

# **Connect Bidco Limited**

**Guernsey Registered Company Number: 66187**

**Registered in England & Wales as ISAT Connect Bidco Limited, registered  
number FC037358**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**For the fifteen months ended March 31, 2025**

**CONNECT BIDCO LIMITED  
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## **ITEM 1 - STRATEGIC REPORT**

### **Connect Bidco Limited**

**For the fifteen months ended March 31, 2025**

#### **Business overview and principal activities**

Connect Bidco Limited (the "Company") is a company registered under the Companies (Guernsey) Law, 2008 and incorporated on March 15, 2019.

On May 30, 2023, Viasat, Inc. ("Viasat") completed the acquisition of the Company's parent company, Connect Topco Limited, in exchange for approximately \$550.7 million in cash and 46.36 million shares of Viasat common stock valued at \$2.1 billion at the closing of the transaction (the "Viasat Transaction").

The Company changed its fiscal year end from December 31 to March 31, effective for the fiscal year beginning on January 1, 2024. Accordingly, the Company's most recent fiscal year began on January 1, 2024 and ended on March 31, 2025. The Company's prior fiscal year began on January 1, 2023 and ended on December 31, 2023.

In addition, as part of the Viasat Transaction and related integration, the Company has also retrospectively converted its consolidated financial statements from International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board to accounting principles generally accepted in the United States of America ("GAAP"). Refer to Note 1, "The Company and a Summary of Its Significant Accounting Policies" for additional information.

The principal activity of the Company is that of a holding company which derives its income from its subsidiary undertakings (collectively, its "Subsidiaries"). The principal activity of the Company and its Subsidiaries (together the "Group"), as a leading provider of global mobile satellite communications services ("MSS"), is to provide data and voice connectivity to end-users worldwide.

The Group has over 40 years' experience in designing, launching and operating satellite-based networks. The Group has an in-orbit fleet of owned and operated satellites in geostationary orbit. This includes satellites using its L-band and Ka-band platforms, and also its S-band platform. In addition to its established L-band satellite services business, the Group's Global Xpress ("GX") services offer seamless global coverage and deliver Ka-band satellite services with broadband speeds for users in the Group's Government, Maritime, Enterprise and Aviation business lines.

The Group specializes in connecting commercial mobility and government customers, particularly vessels, aircraft, vehicles and people, often in areas that conventional telecommunications networks cannot reach. The Group offers a diverse portfolio of secure, resilient mobile satellite communications services across the globe, supporting mission critical operational systems, essential safety communications, core office applications, a growing range of Internet of Things ("IoT") applications, and in-flight connectivity.

The Group's complementary fleet of 15 in-service or operational satellites spans the Ka-, L- and S- bands, with five Ka-band satellites, eight high-availability L-band satellites (three of which are contingency L-band satellites that are operational but not currently in commercial service), an S-band satellite that supports the European Aviation Network to provide in-flight connectivity ("IFC") services to commercial airlines in Europe, and an I-6 class hybrid Ka-/L-band satellite (the I-6 F1 satellite). In May 2025, subsequent to fiscal year end, two Ka-band highly-elliptical earth orbit satellite payloads (GX10A and GX10B) were put in service to provide polar coverage for government customers, with commercial maritime and aviation services anticipated to follow during fiscal year 2026. In addition, the Group has six additional geostationary earth orbit ("GEO") satellites under development: three additional adaptive Ka-band GEO satellites (GX 7, GX 8 and GX 9) and three I-8 L-band GEO safety service satellites. The Group's extensive satellite fleet enables it to provide a wide array of high-quality broadband and narrowband services with near global coverage (including strong oceanic coverage) with greater redundancy and resiliency.

The Directors do not envisage any material changes to the nature of the business in the foreseeable future.

## Key financial and other performance indicators

Following the change of fiscal year end, the Directors have presented unaudited results for the twelve months ended March 31, 2025 and 2024 for the key financial performance review.

(In millions)	<u>Fifteen Months Ended</u> <u>March 31, 2025</u>	<u>Twelve Months Ended</u> <u>March 31, 2025</u>	<u>Twelve Months Ended</u> <u>March 31, 2024</u>
Revenues	\$ 2,214.7	\$ 1,781.4	\$ 1,707.1
Adjusted EBITDA <sup>1</sup>	1,299.7	1,050.0	979.2
Net increase (decrease) in cash and cash equivalents	411.3	87.0	376.1

1. Refer to Appendix 1 for a reconciliation of Adjusted EBITDA to its closest GAAP equivalent and additional information on the use of Non-GAAP financial information.

Revenues for the twelve months ended March 31, 2025 were \$1,781.4 million, an increase of \$74.3 million from the prior twelve-month period. This increase was primarily due to year-over-year growth from higher Government revenue both inside and outside the U.S. and growth in Aviation revenue, partially offset by lower Maritime and Enterprise revenue.

Adjusted EBITDA for the twelve months ended March 31, 2025 was \$1,050.0 million, an increase of \$70.8 million from the prior twelve-month period. This increase was mainly due to year-over-year growth in revenue, and lower selling, general and administrative expenses during the twelve months ended March 31, 2025.

Net increase in cash and cash equivalents for the twelve months ended March 31, 2025 was \$87.0 million, a decrease of \$289.1 million from the net increase of \$376.1 million in the prior twelve-month period. Net cash provided by operating activities remained relatively consistent year-over-year. Net cash used in investing activities increased year-over-year, reflecting \$348.8 million in cash receipts related to satellite insurance claim proceeds received in the prior year period and \$46.0 million net proceeds from sale of short-term investments in the prior year period, partially offset by a year-over-year decrease of \$144.8 million in cash used for capital expenditures. The decrease in capital expenditures reflected lower spend on satellite projects, higher capex in the prior twelve month period relating to the Group's London international headquarters move, the completion of existing projects, and the timing of milestone payments. Net cash used in financing activities during the twelve months ended March 31, 2025 was primarily comprised of debt repayments of \$2.1 billion, partially offset by proceeds from debt borrowings of \$2.0 billion (which primarily related to the repurchase and refinancing of the 6.750% Senior Secured Notes due 2026 (the "2026 Notes"). Net cash used in financing activities during the prior twelve-month period was primarily comprised of payments on debt borrowings of approximately \$525.5 million, partially offset by proceeds from debt borrowings of \$401.9 million, primarily in connection with amendments to the Group's senior secured term loan facilities.

### Principal risks and uncertainties

Effective risk management is a key part of the Group's ability to reach both its short-term and long-term goals. Risk often comes hand in hand with opportunity, and while it cannot be avoided, it can be thoughtfully identified, assessed, and managed. The Group's focus is on creating a culture that encourages smart risk-taking and supports sound decision-making to achieve objectives.

Since acquiring the Group, Viasat has been working to establish an overarching risk management policy and process. A Viasat group-wide framework is being rolled out to align risk management with business goals and address major risks. Viasat has also introduced risk registers at the departmental level, with many completed, as part of a larger plan to develop an enterprise-wide risk management program within the next year.

The Group's risks, and the factors which mitigate them, are set out in more detail below:

### Competition and Market Activity –

The Group is working on various projects to enhance its services. The Group proactively supports satellite operators in forums, where appropriate, to defend broader satellite interests from use by terrestrial operators. There is work also with regulators and governments to highlight the need for local cooperation enabling sovereign access to, use of, and management of shared space resources.

The Group also invests in market intelligence to understand longer-term pricing dynamics and prepare responses in advance. In addition, the Group reinforces its market focus and customer intimacy through its business units. The Group continuously looks to increase its operational agility by mobilizing its network capacity to leverage cost/bit capabilities.

Finally, the Group reviews and ensures its roadmap has relevant capabilities in place to support roaming by forming strategic partnerships to deliver direct-to-device ("D2D") offerings.

### Sector Consolidation –

The Group mitigates this risk by developing commercial strategies to retain customers in response to changes in the marketplace, which may include developing new product capabilities or revised commercial offers, including multi-orbit connectivity services to satisfy customer requirements.

The Group is broadening its market presence beyond pure connectivity to capture new value-added services to include empowered connectivity capabilities, managed services and related activities, and digital capabilities and partnerships.

### Innovation –

The Group has introduced new services and competitive pricing strategies. In addition, the Group maximizes spectrum opportunities, where possible, to enable service provision, leveraging opportunities for partnerships with third parties enabling multi-orbit services and undertakes investments to grow their services and inter-operability across its parent company and third-party satellites networks (hybrid networking).

The Group prioritizes its investment to respond to customer demand to support revenue growth.

### Spectrum access –

The Group works with regulators globally through International Telecommunication Union ("ITU") forums and proactively makes ITU filings for orbital slots through several national administrations for its ongoing spectrum and orbital slot requirements.

The Group also works with in-country partners/regulators to secure licenses and market access to allow its services to operate in key countries and engages with regulators to defend against spectrum allocations to alternative technologies.

The Group regularly seeks to improve the efficiency of its spectrum usage through innovation and system enhancements and updates regulators and governments about the socio-economic contributions of its mobile satellite services.

### Adverse Geopolitical and Macro-Economic Factors –

This risk has continued to remain high due to the global geopolitical and macro-economic situation. This has been seen in multiple different geographies across the world with some tensions running in parallel. There is a regular review that assesses any supply chain or partner vulnerability and how this can be mitigated. Elevated interest rates and continued high inflation could also all have a potential impact on revenue growth and profitability.

The Group continues to have strong relationships with in-country partners across the globe, which helps navigate in uncertain times. In addition, the Group has in-house experts who understand and manage sanctions compliance and continually review and adapt the strategy in response to developing political or economic situations.

