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 September 30, 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 October 28, 2022, 127,270,258 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)

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 152,161	$ 145,913
Accounts receivable, net of allowances of $1,634 and $894, respectively	49,234	37,730
Inventories	46,598	33,976
Prepaid expenses and other current assets	42,415	32,295
Total current assets	290,408	249,914
Non-current assets:		
Property and equipment, net	98,688	63,672
Intangible assets, net	50,220	49,554
Operating lease right-of-use assets	75,694	70,989
Other non-current assets, net of allowances of $526 and $455, respectively	49,505	28,425
Deferred income taxes	164,124	185,133
Total non-current assets	438,231	397,773
Total assets	$ 728,639	$ 647,687
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 18,413	$ 17,203
Accrued liabilities	50,677	59,868
Deferred revenue	1,604	1,825
Current portion of long-term debt	7,250	109,620
Total current liabilities	77,944	188,516
Non-current liabilities:		
Long-term debt	691,337	694,760
Non-current operating lease liabilities	80,123	77,329
Other non-current liabilities	7,523	7,236
Total non-current liabilities	778,983	779,325
Total liabilities	856,927	967,841
Stockholders' deficit		
Common stock, par value $0.0001 per share; 500,000,000 shares authorized at September 30, 2022 and December 31, 2021; 135,960,807 and 117,407,468 shares issued at September 30, 2022 and December 31, 2021, respectively; and 127,270,193 and 110,791,954 shares outstanding at September 30, 2022 and December 31, 2021, respectively	13	11
Additional paid-in capital	1,383,858	1,258,477
Accumulated other comprehensive income	33,455	1,789
Treasury stock, at cost	(158,375)	(128,803)
Accumulated deficit	(1,387,239)	(1,451,628)
Total stockholders' deficit	(128,288)	(320,154)
Total liabilities and stockholders' deficit	$ 728,639	$ 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 September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Revenue:				
Service revenue	$ 75,252	$ 66,204	$ 218,983	$ 190,326
Equipment revenue	30,066	20,968	76,921	53,090
Total revenue	105,318	87,172	295,904	243,416
Operating expenses:				
Cost of service revenue (exclusive of amounts shown below)	17,297	12,985	47,683	42,257
Cost of equipment revenue (exclusive of amounts shown below)	19,261	12,368	50,410	31,582
Engineering, design and development	7,988	5,958	21,346	17,992
Sales and marketing	6,240	5,538	18,539	14,093
General and administrative	15,474	15,250	44,289	37,369
Depreciation and amortization	2,716	4,160	10,006	11,824
Total operating expenses	68,976	56,259	192,273	155,117
Operating income	36,342	30,913	103,631	88,299
Other (income) expense:				
Interest income	(690)	(34)	(931)	(145)
Interest expense	8,781	10,943	29,442	56,577
Loss on extinguishment of debt and settlement of convertible notes	—	—	—	83,961
Other expense, net	95	143	112	11
Total other expense	8,186	11,052	28,623	140,404
Income (loss) from continuing operations before income taxes	28,156	19,861	75,008	(52,105)
Income tax provision	7,980	131	10,619	443
Net income (loss) from continuing operations	20,176	19,730	64,389	(52,548)
Net loss from discontinued operations, net of tax	—	(8,771)	—	(13,426)
Net income (loss)	$ 20,176	$ 10,959	$ 64,389	$ (65,974)
Net income (loss) attributable to common stock per share - basic:				
Continuing operations	$ 0.16	$ 0.18	$ 0.53	$ (0.52)
Discontinued operations	—	(0.08)	—	(0.13)
Net income (loss) attributable to common stock per share - basic	$ 0.16	$ 0.10	$ 0.53	$ (0.65)
Net income (loss) attributable to common stock per share - diluted:				
Continuing operations	$ 0.15	$ 0.16	$ 0.50	$ (0.52)
Discontinued operations	—	—	—	(0.13)
Net income (loss) attributable to common stock per share - diluted	$ 0.15	$ 0.16	$ 0.50	$ (0.65)
Weighted average number of shares				
Basic	129,914	109,345	121,762	101,189
Diluted	134,221	133,160	134,454	101,189

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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss)	$ 20,176	$ 10,959	$ 64,389	$ (65,974)
Other comprehensive income (loss), net of tax				
Currency translation adjustments	$ (247)	$ (32)	$ (256)	$ 106
Cash flow hedges:				
Amount recognized in other comprehensive income (loss)	13,068	(2)	34,227	(432)
Less: income realized and reclassified to earnings	1,786	—	2,305	—
Changes in fair value of cash flow hedges	11,282	(2)	31,922	(432)
Other comprehensive income (loss), net of tax	11,035	(34)	31,666	(326)
Comprehensive income (loss)	$ 31,211	$ 10,925	$ 96,055	$ (66,300)

See the Notes to Unaudited Condensed Consolidated Financial Statements

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

	For the Nine Months Ended September 30,	
	2022	2021
Operating activities from continuing operations:		
Net income (loss)	$ 64,389	$ (52,548)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	10,006	11,824
Loss on asset disposals, abandonments and write-downs	166	121
Provision for expected credit losses	855	55
Deferred income taxes	10,470	147
Stock-based compensation expense	14,101	10,144
Amortization of deferred financing costs and interest rate caps	2,486	3,718
Accretion of debt discount	345	303
Loss on extinguishment of debt and settlement of convertible notes	—	83,961
Changes in operating assets and liabilities:		
Accounts receivable	(12,289)	(520)
Inventories	(12,622)	(1,850)
Prepaid expenses and other current assets	12,862	(26,794)
Contract assets	(2,836)	(4,689)
Accounts payable	1,116	2,474
Accrued liabilities	(16,245)	16,245
Deferred revenue	(222)	(849)
Accrued interest	1,720	(7,034)
Other non-current assets and liabilities	(2,363)	1,647
Net cash provided by operating activities from continuing operations	71,939	36,355
Investing activities from continuing operations:		
Proceeds from sale of property and equipment	—	1,000
Purchases of property and equipment	(35,187)	(2,833)
Acquisition of intangible assets—capitalized software	(4,745)	(1,171)
Proceeds from (purchase of) interest rate caps	803	(8,629)
Net cash used in investing activities from continuing operations	(39,129)	(11,633)
Financing activities from continuing operations:		
Redemption of senior secured notes	—	(1,023,146)
Proceeds from term loan, net of discount	—	721,375
Payments on term loan	(5,438)	(1,813)
Payment of debt issuance costs	—	(20,251)
Repurchases of common stock	(18,375)	—
Payments on financing leases	(136)	(154)
Stock-based compensation activity	(2,703)	(2,234)
Net cash used in financing activities from continuing operations	(26,652)	(326,223)
Cash flows from discontinued operations:		
Cash used in operating activities	—	(809)
Cash used in investing activities	—	—
Cash used in financing activities	—	—
Net cash used in discontinued operations	—	(809)
Effect of exchange rate changes on cash	65	28
Increase (decrease) in cash, cash equivalents and restricted cash	6,223	(302,282)
Cash, cash equivalents and restricted cash at beginning of period	146,268	435,870
Cash, cash equivalents and restricted cash at end of period	$ 152,491	$ 133,588
Cash, cash equivalents and restricted cash at end of period	$ 152,491	$ 133,588
Less: current restricted cash	—	25
Less: non-current restricted cash	330	330
Cash and cash equivalents at end of period	$ 152,161	$ 133,233
Supplemental Cash Flow Information:		
Cash paid for interest	$ 28,841	$ 59,660
Cash paid for taxes	289	326
Non-cash investing activities:		
Purchases of property and equipment in current liabilities	$ 11,549	$ 225

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 September 30, 2022

	Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Treasury Stock		
	Shares	Par Value	Capital	Income	Deficit	Shares	Amount	Total
Balance at June 30, 2022	128,688,372	$ 13	$ 1,379,356	$ 22,420	$ (1,407,415)	7,190,549	$ (140,000)	$ (145,626)
Net income	—	—	—	—	20,176	—	—	20,176
Currency translation adjustments, net of tax	—	—	—	(247)	—	—	—	(247)
Fair value adjustments of cash flow hedges, net of tax	—	—	—	11,282	—	—	—	11,282
Stock-based compensation expense	—	—	4,690	—	—	—	—	4,690
Issuance of common stock upon exercise of stock options	11,258	—	27	—	—	—	—	27
Issuance of common stock upon vesting of restricted stock units	59,655	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(361)	—	—	—	—	(361)
Issuance of common stock in connection with employee stock purchase plan	10,908	—	146	—	—	—	—	146
Repurchase of common stock	(1,500,000)	—	—	—	—	1,500,000	(18,375)	(18,375)
Balance at September 30, 2022	127,270,193	$ 13	$ 1,383,858	$ 33,455	$ (1,387,239)	8,690,549	$ (158,375)	$ (128,288)

