UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One):

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the quarterly period ended March 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the transition period from __________ to __________

Commission File Number: 001-35975

Gogo Inc.
(Exact name of registrant as specified in its charter)

Delaware	**27-1650905**
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

105 Edgeview Dr., Suite 300
Broomfield, CO 80021
(Address of principal executive offices)

Telephone Number (303) 301-3271
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.0001 per share	GOGO	NASDAQ Global Select Market
Preferred Stock Purchase Rights	GOGO	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes☑ No☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes☑ No☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐No☑

As of April 29, 2022, 112,002,322 shares of $0.0001 par value common stock were outstanding.

Gogo Inc.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Gogo Inc. and Subsidiaries
Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 152,829	$ 145,913
Accounts receivable, net of allowances of $1,127 and $894, respectively	42,102	37,730
Inventories	36,467	33,976
Prepaid expenses and other current assets	39,654	32,295
Total current assets	271,052	249,914
Non-current assets:		
Property and equipment, net	71,596	63,672
Intangible assets, net	49,159	49,554
Operating lease right-of-use assets	70,973	70,989
Other non-current assets, net of allowances of $515 and $455, respectively	44,561	28,425
Deferred income taxes	177,934	185,133
Total non-current assets	414,223	397,773
Total assets	$ 685,275	$ 647,687
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 18,119	$ 17,203
Accrued liabilities	58,683	59,868
Deferred revenue	1,599	1,825
Current portion of long-term debt	109,897	109,620
Total current liabilities	188,298	188,516
Non-current liabilities:		
Long-term debt	693,617	694,760
Non-current operating lease liabilities	77,074	77,329
Other non-current liabilities	7,326	7,236
Total non-current liabilities	778,017	779,325
Total liabilities	966,315	967,841
Stockholders' deficit		
Common stock, par value $0.0001 per share; 500,000,000 shares authorized at March 31, 2022 and December 31, 2021; 118,399,731 and 117,407,468 shares issued at March 31, 2022 and December 31, 2021, respectively; and 111,784,217 and 110,791,954 shares outstanding at March 31, 2022 and December 31, 2021, respectively	11	11
Additional paid-in capital	1,259,223	1,258,477
Accumulated other comprehensive income	17,961	1,789
Treasury stock, at cost	(128,803)	(128,803)
Accumulated deficit	(1,429,432)	(1,451,628)
Total stockholders' deficit	(281,040)	(320,154)
Total liabilities and stockholders' deficit	$ 685,275	$ 647,687

See the Notes to Unaudited Condensed Consolidated Financial Statements

Gogo Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Revenue:		
Service revenue	$ 70,667	$ 59,355
Equipment revenue	22,083	14,514
Total revenue	92,750	73,869
Operating expenses:		
Cost of service revenue (exclusive of amounts shown below)	14,634	14,095
Cost of equipment revenue (exclusive of amounts shown below)	14,281	8,282
Engineering, design and development	5,406	5,493
Sales and marketing	6,231	3,729
General and administrative	13,458	10,373
Depreciation and amortization	3,791	4,117
Total operating expenses	57,801	46,089
Operating income	34,949	27,780
Other (income) expense:		
Interest income	(47)	(57)
Interest expense	10,889	29,294
Loss on settlement of convertible notes	—	4,397
Other income, net	(26)	(5)
Total other expense	10,816	33,629
Income (loss) from continuing operations before income taxes	24,133	(5,849)
Income tax provision	1,937	35
Net income (loss) from continuing operations	22,196	(5,884)
Net loss from discontinued operations, net of tax	—	(1,801)
Net income (loss)	$ 22,196	$ (7,685)
Net income (loss) attributable to common stock per share - basic:		
Continuing operations	$ 0.20	$ (0.07)
Discontinued operations	—	(0.02)
Net income (loss) attributable to common stock per share - basic	$ 0.20	$ (0.09)
Net income (loss) attributable to common stock per share - diluted:		
Continuing operations	$ 0.18	$ (0.07)
Discontinued operations	—	(0.02)
Net income (loss) attributable to common stock per share - diluted	$ 0.18	$ (0.09)
Weighted average number of shares		
Basic	111,414	84,649
Diluted	134,095	84,649

See the Notes to Unaudited Condensed Consolidated Financial Statements

Gogo Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	For the Three Months Ended March 31,	
	2022	2021
Net income (loss)	$ 22,196	$ (7,685)
Other comprehensive income, net of tax		
Currency translation adjustments	$ 111	$ 101
Cash flow hedges:		
Net unrealized gain	16,053	—
Less: income (loss) realized and reclassified to earnings	(8)	—
Changes in fair value of cash flow hedges	16,061	—
Other comprehensive income, net of tax	16,172	101
Comprehensive income (loss)	$ 38,368	$ (7,584)

See the Notes to Unaudited Condensed Consolidated Financial Statements

Gogo Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	For the Three Months Ended March 31,	
	2022	2021
Operating activities from continuing operations:		
Net income (loss)	$ 22,196	$ (5,884)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	3,791	4,117
Loss (gain) on asset disposals, abandonments and write-downs	14	(100)
Provision for expected credit losses	259	15
Deferred income taxes	1,887	95
Stock-based compensation expense	4,007	1,849
Amortization of deferred financing costs and interest rate caps	947	1,703
Accretion of debt discount	115	84
Loss on settlement of convertible notes	—	4,397
Changes in operating assets and liabilities:		
Accounts receivable	(4,571)	3,586
Inventories	(2,491)	(446)
Prepaid expenses and other current assets	392	(375)
Contract assets	(2,407)	(1,886)
Accounts payable	(857)	292
Accrued liabilities	(5,926)	(10,424)
Deferred revenue	(226)	646
Accrued interest	1,349	27,559
Other non-current assets and liabilities	(613)	(654)
Net cash provided by operating activities from continuing operations	17,866	24,574
Investing activities from continuing operations:		
Purchases of property and equipment	(7,598)	(360)
Acquisition of intangible assets—capitalized software	(1,457)	(342)
Net cash used in investing activities from continuing operations	(9,055)	(702)
Financing activities from continuing operations:		
Payments on term loan	(1,813)	—
Payment of debt issuance costs	—	(550)
Payments on financing leases	(43)	(124)
Stock-based compensation activity	(23)	(2,646)
Net cash used in financing activities from continuing operations	(1,879)	(3,320)
Cash flows from discontinued operations:		
Cash used in operating activities	—	(748)
Cash used in investing activities	—	—
Cash used in financing activities	—	—
Net cash used in discontinued operations	—	(748)
Effect of exchange rate changes on cash	(16)	3
Increase in cash, cash equivalents and restricted cash	6,916	19,807
Cash, cash equivalents and restricted cash at beginning of period	146,268	435,870
Cash, cash equivalents and restricted cash at end of period	$ 153,184	$ 455,677
Cash, cash equivalents and restricted cash at end of period	$ 153,184	$ 455,677
Less: current restricted cash	25	525
Less: non-current restricted cash	330	—
Cash and cash equivalents at end of period	$ 152,829	$ 455,152
Supplemental Cash Flow Information:		
Cash paid for interest	$ 8,577	$ 31
Cash paid for taxes	—	1
Non-cash investing activities		
Purchases of property and equipment in current liabilities	$ 7,993	$ 663

See the Notes to Unaudited Condensed Consolidated Financial Statements

Gogo Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Stockholders' Equity (Deficit)
(in thousands, except share data)

	For the Three Months Ended March 31, 2022							
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock		Total
	Shares	Par Value				Shares	Amount	
Balance at January 1, 2022	110,791,954	$ 11	$ 1,258,477	$ 1,789	$ (1,451,628)	6,615,449	$ (128,803)	$ (320,154)
Net income	—	—	—	—	22,196	—	—	22,196
Currency translation adjustments, net of tax	—	—	—	111	—	—	—	111
Fair value adjustments of cash flow hedges, net of tax	—	—	—	16,061	—	—	—	16,061
Stock-based compensation expense	—	—	4,007	—	—	—	—	4,007
Issuance of common stock upon exercise of stock options	423,583	—	1,106	—	—	—	—	1,106
Issuance of common stock upon vesting of restricted stock units and restricted stock awards	555,234	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(4,516)	—	—	—	—	(4,516)
Issuance of common stock in connection with employee stock purchase plan	13,446	—	149	—	—	—	—	149
Balance at March 31, 2022	111,784,217	$ 11	$ 1,259,223	$ 17,961	$ (1,429,432)	6,615,449	$ (128,803)	$ (281,040)

	For the Three Months Ended March 31, 2021							
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock		Total
	Shares	Par Value				Shares	Amount	
Balance at January 1, 2021	85,990,499	$ 9	$ 1,088,590	$ (1,013)	$ (1,629,843)	5,077,400	$ (98,857)	$ (641,114)
Net loss	—	—	—	—	(7,685)	—	—	(7,685)
Currency translation adjustments, net of tax	—	—	—	101	—	—	—	101
Stock-based compensation expense	—	—	7,927	—	—	—	—	7,927
Issuance of common stock upon exercise of stock options	177,646	—	458	—	—	—	—	458
Issuance of common stock upon vesting of restricted stock units and restricted stock awards	602,826	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(3,220)	—	—	—	—	(3,220)
Issuance of common stock in connection with employee stock purchase plan	11,637	—	116	—	—	—	—	116
Settlement of convertible notes	5,288,477	—	33,857	—	—	—	—	33,857
Impact of the adoption of AS 2020-06	—	—	(47,423)	—	25,480	—	—	(21,943)
Balance at March 31, 2021	92,071,085	$ 9	$ 1,080,305	$ (912)	$ (1,612,048)	5,077,400	$ (98,857)	$ (631,503)

See the Notes to Unaudited Condensed Consolidated Financial Statements

Gogo Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation

The Business - Gogo Inc. ("Gogo," the "Company," "we," "us," or "our") is the world's largest provider of broadband connectivity services for the business aviation market. Our mission is to provide ground-like connectivity to every passenger on every flight around the globe, enabling superior passenger experiences and efficient flight operations. To accomplish our mission, we design, build and operate dedicated air-to-ground ("ATG") networks, engineer and maintain in-flight systems of proprietary hardware and software, and deliver customizable connectivity and wireless entertainment services and global support capabilities to our aviation partners. Our services include narrowband satellite-based voice and data services through our strategic alliances with satellite providers.

On December 1, 2020, we completed the previously announced sale of our commercial aviation ("CA") business to a subsidiary of Intelsat Jackson Holdings S.A. ("Intelsat") for a purchase price of $400.0 million in cash, subject to certain adjustments (the "Transaction").

At the closing of the Transaction, the parties entered into certain ancillary agreements, including a transition services agreement, an intellectual property license agreement and commercial agreements. These agreements include an ATG network sharing agreement, pursuant to which we provide certain in-flight connectivity services on our current ATG network and, when available, our Gogo 5G network, subject to certain revenue sharing obligations. Under the ATG network sharing agreement, Intelsat will have exclusive access to the ATG network for commercial aviation in North America, subject to minimum revenue guarantees.

As a result of the Transaction, the CA business is reported in discontinued operations and all periods presented in this Form 10-Q have been conformed to present the CA business as a discontinued operation. We report the financial results of discontinued operations separately from continuing operations to distinguish the financial impact of disposal transactions from ongoing operations. Discontinued operations reporting occurs only when the disposal of a component or a group of components (i) meets the held-for-sale classification criteria or is disposed of by sale or other than by sale, and (ii) represents a strategic shift that will have a major effect on our operations and financial results.

Unless otherwise noted, discussion in these Notes to Unaudited Condensed Consolidated Financial Statements refers to our continuing operations. Refer to Note 2, "Discontinued Operations," for further information.

Basis of Presentation - The accompanying Unaudited Condensed Consolidated Financial Statements and notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and in conformity with Article 10 of Regulation S-X promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements and should be read in conjunction with our annual audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021 as filed with the Securities and Exchange Commission (the "SEC") on March 3, 2022 (the "2021 10-K"). These Unaudited Condensed Consolidated Financial Statements reflect, in the opinion of management, all material adjustments (which include normal recurring adjustments) necessary to fairly state, in all material respects, our financial position, results of operations and cash flows for the periods presented.

The results of operations and cash flows for the three-month period ended March 31, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2022.

We had one class of common stock outstanding as of March 31, 2022 and December 31, 2021.

Use of Estimates - 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, disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the significant estimates and bases such estimates on historical experience and various other assumptions believed to be reasonable under the circumstances. However, actual results could differ materially from those estimates.

2. Discontinued Operations

As discussed in Note 1, "Basis of Presentation," on December 1, 2020, we completed the sale of our CA business to Intelsat. As a result of the Transaction, the CA business is reported for all periods as discontinued operations.

The following table summarizes the results of discontinued operations which are presented as Net loss from discontinued operations, net of tax in our Unaudited Condensed Consolidated Statements of Operations *(in thousands)*:

	For the Three Months Ended March 31,	
	2022	2021
Revenue:		
Service revenue	$ —	$ —
Equipment revenue	—	—
Total revenue	—	—
Operating expenses:		
Cost of service revenue (exclusive of amounts shown below)	—	—
Cost of equipment revenue (exclusive of amounts shown below)	—	—
Engineering, design and development	—	—
Sales and marketing	—	—
General and administrative	—	1,801
Impairment of long-lived assets	—	—
Depreciation and amortization	—	—
Total operating expenses	—	1,801
Operating loss	—	(1,801)
Total other (income) expense	—	—
Loss before income taxes	—	(1,801)
Income tax provision (benefit)	—	—
Net loss from discontinued operations, net of tax	$ —	$ (1,801)

Stock-based compensation – In August 2020, the Compensation Committee of our Board of Directors (the "Compensation Committee") approved modifications to the vesting conditions and exercise periods of outstanding equity compensation awards held by certain of our then-current employees who became employees of Intelsat in the Transaction. Certain of these awards vested based on conditions that were not classified as a service, market or performance condition and as a result such awards were classified as a liability. As of December 31, 2021, there were no remaining liability-classified awards.

The following is a summary of our stock-based compensation expense by operating expense line contained within the results of discontinued operations *(in thousands)*:

	For the Three Months Ended March 31,	
	2022	2021
Cost of service revenue	$ —	$ —
Engineering, design and development	—	—
Sales and marketing	—	—
General and administrative	—	1,053
Total stock-based compensation expense	$ —	$ 1,053

See Note 16, "Stock-Based Compensation and 401(k) Plan," for additional information on our stock-based compensation plans.

Other Costs Classified to Discontinued Operations – During the three-month period ended March 31, 2021, we incurred $0.7 million of additional costs (exclusive of the stock-based compensation expense noted above) primarily due to employer-paid taxes arising from the exercise of stock options by former employees then employed by Intelsat.

3. Recent Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB). ASUs not listed below were assessed and determined to be either not applicable or expected to have minimal impact on our Unaudited Condensed Consolidated Financial Statements.

Accounting standards adopted:

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance* to increase the transparency of transactions with a government accounted for by applying a grant or contribution accounting model by analogy. ASU 2021-10 requires an entity to disclose information about the nature of the transactions, including the significant terms and conditions, accounting policy used to account for the transactions, and the effect of the transactions on the financial statements. This guidance is effective beginning on January 1, 2022. Adoption of this standard did not have a material impact on our Unaudited Condensed Consolidated Financial Statements.

4. Revenue Recognition

Remaining performance obligations

As of March 31, 2022, the aggregate amount of the transaction price in our contracts allocated to the remaining unsatisfied performance obligations was approximately $93 million. The remaining unsatisfied performance obligations primarily represent connectivity and entertainment service revenues which are recognized as services are provided, which is expected to occur through the remaining term of the contract. We have excluded from this amount consideration from contracts that have an original duration of one year or less.

Disaggregation of revenue

The following table presents our revenue disaggregated by category *(in thousands)*:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Service revenue		
Connectivity	$ 69,495	$ 58,403
Entertainment and other	1,172	952
Total service revenue	$ 70,667	$ 59,355
Equipment revenue		
ATG	$ 17,948	$ 10,597
Satellite	3,206	3,703
Other	929	214
Total equipment revenue	$ 22,083	$ 14,514
Customer type		
Aircraft owner/operator/service provider	$ 70,667	$ 59,355
OEM and aftermarket dealer	22,083	14,514
Total revenue	$ 92,750	$ 73,869

Contract balances

Our current and non-current deferred revenue balances totaled $1.6 million and $1.8 million as of March 31, 2022 and December 31, 2021, respectively. Deferred revenue includes, among other things, fees paid for equipment and subscription connectivity products.

Our current and non-current contract asset balances totaled $20.1 million and $17.8 million as of March 31, 2022 and December 31, 2021, respectively. Contract assets represent the aggregate amount of revenue recognized in excess of billings primarily for certain sales programs.

Major Customers

No customer accounted for more than 10% of revenue during the three-month periods ended March 31, 2022 and 2021 and no customer accounted for more than 10% of accounts receivable as of March 31, 2022 or December 31, 2021.

5. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share have been calculated using the weighted average number of common shares outstanding for the period.

The shares of common stock effectively repurchased in connection with the Forward Transactions (as defined and described in Note 9, "Long-Term Debt and Other Liabilities") are considered participating securities requiring the two-class method to calculate basic and diluted earnings per share. Net earnings will be allocated between common shares and participating securities on a one-to-one basis. In periods of a net loss, the shares associated with the Forward Transactions will not receive an allocation of losses, as the counterparties to the Forward Transactions are not required to fund losses. The calculation of weighted average shares outstanding as of March 31, 2022 and 2021 excludes approximately 0.6 million and 2.1 million shares, respectively, associated with the Forward Transactions.