Any emerging risks arising from political decisions that could impact on the Group's business are monitored and assessed for mitigation.

Due to the global nature of our operations, the Group is subject to the complex and varying tax laws and rules of many countries and have material tax-related contingent liabilities that are difficult to predict or quantify, however none were identified in the current period. The Group is also subject to tax audits, including with respect to transfer pricing, in the United Kingdom, United States and other jurisdictions and our tax positions may be challenged by tax authorities. There can be no assurance that the current tax provisions will be settled for the amounts accrued, that additional tax exposures will not be identified in the future or that additional tax reserves will not be necessary for any such exposures. Any increase in the amount of taxation incurred as a result of challenges to our tax filing positions could result in a material adverse effect on the business, financial condition and results of operations.

#### Key Supply Chain Dependency –

The Group has a Supplier Relationship Management framework in place and puts in place, where it makes commercial sense, options with multiple suppliers to maintain competitive tension and mitigation options if a provider exits. This also allows us to avoid technical or capability lock-in with any supplier.

The Group has previously placed advanced orders to give suppliers the best chance of on-time delivery. Finally, the Group monitors geopolitical impacts such as US tariffs and prepares contingency plans where possible when disruptions may occur.

#### Reliance on key channel partners –

The Group is continuously working to better understand customer needs and develop new value propositions to meet those needs. The Group also reviews its channel partner community in response to changing market dynamics and collaborates dynamically with existing partners to grow their revenues.

The Group promotes fair play in its distribution channels and obtains in-country market access for its distribution channels in advance, where possible, to make licensing requirements as straightforward as possible for its partners.

#### Access to Long-term Funding –

The Group works proactively to minimize interest expenses and manage its credit agency ratings as these affect our ability to obtain new funding if required alongside overall market conditions.

The Group has a sound control framework and an experienced Treasury team in place.

#### Major Security or Cyber Event –

The Group has policies, guidelines and standards consistent with a positive security culture and has a Continuous Information Security improvement program. The Group has in-depth, state-of-the-art countermeasures, and monitoring and a dedicated 24/7 Cyber Security operations center.

The Group undertakes a maturity assessment against the National Institute of Standards and Technology framework and maintains accreditations including ISO 270001 and Cyber Essentials Plus. The Group also has a broad cyber security awareness program, including mandatory training.

#### Major Compliance Breach –

The Group undertakes compliance horizon scanning to maintain awareness of new legislation and introduces new policies and training into the business when required. External advisors and in-house experts advise the business and help mitigate compliance risks.

The Group's compliance teams are involved from the outset of any relevant new projects to ensure compliance risk is managed. Compliance programs, policies and training are in place for anti-bribery and corruption, export controls, sanctions, conflicts of interest and whistleblowing, and compliance policies and processes are maintained and updated quarterly.

The Group also operates a gift and hospitality register process, which is reviewed by the compliance team.

Attracting and Retaining Talent –

The Group has a people strategy that identifies key employees, skills and skills gaps and has been building a succession plan for critical roles.

The Group also has performance reviews for employees and undertakes resource planning for each business unit and function on an annual basis. There is continued investment in training and development and recruitment strategies to support the business with required competencies.

The Group also undertakes regular employee engagement surveys.

Environmental, Social & Governance –

The Group has an internal sustainability team whose strategy supports the Group's overarching strategy and ensures as one element of this that required reporting is undertaken to meet necessary legal requirements.

Major Operational Failure –

Our infrastructure and satellites are designed, built and maintained with a level of redundancy and resilience, and our space asset operation is in line with manufacturer instructions and industry best practices. Our protection against space weather and debris is enhanced through participation in industry and international bodies.

The Group has distributed teams, sites and infrastructure, and facilitates operation of broad regional services and a global partner network to mitigate localized disruptions. There are also business continuity and IT disaster recovery arrangements in place, including operating in partnership with our parent company Viasat, Inc.

By order of the Board

Signed by:  
  
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Elizabeth Palmer  
**Director**  
July 8, 2025

## **ITEM 2 - DIRECTORS' REPORT**

### **Connect Bidco Limited**

#### **For the fifteen months ended March 31, 2025**

The Directors submit their report and audited financial statements for Connect Bidco Limited (the "Company" or together with its subsidiaries, the "Group") for the fifteen months ended March 31, 2025.

#### **Responsibility Statement**

The Responsibility Statement made by the Board regarding the preparation of the financial statements is set out on page 10.

#### **Business review, strategic report and future developments**

A description of the Group's business is set out in the Strategic Report on page 2.

#### **Principal risks and uncertainties**

Details of principal risks and uncertainties are provided on pages 3 to 6.

#### **Financial risk management**

The Group's operations and significant debt financing expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign currency exchange rates, credit risks, liquidity risks and interest rates. The Group has in place a risk management programs that seeks to limit adverse effects on the financial performance of the Group by using forward exchange contracts to limit exposure to foreign currency risk and to limit the impact of fluctuating interest rates by minimizing the amount of floating rate long-term borrowings. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

#### **Results and dividends**

The results for the fifteen month period shown in the Group's consolidated statement of operations and comprehensive income (loss) on page 20. Net income (loss) attributable to Connect Bidco Limited is \$(151,975k) and comprehensive income (loss) attributable to Connect Bidco Limited is \$(163,262k) for the fifteen months ended March 31, 2025.

During the period, the Company declared a non-cash distribution, in the amount of \$1.39 billion, to its immediate parent company, Connect Midco Limited ("Midco"), which facilitated repayment of a loan between the Company and Midco.

#### **Intergroup lending**

During the period, as part of a wider intercompany debt restructuring and reorganisation, the Group settled the non-current intercompany receivable, gross of capitalized interest, in the amount of US \$1.39 billion from its immediate parent, Midco. The intercompany debt restructuring was approved by the Board on March 28, 2025.

#### **Post balance sheet events**

There has been one event which has occurred post the balance sheet date and is considered non-adjusting. This has been discussed in detail within Note 13 — Subsequent Event.

#### **Going concern**

In order to confirm that the business should adopt the going concern basis in preparing the consolidated financial statements for fifteen months ended March 31, 2025, the Board in conjunction with the Viasat executive management team has considered all the factors likely to affect its future development, performance and its financial position including the matters disclosed in the Strategic Report and Directors' Report.

As of March 31, 2025, the Group has a robust and resilient business model, positive free cash flow generation, and is compliant with all banking covenants. As at March 31, 2025, the Group had \$1,246.5 million of liquid resources (comprising

\$696.5 million in cash and cash equivalents and \$550.0 million in borrowing availability under the Group's revolving line of credit) and a continued expectation that the Group will generate positive free cash flow and reduce leverage over the medium to long term. The going concern assessment was performed using the Group financial performance and position as well as taking into account the latest operating plan (for financial year 2026) and the strategic plan (for financial year 2027) giving a going concern period of 15 months (up to September 30, 2026).

The Board and management have also considered a number of possible scenarios and their impact on future revenues, net income and liquidity. Under all scenarios the Group believes there continues to be sufficient headroom to the financial covenants under the Group's debt agreements.

After considering current financial projections and facilities available and after making enquiries, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Consequently, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.

### **Directors**

A full list of the individuals who were Directors of the Company during the fifteen months ended March 31, 2025 and up to the date of the accounts being approved for issue is set out below:

Robert James Blair

Elizabeth Palmer

Jason Stewart Smith (resigned May 28, 2025)

Nicholas Mark Watson (appointed April 5, 2024)

The Company Secretary is Ogier Global (Guernsey) Limited

### **Indemnification of Directors**

Directors' and Officers' insurance cover has been established for all Directors and Officers to provide cover against their reasonable actions on behalf of the Company. In accordance with the Company's Articles of Association and to the extent permitted by the laws of Guernsey, Directors and the Company Secretary have been granted indemnification from the Company in respect of liabilities incurred as a result of their office. Neither this indemnification nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently. No payments have been made under any of these indemnities during the year.

### **Branches**

The Group has activities operated through many jurisdictions.

### **Political donations**

During the period covered by the financial statements, no political donations were made. It remains the policy of the Group not to make political donations or incur political expenditures.

### **Research and development**

The Group continues to invest in new services and technologies necessary to support its activities through research and development programs.

### **Disclosure of information to auditors**

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation should be interpreted in accordance with the provision of section 249 of the Companies (Guernsey) Law, 2008.

### Independent auditors

On June 11, 2024, Deloitte LLP (“Deloitte”) ceased being the Company's independent auditor and on July 2, 2024, the Company engaged PricewaterhouseCoopers LLP (“PwC”) as the new independent auditor for the fifteen month period ended March 31, 2025. The Company's decision to change auditors was the direct result of the Viasat acquisition and alignment of auditors per Board approval.

Refer to appendix 2 for a summary of audit and non-audit service fees payable to the Group's auditors PwC.

By order of the Board

Signed by:



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Elizabeth Palmer

**Director**

July 8, 2025

### **ITEM 3 - DIRECTORS' RESPONSIBILITY STATEMENT**

#### **Connect Bidco Limited**

#### **For the fifteen months ended March 31, 2025**

The Directors are responsible for preparing the Annual Report and consolidated financial statements for the fifteen month period which give a true and fair view, in accordance with applicable Guernsey law and accounting principles generally accepted in the United States of America ("GAAP"), of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Signed by:



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Elizabeth Palmer

**Director**

July 8, 2025

**PART II**

**ITEM 4. FINANCIAL STATEMENT SCHEDULES**

The following documents are filed as part of this report:

- (1) Consolidated Financial Statements

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<a href="#"><u>Consolidated Balance Sheet as of March 31, 2025</u></a> .....	19
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# Independent auditors' report to the members of Connect Bidco Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Connect Bidco Limited's group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2025 and of its loss and cash flows for the 15 month period then ended;
- have been properly prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), which comprise: the consolidated balance sheet as at 31 March 2025; the consolidated statement of operations and comprehensive income (loss), the consolidated statement of cash flows and the consolidated statement of equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Our audit approach

#### Context

The context of our audit is set by 2025 being our first period as auditors of the group. As part of our audit transition, we reviewed the predecessor auditor's working papers and re-evaluated the predecessor auditor's conclusions in respect of key accounting judgements in the opening balance sheet at 1 January 2024. We performed early audit procedures in advance of the period-end in our in-scope components. These procedures served to inform the determination of our final 2025 group audit scope, areas of focus and audit approach.