For the Three Months Ended September 30, 2021

	Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Treasury Stock		
	Shares	Par Value	Capital	Loss	Deficit	Shares	Amount	Total
Balance at June 30, 2021	109,695,594	$ 11	$ 1,234,111	$ (1,305)	$ (1,681,296)	6,615,449	$ (128,803)	$ (577,282)
Net income	—	—	—	—	10,959	—	—	10,959
Currency translation adjustments, net of tax	—	—	—	(32)	—	—	—	(32)
Fair value adjustments of cash flow hedge, net of tax	—	—	—	(2)	—	—	—	(2)
Stock-based compensation expense	—	—	5,601	—	—	—	—	5,601
Issuance of common stock upon exercise of stock options	142,545	—	360	—	—	—	—	360
Issuance of common stock upon vesting of restricted stock units and restricted stock awards	77,568	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	35	—	—	—	—	35
Issuance of common stock in connection with employee stock purchase plan	10,660	—	124	—	—	—	—	124
Balance at September 30, 2021	109,926,367	$ 11	$ 1,240,231	$ (1,339)	$ (1,670,337)	6,615,449	$ (128,803)	$ (560,237)

	For the Nine Months Ended September 30, 2022							
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	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	—	—	—	—	64,389	—	—	64,389
Currency translation adjustments, net of tax	—	—	—	(256)	—	—	—	(256)
Fair value adjustments of cash flow hedges, net of tax	—	—	—	31,922	—	—	—	31,922
Stock-based compensation expense	—	—	14,101	—	—	—	—	14,101
Issuance of common stock upon exercise of stock options	738,681	—	1,971	—	—	—	—	1,971
Issuance of common stock upon vesting of restricted stock units	644,692	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(5,139)	—	—	—	—	(5,139)
Issuance of common stock in connection with employee stock purchase plan	38,634	—	465	—	—	—	—	465
Settlement of convertible notes	17,131,332	2	102,786	—	—	—	—	102,788
Settlement of prepaid forward shares	(575,100)	—	11,197	—	—	575,100	(11,197)	—
Repurchase of common stock	(1,500,000)	—	—	—	—	1,500,000	(18,375)	(18,375)
Balance at September 30, 2022	127,270,193	$ 13	$ 1,383,858	$ 33,455	$ (1,387,239)	8,690,549	$ (158,375)	$ (128,288)

	For the Nine Months Ended September 30,2021							
	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	—	—	—	—	(65,974)	—	—	(65,974)
Currency translation adjustments, net of tax	—	—	—	106	—	—	—	106
Fair value adjustments of cash flow hedge, net of tax	—	—	—	(432)	—	—	—	(432)
Stock-based compensation expense	—	—	16,913	—	—	—	—	16,913
Issuance of common stock upon exercise of stock options	354,942	—	904	—	—	—	—	904
Issuance of common stock upon vesting of restricted stock units and restricted stock awards	731,640	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(3,509)	—	—	—	—	(3,509)
Issuance of common stock in connection with employee stock purchase plan	34,329	—	371	—	—	—	—	371
Settlement of convertible notes	24,353,006	2	154,439	—	—	—	—	154,441
Settlement of prepaid forward shares	(1,538,049)	—	29,946	—	—	1,538,049	(29,946)	—
Impact of the adoption of ASU 2020-06	—	—	(47,423)	—	25,480	—	—	(21,943)
Balance at September 30, 2021	109,926,367	$ 11	$ 1,240,231	$ (1,339)	$ (1,670,337)	6,615,449	$ (128,803)	$ (560,237)

See the 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. In May 2022, in order to further serve our existing clients and expand our target market, we announced plans to expand our broadband offerings beyond ATG by launching the first global broadband service designed for business aviation ("Global Broadband"). The service will use an electronically steered antenna, specifically designed to address a broad range of business aviation aircraft, operating on a low earth orbit ("LEO") satellite network. The antenna will be designed with Hughes Network Systems, LLC ("Hughes") and utilized on a LEO satellite network operated by OneWeb.

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. The transition services agreement has been terminated. The commercial agreements include an ATG network sharing agreement with a 10-year term, 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 18, "Discontinued Operations," for further information.

Shareholder Rights Plan - On September 23, 2020, our Board of Directors adopted a Section 382 Rights Agreement (the "Rights Agreement"), between the Company and Computershare Trust Company, N.A., as rights agent. The Rights Agreement is intended to reduce the likelihood of an ownership change under Section 382 of the Internal Revenue Code of 1986, as amended, by deterring any person or group from acquiring beneficial ownership of 4.9% or more of the shares of the Company's common stock then-outstanding. On September 15, 2022, pursuant to the Rights Agreement and following approval by the Board of Directors, the Company requested that BlackRock, Inc. (together with its subsidiaries and funds under management, "BlackRock"), as promptly as practicable, divest sufficient shares of the Company's common stock to take BlackRock's beneficial ownership below 4.9% so as to not be deemed an "Acquiring Person" under the Rights Agreement. On September 28, 2022, following confirmation that it had divested sufficient shares of the Company's common stock so as to not be deemed an "Acquiring Person" under the Rights Agreement, the Board of Directors granted a request by BlackRock that it be deemed an "Exempt Person" under the Rights Agreement, subject to BlackRock satisfying certain ownership conditions, including that neither BlackRock, Inc. nor any subsidiary or individual fund will have an economic interest of 4.9% or more of the Company's common stock.

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- and nine-month periods ended September 30, 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 September 30, 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. 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.

3. Revenue Recognition

Remaining performance obligations

As of September 30, 2022, the aggregate amount of the transaction price in our contracts allocated to the remaining unsatisfied performance obligations was approximately $68 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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Service revenue				
Connectivity	$ 74,017	$ 65,185	$ 215,347	$ 187,641
Entertainment and other	1,235	1,019	3,636	2,685
Total service revenue	$ 75,252	$ 66,204	$ 218,983	$ 190,326
Equipment revenue				
ATG	$ 26,274	$ 17,554	$ 64,916	$ 42,005
Satellite	1,698	2,249	7,251	8,775
Other	2,094	1,165	4,754	2,310
Total equipment revenue	$ 30,066	$ 20,968	$ 76,921	$ 53,090
Customer type				
Aircraft owner/operator/service provider	$ 75,252	$ 66,204	$ 218,983	$ 190,326
OEM and aftermarket dealer	30,066	20,968	76,921	53,090
Total revenue	$ 105,318	$ 87,172	$ 295,904	$ 243,416

Contract balances

Our current and non-current contract asset balances totaled $20.5 million and $17.8 million as of September 30, 2022 and December 31, 2021, respectively. Contract assets represent the aggregate amount of revenue recognized in excess of billings primarily for certain sales programs.

Our current and non-current deferred revenue balances totaled $1.6 million and $1.8 million as of September 30, 2022 and December 31, 2021, respectively. Deferred revenue includes, among other things, prepayments for equipment and subscription connectivity products.

Major Customers

No customer accounted for more than 10% of revenue during the three- and nine-month periods ended September 30, 2022 and 2021 and no customer accounted for more than 10% of accounts receivable as of September 30, 2022 or December 31, 2021.

4. 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 8, "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 did not receive an allocation of losses, as the counterparties to the Forward Transactions were not required to fund losses. The calculation of weighted average shares outstanding as of September 30, 2021 excluded approximately 0.6 million shares associated with the Forward Transactions. As of September 30, 2022, there were no outstanding shares associated with the Forward Transactions. Refer to Note 8, "Long-Term Debt and Other Liabilities," for further information.

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- and nine-month periods ended September 30, 2022, the weighted average number of shares excluded from the computation was 0.8 million and 0.4 million, respectively. For the three-month period ended September 30, 2021, the weighted average number of shares excluded from the computation was 0.4 million. As a result of the net loss for the nine-month period ended September 30, 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.

During September 2022, we repurchased 1.5 million shares of common stock in a private transaction for an aggregate purchase price of $18,345,000, or $12.23 per share (the "Repurchase"). The Repurchase decreased the weighted average shares outstanding as of September 30, 2022.