The diluted earnings (loss) per share calculations exclude the effect of stock options, deferred stock units, restricted stock units and convertible notes when the computation is anti-dilutive. For the three-month period ended March 31, 2022, the weighted average number of shares excluded from the computation was 0.2 million shares. As a result of the net loss for the three-month period ended March 31, 2021, all of the outstanding shares of common stock underlying stock options, deferred stock units, restricted stock units and convertible notes were excluded from the computation of diluted shares outstanding because they were anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share for the three-month periods ended March 31, 2022 and 2021; however, for the reasons described above, the shares of common stock associated with the Forward Transactions are excluded from the computation of basic earnings per share (*in thousands, except per share amounts*):

	For the Three Months Ended March 31,					
	2022			2021		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income (loss) from continuing operations	$ 22,196			$ (5,884)		
Less: participation rights on Forward Transactions allocated to continuing operations	113			—		
Basic earnings (loss) per share from continuing operations						
Undistributed income (loss) from continuing operations	$ 22,083	111,414	$ 0.20	$ (5,884)	84,649	$ (0.07)
Effect of dilutive securities from continuing operations						
Stock-based compensation	—	5,550		—	—	
2022 Convertible Notes	1,819	17,131		—	—	
Diluted earnings (loss) per share from continuing operations						
Undistributed income (loss) from continuing operations and assumed conversions	$ 23,902	134,095	$ 0.18	$ (5,884)	84,649	$ (0.07)
Net loss from discontinued operations	$ —			$ (1,801)		
Less: participation rights on Forward Transactions allocated to discontinued operations	—			—		
Basic earnings (loss) per share from discontinued operations						
Undistributed loss from discontinued operations	$ —	111,414	$ —	$ (1,801)	84,649	$ (0.02)
Effect of dilutive securities from discontinued operations						
Stock-based compensation	—	5,550		—	—	
2022 Convertible Notes	—	17,131		—	—	
Diluted earnings (loss) per share from discontinued operations						
Undistributed loss from discontinued operations and assumed conversions	$ —	134,095	$ —	$ (1,801)	84,649	$ (0.02)
Earnings (loss) per share - basic			$ 0.20			$ (0.09)
Earnings (loss) per share - diluted			$ 0.18			$ (0.09)

6. Inventories

Inventories consist primarily of telecommunications systems and parts and are recorded at the lower of average cost or net realizable value. We evaluate the need for write-downs associated with obsolete, slow-moving and nonsalable inventory by reviewing net realizable inventory values on a periodic basis.

Inventories as of March 31, 2022 and December 31, 2021 were as follows (*in thousands*):

	March 31, 2022	December 31, 2021
Work-in-process component parts	$ 24,142	$ 21,570
Finished goods	12,325	12,406
Total inventory	$ 36,467	$ 33,976

7. Composition of Certain Balance Sheet Accounts

Prepaid expenses and other current assets as of March 31, 2022 and December 31, 2021 were as follows (*in thousands*):

	March 31, 2022	December 31, 2021
Contract assets	$ 5,426	$ 4,533
Prepaid inventories	2,549	2,525
Insurance receivable *(1)*	17,300	17,300
Tenant improvement allowance receivables	1,115	1,936
Interest rate caps	7,777	925
Other	5,487	5,076
Total prepaid expenses and other current assets	$ 39,654	$ 32,295

(1) See Note 13, "Commitments and Contingencies," for additional information.

Property and equipment as of March 31, 2022 and December 31, 2021 were as follows (*in thousands*):

	March 31, 2022	December 31, 2021
Office equipment, furniture, fixtures and other	$ 14,596	$ 12,759
Leasehold improvements	14,524	13,545
Network equipment	149,684	142,601
	178,804	168,905
Accumulated depreciation	(107,208)	(105,233)
Total property and equipment, net	$ 71,596	$ 63,672

Other non-current assets as of March 31, 2022 and December 31, 2021 were as follows (*in thousands*):

	March 31, 2022	December 31, 2021
Contract assets, net of allowances of $515 and $455, respectively	$ 14,671	$ 13,217
Interest rate caps	25,872	11,359
Revolving credit facility deferred financing costs	1,772	1,879
Other	2,246	1,970
Total other non-current assets	$ 44,561	$ 28,425

Accrued liabilities as of March 31, 2022 and December 31, 2021 were as follows (*in thousands*):

	March 31, 2022	December 31, 2021
Accrued interest	$ 7,580	$ 6,231
Employee compensation and benefits	8,337	13,791
Litigation settlement accrual [(1)]	17,300	17,300
Operating leases	7,681	7,444
Warranty reserve	2,350	2,450
Taxes	1,725	1,997
Network equipment	3,282	3,179
Other	10,428	7,476
Total accrued liabilities	$ 58,683	$ 59,868

(1) See Note 13, "Commitments and Contingencies," for additional information.

Other non-current liabilities as of March 31, 2022 and December 31, 2021 were as follows (*in thousands*):

	March 31, 2022	December 31, 2021
Asset retirement obligations	$ 5,201	$ 4,861
Other	2,125	2,375
Total other non-current liabilities	$ 7,326	$ 7,236

8. Intangible Assets

Our intangible assets are comprised of both indefinite-lived and finite-lived intangible assets. Intangible assets with indefinite lives are not amortized; rather, they are reviewed for impairment at least annually or whenever events or circumstances indicate the carrying value of the asset may not be recoverable. We perform our annual impairment test of our indefinite-lived intangible assets during the fourth quarter of each fiscal year, and the results from the test performed in the fourth quarter of 2021 indicated no impairment. We also reevaluate the useful life of indefinite-lived intangible assets each reporting period to determine whether events and circumstances continue to support an indefinite useful life.

As of both March 31, 2022 and December 31, 2021, our goodwill balance was $0.6 million.

Our intangible assets, other than goodwill, as of March 31, 2022 and December 31, 2021 were as follows (*in thousands, except for weighted average remaining useful life*):

		As of March 31, 2022			As of December 31, 2021		
	Weighted Average Remaining Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:							
Software	3.5	$55,594	$(41,150)	$14,444	$54,128	$(39,289)	$14,839
Other intangible assets	8.3	1,812	—	1,812	1,812	—	1,812
Service customer relationships		8,081	(8,081)	—	8,081	(8,081)	—
OEM and dealer relationships		6,724	(6,724)	—	6,724	(6,724)	—
Total amortized intangible assets		72,211	(55,955)	16,256	70,745	(54,094)	16,651
Unamortized intangible assets:							
FCC Licenses		32,283	—	32,283	32,283	—	32,283
Total intangible assets		$104,494	$(55,955)	$48,539	$103,028	$(54,094)	$48,934

Amortization expense was $1.9 million for both three-month periods ended March 31, 2022 and 2021.

Amortization expense for the remainder of 2022, each of the next four years and thereafter is estimated to be as follows (*in thousands*):

Years ending December 31,	Amortization Expense
2022 (period from April 1 to December 31)	$ 3,198
2023	$ 3,175
2024	$ 1,802
2025	$ 1,552
2026	$ 1,455
Thereafter	$ 5,074

Actual future amortization expense could differ from the estimated amount as a result of future investments and other factors.

9. Long-Term Debt and Other Liabilities

Long-term debt as of March 31, 2022 and December 31, 2021 was as follows (*in thousands*):

	March 31, 2022	December 31, 2021
Term Loan Facility	$ 716,359	$ 718,057
2022 Convertible Notes	102,788	102,788
Total debt	819,147	820,845
Less: deferred financing costs	(15,633)	(16,465)
Less: current portion of long-term debt	(109,897)	(109,620)
Total long-term debt	$ 693,617	$ 694,760

2021 Credit Agreement

On April 30, 2021, Gogo and Gogo Intermediate Holdings LLC ("GIH") (a wholly owned subsidiary of Gogo) entered into a credit agreement (the "2021 Credit Agreement") among Gogo, GIH, the lenders and issuing banks party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, which provides for (i) a term loan credit facility (the "Term Loan Facility") in an aggregate principal amount of $725.0 million, issued with a discount of 0.5%, and (ii) a revolving credit facility (the "Revolving Facility" and together with the Term Loan Facility, the "Facilities") of up to $100.0 million, which includes a letter of credit sub-facility. The Term Loan Facility amortizes in nominal quarterly installments equal to one percent of the aggregate initial principal amount thereof per annum, with the remaining balance payable upon final maturity of the Term Loan Facility on April 30, 2028. There are no amortization payments under the Revolving Facility, and all borrowings under the Revolving Facility mature on April 30, 2026.

The Term Loan Facility bears annual interest at a floating rate measured by reference to, at GIH's option, either (i) an adjusted London inter-bank offered rate (subject to a floor of 0.75%) plus an applicable margin of 3.75% or (ii) an alternate base rate plus an applicable margin of 2.75%.

Loans outstanding under the Revolving Facility bear annual interest at a floating rate measured by reference to, at GIH's option, either (i) an adjusted London inter-bank offered rate (subject to a floor of 0.00%) plus an applicable margin ranging from 3.25% to 3.75% per annum depending on GIH's senior secured first lien net leverage ratio or (ii) an alternate base rate plus an applicable margin ranging from 2.25% to 2.75% per annum depending on GIH's senior secured first lien net leverage ratio. Additionally, unused commitments under the Revolving Facility are subject to a fee ranging from 0.25% to 0.50% per annum depending on GIH's senior secured first lien net leverage ratio.

The Facilities may be prepaid at GIH's option at any time without premium or penalty (other than customary breakage costs), subject to minimum principal payment amount requirements.

Subject to certain exceptions and de minimis thresholds, the Term Loan Facility is subject to mandatory prepayments in an amount equal to:

- 100% of the net cash proceeds of certain asset sales, insurance recovery and condemnation events, subject to reduction to 50% and 0% if specified senior secured first lien net leverage ratio targets are met;
- 100% of the net cash proceeds of certain debt offerings; and

- 50% of annual excess cash flow (as defined in the 2021 Credit Agreement), subject to reduction to 25% and 0% if specified senior secured first lien net leverage ratio targets are met.

The 2021 Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants include restrictions on, among other things: incurrence of indebtedness or issuance of disqualified equity interests; incurrence or existence of liens; consolidations or mergers; activities of Gogo and any subsidiary holding a license issued by the Federal Communications Commission; investments, loans, advances, guarantees or acquisitions; asset sales; dividends or other distributions on equity; purchase, redemption or retirement of capital stock; payment or redemption of certain junior indebtedness; entry into other agreements that restrict the ability to incur liens securing the Facilities; and amendment of organizational documents; in each case subject to customary exceptions.

The Revolving Facility includes a financial covenant set at a maximum senior secured first lien net leverage ratio of 7.50:1.00, which will apply if the outstanding amount of loans and unreimbursed letter of credit drawings thereunder at the end of any fiscal quarter exceeds 35% of the aggregate of all commitments thereunder.

The 2021 Credit Agreement contains customary events of default, which, if any of them occurred, would permit or require the principal, premium, if any, and interest on all of the then outstanding obligations under the Facilities to be due and payable immediately and the commitments under the Revolving Facility to be terminated.

The proceeds of the Term Loan Facility were used, together with cash on hand, (i) to redeem in full and pay the outstanding principal amount of the 2024 Senior Secured Notes (as defined below) together with accrued and unpaid interest and redemption premiums and to pay fees associated with the termination of the ABL Credit Agreement (as defined below and, together with the redemption of the 2024 Senior Secured Notes, the "Refinancing"), and (ii) to pay fees and expenses incurred in connection with the Refinancing and the Facilities. The Revolving Facility is available for working capital and general corporate purposes of GIH and its subsidiaries and was undrawn as of March 31, 2022 and December 31, 2021.

As of March 31, 2022 and December 31, 2021, the outstanding principal amount of the Term Loan Facility was $719.6 million and $721.4 million, respectively, the unaccreted debt discount was $3.2 million and $3.3 million, respectively, and the net carrying amount was $716.4 million and $718.1 million, respectively.

We paid approximately $19.7 million of loan origination and financing costs related to the Facilities which are being accounted for as deferred financing costs on our Unaudited Condensed Consolidated Balance Sheets and are amortized over the terms of the Facilities. Total amortization expense was $0.7 million for the three-month period ended March 31, 2022 and is included in interest expense in our Unaudited Condensed Consolidated Statements of Operations. As of March 31, 2022 and December 31, 2021, the balance of unamortized deferred financing costs related to the Facilities was $17.3 million and $17.9 million, respectively.

On April 30, 2021, Gogo, GIH, and each direct and indirect wholly-owned U.S. restricted subsidiary of GIH (Gogo and such subsidiaries collectively, the "Guarantors") entered into a guarantee agreement (the "Guarantee Agreement") in favor of Morgan Stanley Senior Funding, Inc., as collateral agent (the "Collateral Agent"), whereby GIH and the Guarantors guarantee the obligations under the Facilities and certain other secured obligations as set forth in the Guarantee Agreement, and GIH and the Guarantors entered into a collateral agreement (the "Collateral Agreement"), in favor of the Collateral Agent, whereby GIH and the Guarantors grant a security interest in substantially all of their respective tangible and intangible assets (including the equity interests in each direct material wholly-owned U.S. restricted subsidiary owned by GIH or any Guarantor, and 65% of the equity interests in any non-U.S. subsidiary held directly by GIH or any Guarantor), subject to certain exceptions, to secure the obligations under the Facilities and certain other secured obligations as set forth in the Collateral Agreement.

2022 Convertible Notes

On November 21, 2018, we issued $215.0 million aggregate principal amount of 6.00% Convertible Senior Notes due 2022 (the "2022 Convertible Notes") in private offerings to qualified institutional buyers, including pursuant to Rule 144A under the Securities Act, and in concurrent private placements. We granted an option to the initial purchasers to purchase up to an additional $32.3 million aggregate principal amount of 2022 Convertible Notes to cover over-allotments, of which $22.8 million was subsequently exercised during December 2018, resulting in a total issuance of $237.8 million aggregate principal amount of 2022 Convertible Notes. The 2022 Convertible Notes mature on May 15, 2022, unless earlier converted into shares of our common stock. We pay interest on the 2022 Convertible Notes semi-annually in arrears on May 15 and November 15 of each year, beginning on May 15, 2019.

In January 2021, $1.0 million aggregate principal amount of 2022 Convertible Notes was converted by holders and settled through the issuance of 166,666 shares of common stock.

On March 17, 2021, Gogo entered into separate, privately negotiated exchange agreements (the "March 2021 Exchange Agreements") with certain holders of the 2022 Convertible Notes. Pursuant to the March 2021 Exchange Agreements, such holders exchanged a total of $28,235,000 aggregate principal amount of 2022 Convertible Notes for 5,121,811 shares of our common stock on

March 24, 2021. The negotiated exchange rate under the March 2021 Exchange Agreements was 181.40 shares of common stock per $1,000 principal amount of the 2022 Convertible Notes, which resulted in a loss on settlement of $4.4 million, which is included in Loss on settlement of convertible notes in our Unaudited Condensed Consolidated Statements of Operations for the three-month period ended March 31, 2021.

On April 1, 2021, Gogo entered into a privately negotiated exchange agreement (the "GTCR Exchange Agreement") with an affiliate of funds managed by GTCR LLC ("GTCR"). Pursuant to the GTCR Exchange Agreement, GTCR exchanged $105,726,000 aggregate principal amount of 2022 Convertible Notes for 19,064,529 shares of our common stock on April 9, 2021.

As of both March 31, 2022 and December 31, 2021, the outstanding principal amount of the 2022 Convertible Notes was $102.8 million and was classified as Current portion of long-term debt in the Unaudited Condensed Consolidated Balance Sheets.

We incurred approximately $8.1 million of issuance costs related to the 2022 Convertible Notes that are being amortized over the term of the 2022 Convertible Notes using the effective interest method. Total amortization expense was $0.3 million and $0.6 million, respectively, for the three-month periods ended March 31, 2022 and 2021 and is included in Interest expense in the Unaudited Condensed Consolidated Statements of Operations. As of March 31, 2022 and December 31, 2021, the balance of unamortized deferred financing costs related to the 2022 Convertible Notes was $0.1 million and $0.4 million, respectively, and is included as a reduction to the carrying amount of the debt in our Unaudited Condensed Consolidated Balance Sheets. See Note 11, "Interest Costs," for additional information.

The 2022 Convertible Notes had an initial conversion rate of 166.6667 common shares per $1,000 principal amount of 2022 Convertible Notes, which is equivalent to an initial conversion price of approximately $6.00 per share of our common stock. In November 2021, we informed the trustee under the indenture governing the 2022 Convertible Notes that we intend to settle any conversions of the 2022 Convertible Notes occurring after November 15, 2021 in shares of our common stock. The shares of common stock subject to conversion are considered in the diluted earnings per share calculations under the if-converted method if their impact is dilutive.

A holder may convert its 2022 Convertible Notes, in multiples of $1,000 principal amount, at any time on or after January 15, 2022 until the second scheduled trading day immediately preceding May 15, 2022.

In addition, if we undergo a fundamental change (as defined in the indenture governing the 2022 Convertible Notes), holders may, subject to certain conditions, require us to repurchase their 2022 Convertible Notes for cash at a price equal to 100% of the principal amount of the 2022 Convertible Notes to be purchased, plus any accrued and unpaid interest. In addition, following a make-whole fundamental change, we will increase the conversion rate in certain circumstances for a holder who elects to convert its 2022 Convertible Notes in connection with such make-whole fundamental change.

Forward Transactions

In connection with the issuance of our 3.75% Convertible Senior Notes due 2020 (the "2020 Convertible Notes"), we paid approximately $140.0 million to enter into prepaid forward stock repurchase transactions (the "Forward Transactions") with certain financial institutions (the "Forward Counterparties"), pursuant to which we purchased approximately 7.2 million shares of common stock for settlement on or around the March 1, 2020 maturity date for the 2020 Convertible Notes, subject to the ability of each Forward Counterparty to elect to settle all or a portion of its Forward Transactions early.

On December 11, 2019, we entered into an amendment to one of the Forward Transactions (the "Amended and Restated Forward Transaction") to extend the expected settlement date with respect to approximately 2.1 million shares of common stock held by one of the Forward Counterparties, JPMorgan Chase Bank, National Association (the "2022 Forward Counterparty"), to correspond with the May 15, 2022 maturity date for the 2022 Convertible Notes. In the future, we may request that the 2022 Forward Counterparty modify the settlement terms of the Amended and Restated Forward Transaction to provide that, in lieu of the delivery of the applicable number of shares of our common stock to us to settle a portion of the Amended and Restated Forward Transaction in accordance with its terms, the 2022 Forward Counterparty would pay to us the net proceeds from the sale by the 2022 Forward Counterparty (or its affiliate) of a corresponding number of shares of our common stock in a registered offering (which may include block sales, sales on the NASDAQ Global Select Market, sales in the over-the-counter market, sales pursuant to negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices). Any such sales could potentially decrease (or reduce the size of any increase in) the market price of our common stock. The 2022 Forward Counterparty is not required to effect any such settlement in cash in lieu of delivery of shares of our common stock and, if we request that the 2022 Forward Counterparty effect any such settlement, it will be entered into in the discretion of the 2022 Forward Counterparty on such terms as may be mutually agreed upon at the time. As a result of the Forward Transactions, total shareholders' equity within our consolidated balance sheets was reduced by approximately $140.0 million. In March 2020, approximately 5.1 million shares of common stock were delivered to us in connection with the Forward Transactions. In April 2021, approximately 1.5 million shares of common stock were delivered to us in connection with the Amended and Restated Forward Transaction. The approximately 0.6 million shares of common stock remaining under the Amended and Restated Forward Transactions are treated as retired shares for basic and diluted EPS purposes although they remain legally outstanding.

