

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

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. Financial information for prior periods has been retrospectively converted from IFRS to GAAP (see the accompanying financial statements for additional information).

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, 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; 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.

Fiscal Year End Change

The Group changed its fiscal year end from December 31 to March 31, effective for the fiscal year beginning January 1, 2024. Accordingly, the Group's most recent fiscal year period is the 15-month period that began on January 1, 2024 and ended on March 31, 2025. The Group's 2023 fiscal year began on January 1, 2023 and ended on December 31, 2023.

In this Management's Discussion and Analysis of Financial Condition and Results of Operations, we have presented the unaudited financial results of the Group for the twelve-month period ended March 31, 2025 compared against the unaudited financial results of the Group for the twelve-month period ended March 31, 2024, as we believe this comparison is more meaningful to a reader's understanding of our results of operations for the most recent fiscal period than a comparison of the fifteen months ended March 31, 2025 to Inmarsat's prior fiscal year period ended December 31, 2023. A comparison of the three-months ended March 31, 2025 to the three-months ended March 31, 2024 is also enclosed. This unaudited presentation has been prepared for illustrative purposes only and is not a substitute for the Group's consolidated audited financial statements, which have been prepared for the fifteen-month period ended March 31, 2025 in accordance with GAAP.

Accordingly, the Group is providing:

- Unaudited consolidated balance sheet and unaudited consolidated statements of operations and comprehensive income (loss) and cash flows of the Group for the twelve-month periods ending March 31, 2025 and 2024. The unaudited consolidated statement of operations and comprehensive income (loss) and cash flows for the prior period include two-months of pre-acquisition numbers which have similarly been converted in GAAP format and do not include the impact of purchase accounting.
- Management's Discussion and Analysis of Financial Condition and Results of Operations for the three month and twelve-month periods ending March 31, 2025 and 2024, prepared using the above unaudited financial information.
- Audited consolidated balance sheet and audited consolidated statements of operations and comprehensive income (loss) and cash flows of the Group for the fifteen-month period ended March 31, 2025, with accompanying notes and audit report prepared by PricewaterhouseCoopers LLP (with no comparative period included).
- Previously issued audited consolidated balance sheet and audited consolidated statements of operations and comprehensive income (loss) and cash flows of the Group for the twelve-month period ended December 31, 2023, with accompanying notes and audit report by Deloitte LLP.

The following tables have been included to help readers better understand how the unaudited statement of operations and statement of cash flows for the twelve months ended March 31, 2025 were derived:

	<u>Twelve Months Ended December 31, 2024</u>	<u>Deduct: Three Months Ended March 31, 2024</u>	<u>Add: Three Months Ended March 31, 2025</u>	<u>Twelve Months Ended March 31, 2025</u>
<i>(In millions)</i>				
Revenue	\$ 1,728.3	\$ 426.4	\$ 447.6	\$ 1,749.5
Operating profit	354.9	67.7	85.5	372.7
Profit for the period	184.9	19.4	50.3	215.8

	<u>Twelve Months Ended December 31, 2024</u>	<u>Deduct: Three Months Ended March 31, 2024</u>	<u>Add: Three Months Ended March 31, 2025</u>	<u>Twelve Months Ended March 31, 2025</u>
<i>(In millions)</i>				
Net cash provided by (used in):				
Operating activities	\$ 785.8	\$ 203.9	\$ 268.3	\$ 850.2
Investing activities	114.3	278.3	(102.6)	(266.6)
Financing activities	(524.8)	(157.3)	(126.4)	(493.9)
Net increase (decrease) in cash and cash equivalents	\$ 375.3	\$ 324.9	\$ 39.3	\$ 89.7

Conversion from IFRS to 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 IFRS to GAAP.

The adjustments shown in the tables below reflect the impacts of purchase accounting as a result of the Viasat Transaction, reclassifications to conform with GAAP and alignment of certain policies with Viasat. The application of the acquisition method has resulted in, among others, changes in the carrying values of certain assets and liabilities based on the valuation analysis to reflect their estimated fair values, values assigned to previously unrecognized intangible assets and related changes in amortization expenses and different recognition profiles of certain assets and liabilities. The significant adjustments have been described below.

<i>(In millions)</i>	Twelve Months Ended March 31, 2025		
	IFRS	Adjustment	GAAP
Revenue	\$ 1,749.5	\$ 31.9	\$ 1,781.4
Operating expenses	1,376.8	217.0	1,593.8
Income from operations	372.7	(185.1)	187.6
Other income (expense)	(103.0)	(262.9)	(365.9)
Equity in income (loss) of unconsolidated affiliate, net	-	13.2	13.2
(Provision for) benefit from income taxes	(53.9)	99.2	45.3
Net income (loss) attributable to Connect Bidco Limited	\$ 215.8	\$ (335.6)	\$ (119.8)

<i>(In millions)</i>	Twelve Months Ended March 31, 2024		
	IFRS	Adjustment	GAAP
Revenue	\$ 1,643.5	\$ 63.6	\$ 1,707.1
Operating expenses	1,537.2	213.8	1,751.0
Income from operations	106.3	(150.2)	(43.9)
Interest (expense) income, net	(99.7)	(147.9)	(247.6)
Equity in income (loss) of unconsolidated affiliate, net	-	9.4	9.4
(Provision for) benefit from income taxes	(20.6)	73.5	52.9
Net income (loss) attributable to Connect Bidco Limited	\$ (14.0)	\$ (215.2)	\$ (229.2)

<i>(In millions)</i>	Three Months Ended March 31, 2025		
	IFRS	Adjustment	GAAP
Revenue	\$ 447.6	\$ 6.7	\$ 454.3
Operating expenses	362.1	41.8	403.9
Income from operations	85.5	(35.1)	50.4
Interest (expense) income, net	(31.1)	(33.9)	(65.0)
Equity in income (loss) of unconsolidated affiliate, net	-	3.7	3.7
(Provision for) benefit from income taxes	(4.1)	13.0	8.9
Net income (loss) attributable to Connect Bidco Limited	\$ 50.3	\$ (52.3)	\$ (2.0)

<i>(In millions)</i>	Three Months Ended March 31, 2024		
	IFRS	Adjustment	GAAP
Revenue	\$ 426.4	\$ 7.0	\$ 433.4
Operating expenses	358.7	39.8	398.5
Income from operations	67.7	(32.8)	34.9
Interest (expense) income, net	(41.5)	(38.8)	(80.3)
Equity in income (loss) of unconsolidated affiliate, net	-	4.0	4.0
(Provision for) benefit from income taxes	(6.8)	11.5	4.7
Net income (loss) attributable to Connect Bidco Limited	\$ 19.4	\$ (56.1)	\$ (36.7)

Revenue:

The Revenue adjustments predominately reflect the recognition of revenue on unfavorable revenue contract liabilities which were recognized as part of the purchase accounting adjustments. The recognition of the revenue is being done systematically over the course of the contracts. In addition, a minor revenue recognition difference for one customer resulted in higher revenue during the twelve months ended March 31, 2024.