Our audit approach was responsive to the impact of the group changing its fiscal year end from December 31 to March 31, effective for the fiscal year beginning January 1, 2024 and the change in the basis of preparation to accounting principles generally accepted in the United States of America (US GAAP) from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### Overview

Audit scope

- We performed full scope audits at three components and performed an audit of specific financial statement line items at a further nine components.
- The components where we conducted audit procedures, together with work performed at the group level, accounted for approximately 91% of the group’s revenue.

Key audit matters

- Revenue recognition

Materiality

- Overall materiality: \$31,000,000 based on approximately 2.5% of adjusted EBITDA.
- Performance materiality: \$23,000,000.

**The scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

**Key audit matters**

Key audit matters are those matters that, in the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Revenue recognition</b></p> <p>Refer to Notes 1 and 12 in the financial statements.</p> <p>The group reported revenues of \$2,214,741 thousand for the fifteen-month period ended 31 March 2025 in accordance with ASC 606 ‘Revenue from contracts with customers’. The group applies the five-step model to its contracts with its customers.</p> <p>The group derives a substantial portion of its revenues from contracts with customers for services, primarily consisting of connectivity services. The group also derives a portion of its revenues from contracts with customers to provide products. Most of the group's contracts are on fixed price arrangements.</p> <p>The group’s revenue consists of high-volume, low value transactions. Given the volume of</p>	<p>We performed revenue testing at three full scope components and an audit of specific financial statement line items - including revenue - at a further two components.</p> <p>The procedures performed included:</p> <p>We obtained an understanding of the group’s accounting policies and business process for recognising and recording revenue.</p> <p>We obtained management’s detailed revenue listings and reconciled to the underlying general ledger for each of the in-scope components. We selected a sample of revenue transactions based on non-statistical sampling and agreed to supporting evidence. The evidence obtained supported the revenue recognition requirements of the five-step model.</p> <p>We used data analytic tools to identify any journals that did not follow the expected revenue recognition account combinations. The identified journals were not material. We tested a sample of these to underlying support for unpredictability purposes.</p>

transactions, the audit of revenue required a high degree of auditor effort. We therefore determined revenue recognition to be a key audit matter.

We performed risk assessment procedures to supplement our substantive testing.

We considered whether the disclosures in Notes 1 and 12 complied with ASC 606.

Based on the procedures performed, we noted no material issues arising from our work.

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

We performed full scope audits in respect of three components located in the UK, Norway and the Netherlands, two of which were identified as being significant due to their size and one determined to be non-significant. We performed an audit of specific financial statement line items at a further nine components, one which was determined to be significant due to its size located in the US with the remainder determined to be non-significant components. Our testing of non-significant components was undertaken to achieve appropriate audit coverage.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or by a component auditor operating under our instruction. The component audit team undertook the testing of the one significant component located in the US and also undertook specific audit procedures in a number of areas including testing the reconciliation from IFRS to US GAAP.

Where the work was performed by the component auditor, we determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. In addition to directing, supervising and reviewing the work performed by our component audit team, we conducted a file review for the one significant component in our scope and participated in key meetings with local management. We also had regular dialogue with the component team throughout the year.

The group consolidation and financial statement disclosures were audited by the group engagement team. This included our work over senior notes and long-term debt, interest expense and the valuation of goodwill. Taken together, the work performed by the group engagement team and the component team accounted for approximately 91% of the group's revenue. This provided the evidence we needed for our opinion on the consolidated financial statements taken as a whole. This was before considering the contribution to our audit evidence from performing audit work at the group level, including targeted risk assessment procedures, which covered certain of the group's smaller and lower risk components that were not directly included in our group audit scope.

### The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's financial statements.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall group materiality</i>	\$31,000,000
<i>How we determined it</i>	Approximately 2.5% of adjusted EBITDA
<i>Rationale for benchmark applied</i>	Adjusted EBITDA is used as the materiality benchmark. Management and the directors use this measure as they believe that it gives an enhanced understanding of the group's performance by excluding specific income and expenses that are not indicative of core operating results. We used judgement to cap our materiality at \$31m.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was \$4,500,000 to \$28,000,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to \$23,000,000 for the group financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above \$1,550,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### **Conclusions relating to going concern**

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of management's base case and downside case scenarios, understanding and evaluating the key assumptions on both liquidity and covenant compliance;
- We obtained the group's debt agreements and tested management's covenant compliance calculations were consistent with the agreement;
- Assessment of the historical accuracy and reasonableness of management's forecasting;
- Consideration of the group's available financing and debt maturity profile;
- Testing the mathematical integrity of management's liquidity and covenant headroom and sensitivity calculations, and the reverse stress testing calculations for the covenants; and
- Review of the related disclosures in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies (Guernsey) Law, 2008 and relevant tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial performance of the group. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiries with management and Internal Audit, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing the validity of journal entries, in particular journal entries posted with unusual account combinations;
- Assessment of matters reported on the group's whistleblowing helpline and the results of management's investigation of such matters; and
- Reviewing financial statement disclosures and testing to supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 262 of the Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Partner responsible for the audit**

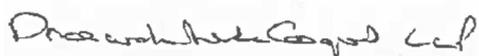
The engagement partner on the audit resulting in this independent auditors' report is David Braddy.

## Other required reporting

### **Companies (Guernsey) Law, 2008 exception reporting**

- Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP

Chartered Accountants

London

08-07-2025

**CONNECT BIDCO LIMITED**  
**CONSOLIDATED BALANCE SHEET**

	As of March 31, 2025
(In thousands, except share data)	
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 696,530
Accounts receivable, net	196,708
Inventories	25,479
Prepaid expenses and other current assets	105,584
Total current assets	1,024,301
Property, equipment and satellites, net	3,536,275
Operating lease right-of-use assets	127,674
Other intangible assets, net	2,133,729
Goodwill	1,498,473
Other assets	237,696
Total assets	\$ 8,558,148
<b>LIABILITIES AND EQUITY</b>	
Current liabilities:	
Accounts payable	\$ 87,390
Accrued and other liabilities	306,546
Current portion of long-term debt	17,494
Total current liabilities	411,430
Senior notes	1,942,921
Other long-term debt	1,640,880
Non-current operating lease liabilities	136,783
Other liabilities	2,073,526
Total liabilities	6,205,540
Commitments and contingencies (Notes 10 and 11)	
Equity:	
Common stock, \$1 par value, 2,361,467,197 shares authorized and issued at March 31, 2025	2,361,467
Paid-in capital	317,625
Retained earnings (accumulated deficit)	(321,269)
Accumulated other comprehensive income (loss)	(5,215)
Total equity	2,352,608
Total liabilities and equity	\$ 8,558,148

See accompanying notes to the consolidated financial statements.

The financial statements from page 11 to page 47 were approved and authorized for issue by the board and were signed on its behalf by Elizabeth Palmer.

Signed by:

*Elizabeth Palmer*

DB9016B3A1DC4E7...  
Elizabeth Palmer

**Director**

July 8, 2025

**CONNECT BIDCO LIMITED**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

	<b>Fifteen Months Ended</b>
	<b>March 31,</b>
	<b>2025</b>
	<b>(In thousands)</b>
Revenues	\$ 2,214,741
Operating expenses:	
Cost of revenues	1,316,241
Selling, general and administrative	390,959
Independent research and development	27,694
Amortization of acquired intangible assets	257,264
Income (loss) from operations	222,583
Other income (expense):	
Interest income	45,140
Interest expense	(391,136)
(Loss) gain on extinguishment of debt	(100,280)
Income (loss) before income taxes	(223,693)
(Provision for) benefit from income taxes	54,534
Equity in income (loss) of unconsolidated affiliate, net	17,184
Net income (loss) attributable to Connect Bidco Limited	\$ (151,975)
Comprehensive income (loss):	
Net income (loss)	\$ (151,975)
Other comprehensive income (loss), net of tax:	
Foreign currency translation adjustments, net of tax	625
Unrealized gain (loss) on hedging, net of tax	(6,629)
Change in pension and other post retirement benefit liabilities, net of tax	(5,283)
Other comprehensive income (loss), net of tax	(11,287)
Comprehensive income (loss) attributable to Connect Bidco Limited	\$ (163,262)

See accompanying notes to the consolidated financial statements.

