Connect Bidco Limited Quarter Ended June 30, 2026 Results

All information herein is related to Connect Bidco Limited (Inmarsat or the Company, and together with its subsidiaries, the Group), which became part of the Viasat, Inc. group (Viasat) as a result of the acquisition by Viasat of Connect Topco Limited, the parent company of Inmarsat, on May 30, 2023 (the Viasat Transaction). All references herein to “we,” “us,” “our,” “Group” and “Company” refer to Inmarsat only and not to Viasat or any member of the wider Viasat group.

BASIS OF PREPARATION

The Management Discussion and Analysis is provided in accordance with the reporting requirements set out in our debt agreements. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial information has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act of 1933, other requirements of the Securities Exchange Commission (SEC), International Financial Reporting Standards (IFRS), or other generally accepted accounting principles.

The information presented herein and in the accompanying financial statements may vary from the results for Inmarsat presented by Viasat or included in the consolidated financial statements for Viasat because the accompanying financial statements and associated disclosures contained herein are prepared at the level of Inmarsat, whereas results for Inmarsat, presented by Viasat, are prepared at the Connect Topco Limited level. This Management Discussion and Analysis has been prepared solely to comply with the reporting requirements under our debt agreements, and the information set forth herein should not be considered to be a substitute for or supplement to Viasat’s consolidated financial statements for the Viasat group prepared in accordance with GAAP or the disclosures set forth in Viasat’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q or other filings with the US Securities and Exchange Commission (the SEC).

This Management Discussion and Analysis contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the US Securities Act of 1933 and the US Securities Exchange Act of 1934. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we and the wider Viasat group operate and the beliefs and assumptions of management. We use words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would,” variations of such words and similar expressions to identify forward-looking statements. In addition, statements regarding our anticipated operations, financial position, liquidity, net leverage ratio, free cash flow, performance, prospects or growth and scale opportunities; projections of earnings, revenue, costs or other financial items; anticipated growth and trends in our business or key markets; future economic conditions and performance; the development, customer acceptance and anticipated performance of technologies, products or services; satellite construction and launch activities; completion of in-orbit placement and in-orbit testing and commencement of commercial service of our satellites; the performance and anticipated benefits of our satellites; the expected completion, capacity, coverage, service speeds and other features of our satellites, and the timing, cost, economics and other benefits associated therewith; plans, objectives and strategies for future operations; expected revenue from the Ligado settlement; and other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Factors that could cause actual results to differ materially include the factors identified in Viasat’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Viasat’s other filings with the SEC. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The following table presents income statement data for the periods indicated:

(In millions, unaudited)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
Revenues	$ 464.3	$ 449.1
Operating expenses:		
Cost of revenues	236.4	247.0
Selling, general and administrative	93.3	93.6
Independent research and development	3.6	3.7
Amortization of acquired intangible assets	59.5	59.5
Income (loss) from operations	71.5	45.3
Interest income (expense), net	(53.4)	(70.9)
Income (loss) from operations before income taxes	18.1	(25.6)
(Provision for) benefit from income taxes	(20.0)	2.8
Equity in income (loss) of unconsolidated affiliate, net	0.3	3.7
Net income (loss) attributable to Connect Bidco Limited	$ (1.6)	$ (19.1)

Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025

Revenues

(In millions, except percentages, unaudited)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Government	$ 175.8	$ 161.7	$ 14.1	9%
Maritime	111.6	120.8	(9.2)	(8)%
Aviation	127.3	117.2	10.1	9%
Enterprise	26.2	26.2	-	—
Central services	23.4	23.2	0.2	1%
Total revenue	$ 464.3	$ 449.1	$ 15.2	3%

Total revenues for the three months ended June 30, 2026 increased by $15.2 million compared to the prior year period, primarily as a result of the following:

- **Government** revenues increased compared to the prior year period, primarily due to higher services revenues in the U.S. and higher GX services and project revenues outside the U.S.
- **Maritime** revenues declined compared to the prior year period, primarily due to a decrease in Fleet Xpress (FX) vessels and average revenue per unit (ARPU) and a decrease in FleetBroadband (FB) revenue following continued customer migration to Very Small Aperture Terminals (VSAT). The overall decline was partially offset by a legacy product price rise and NexusWave growth.
- **Aviation** revenues increased compared to the prior year period primarily due to higher Business Aviation (BGA) revenues, reflecting increased Jet ConneX (JX) average revenue per aircraft (ARPA) following cumulative impact from change in accounting estimate in current year period, growth in In-Flight Connectivity (IFC) service revenues, reflecting a higher active aircraft install base and higher ARPA, and an increase to Aircraft Operations and Safety services (AOS) revenues due to higher usage. The increases were partially offset by lower IFC terminal sales and lower SwiftBroadband (SBB) usage.
- **Enterprise** revenues remained flat compared to the prior year period.

