

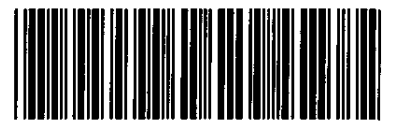
Network Access Associates Limited

Annual Report and Accounts

Registered number 09439890

For the year ended 31 December 2021

THURSDAY



ABXGGYNC

A16

16/02/2023

#262

COMPANIES HOUSE

Contents

Strategic report	3
Directors' report	8
<i>Statement of Directors' responsibilities in respect of the Directors' report and the financial statements</i>	9
Statement of profit and loss and other comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

Strategic report

The Directors present the strategic report for Network Access Associates Limited (the “Company”) for the year ended 31 December 2021.

Bankruptcy and acquisitions

In March 2020, as a result of challenges to raise the anticipated financing for the OneWeb Group compounded by the spread of COVID-19, OneWeb Global Limited and a number of group entities, including the Company, filed for bankruptcy protection under Chapter 11 of the United States bankruptcy code. Following the US Bankruptcy court of the southern district of New York approval of the Third Amended Joint Chapter 11 Plan of Reorganisation on 2 October 2020, the group headed by OneWeb Communications Limited, which includes the Company, was acquired by OneWeb Holdings Limited on 20 November 2020. OneWeb Holdings Limited (“OneWeb”, or together with its subsidiaries, “the OneWeb Group”) is the Company’s ultimate parent company.

Proposed combination of the OneWeb Group with Eutelsat subsequent to year-end

On 25 July 2022, Eutelsat and key OneWeb shareholders signed a Memorandum of Understanding with a view to combining Eutelsat and OneWeb in an all-share transaction. The combination of Eutelsat and OneWeb will create a single, powerful global player in space-based connectivity. The transaction builds upon the already strong foundation of collaboration between OneWeb and Eutelsat, having been established when Eutelsat first announced its investment in OneWeb in April 2021.

This combination will create an opportunity to become a unique global leader, positioned for capturing the fast-growing connectivity market with a complimentary geostationary (“GEO”) and low-earth orbit (“LEO”) offering, the first of its kind. Eutelsat is an existing shareholder of OneWeb, holding a 23% interest. The proposed transaction is structured as an exchange of OneWeb shares by its shareholders (other than Eutelsat) with new shares issued by Eutelsat, such that, at closing, Eutelsat would own 100% of OneWeb (excluding the Class B share owned by the UK Government). On completion, OneWeb shareholders would receive 230 million newly issued Eutelsat shares, representing 50% of the enlarged share capital, which will be subject to a six-month lock up period. Eutelsat will continue to be listed on Euronext Paris and will apply for admission to the standard listing segment of the UK’s Official List and to trading on the London Stock Exchange.

Trading under its existing name, OneWeb will continue to operate the LEO business and remain headquartered in the UK. The combined entity will have a balanced ownership structure, with a substantial free float alongside the public shareholders and private investors. It is contemplated that, upon closing, a shareholder agreement between Eutelsat’s key shareholders and OneWeb’s key shareholders which does not qualify as a concerted action, will be in place. This agreement would, in substance, provide for the right for each party to propose one director (if its shareholding is at least 7.5%) and two directors (if its shareholding is at least 15%). The combined board will also include independent non-executive directors.

The combination of a LEO/GEO offering for connectivity is forecast to generate substantial value. We expect synergies across revenue, as well as operating and capital expenditure. Capex optimisation is expected to generate savings by leveraging the hybrid GEO/LEO satellite infrastructure and through the improved purchasing power of the combined entity. Eutelsat’s strong cash flow generation will provide both visibility and funding to develop OneWeb’s fleet at minimal risk. Concurrent to signing the Memorandum of Understanding, on 25 July 2022 the existing Distribution Partner Agreement with Eutelsat was amended to provide for a commitment under which Eutelsat will purchase \$275 million of OneWeb’s constellation capacity on pre-defined terms over a five-year duration, starting from the full availability of the constellation. Under the amended agreement, Eutelsat will benefit from the exclusive use of OneWeb’s capacity over certain pre-defined sales regions and verticals.

The Memorandum of Understanding (as amended from time to time) has been unanimously approved by each of Eutelsat’s and OneWeb’s Board of directors and provides for exclusivity commitments by Eutelsat and key Eutelsat and OneWeb shareholders. Subsequently the parties signed a Framework Agreement on 14 November 2022 pursuant to which Eutelsat undertakes to acquire the OneWeb shareholders’ shares (excluding the Class B share) in the share capital of OneWeb subject to the terms and conditions of the Framework Agreement. The transaction will be subject to customary regulatory conditions and is also conditional on approval by Eutelsat’s shareholders at an Extraordinary General Meeting (EGM) of Eutelsat, to take place by the end of the first half 2023. Bpifrance and Fonds Stratégique de Participations, who each hold an interest in Eutelsat Communications SA, have undertaken to vote in favour of the transaction-related resolutions at this EGM, subject to usual conditions. The transaction is expected to complete by the end of first half of 2023.

