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UltiSat Europe A/S

Fyrvej 36, 6857 Blåvand

Company reg. no. 32 09 37 79

Annual report

1 January - 31 December 2018

The annual report have been submitted and approved by the general meeting on the 27/6 2019

Dale Wesley Gray
Managing Director

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

The board of directors and the managing director have today presented the annual report of UltiSat Europe A/S for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Blåvand, 27 June 2019

Managing Director

Dale Wesley Gray

Board of directors

Jimmie Keith Johnson	Ryan Wesley King	Emma Claire Lawson

Independent auditor's report

To the shareholders of UltiSat Europe A/S

Opinion

We have audited the annual accounts of UltiSat Europe A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 27 June 2019

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Kim Kjellberg
State Authorised Public Accountant
mne29452

Company data

The company	UltiSat Europe A/S Fyrvej 36 6857 Blåvand	
	Phone	+45 45 27 70 00
	Company reg. no.	32 09 37 79
	Established:	7 April 2009
	Domicile:	Varde
	Financial year:	1 January - 31 December 10th financial year
Board of directors	Jimmie Keith Johnson Ryan Wesley King Emma Claire Lawson	
Managing Director	Dale Wesley Gray	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Speedcast Americas Inc	
General meeting	Ordinary general meeting will be held on / on the address of the company.	

Management's review

The principal activities of the company

The company's purpose is to operate in the fielse of telecommunications including the use og terrestrial infrastructure and satellites and to provide professional and other related services.

Development in activities and financial matters

The gross profit for the year is DKK 18.120.000 against DKK 30.244.000 last year. The results from ordinary activities after tax are DKK 6.568.000 against DKK 13.322.000 last year. The management consider the results satisfactory.

Accounting policies used

The annual report for UltiSat Europe A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

Accounting policies used

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Tangible fixed assets

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Accounting policies used

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Technical plants and machinery	*5-10 years*	*0-20 %*
Other plants, operating assets, fixtures and furniture	*3-5 years*	*0-20 %*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 5 years.

Accounting policies used

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at the value at which they are expected to be realisable.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

Accounting policies used

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Gross profit	**18.120.472**	**30.243.921**
1	Staff costs	-6.899.952	-6.693.178
	Depreciation and writedown relating to tangible fixed assets	-3.615.325	-5.107.680
	Operating profit	**7.605.195**	**18.443.063**
	Other financial income	1.908.897	4.603.595
2	Other financial costs	-874.260	-5.982.895
	Results before tax	**8.639.832**	**17.063.763**
3	Tax on ordinary results	-2.071.488	-3.741.920
	Results for the year	**6.568.344**	**13.321.843**

Proposed distribution of the results:

	2018	2017
Extraordinary dividend adopted during the financial year	18.825.076	0
Allocated to results brought forward	0	13.321.843
Allocated from results brought forward	-12.256.732	0
Distribution in total	**6.568.344**	**13.321.843**

Balance sheet 31 December

All amounts in DKK.

Assets

Note		2018	2017
	Fixed assets		
4	Patents, licenses, trademarks and similar rights	0	0
	Intangible fixed assets in total	0	0
5	Production plant and machinery	1.821.388	3.006.393
6	Other plants, operating assets, and fixtures and furniture	2.369.275	4.605.374
7	Leasehold improvements	78.941	252.922
	Tangible fixed assets in total	4.269.604	7.864.689
	Fixed assets in total	**4.269.604**	**7.864.689**
	Current assets		
	Raw materials and consumables	375.724	386.018
	Inventories in total	375.724	386.018
	Trade debtors	246.050	639.474
	Amounts owed by group enterprises	1.228.393	10.125.652
	Deferred tax assets	2.055.500	1.701.510
	Other debtors	4.388.681	4.229.742
	Accrued income and deferred expenses	1.066.938	2.813.482
	Debtors in total	8.985.562	19.509.860
	Available funds	773.677	405.213
	Current assets in total	**10.134.963**	**20.301.091**
	Assets in total	**14.404.567**	**28.165.780**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2018	2017
	Equity		
	Contributed capital	9.605.300	9.605.300
	Results brought forward	666.053	12.922.785
	Equity in total	**10.271.353**	**22.528.085**
	Provisions		
	Other provisions	1.700.000	0
	Provisions in total	**1.700.000**	**0**
	Liabilities		
	Trade creditors	636.914	4.150.694
	Corporate tax	502.731	320.706
	Other debts	1.293.569	1.166.295
	Short-term liabilities in total	2.433.214	5.637.695
	Liabilities in total	**2.433.214**	**5.637.695**
	Equity and liabilities in total	**14.404.567**	**28.165.780**
8	**Contingencies**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Results brought forward	In total
Equity 1 January 2018	9.605.300	12.922.785	22.528.085
Profit or loss for the year brought forward	0	-12.256.732	-12.256.732
	9.605.300	**666.053**	**10.271.353**

