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UltiSat Europe A/S

Storstrømsvej 9, 6715 Esbjerg

Company reg. no. 32 09 37 79

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 8 August 2022.

Emma Claire Lawson
Managing Director

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS 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 statement

Today, the board of directors and the managing director have presented the annual report of UltiSat Europe A/S for the financial year 1 January - 31 December 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Esbjerg, 8 August 2022

Managing Director

Emma Claire Lawson

Board of directors

Dominic Thomas Edward Gyngell   Ryan Wesley King   Emma Claire Lawson

Independent auditor's report

To the shareholders of UltiSat Europe A/S

Opinion

We have audited the financial statements of UltiSat Europe A/S for the financial year 1 January - 31 December 2021, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the results of the company's activities for the financial year 1 January - 31 December 2021 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 section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report 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 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

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

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

- Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 8 August 2022

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

Kim Kjellberg
State Authorised Public Accountant
mne29452

Company information

The company	UltiSat Europe A/S Storstrømsvej 9 6715 Esbjerg	
	Phone	+45 45 27 70 00
	Company reg. no.	32 09 37 79
	Established:	7 April 2009
	Domicile:	Esbjerg
	Financial year:	1 January - 31 December 13th financial year
Board of directors	Dominic Thomas Edward Gyngell Ryan Wesley King Emma Claire Lawson	
Managing Director	Emma Claire Lawson	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	

Management´s review

The principal activities of the company

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

Development in activities and financial matters

The gross loss for the year totals DKK -15.800.000 against DKK 12.250.000 last year. Income or loss from ordinary activities after tax totals DKK 1.191.000 against DKK -9.289.000 last year. Management considers the net profit or loss for the year as expected.

The Speedcast group has reemerged from chapter 11 proceedings. Subsequently all previous impairment of intercompany receivables has been reversed. The result for the year is for this reason positively impacted with DKK 17.390.761.

Expected developments

Activity within the business has decreased between FY20 and FY21. However, the activity is expected to continue at current levels for the foreseeable future.

Accounting policies

The annual report for UltiSat Europe A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investment in

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress can not be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2021	2020
	Gross loss	**-15.800.243**	**12.249.657**
1	Staff costs	-1.451.395	-2.959.102
	Impairment of current assets exceeding usual impairment	17.390.761	-17.390.761
	Other operating costs	0	181.281
	Operating profit	**139.123**	**-7.918.925**
	Other financial income from group enterprises	311.057	11.759
	Other financial income	759.760	64.280
2	Other financial costs	-18.895	-572.712
	Pre-tax net profit or loss	**1.191.045**	**-8.415.598**
3	Tax on net profit or loss for the year	0	-873.378
	Profit or loss from ordinary activities after tax	**1.191.045**	**-9.288.976**
	Net profit or loss for the year	**1.191.045**	**-9.288.976**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	1.191.045	0
	Allocated from retained earnings	0	-9.288.976
	Total allocations and transfers	**1.191.045**	**-9.288.976**

Balance sheet at 31 December

All amounts in DKK.

Assets

Note		2021	2020
	Current assets		
	Trade receivables	290.821	167.568
	Contract work in progress	361.652	0
	Receivables from group enterprises	5.877.691	1.730.024
	Other receivables	64.822	88.265
	Prepayments and accrued income	3.217	65.529
	Total receivables	6.598.203	2.051.386
	Cash on hand and demand deposits	1.324.959	1.952.377
	Total current assets	**7.923.162**	**4.003.763**
	Total assets	**7.923.162**	**4.003.763**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2021	2020
	Equity		
	Contributed capital	9.605.300	9.605.300
	Retained earnings	-9.324.823	-10.515.868
	Total equity	**280.477**	**-910.568**
	Liabilities other than provisions		
	Payables to group enterprises	0	1.021.463
	Total long term liabilities other than provisions	0	1.021.463
	Trade payables	0	1.793.172
	Payables to group enterprises	6.210.739	0
	Income tax payable	873.378	611.352
	Other payables	558.568	1.488.344
	Total short term liabilities other than provisions	7.642.685	3.892.868
	Total liabilities other than provisions	**7.642.685**	**4.914.331**
	Total equity and liabilities	**7.923.162**	**4.003.763**

7 Contingencies

8 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2021	9.605.300	-10.515.868	-910.568
Retained earnings for the year	0	1.191.045	1.191.045
	9.605.300	**-9.324.823**	**280.477**

Notes

All amounts in DKK.

		2021	2020
1.	**Staff costs**		
	Salaries and wages	1.451.395	2.959.102
		1.451.395	**2.959.102**
	Average number of employees	1	1
2.	**Other financial costs**		
	Other financial costs	18.895	572.712
		18.895	**572.712**
3.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	0	873.378
		0	**873.378**
4.	**Plant and machinery**		
	Cost 1 January 2021	0	11.944.032
	Disposals during the year	0	-11.944.032
	Depreciation and writedown 1 January 2021	0	-11.944.032
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	0	11.944.032
5.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2021	0	27.564.762
	Disposals during the year	0	-27.564.762
	Amortisation and writedown 1 January 2021	0	-27.564.762
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	0	27.564.762

All amounts in DKK.

	31/12 2021	31/12 2020
6. Leasehold improvements		
Cost 1 January 2021	0	1.872.342
Disposals during the year	0	-1.872.342
Depreciation and writedown 1 January 2021	0	-1.872.342
Reversal of depreciation, amortisation and impairment loss, assets disposed of	0	1.872.342

7. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	12
Total contingent liabilities	**12**

8. Related parties

Consolidated financial statements

The ultimate parent undertaking of Ultisat Europe A/S (until 11th March 2021) was Speedcast International Limited, a company incorporated in Australia. The new ultimate parent undertaking of Ultisat Europe A/S is Speedcast Holdings III LLC (from 12th March 2021), a company incorporated in the United States of America. Address 440 S Sam Houston Parkway E, Houston Texas, USA 77048. The company was previously included in the consolidated financial statements of Speedcast International Limited, Botany NSW, Australia. For 2019 and 2020 no consolidated audited financial statements of Speedcast International Limited have been publicly filed. The company is included in the 2021 consolidated financial statements of Speedcast Holdings III LLC, Houston Texas, USA. The 2021 consolidated audited financial statements of Speedcast Holdings III LLC have not been publicly filed.