Principal activities

The Group's principal activities are the design, development and operation of a global satellite communications network to enable universal internet access. The initial network consists of a constellation of more than 600 LEO satellites that aims to deliver high speed, low latency global connectivity to customers throughout the world. The OneWeb network is designed to go beyond the limits of existing infrastructure, enabling digital connectivity for remote, rural communities and schools as well as for industries that enable global connectivity such as aviation, maritime and businesses including governmental services and strategic partnerships with other telecommunications enterprises. The advanced system design and ultra-low latency will support the emerging digital economy and enable advanced mobile application needs.

Review of the business

In 2021, the Company incurred an operating loss of \$154.1 million (2020: \$838.5 million). During 2021, the Company was in the pre-revenue stage of development, working to deploy the network of satellites, ground and communications infrastructure. Subsequent to the period end, the Company commenced the provision of commercial services North of 50° latitude in May 2022, having commenced advanced trials with distribution partners in November 2021. Further launches for the deployment of satellites are scheduled in 2023, to provide global coverage.

In 2020, following the acquisition of the Company's parent company, OneWeb Communications Limited, by the Company's now ultimate parent company OneWeb Holdings Limited, the Company's assets were fair valued for the purposes of acquisition accounting in the OneWeb Holdings Limited group financial statements. The outcome of this fair value exercise established the fair value of the assets of the Company, which is a proportion of the wider OneWeb Group's assets. The carrying value of the assets exceeded this fair value and as a result the Group has recognised an impairment of \$699.2 million in the year ended 31 December 2020. No impairment was recognised in the year-ended 31 December 2021. Further details are included in note 9.

In addition, a write-off of \$129.6 million in the year ended 31 December 2020 (no write-off recognised in the year ended 31 December 2021) has been recognised to reflect the valuation of property, plant and equipment at this date. This write-off related to certain assets that the Company has determined will no longer be used following the acquisition of the Company's parent company, OneWeb Communications Limited, by the Company's now ultimate parent company OneWeb Holdings Limited, in November 2020.

The Company spent \$392.2 million in capital expenditures for the development of its launch, satellite and ground systems, as well as intangible assets, in the year ended 31 December 2020 (2020: \$330.6 million).

Since completion of the Chapter 11 process in November 2020, the focus of the Company has been on execution against five areas. The Company is an operating company of the OneWeb group of companies headed by OneWeb Holdings Limited ("OneWeb") and the strategic priorities of the Company and the OneWeb Group are consistent with OneWeb as set out below.

Deliver the network

At 31 December 2021, the OneWeb Group had 394 satellites in orbit. Following further launches subsequent to the year-end, OneWeb is fully equipped to support its satellite constellation in live coverage areas from the North Pole to 50 degrees north, with operational ground stations and 544 satellites in space.

In February 2022, OneWeb's launch schedule was impacted by geo-political tensions arising from the Russia-Ukraine war and as a result, the six remaining launches required for our first generation of satellites (GEN 1) global coverage were postponed. The business responded swiftly to replace launch vehicles and has successfully procured replacement vehicles to deploy the remaining satellites. We look forward to continue working with SpaceX and ISRO as we strengthen the industry together and work towards global network coverage in 2023. It is encouraging to see alternative optionality in the industry for our launch activity across the globe.

OneWeb has continued to protect its spectrum rights across multiple global forums through daily engagement with global regulators and by satisfying their requirements.

OneWeb is committed to good customer experience and are developing specialised user terminals to suit varying performance demands and price points. OneWeb has five key verticals: Government, Carrier and Enterprise, Aviation, Maritime, and Land Mobility. Distribution partners have been engaged across all five verticals to ensure we understand and meet the needs for each market segment.

Build customer trust

We recognise that customer trust is earned and have been working hard to deliver the network and provide the required capacity to areas in our live-network reach. We have continued to engage with our distribution partners with whom we are building deep and long-lasting relationships. We will continue to foster these business relationships with our distribution partners and improve the quality of our Distribution Partner Programme offering.

We continue to perform demos for a variety of customers and distribution partners to showcase performance characteristics, such as down and upload speeds and latency, followed by tailored customer proof-of-concept trials, during which distribution partners ran a series of applications over the OneWeb system to validate their own use cases.

OneWeb is intending to roll out a regular programme of customer feedback using the net promoter score (NPS). The NPS will be the foundation upon which we build a sustained programme of customer satisfaction measurement and improvement.

OneWeb recognises the importance of protecting our business and stakeholders. To that end, we have made a number of key hires in this area to enable us to develop and mature our risk, compliance and cyber security practices.

Monetise the network

OneWeb was in a pre-revenue phase throughout the year. Subsequent to year-end, distribution partnership agreements have been signed, followed by the first invoices prepared in May 2022, for service delivery. Strong efforts have been made with distribution partners to meet customer needs in markets north of 50° latitude. In the future, we will continue to develop as a trading commercial organisation to create a profitable business across all regions in the world.

We have a collaborative business model built upon our distribution partnerships that enables them to succeed with their end customers.