Operating expenses:

The adjustments comprise of the following notable items.

- Under GAAP the depreciation expense for the periods reflects the incremental depreciation expense related to the purchase accounting fair value adjustments of property, equipment and satellites based on the estimated useful lives. The depreciation has been recorded as an element of cost of service revenues and selling, general and administrative ("SG&A") expenses based on the nature of the underlying assets.
- Under GAAP the amortization of acquired intangible assets reflects the incremental amortization expense related to the purchase accounting fair value adjustments of acquired intangible assets.
- Under IFRS and, prior to the adoption of GAAP, the Company, as lessee, applied the single lease model that is similar to accounting for a finance lease under GAAP. The expense recognition presented a higher portion of the total expense earlier in the term as a combination of straight-line depreciation of the right-of-use asset and the effective interest rate ("EIR") method applied to the lease liability results in a decreasing rate of interest expense recognition throughout the lease term. Under GAAP, there is dual classification lease accounting model for lessees: finance leases and operating leases. The Company, as lessee, classified all its leases as operating leases and recognizes a single lease expense, including both a right-of-use asset depreciation component and an interest expense component, on a straight-line basis throughout the lease term. This resulted in the lease expense being reclassified from interest expense into operating expense under GAAP which decreased interest expense under IFRS.
- During the twelve months ending March 31, 2025, the Group offered voluntary redundancy to all employees. Under GAAP, the expense is amortized over the period in line with employees' leaving dates, whereas under IFRS the provision and expense is recognized upfront once the redundancy has been confirmed and is considered to be a present obligation that can be reliably estimated.

Interest (expenses) income, net:

The adjustment comprise of the following notable items.

- As part of purchase accounting Inmarsat's term loan facilities and 6.750% Senior Secured Notes due 2026 (the "2026 Notes") required fair value adjustments to the liability, which led to additional amortization being recognized. Additionally, as a result of the repurchase and redemption of the 2026 Notes, the Company recognized a larger loss on extinguishment of debt related to the unamortized fair value adjustment made in purchase accounting.
- As part of the Viasat transaction a \$1,165 million loan receivable from the Company's parent, Connect Midco Limited ("Midco"), was included within equity as a component of paid-in capital, and as a result the related interest income is not reflected in the consolidated financial statements under GAAP.
- As a result of purchase accounting, the Company may designate a derivative with periodic cash settlements and a non-zero fair value at hedge inception as the hedging instrument in a qualifying cash flow hedging relationship. The non-zero fair value of cash flow hedges on the designation date is recognized into income under a systematic and rational method over the life of the hedging instrument and in the same line item on the condensed consolidated statements of operations as the earnings of the hedge item, with the offset recorded to other comprehensive income (loss). This results in addition interest expense on the cash flow hedge items following the purchase price accounting. This difference was concluded in February 2025 as the related instruments reached maturity.
- As described above, the interest relating to lease liabilities resulted in lease expense being reclassified from interest expense into operating expense under GAAP which decreased interest expense under IFRS.

- Under IFRS, the interest related to uncertain tax positions recorded was classified as interest expense, however in accordance with Viasat's GAAP policy election, the interest is classified as provision for income taxes. This adjustment reclassifies the interest expense to provision for income taxes.

Equity in income (loss) of unconsolidated affiliate, net

Under IFRS, prior to the adoption of GAAP, the Company reflected the income from unconsolidated affiliates within operating profit. Under GAAP, this share of profit of associates was reclassified to equity in income (loss) of unconsolidated affiliate. There was no different in the valuation of the income.

(Provision for) benefit from income taxes:

Under IFRS, late payment interest related to uncertain tax positions recorded was classified as interest expense, however in accordance with Viasat's GAAP policy election, the interest is classified as provision for income taxes. This adjustment reclassifies the interest expense to provision for income taxes.

Results of Operations

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

<i>(In millions, unaudited)</i>	Three Months Ended		Twelve Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Revenue	\$ 454.3	\$ 433.4	\$ 1,781.4	\$ 1,707.1
Operating expenses:				
Cost of revenue	259.5	294.0	1,022.3	1,004.0
Selling, general and administrative (including satellite impairment and related charges, net)	80.7	76.7	314.3	484.8
Independent research and development	4.2	8.5	19.2	25.2
Amortization of acquired intangible assets	59.5	19.3	238.0	237.0
Income (loss) from operations	50.4	34.9	187.6	(43.9)
Interest (expense) income, net	(65.0)	(80.3)	(265.6)	(247.6)
Loss on extinguishment of debt	-	-	(100.3)	-
Income (loss) from operations before income taxes	(14.6)	(45.4)	(178.3)	(291.5)
(Provision for) benefit from income taxes	8.9	4.7	45.3	52.9
Equity in income (loss) of unconsolidated affiliate, net	3.7	4.0	13.2	9.4
Net income (loss) attributable to Connect Bidco Limited	\$ (2.0)	\$ (36.7)	\$ (119.8)	\$ (229.2)

Twelve Months Ended March 31, 2025 Compared to Twelve Months Ended March 31, 2024

Revenues

<i>(In millions, except percentages, unaudited)</i>	Twelve Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	March 31, 2025	March 31, 2024		
Government	\$ 618.9	\$ 568.7	\$ 50.2	9%
Maritime	488.3	532.7	(44.4)	(8)%
Aviation	482.9	420.9	62.0	15%
Enterprise	113.0	115.1	(2.1)	(2)%
Central services	78.3	69.7	8.6	12%
Total revenue	\$ 1,781.4	\$ 1,707.1	\$ 74.3	4%

Our total revenues for the twelve months ended March 31, 2025 increased by \$74.3 million compared to the prior year period, primarily as a result of the following:

- **Government** revenue grew year-over-year primarily as a result of higher services revenue in the U.S. and higher Global Xpress ("GX") connections outside the U.S., partially offset by lower equipment sales.
- **Maritime** revenue declined year-over-year, reflecting a continued decrease in vessels and average revenue per unit ("ARPU"), as well as \$6.0 million in Fleet Xpress ("FX") take-or-pay income from one major customer during the twelve months ended March 31, 2024, partially offset by a legacy product price rise.
- **Aviation** growth continued year-over-year across the diverse services portfolio with higher installations, more aircraft, and increased passenger usage compared to the prior year period.
- **Enterprise** revenue declined year-over-year, reflecting a termination fee paid in the prior year period by one customer, as well as, a customer specific contract change, partially offset by higher Global Satellite Phone Service ("GSPS") handset sales and services revenue during the twelve months ended March 31, 2025.