Cost of revenues

(In millions, except percentages, unaudited)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Total cost of revenue	$ 236.4	$ 247.0	$ (10.6)	(4)%

Cost of revenues decreased by $10.6 million compared to the prior year period, primarily due to decreased cost of service revenues due to lower depreciation and amortization, partially offset by an increase in costs in support of revenue growth.

Selling, general and administrative expenses (SG&A)

(In millions, except percentages, unaudited)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Selling, general and administrative	$ 93.3	$ 93.6	$ (0.3)	(0)%

SG&A costs were flat year-over-year, reflecting favorable foreign exchange rates, lower depreciation and amortization, partially offset by higher labor.

Independent research and development (IR&D)

(In millions, except percentages, unaudited)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Independent research and development	$ 3.6	$ 3.7	$ (0.1)	(3)%

IR&D expenses for the three months ended June 30, 2026 remained relatively flat compared to the prior year period.

Amortization of acquired intangible assets

Amortization of acquired intangible assets for the three months ended June 30, 2026 remained flat compared to the prior year period.

Interest income (expense), net

The $17.5 million decrease in interest income (expense), net for the three months ended June 30, 2026 compared to the three months ended June 30, 2025 was primarily due to lower interest expense on the Group's senior secured term loan facility (the Term Loan Facility), lower non-cash interest expense (amortization of fair value adjustment made in purchase accounting) following the repayment of the Group's prior $300 million settlement term loan facility in November 2025 and higher capitalized interest. The overall decline in interest expense also reflected an increase in interest income in line with higher cash on hand balances.

Income taxes

The income tax provision for the three months ended June 30, 2026 primarily reflected the tax provision from our income before income taxes, and the effective tax rate for the period differed from the U.K. statutory rate primarily due to foreign tax audit adjustments.

The income tax benefit for the three months ended June 30, 2025 primarily reflected the tax benefit from our loss before income taxes, and the effective tax rate for the period differed from the U.K. statutory rate primarily due to foreign tax rate differences.

Liquidity and Capital Resources

Overview

We have financed our operations to date primarily with cash flows from operations, bank line of credit financing, debt financing, and equity financing. At June 30, 2026, we had $1.2 billion in cash and cash equivalents, $1.0 billion in working capital, and borrowing availability of $550.0 million under our $550.0 million revolving line of credit (the Revolving Credit Facility). At March 31, 2026, we had $1.1 billion in cash and cash equivalents, $1.0 billion in working capital, and borrowing availability of $550.0 million under the Revolving Credit Facility. We invest our cash in excess of current operating requirements in short-term, highly liquid bank money market funds.

The general cash needs of our business can vary significantly and our future capital requirements depend upon many factors, including cash required for our satellite projects and any future broadband satellite projects we may engage in, expansion of our IR&D and marketing efforts, and the nature and timing of orders.

To further enhance our liquidity position or to finance the construction and launch of any future satellites, acquisitions, strategic partnering arrangements, joint ventures or other business investment initiatives, we may obtain additional financing, which could consist of debt or convertible debt financing from public and/or private credit and capital markets.

We may, from time to time, seek to retire, prepay or repurchase our outstanding debt, including through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

In June 2025, the Group agreed to a binding term sheet with Ligado Networks (Ligado) and AST & Science, LLC to settle the Group's opposition to Ligado’s planned restructuring. Under the conditions set forth in the term sheet, the Group had expected to receive an aggregate of $568 million from Ligado in fiscal year 2026, consisting of (i) a $420 million lump sum payment which was received in October 2025, (ii) a $100 million lump sum payment that was due in March 2026 but that remains outstanding pending resolution of certain matters, and (iii) a resumption of quarterly payments of approximately $16 million, which started on September 30, 2025, with an annual escalator of 3% for the life of the contract (through 2107).

