FY21

Annual Report

A LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

Before we jump into our results, it is important to acknowledge the "elephant in the year" – COVID-19. While we hate to give the pandemic top billing, let's face it, we were all dramatically impacted by this terrible virus. Overnight, work-from-home became the norm, Zoom zoomed to the tip of our tongue, outlooks became foggy, and timeframes were unpredictable.

The most immediate and obvious impact to Viasat was that our fastest growing business, In Flight Connectivity (IFC), was going to be enormously affected by the dramatic reduction in travel and the financial distress of our airline partners. We immediately developed and executed a plan to reduce costs, preserve capital, and focus on strategies to position our businesses to emerge stronger than when the pandemic began. As the year progressed, other macro effects became clearer. Our Government Systems business was negatively affected due to the difficulty in transacting with the government in a work-from-home environment – especially with respect to contracts involving classified information. But we also found substantially greater demand for residential broadband resulting from increased speed and bandwidth demands for school-from-home and work-from-home and much increased demand for over-the-top (OTT) streaming video entertainment.

With all that as background, our fiscal year 2021 (FY21) yielded another record year for Viasat. Our performance was directly driven by the incredible flexibility and commitment of our employees and the diversification of our businesses. While we did experience a dramatic reduction in IFC revenue, our residential broadband business saw increased demand for plan upgrades, our government business fought through the administrative headwinds, and by the end of the fiscal year we began to see a return to air travel.

Our FY21 highlights included:

- Consolidated revenues were roughly flat year-over-year at $2.3 billion, just barely shy of an annual record, and up year-over-year in the 4th quarter.
- Non-GAAP diluted per share net income grew slightly from $1.14 in FY20 to $1.15 in FY21[1].
- Consolidated Adjusted EBITDA increased 16% year-over-year to $531 million, a new record[2].
- New contract awards were $2.7 billion, a new record, resulting in a backlog of $2.3 billion, a 23% increase year-over-year (this value excludes an additional $3.1 billion in unawarded Indefinite Delivery Indefinite Quantity contracts).
- Another record was a remarkable $727 million in operating cash flow, which helped to reduce our net leverage ratio to 2.9x LTM Adjusted EBITDA[3].

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[1] See page 85 for a reconciliation between net income (loss) attributable to Viasat, Inc. on a GAAP basis and non-GAAP basis.

[2] See page 85 for a reconciliation between net income (loss) attributable to Viasat, Inc. and Adjusted EBITDA.

[3] Net leverage ratio is defined as principal amount of total debt less cash and cash equivalents as of fiscal year end, divided by fiscal year Adjusted EBITDA.

- Delta Air Lines and KLM Royal Dutch Airlines selected our industry leading IFC platform for their mainline aircraft, adding to our backlog as we enter FY22.
- We were awarded CNET's 2021 Best Satellite Provider for U.S. rural internet services.
- Our Commercial Networks segment made substantial progress on the ViaSat-3 satellites, with the first of the three payloads essentially complete at the end of FY21 and undergoing final test and checkout. Subsequent to the end of the fiscal year, we delivered our first ViaSat-3 payload, serving the Americas, to Boeing for integration with the satellite bus in preparation for launch.
- We reached agreement to acquire the remaining 51% of Euro Broadband Infrastructure Sàrl (EBI), our European joint venture with Eutelsat, putting us in a position to launch services in the region prior to the launch of our second ViaSat-3 satellite covering the Europe, Middle East, and Africa (EMEA) region, and to acquire RigNet, Inc. (RigNet), which is expected to accelerate our expansion into enterprise verticals and maritime.
- We were awarded a new satellite antenna system contract for Tier II and Tier II+ Unmanned Aerial Vehicles (UAVs) that paves the way to serve hundreds of existing and planned aircraft.

While we entered last fiscal year with substantial headwinds, we enter this fiscal year with tailwinds. We anticipate revenue and Adjusted EBITDA growth across our businesses this year, with IFC contributing the most year-over-year improvement. We expect leverage to increase somewhat, as a result of the continuing expenditures on the three ViaSat-3 satellites under construction, roll-out of their respective ground networks, and payments under satellite launch contracts. We will also begin to incur operating expenses associated with lighting up the ground network for the first ViaSat-3 (Americas) satellite. We continue to believe we will turn cash flow positive within quarters after the launch of our second ViaSat-3 satellite, which will cover the EMEA region.

While our investments in the ViaSat-3 constellation are substantial, we have shown we can earn good returns for our shareholders through a diverse and growing portfolio of geographic and vertical markets. As we expand our reach with much more total bandwidth, global geographic coverage, and substantially increased flexibility in allocating our bandwidth, we see an opportunity

to potentially double our revenue from FY20 to FY25, while growing margins to deliver even stronger growth in Adjusted EBITDA. Our global footprint is expected to help reshape our long-term portfolio, becoming more international and more mobility-oriented than it is today. Since most of our global bandwidth will be outside the U.S. after the ViaSat-3 global constellation is brought into service, we expect those international and global mobility markets, including international requirements of the U.S. government, will drive growth.

That means that whatever the market is for bandwidth this year, it is expected to be multiples larger in the next few years.

Shareholders should be quite familiar with our strategic thinking around satellite broadband services and our focus on *bandwidth productivity* (i.e. delivering more bandwidth per unit capital and operating costs than any other space-based provider). We are intensely focused on analyzing any and all technologies that can make more bandwidth available in the right places, at the lowest cost. During FY21 we continued to invest in research and development (R&D) in an effort to be at the forefront of the most productive technologies. That includes development of the ViaSat-4 class satellite, which is expected to be even more powerful than our ViaSat-3 class satellites, with each satellite able to deliver multiple Terabits per second. The scale and scope of broadband connectivity needs were highlighted by the pandemic. Per capita broadband consumption continued to increase at a compound annual growth rate estimated in the 30% range, driven by work-from-home, school-from-home, and sustained migration from broadcast entertainment to OTT streaming (with higher streaming data rates reflecting larger displays and higher resolution content). That means that whatever the market is for bandwidth this year, it is expected to be multiples larger in the next few years.

Our thinking is not restricted to just broadband geosynchronous (GSO) satellites. In fact, Viasat has been a key supplier to non-geosynchronous (NGSO) constellations in low earth orbit (LEO) and medium earth orbit (MEO) for the past two decades. According to PitchBook, about $13.5 billion has been invested in “New Space” companies in just the past 5 years. PitchBook identifies about 58 top New Space companies, with 37 of those being outside the U.S. A Harvard Business School article, The Commercial Space Age is Here, considers New Space in terms of “Space for Earth” or “Space for Space.” The existing space economy is almost entirely driven by applications of space technology or resources to life on earth, such as TV delivered via satellite, GPS for navigation, earth imagery, weather prediction, etc. New Space companies might aim to serve these existing markets with new technology, processes, or business models. There are visions of New Space applications that would be targeted at users or destinations in space rather than on earth. That might include space-to-space internet connectivity that would link manned or unmanned outposts in space, on the moon, or elsewhere for purposes that are space-centric. It could include space tourism, asteroid mining, and more. There are companies that aim to manage traffic in space to avoid collisions, or to service vehicles in space, or even attempt to solve one of the most urgent problems in space by removing space debris (spent or expired vehicles or fragments of the same) that if left unchecked could ultimately make space inaccessible, to everyone.

In our view, New Space rests on a few key technology foundations:

1. Lower launch costs that can be obtained by:

    a. Larger launch vehicles – even though there are not yet any launchers more powerful than the Saturn V used by NASA over 50 years ago.

    b. Re-usable launch vehicles – depending on the trade-offs between fixed and variable costs.

    c. Faster launch cadence (i.e. more launches per week or month) – which allow fixed costs to be amortized faster even if variable launch costs remain the same.

2. Leveraging spacecraft technology substantially reducing the mass or volume of a spacecraft's structure, propulsion, bus functions, or payload can deliver the same benefits to end customers as reduced launch cost. Instead of delivering more kilograms to space per dollar, one could deliver more value to the customer per kilogram, which delivers more value per dollar spent on launch. In fact, since learning curves for electronics are almost always better than learning curves for mechanical functions (e.g. rockets), expertise in payloads can readily overcome expertise in launch. And better still, reductions in spacecraft volume, area, and mass also reduce the risk of collisions in space and the Kessler syndrome further discussed below. From a sustainability perspective, delivering more value from less volume, area, and mass in space is way better than putting more in space!

3. Space traffic management and tracking technologies are attempting to reduce collisions and the resulting creation of more debris that can deny access to space for everyone.

4. Space tourism, exploration, settlement, and exploitation that would increase human access to space.

5. Information technologies intend to make space more productive, secure, and reliable.

Viasat has a leading position in a number of New Space related categories and those businesses are growing. New Space technology businesses are reported in our Commercial Networks segment and our Government Systems segment. New contract awards in Commercial Networks increased by over 50% from $420 million in FY20 to $637 million in FY21. There were three important New Space markets that contributed to our new business growth: earth observation, which falls into both the Space for Earth and Space for Space categories; Space Components and Modules, which also falls into the Space for Space and Space for Earth categories; and LEO satellites.

1. Various forms of earth sensing space systems have been among the earliest investments in New Space. Viasat has been a leading provider of full motion ground systems for earth observation for decades. We are expanding that business in several ways: new ground technologies, new partnerships and business models, and New Space technologies. There are several main trends in earth sensing being brought to market.

    a. Higher resolution imaging – getting higher quality, higher resolution images has been the dominant trend for decades. That requires more information per image, and therefore higher capacity space to earth links. We have seen very substantial growth in our Commercial Networks business to accommodate this.

    b. More frequent images – even at the same or lower resolution. Some start-ups are aiming for more images, and more frequent revisit rates, instead of higher

WT:20LBS

resolution. That means many more earth sensing satellites, and a need for more ground stations to get those images back to earth in a timely way – which is essentially the entire value proposition. Our "Real Time Earth" technology and services are meeting this demand by offering "Ground Station as a Service" to multiple existing and new earth sensing systems. We are also working with customers on space-to-space relay technologies that can get high priority data back to earth instantly, without having to wait for a ground system to come into view. Space-to-space relay is especially critical when sensing satellites are over oceans and there are no ground stations in view.

   c. New sensor systems – a variety of new sensors are being deployed to provide a more complete view of the earth environment. All these new systems also require communications networks to receive this new information in a timely manner. Some of these can require even more data than existing sensing systems.

2. Space networking. We have been a leader in space-to-space intersatellite links (ISLs) and notably provided the ISLs to Thales for the Iridium Next constellation. More recently we have received key funded development contracts to further integrate ISLs for government customers. Those contracts are unlocking new opportunities for space-to-space networking and space-to-ground networking for both government and commercial applications. Space-to-space networking is a fundamental requirement for the "Space for Space" market – enabling space-based assets of all types to communicate with each other for a wide variety of reasons. Historically, space-based systems have communicated back to earth almost exclusively through dedicated networks for those vehicles, or a few specialized shared networks, such as NASA's Tracking and Data Relay Satellite (TDRS). New Space will depend on systems interacting with each other, not just with earth, or even through an earth-based relay. Our space-to-space networking technology has applications to both GSO and NGSO satellites. We are working with government and commercial users to leverage our space networks. Notably, some of the space-to-space missions are best served by GSO satellites.

3. LEO satellites. We have received contracts for innovative new LEO satellites and associated ground systems. Our first LEO satellite is in orbit and its mission has been very successful. Notably, we have unique opportunities to integrate our terrestrial line-of-sight networks with LEO satellites. Our next mission is expected to be ready for launch within a year. Each has good opportunities for follow on. The technology underpinning these missions opens new applications, which we are exploring in depth.

Space investors should be mindful that there will be no New Space (or old space, for that matter) opportunity unless there is safe, sustainable access to space. Access to space cannot be taken for granted, and threats and risks have come sharply into focus over the past year. There is no law enforcement for space, no peace-keeping authority, and no global precedents on LEO mega-constellations to adjudicate disputes. Access to space has depended for decades on norms and standards that have evolved as technology evolves (though those norms often fall behind technology, as is often the case on the ground, too). There are several imminent failure modes if mankind collectively is unable to contain the risks of proliferated LEO spacecraft:

1. By far the most catastrophic is known as the "Kessler Syndrome," first identified by NASA researcher Donald Kessler. Space debris (expired spacecraft, expendable vehicles, and fragments of the same) remain in orbit for years, decades, or even centuries and randomly collide with each other. Those random collisions disperse fragments of objects like buckshot over wide swaths of orbits. Those fragments become the dominant source

of risk because they are hard to track, their trajectories are not fully predictable, and there are tens of thousands to many millions of those objects in space, depending on their size. The vast majority of space debris is in LEO. Even small fragments can pulverize a spacecraft, or damage it in a way that makes it uncontrollable, creating more and more fragments in a chain reaction until there are no safe orbits left. The risk of a Kessler Syndrome grows exponentially when satellites have overlapping or intersecting orbits or they become uncontrollable and cannot be maneuvered to avoid collisions. While space traffic management might delay the problem, that alone cannot solve it. There must be equitable, sustainable policies considering the properties of all objects in each region of space since virtually every system may interact with all others – including those that came before and those that will come after.

2. Another threat is the militarization of space. The Center for Strategic and International Studies (CSIS) recently published a study called Defense Against the Dark Arts in Space. This highlights some of the risks to the U.S. (as well as all space faring nations) from an ineffectively regulated space environment, or from individual nations exploiting gaps in norms.

Our space-to-space networking technology has applications to both Geosynchronous (GSO) and Non-Geosynchronous (NGSO) satellites.

3. There are increasing levels of concern about the effects of certain uses of space on the earth environment. The total mass of alumina from tens of thousands of larger mega-constellation LEO satellites burning up in the atmosphere each year may worsen global warming. Recent studies on orbital decay trajectories suggest that global warming is slowing the rate of decay of LEO objects – increasing the risk of space collisions. Also, LEO satellites are impacting both radio and optical astronomical observations.

4. A significant, but less catastrophic failure mode is the loss of functionality that derives from lack of harmonized global regulations reflecting the rush to NGSO. Spectrum interference due to overcrowding and/or conflicting national regulatory policies risks undermining the purpose and effectiveness of space systems (communications, sensing, and otherwise) over geographic regions both within nations and outside international borders (e.g. over oceans).

It is becoming increasingly clear that the number of satellites that can safely occupy LEO, in particular, is bounded. The exact number of satellites that might safely be sustained is a complex function of the properties of the satellites in space. For satellites with properties similar to existing mega-constellations, in orbits as low as 500 km or 600 km altitude, a safe number might only be in the low tens of thousands. Yet there are already filings for well over 100,000 larger mega-constellation satellites (including a recent filing from Spain for over 77,000 satellites), and the rate of growth in that number is accelerating. The International Telecommunication Union (ITU) is intended to help control spectrum interference – but does nothing to manage space collision risks due to NGSO constellations. Newer satellites – using technologies such as those Viasat has developed with

government research funding – could be only a small fraction of the size of the satellites in the current largest mega-constellations. Far smaller volume, cross-sectional area, and mass would make constellations of such satellites far less likely to collide than existing mega-constellations, and would greatly reduce the impact of any collisions that may occur. As more countries and non-governmental organizations learn about and understand these risks there are growing concerns about how to determine acceptable sustainable space policies and practices, and then how to equitably allocate scarce orbits among space faring nations.

This brings us back to the PitchBook findings about New Space investments. Of the 58 top companies, 37 are non-U.S., in countries ranging from China, India, and Russia, to Poland, Lithuania, and Bulgaria. And there are hundreds of companies or institutions engaged in CubeSats alone, including from countries that may not have been considered “space faring” in the past such as Kenya or South Africa. According to PitchBook, as of 2019 eleven African countries have launched a total of 38 satellites and twenty are maintaining space programs. The barriers to entry are falling. The New Space economy is global. While some companies might believe they can seize scarce orbits – possibly even being cheered on by nationalistic regulators – there is no way to squat on orbits in space. Satellites are becoming smaller, individually less expensive, and more capable. If they are cheap enough, concerns for reliability are forgotten. Clearly, an economic market theory driven approach to space where each player acts in its own best interest would be a disaster (known as the “tragedy of the commons”). What is required is a *game theoretic* approach where individual nations and companies must act with the common interest in mind, lest everyone loses. Surely, the U.S., as the leading player in space, would be the biggest loser in a land grab, race to the bottom that threatens both the space and terrestrial environments. Indeed, the U.S. Space Force has called for America to set an example of responsible space behavior. Unfortunately, instead some U.S. LEO companies are fostering a land grab mindset through their actions and their regulatory filings.

We are seeing increased awareness of space safety, sustainability, and equity issues among nations and are optimistic.

As a leading global player in space, we have been successful by cooperating with a broad range of responsible nations and global partners. The issues of space safety, sustainability, and equity are not new – they are just new to the current state of space technology. Safe space practices have enabled the global space economy in GSO orbits for broadcast and communications, and in NGSO orbits for Positioning, Navigation, and Timing (PNT) and earth sensing for decades. We believe similar principles will be applied to LEO to achieve the same effects. In order to participate successfully in the New Space economy, we will need a clear vision of what the globally regulated environment will entail, and how it will come about.

In May 2021, the Swiss Federal Institute of Technology at Lausanne (EPFL), International Risk Governance Center (IRGC), held a conference on the risks of orbital debris. Their report cited the urgency of the space debris issue and included this statement: “As constellations can have difficulty coexisting at the same altitude, there is some form of appropriation of space by constellation

operators. For example, once Starlink is completed, it is unlikely that another operator will be able to launch a constellation at the same altitude without taking an unbearable level of risk." Fortunately, there are mechanisms to enable nations to assert their own national interests in a peaceful and economically impactful way through their own domestic policies on "landing rights." Each nation can make its own decisions, laws, and regulations on which systems can have access to spectrum over its own country and the terms and conditions under which they consume limited orbital resources to serve that country. Since NGSO systems are inherently global, they depend on having spectrum access in all or most of the world. No individual country's market is large enough to economically sustain a global constellation. Collectively, nations can establish norms that reflect accessibility to LEO in a safe, sustainable, and equitable manner that is consistent with their common individual sovereign interests in internet access, national security, economic progress, and technology innovation. Conversely, technology could encourage new entrants to compete by lowering the economic cost (including launch) of satellites and ignoring the associated sustainability risks to the point where theirs are so economically expendable that the level of increased risk is more acceptable to them than to the occupant that originally aimed to seize an orbital region. That form of "race to the bottom" surely has a bad ending.

We are seeing increased awareness of these issues among nations with their own space investments and are optimistic that wider understanding will help drive a sustainable outcome. Such mechanisms are already in place for other orbits. Nations are beginning to understand the limits to LEO and that granting landing rights to unsustainable foreign systems undermines their own national interests.

Viasat is proud to be a leader in proactively addressing the risks that threaten the sustainable, peaceful use of space. We encourage investors to access our website for compilations of regulatory filings, academic research, relevant publications from other responsible space players, and other information on space safety, collision risk, environmental risks, spectrum regulation, and other factors that urgently require global attention and cooperation. We are confident that an equitable, environmentally sustainable allocation of scarce orbital resources will create enormous opportunities for companies that are responsible, transparent, and collaborative. We believe that being a truly global company means being a leader in bringing the benefits of space technology to the world in equitable and mutually beneficial ways. We hope we have offered new insight into the ways that Viasat is helping to lead the New Space era, and the growing opportunities for our people, our investors, and our customers and business partners associated with our mission of bringing connectivity to the most challenging places on (and off) earth.

On behalf of all of us at Viasat, thanks for reading our FY21 Annual Report. As always, we would like to extend our appreciation to all of our employees for their commitment and dedication and resilience this last year, to our customers for hiring us, to our suppliers and partners for their support, and to our shareholders for their trust in our commitment to value creation.

Sincerely,

Mark Dankberg, Executive Chairman and Rick Baldridge, President and CEO

EARNINGS HIGHLIGHTS

VIASAT FISCAL YEAR 2021

$2.3B
Annual revenues
2% decrease year-over-year

$531M
Adjusted EBITDA*
16% increase year-over-year

$2.7B
New contract awards
16% increase year-over-year

60+
Office locations globally†

~5,800
Employees globally

SATELLITE SERVICES

$869M
Annual revenues
5% increase year-over-year

1,480

Commercial aircraft in-service with Viasat in-flight connectivity, a 6% increase year-over-year§

Prepared for the...
integration of Euro Broadband Infrastructure Sàrl and RigNet, Inc. Expands European presence and accelerates entry into new global enterprise vertical markets, respectively.

590K

Total number of U.S. fixed broadband subscribers

Awarded

CNET's 2021 Best Satellite Provider for U.S. rural internet services

COMMERCIAL NETWORKS

$321M
Annual revenues
7% decrease year-over-year

$637M

In new contract awards, up 52% year-over-year

ViaSat-3 Americas:
Payload integration complete and shipped to Boeing, subsequent to FY end

$733M

In backlog, an 80% increase year-over-year

3+ Tbps

Total network capacity expected under the ViaSat-3 global constellation program

GOVERNMENT SYSTEMS

$1.1B
Annual revenues
6% decrease year-over-year

$1.2B

In new contract awards, third consecutive year of over $1B in annual awards

Opened...
state-of-the-art Network Operations Center and Cyber Security Operations Center in the United Kingdom to support defense, government and commercial markets

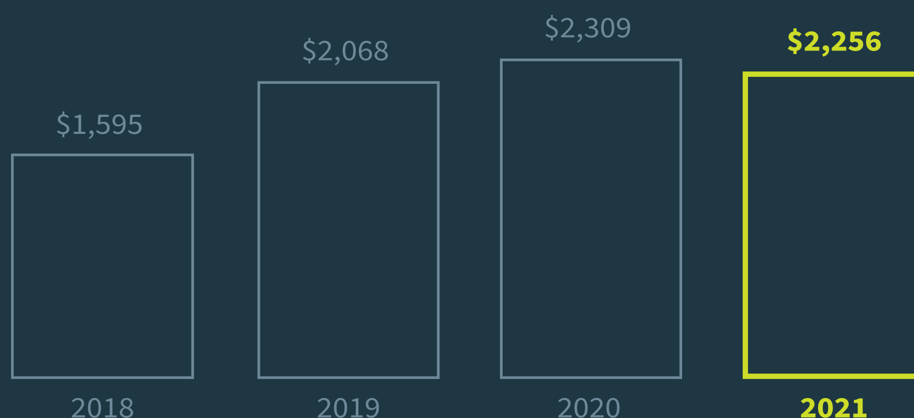
↓ 12%: Product revenues year-over-year

↑ 14%: Service revenues year-over-year

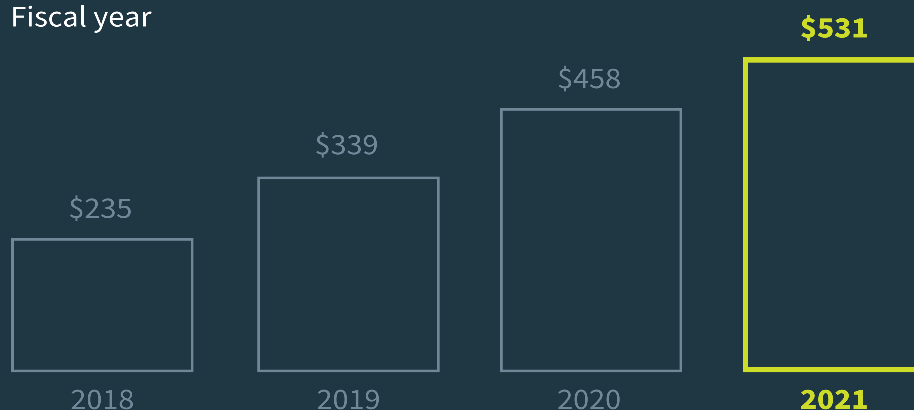
Ranked #69
on the 2020 Top 100 list by Defense News, moving up in postition in each of the last five years

* See page 85 for a reconciliation of Adjusted EBITDA to net income (loss) attributable to Viasat, Inc.
† Includes Euro Broadband Infrastructure Sàrl and RigNet, Inc. locations that were acquired in April 2021.
§ Due to the impacts of the COVID-19 pandemic, approximately 200 aircraft were inactive at fiscal year end.

FINANCIAL SUMMARY



Revenues dollars in millions
Fiscal year



Adjusted EBITDA* dollars in millions
Fiscal year

* See page 85 for a reconciliation of Adjusted EBITDA to net income (loss) attributable to Viasat, Inc.