Notes

All amounts in DKK.

		2018	2017
1.	**Staff costs**		
	Salaries and wages	6.840.303	6.641.814
	Other costs for social security	59.649	51.364
		6.899.952	6.693.178
	Average number of employees	9	9
2.	**Other financial costs**		
	Financial costs, group enterprises	0	542.936
	Other financial costs	874.260	5.439.959
		874.260	5.982.895
3.	**Tax on ordinary results**		
	Tax of the results for the year	2.425.478	4.022.150
	Adjustment for the year of deferred tax	-353.990	-280.230
		2.071.488	3.741.920

4. Intangible fixed assets

	Patents, licenses, trademarks and similar rights
Cost 1. januar 2018	292.547
Cost 31 December 2018	**292.547**
Depriciation and writedown 1. januar 2018	292.547
Depriciations and writedown 31 December 2018	**292.547**
Book value 31 December 2018	**0**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
5.	**Production plant and machinery**		
	Cost 1 January 2018	11.944.032	10.773.693
	Reklassification	0	25.120
	Additions during the year	0	1.333.122
	Disposals during the year	0	-187.902
	Cost 31 December 2018	**11.944.032**	**11.944.033**
	Depreciation and writedown 1 January 2018	-8.937.640	-7.906.759
	Reklassification	0	-21.552
	Depreciation for the year	-1.185.004	-1.148.354
	Depreciation, amortisation and writedown for the year, assets disposed of	0	139.025
	Depreciation and writedown 31 December 2018	**-10.122.644**	**-8.937.640**
	Book value 31 December 2018	**1.821.388**	**3.006.393**
6.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2018	27.566.292	30.608.476
	Reklassification	0	-25.120
	Additions during the year	20.243	236.032
	Disposals during the year	-21.773	-3.253.096
	Cost 31 December 2018	**27.564.762**	**27.566.292**
	Amortisation and writedown 1 January 2018	-22.960.919	-22.590.047
	Reklassification	0	21.552
	Depreciation for the year	-2.256.341	-3.293.717
	Depreciation, amortisation and writedown for the year, assets disposed of	21.773	2.901.294
	Amortisation and writedown 31 December 2018	**-25.195.487**	**-22.960.918**
	Book value 31 December 2018	**2.369.275**	**4.605.374**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
7.	**Leasehold improvements**		
	Cost 1 January 2018	1.872.342	1.945.112
	Disposals during the year	0	-72.770
	Cost 31 December 2018	**1.872.342**	**1.872.342**
	Depreciation and writedown 1 January 2018	-1.619.421	-1.441.782
	Depreciation for the year	-173.980	-250.408
	Depreciation, amortisation and writedown for the year, assets disposed of	0	72.770
	Depreciation and writedown 31 December 2018	**-1.793.401**	**-1.619.420**
	Book value 31 December 2018	**78.941**	**252.922**

8. Contingencies

Contingent liabilities

	DKK in thousands
Leasing liabilities	462
Rent liabilities	313
Contingent liabilities in total	775