The following table sets forth the computation of basic and diluted earnings per share for the three- and nine-month periods ended September 30, 2022 and 2021; however, for the reasons and periods 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 September 30,					
	2022			2021		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income from continuing operations	$ 20,176			$ 19,730		
Less: participation rights on Forward Transactions allocated to continuing operations	—			103		
Basic earnings per share from continuing operations						
Undistributed income from continuing operations	$ 20,176	129,914	$ 0.16	$ 19,627	109,345	$ 0.18
Effect of dilutive securities from continuing operations						
Stock-based compensation	—	4,307		—	6,684	
2022 Convertible Notes	—	—		1,809	17,131	
Diluted earnings per share from continuing operations						
Undistributed income from continuing operations and assumed conversions	$ 20,176	134,221	$ 0.15	$ 21,436	133,160	$ 0.16
Net loss from discontinued operations	$ —			$ (8,771)		
Less: participation rights on Forward Transactions allocated to discontinued operations	—			(46)		
Basic loss per share from discontinued operations						
Undistributed loss from discontinued operations	$ —	129,914	$ —	$ (8,725)	109,345	$ (0.08)
Effect of dilutive securities from discontinued operations						
Stock-based compensation	—	4,307		8,861	6,684	
2022 Convertible Notes	—	—		—	17,131	
Diluted earnings per share from discontinued operations						
Undistributed income from discontinued operations and assumed conversions	$ —	134,221	$ —	$ 136	133,160	$ —
Earnings per share - basic			$ 0.16			$ 0.10
Earnings per share - diluted			$ 0.15			$ 0.16

	For the Nine Months Ended September 30,					
	2022			2021		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income (loss) from continuing operations	$ 64,389			$ (52,548)		
Less: participation rights on Forward Transactions allocated to continuing operations	162			—		
Basic earnings (loss) per share from continuing operations						
Undistributed income (loss) from continuing operations	$ 64,227	121,762	$ 0.53	$ (52,548)	101,189	$ (0.52)
Effect of dilutive securities from continuing operations						
Stock-based compensation	—	4,972		—	—	
2022 Convertible Notes	2,770	7,720		—	—	
Diluted earnings (loss) per share from continuing operations						
Undistributed income (loss) from continuing operations and assumed conversions	$ 66,997	134,454	$ 0.50	$ (52,548)	101,189	$ (0.52)
Net loss from discontinued operations	$ —			$ (13,426)		
Less: participation rights on Forward Transactions allocated to discontinued operations	—			—		
Basic loss per share from discontinued operations						
Undistributed loss from discontinued operations	$ —	121,762	$ —	$ (13,426)	101,189	$ (0.13)
Effect of dilutive securities from discontinued operations						
Stock-based compensation	—	4,972		—	—	
2022 Convertible Notes	—	7,720		—	—	
Diluted loss per share from discontinued operations						
Undistributed loss from discontinued operations and assumed conversions	$ —	134,454	$ —	$ (13,426)	101,189	$ (0.13)
Earnings (loss) per share - basic			$ 0.53			$ (0.65)
Earnings (loss) per share - diluted			$ 0.50			$ (0.65)

5. 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 September 30, 2022 and December 31, 2021 were as follows (*in thousands*):

	September 30, 2022	December 31, 2021
Work-in-process component parts	$ 29,872	$ 21,570
Finished goods	16,726	12,406
Total inventory	$ 46,598	$ 33,976

6. Composition of Certain Balance Sheet Accounts

Prepaid expenses and other current assets as of September 30, 2022 and December 31, 2021 were as follows (*in thousands*):

	September 30, 2022	December 31, 2021
Contract assets	$ 6,262	$ 4,533
Prepaid inventories	3,887	2,525
Insurance receivable [(1)]	—	17,300
Tenant improvement allowance receivables	—	1,936
Interest rate caps and receivable	25,363	925
Other	6,903	5,076
Total prepaid expenses and other current assets	$ 42,415	$ 32,295

(1) See the Securities Litigation section in Note 12, "Commitments and Contingencies," for additional information.

Property and equipment as of September 30, 2022 and December 31, 2021 were as follows (*in thousands*):

	September 30, 2022	December 31, 2021
Office equipment, furniture, fixtures and other	$ 15,143	$ 12,759
Leasehold improvements	15,277	13,545
Network equipment	173,753	142,601
	204,173	168,905
Accumulated depreciation	(105,485)	(105,233)
Total property and equipment, net	$ 98,688	$ 63,672

Other non-current assets as of September 30, 2022 and December 31, 2021 were as follows (*in thousands*):

	September 30, 2022	December 31, 2021
Contract assets, net of allowances of $526 and $455, respectively	$ 14,254	$ 13,217
Interest rate caps	31,645	11,359
Revolving credit facility deferred financing costs	1,554	1,879
Other	2,052	1,970
Total other non-current assets	$ 49,505	$ 28,425

Accrued liabilities as of September 30, 2022 and December 31, 2021 were as follows (*in thousands*):

	September 30, 2022	December 31, 2021
Employee compensation and benefits	$ 12,508	$ 13,791
Accrued interest	7,951	6,231
Operating leases	8,743	7,444
Network equipment	8,489	3,179
Warranty reserve	2,761	2,450
Taxes	1,937	1,997
Litigation settlement accrual [(1)]	—	17,300
Other	8,288	7,476
Total accrued liabilities	$ 50,677	$ 59,868

(1) See the Securities Litigation section in Note 12, "Commitments and Contingencies," for additional information.

Other non-current liabilities as of September 30, 2022 and December 31, 2021 were as follows (*in thousands*):

	September 30, 2022	December 31, 2021
Asset retirement obligations	$ 5,895	$ 4,861
Other	1,628	2,375
Total other non-current liabilities	$ 7,523	$ 7,236

7. 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 September 30, 2022 and December 31, 2021, our goodwill balance was $0.6 million.

Our intangible assets, other than goodwill, as of September 30, 2022 and December 31, 2021 were as follows (*in thousands, except for weighted average remaining useful life*):

		As of September 30, 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	6.3	$58,669	$(43,351)	$15,318	$54,128	$(39,289)	$14,839
Other intangible assets	8.0	1,999	—	1,999	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		75,473	(58,156)	17,317	70,745	(54,094)	16,651
Unamortized intangible assets:							
FCC Licenses		32,283	—	32,283	32,283	—	32,283
Total intangible assets		$107,756	$(58,156)	$49,600	$103,028	$(54,094)	$48,934

Amortization expense was $0.7 million and $4.1 million, respectively, for the three- and nine-month periods ended September 30, 2022 and $1.9 million and $5.7 million, respectively, for the prior-year periods.

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 October 1 to December 31)	$	598
2023	$	2,369
2024	$	2,282
2025	$	2,105
2026	$	2,046
Thereafter	$	7,917

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

8. Long-Term Debt and Other Liabilities

Long-term debt as of September 30, 2022 and December 31, 2021 was as follows (*in thousands*):

		September 30, 2022		December 31, 2021
Term Loan Facility	$	712,965	$	718,057
2022 Convertible Notes		—		102,788
Total debt		712,965		820,845
Less: deferred financing costs		(14,378)		(16,465)
Less: current portion of long-term debt		(7,250)		(109,620)
Total long-term debt	$	691,337	$	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 September 30, 2022 and December 31, 2021.

As of September 30, 2022 and December 31, 2021, the outstanding principal amount of the Term Loan Facility was $715.9 million and $721.4 million, respectively, the unaccreted debt discount was $2.9 million and $3.3 million, respectively, and the net carrying amount was $713.0 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 and $2.0 million, respectively, for the three- and nine-month periods ended September 30, 2022 and $0.7 million and $1.1 million, respectively, for the prior-year periods and is included in interest expense in our Unaudited Condensed Consolidated Statements of Operations. As of September 30, 2022 and December 31, 2021, the balance of unamortized deferred financing costs related to the Facilities was $15.9 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.

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 extinguishment of debt and settlement of convertible notes in our Unaudited Condensed Consolidated Statements of Operations for the nine-month period ended September 30, 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. The negotiated exchange rate under the GTCR Exchange Agreement was 180.32 shares of common stock per $1,000 principal amount of 2022 Convertible Notes, which resulted in a loss on settlement of $14.6 million, which is included in Loss on extinguishment of debt and settlement of convertible notes in our Unaudited Condensed Consolidated Statements of Operations for the nine-month period ended September 30, 2021.

As of 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.

In May 2022, the remaining $102,788,000 aggregate principal amount of 2022 Convertible Notes was converted by holders into 17,131,332 shares of common stock. Thorndale Farm Private Equity Fund 2, LLC, an entity affiliated with our Chairman and Chief Executive Officer, held $8,000,000 aggregate principal amount of 2022 Convertible Notes that was converted into 1,333,333 shares of common stock. As of September 30, 2022, there were no outstanding 2022 Convertible Notes.

We incurred approximately $8.1 million of issuance costs related to the 2022 Convertible Notes that were amortized over the term of the 2022 Convertible Notes using the effective interest method. Total amortization expense was $0.4 million for the nine-month period ended September 30, 2022 and $0.3 million and $1.1 million, respectively, for the three- and nine-month periods ended September 30, 2021 and is included in Interest expense in the Unaudited Condensed Consolidated Statements of Operations. As of December 31, 2021, the balance of unamortized deferred financing costs related to the 2022 Convertible Notes was $0.4 million and was included as a reduction to the carrying amount of the debt in our Unaudited Condensed Consolidated Balance Sheets. See Note 10, "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 was equivalent to an initial conversion price of approximately $6.00 per share of our common stock. Prior to conversion, the shares of common stock subject to conversion were considered in the diluted earnings per share calculations under the if-converted method if their impact was dilutive.

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. 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. In May 2022, the approximately 0.6 million shares that were remaining under the Amended and Restated Forward Transaction were delivered to us and there are no additional prepaid forward stock repurchase transactions 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 $1.4 million for the nine-month period ended September 30, 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. The make-whole premium paid in connection with the redemption was $48.1 million. We wrote off the remaining unamortized deferred financing costs of $15.2 million and the remaining debt discount of $1.3 million, which together are included in Loss on extinguishment of debt and settlement of convertible notes in our Unaudited Condensed Consolidated Statements of Operations for the nine-month period ended September 30, 2021.