New contract awards dollars in millions
Fiscal year

RECOGNITION & AWARDS

2020 World Changing Ideas list

Fast Company

Best Satellite Provider of 2021

U.S. Rural Internet Service by CNET

2020 Top 30 Innovator

U.S. Air Force AFWERX Joint All-Domain Command & Control Demonstration Event

Recognized as a Best Place to Work for Disability Inclusion 2020

Disability Equality Index

Top 10 Best Internet Service Provider of 2020

U.S. News & World Report

2020 Visionary Spotlight Award winner

ChannelVision Magazine

Included on the BGOV200 Top Government Contractors in 2020 list*

Bloomberg Government

James S. Cogswell Outstanding Industrial Security Achievement Award 2020

DCSA

* Awarded in Q1FY22

FINANCIAL PERFORMANCE

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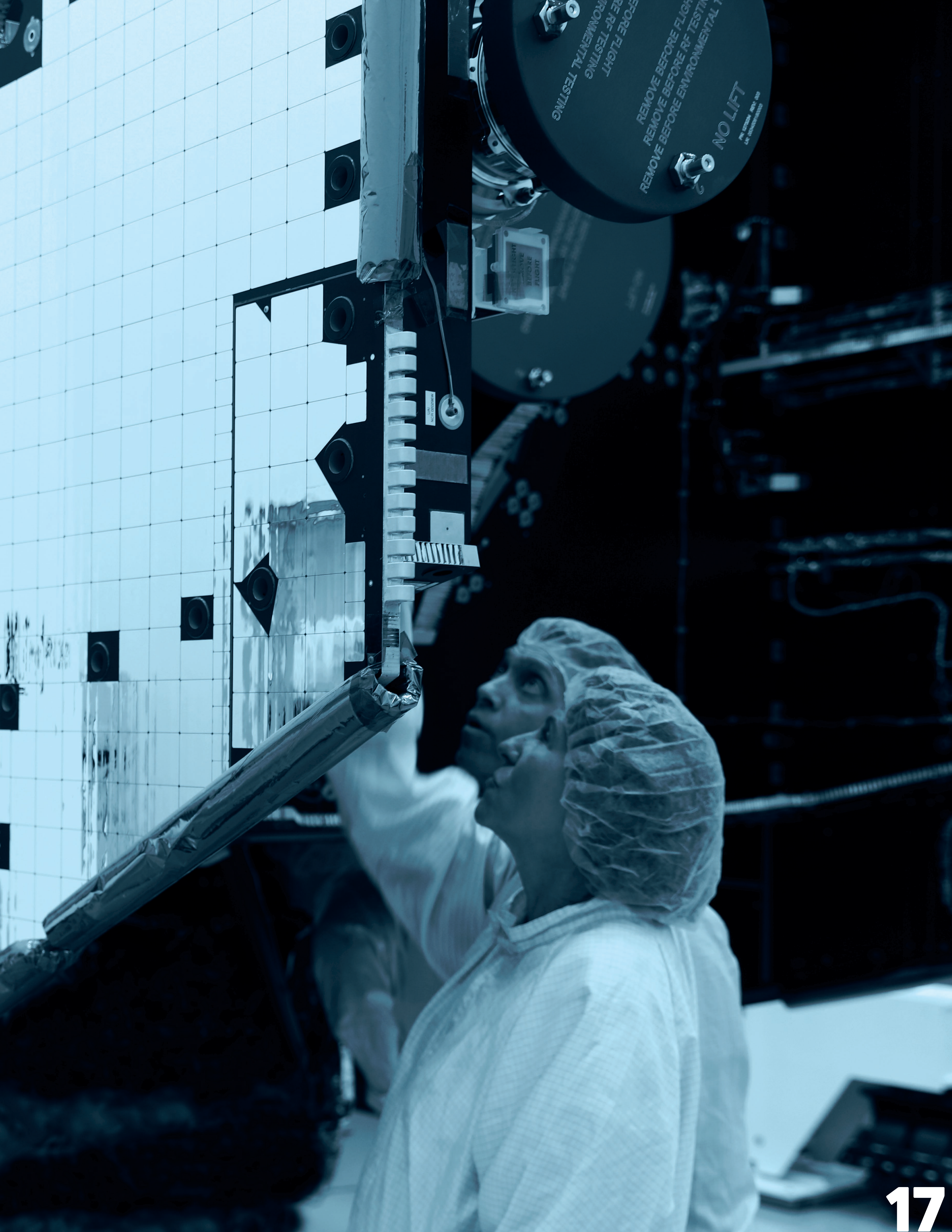
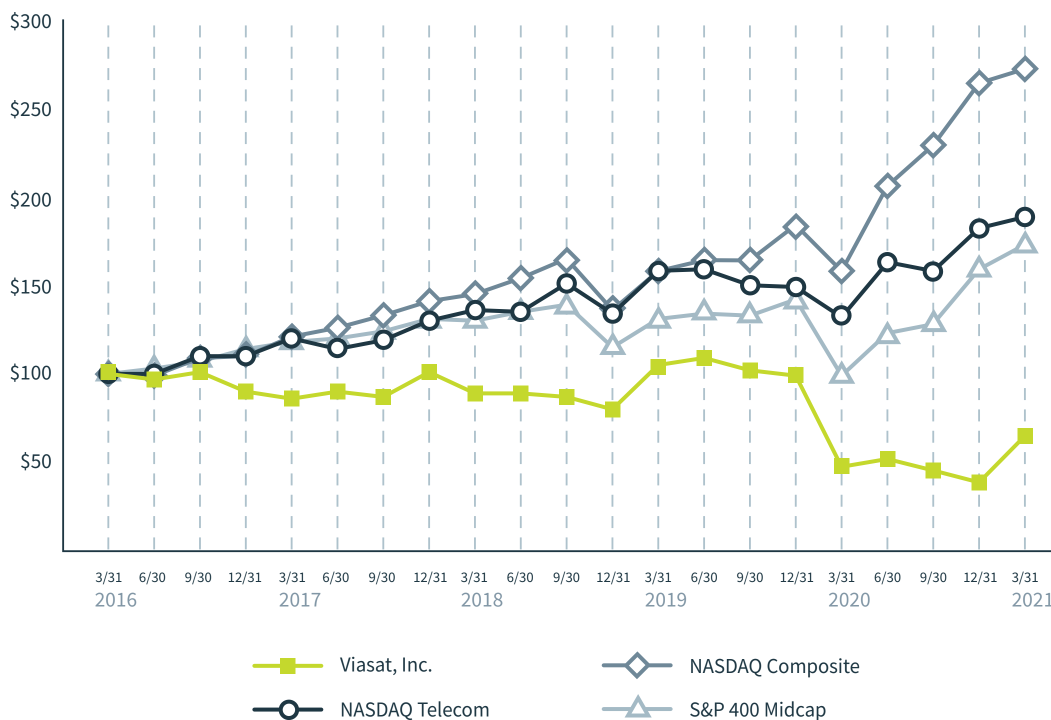

REMOVE BEFORE FLIGHT
REMOVE BEFORE RF TESTING
REMOVE BEFORE ENVIRONMENTAL TESTING
NO LIFT

Performance graph

The following graph shows the value of an investment of $100 in cash on March 31, 2016 in (1) Viasat's common stock, (2) the NASDAQ Telecommunications Index, (3) the NASDAQ Composite Index and (4) the S&P MidCap 400 Index. The graph assumes that all dividends, if any, were reinvested. The stock price performance shown on the graph is based on historical data and should not be considered indicative of future performance. The information contained under this heading "Performance graph" shall not be deemed to be "soliciting material," or to be "filed" with the SEC, or subject to Regulation 14A or Regulation 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed to be incorporated by reference into any filing of Viasat, except to the extent that Viasat specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.



SELECTED FINANCIAL DATA

This item is no longer required as we have elected to early apply the changes to Item 301 of Regulation S-K contained in SEC Release No. 33-10890.

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

Company Overview

We are an innovator in communications technologies and services, focused on making connectivity accessible, available and secure for all. Our end-to-end platform of high-capacity Ka-band satellites, ground infrastructure and user terminals enables us to provide cost-effective, high-speed, high-quality broadband solutions to enterprises, consumers and government users around the globe, whether on the ground, in the air or at sea. In addition, our government business includes a market-leading portfolio of military tactical data link systems, satellite communication products and services and cybersecurity and information assurance products and services. Our product, system and service offerings are often linked through common underlying technologies, customer applications and market relationships. We believe that our portfolio of products and services, combined with our vertical integration strategy and ability to effectively cross-deploy technologies between government and commercial applications and segments as well as across different geographic markets, provides us with a strong foundation to sustain and enhance our leadership in advanced communications and networking technologies.

We conduct our business through three segments: satellite services, commercial networks and government systems.

Acquisitions

On April 30, 2021, subsequent to fiscal year end, we purchased the remaining 51% interest in Euro Broadband Infrastructure Sàrl (Euro Infrastructure Co.) from Eutelsat for approximately €142.6 million, or approximately $172.7 million (subject to customary post-closing net working capital and net debt adjustments). The purchase price was funded with available cash, resulting in a cash outlay of approximately €41.6 million, or $50.4 million, net of approximately €101.0 million, or $122.3 million, of Euro Infrastructure Co.'s cash on hand.

On April 30, 2021, subsequent to fiscal year end, we acquired RigNet, Inc. (RigNet) in exchange for the issuance of approximately 4.0 million shares of our common stock and a de minimis amount of cash in respect of fractional shares. RigNet is a leading provider of ultra-secure, intelligent networking solutions and specialized applications.

Given the timing of the closing of these acquisitions, we are currently in the process of valuing the assets acquired and liabilities assumed in each of the business combinations. Therefore, we are not yet able to provide the amounts to be recognized for the major classes of assets acquired and liabilities assumed and other disclosures required by Accounting Standards Codification (ASC) 805, Business Combinations. We will disclose this and other related information in our Quarterly Report on Form 10-Q for the quarter ending June 30, 2021.

Private Placement

During the second quarter of fiscal year 2021, we issued and sold an aggregate of 4,474,559 shares of our common stock at a purchase price of $39.11 per share to certain accredited investors in a private placement transaction exempt from registration under the Securities Act of 1933, as amended, resulting in net proceeds of approximately $174.7 million after deducting offering expenses.

COVID-19

In March 2020, the global outbreak of COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. Government. The COVID-19 pandemic and attempts to contain it, such as mandatory closures, "shelter-in-place" orders and travel restrictions, have caused significant disruptions and adverse effects on U.S. and global economies, including impacts to supply chains, customer demand and financial markets. We have taken measures to protect the health and safety of our employees and to work with our customers, employees, suppliers, subcontractors, distributors, resellers and communities to address the disruptions from the pandemic. Although our financial results for the year ended March 31, 2021 were impacted by the pandemic, the impact was not material to our financial position, results of operations or cash flows in such period, with negative impacts particularly in our commercial aviation business offset by

strong demand in our fixed broadband services business and other parts of our business. We continue to expect our diversified businesses to provide resiliency as we enter fiscal year 2022.

Our government systems segment, which represented 47% and 49% of our total revenues during fiscal years 2021 and 2020, respectively, continued to perform in line with our expectations. Demand for products and services in our government systems segment remained strong despite the evolving COVID-19 pandemic, although our government business experienced some administrative delays on certain contractual vehicles as government customers continue to adjust to the challenges inherent in the remote work environment resulting from the COVID-19 pandemic.

During fiscal year 2021, through the COVID-19 pandemic, we experienced increased demand for our premium high-speed plans in our fixed broadband services business, reflecting customers' increased bandwidth needs in a remote working/distance schooling environment. However, the pandemic also caused a severe decline in global air traffic during fiscal year 2021, which reduced demand for our in-flight services and in-flight connectivity (IFC) systems in our satellite services and commercial networks segments, respectively. While current global airline traffic is still a fraction of the activity in fiscal year 2020, domestic airline traffic is showing signs of improvement. As a result, our in-flight services business showed modest improvement in the quarter ended March 31, 2021 compared to the quarter ended December 31, 2020 with increased planes in service and passenger volumes. We expect to continue to see negative impacts on revenues and operating cash flows from our IFC businesses in fiscal year 2022 and potentially beyond, but for the effects to continue to lessen over time with increases in passenger air traffic and the return to service of additional currently inactive aircraft. In each of fiscal years 2021 and 2020, less than 10% of our total revenues were generated by services and products provided to commercial airlines reported in our satellite services and commercial networks segments.

The extent of the impact of the COVID-19 pandemic on our business in fiscal year 2022 and potentially beyond will depend on many factors, including the duration and scope of the public health emergency, the extent, duration and effectiveness of containment actions taken, the speed and extent of vaccination programs, the extent of disruption to important global, regional and local supply chains and economic markets, and the impact of the pandemic on overall supply and demand, global air travel, consumer confidence, discretionary spending levels and levels of economic activity.

Satellite Services

Our satellite services segment uses our proprietary technology platform to provide satellite-based high-speed broadband services around the globe for use in commercial applications. Our proprietary Ka-band satellites are at the core of our technology platform. The primary services offered by our satellite services segment are comprised of:

- Fixed broadband services, which provide consumers and businesses with high-speed, high-quality broadband internet access and Voice over Internet Protocol services, primarily in the United States but also in various countries in Europe and Latin America. As of March 31, 2021, we provided fixed broadband services to approximately 590,000 U.S. subscribers.
- In-flight services, which provide industry-leading IFC, wireless in-flight entertainment and aviation software services. As of March 31, 2021, our IFC systems were installed and in service on approximately 1,480 commercial aircraft, of which, due to impacts of the COVID-19 pandemic, approximately 200 were inactive at fiscal year end. We anticipate that approximately 1,190 additional commercial aircraft under existing customer agreements with commercial airlines will be put into service with our IFC systems. However, the timing of installation and entry into service for additional aircraft under existing customer agreements may be delayed due to COVID-19 impacts. Additionally, due to the nature of commercial airline contracts, there can be no assurance that anticipated IFC services will be activated on all such additional commercial aircraft. See the section entitled "COVID-19" above for a discussion of the impact of the COVID-19 pandemic on our in-flight services business.
- Community Internet services, which offer innovative, affordable, satellite-based connectivity in communities with poor or no other means of internet access. The services help foster digital inclusion by enabling millions of people to connect to affordable high-quality internet services via a centralized community hotspot connected to the internet via satellite. Our Community Internet services are currently offered in Mexico, and we are trialing services in advance of full commercial launch in other countries, including Brazil, Guatemala and Nigeria.
- Other mobile broadband services, which include high-speed, satellite-based internet services to seagoing vessels (such as energy offshore vessels, cruise ships, consumer ferries and yachts), as well as L-band managed services

enabling real-time machine-to-machine (M2M) position tracking, management of remote assets and operations, and visibility into critical areas of the supply chain.

- Advanced software and communication infrastructure services*,* which include ultra-secure solutions spanning global IP connectivity, bandwidth-optimized over-the-top applications, industrial Internet-of-Things big data enablement and industry-leading machine learning analytics. These services support the full evolution of digital enablement, and primarily result from our acquisition of RigNet subsequent to fiscal year end.

The assets and results of operations of Euro Infrastructure Co. and RigNet, which were acquired subsequent to fiscal year end (see discussion above), will primarily be included in our satellite services segment (with insignificant amounts included in our commercial networks segment), commencing with the first quarter of fiscal year 2022.

Commercial Networks

Our commercial networks segment develops and sells a wide array of advanced satellite and wireless products, antenna systems and terminal solutions that support or enable the provision of high-speed fixed and mobile broadband services. The primary products, systems, solutions and services offered by our commercial networks segment are comprised of:

- Mobile broadband satellite communication systems, designed for use in aircraft, seagoing vessels and land-mobile systems.
- Fixed broadband satellite communication systems, including next-generation satellite network infrastructure and ground terminals.
- Antenna systems, including state-of-the-art ground and airborne terminals, antennas and gateways for terrestrial and satellite customer applications, mobile satellite communication, Ka-band earth stations and other multi-band antennas.
- Satellite networking development, including specialized design and technology services covering all aspects of satellite communication system architecture and technology.
- Space systems, including the design and development of high-capacity Ka-band satellites and associated payload technologies for our own satellite fleet as well as for third parties.

Government Systems

Our government systems segment offers a broad array of products and services designed to enable the collection and transmission of secure real-time digital information and communications between fixed and mobile command centers, intelligence and defense platforms and individuals in the field. The primary products and services of our government systems segment include:

- Government mobile broadband products and services, which provide military and government users with high-speed, real-time, broadband and multimedia connectivity in key regions of the world, as well as line-of-sight and beyond-line-of-sight Intelligence, Surveillance, and Reconnaissance missions.
- Government satellite communication systems, which offer an array of portable, mobile and fixed broadband modems, terminals, network access control systems and antenna systems, and include products designed for manpacks, aircraft, unmanned aerial vehicles, seagoing vessels, ground-mobile vehicles and fixed applications.
- Secure networking, cybersecurity and information assurance products and services, which provide advanced, high-speed Internet Protocol (IP)-based "Type 1" and High Assurance Internet Protocol Encryption (HAIPE ®)-compliant encryption solutions that enable military and government users to communicate information securely over networks, and that protect the integrity of data stored on computers and storage devices.
- Tactical data links, including our Battlefield Awareness and Targeting System — Dismounted handheld Link 16 radios, our Small Tactical Terminal 2-channel radios for manned and unmanned applications, "disposable" defense data links, and our Multifunctional Information Distribution System (MIDS) and MIDS Joint Tactical Radio System terminals for military fighter jets.

Sources of Revenues

Our satellite services segment revenues are primarily derived from our fixed broadband services and in-flight services.

Revenues in our commercial networks and government systems segments are primarily derived from three types of contracts: fixed-price, cost-reimbursement and time-and-materials contracts. Fixed-price contracts (which require us to provide products and services under a contract at a specified price) comprised approximately 89%, 88% and 90% of our total revenues for these segments for fiscal years 2021, 2020 and 2019, respectively. The remainder of our revenues in these segments for such periods was derived primarily from cost-reimbursement contracts (under which we are reimbursed for all actual costs incurred in performing the contract to the extent such costs are within the contract ceiling and allowable under the terms of the contract, plus a fee or profit) and from time-and-materials contracts (which reimburse us for the number of labor hours expended at an established hourly rate negotiated in the contract, plus the cost of materials utilized in providing such products or services).

Our ability to grow and maintain our revenues in our commercial networks and government systems segments has to date depended on our ability to identify and target markets where the customer places a high priority on the technology solution, and our ability to obtain additional sizable contract awards. Due to the nature of this process, it is difficult to predict the probability and timing of obtaining awards in these markets.

Historically, a significant portion of our revenues in our commercial networks and government systems segments has been derived from customer contracts that include the development of products. The development efforts are conducted in direct response to the customer's specific requirements and, accordingly, expenditures related to such efforts are included in cost of sales when incurred and the related funding (which includes a profit component) is included in revenues. Revenues for our funded development from our customer contracts were approximately 23%, 24% and 19% of our total revenues during fiscal years 2021, 2020 and 2019, respectively.

We also incur internal research and development (IR&D) expenses, which are not directly funded by a third party. IR&D expenses consist primarily of salaries and other personnel-related expenses, supplies, prototype materials, testing and certification related to research and development (R&D) projects. IR&D expenses were approximately 5%, 6% and 6% of total revenues in fiscal years 2021, 2020 and 2019, respectively. As a government contractor, we are able to recover a portion of our IR&D expenses pursuant to our government contracts.

Approximately 9%, 11% and 11% of our total revenues in fiscal years 2021, 2020 and 2019, respectively, were derived from international sales. Doing business internationally creates additional risks related to global political and economic conditions and other factors identified under the heading "Risk Factors" in our most recent Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We consider the policies discussed below to be critical to an understanding of our financial statements because their application places the most significant demands on management's judgment, with financial reporting results relying on estimation about the effect of matters that are inherently uncertain. We describe the specific risks for these critical accounting policies in the following paragraphs. For all of these policies, we caution that future events rarely develop exactly as forecast, and even the best estimates routinely require adjustment.

Revenue recognition

We apply the five-step revenue recognition model under Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (commonly referred to as ASC 606) to our contracts with our customers. Under this model, we (1) identify the contract with the customer, (2) identify our performance obligations in the contract, (3) determine the transaction price for the contract, (4) allocate the transaction price to our performance obligations and (5) recognize revenue when or as we satisfy our performance obligations. These performance obligations generally include the purchase of services

(including broadband capacity and the leasing of broadband equipment), the purchase of products, and the development and delivery of complex equipment built to customer specifications under long-term contracts.

The timing of satisfaction of performance obligations may require judgment. We derive a substantial portion of our revenues from contracts with customers for services, primarily consisting of connectivity services. These contracts typically require advance or recurring monthly payments by the customer. Our obligation to provide connectivity services is satisfied over time as the customer simultaneously receives and consumes the benefits provided. The measure of progress over time is based upon either a period of time (e.g., over the estimated contractual term) or usage (e.g., bandwidth used/bytes of data processed). We evaluate whether broadband equipment provided to our customer as part of the delivery of connectivity services represents a lease in accordance with ASC 842. As discussed in Note 1 – The Company and a Summary of Its Significant Accounting Policies – Leases to our consolidated financial statements, for broadband equipment leased to fixed broadband customers in conjunction with the delivery of connectivity services, we account for the lease and non-lease components of connectivity services arrangement as a single performance obligation as the connectivity services represent the predominant component.

We also derive a portion of our revenues from contracts with customers to provide products. Performance obligations to provide products are satisfied at the point in time when control is transferred to the customer. These contracts typically require payment by the customer upon passage of control and determining the point at which control is transferred may require judgment. To identify the point at which control is transferred to the customer, we consider indicators that include, but are not limited to, whether (1) we have the present right to payment for the asset, (2) the customer has legal title to the asset, (3) physical possession of the asset has been transferred to the customer, (4) the customer has the significant risks and rewards of ownership of the asset, and (5) the customer has accepted the asset. For product revenues, control generally passes to the customer upon delivery of goods to the customer.

The vast majority of our revenues from long-term contracts to develop and deliver complex equipment built to customer specifications are derived from contracts with the U.S. Government (including foreign military sales contracted through the U.S. Government). Our contracts with the U.S. Government typically are subject to the Federal Acquisition Regulation (FAR) and are priced based on estimated or actual costs of producing goods or providing services. The FAR provides guidance on the types of costs that are allowable in establishing prices for goods and services provided under U.S. Government contracts. The pricing for non-U.S. Government contracts is based on the specific negotiations with each customer. Under the typical payment terms of our U.S. Government fixed-price contracts, the customer pays us either performance-based payments (PBPs) or progress payments. PBPs are interim payments based on quantifiable measures of performance or on the achievement of specified events or milestones. Progress payments are interim payments based on a percentage of the costs incurred as the work progresses. Because the customer can often retain a portion of the contract price until completion of the contract, our U.S. Government fixed-price contracts generally result in revenue recognized in excess of billings which we present as unbilled accounts receivable on the balance sheet. Amounts billed and due from our customers are classified as receivables on the balance sheet. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer. For our U.S. Government cost-type contracts, the customer generally pays us for our actual costs incurred within a short period of time. For non-U.S. Government contracts, we typically receive interim payments as work progresses, although for some contracts, we may be entitled to receive an advance payment. We recognize a liability for these advance payments in excess of revenue recognized and present it as collections in excess of revenues and deferred revenues on the balance sheet. An advance payment is not typically considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect us from the other party failing to adequately complete some or all of its obligations under the contract.

Performance obligations related to developing and delivering complex equipment built to customer specifications under long-term contracts are recognized over time as these performance obligations do not create assets with an alternative use to us and we have an enforceable right to payment for performance to date. To measure the transfer of control, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. We generally use the cost-to-cost measure of progress for our contracts because that best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Estimating the total costs at completion of a

performance obligation requires management to make estimates related to items such as subcontractor performance, material costs and availability, labor costs and productivity and the costs of overhead. When estimates of total costs to be incurred on a contract exceed total estimates of revenue to be earned, a provision for the entire loss on the contract is recognized in the period the loss is determined. A one percent variance in our future cost estimates on open fixed-price contracts as of March 31, 2021 would change our income before income taxes by an insignificant amount.

The evaluation of transaction price, including the amounts allocated to performance obligations, may require significant judgments. Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue, and where applicable the cost at completion, is complex, subject to many variables and requires significant judgment. Our contracts may contain award fees, incentive fees, or other provisions, including the potential for significant financing components, that can either increase or decrease the transaction price. These amounts, which are sometimes variable, can be dictated by performance metrics, program milestones or cost targets, the timing of payments, and customer discretion. We estimate variable consideration at the amount to which we expect to be entitled. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us. In the event an agreement includes embedded financing components, we recognize interest expense or interest income on the embedded financing components using the effective interest method. This methodology uses an implied interest rate which reflects the incremental borrowing rate which would be expected to be obtained in a separate financing transaction. We have elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component if we expect, at contract inception, that the period between when we transfer a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. Estimating standalone selling prices may require judgment. When available, we utilize the observable price of a good or service when we sell that good or service separately in similar circumstances and to similar customers. If a standalone selling price is not directly observable, we estimate the standalone selling price by considering all information (including market conditions, specific factors, and information about the customer or class of customer) that is reasonably available.

Deferred costs to obtain or fulfill contract

Under ASC 340-40, Other Assets and Deferred Costs – Contracts with Customers, we recognize an asset from the incremental costs of obtaining a contract with a customer if we expect to recover those costs. The incremental costs of obtaining a contract are those costs that we incur to obtain a contract with a customer that we would not have incurred if the contract had not been obtained. ASC 340-40 also requires the recognition of an asset from the costs incurred to fulfill a contract when (1) the costs relate directly to a contract or to an anticipated contract that we can specifically identify, (2) the costs generate or enhance our resources that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and (3) the costs are expected to be recovered. We recognize an asset related to commission costs incurred primarily in our satellite services segment and recognize an asset related to costs incurred to fulfill contracts. Costs to acquire customer contracts are amortized over the estimated customer contract life. Costs to fulfill customer contracts are amortized in proportion to the revenue to which the costs relate. For contracts with an estimated amortization period of less than one year, we expense incremental costs immediately.

Warranty reserves

We provide limited warranties on our products for periods of up to five years. We record a liability for our warranty obligations when we ship the products or they are included in long-term construction contracts based upon an estimate of expected warranty costs. Amounts expected to be incurred within 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 months are classified as other liabilities in the consolidated financial statements. For mature products, we estimate the warranty costs based on historical experience with the particular product. For newer products that do not have a history of warranty costs, we base our estimates on our experience with the technology involved and the types of failures that may occur. It is possible that our underlying assumptions will not reflect the actual experience, and, in that case, we will make future adjustments to the recorded warranty obligation.

Property, equipment and satellites

Satellites and other property and equipment are recorded at cost or in the case of certain satellites and other property acquired, the fair value at the date of acquisition, net of accumulated depreciation. Capitalized satellite costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentive payments expected to be payable to the satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction. We also construct earth stations, network operations systems and other assets to support our satellites, and those construction costs, including interest, are capitalized as incurred. At the time satellites are placed in service, we estimate the useful life of our satellites for depreciation purposes based upon an analysis of each satellite's performance against the original manufacturer's orbital design life, estimated fuel levels and related consumption rates, as well as historical satellite operating trends. We periodically review the remaining estimated useful life of our satellites to determine if revisions to the estimated useful lives are necessary.

We own three satellites in service over North America (ViaSat-2, ViaSat-1 and WildBlue-1) and, after acquiring the remaining interest in Euro Infrastructure Co. subsequent to fiscal year end, we also own the KA-SAT satellite over Europe, Middle East, and Africa (EMEA). In addition, we have lifetime leases of Ka-band capacity on two satellites. We also have a global constellation of three third-generation ViaSat-3 class satellites under construction. In addition, we own related earth stations and networking equipment for all of our satellites. Property, equipment and satellites, net also includes the customer premise equipment units leased to subscribers under a retail leasing program as part of our satellite services segment.