Cash flows

(In millions)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
Net cash provided by (used in) operating activities	$ 202.8	$ 195.7
Net cash provided by (used in) investing activities	(37.8)	(46.4)
Net cash provided by (used in) financing activities	(109.8)	(4.3)
Net increase (decrease) in cash and cash equivalents	$ 55.2	$ 145.0
Supplemental information:		
Cash paid for interest (net of amounts capitalized)	$ 20.4	$ 33.7
Cash paid for income taxes, net	$ 28.2	$ 20.5

Cash provided by operating activities for three months ended June 30, 2026 was $202.8 million compared to $195.7 million for the prior year period. This $7.1 million increase was primarily driven by a $11.0 million year-over-year increase in cash provided by net operating assets which also includes $30 million cash taxes paid on the gain from the sale of our investment in Navarino, partially offset by our operating results (net income (loss) adjusted for depreciation, amortization and other non-cash charges) which resulted in $3.9 million of lower cash provided by operating activities year-over-year.

Cash used in investing activities for the three months ended June 30, 2026 was $37.8 million compared to $46.4 million for the prior year period. This $8.6 million decrease was related to lower cash used for capital expenditures.

Cash used in financing activities for the three months ended June 30, 2026 was $109.8 million compared to $4.3 million for the prior year period. This $105.5 million increase was primarily driven by dividend declared of $100.0 million during the fiscal year 2027. The dividend was declared to the Company's immediate parent company, Connect Midco Limited, and ultimately paid up to Viasat, the Company's ultimate parent company.

Capital Expenditures

Capital expenditures during the three months ended June 30, 2026 of $37.8 million were 19% lower compared to the three months ended June 30, 2025, reflecting efforts to continue to optimize capital expenditures as we prioritize investments. The decrease in capital expenditures was primarily driven by the completion of existing projects in the current year period and the timings of milestone payments.

Long-Term Debt

As of June 30, 2026, the aggregate principal amount of our total outstanding indebtedness was $3.4 billion, which was comprised of $1.975 billion in aggregate principal amount of the 9.000% Senior Secured Notes due 2029 (2029 Notes), $1.3 billion in principal amount of outstanding borrowings under the Term Loan Facility (together with the Revolving Credit Facility, the Secured Credit Facilities), no outstanding borrowings under our Revolving Credit Facility, and $139.7 million of finance lease obligations.

For information regarding our outstanding indebtedness, refer to Note 5 — Senior Notes and Other Long-Term Debt to our condensed consolidated financial statements.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2026

CONNECT BIDCO LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	As of June 30, 2026	As of March 31, 2026
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,150,978	$ 1,095,768
Accounts receivable, net	225,978	219,089
Inventories	24,111	23,537
Prepaid expenses and other current assets	121,798	138,218
Total current assets	1,522,865	1,476,612
Property, equipment and satellites, net	3,153,409	3,220,337
Operating lease right-of-use assets	113,937	116,073
Acquired intangible assets, net	1,836,270	1,895,762
Goodwill	1,498,473	1,498,473
Other assets	150,138	157,372
Total assets	$ 8,275,092	$ 8,364,629
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 94,578	$ 96,585
Accrued and other liabilities	372,756	352,764
Current portion of long-term debt	23,061	18,026
Total current liabilities	490,395	467,375
Senior notes	1,951,832	1,950,050
Other long-term debt	1,344,419	1,346,176
Non-current operating lease liabilities	129,307	132,092
Other liabilities	2,270,088	2,278,476
Total liabilities	6,186,041	6,174,169
Equity:		
Common stock	2,361,467	2,361,467
Paid-in capital	317,625	317,625
Retained earnings (accumulated deficit)	(585,912)	(484,357)
Accumulated other comprehensive income (loss)	(4,129)	(4,275)
Total equity	2,089,051	2,190,460
Total liabilities and equity	$ 8,275,092	$ 8,364,629

See accompanying notes to the condensed consolidated financial statements.