People first

Our employees are united in the OneWeb mission to provide space-based connectivity and change lives at scale. The sense of purpose at OneWeb drives the culture and high performance of our team of experts and our people continue to evolve with each new phase of our business. Subsequent to the year-end, we welcomed key senior executives including Chief Commercial Officer and Chief Information Security Officer, and multiple senior hires including VP Procurement, VP Global Compliance and VP Spectrum Engineering and Strategy.

Shape the future

We have the funding, ambition and skills to successfully deliver full global coverage for GEN 1. Our immediate desire is to complete global coverage and to rapidly follow it with the roll-out of the second generation of OneWeb satellites (GEN 2.0). The challenging geo-political environment demonstrated how our unique global assets are ideal for tomorrow's needs. We are rising to the challenge, offering a platform for secure communications.

Subsequent to year-end, we launched a request for information and Industry Day in association with the European Space Agency as we actively sought partners with which to verify the definition, requirements and strategy for GEN 2.0 to ensure it's built for future customer-first satellite connectivity requirements. GEN 2.0 is taking shape and sovereign players are viewing the platform with deep interest.

Principal risks and uncertainties

OneWeb's risk exposure is becoming more complex; as services start to launch, an ever more challenging external global risk landscape evolves. The profile of the Company's risks are consistent with those impacting OneWeb as a group. As OneWeb continues to scale, we recognise that now is the time to establish and implement a practical enterprise risk management ("ERM") framework and process. We know building compliance and risk frameworks into OneWeb's day-to-day culture will be a key component in our global success, to support our strategic objectives and build trust in our services. The Audit and Risk Committee of OneWeb Holdings Limited, under delegated authority from the Board, is accountable for overseeing the effectiveness of OneWeb's risk management processes, including identification of the principal and emerging risks faced by OneWeb.

As part of OneWeb's journey to maturing its risk management, we have identified the fundamental building blocks required to create a solid foundation for OneWeb's ERM system and developed a programme that will be embedded over the next year, starting with developing our ERM framework and policy, defining the key risk roles, responsibilities and maturing risk management for key business areas including HR, Technology and Delivery and

Operations; and putting in place an effective risk register with the necessary toolkits for reporting and refreshing our initial strategic risk assessment.

To develop OneWeb's risk management capabilities, a risk and compliance review was carried out in September 2021, which included an enterprise risk identification review with the Executive Committee. The risks identified as part of this compliance review included those related to: network delivery, network performance, network deployment, customer acquisition and retention, retention of talent, environment, social and governance issues, supply chain management, changes to regulation, competition risk, cyber security, the future network, the global geo-political landscape, anti-bribery and corruption, sanctions and export control. Each risk identified is linked with OneWeb's continued operations and delivery of the overall mission.

Having identified its principal risks and uncertainties, OneWeb instructed independent external experts to support the development of the first phase of risk management, including formulation of an ERM roadmap.

Cyber resilience

OneWeb's cyber security risk is evolving as the business grows and geo-politics play out. The Russia-Ukraine war has brought this into focus, particularly with GPS jamming and disruption to services following Russian cyber-attacks. As a business serving, amongst others, the needs of government and defence customers, we recognise that cyber resilience is paramount to our reputation and, in time, we aim to make this a competitive advantage. OneWeb has developed a cyber resilience strategy and action plan led by the Chief Information Security Officer and a Cyber Resilience Committee. This programme of activity will enhance OneWeb's resilience to cyber threats, ensure the business is secure by design, is able to weather disruption if it occurs, and has a strong governance framework in place to ensure regulatory and compliance requirements are met.

Sanctions risk

An enhanced risk as a result of the Russia-Ukraine War has seen changes to global sanction regimes. UK, US and European governmental sanctions mean that OneWeb is unable to engage with Russian-owned organisations and this has had a direct impact on elements of our supply chain, notably our launch activities. Additionally, the change in sanctions has impacted some of our suppliers who engage with Russian companies, thus having an indirect impact on the provision of their services to us. In the short to medium term, it is unlikely that global sanctions will be removed or amended to permit us to engage with any Russian-owned companies and therefore we are ensuring that we remodel our supply chain needs to comply with sanctions as well as protecting our long-term risk position.

Going concern

Notwithstanding net current liabilities of \$1,573.6 million at 31 December 2021, and a loss for the year then ended of \$154.6 million, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides and an analysis of the Company's borrowing requirements and facilities, the Company will have sufficient funds, through funding from its ultimate parent company, OneWeb Holdings Limited, to meet its liabilities as they fall due during the going concern assessment period.

This assessment is dependent on OneWeb Holdings Limited and its other subsidiaries not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to \$1,820.7 million, and providing additional financial support during the going concern assessment period. OneWeb Holdings Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Mission continues

The Board would like to take this opportunity to thank all of the Company's employees for their dedication and commitment through the incredibly challenging bankruptcy period and in the period since as the group sets out to achieve its commercial objectives as an integral part of the OneWeb Group.