2024 Senior Secured Notes

On April 25, 2019, GIH and Gogo Finance Co. Inc. (a wholly owned subsidiary of GIH) ("Gogo Finance" and, together with GIH, the "Issuers") issued $905.0 million aggregate principal amount of 9.875% senior secured notes due 2024 (the "2024 Senior Secured Notes"), at a price equal to 99.512% of their face value, under an indenture, dated as of April 25, 2019, among the Issuers, Gogo, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee.

On May 7, 2019, the Issuers issued an additional $20.0 million of 2024 Senior Secured Notes, which were issued at a price equal to 100.5% of their face value, and $50.0 million of 2024 Senior Secured Notes on November 13, 2020, which were issued at a price equal to 103.5% of their face value.

The 2024 Senior Secured Notes were guaranteed on a senior secured basis by Gogo and all of GIH's existing and future restricted subsidiaries (other than Gogo Finance), subject to certain exceptions. The 2024 Senior Secured Notes and the related guarantees were secured by certain liens on the Company's collateral, which were released upon the closing of the Transaction.

We paid approximately $22.6 million of origination fees and financing costs related to the issuance of the 2024 Senior Secured Notes, which were accounted for as deferred financing costs on our Unaudited Condensed Consolidated Balance Sheets and were being amortized over the contractual term of the 2024 Senior Secured Notes using the effective interest method. Total amortization expense was $1.0 million for the three-month period ended March 31, 2021 and is included in Interest expense in the Unaudited Condensed Consolidated Statements of Operations. The remaining unamortized deferred financing fees were written off as of May 1, 2021.

The 2024 Senior Secured Notes were redeemed on May 1, 2021 (the "Redemption Date") at a redemption price equal to 104.938% of the principal amount of the 2024 Senior Secured Notes redeemed, plus accrued and unpaid interest to (but not including) the Redemption Date.

ABL Credit Facility

On August 26, 2019, Gogo, GIH and Gogo Finance entered into a credit agreement (the "ABL Credit Agreement") with the other loan parties thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Morgan Stanley Senior Funding, Inc., as syndication agent, which provided for an asset-based revolving credit facility (the "ABL Credit Facility") of up to $30.0 million, subject to borrowing base availability, and included letter of credit and swingline sub-facilities. The obligations under the ABL Credit Agreement were guaranteed by Gogo and all of its existing and future subsidiaries, subject to certain exceptions and secured by certain collateral of the Company. On April 30, 2021, the ABL Credit Agreement and all commitments thereunder were terminated.

10. Derivative Instruments and Hedging Activities

We are exposed to interest rate risk on our variable rate borrowings. We currently use interest rate caps to manage our exposure to interest rate changes, and have designated these interest rate caps as cash flow hedges for accounting purposes. Accordingly, the earnings impact of the derivatives designated as cash flow hedges is recorded upon the recognition of the variable interest payments related to the hedged debt.

In May 2021, we purchased interest rate caps with an aggregate notional amount of $650.0 million for $8.6 million. The cost of the interest rate caps will be amortized to interest expense using the caplet method, from the effective date through termination date. We receive payments in the amount calculated pursuant to the caps for any period in which the three-month USD LIBOR rate increases beyond the applicable strike rate. The notional amounts of the interest rate caps periodically decrease over the life of the caps.

The notional amounts, strike rates and end dates of the cap agreements are as follows *(notional amounts in thousands)*:

Start Date	End Date	Notional Amounts	Strike Rate
7/31/2021	7/31/2023	$ 650,000	0.75%
7/31/2023	7/31/2024	525,000	0.75%
7/31/2024	7/31/2025	350,000	1.25%
7/31/2025	7/31/2026	250,000	2.25%
7/31/2026	7/31/2027	200,000	2.75%

We record the effective portion of changes in the fair value of our cash flow hedges to other comprehensive income (loss), net of tax, and subsequently reclassify these amounts into earnings in the period during which the hedged transaction is recognized. The amounts included in accumulated other comprehensive income will be reclassified to interest expense in the event the hedges are no longer considered effective, in accordance with ASC 815, *Derivatives and Hedging*. No gains or losses of our cash flow hedges were considered to be ineffective and reclassified from other comprehensive income (loss) to earnings for the three-month period ended March 31, 2022. We estimate that approximately $0.3 million currently recorded in accumulated other comprehensive income (loss) will be recognized in earnings over the next 12 months. We assess the effectiveness of the hedges on an ongoing basis. Cash flows from interest rate caps are classified in the Unaudited Condensed Consolidated Statement of Cash Flows as investing activities from continuing operations.

For the three-month period ended March 31, 2022, we recorded an unrealized gain on the interest rate caps of $16.1 million, net of tax of $5.3 million.

When derivatives are used, we are exposed to credit loss in the event of non-performance by the counterparties; however, non-performance is not anticipated. ASC 815, *Derivatives and Hedging*, requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. The fair values of the interest rate derivatives are based on quoted market prices for similar instruments from commercial banks (based on significant observable inputs - Level 2 inputs).

The following table presents the fair value of our interest rate derivatives included in the Unaudited Condensed Consolidated Balance Sheets for the periods presented (in thousands):

Derivatives designated as hedging instruments	Balance sheet location	March 31, 2022	December 31, 2021
Current portion of interest rate caps	Prepaid expenses and other current assets	$ 7,777	$ 925
Non-current portion of interest rate caps	Other non-current assets	$ 25,872	$ 11,359

Fair Value Measurement

Our derivative assets and liabilities consist principally of interest rate caps, which are carried at fair value based on significant observable inputs (Level 2 inputs). Derivatives entered into by us are typically executed over-the-counter and are valued using discounted cash flows along with fair value models that primarily use market observable inputs. These models take into account a variety of factors including, where applicable, maturity, interest rate yield curves, and counterparty credit risks.

11. Interest Costs

We capitalize a portion of our interest on funds borrowed during the active construction period of major capital projects. Capitalized interest is added to the cost of the underlying assets and amortized over the useful lives of the assets.

The following is a summary of our interest costs for the three-month periods ended March 31, 2022 and 2021 *(in thousands)*:

	For the Three Months Ended March 31,	
	2022	2021
Interest costs charged to expense	$ 9,827	$ 27,507
Amortization of deferred financing costs	939	1,703
Amortization of interest rate caps premium	8	—
Accretion of debt discount	115	84
Interest expense	10,889	29,294
Interest costs capitalized to property and equipment	40	—
Interest costs capitalized to software	97	112
Total interest costs	$ 11,026	$ 29,406

12. Leases

Operating and Financing Leases — We determine whether a contract contains a lease at contract inception. For leases subsequent to adoption of ASC 842, lease liabilities are calculated using a discount rate based on our incremental borrowing rate at lease commencement. We have operating lease agreements primarily related to cell sites and office space. Certain cell site and office space leases have renewal option terms that have been deemed reasonably certain to be exercised. These renewal options extend a lease by up to 15 years. We recognize operating lease expense on a straight-line basis over the lease term. As of March 31, 2022, there were no significant leases which had not commenced.

The following is a summary of our lease expense included in the Unaudited Condensed Consolidated Statements of Operations *(in thousands)*:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Operating lease cost	$ 3,546	$ 3,078
Financing lease cost:		
Amortization of leased assets	38	3
Interest on lease liabilities	13	15
Total lease cost	$ 3,597	$ 3,096

Other information regarding our leases is as follows *(in thousands, except lease terms and discount rates)*:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Supplemental cash flow information		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows used in operating leases	$ 3,496	$ 3,382
Operating cash flows used in financing leases	$ 13	$ 15
Financing cash flows used in financing leases	$ 43	$ 124
Non-cash items:		
Operating leases obtained	$ 2,269	$ 618
Financing leases obtained	$ —	$ —
Weighted average remaining lease term		
Operating leases	9 years	7 years
Financing leases	1 year	2 years
Weighted average discount rate		
Operating leases	6.9 %	10.5 %
Financing leases	17.9 %	16.5 %

Annual future minimum lease payments as of March 31, 2022 *(in thousands)*:

Years ending December 31,	Operating Leases	Financing Leases
2022 (period from April 1 to December 31)	$ 9,683	$ 154
2023	13,175	150
2024	12,524	—
2025	11,706	—
2026	11,623	—
Thereafter	53,849	—
Total future minimum lease payments	112,560	304
Less: Amount representing interest	(27,805)	(35)
Present value of net minimum lease payments	$ 84,755	$ 269
Reported as of March 31, 2022		
Accrued liabilities	$ 7,681	$ 176
Non-current operating lease liabilities	77,074	—
Other non-current liabilities	—	93
Total lease liabilities	$ 84,755	$ 269

13. Commitments and Contingencies

Contractual Commitments - We have agreements with various vendors under which we have remaining commitments to purchase hardware components and development services. Such commitments will become payable as we receive the hardware components, or as development services are provided.

Indemnifications and Guarantees - In accordance with Delaware law, we indemnify our officers and directors for certain events or occurrences while the officer or director is, or was, serving at our request in such capacity. The maximum potential amount of future payments we could be required to make under this indemnification is uncertain and may be unlimited, depending upon circumstances. However, our Directors' and Officers' insurance does provide coverage for certain of these losses.

In the ordinary course of business, we may occasionally enter into agreements pursuant to which we may be obligated to pay for the failure of the performance of others, such as the use of corporate credit cards issued to employees. Based on historical experience, we believe that the risk of sustaining any material loss related to such guarantees is remote.

We have entered into a number of agreements pursuant to which we indemnify the other party for losses and expenses suffered or incurred in connection with any patent, copyright, or trademark infringement or misappropriation claim asserted by a third party with respect to our equipment or services. The maximum potential amount of future payments we could be required to make under these indemnification agreements is uncertain and is typically not limited by the terms of the agreements.

Securities Litigation - On June 27, 2018, a purported stockholder of the Company filed a putative class action lawsuit in the United States District Court for the Northern District of Illinois, Eastern Division styled Pierrelouis v. Gogo Inc., naming the Company, its former Chief Executive Officer and Chief Financial Officer, its current Chief Financial Officer and its then-current President, Commercial Aviation as defendants purportedly on behalf of all purchasers of our securities from February 27, 2017 through May 4, 2018. The complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder, alleging misrepresentations or omissions by us purporting to relate to the reliability of and installation and remediation costs associated with CA's 2Ku antenna. The plaintiffs seek to recover from us and the individual defendants an unspecified amount of damages. In December 2018, the plaintiffs filed an amended complaint and in February 2019, we filed a motion to dismiss such amended complaint. In October 2019, the judge granted the motion to dismiss on two independent grounds, finding that plaintiffs failed to plausibly allege that defendants made materially false or misleading statements and that plaintiffs failed to plead with particularity that defendants acted with scienter. The amended complaint was dismissed without prejudice, and in December 2019, defendants filed a second amended complaint. In July 2020, plaintiffs filed a motion requesting leave to file a proposed third amended complaint, which was granted by the Court. Plaintiffs proceeded to file the third amended complaint in July 2020 and we filed a motion to dismiss in September 2020. In April 2021, the Court denied our motion to dismiss, and the defendants filed their answer and affirmative defenses to the third amended complaint in June 2021.

The parties engaged in mediation and reached a tentative resolution that includes a cash payment of $17.3 million (to be funded by our Directors' and Officers' insurance policy) in exchange for a dismissal with prejudice of the class claims and full releases. As a result of this development, the Company accrued a $17.3 million liability within Accrued liabilities and a corresponding insurance receivable in Prepaid expenses and other current assets in the Unaudited Condensed Consolidated Balance Sheets as of March 31, 2022 and December 31, 2021. On April 12, 2022, the parties entered into a Stipulation and Agreement of Settlement memorializing these terms (the "Settlement"). On May 3, 2022, the Court signed an order (i) preliminarily approving the Settlement; (ii) certifying the settlement class; (iii) approving the notice to be sent to members of the settlement class; and (iv) scheduling a final hearing for August 30, 2022. The insurance carriers have confirmed that they intend to pay the settlement amount into escrow. The Stipulation and Agreement of Settlement may be terminated (i) by the lead plaintiff or the Company upon the Court's final refusal to (x) approve the Settlement or any material part thereof, or (y) enter a final judgment approving the Settlement; (ii) by the lead plaintiff or the Company if a final judgment is reversed on appeal; (iii) by the lead plaintiff if the settlement amount has not been paid into escrow within a specified time period following the Court's preliminary approval of the Settlement; and (iv) by the Company if settlement class members with aggregate claims equal to or greater than an agreed-upon amount opt out of the Settlement. We believe that the claims are without merit and will continue to defend them vigorously should the Settlement be terminated for any reason.

Derivative Litigation - On September 25, 2018 and September 26, 2018, two purported stockholders of the Company filed substantively identical derivative lawsuits in the United States District Court for the Northern District of Illinois, Eastern Division, styled Nanduri v. Gogo Inc. and Hutsenpiller v. Gogo Inc., respectively. Both lawsuits were purportedly brought derivatively on behalf of us and name us as a nominal defendant and name as defendants each member of the Company's Board of Directors, its former Chief Executive Officer and Chief Financial Officer and its current Chief Executive Officer, Chief Financial Officer and President, Commercial Aviation. The complaints assert claims under Section 14(a) of the Securities Exchange Act of 1934, breach of fiduciary duty, unjust enrichment, and waste of corporate assets, and allege misrepresentations or omissions by us purporting to relate to the 2Ku antenna's reliability and installation and remediation costs, as well as allegedly excessive bonuses, stock options, and other compensation paid to current Officers and Directors and excessive severance paid to former Officers. The plaintiffs seek to recover, on our behalf, an unspecified amount of damages from the individual defendants. The two lawsuits were consolidated and were stayed pending a final disposition of the motion to dismiss in the class action suit and remain stayed. In addition, a purported stockholder has sent a letter to the Company's Board of Directors, dated June 21, 2021, demanding based on substantially the same allegations, that the Company sue certain current and former Officers for, *inter alia*, breach of fiduciary duty.

We believe that the claims are without merit and intend to defend them vigorously. No amounts have been accrued for any potential costs under these matters, as we cannot reasonably predict the outcome or the potential costs. We have filed a claim under our Directors' and Officers' insurance policy with respect to these suits and the demand from the purported stockholder. We expect any material financial exposure for these matters to be borne by our insurance carriers, although they have reserved their rights under the policies.

SmartSky Litigation - On February 28, 2022, SmartSky Networks, LLC brought suit against Gogo Inc. and its subsidiary Gogo Business Aviation LLC in the U.S. District Court for the District of Delaware alleging that Gogo 5G infringes four patents owned by the plaintiff. The suit seeks an unspecified amount of compensatory damages as well as treble damages for alleged willful infringement and reimbursement of plaintiff's costs, disbursements and attorneys' fees. Also on February 28, 2022, the plaintiff filed a motion (the "PI Motion") requesting that the Court preliminarily enjoin the Company from making, using, offering to sell or selling the Gogo 5G system. The parties have agreed to a briefing schedule for the PI Motion and are currently engaged in limited discovery. We believe that the plaintiff's claims are without merit and intend to defend our position and defend against the PI motion vigorously. The outcomes of the PI Motion and the underlying litigation are inherently uncertain. No amounts have been accrued for any potential losses under this matter, as we cannot reasonably predict the outcome of the litigation or any potential losses.

14. Fair Value of Financial Assets and Liabilities

A three-tier fair value hierarchy has been established which prioritizes the inputs used in measuring fair value. These tiers include:

- *Level 1* - defined as observable inputs such as quoted prices for identical assets or liabilities in active markets;
- *Level 2* - defined as observable inputs other than Level 1 inputs such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- *Level 3* - defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Refer to Note 10, "Derivative Instruments and Hedging Activities," for fair value information relating to our interest rate caps.

Long-Term Debt:

As of March 31, 2022 and December 31, 2021, our financial assets and liabilities that are disclosed but not measured at fair value include the Term Loan Facility and the 2022 Convertible Notes, which are reflected on the Unaudited Condensed Consolidated Balance Sheets at cost. The fair value measurements are classified as Level 2 within the fair value hierarchy since they are based on quoted market prices of our instruments in markets that are not active. We estimated the fair value of the Term Loan Facility and the 2022 Convertible Notes by calculating the upfront cash payment a market participant would require to assume these obligations. The upfront cash payments used in the calculations of fair value on our March 31, 2022 Unaudited Condensed Consolidated Balance Sheets, excluding any issuance costs, are the amount that a market participant would be willing to lend at March 31, 2022 to an entity with a credit rating similar to ours and that would allow such an entity to achieve sufficient cash inflows to cover the scheduled cash outflows under the Term Loan Facility and the 2022 Convertible Notes. The calculated fair value of each of the 2022 Convertible Notes is correlated to our stock price and as a result, significant changes to our stock price could have a significant impact on the calculated fair values.

The fair value and carrying value of long-term debt as of March 31, 2022 and December 31, 2021 were as follows *(in thousands)*:

	March 31, 2022		December 31, 2021	
	Fair Value (1)	Carrying Value	Fair Value (1)	Carrying Value
Term Loan Facility	$715,000	$716,359 (2)	$723,000	$718,057 (2)
2022 Convertible Notes	$328,000	$102,788	$230,000	$102,788

(1) Fair value amounts are rounded to the nearest million.
(2) Carrying value of the Term Loan Facility reflects the unaccreted debt discount of $3.2 million and $3.3 million, respectively, as of March 31, 2022 and December 31, 2021. See Note 9, "Long-Term Debt and Other Liabilities," for further information.

15. Income Tax

The effective income tax rates for continuing operations for the three-month periods ended March 31, 2022 and 2021 were 8.0% and (0.6)%, respectively. For the three-month period ended March 31, 2022, our effective income tax rate was lower than the U.S. federal statutory rate of 21% primarily due to tax benefits for stock-based compensation and a partial release of the valuation allowance on our deferred income tax assets. For the three-month period ended March 31, 2022, our income tax expense was $1.9 million. For the three-month period ended March 31, 2021, our income tax expense was not significant primarily due to the full valuation allowance against our net deferred tax assets.

