Company registration number 01905935 (England and Wales)

# KVH MEDIA GROUP COMMUNICATION LIMITED

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

## PAGES FOR FILING WITH REGISTRAR

# KVH MEDIA GROUP COMMUNICATION LIMITED

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# KVH MEDIA GROUP COMMUNICATION LIMITED

## BALANCE SHEET

### *AS AT 31 DECEMBER 2022*

| | Notes | 2022 £000 | 2022 £000 | 2021 £000 | 2021 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | **4** | | 159 | | 172 |
| Tangible assets | **5** | | 21 | | 33 |
| Investments | **6** | | 1 | | 1 |
| | | | 181 | | 206 |
| **Current assets** | | | | | |
| Debtors | **8** | 10,939 | | 11,022 | |
| Cash at bank and in hand | | 1,512 | | 148 | |
| | | 12,451 | | 11,170 | |
| **Creditors: amounts falling due within one year** | **9** | (9,638) | | (8,696) | |
| **Net current assets** | | | 2,813 | | 2,474 |
| **Total assets less current liabilities** | | | 2,994 | | 2,680 |
| **Provisions for liabilities** | | | | | |
| Provisions | **10** | 48 | | - | |
| | | | (48) | | - |
| **Net assets** | | | 2,946 | | 2,680 |
| **Capital and reserves** | | | | | |
| Called up share capital | **14** | | 6 | | 6 |
| Share premium account | | | 87 | | 87 |
| Profit and loss reserves | | | 2,853 | | 2,587 |
| **Total equity** | | | 2,946 | | 2,680 |

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and signed by the director and authorised for issue on 28 September 2023

Mr A F Pike
**Director**

**Company Registration No. 01905935**

# KVH MEDIA GROUP COMMUNICATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

| | Notes | Share capital £000 | Share premium account £000 | Profit and loss reserves £000 | Total £000 |
|---|---|---|---|---|---|
| **Balance at 1 January 2021** | | 6 | 87 | 4,470 | 4,563 |
| **Year ended 31 December 2021:** | | | | | |
| Loss and total comprehensive income for the year | | - | - | (892) | (892) |
| Dividends | | - | - | (1,000) | (1,000) |
| Capital Contribution | | - | - | 9 | 9 |
| **Balance at 31 December 2021** | | 6 | 87 | 2,587 | 2,680 |
| **Year ended 31 December 2022:** | | | | | |
| Profit and total comprehensive income for the year | | - | - | 257 | 257 |
| Capital Contribution | | - | - | 9 | 9 |
| **Balance at 31 December 2022** | | 6 | 87 | 2,853 | 2,946 |

### 1 Accounting policies

**Company information**
KVH Media Group Communication Limited is a private company limited by shares incorporated in England and Wales. The registered office is Suite 1, 4th Floor, 1 Derby Square, Liverpool, L2 9XX.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

KVH Media Group Communication Limited is a wholly owned subsidiary of KVH Industries Inc and the results of KVH Media Group Communication Limited are included in the consolidated financial statements of KVH Industries Inc which are available from 50 Enterprise Center, Middletown, RI 02842, United States.

### 1.2 Going concern

The director has considered all factors, including in the wider economy, as part of their assessment of going concern. The company made a profit within the year after being largely affected by the Coronovirus pandemic in previous years. Post year end, trading results and forecasts continue to show this. Further to this to mitigate any cashflow and profitability risks for the company, the company has support from its immediate parent company; KVH Media Group Limited and ultimate parent company; KVH Industries Inc. Post year end trading and budgets and cash flow projections indicate continued profitability and cash generation for the overall group. The director therefore believes on balance that the company has sufficient resources to enable trading to continue for a period of at least one year from the date of approval of the financial statements. Accordingly, these financial statements have been prepared on the going concern basis.

**1 Accounting policies** **(Continued)**

**1.3 Turnover**

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

**1.4 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

**1.5 Intangible fixed assets other than goodwill**

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

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

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Software | Straight line over 5 years |
| Development costs | Straight line over 3 - 5 years |

**1.6 Tangible fixed assets**

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Plant and equipment | Straight line over 3 - 5 years |
| Fixtures and fittings | Straight line over 10 years |

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

**1 Accounting policies** **(Continued)**

**1.7 Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

**1.8 Impairment of fixed assets**

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.9 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.10 Financial instruments**

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

**1 Accounting policies** **(Continued)**

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

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

***Derecognition of financial assets***

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

***Classification of financial liabilities***

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

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**1 Accounting policies** **(Continued)**