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. As a result of the termination, the remaining unamortized deferred financing costs of $0.3 million were written off as of May 1, 2021 and included in Loss on extinguishment of debt and settlement of convertible notes in our Unaudited Condensed Consolidated Statements of Operations for the nine-month period ended September 30, 2021.

9. 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- and nine-month periods ended September 30, 2022 and 2021. We estimate that approximately $0.8 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 September 30, 2022, we recorded an unrealized gain on the interest rate caps of $11.2 million, net of tax of $3.7 million, and for the nine-month period ended September 30, 2022, we recorded an unrealized gain on the interest rate caps of $31.8 million, net of tax of $10.5 million. For the three-month period ended September 30, 2021, the unrealized loss on the interest rate caps was not material. For the nine-month period ended September 30, 2021, we recorded an unrealized loss on the interest rate caps of $0.4 million, net of tax of $0.1 million. Unrealized gains and losses on interest rate caps exclude amortization of the interest rate caps premium.

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	September 30, 2022	December 31, 2021
Current portion of interest rate caps	Prepaid expenses and other current assets	$ 23,025	$ 925
Non-current portion of interest rate caps	Other non-current assets	$ 31,645	$ 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.

10. 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- and nine-month periods ended September 30, 2022 and 2021 *(in thousands)*:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Interest costs charged to expense	$ 10,553	$ 9,891	$ 29,753	$ 52,556
Amortization of deferred financing costs	663	937	2,412	3,718
Amortization of interest rate caps premium	46	—	74	—
Interest rate cap benefit	(2,595)	—	(3,142)	—
Accretion of debt discount	114	115	345	303
Interest expense	8,781	10,943	29,442	56,577
Interest costs capitalized to property and equipment	350	—	507	—
Interest costs capitalized to software	152	61	360	240
Total interest costs	$ 9,283	$ 11,004	$ 30,309	$ 56,817

11. 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 September 30, 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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating lease cost	$ 3,843	$ 3,520	$ 11,007	$ 9,684
Financing lease cost:				
Amortization of leased assets	40	3	117	8
Interest on lease liabilities	9	12	33	40
Total lease cost	$ 3,892	$ 3,535	$ 11,157	$ 9,732

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

	For the Nine Months Ended September 30,	
	2022	2021
Supplemental cash flow information		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows used in operating leases	$ 11,134	$ 10,391
Operating cash flows used in financing leases	$ 33	$ 40
Financing cash flows used in financing leases	$ 136	$ 154
Non-cash items:		
Operating leases obtained	$ 11,525	$ 43,148
Financing leases obtained	$ 11	$ —
Weighted average remaining lease term		
Operating leases	8 years	9 years
Financing leases	1 year	2 years
Weighted average discount rate		
Operating leases	6.7%	7.0%
Financing leases	17.2%	16.5%

Annual future minimum lease payments as of September 30, 2022 *(in thousands)*:

Years ending December 31,	Operating Leases	Financing Leases
2022 (period from October 1 to December 31)	$ 2,689	$ 41
2023	15,252	155
2024	14,581	4
2025	13,729	2
2026	13,628	—
Thereafter	55,370	—
Total future minimum lease payments	115,249	202
Less: Amount representing interest	(26,383)	(16)
Present value of net minimum lease payments	$ 88,866	$ 186
Reported as of September 30, 2022		
Accrued liabilities	$ 8,743	$ 165
Non-current operating lease liabilities	80,123	—
Other non-current liabilities	—	21
Total lease liabilities	$ 88,866	$ 186

12. 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.

In June 2022, we and Hughes entered into a supply and product support agreement (the "SPSA"), providing for our purchase from Hughes of airborne antennas for use on a LEO satellite network, and the performance by Hughes of services related thereto. Under the SPSA, we commit to purchase, over a seven-year period that will begin on completion of a project milestone currently expected to occur at the end of 2024, antennas with an estimated aggregate purchase price of approximately $170 million. During that seven-year period, Hughes may not sell substantially similar equipment to other purchasers in our primary target market.

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 (the "Court") 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 asserted 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 sought 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 the plaintiffs failed to plausibly allege that the defendants made materially false or misleading statements and that the plaintiffs failed to plead with particularity that the defendants acted with scienter. The amended complaint was dismissed without prejudice, and in December 2019, the defendants filed a second amended complaint. In July 2020, the plaintiffs filed a motion requesting leave to file a proposed third amended complaint, which was granted by the Court. The 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 included a cash payment of $17.3 million (funded by our Directors' and Officers' ("D&O") 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 December 31, 2021. On April 12, 2022, the parties entered into a Stipulation and Agreement of Settlement memorializing these terms (the "Class Action Settlement"). On May 3, 2022, the Court signed an order (i) preliminarily approving the Class Action 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, and the insurance carriers subsequently deposited the settlement amount into escrow. On August 31, 2022, the Court issued a final judgment approving the Class Action Settlement and dismissing all claims against the defendants with prejudice. The Company released the $17.3 million liability and corresponding insurance receivable after the Court approved the Class Action Settlement.

Derivative Litigation – On September 25, 2018 and September 26, 2018, two purported stockholders of the Company filed substantively identical derivative lawsuits in the Court, 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 then-current member of the Company's Board of Directors, its former Chief Executive Officer and Chief Financial Officer, its then-current President, Commercial Aviation, and its current Chief Executive Officer and Chief Financial Officer. 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. The two derivative lawsuits and the litigation demand letter are collectively referred to herein as the "Derivative Matters" and the plaintiffs in the two derivative lawsuits and the purported stockholder who sent the litigation demand letter are collectively referred to herein as the "Stockholders."

The defendants and the Stockholders engaged in mediation and have reached a tentative resolution under which the Company, in consideration of the settlement and a release of all claims asserted against the Company and the individual defendants in the Derivative Matters, would implement certain corporate governance initiatives and cause its D&O insurance carrier to pay the plaintiffs' attorneys' fees. Under the terms of the tentative resolution, the defendants would not be required to pay any damages. We have accrued a liability for attorneys' fees within Accrued liabilities and a corresponding receivable in Prepaid expenses and other current assets in the Unaudited Condensed Consolidated Balance Sheets.

While the Company will in good faith negotiate the terms of the definitive settlement agreement, there can be no assurance that these efforts will result in a settlement or, if they do, as to the timing of such settlement. Any settlement will be conditioned on Court approval. We believe that the claims are without merit and will continue to defend them vigorously should the settlement efforts be unsuccessful.

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. On September 26, 2022, the Court issued an order denying the PI Motion. On October 14, 2022, the plaintiff filed a notice that it is appealing the denial to the U.S. Court of Appeals for the Federal Circuit. We believe that the plaintiff's claims are without merit and intend to continue to vigorously defend our position in the infringement suit and defend against the appeal. The outcomes of the appeal 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.

13. 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 9, "Derivative Instruments and Hedging Activities," for fair value information relating to our interest rate caps.

Long-Term Debt:

As of September 30, 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 solely as of December 31, 2021, 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 solely as of December 31, 2021, 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 September 30, 2022 Unaudited Condensed Consolidated Balance Sheets, excluding any issuance costs, are the amount that a market participant would be willing to lend at such date 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 fair value and carrying value of long-term debt as of September 30, 2022 and December 31, 2021 were as follows *(in thousands)*:

	September 30, 2022		December 31, 2021	
	Fair Value (1)	**Carrying Value**	**Fair Value** (1)	**Carrying Value**
Term Loan Facility	$ 697,000	$ 712,965 (2)	$ 723,000	$ 718,057 (2)
2022 Convertible Notes	$ —	$ —	$ 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 $2.9 million and $3.3 million as of September 30, 2022 and December 31, 2021, respectively. See Note 8, "Long-Term Debt and Other Liabilities," for further information.

14. Income Tax

The effective income tax rates for continuing operations for the three- and nine-month periods ended September 30, 2022 were 28.3% and 14.2%, respectively, and 0.7% and (0.9)%, respectively, for the prior-year periods. For the three-month period ended September 30, 2022, our effective income tax rate was higher than the U.S. federal statutory rate of 21% primarily due to deferred tax adjustments, state income taxes, and the establishment of a reserve for unrecognized tax benefits, partially offset by a partial release of the valuation allowance on our deferred tax assets. For the nine-month period ended September 30, 2022, our effective income tax rate was lower than the U.S. federal statutory rate of 21% primarily due to a partial release of the valuation allowance on our deferred income tax assets and tax benefits for stock-based compensation, partially offset by deferred tax adjustments, state income taxes, and the establishment of a reserve for unrecognized tax benefits. For the three- and nine-month periods ended September 30, 2022, our income tax expense was $8.0 million and $10.6 million, respectively. For the three- and nine-month periods ended September 30, 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 September 30, 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 September 30, 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- and nine-month periods ended September 30, 2022 and 2021. As of September 30, 2022 and December 31, 2021, we did not have a liability recorded for interest or potential penalties.

During the quarter ended September 30, 2022, we established an immaterial reserve for unrecognized tax benefits which may increase in the next 12 months depending on positions taken in future filings.

