

Connect Bidco Limited Quarter Ended June 30, 2025 Results

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

BASIS OF PREPARATION

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

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

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

Fiscal Year End Change

The Group changed its fiscal year end from December 31 to March 31, effective for the fiscal year beginning January 1, 2024. Accordingly, the Group’s most recent fiscal year period is the 15-month period that began on January 1, 2024 and ended on March 31, 2025. The Group’s 2023 fiscal year began on January 1, 2023 and ended on December 31, 2023. In this Management’s Discussion and Analysis of Financial Condition and Results of Operations, we have presented the unaudited financial results of the Group for the three-month period ended June 30, 2025 (the first quarter of fiscal year 2026) compared against the unaudited financial results of the Group for the three-month period ended June 30, 2024.

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

Results of Operations

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

<i>(In millions, unaudited)</i>	Three Months Ended	
	June 30, 2025	June 30, 2024
Revenues	\$ 449.1	\$ 443.3
Operating expenses:		
Cost of revenues	247.0	250.9
Selling, general and administrative (including satellite impairment and related charges, net)	93.6	75.2
Independent research and development	3.7	5.5
Amortization of acquired intangible assets	59.5	59.5
Income (loss) from operations	45.3	52.2
Interest (expense) income, net	(70.9)	(67.0)
Income (loss) from operations before income taxes	(25.6)	(14.8)
(Provision for) benefit from income taxes	2.8	(0.9)
Equity in income (loss) of unconsolidated affiliate, net	3.7	2.7
Net income (loss) attributable to Connect Bidco Limited	\$ (19.1)	\$ (13.0)

Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024

Revenues

<i>(In millions, except percentages, unaudited)</i>	Three Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	June 30, 2025	June 30, 2024		
Government	\$ 161.7	\$ 150.7	\$ 11.0	7%
Maritime	120.8	125.9	(5.1)	(4)%
Aviation	117.2	117.0	0.2	0%
Enterprise	26.2	29.9	(3.7)	(12)%
Central services	23.2	19.8	3.4	17%
Total revenues	\$ 449.1	\$ 443.3	\$ 5.8	1%

Our total revenues for the three months ended June 30, 2025 increased by \$5.8 million compared to the prior year period, primarily as a result of the following:

- **Government** revenues increased compared to the prior year period, primarily due to higher services revenues in the U.S. and higher GX connections and project revenues outside the U.S., partially offset by lower equipment sales.
- **Maritime** revenues declined compared to the prior year period, primarily due to a continued decrease in vessels and average revenue per unit (ARPU), partially offset by a legacy product price rise, and NexusWave growth.
- **Aviation** year-over-year revenues are flat across a diverse services portfolio.
- **Enterprise** revenues decreased compared to the period year period, reflecting lower GSPS handset sales, and lower usage.

Cost of revenues

(In millions, except percentages, unaudited)	Three Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	June 30, 2025	June 30, 2024		
Total cost of revenues	\$ 247.0	\$ 250.9	\$ (3.9)	(2)%

Our cost of revenues decreased by \$3.9 million compared to the prior year period, primarily due to as a result of decreased cost of product revenues following lower equipment sales, partially offset by an increase in cost of service revenues.

Cost of service revenues increased compared to the prior year period, primarily due to increased costs to support revenue growth, higher space insurance, and foreign exchange losses from a weaker U.S.dollar. This was partially offset by lower depreciation and amortization and lower employee-related costs, primarily due to reduced headcount and accelerated transaction-related employee cost accruals in the prior year period.

Selling, general and administrative expenses (SG&A)

(In millions, except percentages, unaudited)	Three Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	June 30, 2025	June 30, 2024		
Selling, general and administrative	\$ 93.6	\$ 75.2	\$ 18.4	24%

The \$18.4 million increase in SG&A expenses compared to the prior year period was primarily due to foreign exchange losses from a weaker U.S. dollar, higher employee-related costs from transaction-related employee credits in the prior year, and higher legal fees specific to Ligado settlement related activities. This was partially offset by lower depreciation and amortization costs.