CONNECT BIDCO LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	Three Months Ended	
	June 30, 2026	June 30, 2025
	(In thousands)	
Revenues	$ 464,331	$ 449,096
Operating expenses:		
Cost of revenues	236,389	246,968
Selling, general and administrative	93,251	93,586
Independent research and development	3,623	3,710
Amortization of acquired intangible assets	59,492	59,499
Income (loss) from operations	71,576	45,333
Other income (expense):		
Interest income	10,761	8,424
Interest expense	(64,117)	(79,309)
Income (loss) before income taxes	18,220	(25,552)
(Provision for) benefit from income taxes	(20,002)	2,769
Equity in income (loss) of unconsolidated affiliate, net	227	3,733
Net income (loss) attributable to Connect Bidco Limited	$ (1,555)	$ (19,050)
Comprehensive income (loss):		
Net income (loss)	$ (1,555)	$ (19,050)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments, net of tax	49	(548)
Change in pension and other post retirement benefit liabilities, net of tax	97	113
Other comprehensive income (loss), net of tax	$ 146	$ (435)
Comprehensive income (loss) attributable to Connect Bidco Limited	$ (1,409)	$ (19,485)

See accompanying notes to the condensed consolidated financial statements.

CONNECT BIDCO LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended	
	June 30, 2026	June 30, 2025
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	$ (1,555)	$ (19,050)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	120,426	140,530
Amortization of intangible assets	60,685	60,346
Loss on disposition of fixed assets	424	2,118
Deferred income taxes and other non-cash adjustments	(11,109)	(11,112)
Increase (decrease) in cash resulting from changes in working capital	33,927	22,871
Net cash provided by (used in) operating activities	202,798	195,703
Cash flows from investing activities:		
Purchase of property, equipment and satellites, and other assets	(37,809)	(46,388)
Net cash provided by (used in) investing activities	(37,809)	(46,388)
Cash flows from financing activities:		
Payments on debt borrowings	(3,279)	(4,280)
Distribution to shareholder	(100,000)	—
Other financing activities	(6,500)	—
Net cash provided by (used in) financing activities	(109,779)	(4,280)
Net increase (decrease) in cash and cash equivalents	55,210	145,035
Cash and cash equivalents at beginning of period	1,095,768	696,530
Cash and cash equivalents at end of period	$ 1,150,978	$ 841,565
Non-cash investing and financing activities		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 976	$ —
Capital expenditures not paid for during the period	$ 12,938	$ 13,117

See accompanying notes to the condensed consolidated financial statements.

CONNECT BIDCO LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

	Connect Bidco Limited Stockholders					
	Common Stock					
	Number of Shares Issued	Amount	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
			(In thousands, except share data)			
For the Three Months Ended June 30, 2026						
Balance at March 31, 2026	2,361,467,197	$ 2,361,467	$ 317,625	$ (484,357)	$ (4,275)	$ 2,190,460
Net income (loss)	—	—	—	(1,555)	—	(1,555)
Distribution to shareholder [(1)]	—	—	—	(100,000)	—	(100,000)
Other comprehensive income (loss), net of tax	—	—	—	—	146	146
Balance at June 30, 2026	2,361,467,197	$ 2,361,467	$ 317,625	$ (585,912)	$ (4,129)	$ 2,089,051
For the Three Months Ended June 30, 2025						
Balance at March 31, 2025	2,361,467,197	$ 2,361,467	$ 317,625	$ (321,269)	$ (5,215)	$ 2,352,608
Net income (loss)	—	—	—	(19,050)	—	(19,050)
Other comprehensive income (loss), net of tax	—	—	—	—	(435)	(435)
Balance at June 30, 2025	2,361,467,197	$ 2,361,467	$ 317,625	$ (340,319)	$ (5,650)	$ 2,333,123

(1) In June 2026, the Company declared cash dividends of $100.0 million. The dividends were declared to the Company's immediate parent, Connect Midco Limited, and subsequently paid up to Viasat, Inc., the ultimate parent company.

See accompanying notes to the condensed consolidated financial statements.

Note 1 — Basis of Presentation

Connect Bidco Limited (also referred to hereafter as the Company or, together with its subsidiaries, the Group) is a private company limited by shares incorporated in Guernsey. The address of its registered office is Redwood House, St Julian's Avenue, St Peter Port, GY1 1WA, Guernsey.