Leases

For contracts entered into on or after April 1, 2019, we assess at contract inception whether the contract is, or contains, a lease. Generally, we determine that a lease exists when (1) the contract involves the use of a distinct identified asset, (2) we obtain the right to substantially all economic benefits from use of the asset, and (3) we have the right to direct the use of the asset. A lease is classified as a finance lease when one or more of the following criteria are met: (1) the lease transfers ownership of the asset by the end of the lease term, (2) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (3) the lease term is for a major part of the remaining useful life of the asset, (4) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset or (5) the asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease is classified as an operating lease if it does not meet any of these criteria.

At the lease commencement date, we recognize a right-of-use asset and a lease liability for all leases, except short-term leases with an original term of 12 months or less. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease. The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, less any lease incentives received. All right-of-use assets are periodically reviewed for impairment in accordance with standards that apply to long-lived assets. The lease liability is initially measured at the present value of the lease payments, discounted using an estimate of our incremental borrowing rate for a collateralized loan with the same term as the underlying leases.

Lease payments included in the measurement of lease liabilities consist of (1) fixed lease payments for the noncancelable lease term, (2) fixed lease payments for optional renewal periods where it is reasonably certain the renewal option will be exercised, and (3) variable lease payments that depend on an underlying index or rate, based on the index or rate in effect at lease commencement. Certain of our real estate lease agreements require variable lease payments that do not depend on an underlying index or rate established at lease commencement. Such payments and changes in payments based on a rate or index are recognized in operating expenses when incurred.

Lease expense for operating leases consists of the fixed lease payments recognized on a straight-line basis over the lease term plus variable lease payments as incurred. Lease expense for finance leases consists of the depreciation of assets obtained under finance leases on a straight-line basis over the lease term and interest expense on the lease liability based on the discount rate at lease commencement. For both operating and finance leases, lease payments are allocated between a reduction of the lease liability and interest expense.

For broadband equipment leased to fixed broadband customers in conjunction with the delivery of connectivity services, we have made an accounting policy election not to separate the broadband equipment from the related connectivity services. The connectivity services are the predominant component of these arrangements. The connectivity services are accounted for in accordance ASC 606. We are also a lessor for certain insignificant communications equipment. These leases meet the criteria for operating lease classification. Lease income associated with these leases is not material.

Impairment of long-lived and other long-term assets (property, equipment and satellites, and other assets, including goodwill)

In accordance with the authoritative guidance for impairment or disposal of long-lived assets (ASC 360), we assess potential impairments to our long-lived assets, including property, equipment and satellites and other assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. We recognize an impairment loss when the undiscounted cash flows expected to be generated by an asset (or group of assets) are less than the asset's carrying value. Any required impairment loss would be measured as the amount by which the asset's carrying value exceeds its fair value, and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. No material impairments were recorded by us for fiscal years 2021, 2020 and 2019.

We account for our goodwill under the authoritative guidance for goodwill and other intangible assets (ASC 350) and the provisions of ASU 2017-04, Simplifying the Test for Goodwill Impairment, which we early adopted in fiscal year 2020. Current authoritative guidance allows us to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If, after completing the qualitative assessment, we determine that it is more likely than not that the estimated fair value is greater than the carrying value, we conclude that no impairment exists. Alternatively, if we determine in the qualitative assessment that it is more likely than not that the fair value is less than its carrying value, then we perform a quantitative goodwill impairment test to identify both the existence of an impairment and the amount of impairment loss, by comparing the fair value of the reporting unit with its carrying amount, including goodwill. If the estimated fair value of the reporting unit is less than the carrying value, then a goodwill impairment charge will be recognized in the amount by which the carrying amount exceeds the fair value, limited to the total amount of goodwill allocated to that reporting unit. We test goodwill for impairment during the fourth quarter every fiscal year and when an event occurs or circumstances change such that it is reasonably possible that an impairment may exist.

In accordance with ASC 350, we assess qualitative factors to determine whether goodwill is impaired. The qualitative analysis includes assessing the impact of changes in certain factors including: (1) changes in forecasted operating results and comparing actual results to projections, (2) changes in the industry or our competitive environment since the acquisition date, (3) changes in the overall economy, our market share and market interest rates since the acquisition date, (4) trends in

the stock price and related market capitalization and enterprise values, (5) trends in peer companies' total enterprise value metrics, and (6) additional factors such as management turnover, changes in regulation and changes in litigation matters.

Based on our qualitative assessment performed during the fourth quarter of fiscal year 2021, we concluded that it was more likely than not that the estimated fair value of our reporting units exceeded their carrying value as of March 31, 2021, and therefore, determined it was not necessary to perform a quantitative goodwill impairment test.

Income taxes and valuation allowance on deferred tax assets

Management evaluates the realizability of our deferred tax assets and assesses the need for a valuation allowance on a quarterly basis to determine if the weight of available evidence suggests that an additional valuation allowance is needed. In accordance with the authoritative guidance for income taxes (ASC 740), net deferred tax assets are reduced by a valuation allowance if, based on all the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the event that our estimate of taxable income is less than that required to utilize the full amount of any deferred tax asset, a valuation allowance is established, which would cause a decrease to income in the period such determination is made. Our valuation allowance against deferred tax assets increased from $42.6 million at March 31, 2020 to $47.1 million at March 31, 2021. The valuation allowance relates to state and foreign net operating loss carryforwards, state R&D tax credit carryforwards and foreign tax credit carryforwards.

Our analysis of the need for a valuation allowance on deferred tax assets considered historical as well as forecasted future operating results. In addition, our evaluation considered other factors, including our contractual backlog, our history of positive earnings, current earnings trends assuming our satellite services segment continues to grow, taxable income adjusted for certain items, and forecasted income by jurisdiction. We also considered the period over which these net deferred tax assets can be realized and our history of not having federal tax loss carryforwards expire unused.

Accruals for uncertain tax positions are provided for in accordance with the authoritative guidance for accounting for uncertainty in income taxes (ASC 740). Under the authoritative guidance, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance addresses the derecognition of income tax assets and liabilities, classification of deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures.

We are subject to income taxes in the United States and numerous foreign jurisdictions. In the ordinary course of business, there are calculations and transactions where the ultimate tax determination is uncertain. In addition, changes in tax laws and regulations as well as adverse judicial rulings could adversely affect the income tax provision. We believe we have adequately provided for income tax issues not yet resolved with federal, state and foreign tax authorities. However, if these provided amounts prove to be more than what is necessary, the reversal of the reserves would result in tax benefits being recognized in the period in which we determine that provision for the liabilities is no longer necessary. If an ultimate tax assessment exceeds our estimate of tax liabilities, an additional charge to expense would result.

Results of Operations

The following table presents, as a percentage of total revenues, income statement data for the periods indicated:

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
Revenues:	100.0%	100.0%	100.0%
Product revenues	46	51	53
Service revenues	54	49	47
Operating expenses:			
Cost of product revenues	34	37	40
Cost of service revenues	35	33	34
Selling, general and administrative	23	23	22
Independent research and development	5	6	6
Amortization of acquired intangible assets	—	—	—
Income (loss) from operations	3	2	(3)
Interest expense, net	(1)	(2)	(2)
Income (loss) before income taxes	1	—	(5)
(Provision for) benefit from income taxes	(—)	—	2
Net income (loss)	1	1	(3)
Net income (loss) attributable to Viasat, Inc.	—	—	(3)

Fiscal Year 2021 Compared to Fiscal Year 2020

Revenues

	Fiscal Years Ended		Dollar	Percentage
(In millions, except percentages)	**March 31, 2021**	**March 31, 2020**	**Increase (Decrease)**	**Increase (Decrease)**
Product revenues	$ 1,044.5	$ 1,172.5	$ (128.1)	(11)%
Service revenues	1,211.7	1,136.7	75.0	7%
Total revenues	$ 2,256.1	$ 2,309.2	$ (53.1)	(2)%

Our total revenues decreased by $53.1 million as a result of a $128.1 million decrease in product revenues, partially offset by a $75.0 million increase in service revenues. The product revenue decrease was driven primarily by decreases of $107.0 million in our government systems segment and $21.1 million in our commercial networks segment. The service revenue increase was due to increases of $42.4 million in our satellite services segment and $35.2 million in our government systems segment, partially offset by a $2.6 million decrease in our commercial networks segment.

Cost of revenues

	Fiscal Years Ended		Dollar	Percentage
(In millions, except percentages)	**March 31, 2021**	**March 31, 2020**	**Increase (Decrease)**	**Increase (Decrease)**
Cost of product revenues	$ 774.9	$ 845.8	$ (70.9)	(8)%
Cost of service revenues	789.4	763.9	25.5	3%
Total cost of revenues	$ 1,564.3	$ 1,609.7	$ (45.4)	(3)%

Cost of revenues decreased by $45.4 million due to a decrease of $70.9 million in cost of product revenues, partially offset by a $25.5 million increase in cost of service revenues. The cost of product revenue decrease was mainly due to decreased revenues, causing a $92.4 million decrease in cost of product revenues on a constant margin basis, mainly from revenue decreases in our government systems and commercial networks segments. The decrease in cost of product revenues was partially offset by lower margins, primarily driven by our mobile broadband satellite communication systems products in our commercial networks segment and our government mobile broadband products and tactical data link

products in our government systems segment. The cost of service revenue increase primarily related to increased revenues from our fixed broadband services business, partially offset by improved margins in our fixed broadband services business, reflecting the strength of the low variable costs structure of our fixed broadband services business as the business continues to scale.

Selling, general and administrative expenses

	Fiscal Years Ended		Dollar	Percentage
(In millions, except percentages)	**March 31, 2021**	**March 31, 2020**	**Increase (Decrease)**	**Increase (Decrease)**
Selling, general and administrative	$ 512.3	$ 523.1	$ (10.8)	(2)%

The $10.8 million decrease in selling, general and administrative (SG&A) expenses was primarily due to a decrease in selling costs of $13.4 million and a decrease in bid and proposal costs of $6.6 million, partially offset by an increase in support costs of $9.2 million. The decrease in selling costs was mainly driven by our satellite services segment, but was reflected across all three segments. The decrease in bid and proposal costs was mainly from our government systems segment. The increase in support costs reflected increases across all three segments. SG&A expenses consisted primarily of personnel costs and expenses for business development, marketing and sales, bid and proposal, facilities, finance, contract administration and general management.

Independent research and development

	Fiscal Years Ended		Dollar	Percentage
(In millions, except percentages)	**March 31, 2021**	**March 31, 2020**	**Increase (Decrease)**	**Increase (Decrease)**
Independent research and development	$ 115.8	$ 130.4	$ (14.6)	(11)%

The $14.6 million decrease in IR&D expenses was mainly the result of a decrease of $16.7 million in IR&D efforts in our commercial networks segment (primarily related to next-generation satellite payload technologies and mobile broadband satellite communication systems).

Amortization of acquired intangible assets

We amortize our acquired intangible assets from prior acquisitions over their estimated useful lives, which range from two to ten years. The $2.1 million decrease in amortization of acquired intangible assets in fiscal year 2021 compared to fiscal year 2020 was primarily the result of certain acquired intangibles in our satellite services segment becoming fully amortized during the prior fiscal year. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

	Amortization
	(In thousands)
Expected for fiscal year 2022	$ 3,300
Expected for fiscal year 2023	2,993
Expected for fiscal year 2024	2,472
Expected for fiscal year 2025	803
Expected for fiscal year 2026	—
Thereafter	—
	$ 9,568

Interest income

The $1.2 million decrease in interest income for fiscal year 2021 compared to fiscal year 2020 was primarily the result of lower interest rates during fiscal year 2021 compared to fiscal year 2020.

Interest expense

The $6.0 million decrease in interest expense in fiscal year 2021 compared to fiscal year 2020 was primarily due to an increase in the amount of interest capitalized compared to the prior year period. This decrease in interest expense was partially offset by the addition of interest expense related to the 6.500% Senior Notes due 2028 (the 2028 Notes), which were issued in the first quarter of fiscal year 2021.

Income taxes

The income tax provision in fiscal year 2021 primarily reflected the tax expense from our income before income taxes, the tax expense for tax deficiencies upon settlement of stock-based compensation during the period, and non-deductible compensation, partially offset by benefit from federal and state R&D tax credits. The income tax benefit in fiscal year 2020 primarily reflected the tax benefit from federal and state R&D tax credits, partially offset by the tax expense from our income before income taxes.

Segment Results for Fiscal Year 2021 Compared to Fiscal Year 2020

Satellite services segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2021	Fiscal Years Ended March 31, 2020	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ —	$ —	$ —	—%
Segment service revenues	868.9	826.6	42.4	5%
Total segment revenues	$ 868.9	$ 826.6	$ 42.4	5%

Our satellite services segment revenues increased by $42.4 million due to an increase in service revenues. The increase in service revenues was primarily driven by higher average revenue per fixed broadband subscriber (ARPU) in the United States in our fixed broadband business when compared to the prior year period, partially offset by a decrease in service revenues from our in-flight services. The increase in ARPU reflected a higher mix of new and existing subscribers choosing Viasat’s premium highest speed plans. The in-flight service revenue decrease was driven primarily by an 8% decrease in the number of commercial aircraft using in-flight services through our IFC systems as of year end as a result of the COVID-19 pandemic. In addition, our fiscal year 2021 in-flight service revenues were impacted by the reductions in passenger air traffic and the number of inactive installed aircraft, as well as lower capacity on active installed aircraft as a result of the COVID-19 pandemic.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended March 31, 2021	Fiscal Years Ended March 31, 2020	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 35.9	$ 7.0	$ 28.8	411%
Percentage of segment revenues	4%	1%		

The $28.8 million increase in our satellite services segment operating profit was driven primarily by higher earnings contributions of $24.4 million, mainly due to increased revenues, with significant flow through resulting in improved margins, reflecting the strength of the low variable costs structure of our fixed broadband services business as the business continues to scale. The increase in operating profit was also driven by lower selling costs. This increase was partially offset by lower margins resulting from the negative impact of the COVID-19 pandemic on our in-flight services business and an increase in costs related to our investments in emerging global broadband businesses.

Commercial networks segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2021	Fiscal Years Ended March 31, 2020	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 268.8	$ 290.0	$ (21.1)	(7)%
Segment service revenues	52.0	54.6	(2.6)	(5)%
Total segment revenues	$ 320.9	$ 344.6	$ (23.7)	(7)%

Our commercial networks segment revenues decreased by $23.7 million, primarily due to a $21.1 million decrease in product revenues and a $2.6 million decrease in service revenues. The decrease in product revenues was primarily due to a decrease of $44.9 million in mobile broadband satellite communication systems products due to decreased IFC terminal deliveries resulting from the severe decline in global air traffic and resulting downturn in the commercial aviation market as a result of the COVID-19 pandemic, as well as a decrease of $5.4 million in satellite networking development programs products. The product revenue decrease was partially offset by increases of $22.7 million in antenna systems products and $4.0 million in fixed satellite networks products. The decrease in service revenues was primarily due to a $5.3 million decrease in mobile broadband satellite communication systems services, partially offset by a $2.9 million increase in fixed satellite network services.

Segment operating loss

(In millions, except percentages)	Fiscal Years Ended March 31, 2021	Fiscal Years Ended March 31, 2020	Dollar (Increase) Decrease	Percentage (Increase) Decrease
Segment operating loss	$ (180.7)	$ (186.9)	$ 6.1	3%
Percentage of segment revenues	(56)%	(54)%		

Our commercial networks segment operating loss decreased by $6.1 million year-over-year. The decrease in operating loss was driven primarily by a $16.7 million decrease in IR&D expenses (primarily related to next-generation satellite payload technologies and mobile broadband satellite communication systems) and careful management of SG&A expenses, partially offset by lower earnings contributions of $12.4 million, driven by decreased revenues and lower margins from our mobile broadband satellite communication systems products.

Government systems segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2021	Fiscal Years Ended March 31, 2020	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 775.6	$ 882.6	$ (107.0)	(12)%
Segment service revenues	290.7	255.5	35.2	14%
Total segment revenues	$ 1,066.3	$ 1,138.1	$ (71.8)	(6)%

Our government systems segment revenues decreased by $71.8 million due to a decrease of $107.0 million in product revenues, partially offset by an increase of $35.2 million in service revenues. The product revenue decrease was primarily driven by a $62.0 million decrease in government mobile broadband products, a $37.4 million decrease in government satellite communication systems products and a $21.2 million decrease in tactical satcom radio products. The decrease in product revenues was partially offset by an increase of $10.1 million in cybersecurity and information assurance products and a $3.8 million increase in tactical data link products. Our government systems segment continued to show some impacts from the COVID-19 pandemic, which has somewhat complicated product manufacturing and shipments, but new government systems segment awards remained very strong through the end of the fiscal year. The service revenue increase was primarily due to a $20.4 million increase in government mobile broadband services, a $5.2 million increase in tactical data link services, a $4.8 million increase in government satellite communication systems services, a $2.5 million increase in cybersecurity and information assurance services and a $2.2 million increase in tactical satcom radio services. In the second

half of fiscal year 2021, we experienced higher usage demand for our services across all major government customer verticals.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended March 31, 2021	Fiscal Years Ended March 31, 2020	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 208.6	$ 225.9	$ (17.3)	(8)%
Percentage of segment revenues	20%	20%		

The $17.3 million decrease in our government systems segment operating profit was primarily due to lower earnings contributions of $19.8 million, primarily due to a decrease in revenues and lower margins from our government mobile broadband products and higher IR&D investments, partially offset by SG&A expense management resulting in lower costs of $3.6 million.

Fiscal Year 2020 Compared to Fiscal Year 2019

For a discussion of our results of operations for fiscal year 2020 as compared to fiscal year 2019, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2020.

Backlog

As reflected in the table below, our overall firm and funded backlog increased during fiscal year 2021.

	As of March 31, 2021	As of March 31, 2020
	(In millions)	
Firm backlog		
Satellite services segment	$ 633.7	$ 611.3
Commercial networks segment	733.2	408.1
Government systems segment	939.4	851.3
Total	$ 2,306.3	$ 1,870.7
Funded backlog		
Satellite services segment	$ 633.7	$ 611.3
Commercial networks segment	639.6	408.1
Government systems segment	846.9	858.7
Total	$ 2,120.2	$ 1,878.1

The firm backlog does not include contract options. Of the $2.3 billion in firm backlog, a little over half is expected to be delivered during the next twelve months, with the balance delivered thereafter. We include in our backlog only those orders for which we have accepted purchase orders, and not anticipated purchase orders and requests. In our satellite services segment, our backlog includes fixed broadband service revenues under our subscriber agreements, but does not include future recurring IFC service revenues under our agreements with commercial airlines. As of March 31, 2021, our IFC systems were installed and in service on approximately 1,480 commercial aircraft, of which, due to impacts of the COVID-19 pandemic, approximately 200 were inactive at fiscal year end. While current global airline traffic is still a fraction of the activity in fiscal year 2020, domestic airline traffic is showing signs of improvement. As a result, our in-flight services business showed modest improvement in the quarter ended March 31, 2021, with increased planes in service and passenger volumes. We expect the negative impact on our IFC business from the pandemic to continue into fiscal year 2022 and potentially beyond due to the severe decline in global air traffic and associated grounding of installed aircraft, but to lessen over time with increases in passenger air traffic. We anticipate that approximately 1,190 additional commercial aircraft under existing customer agreements with commercial airlines will be put into service with our IFC systems. However, the timing of installation and entry into service of IFC systems on additional aircraft under existing customer agreements may be delayed

as a result of the impact of the COVID-19 pandemic on the global airline industry. Accordingly, there can be no assurance that all anticipated purchase orders and requests will be placed or that anticipated IFC services will be activated.

Our total new awards exclude future revenue under recurring consumer commitment arrangements and were approximately $2.7 billion, $2.3 billion and $2.4 billion for fiscal years 2021, 2020 and 2019, respectively.

Backlog is not necessarily indicative of future sales. A majority of our contracts can be terminated at the convenience of the customer. Orders are often made substantially in advance of delivery, and our contracts typically provide that orders may be terminated with limited or no penalties. In addition, purchase orders may present product specifications that would require us to complete additional product development. A failure to develop products meeting such specifications could lead to a termination of the related contract.

Firm backlog amounts are comprised of funded and unfunded components. Funded backlog represents the sum of contract amounts for which funds have been specifically obligated by customers to contracts. Unfunded backlog represents future amounts that customers may obligate over the specified contract performance periods. Our customers allocate funds for expenditures on long-term contracts on a periodic basis. Our ability to realize revenues from contracts in backlog is dependent upon adequate funding for such contracts. Although we do not control the funding of our contracts, our experience indicates that actual contract funding has ultimately been approximately equal to the aggregate amounts of the contracts.

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, export credit agency financing and equity financing. At March 31, 2021, we had $295.9 million in cash and cash equivalents, $282.8 million in working capital, and no outstanding borrowings and borrowing availability of $673.7 million under our revolving credit facility (the Revolving Credit Facility). On July 23, 2020, we issued and sold an aggregate of 4,474,559 shares of our common stock at a purchase price of $39.11 per share to certain accredited investors in a private placement transaction exempt from registration under the Securities Act of 1933, as amended, resulting in net proceeds of approximately $174.7 million after deducting offering expenses. At March 31, 2020, we had $304.3 million in cash and cash equivalents, $441.1 million in working capital, and $390.0 million in principal amount of outstanding borrowings and borrowing availability of $292.7 million under our Revolving Credit Facility. We invest our cash in excess of current operating requirements in short-term, highly liquid bank money market accounts.

Our future capital requirements will depend upon many factors, including the timing and amount of cash required for our satellite projects and any future broadband satellite projects we may engage in, expansion of our R&D and marketing efforts, and the nature and timing of orders. Additionally, we will continue to evaluate possible acquisitions of, or investments in complementary businesses, products and technologies which may require the use of cash or additional financing.

The general cash needs of our satellite services, commercial networks and government systems segments can vary significantly. The cash needs of our satellite services segment tend to be driven by the timing and amount of capital expenditures (e.g., payments under satellite construction and launch contracts and investments in ground infrastructure roll-out), investments in joint ventures, strategic partnering arrangements and network expansion activities, as well as the quality of customer, type of contract and payment terms. In our commercial networks segment, cash needs tend to be driven primarily by the type and mix of contracts in backlog, the nature and quality of customers, the timing and amount of investments in IR&D activities (including with respect to next-generation satellite payload technologies) and the payment terms of customers (including whether advance payments are made or customer financing is required). In our government systems segment, the primary factors determining cash needs tend to be the type and mix of contracts in backlog (e.g., product or service, development or production) and timing of payments (including restrictions on the timing of cash payments under U.S. Government procurement regulations). Other factors affecting the cash needs of our commercial networks and government systems segments include contract duration and program performance. For example, if a program is performing well and meeting its contractual requirements, then its cash flow requirements are usually lower.

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 or equity financing from public and/or private credit and capital markets. In February 2019, we filed a universal shelf registration statement with the Securities and Exchange Commission (SEC) for the future sale of an unlimited amount of common stock, preferred stock, debt securities, depositary shares, warrants and rights. The securities may be offered from time to time, separately or together, directly by us, by selling security holders, or through underwriters, dealers or agents at amounts, prices, interest rates and other terms to be determined at the time of the offering.

To date, COVID-19 has not had a significant impact on our liquidity, cash flows or capital resources. However, we have taken measures to mitigate the impact of COVID-19 on our business and financial position, including deferring certain capital expenditures, reducing discretionary expenditures and undertaking cost-reduction actions. Given our current cash position, outlook for funds generated from operations, borrowing availability under our Revolving Credit Facility of $673.7 million, cash needs and debt structure, we have not experienced to date, and do not expect to experience, any material issues with liquidity. Although we can give no assurances concerning our future liquidity, we believe that our current cash balances and net cash expected to be provided by operating activities along with availability under our Revolving Credit Facility will be sufficient to meet our anticipated operating requirements for at least the next 12 months.

Cash flows

Cash provided by operating activities for fiscal year 2021 was $727.2 million compared to $436.9 million for fiscal year 2020. This $290.3 million increase was primarily driven by a $229.0 million year-over-year decrease in cash used to fund net operating assets and our operating results (net income adjusted for depreciation, amortization and other non-cash changes) which resulted in $61.3 million of higher cash provided by operating activities year-over-year. The decrease in cash used to fund net operating assets during fiscal year 2021 when compared to fiscal year 2020 was primarily due to an increase in cash inflows year-over-year from combined billed and unbilled accounts receivable, net, attributable to the timing of contractual milestones for certain larger development programs in our government systems segment as well as revenue decreases in our mobile broadband satellite communication systems products and services business in our commercial networks and satellite services segments due to decreased IFC terminal deliveries resulting from the severe decline in global air traffic and resulting downturn in the commercial aviation market as a result of the COVID-19 pandemic and an increase in our collections in excess of revenues and deferred revenues included in accrued liabilities due to the timing of milestone billings for certain larger development projects in our commercial networks and government systems segments.

Cash used in investing activities for fiscal year 2021 was $885.3 million compared to $758.8 million for fiscal year 2020. This $126.5 million increase in cash used in investing activities year-over year reflects an increase of approximately $118.8 million in cash used for satellite construction.

Cash provided by financing activities for fiscal year 2021 was $149.7 million compared to $365.2 million for fiscal year 2020. This $215.5 million decrease in cash provided by financing activities year-over-year reflects proceeds from borrowings under our Revolving Credit Facility of $420.0 million in fiscal year 2020 and an increase in payments on borrowings under our Revolving Credit Facility of $360.0 million year-over-year. This decrease was partially offset by $400.0 million of gross proceeds from our 2028 Notes in June 2020 and $174.7 million of net proceeds from a private placement of common stock in July 2020 (after deducting offering expenses). Cash provided by financing activities for both periods included cash received from employee stock purchase plan purchases and the repurchase of common stock related to net share settlement of certain employee tax liabilities in connection with the vesting of restricted stock unit awards.