OneWeb has overcome unprecedented challenges during the year and the Board are confident in the resilience of the OneWeb team to push forward the mission. The proposed combination with Eutelsat will accelerate our mission to *deliver connectivity that will change lives at scale. We will continue to go further than anyone else to help businesses and communities to get connected and achieve their potential.*

This report is authorised by order of the Board,



Sameer Karimbhai, Director
31 January 2023

Directors' report

The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' report.

Research and development

The Company has developed its network of satellites, ground and communications infrastructure through significant investment in research and development. In addition to \$392.2 million in capital expenditures for the development of launch, satellite and ground systems, and intangible assets, (2020: \$330.6 million), non-staff cost R&D expenditure was \$0.7 million (2020: \$6.6 million). Further, a significant portion of staff activity is devoted to research and development.

Proposed dividend

The directors do not recommend the payment of a dividend. The Company does not have any distributable earnings.

Directors

The Directors who held office during the period and to the date of signing of this report were as follows:

- Steven Fay (resigned 14 February 2022)
- Sameer Karimbhai
- Neil Masterson
- Srikanth Balachandran (appointed 14 February 2022)

All Directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report. The Company provided qualifying third-party indemnity provisions to certain Directors of associated companies during the financial period and at the date of this report.

Political contributions

The Company made no political contributions during the year.

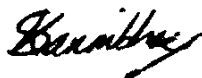
Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report.

Auditor

The Company is exempt from audit under section 479A of the Companies Act 2006 for the year-ended 31 December 2021.

By order of the Board



Sameer Karimbhai
Director

31 January 2023

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant, reliable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting, unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Statement of profit and loss and other comprehensive income
for the year ended 31 December 2021

	<i>Note</i>	2021 \$m	2020 \$m
Revenue		1.0	9.1
Other operating income		2.7	3.1
Operating expenses	4	(149.2)	(60.8)
Write-off of property, plant and equipment	9	(8.6)	(129.7)
Impairment charge	9	-	(699.2)
Gain on extinguishment of liabilities	4	-	39.0
Operating loss		(154.1)	(838.5)
Finance cost	7	-	(7.3)
Loss before tax		(154.1)	(845.8)
Taxation	8	(0.5)	2.7
Loss for the period		(154.6)	(843.1)

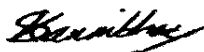
Balance sheet
At 31 December 2021

	Note	2021 \$m	2020 \$m
Non-current assets			
Property, plant and equipment	9	969.7	592.4
Intangible assets	10	43.8	38.4
Bonds and deposits		7.2	0.3
Other non-current receivables		9.7	5.1
Investments in subsidiaries		5.2	0.2
		1,035.6	636.4
Current assets			
Inventory		0.2	-
Corporation tax receivable		7.5	5.5
Prepaid expenses		9.7	1.0
Receivables from other group companies		242.3	62.7
Goods and services tax receivable		1.6	-
Other current receivables		-	1.1
Cash and cash equivalents		16.6	1.7
		277.9	72.0
Total assets		1,313.5	708.4
Current liabilities			
Trade payables		(16.0)	(155.6)
Payables to other group companies		(1,820.7)	(1,104.5)
Accrued expenses		(2.4)	-
Accrued employee compensation		(9.2)	(0.2)
Goods and services tax payable		(0.9)	(0.8)
Payroll and other taxes payable		(2.3)	(0.5)
		(1,851.5)	(1,261.6)
Non-current liabilities			
Contract liability	3	(170.6)	-
Provisions		(0.2)	(0.5)
Other non-current payables		(2.4)	(2.9)
		(173.2)	(3.4)
Total liabilities		(2,024.7)	(1,265.0)
Net assets		(711.2)	(556.6)
Equity			
Share capital		-	-
Share premium		777.7	777.7
Retained earnings		(1,488.9)	(1,334.3)
Total equity		(711.2)	(556.6)

For the period ended 31 December 2021 the Company is entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements which give a true and fair view of the state of the Company as at the end of the financial period and of its profit and loss for the financial period, in accordance with the requirements of sections 394 and 395 of the Companies Act 2006 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

These financial statements were approved by the Board of Directors on 31 January 2023 and were signed on its behalf by:



Sameer Karimbhai, Director
Company registered number: 9439890

Statement of changes in equity
for the year ended 31 December 2021

	Share capital \$m	Share premium \$m	Retained earnings \$m	Total equity \$m
At 1 January 2020	-	777.7	(491.2)	286.5
Total comprehensive loss for the year				
Loss for the year	-	-	(843.1)	(843.1)
Total comprehensive loss for the period	-	-	(843.1)	(843.1)
At 31 December 2020	-	777.7	(1,334.3)	(556.6)
Total comprehensive loss for the year				
Loss for the year	-	-	(154.6)	(154.6)
Total comprehensive loss for the period	-	-	(154.6)	(154.6)
At 31 December 2021	-	777.7	(1,488.9)	(711.2)

Notes to the financial statements *(forming part of the financial statements)*

1 General information

Network Access Associates Limited ("the Company") is a private company incorporated, domiciled and registered in England & Wales. The registered number is 09439890 and the registered address is West Works Building, 195 Wood Lane, London United Kingdom, W12 7FQ.