Cost of revenues

(In millions, except percentages, unaudited)	Twelve Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	March 31, 2025	March 31, 2024		
Total cost of revenue	\$ 1,022.3	\$ 1,004.0	\$ 18.3	2%

Cost of revenue increased by \$18.3 million year-over-year due primarily to increased service-related cost of revenue, partially offset by a decrease in product related cost of revenue compared to the prior year period. Cost of service revenue increased primarily due to increased costs in support of revenue growth, a prior-year provision release following a contract renegotiation, higher space insurance premiums, higher depreciation and amortization, and higher network costs. This was partially offset by lower employee-related costs compared to the prior year period, primarily due to reduced headcount and accelerated transaction-related employee cost accruals in the prior year period. Cost of product revenue decreased primarily due to a decrease in inventory provisions following sales of older stock and lower inventory held as stock previously accumulated in response to prior year component shortages was unwound.

Selling, general and administrative expenses

(In millions, except percentages, unaudited)	Twelve Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	March 31, 2025	March 31, 2024		
Selling, general and administrative	\$ 314.3	\$ 484.8	\$ (170.5)	(35)%

The \$170.5 million decrease in SG&A expenses compared to the prior year period was driven primarily by the \$140.9 million I6-F2 satellite impairment, net of insurance proceeds, recognized in the prior year period. The remaining decrease was mainly due to lower integration related charges and lower costs associated with our move to our new London international headquarters. This was partially offset by higher IT costs from enhanced cybersecurity and data resilience and foreign exchange losses from a weaker U.S. dollar.

Independent research and development

(In millions, except percentages, unaudited)	Twelve Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	March 31, 2025	March 31, 2024		
Independent research and development	\$ 19.2	\$ 25.2	\$ (6.0)	(24)%

The \$6.0 million decrease in independent research and development ("IR&D") expenses compared to the prior year period was primarily driven by lower employee-related costs from reduced headcount and related IR&D project efforts.

Amortization of acquired intangible assets

We amortize our acquired intangible assets over their estimated useful lives, which range from two to 20 years. The \$1.0 million increase in amortization of acquired intangible assets during the twelve months ended March 31, 2025 compared to the prior year period reflected amortization of acquired intangible assets remaining consistent year-on-year.

Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

	Amortization (In thousands)
Expected for fiscal year ended March 31, 2026	\$ 237,966
Expected for fiscal year ended March 31, 2027	237,966
Expected for fiscal year ended March 31, 2028	237,966
Expected for fiscal year ended March 31, 2029	237,966
Expected for fiscal year ended March 31, 2030	237,966
Thereafter	943,899
	<u>\$ 2,133,729</u>

Interest (expense) income, net

The \$18.0 million increase in interest (expense) income, net compared to the prior year period was primarily the result of an increase in interest expense following the refinancing of the 2026 Notes with our 9.000% Senior Secured Notes due 2029 (the "2029 Notes"), decreases in capitalized financing costs due to less capital assets still under construction compared to the prior year period, and an increase in lease interest year-over-year due to the recognition of the GX10 satellite lease. These were partially offset by a decrease caused by a non-cash loss on the amendment to the Group's senior secured term loan facilities in the prior year period, a decrease due to a shortened period of issue cost amortization for the 2026 Notes for the twelve months ended March 31, 2025 compared to the prior year period, and higher interest income in line with the increase in cash balances year-over-year.

Loss on extinguishment of debt

On October 1, 2024, the Company used the net proceeds from the issuance of the 2029 Notes, together with cash on hand, to redeem all of the remaining \$1.97 billion in principal amount of 2026 Notes at a redemption price of 100% of the principal amount so redeemed plus accrued and unpaid interest thereon to the redemption date, and the indenture governing the 2026 Notes was satisfied and discharged in accordance with its terms. As a result of the repurchase and redemption of the 2026 Notes in July and October 2024, during the twelve months ended March 31, 2025, the Company recorded a loss of \$100.3 million in loss on extinguishment of debt in the consolidated statement of operations, related to an unamortized fair value adjustment made in purchase accounting.

Income taxes

The income tax benefit for the twelve months ended March 31, 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 and decreases in our unrecognized tax benefits. The income tax benefit in the prior year period primarily reflected the tax benefit from our loss before income taxes, partially offset by the impact of U.K. group relief from affiliated entities that are excluded from these consolidated financial statements. The effective tax rate in the prior year period also included the impact of foreign tax rate differences and decreases in our unrecognized tax benefits.

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024

Revenues

(In millions, except percentages, unaudited)	Three Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	March 31, 2025	March 31, 2024		
Government	\$ 161.8	\$ 139.7	\$ 22.1	16%
Maritime	116.6	126.0	(9.4)	(7)%
Aviation	127.6	118.9	8.7	7%
Enterprise	28.8	29.2	(0.4)	(1)%
Central services	19.5	19.6	(0.1)	(1)%
Total revenue	<u>\$ 454.3</u>	<u>\$ 433.4</u>	<u>\$ 20.9</u>	<u>5%</u>

Our total revenues for the three months ended March 31, 2025 increased by \$20.9 million compared to the prior year period, primarily as a result of the following:

- **Government** revenue increased compared to the prior year period, primarily due to higher services revenue in the U.S. and higher GX connections outside the U.S., partially offset by lower equipment sales.
- **Maritime** revenue declined compared to the prior year period, primarily due to a continued decrease in vessels and ARPU, partially offset by a legacy product price rise.
- **Aviation** year-over-year revenue growth continued across the diverse services portfolio with higher installations, more aircraft, and increased passenger usage compared to the prior year period.
- **Enterprise** revenue was flat year-over-year, reflecting higher GSPS handset sales offset by the effect of a termination fee from one customer during the prior year period.