Satellite-related activities

In connection with the development of any new generation satellite design, and the launch of any new satellite and the commencement of the related service, we expect to incur additional operating costs that negatively impact our financial results. For example, when ViaSat-2 was placed in service in the fourth quarter of fiscal year 2018, this resulted in additional operating costs in our satellite services segment during the ramp-up period prior to service launch and in the fiscal year following service launch. These increased operating costs included depreciation, amortization of capitalized software development, earth station connectivity, marketing and advertising costs, logistics, customer care and various support systems. In addition, interest expense increased during fiscal year 2019 as we no longer capitalized the interest expense relating to the debt incurred for the construction of ViaSat-2 and the related gateway and networking equipment once the satellite was in service. As services using the new satellite scaled, however, our revenue base for broadband services expanded and we gained operating cost efficiencies, which together yielded incremental segment earnings contributions. We

anticipate that we will incur a similar cycle of increased operating costs as we prepare for and launch commercial services on future satellites, including our ViaSat-3 constellation, followed by increases in revenue base and in scale. However, there can be no assurance that we will be successful in significantly increasing revenues or achieving or maintaining operating profit in our satellite services segment, and any such gains may also be offset by investments in our global business.

We currently have three ViaSat-3 class satellites under construction. We have entered into satellite construction agreements with The Boeing Company for their construction and purchase and the integration of our payload and technologies into the satellites. In addition, we have entered into various other satellite-related purchase commitments, including with respect to the provision of launch services, satellite operation and satellite insurance. See Note 12 – Commitments to our consolidated financial statements for information as of March 31, 2021 regarding our future minimum payments under our satellite construction contracts and other satellite-related purchase commitments for the next five fiscal years and thereafter. In addition, we will continue to incur costs related to the roll-out of related earth station infrastructure to support the ViaSat-3 constellation, the amount of which will depend, among other matters, on the timing of roll-out and method used to procure fiber access. We believe we have adequate sources of funding for the ViaSat-3 constellation, which include, but are not limited to, our cash on hand, borrowing capacity and the cash we expect to generate from operations over the next few years. Our total cash funding may be reduced through various third-party agreements, including potential joint service offerings and other strategic partnering arrangements.

Our IR&D investments are expected to continue through fiscal year 2022 and beyond relating to next generation satellite network solutions and support of our government and commercial air mobility businesses. We expect to continue to invest in IR&D at a significant level as we continue our focus on leadership and innovation in satellite and space technologies. However, the level of investment in a given fiscal year will depend on a variety of factors, including the stage of development of our satellite projects, new market opportunities and our overall operating performance. Our total capital expenditures in fiscal year 2022 are expected to be higher than fiscal year 2021, as we have a third ViaSat-3 class satellite under construction, as well as increased ground network investments related to international expansion.

Long-Term Debt

As of March 31, 2021, the aggregate principal amount of our total outstanding indebtedness was $1.9 billion, which was comprised of $700.0 million in principal amount of 5.625% Senior Notes due 2025 (the 2025 Notes), $600.0 million in principal amount of 5.625% Senior Secured Notes due 2027 (the 2027 Notes), $400.0 million in principal amount of 2028 Notes, no outstanding borrowings under our $700.0 million Revolving Credit Facility, $98.3 million in principal amount of outstanding borrowings under our direct loan facility with the Export-Import Bank of the United States for ViaSat-2 (the Ex-Im Credit Facility) with a maturity date of October 15, 2025 and $56.3 million of finance lease obligations. For information regarding our Revolving Credit Facility and Ex-Im Credit Facility (collectively, the Credit Facilities) and Notes, refer to Note 6 – Senior Notes and Other Long-Term Debt to our consolidated financial statements.

Contractual Obligations

The following table sets forth a summary of our obligations at March 31, 2021:

		For the Fiscal Years Ending			
(In thousands, including interest where applicable)	**Total**	**2022**	**2023-2024**	**2025-2026**	**Thereafter**
Operating leases	$ 444,674	$ 67,940	$ 125,686	$ 111,684	$ 139,364
Finance leases	64,575	13,567	24,008	24,000	3,000
2028 Notes	595,000	26,000	52,000	52,000	465,000
2027 Notes	819,375	33,750	67,500	67,500	650,625
2025 Notes	877,188	39,375	78,750	759,063	—
Revolving Credit Facility	—	—	—	—	—
Ex-Im Credit Facility	104,693	21,874	42,344	40,475	—
Satellite performance incentives	32,520	5,334	10,269	11,269	5,648
Purchase commitments including satellite-related agreements	1,650,828	1,087,573	436,635	46,121	80,499
Total	$ 4,588,853	$ 1,295,413	$ 837,192	$ 1,112,112	$ 1,344,136

We purchase components from a variety of suppliers and use several subcontractors and contract manufacturers to provide design and manufacturing services for our products. During the normal course of business, we enter into agreements with subcontractors, contract manufacturers and suppliers that either allow them to procure inventory based upon criteria defined by us or that establish the parameters defining our requirements. We also enter into agreements and purchase commitments with suppliers for the construction, launch, and operation of our satellites. In certain instances, these agreements allow us the option to cancel, reschedule and adjust our requirements based on our business needs prior to firm orders being placed. Consequently, only a portion of our reported purchase commitments arising from these agreements are firm, non-cancelable and unconditional commitments.

Our consolidated balance sheets included $137.4 million and $120.9 million of "other liabilities" as of March 31, 2021 and March 31, 2020, respectively, which primarily consisted of the long-term portion of deferred revenues, the long-term portion of our satellite performance incentive obligations relating to the ViaSat-1 and ViaSat-2 satellites and our long-term warranty obligations. With the exception of the long-term portion of our satellite performance incentive obligations relating to the ViaSat-1 and ViaSat-2 satellites (which is included under "Satellite performance incentives"), these remaining liabilities have been excluded from the above table as the timing and/or the amount of any cash payment is uncertain. See Note 12 – Commitments to our consolidated financial statements for additional information regarding satellite performance incentive obligations relating to the ViaSat-1 and ViaSat-2 satellites. See Note 14 – Product Warranty to our consolidated financial statements for a discussion of our product warranties.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at March 31, 2021 as defined in Regulation S-K Item 303(a)(4) other than as discussed under "Contractual Obligations" above or disclosed in the notes to our consolidated financial statements included in this report.

Recent Authoritative Guidance

For information regarding recently adopted and issued accounting pronouncements, see Note 1 – The Company and a Summary of Its Significant Accounting Policies to the consolidated financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, short-term and long-term obligations, including the Credit Facilities and the Notes, and foreign currency forward contracts. We consider investments in highly liquid instruments purchased with a remaining maturity of three months or less at the date of purchase to be cash equivalents. As of March 31, 2021, we had no outstanding borrowings under our Revolving Credit Facility, $98.3 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility, $700.0 million in aggregate principal amount outstanding of the 2025 Notes, $600.0 million in aggregate principal amount outstanding of the 2027 Notes and $400.0 million in aggregate principal amount outstanding of the 2028 Notes, and we held no short-term investments. The Notes and borrowings under our Ex-Im Credit Facility bear interest at a fixed rate and therefore our exposure to market risk for changes in interest rates relates primarily to borrowings under our Revolving Credit Facility, cash equivalents, short-term investments and short-term obligations.

The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our investments without significantly increasing risk. To minimize this risk, we maintain a significant amount of our cash balance in money market accounts. In general, money market accounts are not subject to interest rate risk because the interest paid on such funds fluctuates with the prevailing interest rate. Our cash and cash equivalents earn interest at variable rates. Our interest income has been and may continue to be negatively impacted by low market interest rates. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. If the underlying weighted average interest rate on our cash and cash equivalents, assuming balances remain constant over a year, changed by 50 basis points, interest income would have increased or decreased by an insignificant amount for the fiscal years ended March 31, 2021 and March 31, 2020. Because our investment policy restricts us to invest in conservative, interest-bearing investments and because our business strategy does not rely on generating material returns from our investment portfolio, we do not expect our market risk exposure on our investment portfolio to be material.

Our primary interest rate under the Revolving Credit Facility is the Eurodollar rate plus an applicable margin that is based on our total leverage ratio. Under the Revolving Credit Facility, the effective interest rate as of March 31, 2021 that would have been applied to any new Eurodollar-based borrowings under the Revolving Credit Facility was approximately 1.78%. As of March 31, 2021, we had no outstanding borrowings under our Revolving Credit Facility. Accordingly, assuming the outstanding balance remained constant over a year, changes in interest rates applicable to our Revolving Credit Facility would have no effect on our interest incurred and cash flow.

Foreign Exchange Risk

We generally conduct our business in U.S. dollars. However, as our international business is conducted in a variety of foreign currencies, we are exposed to fluctuations in foreign currency exchange rates. A five percent variance in foreign currencies in which our international business is conducted would change our income (loss) before income taxes by $1.1 million and an insignificant amount for the fiscal years ended March 31, 2021 and March 31, 2020, respectively. Our objective in managing our exposure to foreign currency risk is to reduce earnings and cash flow volatility associated with foreign exchange rate fluctuations. Accordingly, from time to time, we may enter into foreign currency forward contracts to mitigate risks associated with foreign currency denominated assets, liabilities, commitments and anticipated foreign currency transactions.

As of March 31, 2021 and March 31, 2020, we had no foreign currency forward contracts outstanding.

Summarized Quarterly Data (Unaudited)

This item is no longer required as we have elected to early apply the changes to Item 302 of Regulation S-K contained in SEC Release No. 33-10890 and there has not been a material retrospective change to the information previously reported.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance of achieving the objective that information in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified and pursuant to the requirements of the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of March 31, 2021, the end of the period covered by this report. Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2021.

Management’s Report on Internal Control Over Financial Reporting

The company’s management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of the company’s management, including our Chief Executive Officer and Chief Financial Officer, the company conducted an evaluation of the effectiveness of its internal control over financial reporting based on criteria established in the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the company’s management concluded that its internal control over financial reporting was effective as of March 31, 2021.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The company's independent registered public accounting firm has audited the effectiveness of the company's internal control over financial reporting as of March 31, 2021, as stated in their report which appears on page 39.

Changes in Internal Control Over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes. During the quarter ended March 31, 2021, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Viasat, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Viasat, Inc. and its subsidiaries (the “Company”) as of March 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive income (loss), of equity, and of cash flows for each of the three years in the period ended March 31, 2021, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of March 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in fiscal year 2020 and the manner in which it accounts for revenues from contracts with customers in fiscal year 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition – Estimated Costs at Completion

As described in Note 1 to the consolidated financial statements, the vast majority of the Company's revenues from long-term contracts to develop and deliver complex equipment built to customer specifications are derived from contracts with the U.S. government. A portion of the Company's total revenues of $2.3 billion for the year ended March 31, 2021 are from long-term contracts. Performance obligations related to developing and delivering complex equipment built to customer specifications under long-term contracts are recognized over time as these performance obligations do not create assets with an alternative use to the Company and the Company has an enforceable right to payment for performance to date. To measure the transfer of control, revenue is recognized based on the extent of progress towards completion of the performance obligation. The Company generally uses the cost-to-cost measure of progress for its contracts because that best depicts the transfer of control to the customer which occurs as the Company incurs costs on its contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Estimating the total costs at completion of a performance obligation requires management to make estimates related to items such as subcontractor performance, material costs and availability, labor costs and productivity, and the costs of overhead.

The principal considerations for our determination that performing procedures relating to revenue recognition – estimated costs at completion is a critical audit matter are the significant judgment by management when developing the estimated costs at completion on individual fixed-price contracts, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating evidence related to the estimated costs at completion, including the evaluation of management's judgment as it relates to the subcontractor performance, material costs and availability, labor costs and productivity, and the costs of overhead.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the completeness and accuracy of estimated costs at completion. The procedures also included, among others, evaluating and testing management's process for developing estimates of total estimated costs at completion for long-term contracts for a sample of contracts. This included testing the completeness and accuracy of costs incurred to date and evaluating the reasonableness of significant estimates used by management, including subcontractor performance, material costs, labor costs, and overhead costs, and considering factors that could affect the accuracy of those estimates. Evaluating the reasonableness of the significant assumptions used involved assessing management's ability to reasonably estimate costs at completion by (i) testing samples of third-party quotes or bids for materials and subcontractor services, (ii) assessing the reasonableness of estimates of total costs at completion in comparison to actual total costs incurred to date, (iii) recalculating estimated labor and overhead, and (iv) evaluating the timely identification of circumstances that may warrant a modification to estimated costs to complete, including actual costs in excess of estimates.

San Diego, California
May 28, 2021

We have served as the Company's auditor since 1992.

VIASAT, INC.
CONSOLIDATED BALANCE SHEETS

	As of March 31, 2021	As of March 31, 2020
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 295,949	$ 304,309
Accounts receivable, net	238,652	330,698
Inventories	336,672	294,416
Prepaid expenses and other current assets	119,960	116,281
Total current assets	991,233	1,045,704
Property, equipment and satellites, net	3,050,483	2,586,735
Operating lease right-of-use assets	340,456	308,441
Other acquired intangible assets, net	9,568	14,439
Goodwill	122,300	121,197
Other assets	835,427	807,352
Total assets	$ 5,349,467	$ 4,883,868
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 145,134	$ 183,601
Accrued and other liabilities	532,831	391,190
Current portion of long-term debt	30,472	29,788
Total current liabilities	708,437	604,579
Senior notes	1,683,264	1,285,497
Other long-term debt	119,420	536,166
Non-current operating lease liabilities	313,762	286,550
Other liabilities	137,350	120,934
Total liabilities	2,962,233	2,833,726
Commitments and contingencies (Notes 12 and 13)		
Equity:		
Viasat, Inc. stockholders' equity		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized; no shares issued and outstanding at March 31, 2021 and 2020, respectively	—	—
Common stock, $0.0001 par value, 100,000,000 shares authorized; 68,529,133 and 62,147,140 shares outstanding at March 31, 2021 and 2020, respectively	7	6
Paid-in capital	2,092,595	1,788,456
Retained earnings	249,064	245,373
Accumulated other comprehensive income (loss)	9,803	(6,048)
Total Viasat, Inc. stockholders' equity	2,351,469	2,027,787
Noncontrolling interest in subsidiary	35,765	22,355
Total equity	2,387,234	2,050,142
Total liabilities and equity	$ 5,349,467	$ 4,883,868

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
	(In thousands, except per share data)		
Revenues:			
Product revenues	$ 1,044,450	$ 1,172,541	$ 1,092,691
Service revenues	1,211,657	1,136,697	975,567
Total revenues	2,256,107	2,309,238	2,068,258
Operating expenses:			
Cost of product revenues	774,893	845,757	834,472
Cost of service revenues	789,391	763,930	703,249
Selling, general and administrative	512,316	523,085	458,458
Independent research and development	115,792	130,434	123,044
Amortization of acquired intangible assets	5,482	7,611	9,655
Income (loss) from operations	58,233	38,421	(60,620)
Other income (expense):			
Interest income	440	1,648	149
Interest expense	(32,687)	(38,641)	(50,010)
Income (loss) before income taxes	25,986	1,428	(110,481)
(Provision for) benefit from income taxes	(9,441)	7,915	41,014
Equity in income of unconsolidated affiliate, net	556	4,470	2,998
Net income (loss)	17,101	13,813	(66,469)
Less: net income attributable to noncontrolling interests, net of tax	13,410	14,025	1,154
Net income (loss) attributable to Viasat, Inc.	$ 3,691	$ (212)	$ (67,623)
Net income (loss) per share attributable to Viasat, Inc. common stockholders:			
Basic net income (loss) per share attributable to Viasat, Inc. common stockholders	$ 0.06	$ (0.00)	$ (1.13)
Diluted net income (loss) per share attributable to Viasat, Inc. common stockholders	$ 0.06	$ (0.00)	$ (1.13)
Shares used in computing basic net income (loss) per share	66,444	61,632	59,942
Shares used in computing diluted net income (loss) per share	67,020	61,632	59,942
Comprehensive income (loss):			
Net income (loss)	$ 17,101	$ 13,813	$ (66,469)
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on hedging, net of tax	—	235	(242)
Foreign currency translation adjustments, net of tax	15,851	(11,621)	(9,985)
Other comprehensive income (loss), net of tax	15,851	(11,386)	(10,227)
Comprehensive income (loss)	32,952	2,427	(76,696)
Less: comprehensive income attributable to noncontrolling interests, net of tax	13,410	14,025	1,154
Comprehensive income (loss) attributable to Viasat, Inc.	$ 19,542	$ (11,598)	$ (77,850)

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
		(In thousands)	
Cash flows from operating activities:			
Net income (loss)	$ 17,101	$ 13,813	$ (66,469)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	330,861	279,733	262,289
Amortization of intangible assets	66,241	62,445	56,324
Stock-based compensation expense	84,879	86,553	79,599
Loss on disposition of fixed assets	39,442	45,622	41,957
Other non-cash adjustments	7,773	(3,154)	(25,330)
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effect of acquisition:			
Accounts receivable	84,411	(44,807)	(46,108)
Inventories	(42,460)	(58,997)	(36,593)
Other assets	36,431	(3,313)	(2,349)
Accounts payable	(24,363)	28,175	(5,714)
Accrued liabilities	154,898	55,126	71,478
Other liabilities	(27,999)	(24,260)	(1,533)
Net cash provided by operating activities	727,215	436,936	327,551
Cash flows from investing activities:			
Purchase of property, equipment and satellites	(827,241)	(693,966)	(636,855)
Cash paid for patents, licenses and other assets	(58,030)	(67,112)	(49,965)
Proceeds from insurance claims on ViaSat-2 satellite	—	2,277	185,706
Proceeds from sale of real property	—	—	14,034
Payments related to acquisition of business, net of cash acquired	—	—	(2,339)
Net cash used in investing activities	(885,271)	(758,801)	(489,419)
Cash flows from financing activities:			
Proceeds from debt borrowings	400,000	420,000	1,110,000
Payments of debt borrowings	(420,552)	(59,691)	(732,840)
Payment of debt issuance costs	(5,060)	(2,479)	(9,767)
Proceeds from issuance of common stock under equity plans	19,101	38,410	26,330
Purchase of common stock in treasury (immediately retired) related to tax withholdings for stock-based compensation	(13,676)	(28,802)	(28,826)
Proceeds from common stock issued in private placement, net of issuance costs	174,749	—	—
Other financing activities	(4,871)	(2,253)	(10,280)
Net cash provided by financing activities	149,691	365,185	354,617
Effect of exchange rate changes on cash	5	(712)	(2,494)
Net (decrease) increase in cash and cash equivalents	(8,360)	42,608	190,255
Cash and cash equivalents at beginning of fiscal year	304,309	261,701	71,446
Cash and cash equivalents at end of fiscal year	$ 295,949	$ 304,309	$ 261,701
Supplemental information:			
Cash paid for interest (net of amounts capitalized)	$ 23,526	$ 27,805	$ 35,119
Cash paid for income taxes, net	$ 6,670	$ 10,950	$ 1,758
Non-cash investing and financing activities:			
Issuance of common stock in satisfaction of certain accrued employee compensation liabilities	$ 25,406	$ 22,829	$ 32,129
Capital expenditures not paid for	$ 32,616	$ 43,606	$ 40,619

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF EQUITY

	Viasat, Inc. Stockholders						
	Common Stock						
	Number of Shares Issued	Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
	(In thousands, except share data)						
Balance at March 31, 2018	58,905,274	$ 6	$ 1,535,635	$ 285,960	$ 15,565	$ 10,841	$ 1,848,007
Exercise of stock options	275,000	—	11,087	—	—	—	11,087
Issuance of stock under Employee Stock Purchase Plan	289,024	—	15,243	—	—	—	15,243
Stock-based compensation	—	—	91,470	—	—	—	91,470
Shares and fully-vested RSUs issued in settlement of certain accrued employee compensation liabilities, net of shares withheld for taxes which have been retired	438,433	—	27,701	—	—	—	27,701
RSU awards vesting, net of shares withheld for taxes which have been retired	642,362	—	(24,398)	—	—	—	(24,398)
Cumulative effect adjustment upon adoption of new revenue recognition guidance (ASU 2014-09)	—	—	—	27,248	—	—	27,248
Other noncontrolling interest activity	—	—	81	—	—	(3,665)	(3,584)
Net (loss) income	—	—	—	(67,623)	—	1,154	(66,469)
Other comprehensive loss, net of tax	—	—	—	—	(10,227)	—	(10,227)
Balance at March 31, 2019	60,550,093	$ 6	$ 1,656,819	$ 245,585	$ 5,338	$ 8,330	$ 1,916,078
Exercise of stock options	340,373	—	21,060	—	—	—	21,060
Issuance of stock under Employee Stock Purchase Plan	311,137	—	17,350	—	—	—	17,350
Stock-based compensation	—	—	99,200	—	—	—	99,200
Shares issued in settlement of certain accrued employee compensation liabilities	255,615	—	22,829	—	—	—	22,829
RSU awards vesting, net of shares withheld for taxes which have been retired	689,922	—	(28,802)	—	—	—	(28,802)
Net (loss) income	—	—	—	(212)	—	14,025	13,813
Other comprehensive loss, net of tax	—	—	—	—	(11,386)	—	(11,386)
Balance at March 31, 2020	62,147,140	$ 6	$ 1,788,456	$ 245,373	$ (6,048)	$ 22,355	$ 2,050,142
Issuance of stock under Employee Stock Purchase Plan	638,792	—	19,101	—	—	—	19,101
Common stock issued in private placement, net of issuance costs	4,474,559	1	174,748	—	—	—	174,749
Stock-based compensation	—	—	98,560	—	—	—	98,560
Shares issued in settlement of certain accrued employee compensation liabilities	580,846	—	25,406	—	—	—	25,406
RSU awards vesting, net of shares withheld for taxes which have been retired	687,796	—	(13,676)	—	—	—	(13,676)
Net income	—	—	—	3,691	—	13,410	17,101
Other comprehensive income, net of tax	—	—	—	—	15,851	—	15,851
Balance at March 31, 2021	68,529,133	$ 7	$ 2,092,595	$ 249,064	$ 9,803	$ 35,765	$ 2,387,234

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — The Company and a Summary of Its Significant Accounting Policies

The Company

Viasat, Inc. (also referred to hereafter as the “Company” or “Viasat”) is an innovator in communications technologies and services, including high-speed and cost-effective broadband and advanced communications products and services.

Principles of consolidation

The Company’s consolidated financial statements include the assets, liabilities and results of operations of Viasat, its wholly owned subsidiaries and its majority-owned subsidiary, TrellisWare Technologies, Inc. (TrellisWare). During the third quarter of fiscal year 2019, Viasat Europe Sàrl (formerly known as Euro Broadband Retail Sàrl), which was previously a majority-owned subsidiary, became a wholly owned subsidiary when the Company purchased the remaining 49% interest in the company for an insignificant amount. 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.

Certain prior period amounts have been reclassified to conform to the current period presentation.

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, contingencies and income taxes including the valuation allowance on deferred tax assets.

Cash equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less at the date of purchase.

Accounts receivable and allowance for doubtful accounts

The Company records any unconditional rights to consideration as receivables at net realizable value including an allowance for estimated uncollectible accounts. The allowance for doubtful accounts is based on the Company’s assessment of the collectability of customer accounts. The Company regularly reviews the allowance by considering factors such as historical experience, credit quality, the age of accounts receivable balances and current economic conditions that may affect a customer’s ability to pay. Amounts determined to be uncollectible are charged or written off against the reserve. Historically, the Company’s allowance for doubtful accounts has been minimal primarily because a significant portion of its sales has been to the U.S. Government or with respect to its satellite services commercial business, the Company bills and collects in advance.

Concentration of risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash equivalents and accounts receivable which are generally not collateralized. The Company limits its exposure to credit loss by placing its cash equivalents with high credit quality financial institutions and investing in high quality short-term debt instruments. The Company establishes customer credit policies related to its accounts receivable based on historical collection experiences within the various markets in which the Company operates, historical past due amounts and any specific information that the Company becomes aware of such as bankruptcy or liquidity issues of customers.

Revenues from the U.S. Government as an individual customer comprised approximately 30%, 30% and 26% of total revenues for fiscal years 2021, 2020 and 2019, respectively. Billed accounts receivable to the U.S. Government as of March 31, 2021 and 2020 were approximately 27% and 35%, respectively, of total billed receivables. In addition, none of the Company's commercial customers comprised 10% or more of total revenues for fiscal years 2021, 2020 and 2019. The Company's five largest contracts generated approximately 16%, 18% and 20% of the Company's total revenues for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

The Company relies on a limited number of contract manufacturers to produce its products.

Inventory

Inventory is valued at the lower of cost and net realizable value, cost being determined by the weighted average cost method.

Property, equipment and satellites

Satellites and other property and equipment, including internally developed software, are recorded at cost or, in the case of certain satellites and other property acquired, the fair value at the date of acquisition, net of accumulated depreciation. Capitalized satellite costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentives expected to be payable to satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction. The Company also constructs earth stations, network operations systems and other assets to support its satellites, and those construction costs, including interest, are capitalized as incurred. At the time satellites are placed in service, the Company estimates the useful life of its satellites for depreciation purposes based upon an analysis of each satellite's performance against the original manufacturer's orbital design life, estimated fuel levels and related consumption rates, as well as historical satellite operating trends. The Company periodically reviews the remaining estimated useful life of its satellites to determine if revisions to estimated useful lives are necessary. Costs incurred for additions to property, equipment and satellites, together with major renewals and betterments, are capitalized and depreciated over the remaining life of the underlying asset. Costs incurred for maintenance, repairs and minor renewals and betterments are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is recognized in operations, which for the periods presented, primarily related to losses incurred for unreturned customer premise equipment (CPE). The Company computes depreciation using the straight-line method over the estimated useful lives of the assets ranging from two to 17 years. Leasehold improvements are capitalized and amortized using the straight-line method over the shorter of the lease term or the life of the improvement.

Costs related to internally developed software for internal uses are capitalized after the preliminary project stage is complete and are amortized over the estimated useful lives of the assets, which are approximately three to seven years. Capitalized costs for internal-use software are included in property, equipment and satellites, net in the Company's consolidated balance sheets.