2 Basis of preparation

2.1 Going concern

Notwithstanding net current liabilities of \$1,573.6 million as at 31 December 2021, and a loss for the year then ended of \$154.6 million, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides and an analysis of the Company's borrowing requirements and facilities, the Company will have sufficient funds, through funding from its ultimate parent company, OneWeb Holdings Limited, to meet its liabilities as they fall due during the going concern assessment period.

This assessment is dependent on OneWeb Holdings Limited and its other subsidiaries not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to \$1,820.7 million, and providing additional financial support during the going concern assessment period. OneWeb Holdings Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.2 Accounting estimates and judgements

These Company financial statements were prepared in accordance with FRS 102 and present information about the Company as a separate entity and not about its group. The following disclosure exemptions have been taken under FRS 102:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures; and
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

In the preparation of Company's financial statements in conformity with FRS 102, management is required to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, expenses and disclosures of contingent liabilities. Estimates and judgments are continually evaluated. These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and are believed to be reasonable under the circumstances at the end of the financial periods presented. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Due to uncertainties inherent in making estimates, actual results could differ from those estimates.

The accounting policies set out below have, unless otherwise stated, been applied consistently in the periods presented in these financial statements. An exemption has been taken under s400 of the Companies Act 2006 not to prepare consolidated financial statements in the current year. The results of the Company are included in the consolidated financial statements of OneWeb Holdings Limited, which are publicly available from Companies House, United Kingdom.

2.3 Significant accounting policies that relate to the financial statements as a whole

a) Measurement convention

Where an accounting policy is applicable to a specific note to the financial statements, the policy is described within that note. In accordance with FRS 102, where balances are considered to be immaterial to these financial statements, no further disclosures are provided.

The accounting policies set out below have, unless otherwise stated, been applied consistently in the periods presented in these financial statements. The financial statements are prepared on the historical cost basis except for certain financial assets and financial liabilities required by FRS 102 to be measured at fair value.

b) Foreign currency

The presentation and functional currency of the Company is the U.S. dollar. Gains or losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are recorded in profit or loss and classified as foreign exchange gain or loss on the statements of comprehensive income or loss.

c) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

3 Revenue

Revenue represents recharges of administrative services on a cost-plus basis to WorldVu Satellites Limited ("WSL"), the Company's immediate parent. Revenue is recognised when the related costs that can be recharged are incurred.

The Company received advanced payment of \$170.6 million from a customer for satellite connectivity services due to be rendered over a number of years, due to commence in the calendar year 2023. This constitutes an indefeasible right of use ("IRU"). The arrangement is accounted for as a service agreement with revenue recognised as the service is provided over time, based on the contract period. The payment received has been deferred as a contract liability.

4 Operating expenses

	2021	2020
	\$m	\$m
Staff remuneration (see note 5)	42.8	17.8
Other staff costs	12.6	0.6
Total staff costs	55.4	18.4
Professional fees	10.6	5.8
Network and facility costs	8.9	4.3
Travel and entertainment	1.1	1.2
Marketing	3.3	2.1
Non-staff cost R&D expense	0.7	6.6
Depreciation of property, plant & equipment	1.2	1.7
Services received from other group undertakings	67.9	17.8
Foreign exchange gains	0.1	2.9
Total operating expenses	149.2	60.8

The \$39.0 million (2021: \$nil) gain on extinguishment of liabilities recognised in 2020 represents the liabilities extinguished as a result of the bankruptcy process.

5 Employee information

Accounting policy

Employees are considered to be individuals employed under contracts of service, plus any Non-Executive Directors. Contracts of service include all employees, other than occasional casual workers, but exclude any individuals employed by other entities who are contracted to work for us on a full-time basis.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Average number of employees

	2021	2020
Operations	169	60
Commercial	10	10
Corporate functions	32	14
	211	84

Staff remuneration

The aggregate remuneration of these persons was as follows:

	2021	2020
	\$m	\$m
Wages and salaries	36.8	14.7
Social security costs	4.9	2.5
Contributions to defined contribution plans	1.1	0.6
Total staff remuneration	42.8	17.8

6 Directors' remuneration

No Directors received remuneration or contributions to a money purchase pension plan in respect of their services to the Company. The Directors who served during the current year were paid by other group companies in respect of their services to the group and no recharges were made to the Company in respect of these services. Had a recharge been made, the amount would have been insignificant.

7 Finance costs

	2021	2020
	\$m	\$m
Interest payable on executory contracts	-	7.2
Other finance costs	-	0.1
Total finance cost	-	7.3

8 Taxation

Accounting policy

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised

on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Income tax expense

	2021	2020
	\$m	\$m
Current tax expense		
Current year (expense)/credit	(0.5)	2.7
Total tax (expense)/credit for the year	(0.5)	2.7

Reconciliation of effective tax rate

	2021	2020
	\$m	\$m
Loss before tax	(154.6)	(843.1)
Tax applying the UK corporation tax rate of 19%	29.4	160.2
Non-deductible expenses	(0.3)	(12.5)
Non-taxable items	-	3.5
Origination of temporary differences for which no deferred tax asset has been recognised	(1.5)	(134.4)
Current period losses for which no deferred tax asset has been recognised	(28.1)	(14.1)
Total tax (expense)/credit	(0.5)	2.7

Factors that may affect future tax charges

An increase in the UK corporate tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 14 May 2021. This will increase the Company's future current tax charge accordingly.