We regularly assess the need for a valuation allowance related to our deferred income tax assets to determine, based on the weight of the available positive and negative evidence, whether it is more likely than not that some or all of such deferred assets will not be realized. In our assessments, the Company considers recent financial operating results, the scheduled expiration of our net operating losses, potential sources of taxable income, the reversal of existing taxable differences, taxable income in prior carryback years, if permitted under tax law, and tax planning strategies. The remaining valuation allowance is still required for deferred tax assets related to certain state and foreign net operating losses ("NOLs"), capital losses, and the Section 163(j) interest limitation carryforward as it was more likely than not as of March 31, 2022 that these deferred tax assets will not be realized. If we continue to sustain our current operating performance, additional reversals of our valuation allowance could occur within the next twelve to eighteen months.

We are subject to taxation and file income tax returns in the United States federal jurisdiction and many states and Canada. With few exceptions, as of March 31, 2022, we are no longer subject to U.S. federal, state, local or foreign examinations by tax authorities for years before 2017.

We record penalties and interest relating to uncertain tax positions in the income tax provision line item in the Unaudited Condensed Consolidated Statements of Operations. No penalties or interest related to uncertain tax positions were recorded for the three-month periods ended March 31, 2022 and 2021. As of March 31, 2022 and December 31, 2021, we did not have a liability recorded for interest or potential penalties.

Presently, we do not require a reserve for unrecognized tax benefits, nor do we foresee any change to that position during the next 12 months.

16. Stock-Based Compensation and 401(k) Plan

Stock-Based Compensation — As of March 31, 2022, we maintained three stock-based incentive compensation plans ("Stock Plans"), as well as an Employee Stock Purchase Plan ("ESPP"). See Note 15, "Stock-Based Compensation and 401(k) Plan," in our 2021 10-K for further information regarding these plans. The majority of our equity grants are awarded on an annual basis.

For the three-month period ended March 31, 2022, no options to purchase shares of common stock were granted, options to purchase 423,583 shares of common stock were exercised, no options to purchase shares of common stock were forfeited and no options to purchase shares of common stock expired.

For the three-month period ended March 31, 2022, 976,730 Restricted Stock Units ("RSUs") were granted, 799,459 RSUs vested and 38,119 RSUs were forfeited. The fair value of the RSUs granted during the three-month period ended March 31, 2022 was approximately $18.2 million, which will be recognized over a period of four years.

For the three-month period ended March 31, 2022, 24,195 deferred stock units were granted and 24,323 vested. The fair value of the deferred stock units granted during the three-month period ended March 31, 2022 was approximately $0.5 million, which will be recognized over a period of one year.

For the three-month period ended March 31, 2022, 13,446 shares of common stock were issued under the ESPP.

The following is a summary of our stock-based compensation expense by operating expense line in the Unaudited Condensed Consolidated Statements of Operations, excluding stock-based compensation expense for discontinued operations *(in thousands)*:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Cost of service revenue	$ 186	$ 31
Cost of equipment revenue	208	47
Engineering, design and development	494	107
Sales and marketing	549	148
General and administrative	2,570	1,516
Total stock-based compensation expense	$ 4,007	$ 1,849

401(k) Plan — Under our 401(k) plan, all employees who are eligible to participate are entitled to make tax-deferred contributions, subject to Internal Revenue Service limitations. We match 100% of the employee's first 4% of contributions made, subject to annual limitations. Our matching contributions were $0.5 million and $0.4 million, respectively, during the three-month periods ended March 31, 2022 and 2021.

17. Research and Development Costs

Expenditures for research and development are charged to expense as incurred and totaled $5.4 million and $5.5 million, respectively, during the three-month periods ended March 31, 2022 and 2021. Research and development costs are reported as Engineering, design and development expenses in our Unaudited Condensed Consolidated Statements of Operations.

18. Accumulated Other Comprehensive Income (Loss)

The following is a summary of changes in accumulated other comprehensive income (loss) by component *(in thousands):*

	Currency Translation Adjustment	Change in Fair Value of Cash Flow Hedges	Total
Balance at January 1, 2022	$ (960)	$ 2,749	$ 1,789
Other comprehensive income (loss) before reclassifications	111	16,053	16,164
Less: income (loss) realized and reclassified to earnings	—	(8)	(8)
Net current period comprehensive income	111	16,061	16,172
Balance at March 31, 2022	$ (849)	$ 18,810	$ 17,961

	Currency Translation Adjustment	Change in Fair Value of Cash Flow Hedges	Total
Balance at January 1, 2021	$ (1,013)	$ —	$ (1,013)
Other comprehensive income (loss) before reclassifications	101	—	101
Less: income (loss) realized and reclassified to earnings	—	—	—
Net current period comprehensive income	101	—	101
Balance at March 31, 2021	$ (912)	$ —	$ (912)

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements regarding our industry, business strategy, plans, goals and expectations concerning our market position, international expansion, future technologies, future operations, margins, profitability, future efficiencies, capital expenditures, liquidity and capital resources and other financial and operating information. When used in this discussion, the words “anticipate,” “assume,” “believe,” “budget,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “future” and the negative of these or similar terms and phrases are intended to identify forward-looking statements in this Quarterly Report on Form 10-Q.

Forward-looking statements reflect our current expectations regarding future events, results or outcomes. These expectations may or may not be realized. Although we believe the expectations reflected in the forward-looking statements are reasonable, we can give you no assurance these expectations will prove to have been correct. Some of these expectations may be based upon assumptions, data or judgments that prove to be incorrect. Actual events, results and outcomes may differ materially from our expectations due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others, the following:

- our ability to attract and retain customers and generate revenue from the provision of our connectivity and entertainment services;
- our reliance on our key OEMs and dealers for equipment sales;
- our ability to develop and deploy Gogo 5G;
- the impact of competition;
- the impact of the COVID-19 pandemic and the measures implemented to combat it, including global shortages of certain electronic components and global logistics issues;
- our ability to evaluate or pursue strategic opportunities;
- our reliance on third parties for equipment and services;
- our ability to recruit, train and retain highly skilled employees;
- the impact of adverse economic conditions;
- our ability to maintain our rights to use our licensed 3Mhz of ATG spectrum in the United States and obtain rights to additional spectrum if needed;
- the impact of our use of open source software;
- the impact of equipment failures or material software defects;
- the impact of service disruptions caused by, among other things, force majeure events, cyber-attacks or other malicious activities;
- the impact of assertions by third parties of infringement, misappropriation or other violations;
- our ability to innovate and provide products and services;
- the impact of government regulation of the internet and conflict minerals;
- our possession and use of personal information;
- the extent of expenses, liabilities or business disruptions resulting from litigation;
- our ability to protect our intellectual property rights;
- our substantial indebtedness, limitations and restrictions in the agreements governing our current and future indebtedness and our ability to service our indebtedness;

- fluctuations in our operating results;
- our ability to fully utilize portions of our deferred tax assets; and
- other risks and factors listed under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission (the “SEC”) on March 3, 2022 (the “2021 10-K”) and in Item 1A of this Report.

Any one of these factors or a combination of these factors could materially affect our financial condition or future results of operations and could influence whether any forward-looking statements contained in this report ultimately prove to be accurate. Our forward-looking statements are not guarantees of future performance, and you should not place undue reliance on them. All forward-looking statements speak only as of the date made and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

In addition, while we do, from time to time, communicate with securities analysts, it is against our policy to disclose to them any material non-public information or other confidential information. Accordingly, stockholders should not assume that we agree with any statement or report issued by any analyst irrespective of the content of the statement or report. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts, or opinions, such reports are not our responsibility.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to help the reader understand our business, financial condition, results of operations, liquidity and capital resources. You should read this discussion in conjunction with our unaudited condensed consolidated interim financial statements and the related notes contained elsewhere in this Quarterly Report on Form 10-Q. Unless the context otherwise indicates or requires, the terms "we," "our," "us," "Gogo," and the "Company," as used in this report, refer to Gogo Inc. and its directly and indirectly owned subsidiaries as a combined entity, except where otherwise stated or where it is clear that the terms refer only to Gogo Inc. exclusive of its subsidiaries.

On December 1, 2020, we completed the previously announced sale of our commercial aviation ("CA") business to a subsidiary of Intelsat Jackson Holdings S.A. ("Intelsat") for a purchase price of $400.0 million in cash, subject to certain adjustments (the "Transaction"). As a result, all periods presented in our Unaudited Condensed Consolidated Financial Statements and other portions of this Quarterly Report on Form 10-Q have been conformed to present the CA business as discontinued operations.

The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under "Risk Factors" in the 2021 10-K, in Item 1A of this report and in "Special Note Regarding Forward-Looking Statements" in this report. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Our fiscal year ends December 31 and, unless otherwise noted, references to "years" or "fiscal" are for fiscal years ended December 31. See "—Results of Operations."

Company Overview

Gogo is the world's largest provider of broadband connectivity services for the business aviation market. Our mission is to provide ground-like connectivity to every passenger on every flight around the globe, enabling superior passenger experiences and efficient flight operations. To accomplish our mission, we design, build and operate dedicated air-to-ground ("ATG") networks, engineer and maintain in-flight systems of proprietary hardware and software, and deliver customizable connectivity and wireless entertainment services and global support capabilities to our aviation partners. Our services include narrowband satellite-based voice and data services made available through strategic partnerships with satellite providers.

Our chief operating decision maker evaluates performance and business results for our operations, and makes resource and operating decisions, on a consolidated basis. As we do not have multiple segments, we do not present segment information in this Quarterly Report on Form 10-Q.

Impact of COVID-19 Pandemic

The COVID-19 pandemic caused a significant decline in international and domestic business aviation travel, which materially and adversely affected our business in 2020. Beginning in March 2020, our business saw a sharp decrease in flight activity, as well as an increase in requests for account suspensions and decreases in new plan activations. Although these and other key metrics began to recover in the third quarter of 2020 and have since reached pre-COVID levels or better, we continue to monitor the status of the pandemic in the United States and internationally. We are unable to predict whether COVID-19 will have a material adverse effect on our business in the future or with what degree of severity or over what length of time such impact may occur.

Factors and Trends Affecting Our Results of Operations

We believe that our operating and business performance is driven by various factors that affect the business aviation industry, including trends affecting the travel industry and trends affecting the customer bases that we target, as well as factors that affect wireless Internet service providers and general macroeconomic factors. Key factors that may affect our future performance include:

- costs associated with the implementation of, and our ability to implement on a timely basis, our technology roadmap, including upgrades to and installation of the ATG technologies we currently offer, Gogo 5G, and any other next generation or other new technology;
- our ability to manage issues and related costs that may arise in connection with the implementation of our technology roadmap, including technological issues and related remediation efforts and failures or delays on the part of antenna and other equipment developers and providers, some of which are single-source;
- our ability to license additional spectrum and make other improvements to our network and operations as technology and user expectations change;
- the number of aircraft in service in our markets, including consolidations or changes in fleet size by one or more of our large-fleet customers;

- the economic environment and other trends that affect both business and leisure aviation travel, including the impact of COVID-19 on restrictions on and demand for air travel;
- disruptions to supply chains and installations, including COVID-19-related shortages of electronic components that have resulted in longer lead times and delays in obtaining certain electronic components used in the airborne equipment that we manufacture;
- the extent of our customers' adoption of our products and services, which is affected by, among other things, willingness to pay for the services that we provide, the quality and reliability of our products and services, changes in technology and competition from current competitors and new market entrants;
- our ability to engage suppliers of equipment components and network services on a timely basis and on commercially reasonable terms;
- changes in laws, regulations and interpretations affecting telecommunications services, including those affecting our ability to maintain our licenses for ATG spectrum in the United States, obtain sufficient rights to use additional ATG spectrum and/or other sources of broadband connectivity to deliver our services, expand our service offerings and manage our network; and
- changes in laws, regulations and policies affecting our business or the business of our customers and suppliers, including changes that impact the design of our equipment and our ability to obtain required certifications for our equipment.

Key Business Metrics

Our management regularly reviews financial and operating metrics, including the following key operating metrics, to evaluate the performance of our business and our success in executing our business plan, make decisions regarding resource allocation and corporate strategies, and evaluate forward-looking projections.

	For the Three Months Ended March 31,	
	2022	**2021**
Aircraft online (at period end)		
ATG	6,526	5,892
Satellite	4,522	4,614
Average monthly connectivity service revenue per aircraft online		
ATG	$ 3,321	$ 3,085
Satellite	235	239
Units sold		
ATG	246	135
Satellite	69	80
Average equipment revenue per unit sold (in thousands)		
ATG	$ 73	$ 78
Satellite	46	46

- *ATG aircraft online.* We define ATG aircraft online as the total number of business aircraft for which we provide ATG services as of the last day of each period presented. This number excludes aircraft receiving ATG service as part of the ATG Network Sharing Agreement with Intelsat.
- *Satellite aircraft online*. We define satellite aircraft online as the total number of business aircraft for which we provide satellite services as of the last day of each period presented.
- *Average monthly connectivity service revenue per ATG aircraft online.* We define average monthly connectivity service revenue per ATG aircraft online as the aggregate ATG connectivity service revenue for the period divided by the number of months in the period, divided by the number of ATG aircraft online during the period (expressed as an average of the month end figures for each month in such period). Revenue share earned from the ATG Network Sharing Agreement with Intelsat is excluded from this calculation.
- *Average monthly connectivity service revenue per satellite aircraft online*. We define average monthly connectivity service revenue per satellite aircraft online as the aggregate satellite connectivity service revenue for the period divided by the number of months in the period, divided by the number of satellite aircraft online during the period (expressed as an average of the month end figures for each month in such period).
- *Units sold*. We define units sold as the number of ATG or satellite units for which we recognized revenue during the period.

- *Average equipment revenue per ATG unit sold.* We define average equipment revenue per ATG unit sold as the aggregate equipment revenue from all ATG units sold during the period, divided by the number of ATG units sold.
- *Average equipment revenue per satellite unit sold*. We define average equipment revenue per satellite unit sold as the aggregate equipment revenue earned from all satellite units sold during the period, divided by the number of satellite units sold.

Key Components of Consolidated Statements of Operations

There have been no material changes to our key components of Unaudited Condensed Consolidated Statements of Operations as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") in our 2021 10-K.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based on our Unaudited Condensed Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of our Unaudited Condensed Consolidated Financial Statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amount of assets, liabilities, revenue, costs and expenses, and related exposures. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. In some instances, we could reasonably use different accounting estimates, and in some instances, results could differ significantly from our estimates. We evaluate our estimates and assumptions on an ongoing basis. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We believe that the assumptions and estimates associated with the valuation allowance related to our deferred income tax assets have the greatest potential impact on and are the most critical to fully understanding and evaluating our reported financial results, and that they require our most difficult, subjective or complex judgments.

There have been no material changes to our critical accounting estimates described in the MD&A in our 2021 10-K.

Recent Accounting Pronouncements

See Note 3, "Recent Accounting Pronouncements," to our Unaudited Condensed Consolidated Financial Statements for additional information.

Results of Operations

The following table sets forth, for the periods presented, certain data from our Unaudited Condensed Consolidated Statements of Operations. The information contained in the table below should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements and related notes.

Gogo Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations
(in thousands)

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Revenue:		
Service revenue	$ 70,667	$ 59,355
Equipment revenue	22,083	14,514
Total revenue	92,750	73,869
Operating expenses:		
Cost of service revenue (exclusive of amounts shown below)	14,634	14,095
Cost of equipment revenue (exclusive of amounts shown below)	14,281	8,282
Engineering, design and development	5,406	5,493
Sales and marketing	6,231	3,729
General and administrative	13,458	10,373
Depreciation and amortization	3,791	4,117
Total operating expenses	57,801	46,089
Operating income	34,949	27,780
Other (income) expense:		
Interest income	(47)	(57)
Interest expense	10,889	29,294
Loss on settlement of convertible notes	—	4,397
Other income, net	(26)	(5)
Total other expense	10,816	33,629
Income (loss) from continuing operations before income taxes	24,133	(5,849)
Income tax provision	1,937	35
Net income (loss) from continuing operations	22,196	(5,884)
Net loss from discontinued operations, net of tax	—	(1,801)
Net income (loss)	$ 22,196	$ (7,685)

Three Months Ended March 31, 2022 and 2021

Revenue:

Revenue and percent change for the three-month periods ended March 31, 2022 and 2021 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended March 31,		% Change
	2022	2021	2022 over 2021
Service revenue	$ 70,667	$ 59,355	19.1 %
Equipment revenue	22,083	14,514	52.1 %
Total revenue	$ 92,750	$ 73,869	25.6 %

Revenue increased to $92.8 million for the three-month period ended March 31, 2022, as compared with $73.9 million for the prior-year period, due to increases in both service and equipment revenue.

Service revenue increased to $70.7 million for the three-month period ended March 31, 2022, as compared with $59.4 million for the prior-year period, primarily due to increases in ATG aircraft online and average monthly service revenue per aircraft online.

Equipment revenue increased to $22.1 million for the three-month period ended March 31, 2022, as compared with $14.5 million for the prior-year period, primarily due to increases in the number of ATG units sold, with 246 units sold during the three-month period ended March 31, 2022, as compared with 135 units sold during the prior-year period.

We expect service revenue to increase in the future as additional ATG aircraft come online and average monthly connectivity service revenue per ATG aircraft online increases. We expect equipment revenue to increase in the future as additional ATG units are sold.

Cost of Revenue:

Cost of revenue and percent change for the three-month periods ended March 31, 2022 and 2021 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended March 31,		% Change
	2022	2021	2022 over 2021
Cost of service revenue	$ 14,634	$ 14,095	3.8 %
Cost of equipment revenue	$ 14,281	$ 8,282	72.4 %

Cost of service revenue increased to $14.6 million for the three-month period ended March 31, 2022, as compared with $14.1 million for the prior-year period, primarily due to an increase in personnel costs.

We expect cost of service revenue to increase over time, primarily due to service revenue growth and increasing ATG network costs associated with Gogo 5G.

Cost of equipment revenue increased to $14.3 million for the three-month period ended March 31, 2022, as compared with $8.3 million for the prior-year period, primarily due to an increase in ATG units sold.

We expect that our cost of equipment revenue will increase with growth in ATG units sold.

Engineering, Design and Development Expenses:

Engineering, design and development expenses decreased to $5.4 million for the three-month period ended March 31, 2022, as compared with $5.5 million for the prior-year period, primarily due to a decrease in 5G development costs.