The ultimate controlling party of the Company is Viasat, Inc. (Viasat), which is an entity based in the United States. The address of Viasat’s registered office is 6155 El Camino Real, Carlsbad, California 92009. The Company's direct parent is Connect Midco Limited, which is an entity based in Guernsey. The address of its registered office is Redwood House, St Julian’s Avenue, St Peter Port, GY1 1WA, Guernsey.

The accompanying unaudited condensed consolidated balance sheet at June 30, 2026, the condensed consolidated statements of operations and comprehensive income (loss) for the three months ended June 30, 2026 and 2025, the condensed consolidated statements of cash flows for the three months ended June 30, 2026 and 2025 and the condensed consolidated statements of equity for the three months ended June 30, 2026 have been prepared by the management of the Company, and have not been audited. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP).

As part of the integration following the Viasat Transaction, at the beginning of the fiscal quarter ended March 31, 2025, the Group also retrospectively converted its consolidated financial statements from International Financial Reporting Standards (IFRS) to GAAP.

Principles of consolidation

The Company’s consolidated financial statements include the assets, liabilities and results of operations of the Company and its wholly owned subsidiaries.

All significant intercompany amounts have been eliminated. Investments in entities in which the Company can exercise significant influence, but does not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investment in unconsolidated affiliate in other assets (long-term) on the consolidated balance sheets.

The functional and reporting currency of the Company and most of the Group’s subsidiaries is the U.S. dollar, as the majority of receipts from operational transactions and borrowings are denominated in U.S. dollars.

The financial information set forth below uses the same accounting policies and methods of computation as are followed in the Company’s audited consolidated financial statements for the twelve months ended March 31, 2026.

Management estimates and assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Estimates have been prepared on the basis of the most current and best available information and actual results could differ from those estimates. Significant estimates made by management include revenue recognition, stock-based compensation, allowance for doubtful accounts, valuation of goodwill and other intangible assets, patents, orbital slots and other licenses, software development, property, equipment and satellites, long-lived assets, derivatives and income taxes including the valuation allowance on deferred tax assets.

Note 2 — Composition of Certain Balance Sheet Captions

	As of June 30, 2026	As of March 31, 2026
	(In thousands)	
Accounts receivable, net:		
Billed	$ 194,702	$ 184,725
Unbilled	38,692	40,144
Allowance for doubtful accounts	(7,416)	(5,780)
	$ 225,978	$ 219,089
Inventories:		
Raw materials	$ 3,789	$ 3,642
Work in process	1,375	1,052
Finished goods	18,947	18,843
	$ 24,111	$ 23,537
Prepaid expenses and other current assets:		
Prepaid expenses	$ 63,785	$ 67,405
Other	58,013	70,813
	$ 121,798	$ 138,218
Property, equipment and satellites, net:		
Equipment and software (estimated useful life of 3-10 years)	$ 1,219,019	$ 1,177,707
CPE leased equipment (estimated useful life of 4-7 years)	242,368	235,727
Furniture and fixtures (estimated useful life of 4-10 years)	5,613	7,793
Leasehold improvements (estimated useful life of 2-20 years)	79,458	79,281
Buildings (estimated useful life of 6-38 years)	3,865	3,865
Land	8,480	8,480
Construction in progress	257,514	271,596
Satellites (estimated useful life of 7-15 years)	2,269,968	2,269,948
Satellite Ka-band capacity obtained under finance leases (estimated useful life of 15 years)	161,852	161,852
Satellites under construction	623,849	606,091
	4,871,986	4,822,340
Less: accumulated depreciation and amortization	(1,718,577)	(1,602,003)
	$ 3,153,409	$ 3,220,337
Other assets:		
Deferred income taxes	$ 51,969	$ 54,756
Capitalized software costs, net	44,799	47,735
Patents, orbital slots and other licenses, net	35,280	35,242
Investment in unconsolidated affiliate	7,783	8,356
Other	10,307	11,283
	$ 150,138	$ 157,372
Accrued and other liabilities:		
Collections in excess of revenues and deferred revenues	$ 129,158	$ 137,548
Accrued employee compensation	29,087	43,838
Accrued vacation	11,722	9,691
Operating lease liabilities	9,748	9,340
Interest payable	52,625	8,189
Income taxes payable	41,490	48,732
Provisions	35,734	31,735
Other	63,192	63,691
	$ 372,756	$ 352,764
Other liabilities:		
Deferred revenues, long-term portion	$ 1,032,099	$ 1,021,960
Deferred income taxes	990,357	1,009,294
Other income taxes	20,434	20,696
Other	227,198	226,526
	$ 2,270,088	$ 2,278,476

Note 3 — Segment Information

The Group reports its results in one segment - communications services, and reports under Viasat, within the same segment. The Group operates in one segment consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance.