Deductible temporary differences for which deferred tax assets have not been recognised at the end of each reporting period are presented below:

	2021	2020
	\$m	\$m
Temporary timing differences	218.6	198.0
Unused net operating losses	93.1	43.1
Total unrecognised deductible temporary differences	311.7	241.1

At 31 December 2021, the Company had tax losses totalling \$93.1 million for which no deferred tax assets have been recognised (31 December 2020: \$43.1 million).

At 31 December 2021 and 31 December 2020, the Company has not recognised any deferred tax liabilities relating to its investment in subsidiaries as the Company controls the timing of reversal of the related temporary differences and management is satisfied that they will not reverse in the foreseeable future.

9 Property, plant and equipment

Accounting policy

The Company's property, plant and equipment include costs for the design, manufacture, test and launch of a constellation of low earth orbit satellites (the space component), primary and backup control centres, gateways and other ground facilities (the ground component).

Property, plant and equipment are stated at cost less accumulated depreciation.

The cost of property and equipment includes the estimated costs of dismantling and removing the asset and restoring the site on which it is located to the extent that the Company has a legal or constructive obligation as a direct consequence of acquiring or constructing the property, plant and equipment.

Assets are brought into service and depreciated from the point they are operating as intended. At 31 December 2021, all assets associated with the space and ground components of the Company's infrastructure are under construction. The OneWeb network cannot operate as intended until sufficient coverage has been created to offer a commercial service. When sufficient coverage exists to be able to provide customers with a viable service, all assets associated with providing that service will be put into service and depreciation will start.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Included within other property and equipment are assets with estimated useful lives as follows:

- Furniture and computer equipment – 2 to 3 years
- Vehicles - 3 years
- Leasehold improvements - the shorter of useful lives or the lease term

Where components of property, plant and equipment have different useful lives, they are accounted for as a separate class of property, plant and equipment. The estimated useful lives and depreciation methods are reviewed at the end of each reporting period and the effect of any changes in estimates are accounted for on a prospective basis.

Carrying value of property, plant and equipment

	Space component under construction \$m	Ground component under construction \$m	Other property and equipment \$m	Total \$m
Cost				
At 1 January 2020	1,389.1	62.9	9.8	1,461.8
Additions	300.5	21.1	2.9	324.5
Transfers to intangible assets	(24.3)	(2.0)	(5.7)	(32.0)
Written off	(67.7)	(61.9)	-	(129.6)
Foreign exchange	0.1	0.1	0.1	0.3
At 31 December 2020	1,597.7	20.2	7.1	1,625.0
Additions	382.8	3.5	0.5	386.8
Written off	(8.6)	-	-	(8.6)
Foreign exchange	0.1	0.1	0.1	0.3
At 31 December 2021	1,972.0	23.8	7.7	2,003.5
Depreciation				
At 1 January 2020	(311.8)	(18.1)	(1.7)	(331.6)
Depreciation charge	-	-	(1.8)	(1.8)
Impairment charge	(696.2)	(1.1)	(1.9)	(699.2)
At 31 December 2020	(1,008.0)	(19.2)	(5.4)	(1,032.6)
Depreciation charge	-	-	(1.2)	(1.2)
At 31 December 2021	(1,008.0)	(19.2)	(6.6)	(1,033.8)
Carrying value				
At 31 December 2021	964.0	4.6	1.1	969.7
At 31 December 2020	589.7	1.0	1.7	592.4

Transfers includes a transfer to intangible assets of \$32.0 million relates to assets previously recognised as property, plant and equipment that are intangible in nature, primarily relating to software where this is the primary component of an asset rather than being a component of a property, plant and equipment asset, in addition to transfers between asset classes.

In 2020, following the acquisition of the Company's parent company, OneWeb Communications Limited, by the Company's now ultimate parent company OneWeb Holdings Limited, the Company's assets were fair valued for the purposes of acquisition accounting in the OneWeb Holdings Limited group financial statements. The outcome of this fair value exercise established the fair value of the assets of the Company, which is a proportion of the wider OneWeb Group's assets. The carrying value of the assets exceeded this fair value and as a result the Company has recognised an impairment of \$699.2 million in the year ended 31 December 2020 (no impairment in the year ended 31 December 2021).

The write-off of \$8.6 million recognised in 2021 in the space component under construction relates to satellites that are non-operational. In 2020, a write-off of \$129.6 million was recognised related to certain assets that the Company

determined would no longer be used following the acquisition of the Company's parent company, OneWeb Communications Limited, by the Company's now ultimate parent company OneWeb Holdings Limited.

10 Intangible assets

Accounting policy

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and less accumulated impairment losses. All intangible assets are concluded to have a finite life.