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

Stock-Based Compensation — As of September 30, 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 nine-month period ended September 30, 2022, no options to purchase shares of common stock were granted, options to purchase 738,681 shares of common stock were exercised, no options to purchase shares of common stock were forfeited and 30,900 options to purchase shares of common stock expired.

For the nine-month period ended September 30, 2022, 1,349,662 Restricted Stock Units ("RSUs") were granted, 929,174 RSUs vested and 141,592 RSUs were forfeited. The fair value of the RSUs granted during the nine-month period ended September 30, 2022 was approximately $23.6 million, which will generally be recognized over a period of four years.

For the nine-month period ended September 30, 2022, 90,731 deferred stock units were granted and 156,268 vested. The fair value of the deferred stock units granted during the nine-month period ended September 30, 2022 was approximately $1.4 million, two-thirds of which was recognized immediately and the remainder of which will be recognized over a period of one year.

For the nine-month period ended September 30, 2022, 38,634 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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Cost of service revenue	$ 288	$ 145	$ 752	$ 300
Cost of equipment revenue	265	141	733	336
Engineering, design and development	655	379	1,800	866
Sales and marketing	670	601	1,892	1,137
General and administrative	2,812	4,137	8,924	7,505
Total stock-based compensation expense	$ 4,690	$ 5,403	$ 14,101	$ 10,144

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 $1.4 million, respectively, during the three- and nine-month periods ended September 30, 2022, and $0.4 million and $1.3 million, respectively, for the prior-year periods.

16. Research and Development Costs

Expenditures for research and development are charged to expense as incurred and totaled $8.0 million and $21.3 million, respectively, during the three- and nine-month periods ended September 30, 2022 and $6.0 million and $18.0 million, respectively, for the prior-year periods. Research and development costs are reported as Engineering, design and development expenses in our Unaudited Condensed Consolidated Statements of Operations.

17. 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	(256)	34,227	33,971
Less: income realized and reclassified to earnings	—	2,305	2,305
Net current period comprehensive income (loss)	(256)	31,922	31,666
Balance at September 30, 2022	$ (1,216)	$ 34,671	$ 33,455

	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	106	(432)	(326)
Less: income realized and reclassified to earnings	—	—	—
Net current period comprehensive income (loss)	106	(432)	(326)
Balance at September 30, 2021	$ (907)	$ (432)	$ (1,339)

18. 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 September 30,		For the Nine Months Ended September 30,	
	2022	**2021**	**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	—	8,871	—	13,426
Depreciation and amortization	—	—	—	—
Total operating expenses	—	8,871	—	13,426
Operating loss	—	(8,871)	—	(13,426)
Total other (income) expense	—	—	—	—
Loss before income taxes	—	(8,871)	—	(13,426)
Income tax provision	—	(100)	—	—
Net loss from discontinued operations, net of tax	$ —	$ (8,771)	$ —	$ (13,426)

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 contained within the results of discontinued operations by operating expense line *(in thousands)*:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Cost of service revenue	$ —	$ —	$ —	$ —
Engineering, design and development	—	—	—	—
Sales and marketing	—	—	—	—
General and administrative	—	8,862	—	12,717
Total stock-based compensation expense	$ —	$ 8,862	$ —	$ 12,717

See Note 15, “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- and nine-month periods ended September 30, 2021, we incurred an immaterial amount and $0.7 million, respectively, of additional costs (exclusive of the stock-based compensation expense noted above and income tax benefit) primarily due to employer-paid taxes arising from the exercise of stock options by former employees then employed by Intelsat.

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 Report.

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 and Global Broadband;
- the impact of current and potential future competition;
- the impact of the COVID-19 pandemic and the measures implemented to combat it;
- global supply chain and logistics issues and the impact of inflation;
- 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"), in Item

1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, as filed with the SEC on May 5, 2022 (the "2022 Q1 10-Q"), in Item 1A of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, as filed with the SEC on August 5, 2022 (the "2022 Q2 10-Q"), 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 Report. 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 Report 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, the 2022 Q1 10-Q, the 2022 Q2 10-Q and in Item 1A and "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. In May 2022, in order to further serve our existing clients and expand our target market, we announced plans to expand our broadband offerings beyond ATG by launching the first global broadband service in business aviation to use an electronically steered antenna ("ESA") on a low earth orbit ("LEO") satellite network ("Global Broadband"). The antenna will be designed with Hughes Network Systems, LLC ("Hughes") and utilized on a LEO satellite network operated by OneWeb.

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, Global Broadband 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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Aircraft online (at period end)				
ATG	6,777	6,154	6,777	6,154
Satellite	4,484	4,542	4,484	4,542
Average monthly connectivity service revenue per aircraft online				
ATG	$ 3,376	$ 3,264	$ 3,342	$ 3,216
Satellite	297	257	263	248
Units sold				
ATG	388	266	944	583
Satellite	43	22	144	169
Average equipment revenue per unit sold (in thousands)				
ATG	$ 68	$ 66	$ 69	$ 72
Satellite	39	102	50	52

- *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 narrowband 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 narrowband satellite connectivity service revenue for the period divided by the number of months in the period, divided by the number of narrowband 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 narrowband 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 narrowband satellite units sold during the period, divided by the number of narrowband 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 2, "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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue:				
Service revenue	$ 75,252	$ 66,204	$ 218,983	$ 190,326
Equipment revenue	30,066	20,968	76,921	53,090
Total revenue	105,318	87,172	295,904	243,416
Operating expenses:				
Cost of service revenue (exclusive of amounts shown below)	17,297	12,985	47,683	42,257
Cost of equipment revenue (exclusive of amounts shown below)	19,261	12,368	50,410	31,582
Engineering, design and development	7,988	5,958	21,346	17,992
Sales and marketing	6,240	5,538	18,539	14,093
General and administrative	15,474	15,250	44,289	37,369
Depreciation and amortization	2,716	4,160	10,006	11,824
Total operating expenses	68,976	56,259	192,273	155,117
Operating income	36,342	30,913	103,631	88,299
Other (income) expense:				
Interest income	(690)	(34)	(931)	(145)
Interest expense	8,781	10,943	29,442	56,577
Loss on extinguishment of debt and settlement of convertible notes	—	—	—	83,961
Other expense, net	95	143	112	11
Total other expense	8,186	11,052	28,623	140,404
Income (loss) from continuing operations before income taxes	28,156	19,861	75,008	(52,105)
Income tax provision	7,980	131	10,619	443
Net income (loss) from continuing operations	20,176	19,730	64,389	(52,548)
Net loss from discontinued operations, net of tax	—	(8,771)	—	(13,426)
Net income (loss)	$ 20,176	$ 10,959	$ 64,389	$ (65,974)

Three and Nine Months Ended September 30, 2022 and 2021

Revenue:

Revenue and percent change for the three- and nine-month periods ended September 30, 2022 and 2021 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended September 30,		% Change	For the Nine Months Ended September 30,		% Change
	2022	2021	2022 over 2021	2022	2021	2022 over 2021
Service revenue	$ 75,252	$ 66,204	13.7 %	$ 218,983	$ 190,326	15.1 %
Equipment revenue	30,066	20,968	43.4 %	76,921	53,090	44.9 %
Total revenue	$ 105,318	$ 87,172	20.8 %	$ 295,904	$ 243,416	21.6 %

Revenue increased to $105.3 million and $295.9 million, respectively, for the three- and nine-month periods ended September 30, 2022, as compared with $87.2 million and $243.4 million, respectively, for the prior-year periods, due to increases in both service and equipment revenue.

Service revenue increased to $75.3 million and $219.0 million, respectively, for the three- and nine-month periods ended September 30, 2022, as compared with $66.2 million and $190.3 million, respectively, for the prior-year periods, primarily due to increases in ATG aircraft online and average monthly service revenue per aircraft online.

Equipment revenue increased to $30.1 million and $76.9 million, respectively, for the three- and nine-month periods ended September 30, 2022, as compared with $21.0 million and $53.1 million, respectively, for the prior-year periods, primarily due to increases in the number of ATG units sold, with 388 units and 944 units, respectively, sold during the three- and nine-month periods ended September 30, 2022 as compared with 266 units and 583 units, respectively, sold during the prior-year periods.

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, including the impact of the launch of Gogo 5G. We expect equipment revenue to increase in the future as additional ATG units, including Gogo 5G units, are sold. In addition, we expect further revenue growth as we launch Global Broadband.

Cost of Revenue:

Cost of revenue and percent change for the three- and nine-month periods ended September 30, 2022 and 2021 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended September 30,		% Change	For the Nine Months Ended September 30,		% Change
	2022	2021	2022 over 2021	2022	2021	2022 over 2021
Cost of service revenue	$ 17,297	$ 12,985	33.2 %	$ 47,683	$ 42,257	12.8 %
Cost of equipment revenue	$ 19,261	$ 12,368	55.7 %	$ 50,410	$ 31,582	59.6 %

Cost of service revenue increased to $17.3 million and $47.7 million, respectively, for the three- and nine-month periods ended September 30, 2022, as compared with $13.0 million and $42.3 million, respectively, for the prior-year periods, primarily due to an increase in ATG network costs, a credit for regulatory surcharges included in the prior-year periods, with no corresponding credit in the current-year periods, and increased 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. In addition, we expect cost of service revenue to increase as we launch Global Broadband.