We expect engineering, design and development expenses as a percentage of service revenue to increase in the near term, driven by Gogo 5G development costs, and decrease over the long term as the level of investment decreases and revenue increases.

Sales and Marketing Expenses:

Sales and marketing expenses increased to $6.2 million for the three-month period ended March 31, 2022, as compared with $3.7 million for the prior-year period, primarily due to an increase in personnel and promotional and advertising expenses.

We expect sales and marketing expenses as a percentage of service revenue to remain relatively flat in the future.

General and Administrative Expenses:

General and administrative expenses increased to $13.5 million for the three-month period ended March 31, 2022 as compared with $10.4 million for the prior-year period, primarily due to an increase in stock-based compensation and outside services.

We expect general and administrative expenses as a percentage of service revenue to decrease over time as the business grows given the relatively fixed cost nature of this operating expense category.

Depreciation and Amortization:

Depreciation and amortization expense decreased to $3.8 million for the three-month period ended March 31, 2022, as compared with $4.1 million for the prior-year period, primarily due to the depreciation of network assets.

We expect that our depreciation and amortization expense will increase in the future as we launch our Gogo 5G network.

Other (Income) Expense:

Other (income) expense and percent change for the three-month periods ended March 31, 2022 and 2021 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021	% Change 2022 over 2021
Interest income	$ (47)	$ (57)	(17.5)%
Interest expense	10,889	29,294	(62.8)%
Loss on settlement of convertible notes	—	4,397	nm
Other income, net	(26)	(5)	420.0%
Total	$ 10,816	$ 33,629	(67.8)%

Percentage changes that are considered not meaningful are denoted with nm.

Total other expense decreased to $10.8 million for the three-month period ended March 31, 2022, as compared with $33.6 million for the prior-year period, primarily due to lower interest expense as a result of the Refinancing as well as the prior-year period including the loss on settlement of convertible notes.

We expect our interest expense to decrease in the future following the maturity of the remaining 2022 Convertible Notes. See Note 9, "Long-Term Debt and Other Liabilities," to our Unaudited Condensed Consolidated Financial Statements for additional information.

Income Taxes:

The effective income tax rates for the three-month periods ended March 31, 2022 and 2021 were 8.0% and (0.6)%, respectively. For the three-month period ended March 31, 2022, our income tax expense was $1.9 million primarily due to pre-tax income, partially offset by the tax benefits for stock-based compensation and a partial release of the valuation allowance on our deferred income tax assets. For the three-month period ended March 31, 2021, our income tax expense was not significant primarily due to the full valuation allowance against our net deferred tax assets. See Note 15, "Income Tax," to our Unaudited Condensed Consolidated Financial Statements for additional information.

We expect our income tax provision to increase in the long term as we generate positive pre-tax income, which may be offset by reversals of our valuation allowance within the next twelve to eighteen months.

Non-GAAP Measures

In our discussion below, we discuss Adjusted EBITDA and Free Cash Flow, as defined below, which are non-GAAP financial measures. Management uses Adjusted EBITDA and Free Cash Flow for business planning purposes, including managing our business against internally projected results of operations and measuring our performance and liquidity. These supplemental performance measures also provide another basis for comparing period-to-period results by excluding potential differences caused by non-operational and unusual or non-recurring items. These supplemental performance measures may vary from and may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA and Free Cash Flow are not recognized measurements under GAAP; when analyzing our performance with Adjusted EBITDA or liquidity with Free Cash Flow, as applicable, investors should (i) evaluate each adjustment in our reconciliation to the corresponding GAAP measure, and the explanatory footnotes regarding those adjustments, (ii) use Adjusted EBITDA in addition to, and not as an alternative to, net income (loss) attributable to common stock as a measure of operating results and (iii) use Free Cash Flow in addition to, and not as an alternative to, consolidated net cash provided by operating activities when evaluating our liquidity.

Definition and Reconciliation of Non-GAAP Measures

EBITDA represents net income (loss) attributable to common stock before interest expense, interest income, income taxes and depreciation and amortization expense.

Adjusted EBITDA represents EBITDA adjusted for (i) stock-based compensation expense included in the results of continuing operations, (ii) the results of discontinued operations, including stock-based compensation expense, (iii) loss on settlement of convertible notes and (iv) separation costs related to the sale of CA. Our management believes that the use of Adjusted EBITDA eliminates items that management believes have less bearing on our operating performance, thereby highlighting trends in our core business which may not otherwise be apparent. It also provides an assessment of controllable expenses, which are indicators management uses to determine whether current spending decisions need to be adjusted in order to meet financial goals and achieve optimal financial performance.

We believe that the exclusion of stock-based compensation expense from Adjusted EBITDA is appropriate given the significant variation in expense that can result from using the Black-Scholes model to determine the fair value of such compensation. The fair value of our stock options is determined using the Black-Scholes model and varies based on fluctuations in the assumptions used in this model, including inputs that are not necessarily directly related to the performance of our business, such as the expected volatility, the risk-free interest rate and the expected life of the options. Therefore, we believe that the exclusion of this cost provides a clearer view of the operating performance of our business. Further, stock option grants made at a certain price and point in time do not necessarily reflect how our business is performing at any particular time. While we believe that investors should have information about any dilutive effect of outstanding options and the cost of that compensation, we also believe that stockholders should have the ability to consider our performance using a non-GAAP financial measure that excludes these costs and that management uses to evaluate our business.

We believe it is useful for an understanding of our operating performance to exclude the results of our discontinued operations from Adjusted EBITDA because they are not part of our ongoing operations.

We believe it is useful for an understanding of our operating performance to exclude the loss on settlement of convertible notes from Adjusted EBITDA because this activity is not related to our operating performance.

We believe it is useful for an understanding of our operating performance to exclude separation costs related to the sale of CA from Adjusted EBITDA for the three-month period ended March 31, 2021 because of the non-recurring nature of this activity.

We also present Adjusted EBITDA as a supplemental performance measure because we believe that this measure provides investors, securities analysts and other users of our financial statements with important supplemental information with which to evaluate our performance and to enable them to assess our performance on the same basis as management.

Free Cash Flow represents net cash provided by operating activities, less purchases of property and equipment and the acquisition of intangible assets. We believe that Free Cash Flow provides meaningful information regarding our liquidity.

Gogo Inc.
and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
(in thousands, unaudited)

	For the Three Months Ended March 31,	
	2022	2021
Adjusted EBITDA:		
Net income (loss) attributable to common stock (GAAP)	$ 22,196	$ (7,685)
Interest expense	10,889	29,294
Interest income	(47)	(57)
Income tax provision	1,937	35
Depreciation and amortization	3,791	4,117
EBITDA	38,766	25,704
Stock-based compensation expense	4,007	1,849
Loss from discontinued operations	—	1,801
Loss on settlement of convertible notes	—	4,397
Separation costs related to CA sale	—	145
Adjusted EBITDA	$ 42,773	$ 33,896
Free Cash Flow:		
Net cash provided by operating activities (GAAP)	$ 17,866	$ 24,574
Consolidated capital expenditures	(9,055)	(702)
Free cash flow	$ 8,811	$ 23,872

Material limitations of Non-GAAP measures

Although EBITDA, Adjusted EBITDA and Free Cash Flow are measurements frequently used by investors and securities analysts in their evaluations of companies, EBITDA, Adjusted EBITDA and Free Cash Flow each have limitations as an analytical tool, and you should not consider them in isolation or as a substitute for, or more meaningful than, amounts determined in accordance with GAAP.

Some of these limitations include:

- EBITDA and Adjusted EBITDA do not reflect interest income or expense;
- EBITDA and Adjusted EBITDA do not reflect cash requirements for our income taxes;
- EBITDA and Adjusted EBITDA do not reflect depreciation and amortization, which are significant and unavoidable operating costs given the level of capital expenditures needed to maintain our business;
- Adjusted EBITDA does not reflect non-cash components of employee compensation;
- Adjusted EBITDA does not reflect the results of discontinued operations;
- Adjusted EBITDA for the three-month period ended March 31, 2021 does not reflect the separation costs related to the sale of CA;
- Adjusted EBITDA does not reflect the loss on settlement of convertible notes;
- Free Cash Flow does not represent the total increase or decrease in our cash balance for the period; and
- since other companies in our or related industries may calculate these measures differently from the way we do, their usefulness as comparative measures may be limited.

Liquidity and Capital Resources

The following table presents a summary of our cash flow activity for the periods set forth below *(in thousands)*:

	For the Three Months Ended March 31,	
	2022	2021
Continuing operations cash flow activity:		
Net cash provided by operating activities	$ 17,866	$ 24,574
Net cash used in investing activities	(9,055)	(702)
Net cash used in financing activities	(1,879)	(3,320)
Discontinued operations cash flow activity	—	(748)
Effect of foreign exchange rate changes on cash	(16)	3
Net increase in cash, cash equivalents and restricted cash	6,916	19,807
Cash, cash equivalents and restricted cash at the beginning of period	146,268	435,870
Cash, cash equivalents and restricted cash at the end of period	$ 153,184	$ 455,677
Supplemental information:		
Cash, cash equivalents and restricted cash at the end of period	$ 153,184	$ 455,677
Less: current restricted cash	25	525
Less: non-current restricted cash	330	—
Cash and cash equivalents at the end of the period	$ 152,829	$ 455,152

We have historically financed our growth and cash needs primarily through the issuance of common stock, non-convertible debt, senior convertible preferred stock, convertible debt, credit facilities and cash from operating activities. We continually evaluate our ongoing capital needs in light of increasing demand for our services, capacity requirements, evolving user expectations regarding the in-flight connectivity experience, evolving technologies in our industry and related strategic, operational and technological opportunities. We actively consider opportunities to raise additional capital in the public and private markets utilizing one or more of the types of capital raising transactions through which we have historically financed our growth and cash needs, as well as other means of capital raising not previously used by us.

Liquidity:

Based on our current plans, we expect our cash and cash equivalents, cash flows provided by operating activities and access to capital markets will be sufficient to meet the cash requirements of our business, including capital expenditure requirements and debt maturities, for at least the next twelve months and thereafter for the foreseeable future.

As detailed in Note 9, "Long-Term Debt and Other Liabilities," to our Unaudited Condensed Consolidated Financial Statements, on April 30, 2021, GIH entered into the 2021 Credit Agreement with Gogo, the lenders and issuing banks party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, which provides for the Term Loan Facility in an aggregate principal amount of $725.0 million, issued with a discount of 0.5%, and the Revolving Facility, which includes a letter of credit sub-facility. The Term Loan Facility amortizes in nominal quarterly installments equal to 1% of the aggregate initial principal amount thereof per annum, with the remaining balance payable upon final maturity on April 30, 2028. There are no amortization payments under the Revolving Facility, and all borrowings under the Revolving Facility mature on April 30, 2026.

The Term Loan Facility bears annual interest at a floating rate measured by reference to, at GIH's option, either (i) an adjusted London inter-bank offered rate (subject to a floor of 0.75%) plus an applicable margin of 3.75% or (ii) an alternate base rate plus an applicable margin of 2.75%. Loans outstanding under the Revolving Facility bear annual interest at a floating rate measured by reference to, at GIH's option, either (i) an adjusted London inter-bank offered rate (subject to a floor of 0.00%) plus an applicable margin ranging from 3.25% to 3.75% per annum depending on GIH's senior secured first lien net leverage ratio or (ii) an alternate base rate plus an applicable margin ranging from 2.25% to 2.75% per annum depending on GIH's senior secured first lien net leverage ratio. Additionally, unused commitments under the Revolving Facility are subject to a fee ranging from 0.25% to 0.50% per annum depending on GIH's senior secured first lien net leverage ratio. For the three-month period ended March 31, 2022, the fee for unused commitments under the Revolving Facility was 0.25%.

The Facilities may be prepaid at GIH's option at any time without premium or penalty (other than customary breakage costs), subject to minimum principal payment amount requirements. Subject to certain exceptions and de minimis thresholds, the Term Loan Facility is subject to mandatory prepayments in an amount equal to: (i) 100% of the net cash proceeds of certain asset sales, insurance recovery and condemnation events, subject to reduction to 50% and 0% if specified senior secured first lien net leverage ratio targets are met; (ii) 100% of the net cash proceeds of certain debt offerings; and (iii) 50% of annual excess cash flow (as defined in the 2021 Credit Agreement), subject to reduction to 25% and 0% if specified senior secured first lien net leverage ratio targets are met.

The Revolving Facility includes a financial covenant set at a maximum senior secured first lien net leverage ratio of 7.50:1.00, which will apply if the outstanding amount of loans and unreimbursed letter of credit drawings thereunder at the end of any fiscal quarter exceeds 35% of the aggregate of all commitments thereunder.

The 2021 Credit Agreement contains customary events of default, which, if any of them occurred, would permit or require the principal, premium, if any, and interest on all of the then outstanding obligations under the Facilities to be due and payable immediately and the commitments under the Revolving Facility to be terminated.

The 2021 Credit Agreement contains covenants that limit the ability of GIH and its subsidiaries to incur additional indebtedness. Further, market conditions and/or our financial performance may limit our access to additional sources of equity or debt financing, or our ability to pursue potential strategic alternatives. As a result, we may be unable to finance the growth of our business to the extent that our cash, cash equivalents and short-term investments and cash generated through operating activities prove insufficient or we are unable to raise additional financing through the issuance of equity, permitted incurrences of debt (by us or by GIH and its subsidiaries), or the pursuit of potential strategic alternatives.

The proceeds of the Term Loan Facility were used, together with cash on hand, (i) to redeem in full and pay the outstanding principal amount of the 2024 Senior Secured Notes together with accrued and unpaid interest and redemption premiums and to pay fees associated with the termination of the ABL Credit Agreement (together with the redemption of the 2024 Senior Secured Notes, the “Refinancing”), and (ii) to pay the other fees and expenses incurred in connection with the Refinancing and the Facilities. The Revolving Facility is available for working capital and general corporate purposes of GIH and its subsidiaries and was undrawn as of March 31, 2022 and December 31, 2021.

The 2022 Convertible Notes mature on May 15, 2022, unless earlier converted to shares of our common stock. In November 2021, we informed the trustee under the indenture governing the 2022 Convertible Notes that we intend to settle any conversions of the 2022 Convertible Notes occurring after November 15, 2021 in shares of our common stock. To the extent any 2022 Convertible Notes remain outstanding at maturity, we currently expect to pay such principal amount through cash on hand.

For additional information on the 2021 Credit Agreement and 2022 Convertibles Notes, see Note 9, “Long-Term Debt and Other Liabilities,” to our Unaudited Condensed Consolidated Financial Statements.

In May 2021, we purchased interest rate caps with an aggregate notional amount of $650.0 million for $8.6 million. We receive payments in the amounts calculated pursuant to the caps for any period in which the three-month USD LIBOR rate increases beyond the applicable strike rate. The termination date of the cap agreements is July 31, 2027. The notional amounts of the interest rate caps periodically decrease over the life of the caps. While the interest rate caps are intended to limit our interest rate exposure under our variable rate indebtedness, which includes the Facilities, if our variable rate indebtedness does not decrease in proportion to the periodic decreases in the notional amount hedged under the interest rate caps, then the portion of such indebtedness that will be effectively hedged against possible increases in interest rates will decrease. In addition, the strike prices periodically increase over the life of the caps. As a result, the extent to which the interest rate caps will limit our interest rate exposure will decrease in the future.

For additional information on the interest rate caps, see Note 10, “Derivative Instruments and Hedging Activities,” to our Unaudited Condensed Consolidated Financial Statements.

Consistent with our capital allocation strategy, and given our cash position and the upcoming maturity of the 2022 Convertible Notes, we are evaluating the return of capital to our stockholders, which may take the form of stock repurchases. The implementation of any capital allocation policy, including any declaration of stock repurchases or other distributions, will be at the discretion of, and subject to the approval by, our Board of Directors and will depend on our financial condition, earnings, liquidity and capital requirements, level of indebtedness, contractual restrictions, restrictions imposed by Delaware law, general business conditions and any other factors that our Board of Directors deems relevant in making any such determination. Therefore, there can be no assurance that we will make any stock repurchases or make other distributions or returns on our common stock, or as to the amount of any such stock repurchases, distributions or returns of capital.

Cash flows provided by Operating Activities:

The following table presents a summary of our cash flows from operating activities for the periods set forth below *(in thousands)*:

	For the Three Months Ended March 31, 2022	2021
Net income (loss)	$ 22,196	$ (5,884)
Non-cash charges and credits	11,020	12,160
Changes in operating assets and liabilities	(15,350)	18,298
Net cash provided by operating activities	$ 17,866	$ 24,574

For the three-month period ended March 31, 2022, net cash provided by operating activities was $17.9 million as compared with net cash provided by operating activities of $24.6 million in the prior-year period. The principal contributors to the year-over-year change in operating cash flows were:

- A $26.9 million improvement in net income (loss) and non-cash charges and credits, as noted above under "—Results of Operations."
- A $33.6 million decrease in cash flows related to operating assets and liabilities resulting from:
  - A decrease in cash flows due to the following:
    - Changes in accrued interest primarily due to the timing of interest payments as compared with the prior-year and lower interest expense resulting from the Refinancing;
    - Changes in accounts receivable due to higher revenue; and
    - Changes in inventories due to additional purchases to meet increased demand.
  - Partially offset by an increase in cash flows from changes in accrued liabilities primarily due to the timing of payments.

For the three-month period ended March 31, 2022, our Free Cash Flow decreased to $8.8 million as compared to $23.9 million for the prior-year period.

Cash flows used in Investing Activities:

Cash used in investing activities is primarily for capital expenditures related to cell site construction, software development, and data center upgrades, see "— Capital Expenditures" below.

Cash flows used in Financing Activities:

Cash used in financing activities for the three-month period ended March 31, 2022 was $1.9 million primarily due to principal payments on the Term Loan Facility.

Cash used in financing activities for the three-month period ended March 31, 2021 was $3.3 million primarily due to stock-based compensation activity.

Capital Expenditures

Our operations require capital expenditures associated with our ATG network and data centers. We capitalize software development costs related to network technology solutions. We also capitalize costs related to the build out of our office locations.

Capital expenditures for the three-month periods ended March 31, 2022 and 2021 were $9.1 million and $0.7 million, respectively.

We expect that our capital expenditures will increase in the near-term as we build out Gogo 5G and further invest in capitalized software and decrease substantially after the Gogo 5G build out is completed.

Other

Leases and Cell Site Contracts: We have lease agreements relating to certain facilities and equipment, which are considered operating leases. See Note 12, “Leases,” to our Unaudited Condensed Consolidated Financial Statements for additional information.