**CONNECT BIDCO LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<u>Fifteen Months Ended</u> <u>March 31,</u> <u>2025</u> (In thousands)
<b>Cash flows from operating activities:</b>	
Net income (loss)	\$ (151,975)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	765,648
Amortization of intangible assets	257,814
Disposition of fixed assets losses, net	41,925
Loss (gain) on extinguishment of debt	100,280
Deferred income taxes and other non-cash adjustments	(139,862)
Increase (decrease) in cash resulting from changes in operating assets and liabilities:	
Accounts receivable	16,327
Inventories	14,444
Other assets	39,610
Accounts payable	25,606
Accrued liabilities	(144,943)
Other liabilities	(104,717)
Net cash provided by (used in) operating activities	720,157
<b>Cash flows from investing activities:</b>	
Purchase of property, equipment and satellites, and other assets	(423,604)
Proceeds from insurance claims on satellites	348,810
Proceeds from sale of short-term investments	30,000
Net cash provided by (used in) investing activities	(44,794)
<b>Cash flows from financing activities:</b>	
Proceeds from debt borrowings	2,376,856
Payments on debt borrowings	(2,601,805)
Payments of debt issuance costs	(39,073)
Net cash provided by (used in) financing activities	(264,022)
Net increase (decrease) in cash and cash equivalents	411,341
Cash and cash equivalents at December 31, 2023	285,189
Cash and cash equivalents at March 31, 2025	\$ 696,530
<b>Supplemental information:</b>	
Cash paid for interest (net of amounts capitalized)	\$ 293,127
Cash paid for income taxes, net	178,112

See accompanying notes to the consolidated financial statements.

**CONNECT BIDCO LIMITED**  
**CONSOLIDATED STATEMENT OF EQUITY**

	Connect Bidco Limited Stockholders					Total
	Common Stock		Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	
	Number of Shares Issued	Amount				
			(In thousands, except share data)			
Balance at January 1, 2024	2,361,467,197	\$ 2,361,467	\$ 317,625	\$ (169,294)	\$ 6,072	2,515,870
Net income (loss)	—	—	—	(151,975)	—	(151,975)
Other comprehensive income (loss), net of tax	—	—	—	—	(11,287)	(11,287)
Balance at March 31, 2025	<u>2,361,467,197</u>	<u>\$ 2,361,467</u>	<u>\$ 317,625</u>	<u>\$ (321,269)</u>	<u>\$ (5,215)</u>	<u>\$ 2,352,608</u>

As part of the Viasat transaction a \$1,165 million loan receivable from the Company's parent, Connect Midco Limited ("Midco"), was included within equity as a component of paid-in capital. From the date of the Viasat transaction to 31 December 2023, the Company recognized \$74 million of interest on this loan that was capitalized and included in the loan receivable balance in equity. During the period, a further \$155 million of interest on this loan was capitalized and the Company declared a non-cash distribution in the amount of \$1,394 million, to its parent which facilitated repayment of the loan between the Company and Midco.

See accompanying notes to the consolidated financial statements.

**CONNECT BIDCO LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

***The Company***

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

The Group changed its fiscal year end from December 31 to March 31, effective for the fiscal year beginning January 1, 2024. The Group's most recent fiscal year began on January 1, 2024 and ended on March 31, 2025. The Group's prior fiscal year began on January 1, 2023 and ended on December 31, 2023.

As part of the acquisition by Viasat and related integration, the Group also retrospectively converted its consolidated financial statements from International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") to accounting principles generally accepted in the United States of America ("GAAP"), beginning with the fifteen months ended March 31, 2025.

***Principles of consolidation***

The Group'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 Group 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 sheet.

***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, 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.

***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 Group 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 Group 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.

**CONNECT BIDCO LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

***Concentration of risk***

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

The Group's largest customer comprised 11% of total revenues for the fifteen months ended March 31, 2025. None of the Group's other customers comprised 10% or more of total revenues for the fifteen months ended March 31, 2025. The Group's five largest contracts generated approximately 29% of the Group's total revenues for the fifteen months ended March 31, 2025.

The Group 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 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, costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction. The Group 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 commercial service, the Group 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 Group 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. The Group computes depreciation using the straight-line method over the estimated useful lives of the assets ranging from two to 38 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 five years. Capitalized costs for internal-use software are included in property, equipment and satellites, net in the Group's consolidated balance sheet.

Interest expense is capitalized on the carrying value of assets under construction, in accordance with the authoritative guidance for the capitalization of interest (ASC 835-20). With respect to the construction of satellites, gateway and networking equipment and other assets under construction, the Group capitalized \$57.1 million during the fifteen months ended March 31, 2025.

The Group's complementary fleet of 15 in-service or operational satellites spans the Ka-, L- and S- bands, with five Ka-band satellites, eight high-availability L-band satellites (three of which are contingency L-band satellites that are operational but not currently in commercial service), an S-band satellite that supports the European Aviation Network to provide in-flight connectivity services to commercial airlines in Europe, and an I-6 class hybrid Ka-/L-band satellite (the I-6 F1 satellite). In May 2025, subsequent to fiscal year end, two Ka-band highly-elliptical earth orbit satellite payloads (GX10A and GX10B) were put in service to provide polar coverage for government customers, with commercial maritime and aviation services anticipated to follow during fiscal year 2026. In addition, the Group has six additional geostationary earth orbit ("GEO") satellites under development: three additional adaptive Ka-band GEO satellites (GX 7, GX 8 and GX

**CONNECT BIDCO LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

9) and three I-8 L-band GEO safety service satellites. The Group's extensive satellite fleet enables it to provide a wide array of high-quality broadband and narrowband services with near global coverage (including strong oceanic coverage) with greater redundancy and resiliency.

In addition, the Group owns related earth stations and networking equipment for all of its satellites. The Group procures customer premise equipment ("CPE") units leased to customers in order to connect to the Group's satellite network, which are reflected in investing activities and property, equipment and satellites, net in the accompanying consolidated financial statements. The Group 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, 2025 were \$206.7 million and \$126.1 million, respectively.

Occasionally, the Group may enter into finance lease arrangements for various machinery and equipment. The Group records amortization of assets leased under finance lease arrangements (upon lease commencement) within depreciation expense (see Note 1 — The Company and a Summary of Its Significant Accounting Policies — Leases and Note 6 — Leases for more information).

### **Leases**

#### *Lessee accounting*

In accordance with the authoritative guidance for leases (ASC 842), the Group assesses at contract inception whether the contract is, or contains, a lease. Generally, the Group determines that a lease exists when (1) the contract involves the use of a distinct identified asset, (2) the Group obtains the right to substantially all economic benefits from use of the asset, and (3) the Group 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 Group 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 Group'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 Group'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.

The Group's operating leases consist primarily of leases for office space and satellite ground facilities and have remaining terms that typically range from less than one year to 15 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 Group's right-of-use assets and lease liabilities. The Group's lease agreements do not contain any material residual value

**CONNECT BIDCO LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

guarantees or material restrictive covenants. The Group recognizes right-of-use assets and lease liabilities for such leases in accordance with ASC 842. The Group 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.

*Lessor accounting*

For equipment leased to customers in conjunction with the delivery of connectivity services, the Company has made an accounting policy election not to separate the 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.

***Business combinations***

The authoritative guidance for business combinations (ASC 805) requires that all business combinations be accounted for using the purchase method. The purchase price for business combinations is allocated to the estimated fair values of acquired tangible and intangible assets, and assumed liabilities, where applicable. The Group recognizes technology, contracts and customer relationships, orbital slots and spectrum assets, trade names and other as identifiable intangible assets, which are recorded at fair value as of the transaction date. Goodwill is recorded when consideration transferred exceeds the fair value of identifiable assets and liabilities. Measurement-period adjustments to assets acquired and liabilities assumed with a corresponding offset to goodwill are recorded in the period they occur, which may include up to one year from the acquisition date. Contingent consideration is recorded at fair value at the acquisition date.

The Group made a change in accounting principle in line with the requirements of ASC 805, and made an election to apply pushdown accounting to the consolidated Bidco Group.

***Goodwill and intangible assets***

The authoritative guidance for business combinations (ASC 805) 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 Group 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 related to these assets of \$33.3 million were included in other assets as of March 31, 2025. Accumulated amortization as of March 31, 2025 and amortization expense during the fifteen months ended March 31, 2025 related to these assets was an insignificant amount. During the fifteen months ended March 31, 2025 the Group 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. The Group capitalized \$39.1 million of debt issuance costs during the fifteen months ended March 31, 2025. 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). If the terms of a financing obligation are amended and accounted for as a debt modification by the Group, fees incurred directly with the lending institution are capitalized and amortized over the remaining contractual term using the effective interest method. Fees incurred with other parties are expensed as incurred. Debt issuance costs related to the Group's revolving line of credit (the "Revolving Credit Facility") are recorded in other long-term assets in the consolidated balance sheet in accordance with the authoritative guidance for imputation of interest (ASC 835-30). Debt issuance costs related to the

**CONNECT BIDCO LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

9.000% Senior Secured Notes due 2029 (the "2029 Notes") and the Group's senior secured term loan credit facilities (together with the Revolving Credit Facility, the "Secured Credit Facilities") are recorded as a direct deduction from the carrying amount of the related debt, consistent with debt discounts, in accordance with 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. As of March 31, 2025, the Group had \$22.4 million of capitalized costs related to software developed for resale. Accumulated amortization related to these assets was \$0.7 million as of March 31, 2025. The Group capitalized \$27.6 million of costs related to software developed for resale and additions of \$0.3 million of in-service software offset by a decrease of \$1.6 million of transfers, \$1.9 million of disposals, and \$8.0 million of grants during the fifteen months ended March 31, 2025. Amortization expense for capitalized software development costs was \$0.6 million which was offset by a decrease of \$0.3 million of accumulated amortization due to transfers during the fifteen months ended March 31, 2025. Amortization expense related to these assets is expected to be insignificant over each of the next five fiscal years, estimated based on annual minimum straight-line amortization.

***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 Group 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. There were no material impairments recorded by the Group for the fifteen months ended March 31, 2025.

The Group accounts for its goodwill under ASC 350. Current authoritative guidance allows the Group to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If, after completing the qualitative assessment, the Group determines that it is more likely than not that the estimated fair value is greater than the carrying value, the Group concludes that no impairment exists. Alternatively, if the Group determines in the qualitative assessment that it is more likely than not that the fair value is less than its carrying value, then the Group 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 Group 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 Group 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 market capitalization and enterprise values, and (5) additional factors such as management turnover, changes in regulation and changes in litigation matters.