The Group determined that consolidated operating profits (losses) before amortization of acquired intangible assets is the Group's measure of segment profit or loss.

The Group's revenues are categorized by four business lines consisting of government, maritime, aviation, and enterprise, which are supported by 'central services'. The Group's business lines are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance:

- Government: focusing on military and other government services to the U.S. and other international governments;
- Maritime: focusing on worldwide commercial maritime services including safety services;
- Aviation: focusing on commercial, business and general aviation; and providing operational and safety services to support these activities; and
- Enterprise: focusing on worldwide land-based Internet of Things, lease, broadband, and voice services.
- Central services: include satellite operations and backbone infrastructure, corporate administrative costs, and any income that is not directly attributable to a business line (such as Ligado).

Business line revenues for the three months ended June 30, 2026 and 2025 were as follows:

	Three Months Ended	
	June 30, 2026	June 30, 2025
	(In thousands)	
Revenues:		
Government	$ 175,806	$ 161,671
Maritime	111,630	120,843
Aviation	127,258	117,184
Enterprise	26,186	26,173
Central services	23,451	23,225
Total	$ 464,331	$ 449,096

Note 4 — Income Taxes

The income tax provision for the three months ended June 30, 2026 primarily reflected the tax provision from our income before income taxes, and the effective tax rate for the period differed from the U.K. statutory rate primarily due to foreign tax audit adjustments. The income tax benefit for the three months ended June 30, 2025 primarily reflected the tax benefit from our loss before income taxes, and the effective tax rate for the period differed from the U.K. statutory rate primarily due to foreign tax rate differences.

A valuation allowance of $69.9 million at June 30, 2026 has been established relating to local and foreign net operating loss carryforwards that, based on management's estimate of future taxable income attributable to such jurisdictions, are considered more likely than not to remain unused. During the three month period ended June 30, 2026, the valuation allowance was increased by an insignificant amount.

For the three months ended June 30, 2026, unrecognized tax benefits increased by an insignificant amount, and interest and penalties increased by $11.8 million. Of the total unrecognized tax benefits at June 30, 2026, $11.3 million would reduce the Group's annual effective tax rate if recognized.

Note 5 — Senior Notes and Other Long-Term Debt

Total long-term debt consisted of the following as of June 30, 2026 and March 31, 2026:

	As of June 30, 2026	As of March 31, 2026
	(In thousands)	
2029 Notes	$ 1,975,000	$ 1,975,000
Term Loan Facility	1,270,750	1,274,000
Revolving Credit Facility	—	—
Finance lease obligations	139,677	135,982
Total debt	3,385,427	3,384,982
Unamortized discount, debt issuance costs and fair value adjustments made in purchase accounting	(66,115)	(70,730)
Less: current portion of long-term debt	23,061	18,026
Total long-term debt	$ 3,296,251	$ 3,296,226

Secured Credit Facilities

In March 2024, the Group amended its then-existing senior secured credit facilities to (among other matters): (1) establish the $1.3 billion Term Loan Facility, the proceeds of which, together with cash on hand, were used to repay approximately $1.38 billion of the outstanding borrowings under the Group’s prior senior secured term loan facility (the Original Term Loan Facility), resulting in $300.0 million in principal amount of borrowings remaining outstanding under the Original Term Loan Facility at the closing of the amendment, and (2) replace the prior $700.0 million revolving credit facility with the new $550.0 million Revolving Credit Facility (including up to $100.0 million of letters of credit).

In November 2025, the Group repaid early all of the $300.0 million in principal amount of outstanding borrowings under the Original Term Loan Facility plus accrued and unpaid interest thereon.