Indemnifications and Guarantees: In accordance with Delaware law, we indemnify our officers and directors for certain events or occurrences while the officer or director is, or was, serving at our request in such capacity. The maximum potential amount of future payments we could be required to make under this indemnification is uncertain and may be unlimited, depending upon circumstances. However, our Directors’ and Officers’ insurance does provide coverage for certain of these losses.

In the ordinary course of business, we may occasionally enter into agreements pursuant to which we may be obligated to pay for the failure of performance of others, such as the use of corporate credit cards issued to employees. Based on historical experience, we believe that the risk of sustaining any material loss related to such guarantees is remote.

We have entered into a number of agreements pursuant to which we indemnify the other party for losses and expenses suffered or incurred in connection with any patent, copyright, or trademark infringement or misappropriation claim asserted by a third party with respect to our equipment or services. The maximum potential amount of future payments we could be required to make under these indemnification agreements is uncertain and is typically not limited by the terms of the agreements.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk is currently confined to our cash and cash equivalents, short-term investments and debt. We have not used derivative financial instruments for speculation or trading purposes. The primary objectives of our investment activities are to preserve our capital for the purpose of funding operations while maximizing the income we receive from our investments without significantly increasing risk. To achieve these objectives, our investment policy allows us to maintain a portfolio of cash equivalents and short-term investments through a variety of securities, including U.S. Treasury securities, U.S. government agency securities, and money market funds. Our cash and cash equivalents as of both March 31, 2022 and December 31, 2021 included amounts in bank deposit accounts and money market funds, and we did not have any short-term investments as of either such date. We believe that a change in average interest rates would not affect our interest income and results of operations by a material amount.

The risk inherent in our market risk sensitive instruments and positions is the potential loss arising from interest rates as discussed below. The sensitivity analyses presented do not consider the effects that such adverse changes may have on the overall economic activity, nor do they consider additional actions we may take to mitigate our exposure to such changes. Actual results may differ.

Interest Rate Risk: We are exposed to interest rate risk on our variable rate indebtedness, which includes borrowings under the Term Loan Facility and Revolving Facility (if any). We assess our market risks based on changes in interest rates utilizing a sensitivity analysis that measures the potential impact on earnings and cash flows based on a hypothetical one percentage point change in interest rates. As of March 31, 2022, we had interest rate cap agreements to hedge a portion of our exposure to interest rate movements of our variable rate debt and to manage our interest expense. We receive payments in the amounts calculated pursuant to the caps for any period in which the three-month USD LIBOR rate increases beyond the applicable strike rate. The termination date of the cap agreements is July 31, 2027. Over the life of the interest rate caps, the notional amounts of the caps periodically decrease, while the applicable strike prices increase.

The notional amount of outstanding debt associated with interest rate cap agreements as of March 31, 2022 was $650.0 million. Based on our March 31, 2022 outstanding variable rate debt balance, a hypothetical one percentage point increase in the three-month LIBOR interest rate would impact our annual interest expense by approximately $0.7 million, which includes the impact of our interest rate caps at a strike rate of 0.75%. Excluding the impact of our interest rate caps, a hypothetical one percentage point increase in the three-month LIBOR interest rate would impact our annual interest expense by approximately $7.2 million. A hypothetical one percentage point decrease in the three-month LIBOR interest rate would impact our annual interest expense by an immaterial amount due to the LIBOR floor of 0.75% in our Term Loan Facility.

Our earnings are affected by changes in interest rates due to the impact those changes have on interest income generated from our cash and cash equivalents. Our cash and cash equivalents as of both March 31, 2022 and December 31, 2021 included amounts in bank deposit accounts and money market funds. We believe we have minimal interest rate risk related to our cash and cash equivalents, as a 10% decrease in the average interest rate on our portfolio would have reduced interest income for the three-month periods ended March 31, 2022 and 2021 by immaterial amounts.

Inflation: We do not believe that inflation has had a material effect on our results of operations. However, there can be no assurance that our business will not be affected by inflation in the future.

ITEM 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of March 31, 2022. Based upon this evaluation, our Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 31, 2022.

(b) Changes in Internal Control over Financial Reporting

There have been no changes to our internal control over financial reporting in connection with the evaluation required by Rules 13a-15(f) and 15d-15(f) under the Exchange Act during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

We are subject to a number of lawsuits arising out of the conduct of our business. See Note 13, "Commitments and Contingencies," to our Unaudited Condensed Consolidated Financial Statements for a discussion of litigation matters.

From time to time we may become involved in legal proceedings arising in the ordinary course of our business. We cannot predict with certainty the outcome of any litigation or the potential for future litigation. Regardless of the outcome of any particular litigation and the merits of any particular claim, litigation can have a material adverse impact on our company due to, among other reasons, any injunctive relief granted, which could inhibit our ability to operate our business, amounts paid as damages or in settlement of any such matter, diversion of management resources and defense costs.

ITEM 1A. Risk Factors

"Item 1A. Risk Factors" of our Form 10-K includes a discussion of our risk factors. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our 2021 10-K. Except as set forth below, there have been no material changes to the risk factors previously disclosed in our 2021 10-K.

We may be unsuccessful or delayed in developing and deploying Gogo 5G or other next generation technologies.

We are currently developing a next generation ATG network using 5G technology and unlicensed spectrum, which we intend to launch on a commercial, nationwide basis in the second half of 2022. Gogo 5G will be capable of working with different spectrum and supporting different next generation technologies. There can be no assurance that we will launch Gogo 5G or any other next generation technology in sufficient time to meet growing user expectations regarding the in-flight connectivity experience and to effectively compete in the business aviation market, due to, among other things, risks associated with: (i) our failure to design and develop a technology that provides the features and performance we require; (ii) integrating the solution with our existing ATG network; (iii) the availability of adequate spectrum; (iv) the failure of spectrum to perform as expected; (v) the failure of equipment and software to perform as expected; (vi) problems arising in the manufacturing process; (vii) our ability to negotiate contracts with suppliers on acceptable commercial and other terms; (viii) our reliance on single-source suppliers for the development and manufacturing of the core elements of the network and on other suppliers to provide certain components and services; and (ix) delays in obtaining or failures to obtain the required regulatory approvals for installation and operation of such equipment and the provision of service to passengers. As disclosed in the 2021 10-K under the caption *"Risk Factors—Risks Related to Our Business—The COVID-19 pandemic and the measures implemented to combat it have had, and may continue to have, a material adverse effect on our business,"* we have experienced longer lead times and encountered delays in obtaining certain electronic components used in our business. For instance, manufacturing issues with respect to a component necessitated manufacturing process revisions and additional testing, which delayed the delivery date for this component, and the supplier of the component has informed us that the component is taking longer than expected to manufacture, which will further delay delivery. In addition, our principal 5G supplier subcontracts with contract manufacturers located in China for the manufacture of certain components, and COVID-19- related restrictions recently imposed by the Chinese government are causing delays in the delivery of such components. We believe that we can accommodate these delays without affecting our service launch, but the repeated compression of our schedule resulting from such delays could limit our ability to preserve the current schedule should other significant issues arise. If Gogo 5G or any other next generation technology fails to perform as expected or its commercial availability is significantly delayed as compared to the timelines we establish, our ability to meet users' expectations regarding our systems' performance and to effectively compete in our market may be impaired and our business, financial condition and results of operations may be materially adversely affected.

Assertions by third parties of infringement, misappropriation or other violations by us of their intellectual property rights could result in significant costs and materially adversely affect our business and results of operations.

In recent years, there has been significant litigation involving intellectual property rights in many technology-based industries, including the wireless communications industry. Many companies, including our competitors, are devoting significant resources to obtaining patents that could potentially cover many aspects of our business. While we have reviewed the patent portfolios of certain competitors and other third parties, we have not exhaustively searched all patents relevant to our technologies and business and therefore it is possible that we may be unknowingly infringing the patents of others. We are currently facing, and may in the future face, claims that we or a supplier have violated patent, trademark or other intellectual property rights of third parties. A competitor recently filed a patent infringement suit against us and is seeking a preliminary injunction, which, if granted, would prevent us from proceeding with Gogo 5G until the infringement suit is resolved. Adverse results in this or other infringement suits could require us to develop non-infringing technology, pay damages, enter into royalty or licensing agreements, cease providing certain products or services, adjust our sales, marketing and advertising activities or take other actions to resolve the claims. These actions, if required, may be costly or unavailable on terms acceptable to us. Even if we are successful in defending these claims, such litigation may be time-consuming and costly, divert management resources and could adversely affect our business relating to such disputed technology during its pendency. Any infringement, misappropriation or related claims, whether or not meritorious and whether or not they result in litigation, are time-consuming, divert technical and management personnel and are costly to resolve.

Pursuant to our contracts with certain customers, we have agreed to indemnify such customers against such claims, and our indemnification obligations generally include defending or paying for the defense of the action and paying any judgments or other costs assessed against the customer in the event of an adverse outcome. In most cases, our contracts do not cap our indemnification obligations. In addition, certain of our suppliers do not indemnify us for third-party infringement or misappropriation claims arising from our use of supplier technology, and we may be liable in the event of such claims. Our inability to meet our indemnification obligations and our customers terminating or failing to renew their contracts may have a material adverse effect on our business and financial condition.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

a) Sales of Unregistered Securities

None.

b) Use of Proceeds from Public Offering of Common Stock

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

Exhibit Number	Description of Exhibits
4.10	Amendment No. 2 to the Registration Rights Agreement, dated as of March 2, 2022, by and among Gogo Inc., Silver (XII) Holdings, LLC and Silver (Equity) Holdings LP (incorporated by reference to Exhibit 4.10 to Form 10-K filed on March 3, 2022 (File No. 001-35975))
10.2.1#	Amendment No. 1, dated March 25, 2022, to the Employment Agreement between Gogo Business Aviation LLC, as assignee of Gogo LLC (f/k/a Aircell LLC), and Oakleigh Thorne
10.2.2#	Amendment No. 1, dated March 25, 2022, to the Employment Agreement between Gogo Business Aviation LLC, as assignee of Gogo LLC (f/k/a Aircell LLC), and Barry Rowan
10.2.3#	Amendment No. 1, dated March 25, 2022, to the Employment Agreement between Gogo Business Aviation LLC and Sergio Aguirre
10.2.4#	Amendment No. 3, dated March 25, 2022, to the Employment Agreement between Gogo Business Aviation LLC, as assignee of Gogo LLC (f/k/a Aircell LLC), and Marguerite Elias
10.2.5#	Amendment No. 1, dated March 25, 2022, to the Employment Agreement between Gogo Business Aviation LLC, as assignee of Gogo LLC (f/k/a Aircell LLC), and Karen Jackson
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 *	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 *	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.
# Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Gogo Inc.
Date: May 5, 2022	
	/s/ Oakleigh Thorne
	Oakleigh Thorne
	Chief Executive Officer
	(Principal Executive Officer)
	/s/ Barry Rowan
	Barry Rowan
	Executive Vice President and Chief Financial Officer
	(Principal Financial Officer)

Exhibit 10.2.1

AMENDMENT NUMBER ONE TO
EMPLOYMENT AGREEMENT

This Amendment Number One to Employment Agreement (this "Amendment") between Gogo Inc. (the "Company") and Oakleigh Thorne ("Executive") is dated as of March 25, 2022.

WHEREAS, the Company and Executive have heretofore entered into an Employment Agreement dated as of March 4, 2018 (the "Agreement");

WHEREAS, in connection with the consummation of the Company's sale of Gogo LLC (f/k/a Aircell LLC) to Intelsat Jackson Holdings S.A. on December 1, 2020, the Company assumed the Agreement; and

WHEREAS, the Company and Executive desire to amend the Agreement to add a Term (as defined hereinafter), among other things.

NOW, THEREFORE, pursuant to Section 17 of the Agreement, the Agreement is hereby amended as follows, effective as of April 1, 2022:

1. Section 1 of the Agreement is hereby amended by adding the following sentence at the end of the provision:

   Executive's principal place of business shall be Millbrook, NY.

2. Section 2 of the Agreement is hereby amended by: (i) restating the existing Section 2 as subparagraph (a) of Section 2; (ii) replacing the fifth sentence thereof with "Notwithstanding the foregoing, Executive may continue to serve as CEO of Thorndale Farm, Inc., as a trustee of certain family trusts, as a member of the Boards of Directors of the Millbrook Tribute Garden, the Millbrook Community Partnership Inc., and the Dutchess Land Conservancy, Inc., and as a member of the Board of Overseers of Columbia Business School; provided that such activities do not materially interfere with Executive's duties under this Agreement."; and (iii) adding the following new subparagraph (b):

(b) Term. The term of Executive's employment under this Agreement, which is hereinafter referred to as the "***Term***," shall begin on April 1, 2022 and, unless terminated earlier as set forth herein, shall continue through and including March 31, 2024 (the "***Term Expiration Date***"); *provided* that on or prior to September 30, 2023, the Board shall commence discussions with Executive in regards to the possibility of Executive (i) remaining Chief Executive Officer for an extended period or (ii) transitioning to a role of "Executive Chair" as of the date immediately following the Term Expiration Date, including that the Board and Executive shall discuss any annual compensation, equity compensation, severance benefits and other rights to which Executive would be entitled in connection with any such extension or transition. If the parties do not reach an agreement as to any such extension or transition, Executive shall step down from the position of Chief Executive Officer, effective as of the date immediately after the Term Expiration Date ("***End of Term Resignation***"). If Executive's employment is terminated by his End of Term Resignation, Executive shall be entitled to the severance benefits set forth under Section 9(a), including, for the avoidance of doubt, the equity treatment described therein.

3. Section 3(b) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(b) Reimbursement of Expenses, Company Facilities. The Company shall pay or reimburse Executive for all reasonable, ordinary and necessary travel and other expenses incurred by Executive in the performance of Executive's obligations under this Agreement, in accordance with the Company's travel and expense reimbursement policies for management employees. The Company shall provide to Executive, at the Company's principal place of business, the necessary office facilities and equipment to perform Executive's obligations under this Agreement. Business travel between Millbrook, NY and the Company's headquarters in Broomfield, CO shall be reimbursed upon submission of appropriate documentation in accordance with the Company's travel reimbursement policies.

4. Section 3(f) of the Agreement is hereby amended by deleting the first and second sentences thereof in their entirety along with the Exhibits referenced therein, *provided*, that any references in the Agreement to the "Committee" shall continue to be interpreted as references to the Compensation Committee of the Board of Directors of the Company and any references in the Agreement to the "Plan" shall continue to be interpreted as references to the Gogo Inc. 2016 Omnibus Stock Incentive Plan.

5. The Agreement is hereby amended by deleting Section 3(g) thereof in its entirety.

6. Section 8(d)(8) of the Agreement is hereby amended by replacing each instance of the phrase "State of Illinois" with the phrase "State of New York."

7. Section 8(f) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(f) Termination by Executive for Good Reason. Executive may terminate his employment under this Agreement upon written notice (and in accordance with all other provisions of this Agreement) by Executive to the Company of a termination for "Good Reason," which for purposes of this Agreement shall mean the occurrence of any of the following events, without the written consent of Executive, (i) a diminution in Executive's Base Salary beyond what is permitted by Section 3(a) or Target Bonus; (ii) a diminution in Executive's duties, authority, or responsibilities; (iii) a material interference with the discharge of Executive's duties and responsibilities; or (iv) a requirement that Executive discharge his duties from any location aside from his principal place of business of Millbrook, NY. In the event that Executive believes that circumstances constituting "Good Reason" have occurred and Executive wishes to terminate his employment as a result of such occurrence, Executive must provide the Company written notice within 90 days from the initial existence of the occurrence. If within 30 days following the Company's receipt of such notice it corrects the circumstances constituting "Good Reason," then Executive shall not be entitled to terminate his employment under this Section 8(f) as a result of such circumstances. Furthermore, Executive shall not be entitled to terminate his employment under this Section 8(f) as a result of any circumstances constituting "Good Reason" unless his resignation occurs within 30 days following the expiration of the Company's cure period;

8. Section 9(a) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(a) Termination by the Company Without Cause or by Executive for Good Reason or Upon an End of Term Resignation. If Executive is terminated under Section 8(a), resigns for Good Reason under Section 8(f) or if Executive's employment terminates as a result of his End of Term Resignation under Section 2(b), and following the execution (and expiration of any revocation period), not later than forty-five (45) days following the termination date, of a separation agreement containing a general release of all claims against the Company, the Company and their Affiliates (the "***Release***"), the Company shall pay Executive a lump sum amount equal to twelve (12) months of Executive's then-current Base Salary and Target Bonus (paid at target), (the "***Severance Payment***") and an award under the annual bonus program referred to in Section 3(a), pro-rated based on the number of days that Executive was employed during the calendar year in which Executive terminates from the Company and paid based on actual performance as determined by the Compensation Committee, to be paid at the same time as other executives (the "***Pro Rata Bonus***"). The Severance Payment shall be made on the first payroll date after the execution (and expiration of any revocation period) of such separation agreement or, if the forty-five (45)-day period following the termination date spans two calendar years and the Severance Payment is subject to Section 409A of the Internal Revenue Code, after such forty-five (45)-day period. The Company shall also pay Executive (A) any salary earned but unpaid prior to termination and all accrued but unused personal time, (B) any business expenses incurred but not reimbursed as of the date of termination, (C) vested employee benefits in accordance with the terms of the applicable plan and (D) any award under the annual bonus program referred to in Section 3(a) earned based on actual performance (as approved by the Compensation Committee and the Company's Board of Directors for senior executives generally) but not paid prior to termination ((A), (B), (C) and (D) together, the "***Accrued Benefits***"). In addition, (x) all outstanding unvested options to purchase common stock in the Company and restricted stock units granted under the Company's equity plans at least six (6) months prior to the date of Executive's termination of employment shall fully vest (*provided* that if the approval of any such grant is contingent upon shareholder approval, the six (6) month period shall be measured from the date that the grant was originally approved by the Company) and (y) all vested stock options to purchase common stock in the Company (after giving effect to (x)) shall remain exercisable through the earlier of (A) the original option term or (B) until the latest of (x) December 1, 2025, (y) the fifth anniversary of grant or (z) the expiration of the normal post-termination exercise period (generally ninety (90) days post-termination); *provided*, *however*, that the exercise period of such options shall in no event be shorter than the post-termination exercise period provided for in the applicable equity award agreement (the "***Severance Equity Treatment***"). All benefits provided under this Section 9(a), except for the Accrued Benefits, shall be subject to Executive's execution and non-revocation of the Release.