Cost of revenues

(In millions, except percentages, unaudited)	Three Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	March 31, 2025	March 31, 2024		
Total cost of revenues	\$ 259.5	\$ 294.0	\$ (34.5)	(12)%

Our cost of revenues decreased by \$34.5 million compared to the prior year period, primarily as a result of decreased service related cost of revenue, partially offset by an increase in product related cost of revenue.

Cost of service revenue decreased compared to the prior year period, primarily due to lower depreciation which was primarily due to the final valuation of property, plant and equipment completed in the three months ended March 31, 2024 within one year of the closing of the acquisition as additional information was obtained and lower employee-related costs from reduced headcount and accelerated transaction-related employee cost accruals in the prior year period. This was partially offset by increased costs in support revenue growth and foreign exchange losses from a weaker U.S. dollar.

Cost of product revenue increased year-over-year primarily as a result of revenue growth.

Selling, general and administrative expenses

(In millions, except percentages, unaudited)	Three Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	March 31, 2025	March 31, 2024		
Selling, general and administrative	\$ 80.7	\$ 76.7	\$ 4.0	5%

The \$4.0 million increase in SG&A expenses compared to the prior year period was primarily driven by higher depreciation and amortization, foreign exchange losses from a weaker U.S. dollar, and higher IT costs from enhanced cybersecurity and data resilience. This was partially offset by lower facilities cost as prior year included effects of moving to our new London international headquarters, lower integration related expenses and lower write-off of certain capital projects.

Independent research and development

(In millions, except percentages, unaudited)	Three Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	March 31, 2025	March 31, 2024		
Independent research and development	\$ 4.2	\$ 8.5	\$ (4.3)	(51)%

The \$4.3 million decrease in IR&D expenses compared to the prior year period was primarily driven by lower employee-related costs from reduced headcount and related IR&D project efforts.

Amortization of acquired intangible assets

The \$40.2 million increase in amortization of acquired intangible assets for the three months ended March 31, 2025 compared to the prior year period was primarily due to the final valuation of certain acquired intangible assets completed in the three months ended March 31, 2024, within one year of the closing of the acquisition as additional information was obtained.

Interest (expense) income, net

The \$15.3 million decrease in interest (expense) income, net for the three months ended March 31, 2025 compared to the three months ended March 31, 2024 was primarily the result of the shortened period of issue cost amortization for the 2026 Notes in the current year period compared to the prior year period, the non-cash loss on the Group's amendments to its senior secured term loan facilities in the prior period and an increase in bank interest income year-over-year reflecting larger amounts held as cash on deposit and short-term investments in the current year period. The decrease were partially offset by an increase in lease interest expense following to the recognition of GX10 satellite lease commencing in the current period.

Income taxes

The income tax benefit for the three months ended March 31, 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 and prior year adjustments. The income tax benefit for the three months ended March 31, 2024 primarily reflected the tax benefit from our loss before income taxes, partially offset by the impact of U.K. group relief from affiliated entities that are excluded from these consolidated financial statements. The effective tax rate for the three months ended March 31, 2024 also included the impact of foreign tax rate differences and increases in our unrecognized tax benefits.

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 March 31, 2025, we had \$696.5 million in cash and cash equivalents, \$612.9 million in working capital, no outstanding borrowings and borrowing availability of \$550.0 million under our \$550.0 million revolving line of credit (the "Revolving Credit Facility"). At March 31, 2024, we had \$609.5 million in cash and cash equivalents and restricted cash, \$439.3 million in working capital, and no outstanding borrowings 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 will 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, convertible debt financing from public and/or private credit and capital markets.

Although we can give no assurances concerning our future liquidity, we believe that we have adequate sources of funding to meet our anticipated operating requirements for the next 12 months, which include, but are not limited to, cash on hand, borrowing capacity, and cash expected to be provided by operating activities.

We may, from time to time, seek to retire, prepay or repurchase our outstanding debt 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. During the twelve months ended March 31, 2025, we repurchased and redeemed all of our 2026 Notes, and as a result, we recorded a loss on extinguishment of debt of approximately \$100.3 million in loss on extinguishment of debt in the condensed consolidated statement of operations for the twelve months ended March 31, 2025, mainly related to the redemption of the 2026 Notes (attributable to the related unamortized fair value adjustment made in purchase accounting).

Cash flows

(In millions)	Twelve Months Ended		Three Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Net cash provided by (used in) operating activities	\$ 541.8	\$ 552.3	\$ 145.0	\$ 178.4
Net cash provided by (used in) investing activities	(304.0)	(52.5)	(100.4)	259.2
Net cash provided by (used in) financing activities	(150.8)	(123.7)	(7.7)	(113.2)
Net increase (decrease) in cash and cash equivalents	\$ 87.0	\$ 376.1	\$ 36.9	\$ 324.4
Supplemental information:				
Cash paid for interest (net of amounts capitalized)	274.4	181.5	96.6	18.7
Cash paid for income taxes, net	159.7	67.1	25.6	18.6

Cash provided by operating activities during the twelve months ended March 31, 2025 was \$541.8 million compared to \$552.3 million for the prior year period. This \$10.5 million decrease was primarily driven by the operating results (net income (loss) adjusted for depreciation, amortization and other non-cash charges) which resulted in \$28.1 million of lower cash provided by operating activities year-over-year, partially offset by a \$17.6 million year-over-year decrease in cash used to fund net operating assets.

Cash provided by operating activities for three months ending March 31, 2025 was \$145.0 million compared to \$178.4 million for the prior year period. This \$33.4 million decrease was primarily driven by a \$57.1 million year-over-year increase in cash used to fund net operating assets, partially offset by the operating results (net income (loss) adjusted for depreciation, amortization and other non-cash charges) which resulted in \$23.7 million of higher cash provided by operating activities year-over-year.

Cash used in investing activities during the twelve months ended March 31, 2025 was \$304.0 million compared to \$52.5 million for the prior year period. This \$251.5 million increase in cash used in investing activities year-on-year reflected the \$348.9 million in cash receipts related to satellite insurance claim proceeds received in the prior year period, and \$46.0 million net proceeds from sale of short-term investments in the prior year period, partially offset by a year-over-year decrease of \$143.4 million in cash used for capital expenditures.