Cost of equipment revenue increased to $19.3 million and $50.4 million, respectively, for the three- and nine-month periods ended September 30, 2022, as compared with $12.4 million and $31.6 million, respectively, for the prior-year periods, 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, including Gogo 5G units following the launch of that service, and Global Broadband units sold following the launch of that service.

Engineering, Design and Development Expenses:

Engineering, design and development expenses increased to $8.0 million and $21.3 million, respectively, for the three- and nine-month periods ended September 30, 2022, as compared with $6.0 million and $18.0 million, respectively, for the prior-year periods, primarily due to the commencement of the Global Broadband development program.

We expect engineering, design and development expenses as a percentage of service revenue to increase in the near term, driven by Global Broadband development costs and Gogo 5G program spend, 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 and $18.5 million, respectively, for the three- and nine-month periods ended September 30, 2022, as compared with $5.5 million and $14.1 million, respectively, for the prior-year periods, primarily due to increased personnel, travel, 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 $15.5 million and $44.3 million, respectively, for the three- and nine-month periods ended September 30, 2022, as compared with $15.3 million and $37.4 million, respectively, for the prior-year periods. The increase for the three-month period was primarily due to an increase in legal expenses, partially offset by lower stock-based compensation. The increase for the nine-month period was primarily due to an increase in legal expenses and stock-based compensation.

We expect general and administrative expenses as a percentage of service revenue to decrease over time.

Depreciation and Amortization:

Depreciation and amortization expense decreased to $2.7 million and $10.0 million, respectively, for three- and nine-month periods ended September 30, 2022, as compared with $4.2 million and $11.8 million, respectively, for the prior-year periods, primarily due to decreased amortization expense for capitalized software.

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- and nine-month periods ended September 30, 2022 and 2021 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended September 30,		% Change
	2022	2021	2022 over 2021
Interest income	$ (690)	$ (34)	1929.4 %
Interest expense	8,781	10,943	(19.8)%
Other expense, net	95	143	(33.6)%
Total	$ 8,186	$ 11,052	(25.9)%

	For the Nine Months Ended September 30,		% Change
	2022	2021	2022 over 2021
Interest income	$ (931)	$ (145)	542.1 %
Interest expense	29,442	56,577	(48.0)%
Loss on extinguishment of debt and settlement of convertible notes	—	83,961	nm
Other expense, net	112	11	918.2 %
Total	$ 28,623	$ 140,404	(79.6)%

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

Total other expense decreased to $8.2 million for the three-month period ended September 30, 2022, as compared with $11.1 million for the prior-year period, primarily due to a decrease in interest expense as a result of the 2022 Convertible Notes no longer being outstanding during the current-year period. Total other expense decreased to $28.6 million for the nine-month period ended September 30, 2022, as compared with $140.4 million for the prior-year period, primarily due to the prior-year period including the loss on extinguishment of debt and settlement of convertible notes as well as lower interest expense in the current year as a result of the Refinancing and the 2022 Convertible Notes no longer being outstanding.

We expect our interest expense to fluctuate with changes in the variable rates associated with the Facilities. See Note 8, "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- and nine-month periods ended September 30, 2022 were 28.3% and 14.2%, respectively, as compared with 0.7% and (0.9)%, respectively, for the prior-year periods. For the three- and nine-month periods ended September 30, 2022, our income tax expense was $8.0 million and $10.6 million, respectively, primarily due to pre-tax income, partially offset by the partial release of the valuation allowance against our deferred income tax assets and the tax benefits for stock-based compensation. For the three- and nine-month periods ended September 30, 2021, our income tax expense was not significant primarily due to the full valuation allowance against our net deferred tax assets. See Note 14, "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 at least partially 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 extinguishment of debt and 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 extinguishment of debt and 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- and nine-month periods ended September 30, 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 consolidated 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, the acquisition of intangible assets and the cash flows associated with our interest rate caps. We believe that Free Cash Flow provides meaningful information regarding our liquidity.

To conform to current year presentation, we included the cash paid for our interest rate caps in Free Cash Flow for the nine-month period ended September 30, 2021. We believe it is useful for an understanding of our liquidity to include the cash flows associated with interest rate caps to facilitate a more consistent comparison of net cash paid for interest and the interest rate changes for which we are hedged.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Adjusted EBITDA:				
Net income (loss) attributable to common stock (GAAP)	$ 20,176	$ 10,959	$ 64,389	$ (65,974)
Interest expense	8,781	10,943	29,442	56,577
Interest income	(690)	(34)	(931)	(145)
Income tax provision	7,980	131	10,619	443
Depreciation and amortization	2,716	4,160	10,006	11,824
EBITDA	38,963	26,159	113,525	2,725
Stock-based compensation expense	4,690	5,403	14,101	10,144
Loss from discontinued operations	—	8,771	—	13,426
Loss on extinguishment of debt and settlement of convertible notes	—	—	—	83,961
Separation costs related to CA sale	—	450	—	1,170
Adjusted EBITDA	$ 43,653	$ 40,783	$ 127,626	$ 111,426
Free Cash Flow:				
Net cash provided by operating activities (GAAP)	$ 27,699	$ 26,754	$ 71,939	$ 36,355
Consolidated capital expenditures	(19,982)	(2,178)	(39,932)	(4,004)
Proceeds from (purchase of) interest rate caps	803	—	803	(8,629)
Free cash flow	$ 8,520	$ 24,576	$ 32,810	$ 23,722

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 does not reflect the separation costs related to the sale of CA;
- Adjusted EBITDA does not reflect the loss on extinguishment of debt and 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 Nine Months Ended September 30, 2022	2021
Continuing operations cash flow activity:		
Net cash provided by operating activities	$ 71,939	$ 36,355
Net cash used in investing activities	(39,129)	(11,633)
Net cash used in financing activities	(26,652)	(326,223)
Discontinued operations cash flow activity	—	(809)
Effect of foreign exchange rate changes on cash	65	28
Net increase (decrease) in cash, cash equivalents and restricted cash	6,223	(302,282)
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	$ 152,491	$ 133,588
Supplemental information:		
Cash, cash equivalents and restricted cash at the end of period	$ 152,491	$ 133,588
Less: current restricted cash	—	25
Less: non-current restricted cash	330	330
Cash and cash equivalents at the end of the period	$ 152,161	$ 133,233

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 consider opportunities to raise additional capital in the public and private markets, as needed, 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 8, “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 nine-month period ended September 30, 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 September 30, 2022 and December 31, 2021.

In May 2022, the remaining $102.8 million aggregate principal amount of the 2022 Convertible Notes was converted by holders into 17,131,332 shares of common stock.

For additional information on the 2021 Credit Agreement and 2022 Convertibles Notes, see Note 8, "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 9, "Derivative Instruments and Hedging Activities," to our Unaudited Condensed Consolidated Financial Statements.

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 Nine Months Ended September 30, 2022	2021
Net income (loss)	$ 64,389	$ (52,548)
Non-cash charges and credits	38,429	110,273
Changes in operating assets and liabilities	(30,879)	(21,370)
Net cash provided by operating activities	$ 71,939	$ 36,355

For the nine-month period ended September 30, 2022, net cash provided by operating activities was $71.9 million as compared with $36.4 million in the prior-year period. The principal contributors to the year-over-year change in operating cash flows were:

- A $45.1 million improvement in net income (loss) and non-cash charges and credits, as noted above under "—Results of Operations."
- A $9.5 million decrease in cash flows related to operating assets and liabilities resulting from:
  - A decrease in cash flows due to the following:
    - Changes in accounts receivable due to higher revenue;
    - Changes in inventories due to additional purchases to meet increased demand and manage supply chain disruptions; and
    - Changes in accounts payable primarily due to the timing of payments.
  - Partially offset by an increase 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; and
    - Changes in accrued liabilities and prepaid expenses and other current assets primarily due the timing of payments.

For the nine-month period ended September 30, 2022, our Free Cash Flow improved to $32.8 million as compared with $23.7 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 provided by investing activities for the nine-month period ended September 30, 2022 included $0.8 million of proceeds from interest rate caps, while cash used in investing activities during the prior-year period included $8.6 million for the purchase of the interest rate caps.

Cash flows used in Financing Activities:

Cash used in financing activities for the nine-month period ended September 30, 2022 was $26.7 million primarily due to the repurchase of 1.5 million shares of common stock in a private transaction and principal payments on the Term Loan Facility. See Note 4, "Earnings Per Share," to our Unaudited Condensed Consolidated Financial Statements for additional information on the repurchase of common stock.