Based on the Group's qualitative assessment performed during the fifteen months ended March 31, 2025, the Group concluded that it was more likely than not that the estimated fair value of each of the Group's reporting units exceeded their related carrying value as of March 31, 2025, and therefore, determined it was not necessary to perform a quantitative impairment analysis. With the exception of immaterial write-off in assets related to software and terminal development, no other material impairments were recorded by the Group related to goodwill and other intangible assets for the fifteen months ended March 31, 2025.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

***Fair value of financial instruments***

The carrying amounts of the Group'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 Group's long-term borrowings, other long-term interest bearing liabilities and interest rate cap contracts is determined by using available market information for those securities or similar financial instruments (see Note 3 — Fair Value Measurements).

***Post-retirement medical benefit liabilities***

The Group has a post-retirement medical benefit plan for retired employees (and their dependents) who were employed before January 1, 1998. The plan is funded by the Group and there are no plan assets from which the costs are paid. The cost of providing these benefits is actuarially determined and accrued over the service period of the active employee groups.

As of March 31, 2025, the Group's balance sheet reflected post-retirement medical benefit liabilities of \$19.7 million, compared to \$12.4 million at the beginning of the fifteen month accounting period. The increase in the liability is primarily attributable to the actuarial revaluation conducted during the period, which takes into account updated assumptions regarding healthcare cost trends and employee longevity. The Group continues to monitor and adjust its assumptions in line with prevailing economic conditions and actuarial advice, ensuring that the liability is adequately recognized and managed.

***Investments in unconsolidated affiliate — equity method***

Investments in entities in which the Group 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 sheet. The Group records its share of the results of such entities within equity in income (loss) of unconsolidated affiliate, net on the consolidated statement of operations and comprehensive income (loss). The Group 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 Group specific information, including recent financing rounds.

***Derivatives***

The Group had interest rate cap contracts to hedge the variable interest rate under the senior secured term loan facilities (see Note 7 — Senior Notes and Other Long-Term Debt for more information). The interest rate cap contracts provided protection from Compound SOFR rates over 2%, covered the total nominal amount of the senior secured term loan facilities of \$1.6 billion, and matured in February 2025. The Group had accounted for the interest rate cap contracts as cash-flow hedges. Upon amendment of the senior secured term loan facilities on March 28, 2024 (see Note 7 — Senior Notes and Other Long-Term Debt for more information), the portion of the interest rate cap contracts related to the \$1.3 billion senior secured term loan facility (the 2024 Term Loan Facility) continued to be accounted for as cash-flow hedges, as the interest rate cap contracts remained in place with their original maturity date.

The Group did not use this instrument, or these types of instruments in general, for speculative or trading purposes. The Group's objective was to reduce the risk to earnings and cash flows associated with changes in debt with variable interest rates. Derivative instruments were recognized as either assets or liabilities in the consolidated balance sheet and were measured at fair value. The value of a hedging derivative was classified as a non-current asset or liability if the cash flows were due to be received in greater than 12 months, and as a current asset or liability if the cash flows were due to be received in less than 12 months.

Gains and losses arising from changes in the fair value of derivative instruments which were designated as cash-flow hedging instruments were recorded in accumulated other comprehensive income (loss) as unrealized gains (losses) on derivative instruments until the underlying transaction affected the Group's earnings, at which time they are then recorded in the same income statement line as the underlying transaction. The Group could designate a derivative with periodic cash settlements and a non-zero fair value at hedge inception as the hedging instrument in a qualifying cash flow hedging relationship. The non-zero fair value of cash flow hedges on the designation date was recognized into income under a systematic and rational method over the life of the hedging instrument and in the same line item on the

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

consolidated statements of operations as the earnings of the hedge item, with the offset recorded to other comprehensive income (loss).

During the fifteen months ended March 31, 2025, the Group recognized a gain of \$10.7 million (and related tax expense of \$2.7 million) in other comprehensive income arising from changes in the fair value of the interest rate cap contracts (designated as cash-flow hedging instruments) related to the senior secured term loan facilities. The Group recorded a decrease of \$19.6 million (and related tax benefit of \$4.9 million) to other comprehensive income and interest expense, net of the recognition into income of the non-zero hedge inception fair value (based on the nature of the underlying transaction). During the fifteen months ended March 31, 2025, the Group received \$60.2 million in cash as a result of periodic cash settlements, which are included in operating cash flows in the consolidated statement of cash flows.

***Foreign currency***

In general, the functional and presentation currency of the Group and most of the Group's subsidiaries is the U.S. dollar. Assets and liabilities of foreign operations denominated in foreign currencies 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 Connect Bidco Limited stockholders' equity.

Other comprehensive income related to the effects of foreign currency translation adjustments attributable to the Group during the fifteen months ended March 31, 2025 was \$0.6 million.

***Revenue recognition***

In accordance with the authoritative guidance for revenue from contracts with customers (ASC 606), the Group applies the five-step model to its contracts with its customers. Under this model the Group (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) and the purchase of products. Taxes imposed by governmental authorities on the Group's revenues, such as sales taxes and value added taxes, are excluded from net sales.

***Performance obligations***

The timing of satisfaction of performance obligations may require judgment. The Group 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 Group'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 Group evaluates whether broadband equipment provided to its customers as part of the delivery of connectivity services represents a lease in accordance with ASC 842.

The Group 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 Group considers indicators that include, but are not limited to, whether (1) the Group 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 pricing for contracts is based on the specific negotiations with each customer. Amounts billed and due from the Group's customers are classified as receivables on the balance sheet. The Group typically receives interim payments as work progresses, although for some contracts, the Group may be entitled to receive an advance payment. The Group 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

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contract and to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract.

*Evaluation of transaction price*

The evaluation of transaction price, including the amounts allocated to performance obligations, may require significant judgments. Most of the Group's contracts are on fixed price arrangements. The Group estimates variable consideration at the amount to which it expects to be entitled. The Group 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 Group'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 Group's anticipated performance and all information (historical, current and forecasted) that is reasonably available to the Group. In the event an agreement includes embedded financing components, the Group 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 Group has elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group 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 Group utilizes the observable price of a good or service when the Group sells that good or service separately in similar circumstances and to similar customers. If a standalone selling price is not directly observable, the Group 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.

*Disaggregation of revenue*

The Group has identified the provision of global mobile satellite communications services to customers around the world as its only operating segment, and reports under the communication services segment of Viasat. The Group's revenue is categorized by four business lines, namely: government, maritime, aviation, and enterprise.

- 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.

These four business lines are supported by 'Central services' which includes satellite operations, technology, corporate functions, backbone infrastructure, and any income that is not directly attributable to a business line.

Revenue is disaggregated by products and services, customer type, contract type, and geographic area, as the Group believes this approach best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors. See Note 12 — Segment Information for disaggregation of revenue by business line and additional disaggregated revenue disclosures.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

The following sets forth disaggregated reported revenue by business line and products and services for the fifteen months ended March 31, 2025:

	Fifteen Months Ended March 31, 2025 (In thousands)
Revenues:	
Maritime	\$ 614,236
Government	758,497
Aviation	601,857
Enterprise	142,227
Central services	97,924
Total revenues	<u>\$ 2,214,741</u>

The Group's revenues are primarily derived from fixed-price contracts (which require the Group to provide products and services under a contract at a specified price).

**Contract balances**

Contract balances consist of contract assets and contract liabilities. A contract asset, or with respect to the Group, an unbilled accounts receivable, is recorded when revenue is recognized in advance of the Group'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 Group receives payments from customers based on a billing schedule established in the Group's contracts.

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

The following table presents contract assets and liabilities as of March 31, 2025:

	As of March 31, 2025 (In thousands)
Unbilled accounts receivable	\$ 36,830
Collections in excess of revenues and deferred revenues	140,891
Deferred revenues, long-term portion	743,037

Unbilled accounts receivable increased by \$8.0 million during fifteen months ended March 31, 2025, primarily driven by revenue recognized in excess of billings.

Collections in excess of revenues and deferred revenues decreased by \$2.2 million during fifteen months ended March 31, 2025, driven by revenue recognized in excess of advances on goods or services received.

During the fifteen months ended March 31, 2025, the Group recognized revenue of \$143.1 million that was previously included in the Group's collections in excess of revenues and deferred revenues at December 31, 2023.

**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 in the consolidated statement of operations and comprehensive income (loss). Advertising expenses for the fifteen months ended March 31, 2025 was \$7.9 million.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

***Stock-based compensation***

During the fifteen months ended March 31, 2025, the Group operated two share option schemes wherein equity awards to employees are granted in the form of equity securities of its ultimate parent company, Viasat. The Group does not issue any shares directly to employees and does not hold shares in Viasat, its ultimate parent company. These amounts are reimbursed in cash to the ultimate parent company.

***Restricted Stock Units in Viasat - Equity Settled Share-Based Payment***

Restricted stock units (RSUs) grant employees the right to receive shares of common stock in Viasat at a future date specified by the participant's award agreement. RSUs do not carry an exercise price and require no monetary payment upon receipt or the issuance of shares. Consideration for RSUs is furnished in the form of the participant's services to the Group. RSUs vests in equal installments primarily over a period of three years. RSUs are forfeited upon termination of employment.

During the fifteen months ended March 31, 2025, the Group recorded an expense of \$6.1 million, representing the proportional recharged amount from Viasat, its ultimate parent. The remaining amount will be accrued over the life of the awards.