Cash used in investing activities for the three months ending March 31, 2025 was \$100.4 million compared to cash provided by investing activities of \$259.2 million for the prior year period. This change in cash used in investing activities year-on-year reflected the \$348.9 million in cash receipts related to satellite insurance claim proceeds received in the period year period, and \$30.0 million net proceeds from sale of short-term investments in the prior year period, partially offset by a year-over-year decrease of \$19.2 million in cash used for capital expenditures.

Cash used in financing activities during the twelve months ended March 31, 2025 was \$150.8 million compared to \$123.7 million for the prior year period. Cash used in financing activities during the twelve months ended March 31, 2025 was primarily comprised of debt repayments of \$2.1 billion, partially offset by proceeds from debt borrowings of \$2.0 billion (which primarily related to the repurchase and refinancing of the 2026 Notes). See Note 8 — Senior Notes and Other Long-Term Debt for further information. Cash used in financing activities during the prior year period was primarily comprised of payments on debt borrowings of approximately \$525.5 million, partially offset by proceeds from debt borrowings of \$401.9 million, primarily in connection with amendments to the Group's senior secured term loan facilities.

Cash used in financing activities for the three months ending March 31, 2025 was \$7.7 million compared to \$113.2 million for prior year period. Cash used in financing activities during the three months ending March 31, 2025 was primarily comprised of the quarterly Term Loan repayment as compared to the cash used in financing activities in prior year period which was primarily comprised of payments on debt borrowings of approximately \$512.3 million, partially offset by proceeds from debt borrowings of \$401.9 million, primarily in connection with amendments to the Group's senior secured term loan facilities.

Capital Expenditures

Capital expenditures in fiscal year 2025 of \$304.0 million were 32% lower than fiscal year 2024, reflecting efforts to continue to optimize capital expenditures as we prioritize investments. The decrease is associated with lower spend on satellite projects, higher capex in the prior period on our London international headquarters move, the completion of existing projects, and timing of milestone payments.

Long-Term Debt

As of March 31, 2025, the aggregate principal amount of our total outstanding indebtedness was \$3.7 billion, which was comprised of \$1.975 billion in aggregate principal amount of 2029 Notes, \$1.6 billion in principal amount of outstanding borrowings under our \$1.6 billion senior secured term loan facilities (the 2024 Term Loan Facility and the Original Term Loan Facility, the "Term Loan Facilities"), no outstanding borrowings under our Revolving Credit Facility, and \$144.1 million of finance lease obligations.

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

Other Notable Developments

Litigation

As part of normal operations, from time to time, the Group is subject to legal disputes with customers, suppliers and other third parties. We continuously monitor these disputes in order to manage and account for them appropriately.

Further refer to the Note 9 to the accompanying financials regarding Ligado Networks subsequent event.

Unaudited Consolidated Financial Statements

The Company has presented below an unaudited consolidated balance sheet and, unaudited consolidated statements of operations and comprehensive income (loss) and cash flows of the Group as of and for the twelve-month period ending March 31, 2025 and 2024, with accompanying notes.

The audited consolidated balance sheet, and consolidated statements of operations and comprehensive income (loss) and cash flows of the Group for the fifteen-month period ending March 31, 2025, with accompanying notes and audit report prepared by PricewaterhouseCoopers LLP with no comparative financials included, accompany this report.

CONNECT BIDCO LIMITED
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands, except share data)	<u>As of</u> <u>March 31, 2025</u>	<u>As of</u> <u>March 31, 2024</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 696,530	\$ 609,530
Accounts receivable, net	196,708	189,075
Inventories	25,479	28,961
Prepaid expenses and other current assets	105,584	125,653
Total current assets	<u>1,024,301</u>	<u>953,219</u>
Property, equipment and satellites, net	3,536,275	3,716,452
Operating lease right-of-use assets	127,674	137,015
Other acquired intangible assets, net	2,133,729	2,371,695
Goodwill	1,498,473	1,498,473
Other assets	237,696	227,491
Total assets	<u>\$ 8,558,148</u>	<u>\$ 8,904,345</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 87,390	\$ 62,649
Accrued and other liabilities	306,546	438,094
Current portion of long-term debt	17,494	13,184
Total current liabilities	<u>411,430</u>	<u>513,927</u>
Senior notes	1,942,921	1,951,373
Other long-term debt	1,640,880	1,498,189
Non-current operating lease liabilities	136,783	136,403
Other liabilities	2,073,526	2,316,473
Total liabilities	<u>6,205,540</u>	<u>6,416,365</u>
Equity:		
Common stock, \$1 par value, 2,361,467,197 shares authorized and issued at March 31, 2025	2,361,467	2,361,467
Paid-in capital	317,625	317,625
Retained earnings	(321,269)	(201,499)
Accumulated other comprehensive income (loss)	(5,215)	10,387
Total equity	<u>2,352,608</u>	<u>2,487,980</u>
Total liabilities and equity	<u>\$ 8,558,148</u>	<u>\$ 8,904,345</u>

See accompanying notes to the consolidated financial statements.

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

	Twelve Months Ended	Twelve Months Ended
	March 31, 2025	March 31, 2024*
(In thousands)		
Revenue	\$ 1,781,377	\$ 1,707,090
Operating expenses:		
Cost of revenues	1,022,281	1,004,040
Selling, general and administrative (including satellite impairment and related charges, net)	314,260	484,814
Independent research and development	19,175	25,245
Amortization of acquired intangible assets	237,966	237,043
Income (loss) from operations	187,695	(44,052)
Other income (expense):		
Interest income	36,985	39,327
Interest expense	(302,666)	(286,768)
Loss on extinguishment of debt	(100,280)	-
Income (loss) before income taxes	(178,266)	(291,493)
(Provision for) benefit from income taxes	45,269	52,873
Equity in income (loss) of unconsolidated affiliate, net	13,227	9,372
Net income (loss) attributable to Connect Bidco Limited	<u>\$ (119,770)</u>	<u>\$ (229,248)</u>
Comprehensive income (loss):		
Net income (loss)	\$ (119,770)	\$ (229,248)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments, net of tax	767	(76)
Unrealized gain (loss) on hedging, net of tax	(11,085)	11,085
Change in pension and other post retirement benefit liabilities, net of tax	(5,284)	(622)
Other comprehensive income (loss), net of tax	<u>\$ (15,602)</u>	<u>\$ 10,387</u>
Comprehensive income (loss) attributable to Connect Bidco Limited	<u>\$ (135,372)</u>	<u>\$ (218,861)</u>

* The twelve months ended March 31, 2024 include two-months of pre-acquisition numbers which have been converted into GAAP format and do not include the impact of purchase accounting.