Independent research and development (IR&D)

(In millions, except percentages, unaudited)	Three Months Ended		Dollar Increase (Decrease)	Percentage Increase (Decrease)
	June 30, 2025	June 30, 2024		
Independent research and development	\$ 3.7	\$ 5.5	\$ (1.8)	(33)%

The \$1.8 million decrease in IR&D expenses compared to the prior year period was primarily driven by lower employee-related costs from reduced headcount and related IR&D project efforts.

Amortization of acquired intangible assets

Amortization of acquired intangible assets for the three months ended June 30, 2025 remained flat as compared to the prior year period.

Interest (expense) income, net

The \$3.9 million increase in interest (expense) income, net for the three months ended June 30, 2025 compared to the three months ended June 30, 2024 was primarily due to higher interest following the maturing of the interest rate cap hedge in February 2025, higher interest accrual following the refinancing of the 6.750% Senior Secured Notes due 2026 (2026 Notes) with the 9.000% Senior Secured Notes due 2029 (the 2029 Notes) and an increase in lease interest year-over-year due to the recognition of the GX10 satellite lease. The increase was partially offset by lower non-cash interest expense following the Group's amendments to its senior secured term loan facilities and redemption of the 2026 Notes in the prior period.

Income taxes

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

The income tax provision for the three months ended June 30, 2024 reflects prior year adjustments, withholding taxes, and interest on underpaid taxes which reduced the tax benefit from our loss before taxes to such an extent that resulted in the tax provision. The effective tax rate for the three months ended June 30, 2024 also included the impact of foreign tax rate differences.

Liquidity and Capital Resources

Overview

We have financed our operations to date primarily with cash flows from operations, bank line of credit financing, debt financing, and equity financing. At June 30, 2025, we had \$841.6 million in cash and cash equivalents, \$720.4 million in working capital, no outstanding borrowings and borrowing availability of \$550.0 million under our \$550.0 million revolving line of credit (the Revolving Credit Facility). At March 31, 2025, we had \$696.5 million in cash and cash equivalents, \$612.9 million in working capital, and no outstanding borrowings and borrowing availability of \$550.0 million under the Revolving Credit Facility. We invest our cash in excess of current operating requirements in short-term, highly liquid bank money market funds.

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

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

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

Cash flows

(In millions)	Three Months Ended	
	June 30, 2025	June 30, 2024
Net cash provided by (used in) operating activities	\$ 195.7	\$ 142.3
Net cash provided by (used in) investing activities	(46.4)	(65.5)
Net cash provided by (used in) financing activities	(4.3)	(4.0)
Net increase (decrease) in cash and cash equivalents	\$ 145.0	\$ 72.8

Supplemental information:

Cash paid for interest (net of amounts capitalized)	33.7	82.0
Cash paid for income taxes, net	20.5	23.1

Cash provided by operating activities for three months ended June 30, 2025 was \$195.7 million compared to \$142.3 million for the prior year period. This \$53.4 million increase was primarily driven by a \$80.3 million year-over-year decrease in cash used to fund net operating assets, partially offset by our operating results (net income (loss) adjusted for depreciation, amortization and other non-cash charges) which resulted in \$26.9 million of lower cash provided by operating activities year-over-year.

Cash used in investing activities for the three months ended June 30, 2025 was \$46.4 million compared to \$65.5 million for the prior year period. This \$19.1 million decrease was related to lower cash used for capital expenditures.

Cash used in financing activities for the three months ended June 30, 2025 was \$4.3 million compared to \$4.0 million for prior year period. This \$0.3 million increase was primarily driven by principal payments on finance lease obligations.

Capital Expenditures

Capital expenditures during the three months ended June 30, 2025 of \$46.4 million were 29% lower compared to the three months ended June 30, 2024, reflecting efforts to continue to optimize capital expenditures as we prioritize investments. The decrease in capital expenditures was primarily driven by lower spend on satellite projects, mainly on the I-8 satellites, the completion of other projects in the current year period, as well as costs incurred related to the relocation of our London international headquarters in the prior year period.