Intangible assets include spectrum rights and licenses, developed software and patents. Intangible assets are carried at cost less accumulated amortisation and any recognised impairment loss. Amortisation is recognised on a straight-line basis over the estimated useful lives of the respective assets. The estimated useful lives are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from derecognition are recognised in profit or loss.

Assets under construction

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. The Company is currently building various assets which will form part of the wider OneWeb network. When sufficient coverage exists to be able to provide customers with a viable commercial service, all assets associated with providing that service will be put into service and amortisation will start.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

Spectrum rights and licences

Spectrum rights and licences represent the Company's rights, registrations and authorisations from the ITU and government agencies to enable the Company to conduct its business.

Developed software

Developed software relates to the software that the Company controls for the purpose of operating the business.

	Spectrum rights and licences \$m	Developed software \$m	Total \$m
Cost			
At 1 January 2020	0.4	-	0.4
Additions	1.9	4.2	6.1
Transfers from property, plant and equipment	-	32.0	32.0
At 31 December 2020	2.2	36.2	38.4
Additions	-	5.4	5.4
At 31 December 2021	2.2	41.6	43.8
Carrying value			
At 31 December 2021	2.2	41.6	43.8
At 31 December 2020	2.2	36.2	38.4

In 2020, transfers from property, plant and equipment of \$32.0 million relates to assets previously recognised as property, plant and equipment that are intangible in nature, primarily relating to software where this is the primary component of an asset rather than being a component of a property, plant and equipment asset.

11 Commitments and contingencies

Capital commitments

The Company has contractual purchase commitments with various vendors related to the design and developments of its first-generation constellation of satellites. The table below summarises contractual commitments not recorded on the balance sheet.

	2021	2020
	\$m	\$m
Less than a year	188.7	404.4
Between one and five years	66.9	70.8
More than five years	-	-
Total contractual commitments	255.6	475.2

Contingencies

There are no contingencies other than the provisions recognised on the statement of financial position that are expected to have a material adverse impact on the business, financial results or financial condition of the Company.

Future minimum lease payments

The Company has operating leases in relation to land and property. The table below summarises the future minimum lease payments due under non-cancellable operating leases.

	2021	2020
	\$m	\$m
Less than a year	2.1	2.1
Between one to five years	7.5	8.0
More than five years	1.5	3.3
Total	11.1	13.4

12 Capital and reserves

Share capital

Share capital is the number of shares in issue, stated at their nominal value.

The value of share capital at the end of the year was as follows:

	2021	2020
	\$	\$
Ordinary shares of £1 each, fully paid	15	15

11 shares were on issue throughout the years ended 31 December 2020 and 2021.

Share premium

Share premium is the amount received for a share issue which exceeds the nominal value.

Retained earnings

Retained earnings were a deficit of \$1,488.9 million at the end of the period (31 December 2020: deficit of \$1,334.3 million).

13 Ultimate controlling party

There is no single ultimate controlling party of the Company. The ultimate parent company is OneWeb Holdings Limited, a private company incorporated, domiciled and registered in England, UK. The registered number of OneWeb Holdings Limited is 12534512 and the registered address is West Works Building, 195 Wood Lane, London United Kingdom, W12 7FQ. OneWeb Holdings Limited has a number of different shareholders, including

The Secretary of State for Business, Energy and Industrial Strategy, Bharti Space Limited, Eutelsat S.A., Hanwha Systems UK Limited and Softbank Group Capital Limited.

14 Subsequent events

Combination with Eutelsat

On 25 July 2022, Eutelsat and key OneWeb shareholders signed a Memorandum of Understanding (MOU) with a view to combining Eutelsat and OneWeb in an all-share transaction. Eutelsat is an existing shareholder of OneWeb. The transaction would be structured as an exchange of OneWeb shares by its shareholders (other than Eutelsat) with new shares issued by Eutelsat, such that, at closing, Eutelsat would own 100% of OneWeb (excluding the Class B share owned by The Secretary of State for Business, Energy and Industrial Strategy). OneWeb shareholders would receive 230 million newly issued Eutelsat shares, representing 50% of the enlarged share capital. Eutelsat will continue to be listed on Euronext Paris and apply for admission to standard listing on the London Stock Exchange. The MOU (as amended from time to time) has been unanimously approved by each of Eutelsat's and OneWeb's Board of Directors. Subsequently the parties signed a Framework Agreement on 14 November 2022 pursuant to which Eutelsat undertakes to acquire the OneWeb shareholders' shares (excluding the Class B share) in the share capital of OneWeb subject to the terms and conditions of the Framework Agreement. The transaction will be subject to customary regulatory conditions. The Framework Agreement includes customary exclusivity and interim operating conditions. The transaction will also be conditional on approval by Eutelsat's shareholders at an Extraordinary General Meeting of Eutelsat, to take place by end of first half 2023. The transaction is expected to close by the end of first half of 2023.