See accompanying notes to the consolidated financial statements.

CONNECT BIDCO LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Twelve Months Ended March 31, 2025	Twelve Months Ended March 31, 2024*
(In thousands)		
Cash flows from operating activities:		
Net income (loss)	\$ (119,770)	\$ (229,248)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	594,650	577,661
Amortization of intangible assets	238,657	238,648
Satellite impairment and disposition of fixed assets losses, net	8,508	177,011
Loss on extinguishment of debt	100,280	-
Deferred income taxes and other non-cash adjustments	(129,577)	(43,203)
Increase (decrease) in cash resulting from changes in working capital	(150,983)	(168,575)
Net cash provided by (used in) operating activities	541,765	552,294
Cash flows from investing activities:		
Purchase of property, equipment and satellites, and other assets	(303,970)	(447,333)
Proceeds from insurance claims on satellites	—	348,840
Payments to acquire short-term investments	—	(164,266)
Proceeds from sale of short-term investments	—	210,267
Net cash provided by (used in) investing activities	(303,970)	(52,492)
Cash flows from financing activities:		
Payments on debt borrowings	(2,089,511)	(525,521)
Proceeds from debt borrowings	1,975,000	401,856
Payments of debt issuance costs	(36,284)	—
Net cash provided by (used in) financing activities	(150,795)	(123,665)
Net increase (decrease) in cash and cash equivalents	87,000	376,137
Cash and cash equivalents at beginning of fiscal year	609,530	233,393
Cash and cash equivalents at end of fiscal year	\$ 696,530	\$ 609,530
Supplemental information:		
Cash paid for interest (net of amounts capitalized)	\$ 274,420	\$ 181,500
Cash paid for income taxes, net	159,700	67,100

* The twelve months ended March 31, 2024 include two-months of pre-acquisition numbers which have been converted into GAAP format and do not include the impact of purchase accounting.

See accompanying notes to the consolidated financial statements.

CONNECT BIDCO LIMITED
CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

Connect Bidco Limited Stockholders

	Common Stock		Paid-in Capital	Retained Earnings*	Accumulated Other Comprehensive Income (Loss)*	Total
	Number of Shares Issued	Amount				
	(In thousands, except share data)					
Balance at March 31, 2024	2,361,467,197	\$ 2,361,467	\$ 317,625	\$ (201,499)	\$ 10,387	2,487,980
Net income (loss)	—	—	—	(119,770)	—	(119,770)
Other comprehensive income (loss), net of tax	—	—	—	—	(15,602)	(15,602)
Balance at March 31, 2025	<u>2,361,467,197</u>	<u>\$ 2,361,467</u>	<u>\$ 317,625</u>	<u>\$ (321,269)</u>	<u>\$ (5,215)</u>	<u>\$ 2,352,608</u>

* Retained earnings and accumulated other comprehensive income (loss) have been adjusted to reflect the purchase price in accordance with ASC 805. The balance at March 31, 2024 therefore reflects the post acquisition position and the impact of push down accounting.

See accompanying notes to the consolidated financial statements.

CONNECT BIDCO LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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., which is an entity based in the United States. The address of Viasat, Inc'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 Company has changed its fiscal year end from December 31 to March 31, effective for the fiscal year beginning on January 1, 2024. Accordingly, the Company's most recent fiscal year began on January 1, 2024 and ended on March 31, 2025. The Company's 2023 fiscal year began on January 1, 2023 and ended on December 31, 2023.

In this Management's Discussion and Analysis of Financial Condition and Results of Operations, we are presenting the unaudited financial results of the Group for the twelve-month period ended March 31, 2025 compared against the unaudited financial results of the Group for the twelve-month period ended March 31, 2024, as we believe this comparison is more meaningful to a reader's understanding of our results of operations for the most recent fiscal period than a comparison of the fifteen months ended March 31, 2025 to the Company's prior fiscal year period ended December 31, 2023. This unaudited presentation has been prepared for illustrative purposes only and is not a substitute for the Group's consolidated audited financial statements, which have been prepared for the fifteen-month period ended March 31, 2025 in accordance with 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 IFRS to GAAP.

The accompanying unaudited consolidated balance sheet at March 31, 2025 and 2024, the consolidated statements of operations and comprehensive income (loss) for the twelve months ended March 31, 2025 and 2024, the consolidated statements of cash flows for the twelve months ended March 31, 2025 and 2024 and the consolidated statements of equity for the twelve months ended March 31, 2025 have been prepared by the management of Company, and have not been audited. The unaudited consolidated statement of operations and comprehensive income (loss) and cash flows for the corresponding period include two-months of pre-acquisition numbers which have been converted in GAAP format and do not include the impact of purchase accounting.

Principles of consolidation

The Company's consolidated financial statements include the assets, liabilities and results of operations of Connect Bidco Limited 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 accompanying audited consolidated financial statements for the fifteen months ended March 31, 2025.

Management estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 March 31, 2025 (In thousands)	As of March 31, 2024 (In thousands)
Accounts receivable, net:		
Billed	\$ 163,739	\$ 175,446
Unbilled	36,830	19,748
Allowance for doubtful accounts	(3,861)	(6,119)
	<u>\$ 196,708</u>	<u>\$ 189,075</u>
Inventories:		
Raw materials	\$ 4,736	\$ 11,833
Finished goods	20,743	17,128
	<u>\$ 25,479</u>	<u>\$ 28,961</u>
Prepaid expenses and other current assets:		
Prepaid expenses	\$ 70,352	\$ 54,589
Other	35,232	71,064
	<u>\$ 105,584</u>	<u>\$ 125,653</u>
Property, equipment and satellites, net:		
Equipment and software (estimated useful life of 3-10 years)	\$ 1,019,203	\$ 815,981
CPE leased equipment (estimated useful life of 4-7 years)	206,733	194,680
Furniture and fixtures (estimated useful life of 4-10 years)	8,128	8,222
Leasehold improvements (estimated useful life of 2-20 years)	75,648	51,017
Buildings (estimated useful life of 6-38 years)	4,155	4,155
Land	16,890	16,890
Construction in progress	321,655	390,307
Satellites (estimated useful life of 7-15 years)	2,269,500	2,268,024
Satellite Ka-band capacity obtained under finance leases (estimated useful life of 15 years)	160,625	-
Satellites under construction	512,416	439,825
	<u>4,594,953</u>	<u>4,189,101</u>
Less: accumulated depreciation and amortization	(1,058,678)	(472,649)
	<u>\$ 3,536,275</u>	<u>\$ 3,716,452</u>
Other assets:		
Deferred income taxes	\$ 119,079	\$ 128,916
Capitalized software costs, net	21,652	10,651
Patents, orbital slots and other licenses, net	33,034	29,600
Investment in Unconsolidated Affiliates	38,015	31,828
Other	25,916	26,496
	<u>\$ 237,696</u>	<u>\$ 227,491</u>
Accrued and other liabilities:		
Collections in excess of revenues and deferred revenues	\$ 140,891	\$ 141,476
Accrued employee compensation	40,094	43,830
Accrued vacation	9,317	9,265
Operating lease liabilities	8,619	19,882
Interest payable	8,281	71,270
Income taxes payable	19,843	67,463
Provisions	28,703	33,195
Other	50,798	51,714
	<u>\$ 306,546</u>	<u>\$ 438,094</u>
Other liabilities:		
Deferred revenues, long-term portion	\$ 743,037	\$ 813,775
Deferred income taxes	1,058,164	1,219,572
Other income taxes	24,119	30,585
Other	248,206	252,541
	<u>\$ 2,073,526</u>	<u>\$ 2,316,473</u>