***ESPP Scheme for Shares in Viasat - Equity Settled Share-Based Payment***

Viasat also operates an Employee Stock Purchase Plan (ESPP) scheme for employees opting to participate. The cost of the shares of Viasat common stock is deducted from employees' net pay. During the fifteen months ended March 31, 2025, the Group recorded an expense of \$0.9 million, representing the proportional recharged amount from Viasat, its ultimate parent.

As of March 31, 2025, \$0.3 million was included within accrued and other liabilities, representing the amount deducted from employees' February to March payroll for the purchase of shares from Viasat in July 2025.

***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 Group 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. ASC 740 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 Group's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

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 Group's analysis of the need for a valuation allowance on deferred tax assets considered historical as well as forecasted future operating results, the reversal of temporary differences, taxable income in prior carryback years (if permitted), and the availability of tax planning strategies.

***Segment reporting***

The Group operates in one segment consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance.

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

***Recent authoritative guidance***

In June 2022, the FASB issued ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. ASU 2022-03 clarifies that a contractual restriction on the sale of an equity security is not considered in measuring the security's fair value. The standard also requires certain disclosures for equity securities that are subject to contractual restrictions. The Group adopted the new guidance beginning with the reporting of the fifteen months ended March 31, 2025 and the guidance did not have a material impact on its consolidated financial statements and disclosures.

In March 2023, the FASB issued ASU 2023-01, Leases (Topic 842) – Common Control Agreements. The amendments in this update that apply to public business entities clarify the accounting for leasehold improvements associated with common control leases. The Group adopted the new guidance beginning with the reporting of the fifteen months ended March 31, 2025 and the guidance did not have a material impact on its consolidated financial statements and disclosures.

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. This ASU amends certain disclosure and presentation requirements for a variety of topics within the FASB ASC. These amendments will also align the requirements in the ASC with the SEC's regulations. The effective date for each amended topic in the ASC is the date on which the SEC's removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, and will not be effective if the SEC has not removed the applicable disclosure requirements by June 30, 2027. Early adoption is prohibited. The Group is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This ASU requires public entities to enhance disclosures about their reportable segments' significant expenses on an interim and annual basis. The Group adopted the new guidance beginning with the reporting of the fifteen months ended March 31, 2025. See Note 12 — Segment Information for additional information.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 enhances income tax disclosures by requiring disclosure of specific categories in the income tax rate reconciliation table and disaggregation of income taxes paid. The new standard will become effective for the Group beginning in fiscal year 2026. Early adoption is permitted and the new standard should be applied prospectively, however retrospective application is permitted. The Group is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

In March 2024, the FASB issued ASU 2024-02, Codification Improvements – Amendments to Remove References to the Concepts Statements. This update contains amendments to the Codification that remove references to various Concepts Statements. The amendments in this update are not intended to result in significant accounting changes for most entities. The amendments in this update are effective for the Group beginning in fiscal year 2026. Early adoption is permitted. The Group is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This ASU requires additional disclosures about certain categories of costs and expenses in the notes to financial statements. As clarified in ASU 2025-01, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date, the new standard will become effective for the Group’s annual disclosures beginning in fiscal year 2028 and for interim disclosures beginning in fiscal year 2029. Early adoption is permitted and the amendments should be applied either prospectively to financial statements issued for reporting periods after the effective date of the ASU or retrospectively to any or all periods presented in the financial statements. The Group is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

**Note 2 — Composition of Certain Balance Sheet Captions**

	As of March 31, 2025 (In thousands)
Accounts receivable, net:	
Billed	\$ 163,739
Unbilled	36,830
Allowance for doubtful accounts	(3,861)
	<u>\$ 196,708</u>
Inventories:	
Raw materials	\$ 4,736
Finished goods	20,743
	<u>\$ 25,479</u>
Prepaid expenses and other current assets:	
Prepaid expenses	70,352
Other	35,232
	<u>\$ 105,584</u>
Property, equipment and satellites, net:	
Equipment and software (estimated useful life of 3-10 years)	\$ 1,019,203
CPE leased equipment (estimated useful life of 4-7 years)	206,733
Furniture and fixtures (estimated useful life of 4-10 years)	8,128
Leasehold improvements (estimated useful life of 2-20 years)	75,648
Buildings (estimated useful life of 6-38 years)	4,155
Land	16,890
Construction in progress	321,655
Satellites (estimated useful life of 7-15 years)	2,269,500
Satellite Ka-band capacity obtained under finance leases (estimated useful life of 15 years)	160,625
Satellites under construction	512,416
	4,594,953
Less: accumulated depreciation and amortization	(1,058,678)
	<u>\$ 3,536,275</u>
Other assets:	
Deferred income taxes	\$ 119,079
Capitalized software costs, net	21,652
Patents, orbital slots and other licenses, net	33,034
Investment in unconsolidated affiliates	38,015
Other	25,916
	<u>\$ 237,696</u>
Accrued and other liabilities:	
Collections in excess of revenues and deferred revenues	\$ 140,891
Accrued employee compensation	40,094
Accrued vacation	9,317
Operating lease liabilities	8,619
Interest payable	8,281
Income taxes payable	19,843
Provisions	28,703
Other	50,798
	<u>\$ 306,546</u>
Other liabilities:	
Deferred revenues, long-term portion	\$ 743,037
Deferred income taxes	1,058,164
Other income taxes	24,119
Other	248,206
	<u>\$ 2,073,526</u>

**CONNECT BIDCO LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

**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 Group determines fair value based on the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants, and prioritizes the inputs used to measure fair value from market-based assumptions to entity specific assumptions:

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

The following table present the Group’s hierarchy for its assets measured at fair value on a recurring basis as of March 31, 2025. The Group had no liabilities measured at fair value on a recurring basis as of March 31, 2025.

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

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

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

*Interest rate cap contracts* — The Group had interest rate cap contracts to hedge the variable interest rate under the senior secured term loan facilities (see Note 1 — The Company and a Summary of Its Significant Accounting Policies — Derivatives for more information). The Company’s interest rate cap contracts matured on February 28, 2025. The Group’s interest rate cap contracts were previously valued using the forward interest rate curve at each reporting date (Level 2).

*Long-term debt* — As of March 31, 2025, the Group’s long-term debt (including current portion) was comprised of (1) \$1.975 billion in aggregate principal amount of 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 Facility is reported at the outstanding principal amount of borrowings, while long-term debt related to the Group’s Term Loan Facilities and the 2029 Notes is reported at amortized cost. However, for disclosure purposes, the Group is required to measure the fair value of outstanding debt on a recurring basis. The fair value of the Group’s long-term debt related to the Group’s Credit Facilities approximates its carrying amount due to its variable interest rate, which approximates a market interest rate. As of March 31, 2025, the estimated fair value of the 2029 Notes was Level 2 and was \$1.8 billion. In October 2024, the 6.750% Senior Secured Notes due 2026 (the “2026 Notes”) were repurchased and redeemed in full.

**CONNECT BIDCO LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

**Note 4 — Viasat Transaction**

In May 2023, Viasat completed the acquisition of all outstanding shares of Connect Topco Limited, the Group's previous ultimate parent company (the "Viasat Transaction").

The consideration transferred of approximately \$2.7 billion was comprised of \$2.1 billion of the fair value of approximately 46.36 million shares of Viasat common stock issued at the closing of the transaction and \$550.7 million in cash consideration.

The Group changed its fiscal year end from December 31 to March 31, effective for the period beginning January 1, 2024. Accordingly, the Group's most recent fiscal 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. Furthermore, as part of the integration following the Viasat Transaction, at the beginning of the quarter ended March 31, 2025, the Group also retrospectively converted its consolidated financial statements from IFRS to US GAAP. As a result of both the year end change and the conversion to US GAAP, the Group also made a change in accounting principle in line with the requirements of ASC 805, and made an election to apply pushdown accounting to the consolidated Bidco Group retrospectively beginning on acquisition date (May 30, 2023) in order to align to the ultimate parent's reporting policies and practices. As a result, all opening balances are inclusive of the impacts of pushdown accounting noted below.

The purchase price allocation of the acquired assets and assumed liabilities in the Viasat Transaction based on the estimated fair values as of May 30, 2023, adjusted since the closing of the Viasat Transaction, primarily between property, equipment and satellites, identifiable intangible assets, deferred tax liabilities and goodwill, is as follows:

	(In thousands)
Current assets	\$ 641,470
Property, equipment and satellites	4,363,049
Identifiable intangible assets	2,570,000
Other assets	388,682
Total assets acquired	\$ 7,963,201
Current liabilities	(598,189)
Long-term debt, excluding short-term portion	(3,519,774)
Other long-term liabilities	(2,664,619)
Total liabilities assumed	\$ (6,782,582)
Goodwill	1,498,473
Total consideration transferred	\$ 2,679,092

Current liabilities and other long-term liabilities include approximately \$29.6 million and \$248.3 million, respectively, of unfavorable contract liabilities amortized into service revenue over a weighted average estimated useful life of approximately nine years.

Amounts assigned to identifiable intangible assets are being amortized on a straight-line basis over their determined useful lives (which approximates the economic pattern of benefit) and are as follows as of May 30, 2023:

	Fair Value (In thousands)	Weighted Average Useful Life (In years)
Orbital slots and spectrum assets	\$ 1,080,000	12
Customer relationships	1,305,000	11
Technology	100,000	7
Trade name	85,000	8
Total identifiable intangible assets	\$ 2,570,000	11

The fair value of acquired customer relationships was determined by applying the multi-period excess earnings method, which involved the use of significant judgments and assumptions related to revenue growth rates, customer attrition rates, discount rates, and contributory asset charges. Additionally, the fair value of acquired orbital slots and spectrum assets was determined using an avoided cost method, which involved the use of significant judgments and assumptions related to hypothetical lease payments, discount rates, and contributory asset charges.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

The intangible assets acquired in the Viasat Transaction were determined in accordance with ASC 805, based on estimated fair values using valuation techniques consistent with the market approach, income approach and/or cost approach to measure fair value.