Long-Term Debt

As of June 30, 2025, the aggregate principal amount of our total outstanding indebtedness was \$3.7 billion, which was comprised of \$1.975 billion in aggregate principal amount of 2029 Notes, \$1.6 billion in principal amount of outstanding borrowings under our \$1.6 billion senior secured term loan facilities, no outstanding borrowings under our revolving credit facility, and \$143.0 million of finance lease obligations.

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

Other Notable Developments

Litigation

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

In June 2025, the Group agreed to a binding term sheet with Ligado Networks (Ligado) and AST & Science, LLC to settle the Group's opposition to Ligado's planned restructuring. Under the conditions set forth in the term sheet, the Group anticipates receiving \$568 million from Ligado in fiscal year 2026, consisting of (i) a \$420 million lump sum payment on October 31, 2025, (ii) a \$100 million lump sum payment on March 31, 2026 and (iii) a resumption of quarterly payments of approximately \$16 million starting on September 30, 2025 with an annual escalator of 3% for the life of the contract (through 2107). The conditions of the term sheet are subject to bankruptcy court approval.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2025

**CONNECT BIDCO LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

	As of June 30, 2025	As of March 31, 2025
(In thousands, except share data)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 841,565	\$ 696,530
Accounts receivable, net	195,480	196,708
Inventories	27,760	25,479
Prepaid expenses and other current assets	99,614	105,584
Total current assets	1,164,419	1,024,301
Property, equipment and satellites, net	3,446,447	3,536,275
Operating lease right-of-use assets	124,707	127,674
Acquired intangible assets, net	2,074,237	2,133,729
Goodwill	1,498,473	1,498,473
Other assets	238,950	237,696
Total assets	\$ 8,547,233	\$ 8,558,148
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 77,283	\$ 87,390
Accrued and other liabilities	349,079	306,546
Current portion of long-term debt	17,627	17,494
Total current liabilities	443,989	411,430
Senior notes	1,944,704	1,942,921
Other long-term debt	1,640,772	1,640,880
Non-current operating lease liabilities	142,056	136,783
Other liabilities	2,042,589	2,073,526
Total liabilities	6,214,110	6,205,540
Equity:		
Common stock	2,361,467	2,361,467
Paid-in capital	317,625	317,625
Retained earnings (accumulated deficit)	(340,319)	(321,269)
Accumulated other comprehensive income (loss)	(5,650)	(5,215)
Total equity	2,333,123	2,352,608
Total liabilities and equity	\$ 8,547,233	\$ 8,558,148

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024 *
	(In thousands)	
Revenues	\$ 449,096	\$ 443,282
Operating expenses:		
Cost of revenues	246,968	250,853
Selling, general and administrative	93,586	75,161
Independent research and development	3,710	5,549
Amortization of acquired intangible assets	59,499	59,492
Income (loss) from operations	45,333	52,227
Other income (expense):		
Interest income	8,424	8,191
Interest expense	(79,309)	(75,239)
Income (loss) before income taxes	(25,552)	(14,821)
(Provision for) benefit from income taxes	2,769	(968)
Equity in income (loss) of unconsolidated affiliate, net	3,733	2,746
Net income (loss) attributable to Connect Bidco Limited	<u>\$ (19,050)</u>	<u>\$ (13,043)</u>
Comprehensive income (loss):		
Net income (loss)	\$ (19,050)	\$ (13,043)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments, net of tax	(548)	(120)
Unrealized gain (loss) on hedging, net of tax	—	(1,088)
Change in pension and other post retirement benefit liabilities, net of tax	113	—
Other comprehensive income (loss), net of tax	\$ (435)	\$ (1,208)
Comprehensive income (loss) attributable to Connect Bidco Limited	<u>\$ (19,485)</u>	<u>\$ (14,251)</u>

*Converted into GAAP based on transition from IFRS to GAAP as of March 31, 2025.

See accompanying notes to the condensed consolidated financial statements.

