred tax	<u>545</u>	<u>235</u>
Total tax charge	<u>560</u>	<u>654</u>

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Tax on loss (Continued)

Total tax charge for the year included in the income statement can be reconciled to the loss before taxation multiplied by the standard rate of tax as follows:

	2022 \$'000	2021 \$'000
Loss before taxation	(6,232)	(10,570)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(1,184)	(2,008)
Tax effect of expenses that are not deductible in determining taxable profit	1,047	(199)
Tax effect of income not taxable in determining taxable profit	174	-
Adjustments in respect of prior years	-	(1)
Deferred tax adjustments in respect of prior years	-	71
Deferred tax not recognised in the current year	1,113	2,725
Difference in overseas tax rate	210	194
Remeasurement of deferred tax for changes in tax rates	(336)	(128)
Fixed asset differences	(268)	-
Tax losses utilised	(695)	-
Derecognition of deferred tax asset previously recognised	499	-
Taxation charge	560	654

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19.00% to 25.00% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25.00% which was the tax rate substantively enacted at 31 December 2022.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible assets

Group	Goodwill	Software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 January 2022	159	4,731	880	5,770
Write off	-	-	(880)	(880)
Exchange adjustments	(9)	(492)	-	(501)
At 31 December 2022	150	4,239	-	4,389
Accumulated amortisation				
At 1 January 2022	159	4,592	426	5,177
Amortisation charged for the year	-	99	-	99
Write off	-	-	(426)	(426)
Exchange adjustments	(9)	(480)	-	(489)
At 31 December 2022	150	4,211	-	4,361
Carrying amount				
At 31 December 2022	-	28	-	28
At 31 December 2021	-	139	454	593

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

Amortisation of intangible assets is recognised in administrative expenses.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible assets

Group	Freehold buildings \$'000	Plant and equipment \$'000	Fixtures and fittings \$'000	Construction in progress \$'000	Total \$'000
Cost					
At 1 January 2022	3,698	61,839	3,612	1,574	70,723
Additions	-	6,193	136	977	7,306
Disposals	(95)	(389)	-	(49)	(533)
Reclasses	(353)	(354)	(234)	(97)	(1,038)
Transfers	-	1,891	-	(1,891)	-
Exchange adjustments	(328)	(5,544)	(212)	(68)	(6,152)
At 31 December 2022	2,922	63,636	3,302	446	70,306
Accumulated depreciation					
At 1 January 2022	1,928	53,317	3,191	-	58,436
Depreciation charged in the year	138	4,940	208	-	5,286
Eliminated in respect of disposals	-	(212)	-	-	(212)
Reclasses	(198)	(875)	(127)	-	(1,200)
Exchange adjustments	(180)	(4,647)	(183)	-	(5,010)
At 31 December 2022	1,688	52,523	3,089	-	57,300
Carrying amount					
At 31 December 2022	1,234	11,113	213	446	13,006
At 31 December 2021	1,770	8,522	421	1,574	12,287