Cash used in financing activities for the nine-month period ended September 30, 2021 was $326.2 million, primarily due to the redemption of all of our outstanding 2024 Senior Secured Notes (including the make-whole premium payable under the indenture governing the 2024 Senior Secured Notes) for a redemption price totaling $1,023.1 million and the payment of $20.3 million of deferred financing fees associated with the issuance of the Facilities, offset in part by $721.4 million of gross proceeds from the Term Loan Facility.

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 nine-month periods ended September 30, 2022 and 2021 were $39.9 million and $4.0 million, respectively. The increase in capital expenditures was primarily due to the build out of Gogo 5G.

We expect that our capital expenditures will decrease over time as we complete the Gogo 5G program.

Other

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. See Note 12, "Commitments and Contingencies," to our Unaudited Condensed Consolidated Financial Statements for additional information.

Leases and Cell Site Contracts: We have lease agreements relating to certain facilities and equipment, which are considered operating leases. See Note 11, "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.

Shareholder Rights Plan: On September 23, 2020, our Board of Directors adopted a Section 382 Rights Agreement (the "Rights Agreement"), between the Company and Computershare Trust Company, N.A., as rights agent. The Rights Agreement is intended to reduce the likelihood of an ownership change under Section 382 of the Internal Revenue Code of 1986, as amended, by deterring any person or group from acquiring beneficial ownership of 4.9% or more of the shares of the Company's common stock then-outstanding. On September 15, 2022, pursuant to the Rights Agreement and following approval by the Board of Directors, the Company requested that BlackRock, Inc. (together with its subsidiaries and funds under management, "BlackRock"), as promptly as practicable, divest sufficient shares of the Company's common stock to take BlackRock's beneficial ownership below 4.9% so as to not be deemed an "Acquiring Person" under the Rights Agreement. On September 28, 2022, following confirmation that it had divested sufficient shares of the Company's common stock so as to not be deemed an "Acquiring Person" under the Rights Agreement, the Board of Directors granted a request by BlackRock that it be deemed an "Exempt Person" under the Rights Agreement, subject to BlackRock satisfying certain ownership conditions, including that neither BlackRock, Inc. nor any subsidiary or individual fund will have an economic interest of 4.9% or more of the Company's common stock.

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 September 30, 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. However, a change in interest rates could impact our interest income and results of operations to the extent that we invest in a material amount of interest-bearing securities.

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 September 30, 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 September 30, 2022 was $650.0 million. Based on our September 30, 2022 outstanding variable rate debt balance, a hypothetical one percentage point change in the three-month LIBOR interest rate would impact our annual interest expense by approximately $0.8 million for the next twelve-month period, 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 change in the three-month LIBOR interest rate would impact our annual interest expense by approximately $7.2 million for the next twelve-month period.

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 September 30, 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- and nine-month periods ended September 30, 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 September 30, 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 September 30, 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 12, “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 2021 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 and in Item 1A of the 2022 Q1 10-Q and Item 1A of the 2022 Q2 10-Q, 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 fourth quarter of 2023. 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 Item 1A of the 2022 Q2 10-Q under the caption ***“****Global supply chain challenges and logistics issues as well as increasing inflation have had, and may continue to have, an adverse effect on our business, financial condition and results of operations,”* 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 the 5G chip necessitated process revisions and additional testing, which repeatedly delayed the delivery date for this component, and the supplier of the chip informed us in August of late-stage testing issues which will further delay delivery. We currently believe that this combination of delays will likely shift the launch of Gogo 5G service into the fourth quarter of 2023. 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.

Competition could result in price reduction, reduced revenue and loss of market position and could harm our results of operations.

Our equipment and services are sold in competitive markets. Some of our current or potential future competitors are, or could potentially be, larger, more diversified corporations and have greater financial, marketing, production and research and development resources. As a result, they may be better able to withstand pricing pressures and the effects of periodic economic downturns. Some of our current or future competitors may offer a broader product line or broader geographic coverage to customers. Our business and results of operations may be materially adversely affected if our competitors:

- develop equipment or services that are superior to our equipment and services;
- develop equipment or services that are priced more competitively than our equipment and services;
- develop methods of more efficiently and effectively providing equipment and services; or
- adapt more quickly than we do to new technologies or evolving customer requirements.

We believe that the principal points of competition in our business are technological capabilities, geographic coverage, price, customer service, product development, conformity to customer specifications, compliance with regulatory certification requirements, quality of support after the sale and timeliness of delivery and installation. Maintaining and improving our competitive position will require continued investment in technology, manufacturing, engineering, quality standards, marketing and customer service and support. If we do not maintain sufficient resources to make these investments or are not successful in maintaining our competitive position, our operations and financial performance will suffer. In addition, competition may subject us to downward pricing pressures. Pricing at too high a level could adversely affect our ability to gain new customers and retain current customers, while increased competition could force us to lower our prices or lose market position, which could adversely affect growth prospects and profitability. We may not have the financial resources, technical expertise or support capabilities to continue to compete successfully. A competitor recently announced that its ATG network in the continental United States, originally targeted for launch in 2016, is now “live nationwide.” This is the first time that we have faced competition from a nationwide ATG network, and should such competitor be successful in entering our market, other competitors could be prompted to enter this business using the same or other ATG spectrum. Another in-flight connectivity provider has launched service on commercial aircraft in Europe using a hybrid ATG/satellite network.

While we have recently announced our plans to launch the first Global Broadband service in business aviation, we do not currently offer satellite-based broadband service and could face competition from owners of LEO and other new non-geosynchronous satellite constellations should they decide to enter our market. Starlink, a division of Space Exploration Technologies Corp .that operates a LEO satellite network, has been awarded an ESIM (Earth Stations in Motion) license by the Federal Communications Commission that would cover aircraft and other moving vehicles. In October 2022, Starlink announced that it is taking orders for its planned global in-flight connectivity service, with equipment deliveries expected to begin in 2023. A failure to successfully anticipate and respond to Starlink and other established and new competitors may have a material adverse impact on our business and results of operations.

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.

c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table reflects our monthly purchases of our common stock during the third quarter of 2022:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
July 1-31, 2022	—	—	—	—
August 1-31, 2022	—	—	—	—
September 1-30, 2022 (1)	1,500,000	$ 12.23	—	—

(1) On September 15, 2022, we repurchased 1.5 million shares of common stock in a private transaction, for an aggregate purchase price of $18,345,000, or $12.23 per share.

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
10.402#	Form of Restricted Stock Unit Agreement for Second Amended and Restated Gogo Inc. 2016 Omnibus Incentive Plan
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: November 3, 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)

RESTRICTED STOCK UNIT AGREEMENT

RESTRICTED STOCK UNIT AGREEMENT (the "Agreement") dated as of the Grant Date set forth in the Notice of Grant (as defined below), by and between Gogo Inc., a Delaware corporation (the "Company"), and the participant whose name appears in the Notice of Grant (the "Participant"), pursuant to the Second Amended and Restated Gogo Inc. 2016 Omnibus Incentive Plan, as in effect and as amended from time to time (the "Plan"). Capitalized terms that are not defined herein shall have the meanings given to such terms in the Plan.

1. Grant of Restricted Stock Units. The Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date, of the number of restricted stock units (the "Restricted Stock Units") specified in the Second Amended and Restated Gogo Inc. 2016 Omnibus Incentive Plan Restricted Stock Unit Grant Notice delivered by the Company to the Participant (the "Notice of Grant"). This Agreement is subordinate to, and the terms and conditions of the Restricted Stock Units granted hereunder are subject to, the terms and conditions of the Plan, which are incorporated by reference herein. If there is any inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall govern. The Restricted Stock Units shall be considered Service Awards under the Plan.

2. Vesting of Restricted Stock Units.

(a) Vesting. Except as otherwise provided in this Section 2, the Restricted Stock Units shall become vested, if at all in the amount(s), and on the vesting date(s) set forth in the Notice of Grant (each, a "Vesting Date"), subject to the continued employment of the Participant by the Company or any Subsidiary thereof through such date.

(b) Termination of Employment.

(i) Death or Disability. If a Participant's employment with the Company terminates due to death or Disability, prior to a Vesting Date, the Restricted Stock Units shall be deemed vested with respect to the number of Restricted Stock Units that would have vested had the Participant's Service continued until the next Vesting Date immediately following the date of the Participant's death or the effective date of the Participant's Termination of Service due to Disability. Any remaining unvested Restricted Stock Units shall immediately be forfeited and cancelled effective as of the date of the Participant's death or effective date of the Participant's Termination of Service due to Disability.

(ii) Retirement. If a Participant's employment with the Company terminates due to Retirement, prior to a Vesting Date, the Restricted Stock Units shall be deemed vested with respect to the product of (A) the number of Restricted Stock Units that would have vested had the Participant's Service continued until the next Vesting Date immediately following the date of the Participant's Termination of Service due to Retirement and (B) a fraction: (x) the numerator of which is the number of full calendar days as of the effective date of Retirement that have elapsed since the most recent to occur of (a) the Grant Date and (b) a Vesting Date and (y) the denominator of which is the number of full calendar days from the most recent to occur of (a) the Grant Date or (b) a Vesting Date through the next Vesting Date immediately following the effective date of Retirement. Any remaining unvested Restricted Stock Units shall immediately be forfeited and cancelled effective as of the effective date of the Participant's Retirement. For purposes of this Agreement, "Retirement" shall mean a Participant's Termination of Service with the Company (other than a termination for Cause) occurring on or after the date on which either (x) the Participant reaches the age of 65 or (y) the Participant's age plus years of service equal seventy-five (75) (as determined by the Committee in its sole discretion).