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

	<u>Three Months Ended</u> <u>June 30, 2025</u>	<u>Three Months Ended</u> <u>June 30, 2024</u>
(In thousands)		
Cash flows from operating activities:		
Net income (loss)	\$ (19,050)	\$ (13,043)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	140,530	148,359
Amortization of intangible assets	60,346	59,593
Loss on disposition of fixed assets	2,118	4,676
Deferred income taxes and other non-cash adjustments	(11,112)	105
Increase (decrease) in cash resulting from changes in working capital	22,871	(57,388)
Net cash provided by (used in) operating activities	<u>195,703</u>	<u>142,302</u>
Cash flows from investing activities:		
Purchase of property, equipment and satellites, and other assets	(46,388)	(65,533)
Net cash provided by (used in) investing activities	<u>(46,388)</u>	<u>(65,533)</u>
Cash flows from financing activities:		
Payments on debt borrowings	(4,280)	(3,306)
Payments of debt issuance costs	—	(710)
Net cash provided by (used in) financing activities	<u>(4,280)</u>	<u>(4,016)</u>
Net increase (decrease) in cash and cash equivalents	145,035	72,753
Cash and cash equivalents at beginning of fiscal year	696,530	609,530
Cash and cash equivalents at end of fiscal year	<u>\$ 841,565</u>	<u>\$ 682,283</u>
Non-cash investing and financing activities		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ —	\$ 2,431
Capital expenditures not paid for during the period	13,117	—

*Converted into GAAP based on transition from IFRS to GAAP as of March 31, 2025.

See accompanying notes to the condensed consolidated financial statements.

CONNECT BIDCO LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

Connect Bidco Limited Stockholders

	Common Stock		Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
	Number of Shares Issued	Amount				
			(In thousands, except share data)			
Balance at March 31, 2025	2,361,467,197	\$ 2,361,467	\$ 317,625	\$ (321,269)	\$ (5,215)	2,352,608
Net income (loss)	—	—	—	(19,050)	—	(19,050)
Other comprehensive income (loss), net of tax	—	—	—	—	(435)	(435)
Balance at June 30, 2025	<u>2,361,467,197</u>	<u>\$ 2,361,467</u>	<u>\$ 317,625</u>	<u>\$ (340,319)</u>	<u>\$ (5,650)</u>	<u>\$ 2,333,123</u>

See accompanying notes to the condensed consolidated financial statements.

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

Note 1 — Basis of Presentation

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

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

The accompanying unaudited condensed consolidated balance sheet at June 30, 2025, the condensed consolidated statements of operations and comprehensive income (loss) for the three months ended June 30, 2025 and 2024, the condensed consolidated statements of cash flows for the three months ended June 30, 2025 and 2024 and the condensed consolidated statements of equity for the three months ended June 30, 2025 have been prepared by the management of the Company, and have not been audited. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP).

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

Principles of consolidation

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

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

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

The financial information set forth below uses the same accounting policies and methods of computation as are followed in the Company's audited consolidated financial statements for the fifteen months ended March 31, 2025.