The company had no tangible fixed assets at 31 December 2022 or 31 December 2021.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
CapRock UK Limited	Caprock Building, Denmore Road Of Don, Aberdeen, AB23 8JW	Telecommunications systems and services	Ordinary	100.00	-
In Aria! Limited	Riverside House, Kings Reach Business Park, Yew Street, Stockport, Cheshire, SK4 2HD	Telecommunications systems and services	Ordinary	20.00	-
Malaya Communication Holding Sdn Bhd	Level 21, Suite 21.01, The Gardens South Tower, Lingkaran Syde Putra 59200 Kuala Lumpur, Malaysia	Telecommunications systems and services	Ordinary	100.00	-
Speedcast Communications Services Sdn Bhd	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinc	Telecommunications systems and services	Ordinary	-	49.00
Speedcast Algeria EURL (formerly known as Speedcast Algeria SARL)	27, rue des Oliviers (akachemin des Crêtes). 16035Hydra - Algeria	Telecommunications systems and services	Ordinary	-	100.00
Speedcast Communication (Egypt) LLC	25 Misr Helwan Street, 8th floor, Appt. 86, Maadi, Cairo, Egypt	Telecommunications systems and services	Ordinary	100.00	-
Hilal al-Furat for General Trading Co Ltd	211/19 AmmanNeighbourhood, Basra, Iraq	Telecommunications systems and services	Ordinary	-	100.00
Speedcast France SAS	28 Rue de Londres, 75009, Paris	Telecommunications systems and services	Ordinary	-	100.00
Hermes Datacommunications International Limited	Suite 1, 3rd Floor 11-12 St., James Square, London, SW1Y 4LB	Telecommunications systems and services	Ordinary	100.00	-
Speedcast Ghana Ltd	HNO. 6 Airport, Airport Road, ACCRA Metropolitan, GreaterACCRA, Ghana	Telecommunications systems and services	Ordinary	-	90.00
LLP Hermes Datacomms	1 Martebe street, Nur- Alatauregion, Almaty 050000, Kazakhstan	Telecommunications systems and services	Ordinary	-	49.00
Hermesat LLC	18/3, Dolgorukovskaya str., Moscow, 127006, Russia	Telecommunications systems and services	Ordinary	-	100.00
Speedcast Energy Sdn Bhd	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinch	Telecommunications systems and services	Ordinary	-	30.00
Hermes Communications Libya	Fashloum Region, near to Fashloum Island	Telecommunications systems and services	Ordinary	-	65.00
Speedcast Myanmar Company Limited	Level 6, Suite 611, HledanCentre, Pyay Road, Kamayut Township, Yangon	Telecommunications systems and services	Ordinary	-	100.00
Speedcast Communications Ltd	Villa no. 356, Italian CityCompound, 100M Street, Erbil, Kurdistan	Telecommunications systems and services	Ordinary	-	88.00

The Speedcast UK Holdings group had assessed, using judgement, that it does control all the entities listed above and as such all should be accounted for as subsidiary undertakings, and be consolidated as such in these financial statements and therefore accounts for these as subsidiaries in these consolidated financial statements.

On 12 April 2022, Speedcast Ghana Alpha Ltd (Ghana) was registered and is a subsidiary this year.

On 31 May 2022, Connect VSAT Angola Lda was dissolved following the sale of assets.

On 01 June 2022, Speedcast Kenya Ltd was dissolved following the sale of assets.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Stocks

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Raw materials and consumables	1,378	1,167	-	-
Work in progress	2,684	4,135	-	-
	<u>4,062</u>	<u>5,302</u>	<u>-</u>	<u>-</u>

There is no significant difference between the replacement costs of raw materials and consumables and their carrying value.

During the year, an impairment loss of \$612,000 (2021: \$50,000) was recognised in administrative expenses, and a movement in the obsolescence provision of \$147,000 (2021: \$178,000) was included within administrative expenses.

Raw materials and consumables are stated after provision for obsolescence of \$1,127,000 (2021: \$980,000).

15 Debtors

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Amounts falling due within one year:				
Trade debtors	10,276	11,633	34	-
Corporation tax recoverable	1,230	1,779	-	-
Amounts owed by group undertakings	107,052	51,799	-	-
Other debtors	399	-	2	-
Prepayments and accrued income	3,034	2,744	-	31
	<u>121,991</u>	<u>67,955</u>	<u>36</u>	<u>31</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	6,127	6,434	-	-
Deferred tax asset (note-18)	738	1,814	-	-
	<u>6,865</u>	<u>8,248</u>	<u>-</u>	<u>-</u>
Total debtors	<u>128,856</u>	<u>76,203</u>	<u>36</u>	<u>31</u>

All debtors amounts owed by group undertakings are unsecured, repayable on demand.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade creditors	2,586	1,124	-	-
Amounts owed to group undertakings	180,236	160,064	53,537	53,320
Corporation tax payable	157	464	-	-
Other taxation and social security	-	620	-	-
Accruals and deferred income	7,908	9,469	174	134
	<u>190,887</u>	<u>171,741</u>	<u>53,711</u>	<u>53,454</u>

All intercompany loans and creditor amounts owed to group undertakings falling due within one year are unsecured and repayable on demand.

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Amounts owed to group undertakings	40,561	18,698	2,559	-
Other creditors	664	552	-	-
	<u>41,225</u>	<u>19,250</u>	<u>2,559</u>	<u>-</u>

All intercompany loans and creditor amounts owed to group undertakings falling due after more than one year are unsecured.