The maturity date for the Term Loan Facility is September 28, 2029 and for the Revolving Credit Facility is March 28, 2027. As of June 30, 2026, the Group had $1.3 billion in principal amount of outstanding borrowings under the Term Loan Facility. As of June 30, 2026, the Revolving Credit Facility was undrawn and there were no amounts outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility of $550.0 million.

Borrowings under the Term Loan Facility are required to be repaid in quarterly installments of $3.25 million each, which commenced in June 2024, followed by a final installment of $1.23 billion at maturity.

Borrowings under the Secured Credit Facilities: (1) in the case of borrowings denominated in U.S. Dollars, bear interest, at the Group's option, at either (i) the highest of (x) the federal funds rate plus 0.50%, (y) the forward-looking one-month term SOFR rate plus 1.00% or (z) the administrative agent's prime rate as announced from time to time, or (ii) the forward-looking term SOFR rate for the applicable interest period (subject to, in the case of the Term Loan Facility, a floor of 0.50% per annum and, in the case of the Revolving Credit Facility, a floor of 0.00% per annum), and (2) in the case of borrowings denominated in available currencies other than U.S. Dollars, bear interest based upon the applicable benchmark for such currencies (as described in the Secured Credit Facilities) plus, in all cases, an applicable margin. The applicable margin for the Term Loan Facility is 3.50% per annum for base rate loans and 4.50% per annum for SOFR loans. The applicable margin for borrowings under the Revolving Credit Facility is based on the Group's total net leverage ratio and ranges between 1.50% and 2.25% per annum for base rate loans and 2.50% and 3.25% per annum for SOFR loans. As of June 30, 2026, the effective interest rate on the Group's outstanding borrowings under the Term Loan Facility was approximately 9.38%. The Secured Credit Facilities are required to be guaranteed by certain material subsidiaries and secured by substantially all of the assets of the borrowers and subsidiary guarantors.

The Secured Credit Facilities contain covenants that restrict, among other things, the Group's ability to incur additional debt, grant liens, sell assets, make investments and acquisitions, pay dividends and make certain other restricted payments. In addition, covenants regarding the Group's total net leverage ratio and interest coverage ratio apply to the Revolving Credit Facility. The borrowers under the Secured Credit Facilities were in compliance with the covenants under the Secured Credit Facilities as of June 30, 2026.

Borrowings under the Term Loan Facility are recorded as current portion of long-term debt and as other long-term debt, net of unamortized discount, unamortized fair value adjustment made in purchase accounting and debt issuance costs, in the Group’s condensed consolidated financial statements. The Term Loan Facility was issued with an original issue discount of 2.00%.

Senior Notes

Senior Secured Notes due 2029

In September 2024, certain subsidiaries of the Group issued $1.975 billion in principal amount of 2029 Notes in a private placement to institutional buyers. The 2029 Notes were issued at face value and are recorded as long-term debt, net of debt issuance costs, in the Group's condensed consolidated financial statements. The 2029 Notes bear interest at the rate of 9.000% per year, payable semi-annually in cash in arrears, which interest payments commenced in March 2025. Debt issuance costs associated with the issuance of the 2029 Notes are amortized to interest expense on a straight-line basis over the term of the 2029 Notes, the results of which are not materially different from the effective interest rate basis.

The 2029 Notes are secured by pari passu first priority liens on the collateral securing the Secured Credit Facilities, and are required to be guaranteed on a senior secured basis by the subsidiaries of the Group guaranteeing the Secured Credit Facilities.

The indenture governing the 2029 Notes limits, among other things, the ability of the issuers and their restricted subsidiaries to: incur, assume or guarantee additional debt; issue redeemable stock and preferred stock; pay dividends, make distributions or redeem or repurchase capital stock; prepay, redeem or repurchase subordinated debt; make loans and investments; grant or incur liens; restrict dividends, loans or asset transfers from restricted subsidiaries; sell or otherwise dispose of assets; enter into transactions with affiliates; and consolidate or merge with, or sell substantially all of their assets to, another person.