Interest expense is capitalized on the carrying value of assets under construction, in accordance with the authoritative guidance for the capitalization of interest (Accounting Standards Codification (ASC) 835-20). With respect to the ViaSat-3 class satellites, gateway and networking equipment and other assets under construction, the Company capitalized $81.0 million, $54.1 million and $39.5 million of interest expense for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

The Company owns three satellites in service over North America (ViaSat-2, ViaSat-1 and WildBlue-1) and, after acquiring the remaining interest in Euro Infrastructure Co. subsequent to fiscal year end, the Company also owns the KA-SAT satellite over Europe, Middle East, and Africa (EMEA). In addition, the Company has lifetime leases of Ka-band capacity on two satellites. The Company also has a global constellation of three third-generation ViaSat-3 class satellites under construction. In addition, the Company owns related earth stations and networking equipment for all of its satellites. The Company procures indoor and outdoor CPE units leased to subscribers under a retail leasing program as part of the

Company's satellite services segment, which are reflected in investing activities and property, equipment and satellites, net in the accompanying consolidated financial statements. The Company depreciates the satellites, earth stations and networking equipment, CPE units and related installation costs over their estimated useful lives. The total cost and accumulated depreciation of CPE units included in property, equipment and satellites, net, as of March 31, 2021 were $409.9 million and $193.7 million, respectively. The total cost and accumulated depreciation of CPE units included in property, equipment and satellites, net, as of March 31, 2020 were $399.3 million and $165.7 million, respectively.

On June 1, 2017, the Company's second-generation ViaSat-2 satellite was successfully launched into orbit. In the fourth quarter of fiscal year 2018, shortly before the launch of commercial broadband services on the satellite, the Company reported an antenna deployment issue. The Company worked with the satellite manufacturer to determine the root cause of the antenna deployment issue, potential corrective measures, and resulting damage. In the second quarter of fiscal year 2019, the root cause analysis was completed. Based on that analysis, during the second quarter of fiscal year 2019, the Company recorded a reduction to the carrying value of the ViaSat-2 satellite of $177.4 million, with a corresponding insurance receivable of $177.4 million, based on the Company's estimated ViaSat-2 output capabilities as compared to the anticipated, potential and configured capacity of the ViaSat-2 satellite. During fiscal years 2019 and 2020, the Company received an aggregate of $188.0 million of insurance proceeds related to the ViaSat-2 satellite. The ViaSat-2 satellite was primarily financed by the Company's direct loan facility with the Export-Import Bank of the United States for ViaSat-2 (the Ex-Im Credit Facility) (see Note 6 — Senior Notes and Other Long-Term Debt for more information). Pursuant to the terms of the Ex-Im Credit Facility, the proceeds received from the insurance claims for ViaSat-2 were used to pay down outstanding borrowings under the Ex-Im Credit Facility.

Occasionally, the Company may enter into finance lease arrangements for various machinery, equipment, computer-related equipment, software, furniture, fixtures, or satellites. The Company records amortization of assets leased under finance lease arrangements within depreciation expense (see Note 1 — The Company and a Summary of Its Significant Accounting Policies – Leases and Note 5 — Leases for more information).

Leases

Lessee accounting

The Company adopted Accounting Standards Update (ASU) 2016-02, Leases, as amended, commonly referred to as ASC 842, on April 1, 2019 using the optional transition method. Under the optional transition method, the Company applied the new guidance to all leases that commenced before and were existing as of April 1, 2019. For contracts entered into on or after April 1, 2019, the Company assesses at contract inception whether the contract is, or contains, a lease. Generally, the Company determines that a lease exists when (1) the contract involves the use of a distinct identified asset, (2) the Company obtains the right to substantially all economic benefits from use of the asset, and (3) the Company has the right to direct the use of the asset. A lease is classified as a finance lease when one or more of the following criteria are met: (1) the lease transfers ownership of the asset by the end of the lease term, (2) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (3) the lease term is for a major part of the remaining useful life of the asset, (4) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset or (5) the asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease is classified as an operating lease if it does not meet any of these criteria.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability for all leases, except short-term leases with an original term of 12 months or less. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease. The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, less any lease incentives received. All right-of-use assets are periodically reviewed for impairment in accordance with standards that apply to long-lived assets. The lease liability is initially measured at the present value of the lease payments, discounted using an estimate of the Company's incremental borrowing rate for a collateralized loan with the same term as the underlying leases.

Lease payments included in the measurement of lease liabilities consist of (1) fixed lease payments for the noncancelable lease term, (2) fixed lease payments for optional renewal periods where it is reasonably certain the renewal option will be exercised, and (3) variable lease payments that depend on an underlying index or rate, based on the index or rate in effect at lease commencement. Certain of the Company's real estate lease agreements require variable lease payments that do not depend on an underlying index or rate established at lease commencement. Such payments and changes in payments based on a rate or index are recognized in operating expenses when incurred.

Lease expense for operating leases consists of the fixed lease payments recognized on a straight-line basis over the lease term plus variable lease payments as incurred. Lease expense for finance leases consists of the depreciation of assets obtained under finance leases on a straight-line basis over the lease term and interest expense on the lease liability based on the discount rate at lease commencement. For both operating and finance leases, lease payments are allocated between a reduction of the lease liability and interest expense.

Lessor accounting

For broadband equipment leased to fixed broadband customers in conjunction with the delivery of connectivity services, the Company has made an accounting policy election not to separate the broadband equipment from the related connectivity services. The connectivity services are the predominant component of these arrangements. The connectivity services are accounted for in accordance with ASC 606. The Company is also a lessor for certain insignificant communications equipment. These leases meet the criteria for operating lease classification. Lease income associated with these leases is not material.

Goodwill and intangible assets

The authoritative guidance for business combinations (ASC 805) requires that all business combinations be accounted for using the purchase method. The authoritative guidance for business combinations also specifies criteria for recognizing and reporting intangible assets apart from goodwill; however, acquired workforce must be recognized and reported in goodwill. The authoritative guidance for goodwill and other intangible assets (ASC 350) requires that intangible assets with an indefinite life should not be amortized until their life is determined to be finite. All other intangible assets must be amortized over their useful life. The authoritative guidance for goodwill and other intangible assets prohibits the amortization of goodwill and indefinite-lived intangible assets, but instead requires these assets to be tested for impairment at least annually and more frequently upon the occurrence of specified events. In addition, all goodwill must be assigned to reporting units for purposes of impairment testing.

Patents, orbital slots and other licenses

The Company capitalizes the costs of obtaining or acquiring patents, orbital slots and other licenses. Amortization of intangible assets that have finite lives is provided for by the straight-line method over the shorter of the legal or estimated economic life. Total capitalized costs of $3.5 million and $3.3 million related to patents were included in other assets as of March 31, 2021 and 2020, respectively. The Company capitalized costs of $53.8 million and $39.5 million related to acquiring and obtaining orbital slots and other licenses included in other assets as of March 31, 2021 and 2020, respectively. Accumulated amortization related to these assets was $4.4 million and $3.7 million as of March 31, 2021 and 2020, respectively. Amortization expense related to these assets was an insignificant amount for the fiscal years ended March 31, 2021, 2020 and 2019. If a patent, orbital slot or other license is rejected, abandoned or otherwise invalidated, the unamortized cost is expensed in that period. During fiscal years 2021, 2020 and 2019, the Company did not write off any significant costs due to abandonment or impairment.

Debt issuance costs

Debt issuance costs are amortized and recognized as interest expense using the effective interest rate method, or, when the results are not materially different, on a straight-line basis over the expected term of the related debt. During fiscal year 2021, $5.1 million of debt issuance costs were capitalized. During fiscal year 2020, no debt issuance costs were capitalized. During fiscal year 2019, $12.2 million of debt issuance costs were capitalized. Unamortized debt issuance costs related to extinguished debt are expensed at the time the debt is extinguished and recorded in loss on extinguishment of

debt in the consolidated statements of operations and comprehensive income (loss). Debt issuance costs related to the Company's revolving credit facility (the Revolving Credit Facility) are recorded in prepaid expenses and other current assets and in other long-term assets in the consolidated balance sheets in accordance with the authoritative guidance for imputation of interest (ASC 835-30). Debt issuance costs related to the Company's 5.625% Senior Notes due 2025 (the 2025 Notes), the Company's 5.625% Senior Secured Notes due 2027 (the 2027 Notes), the Company's 6.500% Senior Notes due 2028 (the 2028 Notes) and the Ex-Im Credit Facility are recorded as a direct deduction from the carrying amount of the related debt, consistent with debt discounts, in accordance with the authoritative guidance for imputation of interest (ASC 835-30).

Software development

Costs of developing software for sale are charged to independent research and development expense when incurred, until technological feasibility has been established. Software development costs incurred from the time technological feasibility is reached until the product is available for general release to customers are capitalized and reported at the lower of unamortized cost or net realizable value. Once the product is available for general release, the software development costs are amortized based on the ratio of current to future revenue for each product with an annual minimum equal to straight-line amortization over the remaining estimated economic life of the product, generally within five years. Capitalized costs, net, of $237.1 million and $242.7 million related to software developed for resale were included in other assets as of March 31, 2021 and 2020, respectively. The Company capitalized $54.0 million and $51.3 million of costs related to software developed for resale for the fiscal years ended March 31, 2021 and 2020, respectively. Amortization expense for capitalized software development costs was $59.6 million, $53.0 million and $45.9 million during fiscal years 2021, 2020 and 2019, respectively.

Impairment of long-lived and other long-term assets (property, equipment, and satellites, and other assets, including goodwill)

In accordance with the authoritative guidance for impairment or disposal of long-lived assets (ASC 360), the Company assesses potential impairments to long-lived assets, including property, equipment and satellites, and other assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized when the undiscounted cash flows expected to be generated by an asset (or group of assets) are less than the asset's carrying value. Any required impairment loss would be measured as the amount by which the asset's carrying value exceeds its fair value, and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. No material impairments were recorded by the Company for fiscal years 2021, 2020 and 2019.

The Company accounts for its goodwill under the authoritative guidance for goodwill and other intangible assets (ASC 350) and the provisions of ASU 2017-04, Simplifying the Test for Goodwill Impairment, which the Company early adopted in the third quarter of fiscal year 2020. The Company first assesses qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If, after completing the qualitative assessment, the Company determines that it is more likely than not that the estimated fair value is greater than the carrying value, the Company concludes that no impairment exists. Alternatively, if the Company determines in the qualitative assessment that it is more likely than not that the fair value is less than its carrying value, then the Company performs a quantitative goodwill impairment test to identify both the existence of an impairment and the amount of impairment loss, by comparing the fair value of the reporting unit with its carrying amount, including goodwill. If the estimated fair value of the reporting unit is less than the carrying value, then a goodwill impairment charge will be recognized in the amount by which the carrying amount exceeds the fair value, limited to the total amount of goodwill allocated to that reporting unit. The Company tests goodwill for impairment during the fourth quarter every fiscal year and when an event occurs or circumstances change such that it is reasonably possible that an impairment may exist.

In accordance with ASC 350, the Company assesses qualitative factors to determine whether goodwill is impaired. The qualitative analysis includes assessing the impact of changes in certain factors including (1) changes in forecasted operating results and comparing actual results to projections, (2) changes in the industry or its competitive environment since the acquisition date, (3) changes in the overall economy, its market share and market interest rates since the acquisition date, (4) trends in the stock price and related market capitalization and enterprise values, (5) trends in peer companies total enterprise value metrics, and (6) additional factors such as management turnover, changes in regulation and changes in litigation matters.

Based on the Company's qualitative assessment performed during the fourth quarter of fiscal year 2021, the Company concluded that it was more likely than not that the estimated fair value of the Company's reporting units exceeded their carrying values as of March 31, 2021, and therefore, determined it was not necessary to perform a quantitative impairment analysis. No impairments were recorded by the Company related to goodwill and other intangible assets for fiscal years 2021, 2020 and 2019.

Warranty reserves

The Company provides limited warranties on its products for periods of up to five years. The Company records a liability for its warranty obligations when the Company ships the products or they are included in long-term construction contracts based upon an estimate of expected warranty costs. Amounts expected to be incurred within 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 months are classified as other liabilities in the consolidated financial statements. For mature products, the Company estimates the warranty costs based on historical experience with the particular product. For newer products that do not have a history of warranty costs, the Company bases its estimates on its experience with the technology involved and the types of failures that may occur. It is possible that the Company's underlying assumptions will not reflect the actual experience, and in that case, the Company will make future adjustments to the recorded warranty obligation (see Note 14 – Product Warranty).

Fair value of financial instruments

The carrying amounts of the Company's financial instruments, including cash equivalents, receivables, accounts payable and accrued liabilities, approximate their fair values due to their short-term maturities. The estimated fair value of the Company's long-term borrowings and other long-term interest bearing liabilities is determined by using available market information for those securities or similar financial instruments (see Note 3 – Fair Value Measurements).

Self-insurance liabilities

The Company has self-insurance plans to retain a portion of the exposure for losses related to employee medical benefits and workers' compensation. The self-insurance plans include policies which provide for both specific and aggregate stop-loss limits. The Company utilizes internal actuarial methods as well as other historical information for the purpose of estimating ultimate costs for a particular plan year. Based on these actuarial methods, along with currently available information and insurance industry statistics, the Company has recorded self-insurance liability for its plans of $6.9 million and $6.2 million in accrued and other liabilities in the consolidated balance sheets as of March 31, 2021 and 2020, respectively. The Company's estimate, which is subject to inherent variability, is based on average claims experience in the Company's industry and its own experience in terms of frequency and severity of claims, including asserted and unasserted claims incurred but not reported, with no explicit provision for adverse fluctuation from year to year. This variability may lead to ultimate payments being either greater or less than the amounts presented above. Self-insurance liabilities have been classified as a current liability in accrued and other liabilities in accordance with the estimated timing of the projected payments.

Indemnification provisions

In the ordinary course of business, the Company includes indemnification provisions in certain of its contracts, generally relating to parties with which the Company has commercial relations. Pursuant to these agreements, the Company will indemnify, hold harmless and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party, including but not limited to losses relating to third-party intellectual property claims. To date, there have not been any material costs incurred in connection with such indemnification clauses. The Company's insurance policies do not necessarily cover the cost of defending indemnification claims or providing indemnification, so if a claim was filed against the Company by any party that the Company has agreed to indemnify, the Company could incur substantial legal costs and damages. A claim would be accrued when a loss is considered probable and the amount can be reasonably estimated. At March 31, 2021 and 2020, no such amounts were accrued related to the aforementioned provisions.

Noncontrolling interests

A noncontrolling interest represents the equity interest in a subsidiary that is not attributable, either directly or indirectly, to the Company and is reported as equity of the Company, separately from the Company's controlling interest. Revenues, expenses, gains, losses, net income (loss) and other comprehensive income (loss) are reported in the consolidated financial statements at the consolidated amounts, which include the amounts attributable to both the controlling and noncontrolling interest.

Investments in unconsolidated affiliate — equity method

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 Company records its share of the results of such entities within equity in income (loss) of unconsolidated affiliate, net on the consolidated statements of operations and comprehensive income (loss). The Company monitors such investments for other-than-temporary impairment by considering factors including the current economic and market conditions and the operating performance of the entities and records reductions in carrying values when necessary. The fair value of privately held investments is estimated using the best available information as of the valuation date, including current earnings trends, undiscounted cash flows, quoted stock prices of comparable public companies, and other company specific information, including recent financing rounds.

Common stock held in treasury

As of March 31, 2021 and 2020, the Company had no shares of common stock held in treasury.

During fiscal years 2021, 2020 and 2019, the Company issued 1,064,680, 1,075,526 and 1,201,502 shares of common stock, respectively, based on the vesting terms of certain restricted stock unit agreements. In order for employees to satisfy minimum statutory employee tax withholding requirements related to the issuance of common stock underlying these restricted stock unit agreements, the Company repurchased 376,884, 385,604 and 427,088 shares of common stock at cost and with a total value of $13.7 million, $28.8 million and $28.8 million during fiscal years 2021, 2020 and 2019, respectively. Although shares withheld for employee withholding taxes are technically not issued, they are treated as common stock repurchases for accounting purposes (with such shares deemed to be repurchased and then immediately retired), as they reduce the number of shares that otherwise would have been issued upon vesting of the restricted stock units. These retired shares remain as authorized stock and are considered to be unissued. The retirement of treasury stock had no impact on the Company's total consolidated stockholders' equity.

Foreign currency

In general, the functional currency of a foreign operation is deemed to be the local country's currency. Consequently, assets and liabilities of operations outside the United States are generally translated into U.S. dollars, and the effects of foreign currency translation adjustments are included as a component of accumulated other comprehensive income (loss) within Viasat, Inc. stockholders' equity.

Other comprehensive income related to the effects of foreign currency translation adjustments attributable to Viasat, Inc. during fiscal year 2021 was $20.4 million, or $15.9 million net of tax. Other comprehensive loss related to the effects of foreign currency translation adjustments attributable to Viasat, Inc. during fiscal year 2020 was $12.8 million, or $11.6 million net of tax. Other comprehensive loss related to the effects of foreign currency translation adjustments attributed to Viasat, Inc. during fiscal year 2019 was $11.8 million, or $10.0 million net of tax.

Revenue recognition

Effective April 1, 2018, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (commonly referred to as ASC 606) using the modified retrospective method of adoption. This update established ASC 606, Revenue from Contracts with Customers and ASC 340-40, Other Assets and Deferred Costs – Contracts with Customers.

The Company applies the five-step model under ASC 606 to its contracts with its customers. Under this model the Company (1) identifies the contract with the customer, (2) identifies its performance obligations in the contract, (3) determines the transaction price for the contract, (4) allocates the transaction price to its performance obligations and (5) recognizes revenue when or as it satisfies its performance obligations. These performance obligations generally include the purchase of services (including broadband capacity and the leasing of broadband equipment), the purchase of products, and the development and delivery of complex equipment built to customer specifications under long-term contracts.

Performance obligations

The timing of satisfaction of performance obligations may require judgment. The Company derives a substantial portion of its revenues from contracts with customers for services, primarily consisting of connectivity services. These contracts typically require advance or recurring monthly payments by the customer. The Company's obligation to provide connectivity services is satisfied over time as the customer simultaneously receives and consumes the benefits provided. The measure of progress over time is based upon either a period of time (e.g., over the estimated contractual term) or usage (e.g., bandwidth used/bytes of data processed). The Company evaluates whether broadband equipment provided to its customers as part of the delivery of connectivity services represents a lease in accordance with ASC 842. As discussed further above under "Leases - Lessor accounting", for broadband equipment leased to consumer broadband customers in conjunction with the delivery of connectivity services, the Company accounts for the lease and non-lease components of connectivity service arrangements as a single performance obligation as the connectivity services represent the predominant component.

The Company also derives a portion of its revenues from contracts with customers to provide products. Performance obligations to provide products are satisfied at the point in time when control is transferred to the customer. These contracts typically require payment by the customer upon passage of control and determining the point at which control is transferred may require judgment. To identify the point at which control is transferred to the customer, the Company considers indicators that include, but are not limited to, whether (1) the Company has the present right to payment for the asset, (2) the customer has legal title to the asset, (3) physical possession of the asset has been transferred to the customer, (4) the customer has the significant risks and rewards of ownership of the asset, and (5) the customer has accepted the asset. For product revenues, control generally passes to the customer upon delivery of goods to the customer.

The vast majority of the Company's revenues from long-term contracts to develop and deliver complex equipment built to customer specifications are derived from contracts with the U.S. Government (including foreign military sales contracted through the U.S. Government). The Company's contracts with the U.S. Government typically are subject to the Federal Acquisition Regulation (FAR) and are priced based on estimated or actual costs of producing goods or providing services. The FAR provides guidance on the types of costs that are allowable in establishing prices for goods and services provided under U.S. Government contracts. The pricing for non-U.S. Government contracts is based on the specific negotiations with each customer. Under the typical payment terms of the Company's U.S. Government fixed-price contracts, the customer pays the Company either performance-based payments (PBPs) or progress payments. PBPs are interim payments based on quantifiable measures of performance or on the achievement of specified events or milestones. Progress payments are interim payments based on a percentage of the costs incurred as the work progresses. Because the customer can often retain a portion of the contract price until completion of the contract, the Company's U.S. Government fixed-price contracts generally result in revenue recognized in excess of billings which the Company presents as unbilled accounts receivable on the balance sheet. Amounts billed and due from the Company's customers are classified as receivables on the balance sheet. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer. For the Company's U.S. Government cost-type contracts, the customer generally pays the Company for its actual costs incurred within a short period of time. For non-U.S. Government contracts, the Company typically receives interim payments as work progresses, although for some contracts, the Company may be entitled to receive an advance payment. The Company recognizes a liability for these advance payments in excess of revenue recognized and presents it as collections in excess of revenues and deferred revenues on the balance sheet. An advance payment is not typically considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect the Company from the other party failing to adequately complete some or all of its obligations under the contract.

Performance obligations related to developing and delivering complex equipment built to customer specifications under long-term contracts are recognized over time as these performance obligations do not create assets with an alternative use to the Company and the Company has an enforceable right to payment for performance to date. To measure the transfer of control, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. The Company generally uses the cost-to-cost measure of progress for its contracts because that best depicts the transfer of control to the customer which occurs as the Company incurs costs on its contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Estimating the total costs at completion of a performance obligation requires management to make estimates related to items such as subcontractor performance, material costs and availability, labor costs and productivity and the costs of overhead. When estimates of total costs to be incurred on a contract exceed total estimates of revenue to be earned, a provision for the entire loss on the contract is recognized in the period the loss is determined.

Contract costs on U.S. Government contracts are subject to audit and review by the Defense Contracting Management Agency (DCMA), the Defense Contract Audit Agency (DCAA), and other U.S. Government agencies, as well as negotiations with U.S. Government representatives. The Company's incurred cost audits by the DCAA have not been concluded for fiscal years 2019 or 2020. As of March 31, 2021, the DCAA had completed its incurred cost audit for fiscal years 2004 and 2016 and approved the Company's incurred costs for those fiscal years, as well as approved the Company's incurred costs for fiscal years 2005 through 2015, 2017 and 2018 without further audit based on the determination of low risk. Although the Company has recorded contract revenues subsequent to fiscal year 2018 based upon an estimate of costs that the Company believes will be approved upon final audit or review, the Company does not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed the Company's estimates, its profitability would be adversely affected. As of March 31, 2021 and March 31, 2020, the Company had $10.3 million and $7.8 million, respectively, in contract-related reserves for its estimate of potential refunds to customers for potential cost adjustments on several multi-year U.S. Government cost reimbursable contracts (see Note 13 – Contingencies for more information).

Evaluation of transaction price

The evaluation of transaction price, including the amounts allocated to performance obligations, may require significant judgments. Due to the nature of the work required to be performed on many of the Company's performance obligations, the estimation of total revenue, and, where applicable, the cost at completion, is complex, subject to many variables and requires significant judgment. The Company's contracts may contain award fees, incentive fees, or other provisions, including the potential for significant financing components, that can either increase or decrease the transaction price. These amounts, which are sometimes variable, can be dictated by performance metrics, program milestones or cost targets, the timing of payments, and customer discretion. The Company estimates variable consideration at the amount to which it expects to be entitled. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Company's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information (historical, current and forecasted) that is reasonably available to the Company. In the event an agreement includes embedded financing components, the Company recognizes interest expense or interest income on the embedded financing components using the effective interest method. This methodology uses an implied interest rate which reflects the incremental borrowing rate which would be expected to be obtained in a separate financing transaction. The Company has elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. Estimating standalone selling prices may require judgment. When available, the Company utilizes the observable price of a good or service when the Company sells that good or service

separately in similar circumstances and to similar customers. If a standalone selling price is not directly observable, the Company estimates the standalone selling price by considering all information (including market conditions, specific factors, and information about the customer or class of customer) that is reasonably available.

Transaction price allocated to remaining performance obligations

The Company's remaining performance obligations represent the transaction price of firm contracts and orders for which work has not been performed. The Company includes in its remaining performance obligations only those contracts and orders for which it has accepted purchase orders. Remaining performance obligations associated with the Company's subscribers for fixed consumer and business broadband services in its satellite services segment exclude month-to-month service contracts in accordance with a practical expedient and are estimated using a portfolio approach in which the Company reviews all relevant promotional activities and calculates the remaining performance obligation using the average service component for the portfolio and the average time remaining under the contract. The Company's future recurring in-flight connectivity (IFC) service contracts in its satellite services segment do not have minimum service purchase requirements and therefore are not included in the Company's remaining performance obligations. As of March 31, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations was $2.3 billion, of which the Company expects to recognize a little over half over the next twelve months, with the balance recognized thereafter.

Disaggregation of revenue

The Company operates and manages its business in three reportable segments: satellite services, commercial networks and government systems. Revenue is disaggregated by products and services, customer type, contract type, and geographic area, respectively, as the Company believes this approach best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors.

The following sets forth disaggregated reported revenue by segment and product and services for the fiscal years ended March 31, 2021, 2020 and 2019:

	Fiscal Year Ended March 31, 2021			
	Satellite Services	Commercial Networks	Government Systems	Total Revenues
	(In thousands)			
Product revenues	$ —	$ 268,830	$ 775,620	$ 1,044,450
Service revenues	868,943	52,026	290,688	1,211,657
Total revenues	$ 868,943	$ 320,856	$ 1,066,308	$ 2,256,107

	Fiscal Year Ended March 31, 2020			
	Satellite Services	Commercial Networks	Government Systems	Total Revenues
	(In thousands)			
Product revenues	$ —	$ 289,959	$ 882,582	$ 1,172,541
Service revenues	826,583	54,598	255,516	1,136,697
Total revenues	$ 826,583	$ 344,557	$ 1,138,098	$ 2,309,238

	Fiscal Year Ended March 31, 2019			
	Satellite Services	Commercial Networks	Government Systems	Total Revenues
	(In thousands)			
Product revenues	$ —	$ 383,547	$ 709,144	$ 1,092,691
Service revenues	684,205	44,857	246,505	975,567
Total revenues	$ 684,205	$ 428,404	$ 955,649	$ 2,068,258

Revenues from the U.S. Government as an individual customer comprised approximately, 30%, 30% and 26% of total revenues for the fiscal years ended March 31, 2021, 2020 and 2019, respectively, mainly reported within the government systems segment. Revenues from the Company's other customers, mainly reported within the commercial networks and satellite services segments, comprised approximately 70%, 70% and 74% of total revenues for the fiscal years ended March 31, 2021, 2020 and 2019, respectively.