**Note 5 — Goodwill and Intangible Assets**

The Group's goodwill was primarily related to adjustments to the estimated fair values of the Group's assets and liabilities in the Viasat Transaction (see Note 4 — Viasat Transaction for more information).

Other intangible assets are amortized using the straight-line method over their estimated useful lives of seven to 12 years (which approximates the economic pattern of benefit). Amortization expense related to other intangible assets was \$257.3 million for the fifteen months ended March 31, 2025.

Other intangible assets and the related accumulated amortization as of March 31, 2025 is as follows:

	Weighted Average Useful Life (In years)	As of March 31, 2025		
		Total	Accumulated Amortization (In thousands)	Net Book Value
Contracts and customer relationships	11	\$ 1,305,000	\$ (225,602)	\$ 1,079,398
Orbital slots and spectrum assets	12	1,080,000	(165,000)	915,000
Technology	7	100,000	(26,190)	73,810
Trade names	8	85,000	(19,479)	65,521
Total other intangible assets	11	<u>\$ 2,570,000</u>	<u>\$ (436,271)</u>	<u>\$ 2,133,729</u>

The Group's expected amortization expense for intangible assets for each of the following period is as follows:

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

**Note 6 — Leases**

The Group's operating leases consist primarily of leases for office space, satellite ground facilities and have remaining terms that typically range from less than one year to 15 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 Group's right-of-use assets and lease liabilities. The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Group recognizes right-of-use assets and lease liabilities for such leases in accordance with ASC 842. The Group 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, in the consolidated balance sheet.

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The Group's finance leases consist primarily of satellite lifetime Ka-band capacity leases and have remaining terms from less than one year to 15 years. The Group 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, in the consolidated balance sheet.

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

	<u>Fifteen Months Ended</u> <u>March 31, 2025</u>
	(In thousands)
<b>Lease cost:</b>	
Operating lease cost	\$ 39,270
Finance lease cost:	
Depreciation of assets obtained under finance leases	3,805
Interest on lease liabilities	5,221
Short-term lease cost	10,157
Variable lease cost	13,582
Net lease cost	<u>\$ 72,035</u>
	<u>As of</u> <u>March 31, 2025</u>
<b>Lease term and discount rate:</b>	
Weighted average remaining lease term (in years):	
Operating leases	10.2
Finance leases	14.5
Weighted average discount rate:	
Operating leases	7.0%
Finance leases	10.9%

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

	<u>Fifteen Months Ended</u> <u>March 31, 2025</u>
	(In thousands)
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>	
Operating cash flows from operating leases	\$ 31,946
Operating cash flows from finance leases	3,903
Financing cash flows from finance leases	3,251
<b>Right-of-use assets obtained in exchange for lease liabilities:</b>	
Operating leases	\$ 4,138
Finance leases	145,625

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

The following table presents maturities of the Group's lease liabilities as of March 31, 2025:

	Operating Leases	Finance Leases
	(In thousands)	
Expected for fiscal year 2026	\$ 18,227	\$ 19,684
Expected for fiscal year 2027	17,839	19,630
Expected for fiscal year 2028	18,643	19,630
Expected for fiscal year 2029	22,352	19,614
Expected for fiscal year 2030	21,742	19,625
Thereafter	110,391	182,340
Total future lease payments required	209,194	280,523
Less: interest	63,792	136,440
Total	<u>\$ 145,402</u>	<u>\$ 144,083</u>

**Note 7 — Senior Notes and Other Long-Term Debt**

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

	As of March 31, 2025
	(In thousands)
2029 Notes	\$ 1,975,000
Original Term Loan Facility	300,000
2024 Term Loan Facility	1,287,000
Revolving Credit Facility	—
Finance lease obligations (see Note 6)	144,083
Total debt	3,706,083
Unamortized discount, debt issuance costs and fair value adjustments made in purchase accounting	(104,788)
Less: current portion of long-term debt	(17,494)
Total long-term debt	<u>\$ 3,583,801</u>

The estimated aggregate amounts and timing of payments on the Group's long-term debt obligations as of March 31, 2025 for the next five fiscal years and thereafter were as follows (excluding the effects of discount accretion under the Notes and the Term Loan Facilities):

<u>For the Fiscal Years Ending</u>	(In thousands)
2026	\$ 17,494
2027	317,948
2028	18,515
2029	19,132
2030	3,216,842
Thereafter	116,152
	3,706,083
Less: unamortized discount, debt issuance costs and fair value adjustments made in purchase accounting	(104,788)
Total	<u>\$ 3,601,295</u>

**Secured Credit Facilities**

In March 2024, the Group amended its then-existing senior secured credit facilities to (among other matters): (1) establish the \$1.3 billion 2024 Term Loan Facility, the proceeds of which, together with cash on hand, were used to repay approximately \$1.38 billion of the outstanding borrowings under the Original Term Loan Facility, resulting in \$300.0 million in principal amount of borrowings remaining outstanding under the Original Term Loan Facility at the closing of the

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amendment, and (2) replace the prior \$700.0 million revolving credit facility with the new \$550.0 million Revolving Credit Facility (including up to \$100.0 million of letters of credit). The maturity date for the Original Term Loan Facility is December 12, 2026, and for the 2024 Term Loan Facility is September 28, 2029. The Revolving Credit Facility matures on the earlier of March 28, 2027 and (if more than \$100.0 million of borrowings are outstanding under the Original Term Loan Facility) the date that is 91 days prior to the maturity of the Original Term Loan Facility. As of March 31, 2025, \$1.29 billion in principal amount of borrowings remained outstanding under the 2024 Term Loan Facility and \$300.0 million in principal amount of borrowings remained outstanding under the Original Term Loan Facility. As of March 31, 2025, the Revolving Credit Facility was undrawn and there were no amounts outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility as of March 31, 2025 of \$550.0 million.

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

Borrowings under the Secured Credit Facilities: (1) in the case of borrowings denominated in U.S. Dollars, bear interest, at the Group'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 Group's total net leverage ratio and ranges between 1.50% and 2.25% per annum for base rate loans and 2.50% and 3.25% per annum for SOFR loans. As of March 31, 2025, the weighted average effective interest rate on the Group's outstanding borrowings under the Term Loan Facilities, including the impact of interest rate cap contracts (see Note 1 — Basis of Presentation – Derivatives for more information), was approximately 9.22%. The Secured Credit Facilities are required to be guaranteed by certain material subsidiaries and secured by substantially all of the assets of the borrowers and subsidiary guarantors.

The Secured Credit Facilities contain covenants that restrict, among other things, the Group's ability to incur additional debt, grant liens, sell assets, make investments and acquisitions, pay dividends and make certain other restricted payments. In addition, financial covenants regarding the Group's total net leverage ratio and interest coverage ratio apply to the Revolving Credit Facility. The borrowers under the Secured Credit Facilities were in compliance with the financial covenants under the Secured Credit Facilities as of March 31, 2025.

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

**Senior Notes**

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

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

On October 1, 2024, the Group used the net proceeds from the issuance of the 2029 Notes, together with cash on hand, to redeem all of the remaining \$1.97 billion in principal amount of 2026 Notes at a redemption price of 100% of the principal amount so redeemed plus accrued and unpaid interest thereon to the redemption date, and the indenture governing the 2026 Notes was satisfied and discharged in accordance with its terms. As a result of the repurchase and redemption of the 2026 Notes in July and October 2024, during the fifteen months ended March 31, 2025, the Group

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recorded a loss of \$100.3 million on extinguishment of debt in the consolidated statement of operations, related to an unamortized fair value adjustment made in purchase accounting. The 2026 Notes bore interest at the rate of 6.750% per year, payable semi-annually in cash in arrears and were recorded as long-term debt, net of unamortized fair value adjustment made in purchase accounting, in the consolidated financial statements.

*Senior Secured Notes due 2029*

In September 2024, certain subsidiaries of the Group issued \$1.975 billion in principal amount of 2029 Notes in a private placement to institutional buyers. The 2029 Notes were issued at face value and are recorded as long-term debt, net of debt issuance costs, in the Group's 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 Group 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 Group guaranteeing the Secured Credit Facilities.

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

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

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

**Note 8 — Income Taxes**

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

	Fifteen Months Ended March 31, 2025
	(In thousands)
United Kingdom	\$ (26,539)
Foreign	(197,154)
	<u>\$ (223,693)</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

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

	Fifteen Months Ended March 31, 2025
	(In thousands)
Current tax (provision) benefit	
United Kingdom	\$ (96,542)
Foreign	(12,745)
	(109,287)
Deferred tax (provision) benefit	
United Kingdom	95,765
Foreign	68,056
	163,821
<b>Total (provision for) benefit from income taxes</b>	<b>\$ 54,534</b>

Significant components of the Group's net deferred tax liabilities were as follows:

	As of March 31, 2025
	(In thousands)
Deferred tax assets:	
Net operating loss carryforwards	\$ 72,122
Interest carryforwards	94,385
Other	86,389
Valuation allowance	(66,446)
Total deferred tax assets	186,450
Deferred tax (liabilities):	
Intangible assets	(495,972)
Property, equipment and satellites	(602,522)
Other	(27,041)
Total deferred tax (liabilities)	(1,125,535)
Net deferred tax assets (liabilities)	<u>\$ (939,085)</u>

The table below provides a reconciliation of the benefit from (provision for) income taxes to the amount computed by applying the U.K. statutory income tax rate to income (loss) before income taxes. The U.K. rate is used on the basis that this is our principal operating jurisdiction:

	Fifteen Months Ended March 31, 2025
	(In thousands)
Tax (provision) benefit at U.K. statutory rate	\$ 55,923
Prior year adjustments	5,777
Foreign effective tax rate differential, net of valuation allowance	(1,150)
Withholding taxes	(4,054)
Other	(1,962)
<b>Total (provision for) benefit from income taxes</b>	<b>\$ 54,534</b>

As of March 31, 2025, the Group's \$72.1 million deferred tax assets for net operating loss carryforwards included \$61.6 million U.K. capital loss carryforwards, which can only be offset against future U.K. capital gains. A full valuation allowance has been established against the capital loss carryforwards, as no capital gains are expected. With limited

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exceptions, the Group's net operating loss and interest carryforwards do not expire. However, certain transactions or material changes to the Group's global financing arrangements could limit the Group's right to use its deferred tax assets and make netting against deferred tax liabilities inappropriate, resulting in an increase to the valuation allowance and income tax expense.