Note 3 — Segment Information

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

The Company's only shareholder is its parent, Viasat. The Company's Board assess performance and makes resource allocation and other decisions in alignment with the shareholder's objectives, accordingly for purposes of Topic 820 the Company's Board of Directors is the CODM. The Company shares common, centralized support functions which report directly to the CODM and decision-making regarding the Company's overall operating performance and allocation of Company resources is assessed on a consolidated basis. The Company determined that consolidated operating profits (losses) before amortization of acquired intangible assets is the Company's measure of segment profit or loss.

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

- Maritime: focusing on worldwide commercial maritime services including safety services;
- Government: focusing on military and other government services to the U.S. and other international governments;
- Aviation: focusing on commercial aviation, business and general aviation; and providing operational and safety services to support both of these segments; and
- Enterprise: focusing on worldwide land-based Internet of Things, lease, broadband, and voice segments.

Business line revenues for the twelve months ended March 31, 2025 and 2024 were as follows:

	Twelve Months Ended March 31, 2025 (In thousands)	Twelve Months Ended March 31, 2024 (In thousands)
Revenue:		
Government	\$ 618,860	\$ 568,665
Maritime	488,252	532,735
Aviation	482,922	420,934
Enterprise	113,044	115,141
Central services	78,299	69,615
Total	<u>\$ 1,781,377</u>	<u>\$ 1,707,090</u>

Note 4 — Income Taxes

The income tax benefit in fiscal year 2025 primarily reflected the tax benefit from the 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 and decreases in unrecognized tax benefits. The income tax benefit in fiscal year 2024 primarily reflected the tax benefit from the loss before income taxes, partially offset by the impact of U.K. group relief from affiliated entities that are excluded from these consolidated financial statements. The effective tax rate in fiscal year 2024 also included the impact of foreign tax rate differences and decreases in unrecognized tax benefits.

A valuation allowance of \$66.4 million at March 31, 2025 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 twelve months ended March 31, 2025, the valuation allowance was increased by \$2.1 million.

Of the total unrecognized tax benefits at March 31, 2025, \$10.2 million would reduce the Company's annual effective tax rate if recognized.

The Company is subject to periodic audits by domestic and foreign tax authorities. Calendar years 2007, 2018 and thereafter remain open in the U.K. for certain entities currently under enquiry. Calendar years 2014 and thereafter remain

open in Norway for certain entities currently under enquiry. With few exceptions, calendar years 2020 and thereafter remain open by statute to examination by other foreign tax authorities. The Company believes that it has appropriate support for the income tax positions taken on its tax returns and its accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations.

Note 5 — Senior Notes and Other Long-Term Debt

Total long-term debt consisted of the following as of March 31, 2025 and 2024:

	As of March 31, 2025	As of March 31, 2024
	(In thousands)	(In thousands)
2026 Notes	\$ -	\$ 2,075,000
2029 Notes	1,975,000	—
Original Term Loan Facility	300,000	300,000
2024 Term Loan Facility	1,287,000	1,300,000
Revolving Credit Facility	—	—
Finance lease obligations	144,083	329
Total debt	3,706,083	3,675,329
Unamortized discount, debt issuance costs and fair value adjustments made in purchase accounting	(104,788)	(212,583)
Less: current portion of long-term debt	17,494	13,184
Total long-term debt	<u>\$ 3,583,801</u>	<u>\$ 3,449,562</u>

Secured Credit Facilities

In March 2024, the then-existing senior secured credit facilities were amended to (among other matters): (1) establish the \$1.3 billion 2024 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 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 a new \$550.0 million revolving line of credit (including up to \$100.0 million of letters of credit) (the Revolving Credit Facility and, together with the 2024 Term Loan Facility and the Original Term Loan Facility, the Secured Credit Facilities). The maturity date for the Original Term Loan Facility is December 12, 2026, and for the 2024 Term Loan Facility is September 28, 2029. The Revolving Credit Facility matures on the earlier of March 28, 2027 and (if more than \$100.0 million of borrowings are outstanding under the Original Term Loan Facility) the date that is 91 days prior to the maturity of the Original Term Loan Facility. As of March 31, 2025, the Company had \$1.3 billion in principal amount of outstanding borrowings under the 2024 Term Loan Facility and \$300.0 million in principal amount of outstanding borrowings under the Original Term Loan Facility. As of March 31, 2025, 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 as of March 31, 2025 of \$550.0 million.

Borrowings under the 2024 Term Loan Facility are required to be repaid in quarterly installments of \$3.25 million each, which commenced in the quarter ended June 30, 2024, followed by a final installment of \$1.23 billion at maturity. As a result of the voluntary prepayments at the closing of the amendment, all quarterly amortization installments with respect to the Original Term Loan Facility have been reduced to zero, with the only remaining scheduled principal repayment being a final installment of \$300.0 million at the maturity date on December 12, 2026.