Management estimates and assumptions

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

Note 2 — Composition of Certain Balance Sheet Captions

	As of June 30, 2025	As of March 31, 2025
(In thousands)		
Accounts receivable, net:		
Billed	\$ 168,761	\$ 163,739
Unbilled	30,238	36,830
Allowance for doubtful accounts	(3,519)	(3,861)
	<u>\$ 195,480</u>	<u>\$ 196,708</u>
Inventories:		
Raw materials	\$ 3,178	\$ 4,736
Work in process	1,497	—
Finished goods	23,085	20,743
	<u>\$ 27,760</u>	<u>\$ 25,479</u>
Prepaid expenses and other current assets:		
Prepaid expenses	\$ 66,352	\$ 70,352
Other	33,262	35,232
	<u>\$ 99,614</u>	<u>\$ 105,584</u>
Property, equipment and satellites, net:		
Equipment and software (estimated useful life of 3-10 years)	\$ 1,081,327	\$ 1,019,203
CPE leased equipment (estimated useful life of 4-7 years)	213,967	206,733
Furniture and fixtures (estimated useful life of 4-10 years)	8,001	8,128
Leasehold improvements (estimated useful life of 2-20 years)	75,868	75,648
Buildings (estimated useful life of 6-38 years)	4,155	4,155
Land	16,890	16,890
Construction in progress	286,231	321,655
Satellites (estimated useful life of 7-15 years)	2,269,948	2,269,500
Satellite Ka-band capacity obtained under finance leases (estimated useful life of 15 years)	160,625	160,625
Satellites under construction	525,331	512,416
	<u>4,642,343</u>	<u>4,594,953</u>
Less: accumulated depreciation and amortization	(1,195,896)	(1,058,678)
	<u>\$ 3,446,447</u>	<u>\$ 3,536,275</u>
Other assets:		
Deferred income taxes	\$ 120,011	\$ 119,079
Capitalized software costs, net	25,490	21,652
Patents, orbital slots and other licenses, net	33,764	33,034
Investment in unconsolidated affiliates	38,988	38,015
Other	20,697	25,916
	<u>\$ 238,950</u>	<u>\$ 237,696</u>
Accrued and other liabilities:		
Collections in excess of revenues and deferred revenues	\$ 139,435	\$ 140,891
Accrued employee compensation	43,545	40,094
Accrued vacation	10,887	9,317
Operating lease liabilities	9,197	8,619
Interest payable	52,717	8,281
Income taxes payable	8,267	19,843
Provisions	29,836	28,703
Other	55,195	50,798
	<u>\$ 349,079</u>	<u>\$ 306,546</u>
Other liabilities:		
Deferred revenues, long-term portion	\$ 739,430	\$ 743,037
Deferred income taxes	1,046,330	1,058,164
Other income taxes	25,598	24,119
Other	231,231	248,206
	<u>\$ 2,042,589</u>	<u>\$ 2,073,526</u>

Note 3 — Segment Information

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

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

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

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

Business line revenues for the three months ended June 30, 2025 and 2024 were as follows:

	<u>Three Months Ended</u> <u>June 30, 2025</u>	<u>Three Months Ended</u> <u>June 30, 2024</u>
	(In thousands)	
Revenues:		
Government	\$ 161,671	\$ 150,719
Maritime	120,843	125,904
Aviation	117,184	116,960
Enterprise	26,173	29,917
Central services	23,225	19,782
Total	<u>\$ 449,096</u>	<u>\$ 443,282</u>

Note 4 — Income Taxes

The income tax benefit for the three months ended June 30, 2025 primarily reflected the tax benefit from the loss before income taxes, and the effective tax rate for the period differed from the U.K. statutory rate primarily due to foreign tax rate differences. The income tax provision for the three months period ended June 30, 2024 reflects prior year adjustments, withholding taxes, and interest on underpaid taxes which reduced the tax benefit from our loss before taxes to such an extent that resulted in the tax provision. The effective tax rate for the three months ended June 30, 2024 also included the impact of foreign tax rate differences.

A valuation allowance of \$66.9 million at June 30, 2025 has been established relating to local and foreign net operating loss carryforwards that, based on management's estimate of future taxable income attributable to such jurisdictions, are considered more likely than not to remain unused. During the three month period ended June 30, 2025, the valuation allowance was increased by an insignificant amount.

Of the total unrecognized tax benefits at June 30, 2025, \$10.1 million would reduce the Company's annual effective tax rate if recognized.

The Company is subject to periodic audits by domestic and foreign tax authorities. Calendar years 2007, 2018 and thereafter remain open in the U.K. for certain entities currently under enquiry. Calendar years 2014 and thereafter remain open in Norway for certain entities currently under enquiry. With few exceptions, calendar years 2020 and thereafter remain open by statute to examination by other foreign tax authorities. The Company believes that it has appropriate support for the income tax positions taken on its tax returns and its accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations.