On 25 July 2022, the OneWeb Group's existing Distribution Partner Agreement (signed in March 2022) with Eutelsat was amended. Under the terms of this amendment, Eutelsat takes a firm commitment to purchase \$275.0 million of OneWeb's constellation capacity at pre-defined terms over a five-year duration, starting from the full availability of the constellation. The amounts will be paid in three instalments of \$100.0 million, \$100.0 million and \$75.0 million over the next three financial years starting from FY 2022-23. As part of the agreement, Eutelsat will benefit from the exclusive use of OneWeb's capacity over certain pre-determined sales regions and verticals, in particular Continental Europe and Global Passenger Cruise segment.

Impairment related to suspension of launches

On 4 March 2022, the OneWeb Group was scheduled to launch 36 satellites from Baikonur, Kazakhstan. Due to geo-political tensions following the invasion of Ukraine by Russia, the Group suspended the launch as well as five further launches due to take place from Baikonur.

As a result of the suspension of the launch and subsequent scheduled launches, an impairment charge in relation to assets with an estimated gross cost of \$446.6 million will be recognised in 2022 by the Company.

15 Subsidiaries and affiliates

Name	Principal activity	Registered Agent Address	Country of incorporation	Share- holding 31 December 2021 (%age)
OneWeb Ltd (Malta)	Operating Company	Oyia Business Centre, Floor 3, Suite 301, Marsa MRS 1547, Malta	Malta	100
OneWeb Network Access Holdings Ltd. (UK)	Holding Company	WestWorks Building, 195 Wood Lane, London United Kingdom, W12 7FQ	United Kingdom	100
OneWeb S.r.l.	Operating Company	Corso Vercelli 40, 20145, Milan, Italy	Italy	100
OneWeb Norway AS	Operating Company	Postboks 2334, 3003 Drammen, Norway	Norway	100
OneWeb S.A	Operating Company	Tucumán 1, Piso 4, Buenos Aires, C1049AAA, Argentina	Argentina	100
First Tech Web Company Limited*	Operating Company	28th Floor Kingdom Tower, Olaya Road, P.O. Box: 230 888, Riyadh, 11321, Saudi Arabia	Saudi Arabia	50
WorldVu, Unipessoal Lda	Operating Company	Rua Latino Coelho, n.º 13, 13-A, 13-B, 3.º andar, freguesia de Avenidas Novas, 1050-132 Lisboa, Portugal	Portugal	100
OneWeb ApS	Operating Company	c/o Nuna Advokater Aps, Qullilerfik 2, 6., Nuuk, 3900, Greenland	Greenland	100
WorldVu, Australia Pty Ltd	Operating Company	TMF Corporate Services (AUST) PTY LTD, Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia	Australia	100
OneWeb G.K.	Operating Company	c/o DLA Piper Tokyo Partnership, Meiji Seimei Kan 7F, 1-1, Marunouchi 2-chome, Chiyoda-ku Tokyo, Japan	Japan	100
OneWeb Capacidade Satelital Ltda	Operating Company	Avenida Nove de Julho, 3228, sala 604, Ed. First Office Flat, Jardim Paulista, City of São Paulo, State of São Paulo, 01406-000, Brazil	Brazil	100
WorldVu Mexico S.de R.L. de C.V	Operating Company	Peten 27 St. 301, Piedad Narvarte, Mexico City 03000, Mexico	Mexico	100
OneWeb Chile SpA	Operating Company	Luz 2959-22, Las Condes, Santiago, Chile	Chile	100
OneWeb Senegal SARL	Operating Company	Immeuble Lat Dior en face grande mosque de Dakar, Dakar, 3E ÉTAGE, Senegal	Senegal	100
OneWeb Costa Rica Limitada	Operating Company	c/o Zurcher Odio & Raven, Plaza Roble Corporate Center, Los Balcones Building, fourth floor, San José, Costa Rica	Costa Rica	100
WorldVu South Africa (Pty) Ltd.	Operating Company	Central Office Park No 4., 257 Jean Avenue Centurion, Gauteng, 0157 South Africa	South Africa	100
OneWeb (Mauritius) Limited	Operating Company	Lislet Geoffroy Street, BCMS Corporate Services Ltd, 2 nd Floor Chancery House, Port Louis, Mauritius	Mauritius	100
OneWeb Ghana Limited	Operating Company	No. 7 Airport Road, Accra, Accra Metro, Ghana	Ghana	100
One Web Angola – Servicos de Telecomunicacoes (SU), LDA	Operating Company	Edifício Kilamba, 20º andar Avenida 4 de Fevereiro Marginal de Luanda, Angola	Angola	100

The Company's equity interest represents the voting interests of the Group in the respective subsidiary or affiliate.

* On 22 October 2021, the Company entered into a shareholders' agreement with NEOM Tech and Digital Company ("NEOM") to form a joint venture for (i) servicing customers in the NEOM region, rest of Saudi Arabia and neighbouring countries in the Middle East and Africa and (ii) the design, construction and operation of ground stations. The joint venture was formed on 24 October 2021 using the Company's existing Saudi entity – First Tech Web Company Limited, with each shareholder making an initial shareholder contribution of \$5.0 million and subsequently each holding 50% of the share capital in the company.