9. The Agreement is hereby amended by renumbering Section 9(b), and all references thereto, as Section 9(c) and by adding the following new Section 9(b), to read as follows:

(b) Termination by the Company Without Cause or by Executive for Good Reason or Upon an End of Term Resignation Following a Change in Control. In the event that Executive is terminated under Section 8(a), resigns for Good Reason under Section 8(f) or if Executive's employment terminates as a result of his End of Term Resignation under Section 2(b), in each case, within twenty-four months following a Change in Control (as defined in the Plan), and subject to Executive's execution and non-revocation of the Release in the same manner as set forth in Section 9(a), the Company shall pay Executive an amount equal to eighteen (18) months of Executive's then-current Base Salary and Target Bonus (paid at target), payable in a cash lump sum in the same manner as the Severance Payment. In addition, upon any such termination or resignation, Executive shall be entitled to the Severance Equity Treatment, except that the Severance Equity Treatment shall apply to all outstanding unvested options to purchase common stock in the Company and restricted stock units granted under the Company's equity plans, regardless of whether any such awards were granted within six (6) months of Executive's termination of employment. In addition, the Company will provide the Accrued Benefits and the Pro Rata Bonus in accordance with Section 9(a).

10. Section 14(c) of the Agreement is amended by deleting the first sentence thereof and inserting the following sentence in its place:

(c) The arbitration shall be conducted in New York, NY (unless Executive otherwise agrees that the arbitration shall occur at the corporate headquarters of the Company as of the time of any such arbitration).

11. Except as amended by this Amendment, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the Company and the Company have caused this instrument to be executed by duly authorized officers thereof and Executive has executed this instrument as of this 25th day of March, 2022.

Gogo Inc.

By: /s/ Marguerite M. Elias

Name: Marguerite M. Elias

Title: EVP

Executive:

/s/ Oakleigh Thorne

AMENDMENT NUMBER ONE TO
EMPLOYMENT AGREEMENT

This Amendment Number One to Employment Agreement (this "Amendment") between Gogo Business Aviation LLC (the "Company") and Barry Rowan ("Executive") is dated as of March 25, 2022.

WHEREAS, the Company and Executive have heretofore entered into an Employment Agreement dated as of April 24, 2017 (the "Agreement");

WHEREAS, in connection with the consummation of Gogo Inc.'s sale of Gogo LLC (f/k/a Aircell LLC) to Intelsat Jackson Holdings S.A. on December 1, 2020, the Company assumed the Agreement;

WHEREAS, the Company and Executive desire to amend the Agreement to add a Transition Term (as defined hereinafter), among other things; and

WHEREAS, the Agreement as modified by this Amendment supersedes and replaces all other agreements, whether oral or written, related to the terms of Executive's employment with the Company with respect to the subject matter hereof, with the exception of that certain Change in Control Severance Agreement, as amended to date (the "Change in Control Agreement"), between Executive and Gogo Inc. ("Parent"), which shall remain in effect as modified by this Amendment.

NOW, THEREFORE, pursuant to Section 17 of the Agreement, the Agreement is hereby amended as follows, effective as of March 25, 2022:

1. Section 2 of the Agreement is hereby amended by adding the following sentences at the end of the provision:

During the Transition Term (as defined below), Executive's principal place of employment shall be Broomfield, Colorado.

2. Section 8(f) of the Agreement is hereby amended by deleting clause (3) thereof and inserting the following in its place:

(3) the relocation of Executive's principal place of employment to a geographic location greater than fifty (50) miles from the Company's office in Broomfield, Colorado;

3. Section 8 of the Agreement is hereby amended by adding the following new subparagraph (g):

(g) Transition Term. The Company and Executive agree that as of the date of the 2022 fiscal year earnings call (which is expected to be in March 2023), Executive's employment with the Company shall automatically end; *provided*, that Executive has remained continuously employed with the Company from the date hereof through such date (the "***Transition Term***").

4. Section 9(a) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(a) Termination by the Company Without Cause, Resignation for Good Reason or the End of Transition Term. If Executive is terminated under Section 8(a), resigns for Good Reason under Section 8(f) or if Executive's employment terminates as a result of the end of the Transition Term under Section 8(g), and following the execution (and expiration of any revocation period), not later than forty-five (45) days following the termination date, of a separation agreement containing a general release of all claims against Parent, the Company and its Affiliates (the "***Release***"), the Company shall pay Executive an amount equal to twelve (12) months of Executive's then-current Base Salary, payable in installments as set forth hereinafter (each such payment a "***Severance Payment***"). The Severance Payment shall be payable in installments, by direct deposit, in accordance with the Company's normal payroll practices. The first installment of the Severance Payment shall be made on the first payroll date after the execution (and expiration of any revocation period) of such separation agreement or, if the forty-five (45)-day period following the termination date spans two calendar years and the Severance Payment is subject to Section 409A of the Internal Revenue Code, after such forty-five (45)-day period, and shall include all installments of the Severance Payment that would have been paid if the Release had been fully effective on the termination date. In addition, during the twelve (12) months following termination, should Executive timely elect to continue coverage pursuant to COBRA, the Company agrees to reimburse Executive for the COBRA premiums due to maintain health insurance coverage that is substantially equivalent to that which he received immediately prior to Executive's termination. The Company shall also (i) pay Executive (A) any salary earned but unpaid prior to termination and all accrued but unused personal time, (B) any business expenses incurred but not reimbursed as of the date of termination ((A) and (B) together, the "***Accrued Benefits***") and (C) any award under the annual bonus program referred to in Section 3(b) for a completed fiscal year but not paid prior to termination (which shall be paid at the time bonuses are paid to senior executives generally following approval by the Company's Chief Executive Officer and Parent's Board of Directors) and solely to the extent Executive's employment terminates (A) during the Transition Term as a result of Executive's termination by the Company without Cause under Section 8(a) or Executive's resignation for Good Reason under Section 8(f) or (B) as a result of the end of the Transition Term under Section 8(g), (x) ensure Executive is eligible to receive an award under the annual bonus program referred to in Section 3(a), pro-rated based on the number of days that Executive was employed during the calendar year in which Executive terminates from the Company and paid based on actual performance as determined by the Compensation Committee, to be paid at the same time as other executives, (y) cause all outstanding unvested options to purchase common stock in Parent and restricted stock and restricted stock units granted under Parent's equity plans at least six (6) months prior to the date of Executive's termination of employment to fully vest upon Executive's termination of employment (*provided* that if the approval of any such grant is contingent upon shareholder approval that was subsequently obtained, the six (6) month period shall be measured from the date that the grant was originally approved) and (z) cause all vested stock options to purchase common stock in Parent (after giving effect to (y)) to remain exercisable through the earlier of (A) the original option term or (B) December 1, 2025 (ii); *provided*, *however*, that the exercise period of such options shall in no event be shorter than the post-termination exercise period provided for in the applicable equity award agreement. All benefits provided under this Section 9(a), except for the Accrued Benefits, shall be subject to Executive's execution and non-revocation of the Release.

5. Section 9(c) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(c) Survival of Obligations. Executive's obligations pursuant to Sections 4, 5 and 20 shall survive the expiration of the term of Executive's employment under this Agreement or any early termination thereof.

6. Section 9 of the Agreement is hereby amended by adding the following new subparagraph (e):

(e) Other Benefits. In the event that Executive becomes entitled to either the benefits set forth in this Agreement or those set forth in the Change in Control Agreement, Executive shall be entitled to the "better of" the two arrangements, which, for the avoidance of doubt, shall ensure that Executive shall receive (i) except as otherwise provided herein, the severance benefits set forth in the Change in Control Agreement upon resignation at the end of the Transition Term if the end of the Transition Term occurs during the covered period of the Change in Control Agreement and (ii) treatment of awards under Parent's equity plans upon a termination following a Change in Control that shall be no worse than the treatment of such awards that is set forth in this Agreement.

7. The Agreement is hereby amended by renumbering Section 20, and all references thereto, as Section 21 and by adding the following new Section 20, to read as follows:

20. Cooperation. With accommodation to Executive's business or personal schedule, Executive shall make himself available for a period of twelve (12) months following the date of Executive's termination of employment to consult with the Company or its Affiliates regarding business matters of the Company or its Affiliates in which Executive has expertise or was previously involved. The Company shall reimburse Executive for any reasonable expenses (subject to prior approval) and provide a per diem rate of $3,288 (Executive's current base salary and target annual bonus divided by 260 (the number of weekdays in a calendar year)); *provided*, that, notwithstanding the foregoing, the Company and Executive shall use their reasonable best efforts to ensure that the level of Executive's services during the aforementioned cooperation period is consistent with the intent that Executive's termination of employment constitutes a "separation from service" (within the meaning of Section 409A of the Code).

8. Except as amended by this Amendment, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer and Executive has executed this instrument as of this 25th day of March, 2022.

Gogo Business Aviation LLC

By: /s/ Oakleigh Thorne

Name: Oakleigh Thorne

Title: Chief Executive Officer

Executive:

/s/ Barry Rowan

Exhibit 10.2.3

AMENDMENT NUMBER ONE TO
EMPLOYMENT AGREEMENT

This Amendment Number One to Employment Agreement (this "Amendment") between Gogo Business Aviation LLC (the "Company") and Sergio Aguirre ("Executive") is dated as of March 25, 2022.

WHEREAS, the Company and Executive have heretofore entered into an Employment Agreement dated as of August 27, 2018 (the "Agreement");

WHEREAS, the Company and Executive desire to assign the Agreement to Gogo Inc. ("Parent") and to amend its terms to provide for the promotion of Mr. Aguirre to President and Chief Operating Officer of Parent, among other things; and

WHEREAS, the Agreement as modified by this Amendment supersedes and replaces all other agreements, whether oral or written, related to the terms of Executive's employment with the Company or Parent with respect to the subject matter hereof, with the exception of that certain Change in Control Severance Agreement, as amended to date (the "Change in Control Agreement"), between Executive and Parent, which shall remain in effect as modified by this Amendment.

NOW, THEREFORE, pursuant to Sections 16 and 17 of the Agreement, the Agreement is hereby amended as follows, effective as of April 1, 2022:

1. The Preamble to the Agreement is hereby deleted in its entirety and is replaced with the following:

This Employment Agreement (this "***Agreement***") is entered into effective August 27, 2018 (the "***Effective Date***"), amended as of April 1, 2022 (the "***2022 Amendment Effective Date***"), by and between ***Gogo Inc.,*** 105 Edgeview Drive, Suite 300, Broomfield, Colorado 80021 ("***Parent***"), and Sergio Aguirre ("***Executive***") for the benefit of Parent, Executive and ***Gogo Business Aviation LLC*** (the "***Company***"). This Agreement supersedes and replaces all other agreements, whether oral or written, related to the terms of Executive's employment with Parent or the Company and any reference to Executive's employment with the Company shall be interpreted as a reference to Executive's employment with Parent.

2. Section 2 of the Agreement is hereby deleted in its entirety and is replaced with the following:

2. **Capacity, Duties, Term**.

(a) **Capacity and Duties**. As of the 2022 Amendment Effective Date, Executive shall be employed by Parent as its President and Chief Operating Officer. During Executive's employment with Parent, Executive shall perform the duties and bear the responsibilities commensurate with Executive's position and shall serve Parent faithfully and to the best of Executive's ability, under the direction of the Chief Executive Officer of the Company. Executive's actions shall at all times be such that they do not discredit Parent or its products and services, and Executive shall not engage in any business activity or activities that require significant personal services by Executive or that, in the sole judgment of Parent, may conflict with the proper performance of Executive's duties hereunder. Executive shall devote all

Executive's working time, working attention, and working energies to the business of Parent.

(b) **Term**. The term of Executive's employment under this Agreement shall begin on the 2022 Amendment Effective Date and, unless terminated earlier as set forth herein, shall continue through and including December 31, 2026 (the "***Initial Expiration Date***"), provided that on the Initial Expiration Date and each subsequent anniversary of the Initial Expiration Date, the term of Executive's employment under this Agreement shall be automatically extended for one additional year unless either party provides written notice to the other party at least three months prior to the Initial Expiration Date (or any such anniversary, as applicable) that Executive's employment hereunder shall not be so extended (in which case Executive's employment and this Agreement shall terminate on the Initial Expiration Date or the expiration of the extended term, as applicable); provided, however, that Executive's employment and this Agreement may be terminated at any time pursuant to the provisions of Section 8. The period of time from the 2022 Amendment Effective Date through the termination of this Agreement and Executive's employment pursuant to its terms is herein referred to as the "***Term***."

3. Section 3(a) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(a) **Base Salary.** Parent shall pay to Executive as base compensation for all of the services to be rendered by Executive under this Agreement a salary at the rate of $400,000 per annum (the "***Base Salary***"), payable in accordance with such normal payroll practices as are adopted by Parent from time to time, subject to withholdings for federal, state and local taxes, FICA and other withholding required by applicable law, regulation or ruling. The Base Salary shall be reviewed at least annually for increases but not decreases. In addition, Executive shall be eligible for an annual discretionary bonus with a target of eighty percent (80%) of Base Salary. The amount of such annual bonus, if any, shall be decided by the Compensation Committee of the Board of Directors of Parent, and shall be based upon achievement of objectives established by the Compensation Committee, all as determined in the reasonable discretion of the Compensation Committee.

4. Section 3 of the Agreement is hereby amended by adding the following new subparagraph (f):

(f) Promotion Equity Grant. On or around the 2022 Amendment Effective Date, Parent shall make a grant of time-based restricted stock units (the "***Promotion RSUs***") to Executive with a grant date fair value of $300,000. The Promotion RSUs shall be granted pursuant to the Amended and Restated Parent 2016 Omnibus Incentive Plan ("***2016 Plan***") and shall vest in 1/3 increments on each of the third, fourth and fifth anniversaries of the grant date, subject to the terms and conditions of the 2016 Plan and the applicable award agreement.

(g) Legal Fees. Following receipt of appropriate supporting documentation, Parent agrees to reimburse Executive for Executive's reasonable attorneys' fees specifically related to the negotiation of the amendment of this Agreement (which such amendment shall become effective as of the 2022 Amendment Effective Date), up to a total of $5,000.

5. Section 9(a) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(a) Termination by Parent Without Cause, Resignation for Good Reason or Non-Renewal of the Term by the Company. If Executive is terminated under Section 8(a), resigns for Good Reason under Section 8(f) or if Executive's employment terminates as a result of the end of the Term resulting from the Company's delivery of a notice of non-renewal pursuant to Section 2(b), and following the execution (and expiration of any revocation period), not later than forty-five (45) days following the termination date, of a separation agreement containing a general release of all claims against Parent, the Company and their Affiliates (the "***Release***"), Parent shall pay Executive an amount equal to twelve (12) months of Executive's then-current Base Salary, payable in installments as set forth hereinafter (each such payment a "***Severance Payment***"). The Severance Payment shall be payable in installments, by direct deposit, in accordance with Parent's normal payroll practices. The first installment of the Severance Payment shall be made on the first payroll date after the execution (and expiration of any revocation period) of such separation agreement or, if the forty-five (45)-day period following the termination date spans two calendar years and the Severance Payment is subject to Section 409A of the Internal Revenue Code, after such forty-five (45)-day period, and shall include all installments of the Severance Payment that would have been paid if the Release had been fully effective on the termination date. In addition, during the twelve (12) months following termination, should Executive timely elect to continue coverage pursuant to COBRA, Parent agrees to reimburse Executive for the COBRA premiums due to maintain health insurance coverage that is substantially equivalent to that which he received immediately prior to Executive's termination. Parent shall also (i) pay Executive (A) any salary earned but unpaid prior to termination and all accrued but unused personal time, (B) any business expenses incurred but not reimbursed as of the date of termination ((A) and (B) together, the "***Accrued Benefits***") and (C) any award under the annual bonus program referred to in Section 3(a) that has been approved by the Company's Chief Executive Officer and Parent's Board of Directors but not paid prior to termination and (ii) solely to the extent Executive's employment terminates (A) during the Term as a result of Executive's termination by the Company without Cause under Section 8(a) or Executive's resignation for Good Reason under Section 8(f) or (B) the end of the Term resulting from the Company's delivery of a notice of non-renewal pursuant to Section 2(b), (x) ensure Executive is eligible to receive an award under the annual bonus program referred to in Section 3(a), pro-rated based on the number of days that Executive was employed during the calendar year in which Executive terminates from the Company and paid based on actual performance as determined by the Compensation Committee, to be paid at the same time as other executives, (y) cause all outstanding unvested options to purchase common stock in Parent and restricted stock and restricted stock units granted under Parent's equity plans at least six (6) months prior to the date of Executive's termination of employment to fully vest upon Executive's termination of employment (*provided* that if the approval of any such grant is contingent upon shareholder approval that was subsequently obtained, the six (6) month period shall be measured from the date that the grant was originally approved) and (y) cause all vested stock options to purchase common stock in Parent (after giving effect to (y)) to remain exercisable through the earlier of (A) the original option term or (B) until the later of (i) December 1, 2025, (ii) the fifth anniversary of grant or (iii) the expiration of the normal post-termination exercise period (generally ninety (90) days post-termination); *provided*, *however*, that the exercise period of such options shall in no event be shorter than the post-termination exercise period provided for in the applicable equity award agreement. All benefits provided under this Section 9(a), except for the Accrued Benefits, shall be subject to Executive's execution and non-revocation of the Release.

6. Section 9 of the Agreement is hereby amended by adding the following new subparagraph (e):

(e) Other Benefits; Amendment to Change in Control Agreement. In the event that Executive becomes entitled to either the benefits set forth in this Agreement or those set forth in the Change in Control Agreement, Executive shall be entitled to the "better of" the two arrangements, which, for the avoidance of doubt, shall ensure that Executive shall receive (i) except as otherwise provided herein, the severance benefits set forth in the Change in Control Agreement upon non-renewal of the Term if the end of the Term occurs during the covered period of the Change in Control Agreement and (ii) treatment of awards under Parent's equity plans upon a termination following a Change in Control that shall be no worse than the treatment of such awards that is set forth in this Agreement. In addition, the Change in Control Agreement hereby is amended by replacing the definition of "Good Reason" contained in Section 16 thereof with the definition of "Good Reason" contained in Section 8(f) of this Agreement.