Note 5 — Senior Notes and Other Long-Term Debt

Total long-term debt consisted of the following as of June 30, 2025 and March 31, 2025:

	As of June 30, 2025	As of March 31, 2025
	(In thousands)	
2029 Notes	\$ 1,975,000	\$ 1,975,000
Original Term Loan Facility	300,000	300,000
2024 Term Loan Facility	1,283,750	1,287,000
Revolving Credit Facility	—	—
Finance lease obligations	143,044	144,083
Total debt	3,701,794	3,706,083
Unamortized discount, debt issuance costs and fair value adjustments made in purchase accounting	(98,691)	(104,788)
Less: current portion of long-term debt	17,627	17,494
Total long-term debt	<u>\$ 3,585,476</u>	<u>\$ 3,583,801</u>

Secured Credit Facilities

In March 2024, the then-existing senior secured credit facilities were amended to (among other matters): (1) establish the \$1.3 billion senior secured term loan facility (the 2024 Term Loan Facility), the proceeds of which, together with cash on hand, were used to repay approximately \$1.38 billion of the outstanding borrowings under the original senior secured term loan facility (the Original Term Loan Facility and, together with the 2024 Term Loan Facility, the Term Loan Facilities), resulting in \$300.0 million in principal amount of borrowings remaining outstanding under the Original Term Loan Facility at the closing of the amendment, and (2) replace the prior \$700.0 million revolving credit facility with a new \$550.0 million revolving line of credit (including up to \$100.0 million of letters of credit) (the Revolving Credit Facility and, together with the 2024 Term Loan Facility and the Original Term Loan Facility, the Secured Credit Facilities). The maturity date for the Original Term Loan Facility is December 12, 2026, and for the 2024 Term Loan Facility is September 28, 2029. The Revolving Credit Facility matures on the earlier of March 28, 2027 and (if more than \$100.0 million of borrowings are outstanding under the Original Term Loan Facility) the date that is 91 days prior to the maturity of the Original Term Loan Facility. As of June 30, 2025, the Company had \$1.3 billion in principal amount of outstanding borrowings under the 2024 Term Loan Facility and \$300.0 million in principal amount of outstanding borrowings under the Original Term Loan Facility. As of June 30, 2025, the Revolving Credit Facility was undrawn and there were no amounts outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility as of June 30, 2025 of \$550.0 million.

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

Borrowings under the Secured Credit Facilities: (1) in the case of borrowings denominated in U.S. Dollars, bear interest, at the Company's option, at either (i) the highest of (x) for the Original Term Loan Facility, the greater of the federal funds rate or the overnight banking fund rate for such day plus 0.50% and for the 2024 Term Loan Facility, the federal funds rate plus 0.50%, (y) the forward-looking one-month term SOFR rate plus 1.00% or (z) the administrative agent's prime rate as announced from time to time, or (ii) the forward-looking term SOFR rate for the applicable interest period (subject to, in the case of the 2024 Term Loan Facility, a floor of 0.50% per annum, in the case of the Revolving Credit Facility, a floor of 0.00% per annum and, in the case of the Original Term Loan Facility, a floor of 1.00% per annum), and (2) in the case of borrowings denominated in available currencies other than U.S. Dollars, bear interest based upon the applicable benchmark for such currencies (as described in the Secured Credit Facilities) plus, in all cases, an applicable margin. The applicable margin for the Original Term Loan Facility is 2.50% per annum for base rate loans and 3.50% per annum for SOFR loans. The applicable margin for the 2024 Term Loan Facility is 3.50% per annum for base rate loans and 4.50% per annum for SOFR loans. The applicable margin for borrowings under the Revolving Credit Facility is based on the Company's total net leverage ratio and ranges between 1.50% and 2.25% per annum for base rate loans and 2.50% and 3.25% per annum for SOFR loans.

As of June 30, 2025, the effective interest rate on the Company's outstanding borrowings under the Term Loan Facilities was approximately 10.16%. The Secured Credit Facilities are required to be guaranteed by certain material subsidiaries and secured by substantially all of the assets of the borrowers and subsidiary guarantors.