In accordance with 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 Group'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 \$66.4 million at March 31, 2025 has been established relating to local and foreign net operating loss carryforwards, that, based on management's estimate of future taxable income attributable to such jurisdictions, are considered more likely than not to remain unused. During the fifteen months ended March 31, 2025, the valuation allowance was increased by \$2.2 million.

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

	As of March 31, 2025
	(In thousands)
Balance, beginning of accounting period	\$ 34,501
Decrease related to prior year tax positions	(301)
Increase related to business combinations	2,619
Expiration of the statute of limitations for the assessment of taxes	(10,121)
Balance, end of accounting period	<u>\$ 26,698</u>

Of the total unrecognized tax benefits at March 31, 2025, \$10.2 million would reduce the Group's annual effective tax rate if recognized. It is reasonably possible that there will not be a significant change in uncertain tax balances in the next 12 months.

The Group's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. As of March 31, 2025, the Group had accrued interest and penalties of approximately \$14.1 million. The Group recognized a tax benefit of \$1.7 million for reductions of interest and penalties in income tax expense for the fifteen months ended March 31, 2025.

The Group 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 Group 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.

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**Note 9 — Related-Party Transactions**

In the normal course of business, the Group engages in transactions with its equity method investments (Navarino UK and JSAT Mobile), parent companies (being Connect Midco Limited, Connect Sub-Topco Limited, and Connect Topco Limited), the ultimate parent company (Viasat) and entities which are members of the Viasat group (most notably RigNet, Inc.) which are considered related-party transactions.

Transactions with equity-accounted associates represent sales of airtime and equipment and are measured at the amounts exchanged. The Group recognized revenue from Navarino UK and JSAT Mobile in the amount of \$83.7 million during the fifteen months ended March 31, 2025. The Group received cash of \$86.9 million from Navarino UK and JSAT Mobile during the fifteen months ended March 31, 2025. Accounts receivable from Navarino UK and JSAT Mobile as of March 31, 2025 were \$8.5 million.

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

Transactions with entities which are members of the Viasat group represent sales of airtime and leased space segment revenue and are measured at the amounts exchanged. Group revenue from RigNet, Inc. for the fifteen months ended March 31, 2025 was \$7.7 million. The Group received cash of \$7.9 million during the fifteen months ended March 31, 2025. The amount of receivable from RigNet, Inc. as of March 31, 2025 was an insignificant amount.

During the period, as part of a wider intercompany debt restructuring and reorganisation, the Group settled the non-current intercompany receivable, gross of capitalized interest, in the amount of \$1.39 billion from its immediate parent, Connect Midco Limited.

**Note 10 — Commitments**

From time to time, the Group enters into satellite construction agreements as well as 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, 2025, future minimum payments under the Group's satellite construction contracts and other satellite-related purchase commitments for the next five fiscal years and thereafter were as follows:

<u>Fiscal Years Ending</u>	<u>(In thousands)</u>
2026	\$ 81,946
2027	95,714
2028	77,011
2029	37,611
2030	—
Thereafter	—
	<u>\$ 292,282</u>

**Note 11 — Contingencies**

Periodically, the Group 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 Group 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.

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**Note 12 — Segment Information**

The Group has identified the provision of global mobile satellite communications services to customers around the world as its only operating segment, and reports under the communication services segment of Viasat. The Group operates in one segment consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance.

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

The Group's revenue is categorized by four business lines consisting of Government, Maritime, Aviation, Enterprise and supported by 'Central services'. The Group's business lines are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance:

- 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 fifteen months ended March 31, 2025 were as follows:

	<b>Fifteen Months Ended March 31, 2025 (In thousands)</b>
<b>Revenues:</b>	
Maritime	\$ 614,236
Government	758,497
Aviation	601,857
Enterprise	142,227
Central services	97,924
<b>Total revenues</b>	<b>\$ 2,214,741</b>
<b>Expenses:</b>	
Depreciation	765,996
Stock-based compensation expense	7,020
Acquisition and transaction related expenses	29,507
Other segment items (1)	932,371
<b>Total expenses</b>	<b>\$ 1,734,894</b>
<b>Operating profit (loss) before amortization of intangible assets</b>	<b>\$ 479,847</b>
Amortization of intangible assets	(257,264)
Interest income	45,140
Interest expense	(391,136)
(Loss) gain on extinguishment of debt	(100,280)
<b>Income (loss) before income taxes</b>	<b>\$ (223,693)</b>

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- (1) Other segment items include operating expenses such as cost of service and product revenues, selling, general and administrative expenses, IR&D expenses and related activities excluding allocable portion of depreciation, other amortization, stock based compensation, and certain significant items that are disclosed under each segment.

Revenues by geographic area for the fifteen months ended March 31, 2025 were as follows:

	Fifteen Months Ended March 31, 2025
	(In thousands)
United Kingdom	\$ 79,916
United States	1,015,221
Rest of the world (each country individually insignificant)	1,119,604
Total revenues	<u>\$ 2,214,741</u>

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

**Note 13 — Subsequent Event**

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

**CONNECT BIDCO LIMITED**  
**ITEM 5 - APPENDIX 1 - NON-GAAP FINANCIAL RECONCILIATION**

**ITEM 5 – APPENDIX 1 – NON-GAAP FINANCIAL RECONCILIATION (UNAUDITED)**

To supplement the Group's consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), the Group uses a non-GAAP, Adjusted EBITDA, a measure the Group believes is appropriate to enhance an overall understanding of the Group's past financial performance and prospects for the future. The Group believes Adjusted EBITDA provides useful information by excluding specific expenses that we believe are not indicative of our core operating results.

An itemized reconciliation between net income (loss) attributable to Connect Bidco Limited and Adjusted EBITDA is as follows:

	<u>Fifteen Months Ended</u>	<u>Twelve Months Ended</u>	<u>Twelve Months Ended</u>
	<u>March 31, 2025</u>	<u>March 31, 2025</u>	<u>March 31, 2024</u>
<i>(In millions)</i>			
Net income (loss) attributable to Connect Bidco Limited	\$ (152.0)	\$ (119.8)	\$ (229.2)
Provision for (benefit from) income taxes	(54.5)	(45.3)	(52.9)
Loss (gain) on extinguishment of debt	100.3	100.3	-
Interest expense (income), net	345.9	265.6	247.6
Amortization of acquired intangible assets	257.3	238.0	237.0
Depreciation and other amortization	766.2	595.3	544.1
Stock compensation expense <sup>1</sup>	7.0	6.3	1.2
Satellite impairment <sup>2</sup>	-	-	140.9
Viasat transaction related expenses <sup>3</sup>	29.5	9.6	90.5
Adjusted EBITDA	<u>\$ 1,299.7</u>	<u>\$ 1,050.0</u>	<u>\$ 979.2</u>

1. Stock compensation expense related to stock related compensation agreements, where employees of the Group are granted awards in the form of equity securities of its ultimate parent company, Viasat. These amounts are reimbursed to the ultimate parent company.

2. Satellite Impairment reflects the impairment of the I6-F2 satellite (\$489.9 million), partially offset by insurance claim proceeds (\$349.0 million).

3. Costs typically consist of transaction, integration, and disposition related costs.

**CONNECT BIDCO LIMITED**  
**ITEM 6 - APPENDIX 2 - SUMMARY OF AUDIT AND NON-AUDIT SERVICES FEES**

**APPENDIX 2 - SUMMARY OF AUDIT AND NON-AUDIT SERVICES FEES**

Remuneration payable to the Group's auditors, PricewaterhouseCoopers LLP, for the fifteen months ended March 31, 2025:

(In millions)	<b>Fifteen Months Ended March 31, 2025</b>
Audit of Connect Bidco Limited entity only	\$ 0.1
Audit of subsidiary companies	1.9
<b>Total audit fees<sup>1</sup></b>	<b>2.0</b>
Audit-related assurance services <sup>2</sup>	0.5
Other assurance services <sup>3</sup>	0.5
Other non-audit services <sup>3</sup>	0.5
<b>Total non-audit services fees</b>	<b>1.5</b>
<b>Total fees for the group</b>	<b>\$ 3.5</b>

1) \$0.5 million of the total audit fees were billed to Viasat Inc. rather than to the Group.

2) Fees paid for audit-related assurance services to support the group audit of Viasat Inc. for the period ending March 31, 2024. This fee was billed to Viasat Inc. rather than to the Group.

3) Fees paid for other assurance and non-audit services relate to additional assurance over historical Group financial information, including interim review and Comfort letter to support a bond issuances.