Borrowings under the Secured Credit Facilities: (1) in the case of borrowings denominated in U.S. Dollars, bear interest, at the Company's option, at either (i) the highest of (x) for the Original Term Loan Facility, the greater of the federal funds rate or the overnight banking fund rate for such day plus 0.50% and for the 2024 Term Loan Facility, 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 2024 Term Loan Facility, a floor of 0.50% per annum, in the case of the Revolving Credit Facility, a floor of 0.00% per annum and, in the case of the Original Term Loan Facility, a floor of 1.00% 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 Original Term Loan Facility is 2.50% per annum for base rate loans

and 3.50% per annum for SOFR loans. The applicable margin for the 2024 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 Company'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 March 31, 2025, the weighted average effective interest rate on the Company's outstanding borrowings under the Term Loan Facilities, including the impact of interest rate cap contracts was approximately 9.17%. 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 Company's ability to incur additional debt, grant liens, sell assets, make investments and acquisitions, pay dividends and make certain other restricted payments. In addition, financial covenants regarding the Company'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 financial covenants under the Secured Credit Facilities as of March 31, 2025.

Borrowings under the Term Loan Facilities 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 Company's consolidated financial statements. The 2024 Term Loan Facility was issued with an original issue discount of 2.00%.

Senior Notes

Senior Secured Notes due 2026; Discharge of Indenture and Loss on Extinguishment of Debt

In October 2019, certain subsidiaries of the Company issued \$2.08 billion in principal amount of 2026 Notes in a private placement to institutional buyers. In July 2024, the Company repurchased \$101.7 million in aggregate principal amount of 2026 Notes in open market transactions.

On October 1, 2024, the Company used the net proceeds from the issuance of the 2029 Notes, together with cash on hand, to redeem all of the remaining \$1.97 billion in principal amount of 2026 Notes at a redemption price of 100% of the principal amount so redeemed plus accrued and unpaid interest thereon to the redemption date, and the indenture governing the 2026 Notes was satisfied and discharged in accordance with its terms. As a result of the repurchase and redemption of the 2026 Notes in July and October 2024, during fiscal year 2025, the Company recorded a loss of \$100.3 million in loss on extinguishment of debt in the consolidated statement of operations, related to an unamortized fair value adjustment made in purchase accounting. The 2026 Notes bore interest at the rate of 6.750% per year, payable semi-annually in cash in arrears and were recorded as long-term debt, net of unamortized fair value adjustment made in purchase accounting, as of March 31, 2024 in the Company's consolidated financial statements.

Senior Secured Notes due 2029

In September 2024, certain subsidiaries of the Company 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 Company's 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 Company used the net proceeds from the issuance of the 2029 Notes, together with cash on hand, to redeem all of the outstanding 2026 Notes on October 1, 2024.

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 Company 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 Company 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 table present the Company's hierarchy for its assets measured at fair value on a recurring basis as of March 31, 2025 and March 31, 2024. The Company had no liabilities measured at fair value on a recurring basis as of March 31, 2025 and March 31, 2024.

	Fair Value as of			
	March 31, 2025	Level 1	Level 2	Level 3
	(In thousands)			
Assets:				
Cash equivalents	\$ 264,935	\$ 264,935	\$ —	\$ —
Total assets measured at fair value on a recurring basis	\$ 264,935	\$ 264,935	\$ —	\$ —
	Fair Value as of			
	March 31, 2024	Level 1	Level 2	Level 3
	(In thousands)			
Assets:				
Cash equivalents	\$ 140,426	\$ 140,426	\$ —	\$ —
Interest rate cap contracts	44,797	-	44,797	
Total assets measured at fair value on a recurring basis	\$ 185,223	\$ 140,426	\$ 44,797	\$ —

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

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

Interest rate cap contracts — The Company had interest rate cap contracts to hedge the variable interest rate under the senior secured term loan facilities. The Company's interest rate cap contracts matured on February 28, 2025. The Company's interest rate cap contracts were previously valued using the forward interest rate curve at each reporting date (Level 2).

Long-term debt — As of March 31, 2025, the Company's long-term debt (including current portion) was comprised of (1) \$1.975 billion in aggregate principal amount of 9.000% Senior Secured Notes due 2029 (the 2029 Notes), (2) borrowings under the 2024 Term Loan Facility, borrowings under the original senior secured term loan facility (the Original Term Loan Facility and, together with the 2024 Term Loan Facility, the Term Loan Facilities), 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 Facilities is reported at the outstanding principal amount of borrowings, while long-term debt related to the Company's other Credit Facilities and the Notes is reported at amortized cost. However, for disclosure purposes, the Company is required to measure the fair value of outstanding debt on a recurring basis. The fair value of the Company's long-term debt related to the Company's variable rate Credit Facilities approximates its carrying amount due to its variable interest rate, which approximates a market interest rate. As of March 31, 2025, the estimated fair value of the 2029 Notes was Level 2 and was \$1.8 billion. The 2026 Notes were repurchased and redeemed in full during October 2024. As of March 31, 2024, the estimated fair value of the 2026 Notes was Level 2 and was \$2.0 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 March 31, 2025, the Group had no material contingent liabilities.

Note 8 — Related-Party Transactions

In the normal course of operations, the Group engages in transactions with its ultimate parent company, Viasat. Transactions with Viasat mainly comprise of intercompany revenue, expenses (mainly legal fees, payroll related expenses, and travel) and balance sheet items such as prepayments and capex recharges. All transactions are measured at the amounts exchanged. The net amounts owed to Viasat are \$10.5 million as of March 31, 2025 (\$3.9m as at March 31, 2024).

There have been no other material changes in the related party transactions nor principal risks and uncertainties described in the 2023 Connect Bidco Limited Annual Report and the Connect Bidco Limited financial statements for the fifteen month period ending March 31, 2025.

Note 9 — Subsequent Event

Subsequent to period ending March 31, 2025, the Group agreed to a binding term sheet with Ligado Networks (“Ligado”) and AST & Science, LLC (“AST”) to settle the Group’s opposition to Ligado’s planned restructuring. Under the conditions set forth in the term sheet, the Group anticipates receiving \$568 million from Ligado in fiscal year 2026, consisting of (i) \$420 million lump sum payment on October 31, 2025, (ii) \$100 million lump sum payment on March 31, 2026, (iii) resuming quarterly payments of approximately \$16 million starting on September 30, 2025. The quarterly payment amount increases 3% per year for the life of the contract. The conditions of the term sheet are subject to the Bankruptcy Court approval.

There are no other events after the balance sheet date which would require disclosure in these consolidated financial statements.