The Secured Credit Facilities contain covenants that restrict, among other things, the Company's ability to incur additional debt, grant liens, sell assets, make investments and acquisitions, pay dividends and make certain other restricted payments. In addition, financial covenants regarding the Company's total net leverage ratio and interest coverage ratio apply to the Revolving Credit Facility. The borrowers under the Secured Credit Facilities were in compliance with the financial covenants under the Secured Credit Facilities as of June 30, 2025.

Borrowings under the Term Loan Facilities are recorded as current portion of long-term debt and as other long-term debt, net of unamortized discount, unamortized fair value adjustment made in purchase accounting and debt issuance costs, in the Company's condensed consolidated financial statements. The 2024 Term Loan Facility was issued with an original issue discount of 2.00%.

Senior Notes

Senior Secured Notes due 2029

In September 2024, certain subsidiaries of the Company issued \$1.975 billion in principal amount of 2029 Notes in a private placement to institutional buyers. The 2029 Notes were issued at face value and are recorded as long-term debt, net of debt issuance costs, in the Company's condensed consolidated financial statements. The 2029 Notes bear interest at the rate of 9.000% per year, payable semi-annually in cash in arrears, which interest payments commenced in March 2025. Debt issuance costs associated with the issuance of the 2029 Notes are amortized to interest expense on a straight-line basis over the term of the 2029 Notes, the results of which are not materially different from the effective interest rate basis. The Company used the net proceeds from the issuance of the 2029 Notes, together with cash on hand, to redeem all of the outstanding 2026 Notes on October 1, 2024.

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

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

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

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

Note 6 — Fair Value Measurements

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

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

The following tables present the Company's hierarchy for its assets measured at fair value on a recurring basis as of June 30, 2025 and March 31, 2025. The Company had no liabilities measured at fair value on a recurring basis as of June 30, 2025 and March 31, 2025.

	Fair Value as of June 30, 2025	Level 1	Level 2	Level 3
	(In thousands)			
Assets:				
Cash equivalents	\$ 372,327	\$ 372,327	\$ —	\$ —
Total assets measured at fair value on a recurring basis	<u>\$ 372,327</u>	<u>\$ 372,327</u>	<u>\$ —</u>	<u>\$ —</u>

	Fair Value as of March 31, 2025	Level 1	Level 2	Level 3
	(In thousands)			
Assets:				
Cash equivalents	\$ 264,935	\$ 264,935	\$ —	\$ —
Total assets measured at fair value on a recurring basis	<u>\$ 264,935</u>	<u>\$ 264,935</u>	<u>\$ —</u>	<u>\$ —</u>

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.

Long-term debt — As of June 30, 2025, the Company's long-term debt (including current portion) was comprised of (1) \$1.975 billion in aggregate principal amount of the 2029 Notes, (2) borrowings under the 2024 Term Loan Facility, borrowings under the original senior secured term loan facility (the Original Term Loan Facility and, together with the 2024 Term Loan Facility, the Term Loan Facilities), and (3) finance lease obligations reported at the present value of future minimum lease payments with current accrued interest. Long-term debt related to the Revolving Credit Facilities is reported at the outstanding principal amount of borrowings, while long-term debt related to the Company's other Credit Facilities and the Notes is reported at amortized cost. However, for disclosure purposes, the Company is required to measure the fair value of outstanding debt on a recurring basis. The fair value of the Company's long-term debt related to the Company's variable rate Credit Facilities approximates its carrying amount due to its variable interest rate, which approximates a market interest rate. As of June 30, 2025, the estimated fair value of the 2029 Notes was Level 2 and was \$2.0 billion. As of March 31, 2025, the estimated fair value of the 2029 Notes was Level 2 and was \$1.8 billion.

Note 7 — Contingencies

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

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

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. At June 30, 2025, the Group had no material contingent liabilities.

Note 8 — Related-Party Transactions

There have been no material changes in the related party transactions nor principal risks and uncertainties from what has been described in the Connect Bidco Limited financial statements for the fifteen month period ended March 31, 2025.