The Company's satellite services segment revenues are primarily derived from the Company's fixed broadband services and in-flight services.

Revenues in the Company's commercial networks and government systems segments are primarily derived from three types of contracts: fixed-price, cost-reimbursement and time-and-materials contracts. Fixed-price contracts (which require the Company to provide products and services under a contract at a specified price) comprised approximately 89%, 88% and 90% of the Company's total revenues for these segments for the fiscal years ended March 31, 2021, 2020 and 2019, respectively. The remainder of the Company's revenues in these segments for such periods was derived primarily from cost-reimbursement contracts (under which the Company is reimbursed for all actual costs incurred in performing the contract to the extent such costs are within the contract ceiling and allowable under the terms of the contract, plus a fee or profit) and from time-and-materials contracts (under which the Company is reimbursed for the number of labor hours expended at an established hourly rate negotiated in the contract, plus the cost of materials utilized in providing such products or services).

Historically, a significant portion of the Company's revenues in its commercial networks and government systems segments has been derived from customer contracts that include the development of products. The development efforts are conducted in direct response to the customer's specific requirements and, accordingly, expenditures related to such efforts are included in cost of sales when incurred and the related funding (which includes a profit component) is included in revenues. Revenues for the Company's funded development from its customer contracts were approximately 23%, 24% and 19% of its total revenues for the fiscal years ended March 31, 2021, 2020 and 2019, respectively.

Contract balances

Contract balances consist of contract assets and contract liabilities. A contract asset, or with respect to the Company, an unbilled accounts receivable, is recorded when revenue is recognized in advance of the Company's right to bill and receive consideration, typically resulting from sales under long-term contracts. Unbilled accounts receivable are generally expected to be billed and collected within one year. The unbilled accounts receivable will decrease as provided services or delivered products are billed. The Company receives payments from customers based on a billing schedule established in the Company's contracts.

When consideration is received in advance of the delivery of goods or services, a contract liability, or with respect to the Company, collections in excess of revenues or deferred revenues, is recorded. Reductions in the collections in excess of revenues or deferred revenues will be recorded as the Company satisfies the performance obligations.

The following table presents contract assets and liabilities as of March 31, 2021 and March 31, 2020:

	As of March 31, 2021	As of March 31, 2020
	(In thousands)	
Unbilled accounts receivable	$ 70,785	$ 75,661
Collections in excess of revenues and deferred revenues	216,594	123,019
Deferred revenues, long-term portion	84,654	80,802

Unbilled accounts receivable decreased $4.9 million during fiscal year 2021, primarily driven by an increase in billings in the Company's government systems segment.

Collections in excess of revenues and deferred revenues increased $93.6 million during fiscal year 2021, primarily driven by advances on goods or services received in excess of revenue recognized mainly in the Company's commercial networks segment, but also in the Company's government systems segment.

During the fiscal year ended March 31, 2021, the Company recognized revenue of $98.6 million that was previously included in the Company's collections in excess of revenues and deferred revenues at March 31, 2020. During the fiscal year ended March 31, 2020, the Company recognized revenue of $93.1 million related to the Company's collections in excess of revenues and deferred revenues at March 31, 2019.

Other assets and deferred costs – contracts with customers

Per ASC 340-40, Other Assets and Deferred Costs – Contracts with Customers, the Company recognizes an asset from the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. ASC 340-40 also requires the recognition of an asset from the costs incurred to fulfill a contract when (1) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify, (2) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and (3) the costs are expected to be recovered. Adoption of the standard has resulted in the recognition of an asset related to commission costs incurred primarily in the Company's satellite services segment, and recognition of an asset related to costs incurred to fulfill contracts. Costs to acquire customer contracts are amortized over the estimated customer contract life. Costs to fulfill customer contracts are amortized in proportion to the revenue to which the costs relate. For contracts with an estimated amortization period of less than one year, the Company elected the practical expedient and expenses incremental costs immediately. The Company's deferred customer contract acquisition costs and costs to fulfill contract balances were $60.4 million and $24.2 million, respectively as of March 31, 2021. Of the Company's total deferred customer contract acquisition costs and costs to fulfill contracts, $26.8 million was included in prepaid expenses and other current assets and $57.8 million was included in other assets on the Company's consolidated balance sheet as of March 31, 2021. The Company's deferred customer contract acquisition costs and costs to fulfill contract balances were $58.1 million and $18.9 million, respectively, as of March 31, 2020. Of the Company's total deferred customer contract acquisition costs and costs to fulfill contracts, $23.5 million was included in prepaid expenses and other current assets and $53.5 million was included in other assets on the Company's consolidated balance sheet as of March 31, 2020. For total deferred customer contract acquisition costs and contract fulfillment costs, the Company's amortization and reduction of carrying value associated with contract termination was $50.5 million, $46.4 million and $41.6 million for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

Advertising costs

In accordance with the authoritative guidance for advertising costs (ASC 720-35), advertising costs are expensed as incurred and included in selling, general and administrative expenses. Advertising expenses for fiscal years 2021, 2020 and 2019 were $12.0 million, $25.8 million and $37.8 million, respectively.

Stock-based compensation

In accordance with the authoritative guidance for share-based payments (ASC 718), the Company measures stock-based compensation cost at the grant date, based on the estimated fair value of the award. Expense for restricted stock units and stock options is recognized on a straight-line basis over the employee's requisite service period. Expense for total shareholder return (TSR) performance stock options that vest is recognized regardless of the actual TSR outcome achieved and is recognized on a graded-vesting basis. The Company accounts for forfeitures as they occur. The Company recognizes excess tax benefits or deficiencies on vesting or settlement of awards as discrete items within income tax benefit or provision within net income (loss) and the related cash flows classified within operating activities.

Independent research and development

Independent research and development (IR&D), which is not directly funded by a third party, is expensed as incurred. IR&D expenses consist primarily of salaries and other personnel-related expenses, supplies, prototype materials and other expenses related to research and development programs.

Income taxes

Accruals for uncertain tax positions are provided for in accordance with the authoritative guidance for accounting for uncertainty in income taxes (ASC 740). The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance for accounting for uncertainty in income taxes also provides guidance on derecognition of income tax assets and liabilities, classification of deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense.

A deferred income tax asset or liability is established for the expected future tax consequences resulting from differences in the financial reporting and tax bases of assets and liabilities and for the expected future tax benefit to be derived from tax credit and loss carryforwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company's analysis of the need for a valuation allowance on deferred tax assets considered historical as well as forecasted future operating results. In addition, the Company's evaluation considered other factors, including the Company's contractual backlog, history of positive earnings, current earnings trends assuming the Company's satellite services segment continues to grow, taxable income adjusted for certain items, and forecasted income by jurisdiction. The Company also considered the period over which these net deferred tax assets can be realized and the Company's history of not having federal tax loss carryforwards expire unused.

Earnings per share

Basic earnings per share is computed based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share is based upon the weighted average number of common shares outstanding and potential common stock, if dilutive during the period. Potential common stock includes options granted (including TSR performance stock options) and restricted stock units awarded under the Company's equity compensation plan which are included in the earnings per share calculations using the treasury stock method, common shares expected to be issued under the Company's employee stock purchase plan, and shares potentially issuable under the Viasat 401(k) Profit Sharing Plan in connection with the Company's decision to pay a discretionary match in common stock or cash.

Segment reporting

The Company's reporting segments, namely its satellite services, commercial networks and government systems segments, are primarily distinguished by the type of customer and the related contractual requirements. The Company's satellite services segment provides satellite-based broadband services to customers, enterprises, commercial airlines and mobile broadband customers. The Company's commercial networks segment develops and offers advanced satellite and wireless broadband platforms, ground networking equipment, radio frequency and advanced microwave solutions, Application-Specific Integrated Circuit (ASIC) chip design, satellite payload development and space-to-earth connectivity systems, some of which are ultimately used by the Company's satellite services segment. The Company's government systems segment develops and offers network-centric, Internet Protocol (IP)-based fixed and mobile secure government communications systems, products, services and solutions and provides global mobile broadband service and product offerings. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company's segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance (see Note 15 – Segment Information).

Recent authoritative guidance

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, Financial Instruments — Credit Losses (ASC 326). ASU 2016-13 requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model (referred to as the current expected credit loss model). It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. In November 2018, the FASB issued ASU 2018-19, Codification Improvements to ASC 326, Financial Instruments — Credit Losses (ASC 326), which clarifies that impairment of receivables arising from operating leases should be accounted for in accordance with ASC 842, Leases. In April 2019, the FASB issued ASU 2019-04, Codification Improvements to ASC 326, Financial Instruments — Credit Losses, in May 2019, the FASB issued ASU 2019-05, Financial Instruments — Credit Losses (ASC 326) Targeted Relief, in November 2019, the FASB issued ASU 2019-11, Codification Improvements to ASC 326, Financial Instruments — Credit Losses, in February 2020, the FASB issued ASU 2020-02, Financial Instruments — Credit Losses (ASC 326) and Leases (ASC 842) Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to ASU 2016-02, Leases (ASC 842) and in March 2020, the FASB issued ASU 2020-03, Codification Improvements to Financial Instruments. These recently issued ASUs do not change the core principle of the guidance in ASU 2016-13 but rather are intended to clarify and improve operability of certain topics included within ASU 2016-13. ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-11, ASU 2020-02, and ASU 2020-03 have the same effective date and transition requirements as ASU 2016-13. The Company adopted the new guidance in the first quarter of fiscal year 2021 using the modified retrospective basis approach with application of the model to the Company’s accounts receivables. Under the new guidance, the Company is required to recognize estimated credit losses expected to occur over the estimated life or remaining contractual life of an asset using a broader range of information including past events, current conditions and consideration of supportable forecasts about future economic conditions. The adoption of this guidance had an insignificant impact on the Company’s consolidated financial statements and disclosures.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (ASC 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The Company adopted the new guidance in the first quarter of fiscal year 2021 and the guidance did not have a material impact on the Company’s consolidated financial statements and disclosures.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (ASC 740): Simplifying the Accounting for Income Taxes, which is intended to simplify various areas related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for the Company beginning in fiscal year 2022. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In January 2020, the FASB issued ASU 2020-01, Investments – Equity Securities (ASC 321), Investments – Equity Method and Joint Ventures (ASC 323) and Derivatives and Hedging (ASC 815). ASU 2020-01 clarifies the interaction of the accounting for equity securities under ASC 321 and investments accounted for under the equity method of accounting under ASC 323, and the accounting for certain forward contracts and purchased options accounted for under ASC 815. The new standard will become effective for the Company beginning in fiscal year 2022. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (ASC 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. ASU 2020-04 provides temporary optional guidance to ease the potential accounting burden associated with the transition away from reference rates (such as the London Interbank Offered Rate) that are expected to be discontinued. In January 2021, the FASB issued ASU 2021-01, Reference Rate Reform (Topic 848), which clarifies the scope and application of the guidance in ASU 2020-04. ASU 2021-01 clarifies that certain optional expedients and exceptions in ASU 2020-04 and Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. The guidance in ASU 2020-04 and ASU 2021-01 are both effective upon issuance through December 31, 2022. The new guidance did not have a material impact on the Company’s consolidated financial statements and disclosures.

In May 2020, the Securities and Exchange Commission (SEC) adopted Amendments to Financial Disclosures about Acquired and Disposed Businesses (the Final Rule). The Final Rule amends SEC rules related to separate financial statements of acquired businesses, and, among other things, revises the income test by adding a revenue component, which is one of the tests used to determine whether a subsidiary of an acquired or disposed business is significant. The Final Rule reduces the anomalous result that registrants with marginal or break-even net income (loss) may be more likely to have subsidiaries deemed significant where they otherwise would not. The Final Rule became effective on January 1, 2021, with early adoption permitted. The Company early adopted the provisions of the Final Rule in the first quarter of fiscal year 2021. The guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In August 2020, the FASB issued ASU 2020-06, Debt – Debt with Conversion and Other Options (ASC 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40). ASU 2020-06 simplifies the accounting for convertible instruments by removing the beneficial conversion and cash conversion accounting models for convertible instruments and removes certain settlement conditions that are required for contracts to qualify for equity classification. This new standard also simplifies the diluted earnings per share calculations by requiring that an entity use the if-converted method for convertible instruments and requires that the effect of potential share settlement be included in diluted earnings per share calculations when an instrument may be settled in cash or shares. The new standard requires entities to provide expanded disclosures about the terms and features of convertible instruments, how the instruments have been reported in the entity's financial statements, and information about events, conditions, and circumstances that can affect how to assess the amount or timing of an entity's future cash flows related to those instruments. The new standard will become effective for the Company beginning in fiscal year 2023, with early adoption permitted, but no earlier than fiscal year 2022. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In October 2020, the FASB issued ASU 2020-08, Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs. ASU 2020-08 clarifies that a company should reevaluate whether a callable debt security is within the scope of ASC paragraph 310-20-35-33 for each reporting period. The new standard will become effective for the Company beginning in fiscal year 2022. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In October 2020, the FASB issued ASU 2020-09, Debt (ASC 740) to update the SEC guidance in the Codification related to the Final Rule (issued in March 2020). The SEC guidance in the Codification has updated financial disclosures about guarantors and issuers of guaranteed securities and affiliates whose securities collateralize a registrant's securities. The final rules, among other things, allow omission of financial statements with respect to guaranteed securities when certain criteria are met and became effective on January 4, 2021. The guidance does not have a material impact on the Company's consolidated financial statements and disclosures.

In October 2020, the FASB issued ASU 2020-10, Codification Improvements, which is related to a project by the FASB to facilitate codification updates for technical corrections, clarifications and other minor improvements that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The new standard contains amendments that affect a wide variety of topics in the ASC. The various amendments in this new standard will become effective for the Company beginning in fiscal year 2022, with early adoption permitted. The Company early adopted this guidance beginning in the fourth quarter of fiscal year 2021 and the guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

Note 2 — Composition of Certain Balance Sheet Captions

	As of March 31, 2021	As of March 31, 2020
	(In thousands)	
Accounts receivable, net:		
Billed	$ 172,559	$ 260,431
Unbilled	70,785	75,661
Allowance for doubtful accounts	(4,692)	(5,394)
	$ 238,652	$ 330,698
Inventories:		
Raw materials	$ 98,338	$ 83,353
Work in process	71,875	59,429
Finished goods	166,459	151,634
	$ 336,672	$ 294,416
Prepaid expenses and other current assets:		
Prepaid expenses	$ 94,405	$ 84,872
Other	25,555	31,409
	$ 119,960	$ 116,281
Property, equipment and satellites, net:		
Equipment and software (estimated useful life of 3-7 years)	$ 1,505,697	$ 1,229,926
CPE leased equipment (estimated useful life of 4-5 years)	409,942	399,343
Furniture and fixtures (estimated useful life of 7 years)	57,433	54,688
Leasehold improvements (estimated useful life of 2-17 years)	149,324	137,287
Building (estimated useful life of 12 years)	8,923	8,923
Land	2,291	2,291
Construction in progress	219,482	220,703
Satellites (estimated useful life of 12-17 years)	969,952	969,952
Satellite Ka-band capacity obtained under finance leases (estimated useful life of 7-11 years)	173,467	171,801
Satellites under construction	1,338,408	906,720
	4,834,919	4,101,634
Less: accumulated depreciation and amortization	(1,784,436)	(1,514,899)
	$ 3,050,483	$ 2,586,735
Other assets:		
Investment in unconsolidated affiliate	$ 176,938	$ 160,204
Deferred income taxes	273,288	276,331
Capitalized software costs, net	237,100	242,741
Patents, orbital slots and other licenses, net	52,889	39,135
Other	95,212	88,941
	$ 835,427	$ 807,352
Accrued and other liabilities:		
Collections in excess of revenues and deferred revenues	$ 216,594	$ 123,019
Accrued employee compensation	87,153	72,654
Accrued vacation	59,509	48,963
Warranty reserve, current portion	6,693	6,233
Operating lease liabilities	48,896	42,146
Other	113,986	98,175
	$ 532,831	$ 391,190
Other liabilities:		
Deferred revenues, long-term portion	$ 84,654	$ 80,802
Warranty reserve, long-term portion	5,193	5,410
Satellite performance incentive obligations, long-term portion	22,191	24,349
Other	25,312	10,373
	$ 137,350	$ 120,934

Note 3 — 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 Company had $5.0 million in cash equivalents (Level 1) and no liabilities measured at fair value on a recurring basis as of both March 31, 2021 and March 31, 2020.

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. Money market funds are valued using quoted prices for identical assets in an active market with sufficient volume and frequency of transactions (Level 1).

Foreign currency forward contracts — The Company uses derivative financial instruments to manage foreign currency risk relating to foreign exchange rates. The Company does not use these instruments for speculative or trading purposes. The Company's objective is to reduce the risk to earnings and cash flows associated with changes in foreign currency exchange rates. Derivative instruments are recognized as either assets or liabilities in the accompanying consolidated financial statements and are measured at fair value. Gains and losses resulting from changes in the fair values of those derivative instruments are recorded to earnings or other comprehensive income (loss) depending on the use of the derivative instrument and whether it qualifies for hedge accounting. The Company's foreign currency forward contracts are valued using standard calculations/models that are primarily based on observable inputs, such as foreign currency exchange rates, or can be corroborated by observable market data (Level 2).

Long-term debt — The Company's long-term debt consists of borrowings under its Revolving Credit Facility and Ex-Im Credit Facility (collectively, the Credit Facilities), $700.0 million in aggregate principal amount of 2025 Notes, $600.0 million in aggregate principal amount of 2027 Notes, $400.0 million in aggregate principal amount of 2028 Notes and 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 Ex-Im Credit Facility, 2025 Notes, the 2027 Notes and 2028 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 Revolving Credit Facility approximates its carrying amount due to its variable interest rate, which approximates a market interest rate. As of March 31, 2021 and 2020, the fair value of the Company's long-term debt related to the Ex-Im Credit Facility was determined based on a discounted cash flow analysis using observable market interest rates for instruments with similar terms (Level 2) and was approximately $100.1 million and $118.1 million, respectively. As of March 31, 2021 and 2020, the estimated fair value of the Company's outstanding long-term debt related to the 2025 Notes was determined based on actual or estimated bids and offers for the 2025 Notes in an over-the-counter market (Level 2) and was $709.6 million and $653.6 million, respectively. As of March 31, 2021 and 2020, the estimated fair value of the Company's outstanding long-term debt related to the 2027 Notes was determined based on actual or estimated bids and offers for the 2027 Notes in an over-the-counter market (Level 2) and was $629.2 million and $603.2 million, respectively. As of March 31, 2021, the estimated fair value of the Company's outstanding long-term debt related to the 2028 Notes (which were issued in June 2020) was determined based on actual or estimated bids and offers for the 2028 Notes in an over-the-counter market (Level 2) and was $420.5 million.

Satellite performance incentive obligations — The Company's contracts with the manufacturers of the ViaSat-1 and ViaSat-2 satellites require the Company to make monthly in-orbit satellite performance incentive payments, including interest, through fiscal year 2027 and fiscal year 2028, respectively, subject to the continued satisfactory performance of the applicable satellites. The Company records the net present value of these expected future payments as a liability and as a component of the cost of the satellites. However, for disclosure purposes, the Company is required to measure the fair value of outstanding satellite performance incentive obligations on a recurring basis. The fair value of the Company's outstanding satellite performance incentive obligations is estimated to approximate their carrying value based on current rates (Level 2). As of March 31, 2021 and 2020, the Company's estimated satellite performance incentive obligations relating to the ViaSat-1 and ViaSat-2 satellites, including accrued interest, were $27.1 million and $27.4 million, respectively.

Note 4 — Goodwill and Acquired Intangible Assets

During fiscal year 2021, the increase in the Company's goodwill related to the insignificant amount of the effects of foreign currency translation recorded within all three of the Company's segments. During fiscal year 2020, the decrease in the Company's goodwill related to the insignificant amount of the effects of foreign currency translation recorded within all three of the Company's segments.

Other acquired intangible assets are amortized using the straight-line method over their estimated useful lives of two to ten years. Amortization expense related to other acquired intangible assets was $5.5 million, $7.6 million and $9.7 million for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

The expected amortization expense of amortizable acquired intangible assets may change due to the effects of foreign currency fluctuations as a result of international businesses acquired. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

	Amortization (In thousands)
Expected for fiscal year 2022	$ 3,300
Expected for fiscal year 2023	2,993
Expected for fiscal year 2024	2,472
Expected for fiscal year 2025	803
Expected for fiscal year 2026	—
Thereafter	—
	$ 9,568

The allocation of the other acquired intangible assets and the related accumulated amortization as of March 31, 2021 and 2020 is as follows:

		As of March 31, 2021			As of March 31, 2020		
	Weighted Average Useful Life	Total	Accumulated Amortization	Net Book Value	Total	Accumulated Amortization	Net Book Value
	(In years)	(In thousands)					
Technology	6	$ 78,185	$ (71,549)	$ 6,636	$ 89,228	$ (78,935)	$ 10,293
Contracts and customer relationships	8	55,161	(52,229)	2,932	103,114	(98,968)	4,146
Satellite co-location rights	9	8,600	(8,600)	—	8,600	(8,600)	—
Trade name	3	5,940	(5,940)	—	5,940	(5,940)	—
Other	7	3,663	(3,663)	—	6,399	(6,399)	—
Total other acquired intangible assets	7	$ 151,549	$ (141,981)	$ 9,568	$ 213,281	$ (198,842)	$ 14,439

In fiscal year 2021, the gross amount and accumulated amortization for acquired identifiable intangible assets were reduced by the retirement of fully amortized assets that were no longer in use.

Note 5 — Leases

The Company’s operating leases consist primarily of leases for office space, data centers and satellite ground facilities and have remaining terms from less than one year to twelve years, some of which include renewal options, and some of which include options to terminate the leases within one year. Certain earth station leases have renewal terms that have been deemed to be reasonably certain to be exercised and as such have been recognized as part of the Company’s right-of-use assets and lease liabilities. The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company recognized right-of-use assets and lease liabilities for such leases in connection with its adoption of ASC 842 as of April 1, 2019 (see Note 1 — The Company and a Summary of Its Significant Accounting Policies — Leases for more information). The Company reports operating lease right-of-use assets in operating lease right-of-use assets and the current and non-current portions of its operating lease liabilities in accrued and other liabilities and non-current operating lease liabilities, respectively.

The Company’s finance leases consist primarily of satellite lifetime Ka-band capacity leases and have remaining terms from less than one to five years. The Company reports assets obtained under finance leases in property, equipment and satellites, net and the current and non-current portions of its finance lease liabilities in current portion of long-term debt and other long-term debt, respectively.

The components of the Company's lease costs, weighted average lease terms and discount rates are presented in the tables below:

	Fiscal Years Ended	
	March 31, 2021	March 31, 2020
	(In thousands)	
Lease cost:		
Operating lease cost	$ 65,732	$ 60,861
Finance lease cost:		
Depreciation of assets obtained under finance leases	13,656	11,328
Interest on lease liabilities	3,314	2,144
Short-term lease cost	5,618	4,750
Variable lease cost	7,176	8,608
Net lease cost	$ 95,496	$ 87,691

	As of March 31, 2021	As of March 31, 2020
Lease term and discount rate:		
Weighted average remaining lease term (in years):		
Operating leases	7.4	7.0
Finance leases	5.3	6.3
Weighted average discount rate:		
Operating leases	5.4%	5.4%
Finance leases	5.4%	5.4%

The following table details components of the consolidated statements of cash flows for operating and finance leases:

	Fiscal Years Ended	
	March 31, 2021	March 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 64,676	$ 58,987
Operating cash flows from finance leases	3,108	1,856
Financing cash flows from finance leases	10,900	8,044
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ 78,393	$ 25,420
Finance leases	2,076	72,711

The following table presents maturities of the Company's lease liabilities as of March 31, 2021:

	Operating Leases	Finance Leases
	(In thousands)	
Expected for fiscal year 2022	$ 67,650	$ 13,567
Expected for fiscal year 2023	62,746	12,008
Expected for fiscal year 2024	62,173	12,000
Expected for fiscal year 2025	57,100	12,000
Expected for fiscal year 2026	54,084	12,000
Thereafter	139,230	3,000
Total future lease payments required	442,983	64,575
Less: interest	80,325	8,239
Total	$ 362,658	$ 56,336

As of March 31, 2021, the Company had $1.7 million of additional lease commitments that will commence in fiscal year 2022 with lease terms of three to six years.

As discussed in Note 1 – The Company and a Summary of Its Significant Accounting Policies – Leases, in fiscal year 2020 the Company adopted ASC 842 using the optional transition method presenting prior period amounts and disclosures under ASC 840. Rent expense was $53.5 million for the fiscal year ended March 31, 2019.

Note 6 — Senior Notes and Other Long-Term Debt

Total long-term debt consisted of the following as of March 31, 2021 and 2020:

	As of March 31, 2021	As of March 31, 2020
	(In thousands)	
2028 Notes	$ 400,000	$ —
2027 Notes	600,000	600,000
2025 Notes	700,000	700,000
Revolving Credit Facility	—	390,000
Ex-Im Credit Facility	98,261	117,913
Finance lease obligations (see Note 5)	56,336	64,956
Total debt	1,854,597	1,872,869
Unamortized discount and debt issuance costs	(21,441)	(21,418)
Less: current portion of long-term debt	30,472	29,788
Total long-term debt	$ 1,802,684	$ 1,821,663

The estimated aggregate amounts and timing of payments on the Company's long-term debt obligations as of March 31, 2021 for the next five fiscal years and thereafter were as follows (excluding the effects of discount accretion under the 2025 Notes, the 2027 Notes, the 2028 Notes and the Ex-Im Credit Facility):

For the Fiscal Years Ending	(In thousands)
2022	$ 30,472
2023	29,455
2024	29,986
2025	30,555
2026	731,155
Thereafter	1,002,974
	1,854,597
Plus: unamortized discount and debt issuance costs	(21,441)
Total	$ 1,833,156

Revolving Credit Facility

As of March 31, 2021, the Revolving Credit Facility provided a $700.0 million revolving line of credit (including up to $150.0 million of letters of credit), with a maturity date of January 18, 2024. At March 31, 2021, the Company had no outstanding borrowings under the Revolving Credit Facility and $26.3 million outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility as of March 31, 2021 of $673.7 million.