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1.11 Equity instruments**

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

**1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

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

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.13 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

**1 Accounting policies** **(Continued)**

**1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.15 Retirement benefits**

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

**1.16 Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black - Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

**1.17 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**1.18 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

## 2 Judgements and key sources of estimation uncertainty (Continued)

**Key sources of estimation uncertainty**

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

***Depreciation***

The depreciation policy has been set according to managements' experience of the useful lives of a typical asset in each category, something which is reviewed annually. It is not considered practical to use a per unit basis to allocate depreciation without undue cost and therefore amounts are charged annually. The depreciation charged during the year was £20,000 (2021 - £24,000), which the directors feel is a fair reflection of the benefits derived from the consumption of the tangible fixed assets in use during the period.

***Bad debt provision***

Outstanding trade debtor balances are reviewed on a line by line basis by management to identify possible amounts where a provision is required. Management closely manage the collection of trade debtors and therefore are able to identify balances where there is uncertainty about its recoverability, and determine what provision is required (if any).

***Capitalisation of development costs***

The key judgements and sources of estimation uncertainty are that development costs are directly attributable to relevant projects during the year, and have therefore been capitalised to the Statement of Comprehensive Income. In addition, the directors consider whether there are any indicators of impairment present for the company as a whole or on a project basis. The directors have not identified any indicators at 31 December 2022 (2021 - none).

## 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| 2022<br>Number | 2021<br>Number |
|---|---|
| 35 | 46 |

## 4 Intangible fixed assets

| | Software | Development costs | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Cost** | | | |
| At 1 January 2022 | 17 | 757 | 774 |
| Additions | - | 54 | 54 |
| At 31 December 2022 | 17 | 811 | 828 |
| **Amortisation and impairment** | | | |
| At 1 January 2022 | 17 | 585 | 602 |
| Amortisation charged for the year | - | 67 | 67 |
| At 31 December 2022 | 17 | 652 | 669 |
| **Carrying amount** | | | |
| At 31 December 2022 | - | 159 | 159 |
| At 31 December 2021 | - | 172 | 172 |

## 5 Tangible fixed assets

| | Plant and equipment | Fixtures and fittings | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Cost** | | | |
| At 1 January 2022 | 172 | 45 | 217 |
| Additions | 8 | - | 8 |
| At 31 December 2022 | 180 | 45 | 225 |
| **Depreciation and impairment** | | | |
| At 1 January 2022 | 144 | 40 | 184 |
| Depreciation charged in the year | 17 | 3 | 20 |
| At 31 December 2022 | 161 | 43 | 204 |
| **Carrying amount** | | | |
| At 31 December 2022 | 19 | 2 | 21 |
| At 31 December 2021 | 28 | 5 | 33 |

## 6 Fixed asset investments

| | Notes | 2022 £000 | 2021 £000 |
|---|---|---|---|
| Investments in subsidiaries | 7 | 1 | 1 |

### 7 Subsidiaries

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

| Name of undertaking | Registered office | Class of shares held | % Held Direct |
|---|---|---|---|
| KVH Media Group India Private Limited | M-55 - 1 Floor Baserrent, M Block Market, Greater Kailash 2, New Delhi 110048 | Ordinary | 99.00 |

Voting rights in respect of the subsidiary are held in the same proportion as the Company's share of the ordinary share capital. The Company was incorporated on 2 November 2016 and the principal activity of this subsidiary is media services.

### 8 Debtors

| **Amounts falling due within one year:** | **2022 £000** | **2021 £000** |
|---|---|---|
| Trade debtors | 210 | 165 |
| Corporation tax recoverable | - | 107 |
| Amounts owed by group undertakings | 10,598 | 10,610 |
| Other debtors | 53 | 52 |
| Prepayments and accrued income | 71 | 75 |
| | 10,932 | 11,009 |

| **Amounts falling due after more than one year:** | **2022 £000** | **2021 £000** |
|---|---|---|
| Deferred tax asset (note 11) | 7 | 13 |
| **Total debtors** | 10,939 | 11,022 |

Amounts due from group undertakings are interest free and repayable on demand.

### 9 Creditors: amounts falling due within one year

| | **2022 £000** | **2021 £000** |
|---|---|---|
| Trade creditors | 80 | 62 |
| Amounts owed to group undertakings | 9,047 | 8,196 |
| Corporation tax | 75 | - |
| Deferred income | 324 | 296 |
| Other creditors | 19 | 24 |
| Accruals and deferred income | 93 | 118 |
| | 9,638 | 8,696 |

**9 Creditors: amounts falling due within one year** **(Continued)**

Amounts due to group undertakings are interest free and repayable on demand with the exception of KVH Media Group Ltd. Interest is payable at 3.5% per annum. The loan is repayable on demand.