In accordance with the provisions of FRS 102 paragraph 28.18, the group has carried out an exercise to assess the present value of its obligations at 31 December 2022 and 2021, using the projected unit credit method, in respect of employees' end of service benefits payable under UAE Labour Law.

Under this method, an assessment has been made of an employees' expected service life with the group and the expected basic salary at the date of leaving. The group has assumed an average increment/promotional cost of 2.00% (2021: 2.00%). The expected liability at the date of leaving the service has been discounted to its present value using a discount rate of 3.00% (2021: 3.00%).

	2022	2021
	\$'000	\$'000
At 1 January	299	336
Charge for the year	59	140
Paid during the year	(11)	(177)
At 31 December	<u>347</u>	<u>299</u>

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

18 Deferred taxation

The major deferred tax assets recognised by the group are:

Group	Assets 2022 \$'000	Assets 2021 \$'000
Accelerated capital allowances	582	989
Tax losses	-	168
Short-term timing differences	156	657
	<u>738</u>	<u>1,814</u>

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2022 \$'000
Asset at 1 January	1,814
Charge to profit or loss	(545)
Charge to equity	(446)
Exchange adjustments	(85)
Asset at 31 December	<u>738</u>

The deferred tax assets set out above are not expected to reverse within 12 months and relate to decelerated capital allowances and the effect of short-term timing differences.

There is unrecognised deferred tax at 31 December 2022 of \$63,090k in the Group and \$720k in the Company.

19 Retirement benefit schemes

Defined contribution schemes	Group 2022 \$'000	2021 \$'000
Charge to profit or loss in respect of defined contribution schemes	<u>802</u>	<u>892</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Called up share capital

	Group and Company			
	2022 Number	2021 Number	2022 \$'000	2021 \$'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 (\$1.3319) each	10 492 001	10 492 001	13 974	13 974

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Called up share capital (Continued)

The company has one class of ordinary shares which have full voting, dividend and capital redemption rights.

21 Reserves

Capital contribution reserve

The capital contribution reserve represents contributions received by shareholders that have been recognised directly in equity.

Profit and loss account

The profit and loss account represents the cumulative profits, losses and distribution of the Group and Company.

22 Cash (used by)/generated from group operations

	2022 \$'000	2021 \$'000
Loss for the year after tax	(6,792)	(11,224)
Adjustments for:		
Taxation charged	560	654
Finance costs	-	7
Amortisation of intangible assets	99	309
Depreciation of tangible fixed assets	5,286	4,032
Foreign exchange gains	1,191	2,562
Movements in working capital:		
Decrease/(increase) in stocks	848	(2,663)
(Increase)/decrease in debtors	(57,610)	4,522
Increase in creditors	48,846	15,455
Cash (used by)/generated from operations	(7,572)	13,654

23 Analysis of changes in net funds - group

	1 January 2022 \$'000	Cash flows \$'000	Exchange rate movements \$'000	31 December 2022 \$'000
Cash at bank and in hand	21,142	(15,236)	255	6,161

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Within one year	681	1,185	-	-
Between one and five years	1,393	2,214	-	-
In over five years	4,433	5,640	-	-
	<u>6,507</u>	<u>9,039</u>	<u>-</u>	<u>-</u>

25 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales of goods and services in the year		Purchases of goods and services, and recharges in the year	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Group				
Entities with control, joint control or significant influence over the company	14	1	(2)	(667)
	<u>14</u>	<u>1</u>	<u>(2)</u>	<u>(667)</u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022	2021
	\$'000	\$'000
Group		
Entities with control, joint control or significant influence over the group	(6,343)	(4,856)
	<u>(6,343)</u>	<u>(4,856)</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022	2021
	Balance	Balance
	\$'000	\$'000
Group		
Entities with control, joint control or significant influence over the group	4,817	2,642
	<u>4,817</u>	<u>2,642</u>

Other information

The company, and group, has taken advantage of the exemption with FRS 102 not to disclose transactions with other group subsidiaries where 100.00% ownership applies.

SPEEDCAST UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

26 Controlling party

The ultimate parent undertaking of Speedcast UK Holdings Limited is Speedcast Holdings III LLC, a company incorporated in the United States of America whose registered office is: 440 S Sam Houston Parkway E, Houston Texas, USA 77048.