Borrowings under the Revolving Credit Facility bear interest, at the Company's option, at either (1) the highest of the Federal Funds rate plus 0.50%, the Eurodollar rate plus 1.00%, or the administrative agent's prime rate as announced from time to time, or (2) the Eurodollar rate, plus, in the case of each of (1) and (2), an applicable margin that is based on the Company's total leverage ratio. The Company has capitalized certain amounts of interest expense on the Revolving Credit Facility in connection with the construction of various assets during the construction period. The Revolving Credit Facility is required to be guaranteed by certain significant domestic subsidiaries of the Company (as defined in the Revolving Credit Facility) and secured by substantially all of the Company's and any such subsidiaries' assets. As of March 31, 2021, none of the Company's subsidiaries guaranteed the Revolving Credit Facility.

The Revolving Credit Facility contains financial covenants regarding a maximum total leverage ratio and a minimum interest coverage ratio. In addition, the Revolving Credit Facility contains covenants that restrict, among other things, the Company's ability to sell assets, make investments and acquisitions, make capital expenditures, grant liens, pay dividends and make certain other restricted payments. The Company was in compliance with its financial covenants under the Revolving Credit Facility as of March 31, 2021.

Ex-Im Credit Facility

The Ex-Im Credit Facility originally provided a $362.4 million senior secured direct loan facility, which was fully drawn. Of the $362.4 million in principal amount of borrowings made under the Ex-Im Credit Facility, $321.2 million was used to finance up to 85% of the costs of construction, launch and insurance of the ViaSat-2 satellite and related goods and services (including costs incurred on or after September 18, 2012), with the remaining $41.2 million used to finance the total exposure fees incurred under the Ex-Im Credit Facility (which included all previously accrued completion exposure fees). As of March 31, 2021, the Company had $98.3 million in principal amount of outstanding borrowings under the Ex-Im Credit Facility.

Borrowings under the Ex-Im Credit Facility bear interest at a fixed rate of 2.38%, payable semi-annually in arrears. The effective interest rate on the Company's outstanding borrowings under the Ex-Im Credit Facility, which takes into account timing and amount of borrowings and payments, exposure fees, debt issuance costs and other fees, is 4.54%. Borrowings under the Ex-Im Credit Facility are required to be repaid in 16 semi-annual principal installments, which commenced on April 15, 2018, with a maturity date of October 15, 2025. Pursuant to the terms of the Ex-Im Credit Facility, certain insurance proceeds related to the ViaSat-2 satellite must be used to pay down outstanding borrowings under the Ex-Im Credit Facility upon receipt. During fiscal years 2019 and 2020, the Company received an aggregate of $188.0 million of insurance proceeds related to the ViaSat-2 satellite, all of which were used to pay down outstanding borrowings under the Ex-Im Credit Facility upon receipt (see Note 1 – The Company and a Summary of Its Significant Accounting Policies – Property, equipment and satellites for more information). The Ex-Im Credit Facility is guaranteed by Viasat and is secured by first-priority liens on the ViaSat-2 satellite and related assets, as well as a pledge of the capital stock of the borrower under the facility.

The Ex-Im Credit Facility contains financial covenants regarding Viasat's maximum total leverage ratio and minimum interest coverage ratio. In addition, the Ex-Im Credit Facility contains covenants that restrict, among other things, the Company's ability to sell assets, make investments and acquisitions, make capital expenditures, grant liens, pay dividends and make certain other restricted payments. The Company was in compliance with its financial covenants under the Ex-Im Credit Facility as of March 31, 2021.

Borrowings under the Ex-Im Credit Facility are recorded as current portion of long-term debt and as other long-term debt, net of unamortized discount and debt issuance costs, in the Company's consolidated financial statements. The discount of $42.3 million (consisting of the initial $6.0 million pre-exposure fee, $35.3 million of completion exposure fees, and other customary fees) and deferred financing cost associated with the issuance of the borrowings under the Ex-Im Credit Facility are amortized to interest expense on an effective interest rate basis over the weighted average term of the Ex-Im Credit Facility and in accordance with the related payment obligations.

Senior Notes

Senior Notes due 2028

In June 2020, the Company issued $400.0 million in principal amount of 2028 Notes in a private placement to institutional buyers. The 2028 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 2028 Notes bear interest at the rate of 6.500% per year, payable semi-annually in cash in arrears, which interest payments commenced in January 2021. Debt issuance costs associated with the issuance of the 2028 Notes are amortized to interest expense on a straight-line basis over the term of the 2028 Notes, the results of which are not materially different from the effective interest rate basis.

The 2028 Notes are required to be guaranteed on an unsecured senior basis by each of the Company's existing and future subsidiaries that guarantees the Revolving Credit Facility. As of March 31, 2021, none of the Company's subsidiaries guaranteed the 2028 Notes. The 2028 Notes are the Company's general senior unsecured obligations and rank equally in right

of payment with all of the Company's existing and future unsecured unsubordinated debt. The 2028 Notes are effectively junior in right of payment to the Company's existing and future secured debt, including under the Credit Facilities and the 2027 Notes (to the extent of the value of the assets securing such debt), are structurally subordinated to all existing and future liabilities (including trade payables) of the Company's subsidiaries that do not guarantee the 2028 Notes, and are senior in right of payment to all of the Company's existing and future subordinated indebtedness.

The indenture governing the 2028 Notes limits, among other things, the Company's and its restricted subsidiaries' ability 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; reduce the Company's satellite insurance; and consolidate or merge with, or sell substantially all of their assets to, another person.

Prior to July 15, 2023, the Company may redeem up to 40% of the 2028 Notes at a redemption price of 106.500% 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. The Company may also redeem the 2028 Notes prior to July 15, 2023, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus the applicable premium and any accrued and unpaid interest, if any, thereon to the redemption date. The applicable premium is calculated as the greater of: (i) 1.0% of the principal amount of such 2028 Notes and (ii) the excess, if any, of (a) the present value at such date of redemption of (1) the redemption price of such 2028 Notes on July 15, 2023 plus (2) all required interest payments due on such 2028 Notes through July 15, 2023 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the treasury rate (as defined under the indenture governing the 2028 Notes) plus 50 basis points, over (b) the then-outstanding principal amount of such 2028 Notes. The 2028 Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on July 15, 2023 at a redemption price of 103.250%, during the 12 months beginning on July 15, 2024 at a redemption price of 101.625%, and at any time on or after July 15, 2025 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 triggering event occurs (as defined in the indenture governing the 2028 Notes), each holder will have the right to require the Company to repurchase all or any part of such holder's 2028 Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 2028 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).

Senior Secured Notes due 2027

In March 2019, the Company issued $600.0 million in principal amount of 2027 Notes in a private placement to institutional buyers. The 2027 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 2027 Notes bear interest at the rate of 5.625% per year, payable semi-annually in cash in arrears, which interest payments commenced in October 2019. Debt issuance costs associated with the issuance of the 2027 Notes are amortized to interest expense on a straight-line basis over the term of the 2027 Notes, the results of which are not materially different from the effective interest rate basis.

The 2027 Notes are required to be guaranteed on a senior secured basis by each of the Company's existing and future subsidiaries that guarantees the Revolving Credit Facility. As of March 31, 2021, none of the Company's subsidiaries guaranteed the 2027 Notes. The 2027 Notes are secured, equally and ratably with the Revolving Credit Facility and any future parity lien debt, by liens on substantially all of the Company's assets.

The 2027 Notes are the Company's general senior secured obligations and rank equally in right of payment with all of its existing and future unsubordinated debt. The 2027 Notes are effectively senior to all of the Company's existing and future unsecured debt (including the 2025 Notes and the 2028 Notes) as well as to all of any permitted junior lien debt that may be incurred in the future, in each case to the extent of the value of the assets securing the 2027 Notes. The 2027 Notes are effectively subordinated to any obligations that are secured by liens on assets that do not constitute a part of the collateral securing the 2027 Notes, are structurally subordinated to all existing and future liabilities (including trade payables) of the

Company's subsidiaries that do not guarantee the 2027 Notes (including obligations of the borrower under the Ex-Im Credit Facility), and are senior in right of payment to all of the Company's existing and future subordinated indebtedness.

The indenture governing the 2027 Notes limits, among other things, the Company's and its restricted subsidiaries' ability 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; reduce the Company's satellite insurance; and consolidate or merge with, or sell substantially all of their assets to, another person.

Prior to April 15, 2022, the Company may redeem up to 40% of the 2027 Notes at a redemption price of 105.625% 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. The Company may also redeem the 2027 Notes prior to April 15, 2022, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus the applicable premium and any accrued and unpaid interest, if any, thereon to the redemption date. The applicable premium is calculated as the greater of: (i) 1.0% of the principal amount of such 2027 Notes and (ii) the excess, if any, of (a) the present value at such date of redemption of (1) the redemption price of such 2027 Notes on April 15, 2022 plus (2) all required interest payments due on such 2027 Notes through April 15, 2022 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the treasury rate (as defined under the indenture governing the 2027 Notes) plus 50 basis points, over (b) the then-outstanding principal amount of such 2027 Notes. The 2027 Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on April 15, 2022 at a redemption price of 102.813%, during the 12 months beginning on April 15, 2023 at a redemption price of 101.406%, and at any time on or after April 15, 2024 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 triggering event occurs (as defined in the indenture governing the 2027 Notes), each holder will have the right to require the Company to repurchase all or any part of such holder's 2027 Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 2027 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).

Senior Notes due 2025

In September 2017, the Company issued $700.0 million in principal amount of 2025 Notes in a private placement to institutional buyers. The 2025 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 2025 Notes bear interest at the rate of 5.625% per year, payable semi-annually in cash in arrears, which interest payments commenced in March 2018. Debt issuance costs associated with the issuance of the 2025 Notes are amortized to interest expense on a straight-line basis over the term of the 2025 Notes, the results of which are not materially different from the effective interest rate basis.

The 2025 Notes are required to be guaranteed on an unsecured senior basis by each of the Company's existing and future subsidiaries that guarantees the Revolving Credit Facility. As of March 31, 2021, none of the Company's subsidiaries guaranteed the 2025 Notes. The 2025 Notes are the Company's general senior unsecured obligations and rank equally in right of payment with all of the Company's existing and future unsecured unsubordinated debt. The 2025 Notes are effectively junior in right of payment to the Company's existing and future secured debt, including under the Credit Facilities and the 2027 Notes (to the extent of the value of the assets securing such debt), are structurally subordinated to all existing and future liabilities (including trade payables) of the Company's subsidiaries that do not guarantee the 2025 Notes, and are senior in right of payment to all of the Company's existing and future subordinated indebtedness.

The indenture governing the 2025 Notes limits, among other things, the Company's and its restricted subsidiaries' ability 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; reduce the Company's satellite insurance; and consolidate or merge with, or sell substantially all of their assets to, another person.

The 2025 Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on September 15, 2020 at a redemption price of 102.813%, during the 12 months beginning on September 15, 2021 at a redemption price of 101.406%, and at any time on or after September 15, 2022 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 triggering event occurs (as defined in the indenture governing the 2025 Notes), each holder will have the right to require the Company to repurchase all or any part of such holder's 2025 Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 2025 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 7 — Common Stock and Stock Plans

In February 2019, the Company filed a universal shelf registration statement with the SEC for the future sale of an unlimited amount of common stock, preferred stock, debt securities, depositary shares, warrants, and rights. The securities may be offered from time to time, separately or together, directly by the Company, by selling security holders, or through underwriters, dealers or agents at amounts, prices, interest rates and other terms to be determined at the time of the offering.

In November 1996, the Company adopted the 1996 Equity Participation Plan (the Equity Participation Plan). The Equity Participation Plan provides for the grant to executive officers, other key employees, consultants and non-employee directors of the Company a broad variety of stock-based compensation alternatives such as nonqualified stock options, incentive stock options, restricted stock units and performance awards. From November 1996 to September 2020 through various amendments of the Equity Participation Plan, the Company increased the maximum number of shares reserved for issuance under this plan to 38,025,000 shares. The Company believes that such awards better align the interests of its employees with those of its stockholders. Shares of the Company's common stock granted under the Equity Participation Plan in the form of stock options or stock appreciation right are counted against the Equity Participation Plan share reserve on a one for one basis and performance-based stock options are calculated assuming "maximum" performance. Shares of the Company's common stock granted under the Equity Participation Plan as an award other than as an option or as a stock appreciation right with a per share purchase price lower than 100% of fair market value on the date of grant are counted against the Equity Participation Plan share reserve as two shares for each share of common stock prior to September 22, 2010 and subsequent to September 19, 2012, and as 2.65 shares for each share of common stock during the period beginning on September 22, 2010 and ending on September 19, 2012. Restricted stock units are granted to eligible employees and directors and represent rights to receive shares of common stock at a future date.

In November 1996, the Company adopted the ViaSat, Inc. Employee Stock Purchase Plan (the Employee Stock Purchase Plan) to assist employees in acquiring a stock ownership interest in the Company and to encourage them to remain in the employment of the Company. The Employee Stock Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code. From November 1996 to September 2019 through various amendments of the Employee Stock Purchase Plan, the Company increased the maximum number of shares reserved for issuance under this plan to 4,450,000 shares. To facilitate participation for employees located outside of the United States in light of non-U.S. law and other considerations, the amended Employee Stock Purchase Plan also provides for the grant of purchase rights that are not intended to be tax-qualified. The Employee Stock Purchase Plan permits eligible employees to purchase common stock at a discount through payroll deductions during specified six-month offering periods. No employee may purchase more than $25,000 worth of stock in any calendar year. The price of shares purchased under the Employee Stock Purchase Plan is equal to 85% of the fair market value of the common stock on the first or last day of the offering period, whichever is lower.

Total stock-based compensation expense recognized in accordance with the authoritative guidance for share-based payments was as follows:

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
		(In thousands)	
Stock-based compensation expense before taxes	$ 84,879	$ 86,553	$ 79,599
Related income tax benefits	(19,485)	(20,388)	(18,824)
Stock-based compensation expense, net of taxes	$ 65,394	$ 66,165	$ 60,775

In accordance with the authoritative guidance for share-based payments (ASC 718), the Company recognizes excess tax benefits or deficiencies on vesting or settlement of awards as discrete items within income tax benefit or provision within net income (loss) and the related cash flows classified within operating activities.

The compensation cost that has been charged against income for the Equity Participation Plan under the authoritative guidance for share-based payments was $77.9 million, $81.5 million and $75.3 million, and for the Employee Stock Purchase Plan was $6.9 million, $5.0 million and $4.3 million, for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively. The Company capitalized $13.7 million, $12.6 million and $11.9 million of stock-based compensation expense as a part of the cost for software development for resale included in other assets and as a part of the equipment and software for internal use and satellites included in property, equipment and satellites, net for fiscal years 2021, 2020 and 2019, respectively.

As of March 31, 2021, total unrecognized compensation cost related to unvested stock-based compensation arrangements granted under the Equity Participation Plan (including stock options, TSR performance stock options and restricted stock units) and the Employee Stock Purchase Plan was $170.2 million and $1.4 million, respectively. These costs are expected to be recognized over a weighted average period of 1.2 years, 1.7 years and 2.8 years, for stock options, TSR performance stock options and restricted stock units, respectively, under the Equity Participation Plan and less than six months under the Employee Stock Purchase Plan.

Stock options, TSR performance stock options and employee stock purchase plan. The Company's stock options typically have a simple four-year vesting schedule (except for one- and three-year vesting schedules for options granted to the members of the Company's Board of Directors) and a six-year contractual term. The Company grants TSR performance stock options to executive officers under the 1996 Equity Participation Plan. The number of shares of TSR performance stock options that will become eligible to vest based on the time-based vesting schedule described below is based on a comparison over a four-year performance period of the Company's TSR to the TSR of the companies included in the S&P Mid Cap 400 Index. The number of options that may become vested and exercisable will range from 0% to 175% of the target number of options based on the Company's relative TSR ranking for the performance period. The Company's TSR performance stock options have a four-year time-based vesting schedule and a six-year contractual term. The TSR performance stock options must be vested under both the time-based vesting schedule and the performance-based vesting conditions in order to become exercisable. Expense for TSR performance stock options that time-vest is recognized regardless of the actual TSR outcome achieved and is recognized on a graded-vesting basis. The weighted average estimated fair value of TSR performance stock options granted during fiscal years 2021, 2020 and 2019 was $19.25, $30.41 and $32.32 per share, respectively, using the Monte Carlo simulation. The weighted average estimated fair value of stock options granted and employee stock purchase plan shares issued during fiscal year 2021 was $12.81 and $11.60 per share, respectively, during fiscal year 2020 was $20.15 and $17.15 per share, respectively, and during fiscal year 2019 was $18.35 and $15.14 per share, respectively, using the Black-Scholes model. The weighted average assumptions (annualized percentages) used in the Black-Scholes model and Monte Carlo simulation were as follows:

	Stock Options			TSR Performance Stock Options			Employee Stock Purchase Plan		
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Volatility	39.1%	27.9%	27.9%	39.8%	27.7%	28.2%	64.8%	24.6%	32.8%
Risk-free interest rate	0.2%	1.3%	2.8%	0.4%	1.7%	2.8%	0.1%	1.8%	2.4%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expected life	5.0 years	5.0 years	5.0 years	5.0 years	5.0 years	5.0 years	0.5 years	0.5 years	0.5 years

The Company's expected volatility is a measure of the amount by which its stock price is expected to fluctuate over the expected term of the stock-based award. The estimated volatilities for stock options and TSR performance options are based on the historical volatility calculated using the daily stock price of the Company's stock over a recent historical period equal to the expected term. The risk-free interest rate that the Company uses in determining the fair value of its stock-based awards is based on the implied yield on U.S. Treasury zero-coupon issues with remaining terms equivalent to the expected term of its stock-based awards. The expected terms or lives of stock options and TSR performance stock options represent the expected period of time from the date of grant to the estimated date that the stock options under the Company's Equity Participation Plan would be fully exercised. The expected term assumption is estimated based primarily on the options' vesting terms and remaining contractual life and employees' expected exercise and post-vesting employment termination behavior.

A summary of stock option activity for fiscal year 2021 is presented below:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (In thousands)
Outstanding at March 31, 2020	1,225,233	$ 65.96		
Options granted	34,000	40.25		
Options expired	(302,500)	65.54		
Options exercised	—	—		
Outstanding at March 31, 2021	956,733	$ 65.18	1.5	$ 266
Vested and exercisable at March 31, 2021	916,733	$ 66.11	1.4	$ —

The total intrinsic value of stock options exercised during fiscal years 2021, 2020 and 2019 was zero, $7.9 million and $7.9 million, respectively. All options issued under the Company's stock option plans have an exercise price equal to the fair market value of the Company's stock on the date of the grant. The Company recorded no excess tax benefit during fiscal year 2021 and an insignificant amount of excess tax benefit during fiscal years 2020 and 2019 related to stock option exercises.

A summary of TSR performance stock option activity for fiscal year 2021 is presented below:

	Number of Shares (1)	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (In thousands)
Outstanding at March 31, 2020	1,630,806	$ 71.52		
TSR performance options granted	784,653	35.66		
TSR performance options canceled	—	—		
TSR performance options exercised	—	—		
Outstanding at March 31, 2021	2,415,459	$ 59.87	4.3	$ 9,738
Vested and exercisable at March 31, 2021	—	$ —	—	$ —

(1) Number of shares is based on the target number of options under each TSR performance stock option.

Restricted stock units. Restricted stock units represent a right to receive shares of common stock at a future date determined in accordance with the participant's award agreement. There is no exercise price and no monetary payment required for receipt of restricted stock units or the shares issued in settlement of the award. Instead, consideration is furnished in the form of the participant's services to the Company. Restricted stock units generally vest over four years (except for one- and three-year vesting schedules for restricted stock units granted to the members of the Company's Board of Directors). Compensation cost for these awards is based on the fair value on the date of grant and recognized as compensation expense on a straight-line basis over the requisite service period. For fiscal years 2021, 2020 and 2019, the

Company recognized $59.4 million, $62.4 million and $58.8 million, respectively, in stock-based compensation expense related to these restricted stock unit awards.

The per unit weighted average grant date fair value of restricted stock units granted during fiscal years 2021, 2020 and 2019 was $36.57, $71.59 and $67.88, respectively. A summary of restricted stock unit activity for fiscal year 2021 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value per Share
Outstanding at March 31, 2020	3,020,308	$ 69.35
Awarded	1,643,114	36.57
Forfeited	(167,181)	65.42
Vested	(1,064,680)	70.64
Outstanding at March 31, 2021	3,431,561	$ 53.44
Vested and deferred at March 31, 2021	188,717	$ 47.01

The total fair value of shares vested related to restricted stock units during the fiscal years 2021, 2020 and 2019 was $38.8 million, $80.4 million and $81.1 million, respectively.

Note 8 — Shares Used In Computing Diluted Net Income (Loss) Per Share

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
		(In thousands)	
Weighted average:			
Common shares outstanding used in calculating basic net income (loss) per share attributable to Viasat, Inc. common stockholders	66,444	61,632	59,942
Restricted stock units to acquire common stock as determined by application of the treasury stock method	170	—	—
Potentially issuable shares in connection with certain terms of the Viasat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan	406	—	—
Shares used in computing diluted net income (loss) per share attributable to Viasat, Inc. common stockholders	67,020	61,632	59,942

Antidilutive shares excluded from the calculation for the fiscal year ended March 31, 2021 consisted of 1,119,819 shares related to stock options (other than TSR performance stock options), 475,371 shares related to TSR performance stock options and 2,205,085 shares related to restricted stock units.

The weighted average number of shares used to calculate basic and diluted net loss per share attributable to Viasat, Inc. common stockholders is the same for the fiscal years ended March 31, 2020 and 2019, as the Company incurred a net loss attributable to Viasat, Inc. common stockholders for such periods and inclusion of potentially dilutive weighted average shares of common stock would be antidilutive. Potentially dilutive weighted average shares excluded from the calculation for fiscal years 2020 and 2019, respectively, consisted of 591,396 and 1,291,503 shares related to stock options (other than TSR performance stock options), 138,026 and 871,343 shares related to TSR performance stock options, 841,890 and 612,318 shares related to restricted stock units, and 446,603 and 215,956 shares related to certain terms of the Viasat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan.

Note 9 — Income Taxes

The components of income (loss) before income taxes by jurisdiction are as follows:

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
		(In thousands)	
United States	$ 48,443	$ 27,000	$ (102,643)
Foreign	(22,457)	(25,572)	(7,838)
	$ 25,986	$ 1,428	$ (110,481)

The (provision for) benefit from income taxes includes the following:

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
		(In thousands)	
Current tax provision			
Federal	$ (8,573)	$ (5,935)	$ (821)
State	(3,386)	(1,465)	(690)
Foreign	449	(327)	(1,619)
	(11,510)	(7,727)	(3,130)
Deferred tax benefit			
Federal	708	9,889	34,099
State	823	5,797	8,738
Foreign	538	(44)	1,307
	2,069	15,642	44,144
Total (provision for) benefit from income taxes	$ (9,441)	$ 7,915	$ 41,014

Significant components of the Company’s net deferred tax assets are as follows:

	As of	
	March 31, 2021	March 31, 2020
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 187,900	$ 217,883
Tax credit carryforwards	272,126	248,425
Operating lease liabilities	88,259	78,114
Deferred revenue	21,345	24,840
Other	82,222	62,691
Valuation allowance	(47,076)	(42,621)
Total deferred tax assets	604,776	589,332
Deferred tax liabilities:		
Intangible assets	(71,335)	(71,116)
Property, equipment and satellites	(142,899)	(142,049)
Operating lease assets	(83,065)	(73,446)
Other	(34,208)	(27,374)
Total deferred tax liabilities	(331,507)	(313,985)
Net deferred tax assets	$ 273,269	$ 275,347

A reconciliation of the (provision for) benefit from income taxes to the amount computed by applying the statutory federal income tax rate to income (loss) before income taxes is as follows:

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
		(In thousands)	
Tax (provision) benefit at federal statutory rate	$ (5,457)	$ (300)	$ 23,201
State tax (provision) benefit, net of federal benefit	(5,067)	(1,093)	1,815
Tax credits, net of valuation allowance	24,272	25,153	26,836
Non-deductible compensation	(5,728)	(7,150)	(4,527)
Non-deductible meals and entertainment	(386)	(1,075)	(929)
Stock-based compensation	(9,901)	780	180
Change in federal tax rate due to 2020 CARES Act and 2017 Tax Cuts and Jobs Act	—	567	—
Change in state effective tax rate	(2,360)	(14)	(684)
Foreign effective tax rate differential, net of valuation allowance	(3,046)	(5,707)	(1,552)
Unremitted subsidiary gains	(1,682)	(2,742)	(1,388)
Other	(86)	(504)	(1,938)
Total (provision for) benefit from income taxes	$ (9,441)	$ 7,915	$ 41,014

As of March 31, 2021, the Company had federal and state research & development (R&D) tax credit carryforwards of $214.2 million and $174.6 million, respectively, which begin to expire in fiscal year 2026 and fiscal year 2022, respectively. As of March 31, 2021, the Company also had foreign tax credit carryforwards of approximately $1.9 million, which begin to expire in fiscal year 2022. As of March 31, 2021, the Company had federal and state net operating loss carryforwards of $687.1 million and $560.1 million, respectively, both of which begin to expire in fiscal year 2022.