**10 Provisions for liabilities**

| | 2022 £000 | 2021 £000 |
|---|---|---|
| | 48 | - |

Movements on provisions:

| | £000 |
|---|---|
| Additional provisions in the year | 48 |

**11 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| **Balances:** | Assets 2022 £000 | Assets 2021 £000 |
|---|---|---|
| Accelerated capital allowances | 7 | 13 |

| **Movements in the year:** | 2022 £000 |
|---|---|
| Asset at 1 January 2022 | (13) |
| Charge to profit or loss | 6 |
| Asset at 31 December 2022 | (7) |

### 12 Restricted stock awards

The ultimate parent company has issued restricted shares to an employee in respect of services to that Company.

396 shares were issued on 31 March 2021. These are restricted in that one quarter of the shares will become unrestricted on the first anniversary subsequent to the issue, the second quarter will vest on the second anniversary, and so on until 31 March 2025.

1,153 shares were issued on 8 June 2022. These are restricted in that one quarter of the shares will become unrestricted on the first anniversary subsequent to the issue, the second quarter will vest on the second anniversary, and so on until 8 June 2026.

As the restricted shares require no contributions from the employee, and the dividend yield has been assumed to be Nil, the fair value at award date is considered to approximate to the market value of US$8.29 on that date because the effect of the interest rate assumption is not significant to the Black-Scholes valuation.

As the shares relate to the ultimate parent company, and that company received no payment in return, an amount equal the charge incurred of £2,241 (2021: £946) is recorded as a capital contribution directly in equity.

### 13 Share-based payment transactions

The ultimate parent company has issued equity-settled share options to one employee in respect of services to the Company.

One quarter of each employee's total options can be exercised after a period of one year, a further quarter of each employee's total options can be exercised after two years, a further quarter after three years, and the remaining and final quarter can be exercised after four years.

The options are exercisable at the market price established when the options were granted. The only performance condition attached to the options are for the employee to remain in employment. All options expire five year after the date of grant.

The Black-Scholes valuation model has been used to estimate the fair value of each share option granted in the year, with risk-free rates taken from United States treasury bond yields, each option was valued as at the date of grant. A reconciliation of options outstanding during the year are summarised below along with their respective inputs.

## 13 Share-based payment transactions (Continued)

| | Number of share options | | Weighted average exercise price | |
|---|---|---|---|---|
| | 2022 Number | 2021 Number | 2022 US$ | 2021 US$ |
| Outstanding at 1 January 2022 | 5,887 | 4,816 | 10.70 | 10.26 |
| Granted | 3,153 | 1,071 | 8.09 | 12.68 |
| Expired | (2,331) | - | 11.45 | - |
| Outstanding at 31 December 2022 | 6,709 | 5,887 | 9.21 | 10.70 |

**Inputs were as follows:**

| | 2022 | 2021 |
|---|---|---|
| Share price | $8 - $13 | $8 - $13 |
| Exercise price | $8 - $13 | $8 - $13 |
| Expected volatility | 36% - 52% | 36% - 50% |
| Expected life | 4.17 - 4.29 years | 4.22 - 4.24 years |
| Risk free rate | 0.21% - 2.97% | 0.21% - 2.33% |
| Expected dividends yields | 0% | 0% |

## 14 Share capital

| Ordinary share capital | 2022 Number | 2021 Number | 2022 £000 | 2021 £000 |
|---|---|---|---|---|
| **Authorised** | | | | |
| Ordinary Shares of £1 each | 100,000 | 100,000 | 100 | 100 |
| **Issued and fully paid** | | | | |
| Ordinary Shares of £1 each | 5,711 | 5,711 | 6 | 6 |

## 15 Operating lease commitments

**Lessee**

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

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Within one year | 25 | 50 |
| Between two and five years | - | 23 |
| | 25 | 73 |

### 16 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

| | |
|---|---|
| Senior Statutory Auditor: | Matthew Grant |
| Statutory Auditor: | Azets Audit Services Limited |

### 17 Related party transactions

The Company has taken advantage of the exemption available in section 33.1a of FRS 102 to not disclose transactions or balances with wholly owned subsidiaries which form part of the KVH Industries Inc group.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.