Prior to September 15, 2026, the issuers may redeem up to 40% of the 2029 Notes at a redemption price 109.000% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the redemption date, from the net cash proceeds of specified equity offerings so long as at least 50% of the aggregate principal amount of the 2029 Notes originally issued remains outstanding after such redemptions. The issuers may also redeem the 2029 Notes prior to September 15, 2026, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus a "make-whole" premium and any accrued and unpaid interest, if any, thereon to the redemption date. The 2029 Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on September 15, 2026 at a redemption price of 104.500%, at any time during the 12 months beginning on September 15, 2027 at a redemption price of 102.250%, and at any time on or after September 15, 2028 at a redemption price of 100%, in each case plus accrued and unpaid interest, if any, thereon to the redemption date.

In the event a change of control occurs (as defined in the indenture governing the 2029 Notes), each holder will have the right to require the issuers to repurchase all or a portion of such holder's 2029 Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 2029 Notes repurchased, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Note 6 — Fair Value Measurements

In accordance with the authoritative guidance for financial assets and liabilities measured at fair value on a recurring basis (ASC 820), the Group determines fair value based on the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants, and prioritizes the inputs used to measure fair value from market-based assumptions to entity specific assumptions:

- Level 1 — Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Inputs which reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

The following tables present the Group's hierarchy for its assets measured at fair value on a recurring basis as of June 30, 2026 and March 31, 2026. The Group had no liabilities measured at fair value on a recurring basis as of June 30, 2026 and March 31, 2026.

	Fair Value as of June 30, 2026	Level 1	Level 2	Level 3
		(In thousands)		
Assets:				
Cash equivalents	$ 587,288	$ 587,288	$ —	$ —
Total assets measured at fair value on a recurring basis	$ 587,288	$ 587,288	$ —	$ —

	Fair Value as of March 31, 2026	Level 1	Level 2	Level 3
		(In thousands)		
Assets:				
Cash equivalents	$ 550,251	$ 550,251	$ —	$ —
Total assets measured at fair value on a recurring basis	$ 550,251	$ 550,251	$ —	$ —

The following section describes the valuation methodologies the Group uses to measure financial instruments at fair value:

Cash equivalents — The Group's cash equivalents consist of money market funds.

Long-term debt — As of June 30, 2026, the Group's long-term debt (including current portion) was comprised of (1) $1.975 billion in aggregate principal amount of the 2029 Notes, (2) borrowings under the Term Loan Facility and (3) finance lease obligations reported at the present value of future minimum lease payments with current accrued interest. Long-term debt related to the Revolving Credit Facility is reported at the outstanding principal amount of borrowings, while long-term debt related to the Group's Term Loan Facility and the 2029 Notes is reported at amortized cost. However, for disclosure purposes, the Group is required to measure the fair value of outstanding debt on a recurring basis. The fair value of the Group's long-term debt related to the Group's variable rate Secured Credit Facilities approximates its carrying amount due to its variable interest rate, which approximates a market interest rate. As of June 30, 2026, the estimated fair value of the 2029 Notes was Level 2 and was $2.1 billion. As of March 31, 2026, the estimated fair value of the 2029 Notes was Level 2 and was $2.1 billion.

Note 7 — Contingencies

In the ordinary course of business, the Group is subject to contingencies pursuant to requirements that it complies with relevant laws, regulations and standards. Failure to comply could result in restrictions in operations, damages, fines, increased tax, increased cost of compliance, interest charges, reputational damage and other sanctions. These matters are inherently difficult to quantify.

In cases where the Group has an obligation as a result of a past event existing at the balance sheet date, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated, a provision will be recognized based on best estimates and Management judgement.

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. At June 30, 2026, the Group had no material contingent liabilities.

In June 2025, the Group agreed to a binding term sheet with Ligado Networks (Ligado) and AST & Science, LLC to settle the Group's opposition to Ligado's planned restructuring. Under the conditions set forth in the term sheet, the Group had expected to receive an aggregate of $568 million from Ligado in fiscal year 2026, consisting of (i) a $420 million lump sum payment which was received in October 2025, (ii) a $100 million lump sum payment that was due in March 2026 but remains outstanding pending resolution of certain matters, and (iii) a resumption of quarterly payments of approximately $16 million, which started on September 30, 2025, with an annual escalator of 3% for the life of the contract (through 2107).

Note 8 — Related-Party Transactions

There have been no material changes in the related party transactions nor principal risks and uncertainties from what has been described in the Connect Bidco Limited financial statements for the year ended March 31, 2026.