In accordance with the authoritative guidance for income taxes (ASC 740), net deferred tax assets are reduced by a valuation allowance if, based on all the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Future realization of existing deferred tax assets ultimately depends on future profitability and the existence of sufficient taxable income of appropriate character (for example, ordinary income versus capital gains) within the carryforward period available under tax law. In the event that the Company's estimate of taxable income is less than that required to utilize the full amount of any deferred tax asset, a valuation allowance is established, which would cause a decrease to income in the period such determination is made. A valuation allowance of $47.1 million at March 31, 2021 and $42.6 million at March 31, 2020 has been established relating to state and foreign net operating loss carryforwards, state R&D tax credit carryforwards, and foreign tax credit carryforwards that, based on management's estimate of future taxable income attributable to such jurisdictions and generation of additional research credits, are considered more likely than not to expire unused.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

	As of		
	March 31, 2021	March 31, 2020	March 31, 2019
		(In thousands)	
Balance, beginning of fiscal year	$ 80,591	$ 68,156	$ 55,474
Decrease related to prior year tax positions	(828)	(949)	(1,183)
Increases related to current year tax positions	13,199	13,384	13,865
Balance, end of fiscal year	$ 92,962	$ 80,591	$ 68,156

Of the total unrecognized tax benefits at March 31, 2021, $84.0 million would reduce the Company's annual effective tax rate if recognized, subject to valuation allowance consideration. The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. There were no accrued interest or penalties associated with uncertain tax positions as of March 31, 2021 and 2020.

In the next 12 months it is reasonably possible that the amount of unrecognized tax benefits will not change significantly.

The Company is subject to periodic audits by domestic and foreign tax authorities. By statute, the Company's U.S. federal and state income tax returns are subject to examination by the tax authorities for fiscal years 2018 and thereafter. Additionally, net operating loss and R&D tax credit carryovers that were generated in prior years may also be subject to examination. With few exceptions, fiscal years 2017 and thereafter remain open to examination by 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 10 — Equity Method Investments and Related-Party Transactions

Euro Broadband Infrastructure Sàrl

In March 2017, the Company acquired a 49% interest in Euro Broadband Infrastructure Sàrl (Euro Infrastructure Co.) for $139.5 million as part of the consummation of the Company's strategic partnering arrangement with Eutelsat. The Company's investment in Euro Infrastructure Co. is accounted for under the equity method and the total investment, including basis difference allocated to tangible assets, identifiable intangible assets, deferred income taxes and goodwill, is classified as a single line item, as an investment in unconsolidated affiliate, on the Company's consolidated balance sheets. Because the underlying net assets in Euro Infrastructure Co. and the related excess carrying value of investment over the proportionate share of net assets are denominated in Euros, foreign currency translation gains or losses impact the recorded value of the Company's investment. The Company recorded a foreign currency translation gain, net of tax, of approximately $12.2 million, a loss, net of tax, of approximately $3.8 million, and a loss, net of tax, of approximately $5.6 million for the fiscal years ended March 31, 2021, 2020 and 2019, respectively, in accumulated other comprehensive income (loss). The Company records its proportionate share of the results of Euro Infrastructure Co., and any related basis difference amortization expense, within equity in income of unconsolidated affiliate, net, one quarter in arrears. Accordingly, the Company included its share of the results of Euro Infrastructure Co. for the twelve months ended December 31, 2020, 2019 and 2018 in its consolidated financial statements for the fiscal years ended March 31, 2021, 2020 and 2019, respectively. The Company's investment in Euro Infrastructure Co. is presented at cost of investment plus its accumulated proportional share of income or loss, including amortization of the difference in the historical basis of the Company's contribution, less any distributions it has received. On April 30, 2021, the Company purchased the remaining 51% interest in Euro Infrastructure Co. from Eutelsat (see Note 16 — Subsequent Events for more information).

The difference between the Company's carrying value of its investment in Euro Infrastructure Co. and its proportionate share of the net assets of Euro Infrastructure Co. as of March 31, 2021 and 2020 is summarized as follows:

	As of March 31, 2021	As of March 31, 2020
	(In thousands)	
Carrying value of investment in Euro Infrastructure Co.	$ 176,938	$ 160,204
Less: proportionate share of net assets of Euro Infrastructure Co.	159,394	144,769
Excess carrying value of investment over proportionate share of net assets	$ 17,544	$ 15,435
The excess carrying value has been primarily assigned to:		
Goodwill	$ 23,978	$ 21,777
Identifiable intangible assets	8,332	8,799
Tangible assets	(15,781)	(16,142)
Deferred income taxes	1,015	1,001
	$ 17,544	$ 15,435

The identifiable intangible assets have useful lives of up to 11 years and a weighted average useful life of approximately ten years, and tangible assets have useful lives of up to 11 years and a weighted average useful life of approximately 11 years. Goodwill is not deductible for tax purposes.

The Company's share of income on its investment in Euro Infrastructure Co. was an insignificant amount, $4.5 million, and $3.0 million for the fiscal years ended March 31, 2021, 2020 and 2019, respectively, consisting of the Company's share of equity in Euro Infrastructure Co.'s income, including amortization of the difference in the historical basis of the Company's contribution.

Since acquiring its initial interest in Euro Infrastructure Co., the Company has recorded $10.8 million in retained earnings of undistributed cumulative earnings in equity interests, net of tax, as of March 31, 2021.

Related-party transactions

Transactions with the equity method investee are considered related-party transactions. The following tables set forth the material related-party transactions entered into between Euro Infrastructure Co. and its subsidiaries, on the one hand, and the Company and its subsidiaries, on the other hand, in the ordinary course of business for the time periods presented:

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
		(In thousands)	
Revenue – Euro Infrastructure Co.	$ 10,619	$ 9,993	$ 8,365
Expense – Euro Infrastructure Co.	16,341	18,854	14,302
Cash received – Euro Infrastructure Co.	10,800	12,848	11,276
Cash paid – Euro Infrastructure Co.	27,079	13,463	15,191

	As of March 31, 2021	As of March 31,2020
	(In thousands)	
Collections in excess of revenues and deferred revenues – Euro Infrastructure Co.	$ 6,013	$ 5,832
Accounts payable - Euro Infrastructure Co.	*	5,446

* Amount was insignificant.

Note 11 — Employee Benefits

The Company is a sponsor of a voluntary deferred compensation plan under Section 401(k) of the Internal Revenue Code. Under the plan, the Company may make discretionary contributions to the plan which vest over three years. The Company's discretionary matching contributions to the plan are based on the amount of employee contributions and can be made in cash or the Company's common stock at the Company's election. Subsequent to the 2021 fiscal year end, the Company elected to settle the discretionary contributions liability in shares of the Company's common stock, consistent with fiscal year 2020. Based on the closing price of the Company's common stock at the 2021 fiscal year end, the Company would issue approximately 509,673 shares of common stock at this time. Discretionary contributions accrued by the Company as of March 31, 2021 and 2020 amounted to $24.5 million and $25.4 million, respectively.

Note 12 — Commitments

In January 2008, the Company entered into several agreements with Space Systems/Loral, Inc. (SS/L), its former parent company Loral Space & Communications, Inc. (Loral) and Telesat Canada related to the Company's ViaSat-1 satellite, which was placed into service in January 2012. In May 2013, the Company entered into an agreement to purchase the ViaSat-2 satellite from The Boeing Company (Boeing), which satellite was placed into service during the fourth quarter of fiscal year 2018. The Company's contracts with SS/L and Boeing require the Company to make monthly in-orbit satellite performance incentive payments, including interest through fiscal year 2027 and fiscal year 2028, respectively, subject to the continued satisfactory performance of the applicable satellites. The Company records the net present value of these expected future payments as a liability and as a component of the cost of the satellites. As of March 31, 2021, the Company's estimated satellite performance incentive obligations and accrued interest for the ViaSat-1 and ViaSat-2 satellites were approximately $27.1 million, of which $4.9 million and $22.2 million have been classified as current in accrued liabilities and non-current in other liabilities, respectively. Under the satellite construction contracts with SS/L and Boeing, the Company may incur up to $32.5 million in total costs for satellite performance incentive obligations and related interest earned with potential future minimum payments of $5.3 million, $5.0 million, $5.3 million, $5.5 million and $5.8 million in fiscal years 2022, 2023, 2024, 2025 and 2026, respectively, with $5.6 million in commitments thereafter.

The Company has entered into satellite construction agreements with Boeing for the construction and purchase of three ViaSat-3 class satellites and the integration of Viasat's payload and technologies into the satellites. The Company also enters into various other satellite-related purchase commitments, including with respect to the provision of launch services, operation of its satellites and satellite insurance. As of March 31, 2021, future minimum payments under the Company's satellite construction contracts and other satellite-related purchase commitments for the next five fiscal years and thereafter were as follows:

Fiscal Years Ending	(In thousands)
2022	$ 360,547
2023	203,008
2024	20,361
2025	2,271
2026	2,291
Thereafter	9,791
	$ 598,269

The Company has various other purchase commitments under satellite capacity agreements which are used to provide satellite networking services to its customers for future minimum payments of approximately $57.2 million, $46.6 million, $16.8 million, $5.9 million and $9.7 million in fiscal years 2022, 2023, 2024, 2025 and 2026, respectively, and $65.4 million of further minimum payments thereafter.

Note 13 — Contingencies

From time to time, the Company is involved in a variety of claims, suits, investigations and proceedings arising in the ordinary course of business, including government investigations and claims, and other claims and proceedings with respect to intellectual property, breach of contract, labor and employment, tax and other matters. Such matters could result in fines; penalties, compensatory, treble or other damages; or non-monetary relief. A violation of government contract laws and regulations could also result in the termination of its government contracts or debarment from bidding on future government contracts. Although claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, the Company believes that the resolution of its current pending matters will not have a material adverse effect on its business, financial condition, results of operations or liquidity.

The Company has contracts with various U.S. Government agencies. Accordingly, the Company is routinely subject to audit and review by the DCMA, the DCAA and other U.S. Government agencies of its performance on government contracts, indirect rates and pricing practices, accounting and management internal control business systems, and compliance with applicable contracting and procurement laws, regulations and standards. An adverse outcome to a review or audit or other failure to comply with applicable contracting and procurement laws, regulations and standards could result in material civil and criminal penalties and administrative sanctions being imposed on the Company, which may include termination of contracts, forfeiture of profits, triggering of price reduction clauses, suspension of payments, significant customer refunds, fines and suspension, or a prohibition on doing business with U.S. Government agencies. In addition, if the Company fails to obtain an "adequate" determination of its various accounting and management internal control business systems from applicable U.S. Government agencies or if allegations of impropriety are made against it, the Company could suffer serious harm to its business or its reputation, including its ability to bid on new contracts or receive contract renewals and its competitive position in the bidding process. The Company's incurred cost audits by the DCAA have not been concluded for fiscal years 2019 or 2020. As of March 31, 2021, the DCAA had completed its incurred cost audit for fiscal years 2004 and 2016 and approved the Company's incurred costs for those fiscal years, as well as approved the Company's incurred costs for fiscal years 2005 through 2015, 2017 and 2018 without further audit based on the determination of low risk. Although the Company has recorded contract revenues subsequent to fiscal year 2018 based upon an estimate of costs that the Company believes will be approved upon final audit or review, the Company does not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed the Company's estimates, its profitability would be adversely affected. As of March 31, 2021 and 2020, the Company had $10.3 million and $7.8 million, respectively, in contract-related reserves for its estimate of potential refunds to customers for potential cost adjustments on several multi-year

U.S. Government cost reimbursable contracts. This reserve is classified as either an element of accrued liabilities or as a reduction of unbilled accounts receivable based on the status of the related contracts.

Note 14 — Product Warranty

The Company provides limited warranties on its products for periods of up to five years. The Company records a liability for its warranty obligations when products are shipped or they are included in long-term construction contracts based upon an estimate of expected warranty costs. Amounts expected to be incurred within 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 months are classified as other liabilities in the consolidated financial statements. For mature products, the warranty cost estimates are based on historical experience with the particular product. For newer products that do not have a history of warranty costs, the Company bases its estimates on its experience with the technology involved and the types of failures that may occur. It is possible that the Company's underlying assumptions will not reflect the actual experience and, in that case, future adjustments will be made to the recorded warranty obligation. The following table reflects the change in the Company's warranty accrual in fiscal years 2021, 2020 and 2019.

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
		(In thousands)	
Balance, beginning of period	$ 11,643	$ 7,584	$ 6,914
Change in liability for warranties issued in period	5,328	9,107	5,080
Settlements made (in cash or in kind) during the period	(5,085)	(5,048)	(4,410)
Balance, end of period	$ 11,886	$ 11,643	$ 7,584

Note 15 — Segment Information

The Company's reporting segments, comprised of the satellite services, commercial networks and government systems segments, are primarily distinguished by the type of customer and the related contractual requirements. The Company's satellite services segment provides satellite-based broadband and related services to residential customers, Community Internet hotspot users, enterprises, commercial airlines and other mobile broadband customers. The Company's commercial networks segment develops and offers advanced satellite and wireless broadband platforms, ground networking equipment, radio frequency and advanced microwave solutions, Application-Specific Integrated Circuit chip design, satellite payload development and space-to-earth connectivity systems, some of which are ultimately used by the Company's satellite services segment. The Company's government systems segment provides global mobile broadband services to military and government users and develops and offers network-centric, internet protocol-based fixed and mobile secure communications products and solutions. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company's segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance.

Segment revenues and operating profits (losses) for the fiscal years ended March 31, 2021, 2020 and 2019 were as follows:

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
		(In thousands)	
Revenues:			
Satellite services			
Product	$ —	$ —	$ —
Service	868,943	826,583	684,205
Total	868,943	826,583	684,205
Commercial networks			
Product	268,830	289,959	383,547
Service	52,026	54,598	44,857
Total	320,856	344,557	428,404
Government systems			
Product	775,620	882,582	709,144
Service	290,688	255,516	246,505
Total	1,066,308	1,138,098	955,649
Elimination of intersegment revenues	—	—	—
Total revenues	$ 2,256,107	$ 2,309,238	$ 2,068,258
Operating profits (losses):			
Satellite services	$ 35,853	$ 7,015	$ (64,321)
Commercial networks	(180,749)	(186,877)	(166,613)
Government systems	208,611	225,894	179,969
Elimination of intersegment operating profits	—	—	—
Segment operating profit (loss) before corporate and amortization of acquired intangible assets	63,715	46,032	(50,965)
Corporate	—	—	—
Amortization of acquired intangible assets	(5,482)	(7,611)	(9,655)
Income (loss) from operations	$ 58,233	$ 38,421	$ (60,620)

Assets identifiable to segments include: accounts receivable, unbilled accounts receivable, inventory, acquired intangible assets and goodwill. The Company's property and equipment, including its satellites, earth stations and other networking equipment, are assigned to corporate assets as they are available for use by the various segments throughout their estimated useful lives. Segment assets as of March 31, 2021 and 2020 were as follows:

	As of March 31, 2021	As of March 31, 2020
	(In thousands)	
Segment assets:		
Satellite services	$ 64,048	$ 86,252
Commercial networks	168,334	188,269
Government systems	470,389	484,237
Total segment assets	702,771	758,758
Corporate assets	4,646,696	4,125,110
Total assets	$ 5,349,467	$ 4,883,868

Other acquired intangible assets, net and goodwill included in segment assets as of March 31, 2021 and 2020 were as follows:

	Other Acquired Intangible Assets, Net		Goodwill	
	As of March 31, 2021	As of March 31, 2020	As of March 31, 2021	As of March 31, 2020
	(In thousands)			
Satellite services	$ 5,738	$ 7,368	$ 13,814	$ 13,489
Commercial networks	—	257	44,044	43,981
Government systems	3,830	6,814	64,442	63,727
Total	$ 9,568	$ 14,439	$ 122,300	$ 121,197

Amortization of acquired intangible assets by segment for the fiscal years ended March 31, 2021, 2020 and 2019 was as follows:

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
	(In thousands)		
Satellite services	$ 2,164	$ 2,897	$ 4,857
Commercial networks	257	1,539	1,542
Government systems	3,061	3,175	3,256
Total amortization of acquired intangible assets	$ 5,482	$ 7,611	$ 9,655

Revenue information by geographic area for the fiscal years ended March 31, 2021, 2020 and 2019 was as follows:

	Fiscal Years Ended		
	March 31, 2021	March 31, 2020	March 31, 2019
	(In thousands)		
U.S. customers	$ 2,063,832	$ 2,057,458	$ 1,836,304
Non U.S. customers (each country individually insignificant)	192,275	251,780	231,954
Total revenues	$ 2,256,107	$ 2,309,238	$ 2,068,258

The Company distinguishes revenues from external customers by geographic area based on customer location.

The net book value of long-lived assets located outside the United States was $74.6 million at March 31, 2021 and $64.7 million at March 31, 2020.

Note 16 — Subsequent Events

On April 30, 2021, subsequent to fiscal year end, the Company purchased the remaining 51% interest in Euro Infrastructure Co. from Eutelsat for approximately €142.6 million, or approximately $172.7 million (subject to customary post-closing net working capital and net debt adjustments). The purchase price was funded with available cash, resulting in a cash outlay of approximately €41.6 million, or $50.4 million, after consideration of approximately €101.0 million, or $122.3 million, of Euro Infrastructure Co.'s cash on hand.

On April 30, 2021, subsequent to fiscal year end, the Company acquired RigNet, Inc. (RigNet) in exchange for the issuance of approximately 4.0 million shares of the Company's common stock and a de minimis amount of cash in respect of fractional shares. RigNet is a leading provider of ultra-secure, intelligent networking solutions and specialized applications.

Given the timing of the closing of these acquisitions, the Company is currently in the process of valuing the assets acquired and liabilities assumed in each of the business combinations. As a result, the Company is not yet able to provide the amounts to be recognized for the major classes of assets acquired and liabilities assumed and other disclosures required by ASC 805, Business Combinations.

VALUATION AND QUALIFYING ACCOUNTS

For the Three Fiscal Years Ended March 31, 2021

		Deferred Tax Asset Valuation Allowance
		(In thousands)
Balance, March 31, 2018	$	29,049
Charged (credited) to costs and expenses		4,450
Deductions		—
Balance, March 31, 2019	$	33,499
Charged (credited) to costs and expenses		9,122
Deductions		—
Balance, March 31, 2020	$	42,621
Charged (credited) to costs and expenses		4,455
Deductions		—
Balance, March 31, 2021	$	47,076

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the Nasdaq Global Select Market under the symbol "VSAT." As of May 14, 2021, there were approximately 501 holders of record of our common stock. A substantially greater number of holders of Viasat common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

To date, we have neither declared nor paid any dividends on our common stock. We currently intend to retain all future earnings, if any, for use in the operation and development of our business and, therefore, do not expect to declare or pay any cash dividends on our common stock in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements, general business condition and such other factors as the Board of Directors may deem relevant. In addition, as more fully described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report, the existing terms of our Credit Facilities and the indentures governing our 2025 Notes, 2027 Notes and 2028 Notes restrict our ability to declare or pay dividends on our common stock.

USE OF NON-GAAP FINANCIAL INFORMATION

To supplement Viasat's consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), Viasat uses Adjusted EBITDA, a measure Viasat believes is appropriate to provide meaningful comparison with, and enhance an overall understanding of, Viasat's past financial performance and prospects for the future. We believe Adjusted EBITDA provides useful information to both management and investors by excluding specific expenses that we believe are not indicative of our core operating results. In addition, since we have historically reported non-GAAP results to the investment community, we believe the inclusion of non-GAAP numbers provides consistency in our financial reporting and facilitates comparisons to the company's historical operating results. Further, these non-GAAP results are among the primary indicators that management uses as a basis for evaluating the operating performance of our segments, allocating resources to such segments, planning and forecasting in future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for measures of financial performance prepared in accordance with GAAP. A reconciliation of specific adjustments to GAAP results is provided in the table below.

An itemized reconciliation between net income (loss) attributable to Viasat, Inc. and Adjusted EBITDA is as follows:

Fiscal Years Ended	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**
(In thousands)				
GAAP net income (loss) attributable to Viasat Inc.	$ 3,691	$ (212)	$ (67,623)	$ (67,305)
Provision for (benefit from) income taxes	9,441	(7,915)	(41,014)	(35,217)
Interest expense, net	32,247	36,993	49,861	3,066
Depreciation and amortization	397,102	342,178	318,613	255,652
Stock-based compensation expense	84,879	86,553	79,599	68,545
Loss on extinguishment of debt	—	—	—	10,217
Acquisition related expenses	3,328	—	—	—
Adjusted EBITDA	$ 530,688	$ 457,597	$ 339,436	$ 234,958

An itemized reconciliation between net income (loss) attributable to Viasat Inc. on a GAAP basis and non-GAAP basis is as follows:

Fiscal Years Ended	**March 31, 2021**	**March 31, 2020**
(In thousands, except per share data)		
GAAP net income (loss) attributable to Viasat Inc.	$ 3,691	$ (212)
Amortization of acquired intangible assets	5,482	7,611
Stock-based compensation expense	84,879	86,553
Acquisition related expenses	3,328	—
Income tax effect [1]	(20,379)	(21,930)
Non-GAAP net income attributable to Viasat Inc.	$ 77,001	$ 72,022
Non-GAAP diluted net income per share attributable to Viasat Inc. common stockholders	$ 1.15	$ 1.14
Diluted common equivalent shares [2]	67,020	63,021

[1] The income tax effect is calculated using the tax rate applicable for the non-GAAP adjustments.

[2] As the twelve months ended March 31, 2020 resulted in a net loss, the weighted average number of shares used to calculate basic and diluted net loss per share is the same, as diluted shares would be anti-dilutive. However, as the non-GAAP financial information for the twelve months ended March 31, 2020 resulted in non-GAAP net income, diluted weighted average number of shares were used instead to calculate non-GAAP diluted net income per share.

Forward-looking statements

This Annual Report, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 and the Securities Exchange Act of 1934. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our 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 that refer to the impact of the novel coronavirus (COVID-19) pandemic on our business; our expectations regarding an end to the pandemic and a lessening of its effects on our business, including expectations for increased airline passenger traffic and in-flight connectivity (IFC) growth; 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; the performance and anticipated benefits of our ViaSat-2, ViaSat-3, and ViaSat-4 class satellites and any future satellite we may construct or acquire; the expected completion, capacity, service, coverage, service speeds and other features of our satellites, and the timing, cost, economics and other benefits associated therewith; anticipated subscriber growth; plans, objectives and strategies for future operations; international growth opportunities; the number of additional aircraft under existing contracts with commercial airlines anticipated to be put into service with our IFC systems; 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: our ability to realize the anticipated benefits of the ViaSat-2, ViaSat-3, and ViaSat-4 class satellites and any future satellite we may construct or acquire; unexpected expenses related to our satellite projects; our ability to successfully implement our business plan for our broadband services on our anticipated timeline or at all; capacity constraints in our business in the lead-up to the launch of services on our ViaSat-3 satellites; risks associated with the construction, launch and operation of satellites, including the effect of any anomaly, operational failure or degradation in satellite performance; the impact of the COVID-19 pandemic on our business, suppliers, consumers, customers, and employees or the overall economy; our ability to realize the anticipated benefits of our acquisitions or strategic partnering arrangements, including the RigNet, Inc. (RigNet) and Euro Broadband Infrastructure Sàrl (Euro Infrastructure Co.) acquisitions; our ability to successfully develop, introduce and sell new technologies, products and services; audits by the U.S. Government; changes in the global business environment and economic conditions; delays in approving U.S. Government budgets and cuts in government defense expenditures; our reliance on U.S. Government contracts, and on a small number of contracts which account for a significant percentage of our revenues; reduced demand for products and services as a result of continued constraints on capital spending by customers; changes in relationships with, or the financial condition of, key customers or suppliers; our reliance on a limited number of third parties to manufacture and supply our products; increased competition; introduction of new technologies and other factors affecting the communications and defense industries generally; the effect of adverse regulatory changes (including changes affecting spectrum availability or permitted uses) on our ability to sell or deploy our products and services; changes in the way others use spectrum; our inability to access additional spectrum, use spectrum for additional purposes, and/or operate satellites at additional orbital locations; competing uses of the same spectrum or orbital locations that we utilize or seek to utilize; the effect of recent changes to U.S. tax laws; our level of indebtedness and ability to comply with applicable debt covenants; our involvement in litigation, including intellectual property claims and litigation to protect our proprietary technology; our dependence on a limited number of key employees; and other factors identified in our most recent reports on Form 10-K, 10-Q and 8-K and our other filings with the Securities and Exchange Commission (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.

CORPORATE INFORMATION

Board of directors

Mark Dankberg
Executive Chairman and Co-founder

Richard Baldridge
Director, President and Chief Executive Officer

James Bridenstine
Senior Advisor, Acorn Growth Companies

Robert Johnson
Venture Capital Investor

Sean Pak
Lead Independent Director
Partner, Quinn Emanuel Urquhart & Sullivan LLP

Varsha Rao
Chief Executive Officer, Nurx Inc.

John Stenbit
Private Consultant

Theresa Wise
Chief Executive Officer, Utaza, LLC

Executive officers

Mark Dankberg
Executive Chairman and Co-founder

Richard Baldridge
Director, President and Chief Executive Officer

Robert Blair
Vice President, General Counsel and Secretary

Girish Chandran
Vice President and Chief Technical Officer

Evan Dixon
President, Global Fixed Broadband

James Dodd
Senior Vice President and President,
Global Enterprise & Mobility

Shawn Duffy
Senior Vice President and Chief Financial Officer

Kevin Harkenrider
Executive Vice President, Global Operations
and Chief Operations Officer

Melinda Kimbro
Senior Vice President, People and Culture
and Chief People Officer

Keven Lippert
Executive Vice President, Strategic Initiatives
and Chief Commercial Officer

Craig Miller
President, Government Systems

Mark Miller
Executive Vice President, Chief Technical Officer
and Co-founder

Krishna Nathan
Chief Information Officer

David Ryan
Senior Vice President and President, Space
and Commercial Networks

Annual meeting

The 2021 Annual Meeting will be held on September 2 at 8:30 a.m. PT. This year's annual meeting will be completely virtual, and may be accessed at www.virtualshareholdermeeting.com/VSAT2021

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Investor relations

For investor information, financial information, SEC filings, and other useful information, visit our website at www.viasat.com. To obtain a printed copy of our Form 10-K without charge, or to receive additional copies of this Annual Report or other financial information, please contact our Investor Relations department at:

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