7. Except as amended by this Amendment, the Agreement remains in full force and effect.

Signature page follows

IN WITNESS WHEREOF, Parent and the Company have caused this instrument to be executed by a duly authorized officer and Executive has executed this instrument as of this 25th day of March, 2022.

Gogo Inc.

By: /s/ Oakleigh Thorne
Name: Oakleigh Thorne
Title: Chief Executive Officer

Gogo Business Aviation LLC

By: /s/ Oakleigh Thorne
Name: Oakleigh Thorne
Title: Chief Executive Officer

Executive:

/s/ Sergio Aguirre

AMENDMENT NUMBER THREE TO EMPLOYMENT AGREEMENT

This Amendment Number Three to Employment Agreement (this "Amendment") between Gogo Business Aviation LLC (the "Company") and Marguerite Elias ("Executive") is dated as of March 25, 2022.

WHEREAS, the Company and Executive have heretofore entered into an Employment Agreement dated as of January 1, 2008, as amended by Amendment Number One thereto dated as of January 1, 2009 and Amendment Number Two thereto dated as of November 30, 2017 (the "Agreement");

WHEREAS, in connection with the consummation of Gogo Inc.'s sale of Gogo LLC (f/k/a Aircell LLC) to Intelsat Jackson Holdings S.A. on December 1, 2020, the Company assumed the Agreement;

WHEREAS, the Company and Executive desire to amend the Agreement to add a Transition Term (as defined hereinafter), among other things; and

WHEREAS, the Agreement as modified by this Amendment supersedes and replaces all other agreements, whether oral or written, related to the terms of Executive's employment with the Company with respect to the subject matter hereof, with the exception of that certain Change in Control Severance Agreement, as amended to date (the "Change in Control Agreement"), between Executive and Gogo Inc. ("Parent"), which shall remain in effect as modified by this Amendment.

NOW, THEREFORE, pursuant to Section 17 of the Agreement, the Agreement is hereby amended as follows, effective as of March 25, 2022:

1. Section 2 of the Agreement is hereby amended by adding the following sentences at the end of the provision:

Notwithstanding the foregoing, during the Transition Term (as defined below), Executive's duties shall be modified such that Executive shall perform such duties as may be requested from time to time by the Company's Chief Executive Officer or Parent's Board of Directors, including (i) related to Executive's role as Executive Vice President, General Counsel and Secretary and (ii) assisting the Company in identifying a successor for Executive's role at the Company and in the Company's hiring of such successor. In addition, the Company anticipates that during the Transition Term, Executive's principal place of employment shall remain Chicago, Illinois. Executive cannot relocate without the prior written approval of the Company's Chief Executive Officer, *provided*, that Executive may work remotely, subject to required business travel to the Company's offices in Chicago, Illinois or Broomfield, Colorado, as requested by the Company's Chief Executive Officer.

2. Section 8(f) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(f) Resignation for Good Reason. Executive may terminate her employment under this Agreement immediately upon a showing of "Good Reason," which for purposes of this Agreement shall mean (i) a reduction by the Company in Executive's Base Salary; (ii) (A) prior to the time that the Company hires a successor for Executive's role at the Company, a material diminution of Executive's duties or responsibilities such that such duties and responsibilities, when viewed in the aggregate, are not at least commensurate with those duties and responsibilities normally associated with and appropriate to her position or (B) Executive ceasing to be a direct report to the Chief Executive Officer of the Company; (iii) the relocation of Executive's principal place of employment to a geographic location more than fifty (50) miles from the Company's office in Chicago, Illinois; or (iv) any material breach by the Company of its obligations to Executive hereunder. In the event that Executive believes that circumstances constituting "Good Reason" have occurred and Executive wishes to terminate her employment as a result of such occurrence, Executive must provide the Company written notice within thirty (30) days from the initial existence of the occurrence. If within thirty (30) days following the Company's receipt of such notice it corrects the circumstances constituting "Good Reason," then Executive shall not be entitled to terminate her employment under this Section 8(f) as a result of such circumstances. Furthermore, Executive shall not be entitled to terminate her employment under this Section 8(f) as a result of any circumstances constituting "Good Reason" unless her resignation occurs within thirty (30) days following the expiration of the Company's cure period;

3. Section 8 of the Agreement is hereby amended by adding the following new subparagraph (g):

(g) Transition Term. The Company and Executive agree that as of the later of (i) September 30, 2022 or (ii) the date that is six (6) months after the date Executive began co-working with a suitable successor for Executive's role at the Company, Executive's employment with the Company shall automatically end; *provided*, that Executive has remained continuously employed with the Company from the date hereof through such date (the "***Transition Term***").

4. Section 9(a) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(a) Termination by the Company Without Cause, Resignation for Good Reason or the End of Transition Term. If Executive is terminated under Section 8(a), resigns for Good Reason under Section 8(f) or if Executive's employment terminates as a result of the end of the Transition Term under Section 8(g), and following the execution (and expiration of any revocation period), not later than forty-five (45) days following the termination date, of a separation agreement containing a general release of all claims against Parent, the Company and its Affiliates (the "***Release***"), the Company shall pay Executive an amount equal to twelve (12) months of Executive's then-current Base Salary, payable in installments as set forth hereinafter (each such payment a "***Severance Payment***"). The Severance Payment shall be payable in installments, by direct deposit, in accordance with the Company's normal payroll practices. The first installment of the Severance Payment shall be made on the first payroll date after the execution (and expiration of any revocation period) of such separation agreement or, if the forty-five (45)-day period following the termination date spans two calendar years and the Severance Payment is subject to Section 409A of the Internal Revenue Code, after such forty-five (45)-day period, and shall include all installments of the Severance Payment that would have been paid if the Release had been fully effective on the termination date. In addition, during the twelve (12) months following termination, should Executive timely elect to continue coverage pursuant to COBRA, the Company agrees to reimburse Executive for the COBRA premiums due to maintain health insurance coverage that is substantially equivalent to that which she received immediately prior to

Executive's termination. The Company shall also (i) pay Executive (A) any salary earned but unpaid prior to termination and all accrued but unused personal time, (B) any business expenses incurred but not reimbursed as of the date of termination ((A) and (B) together, the "***Accrued Benefits***") and (C) any award under the annual bonus program referred to in Section 3(a) that has been approved by the Company's Chief Executive Officer and Parent's Board of Directors but not paid prior to termination and (ii) solely to the extent Executive's employment terminates (A) during the Transition Term as a result of Executive's termination by the Company without Cause under Section 8(a) or Executive's resignation for Good Reason under Section 8(f) or (B) as a result of the end of the Transition Term under Section 8(g), (x) ensure Executive is eligible to receive an award under the annual bonus program referred to in Section 3(a), pro-rated based on the number of days that Executive was employed during the calendar year in which Executive terminates from the Company and paid based on actual performance as determined by the Compensation Committee, to be paid at the same time as other executives, (y) cause all outstanding unvested options to purchase common stock in Parent and restricted stock and restricted stock units granted under Parent's equity plans at least six (6) months prior to the date of Executive's termination of employment to fully vest upon Executive's termination of employment (*provided* that if the approval of any such grant is contingent upon shareholder approval that was subsequently obtained, the six (6) month period shall be measured from the date that the grant was originally approved) and (z) cause all vested stock options to purchase common stock in Parent (after giving effect to (y)) to remain exercisable through the earlier of (A) the original option term or (B) December 1, 2025; *provided*, *however*, that the exercise period of such options shall in no event be shorter than the post-termination exercise period provided for in the applicable equity award agreement. All benefits provided under this Section 9(a), except for the Accrued Benefits, shall be subject to Executive's execution and non-revocation of the Release.

5. Section 9(c) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(c) Survival of Obligations. Executive's obligations pursuant to Sections 4, 5 and 20 shall survive the expiration of the term of Executive's employment under this Agreement or any early termination thereof.

6. Section 9 of the Agreement is hereby amended by adding the following new subparagraph (e):

(e) Other Benefits. In the event that Executive becomes entitled to either the benefits set forth in this Agreement or those set forth in the Change in Control Agreement, Executive shall be entitled to the "better of" the two arrangements, which, for the avoidance of doubt, shall ensure that Executive shall receive (i) except as otherwise provided herein, the severance benefits set forth in the Change in Control Agreement upon resignation at the end of the Transition Term if the end of the Transition Term occurs during the covered period of the Change in Control Agreement and (ii) treatment of awards under Parent's equity plans upon a termination following a Change in Control that shall be no worse than the treatment of such awards that is set forth in this Agreement.

7. The Agreement is hereby amended by renumbering Section 20, and all references thereto, as Section 21 and by adding the following new Section 20, to read as follows:

20. Cooperation. With accommodation to Executive's business or personal schedule, Executive shall make herself available for a period of twelve (12) months following the date of Executive's termination of employment to consult with the Company or its Affiliates regarding business matters of the Company or its Affiliates in which Executive has expertise or was previously involved. The Company shall reimburse Executive for any reasonable expenses (subject to prior approval) and provide a per diem rate of $2,288 (Executive's current base salary and target annual bonus divided by 260 (the number of weekdays in a calendar year)); *provided*, that, notwithstanding the foregoing, the Company and Executive shall use their reasonable best efforts to ensure that the level of Executive's services during the aforementioned cooperation period is consistent with the intent that Executive's termination of employment constitutes a "separation from service" (within the meaning of Section 409A of the Code).

8. Except as amended by this Amendment, the Agreement remains in full force and effect.

Signature Page Follows

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer and Executive has executed this instrument as of this 25th day of March, 2022.

Gogo Business Aviation LLC

By: /s/ Oakleigh Thorne
Name: Oakleigh Thorne
Title: Chief Executive Officer

Executive:

/s/ Marguerite M. Elias

Exhibit 10.2.5

AMENDMENT NUMBER ONE TO
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amendment Number One to Amended and Restated Employment Agreement (this "Amendment") between Gogo Business Aviation LLC (the "Company") and Karen Jackson ("Executive") is dated as of March 25, 2022.

WHEREAS, the Company and Executive have heretofore entered into an Amended and Restated Employment Agreement dated as of February 10, 2020 (the "Agreement");

WHEREAS, in connection with the consummation of Gogo Inc.'s sale of Gogo LLC (f/k/a Aircell LLC) to Intelsat Jackson Holdings S.A. on December 1, 2020, the Company assumed the Agreement;

WHEREAS, the Company and Executive desire to amend the Agreement to add a Transition Term (as defined hereinafter), among other things; and

WHEREAS, the Agreement as modified by this Amendment supersedes and replaces all other agreements, whether oral or written, related to the terms of Executive's employment with the Company with respect to the subject matter hereof, with the exception of that certain Change in Control Severance Agreement, as amended to date (the "Change in Control Agreement"), between Executive and Gogo Inc. ("Parent"), which shall remain in effect as modified by this Amendment.

NOW, THEREFORE, pursuant to Section 17 of the Agreement, the Agreement is hereby amended as follows, effective as of March 25, 2022:

1. Section 2 of the Agreement is hereby amended by adding the following sentences at the end of the provision:

Notwithstanding the foregoing, during the Transition Term (as defined below), Executive's duties shall be modified such that Executive shall perform such duties as may be requested from time to time by the Company's Chief Executive Officer or Parent's Board of Directors, including (i) related to Executive's role as Executive Vice President, Chief People Experience Officer and (ii) assisting the Company in identifying a successor for Executive's role at the Company and in the Company's hiring of such successor. In addition, the Company anticipates that during the Transition Term, Executive's principal place of employment shall remain Chicago, Illinois, although Executive shall be required to undertake business travel to Broomfield, Colorado on a regular basis. Executive cannot relocate without the prior written approval of the Company's Chief Executive Officer, *provided*, that if the Transition Term is extended by mutual agreement pursuant to Section 8(g), the Company and Executive shall discuss Executive's ongoing principal place of employment at the time of such extension.

2. Section 3(a) of the Agreement is hereby amended by deleting the second sentence thereof and inserting the following sentence in its place:

The Base Salary shall be reviewed at least annually for increases but not decreases.

3. Section 8(f) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(f) Resignation for Good Reason. Executive may terminate her employment under this Agreement immediately upon a showing of "Good Reason," which for purposes of this Agreement shall mean (i) a reduction by the Company in Executive's Base Salary; (ii) Executive ceasing to be a direct report to the Chief Executive Officer of the Company; (iii) the relocation of Executive's principal place of employment to a geographic location more than fifty (50) miles from the Company's office in Chicago, Illinois, *provided*, that Executive acknowledges that business travel to Broomfield, Colorado shall be required on a regular basis and, upon reasonable notice from the Company or Parent, a relocation to Broomfield, Colorado shall not be a basis for having Good Reason under this Agreement; or (iv) any material breach by the Company of its obligations to Executive hereunder. In the event that Executive believes that circumstances constituting "Good Reason" have occurred and Executive wishes to terminate her employment as a result of such occurrence, Executive must provide the Company written notice within thirty (30) days from the initial existence of the occurrence. If within thirty (30) days following the Company's receipt of such notice it corrects the circumstances constituting "Good Reason," then Executive shall not be entitled to terminate her employment under this Section 8(f) as a result of such circumstances. Furthermore, Executive shall not be entitled to terminate her employment under this Section 8(f) as a result of any circumstances constituting "Good Reason" unless her resignation occurs within thirty (30) days following the expiration of the Company's cure period;

4. Section 8 of the Agreement is hereby amended by adding the following new subparagraph (g):

(g) Transition Term. The Company and Executive agree that, unless otherwise mutually agreed no later than three (3) months prior to the end of the Transition Term (as defined below) (*provided* that the Company shall inform Executive if it does not intend to seek an extension), as of January 1, 2024, Executive's employment with the Company shall automatically end; *provided*, that Executive has remained continuously employed with the Company from the date hereof through such date (the "***Transition Term***").

5. Section 9(a) of the Agreement is hereby deleted in its entirety and is replaced with the following:

(a) Termination by the Company Without Cause, Resignation for Good Reason or the End of Transition Term. If Executive is terminated under Section 8(a), resigns for Good Reason under Section 8(f) or if Executive's employment terminates as a result of the end of the Transition Term under Section 8(g), and following the execution (and expiration of any revocation period), not later than forty-five (45) days following the termination date, of a separation agreement containing a general release of all claims against Parent, the Company and its Affiliates (the "***Release***"), the Company shall pay Executive an amount equal to twelve (12) months of Executive's then-current Base Salary, payable in installments as set forth hereinafter (each such payment a "***Severance Payment***"). The Severance Payment shall be payable in installments, by direct deposit, in accordance with the Company's normal payroll practices. The first installment of the Severance Payment shall be made on the first payroll date after the execution (and expiration of any revocation period) of such separation agreement or, if the forty-five (45)-day period following the termination date spans two calendar years and the Severance Payment is subject to Section 409A of the Internal Revenue Code, after such forty-five (45)-day period, and shall include all installments of the Severance Payment that would have been paid if the Release had been fully effective on the termination date. In addition, during the twelve (12) months following termination, should Executive timely elect to continue coverage pursuant to COBRA, the Company agrees to reimburse Executive for the COBRA premiums due to maintain health insurance coverage that is substantially equivalent to that which she received immediately prior to Executive's termination. The Company shall also (i) pay Executive (A) any salary earned but unpaid prior to termination and all accrued but unused PTO, (B) any business expenses incurred but not reimbursed as of the date of termination ((A) and (B) together, the "***Accrued Benefits***") and (C) any award under the annual bonus program referred to in Section 3(a) that has been approved by the Company's Chief Executive Officer and Parent's Board of Directors but not paid prior to termination and (ii) solely to the extent Executive's employment terminates (A) during the Transition Term as a result of Executive's termination by the Company without Cause under Section 8(a) or Executive's resignation for Good Reason under Section 8(f) or (B) as a result of the end of the Transition Term under Section 8(g), (x) ensure Executive is eligible to receive an award under the annual bonus program referred to in Section 3(a), pro-rated based on the number of days that Executive was employed during the calendar year in which Executive terminates from the Company and paid based on actual performance as determined by the Compensation Committee, to be paid at the same time as other executives (which means, for the avoidance of doubt, that if Executive remains employed through the Transition Term, Executive shall be eligible to receive a bonus for 2023 in accordance with the annual bonus plan then in place, to be paid at the same time as other executives), (y) cause all outstanding unvested options to purchase common stock in Parent and restricted stock and restricted stock units granted under Parent's equity plans at least six (6) months prior to the date of Executive's termination of employment to fully vest upon Executive's termination of employment (*provided* that if the approval of any such grant is contingent upon shareholder approval that was subsequently obtained, the six (6) month period shall be measured from the date that the grant was originally approved) and (z) cause all vested stock options to purchase common stock in Parent (after giving effect to (y)) to remain exercisable through the earlier of (A) the original option term or (B) December 1, 2025; *provided*, *however*, that the exercise period of such options shall in no event be shorter than the post-termination exercise period provided for in the applicable equity award agreement. All benefits provided under this Section 9(a), except for the Accrued Benefits, shall be subject to Executive's execution and non-revocation of the Release.

6. Section 9 of the Agreement is hereby amended by adding the following new subparagraph (e):

(e) Other Benefits. In the event that Executive becomes entitled to either the benefits set forth in this Agreement or those set forth in the Change in Control Agreement, Executive shall be entitled to the "better of" the two arrangements, which, for the avoidance of doubt, shall ensure that Executive shall receive (i) except as otherwise provided herein, the severance benefits set forth in the Change in Control Agreement upon resignation at the end of the Transition Term if the end of the Transition Term occurs during the covered period of the Change in Control Agreement and (ii) treatment of awards under Parent's equity plans upon a termination following a Change in Control that shall be no worse than the treatment of such awards that is set forth in this Agreement.

7. Except as amended by this Amendment, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer and Executive has executed this instrument as of this 25th day of March, 2022.

Gogo Business Aviation LLC

By: /s/ Oakleigh Thorne

Name: Oakleigh Thorne

Title: Chief Executive Officer

Executive:

/s/ Karen Jackson

Exhibit 31.1

Gogo Inc.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Oakleigh Thorne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Gogo Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Oakleigh Thorne

Oakleigh Thorne
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Gogo Inc.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Barry Rowan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Gogo Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Barry Rowan

Barry Rowan
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Gogo Inc.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Oakleigh Thorne, Chief Executive Officer of Gogo Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2022

/s/ Oakleigh Thorne
Oakleigh Thorne
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Gogo Inc.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Barry Rowan, Executive Vice President and Chief Financial Officer of Gogo Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2022

/s/ Barry Rowan
Barry Rowan
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)