(iii) Other Terminations. If a Participant's employment with the Company is terminated due to circumstances other than as set forth in Section 2(b)(i) or (ii), the Restricted Stock Units shall be vested only to the extent they are vested as of the effective date of the Participant's Termination of Service, and all unvested Restricted Stock Units shall be forfeited and cancelled, as of such effective date.

(c) Change in Control. In the event of a Change in Control, then the Restricted Stock Units shall vest or continue and shall have such treatment, as set forth in the Plan.

(d) Committee Discretion. Notwithstanding anything contained in this Agreement to the contrary, subject to Section 15(m) of the Plan, the Committee, in its sole discretion, may accelerate the vesting with respect to any Restricted Stock Units under this Agreement, at such times and upon such terms and conditions as the Committee shall determine.

3. Settlement of Restricted Stock Units. Subject to Section 7(d), the Company shall deliver to the Participant one share of Stock (or the value thereof) in settlement of each outstanding Restricted Stock Unit that has vested as provided in Section 2 on the first to occur of (i) the Vesting Date (or within 30 days thereafter) or (ii) a Change in Control in which the Restricted Stock Units do not continue, in each case, as determined by the Committee in its sole discretion (A) in Stock by either, (x) issuing one or more certificates evidencing the Stock to the Participant or (y) registering the issuance of the Stock in the name of the Participant through a book entry credit in the records of the Company's transfer agent, (B) by a cash payment equal to the Fair Market Value of the Stock on the settlement date or (C) in the event of settlement upon a Change in Control, a cash payment equal to the Change in Control Price, multiplied by the number of vested Restricted Stock Units. No fractional shares of Stock shall be issued in settlement of Restricted Stock Units. Fractional Restricted Stock Units shall be settled through a cash payment equal to the Fair Market Value of the Stock on the settlement date.

4. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the shares of Stock acquired upon vesting of the Restricted Stock Units unless such shares are registered under the Securities Act of 1933, as amended (the "Securities Act"), or, if such shares are not then so registered, such sale would be exempt from the registration requirements of the Securities Act. The sale of such shares must also comply with other applicable laws and regulations governing the shares and Participant may not sell the

shares of Stock if the Company determines that such sale would not be in material compliance with such laws and regulations.

5. Participant's Rights with Respect to the Restricted Stock Units.

(a) Restrictions on Transferability. The Restricted Stock Units granted hereby are not assignable or transferable, in whole or in part, and may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including without limitation by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution to the estate of the Participant upon the Participant's death; provided that the deceased Participant's beneficiary or representative of the Participant's estate shall acknowledge and agree in writing, in a form reasonably acceptable to the Company, to be bound by the provisions of this Agreement and the Plan as if such beneficiary or the estate were the Participant.

(b) No Rights as Stockholder. The Participant shall not have any rights as a stockholder including any voting, dividend or other rights or privileges as a stockholder of the Company with respect to any Stock corresponding to the Restricted Stock Units granted hereby unless and until shares of Stock are issued to the Participant in respect thereof.

6. Adjustment in Capitalization. The number, class or other terms of any outstanding Restricted Stock Units shall be adjusted by the Committee to reflect any extraordinary dividend, stock dividend, stock split or share combination or any recapitalization, business combination, merger, consolidation, spin-off, exchange of shares, liquidation or dissolution of the Company or other similar transaction affecting the Stock in such manner as it determines in its sole discretion.

7. Miscellaneous.

(a) Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

(b) No Right to Continued Employment. Nothing in the Plan or this Agreement shall interfere with or limit in any way the right of the Company or any of its Subsidiaries to terminate the Participant's employment at any time, or confer upon the Participant any right to continue in the employ of the Company or any of its Subsidiaries.

(c) Interpretation. The Committee shall have full power and discretion to construe and interpret the Plan (and any rules and regulations issued thereunder) and this Award. Any determination or interpretation by the Committee under or pursuant to the Plan or this Award shall be final and binding and conclusive on all persons affected hereby.

(d) Tax Withholding. The Company and its Subsidiaries shall have the right to deduct from all amounts paid to the Participant in cash (whether under the Plan or otherwise) any amount of taxes required by law to be withheld in respect of settlement of the Restricted Stock Units under the Plan as may be necessary in the opinion of the Employer to satisfy tax withholding required under the laws of any country, state, city or other jurisdiction, including but not limited to income taxes, capital gains taxes, transfer taxes, and social security contributions that are required by law to be withheld. The Company may require the recipient of shares of Stock or the cash, as applicable, to remit to the Company an amount in cash sufficient to satisfy the amount of taxes required to be withheld as a condition to the issuance of shares or payment of cash in settlement of the Restricted Stock Units. The Committee may, in its discretion, require the Participant, or permit the Participant to elect, subject to such conditions as the Committee shall impose, to meet such obligations by having the Company withhold or sell the least number of whole shares of Stock having a Fair Market Value sufficient to satisfy all or part of the amount required to be withheld. The Company may defer settlement until such requirements are satisfied.

(e) Forfeiture for Financial Reporting Misconduct. In the event that the Participant commits misconduct or gross negligence (whether or not such misconduct or gross negligence is deemed or could be deemed to be an event constituting Cause) and as a result of, or in connection with, such misconduct or gross negligence the Company restates any of its financial statements, then the Company may require any or all of the following: (a) that the Participant forfeit some or all of the Restricted Stock Units subject to this Agreement held by such Participant at the time of such restatement, (b) that the Participant forfeit some or all of shares of Stock held by the Participant at the time of such restatement that had been received in settlement of Restricted Stock Units subject to this Agreement during the twelve-month period (or such other period as determined by the Committee) prior to the financial restatement, and (c) that the Participant pay to the Company in cash all or a portion of the proceeds that the Participant realized from the sale of shares of Stock that had been received in settlement of any Restricted Stock Units subject to this Agreement within the period commencing twelve months (or such other period as determined by the Committee) prior to the financial restatement. The Company may also cancel or reduce, or require a Participant to forfeit and disgorge to the Company or reimburse the Company for, any Restricted Stock Units granted or vested and any gains earned or accrued, due to the vesting or settlement of Restricted Stock Units or sale of any Stock acquired in settlement of a Restricted Stock Unit, to the extent permitted or required by, or pursuant to any Company policy implemented as required by, applicable law, regulation or stock exchange rule as from time to time may be in effect (including but not limited to The Dodd–Frank Wall Street Reform and Consumer Protection Act and regulations and stock exchange rules promulgated pursuant to or as a result of such Act).

(f) Applicable Law. This Agreement shall be governed by and construed in accordance with the law of the State of Delaware regardless of the application of rules of conflict of law that would apply the laws of any other jurisdiction.

(g) Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By entering into this Agreement and accepting the Restricted Stock Units evidenced hereby, the Participant acknowledges: (a) that the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) that the Award does not create any contractual or other right to receive future grants of Awards; (c) that participation in the Plan is voluntary; (d) that the value of the Restricted Stock Units is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; and (e) that the future value of the Stock is unknown and cannot be predicted with certainty.

(h) Employee Data Privacy. By entering into this Agreement and accepting the Restricted Stock Units evidenced hereby, the Participant: (a) authorizes the Company and the Participant's employer, if different, any agent of the Company administering the Plan or providing Plan recordkeeping services, to disclose to the Company or any of its affiliates any information and data the Company requests in order to facilitate the grant of the Award and the administration of the Plan; (b) waives any data privacy rights the Participant may have with respect to such information; and (c) authorizes the Company and its agents to store and transmit such information in electronic form.

(i) Consent to Electronic Delivery. By entering into this Agreement and accepting the Restricted Stock Units evidenced hereby, Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, this Agreement and the Restricted Stock Units via Company website, email or other electronic delivery.

(j) Specified Employee Delay. If the Participant is deemed a "specified employee" within the meaning of Section 409A of the Code, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the Restricted Stock Units upon his or her "separation from service" within the meaning of Section 409A of the Code, then to the extent necessary to prevent any accelerated or additional tax under Section 409A of the Code, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's Termination of Service and (b) the Participant's death. Notwithstanding anything to the contrary in this Agreement, if settlement is to occur upon a Termination of Service other than due to death or Disability and the Participant is a Specified Employee and the Units are a Specified Award, to the extent necessary to comply with, and avoid imposition on the Participant of any additional tax or interest imposed under, Section 409A of the Code, settlement shall instead occur on the first business day following the six-month anniversary of the Participant's Termination of Service (or, if earlier, upon the Participant's death), or as soon thereafter as practicable (but no later than 90 days thereafter).

(k) Headings and Captions. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(l) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

(m) Acceptance of Restricted Stock Units and Agreement. The Participant has indicated his or her consent and acknowledgement of the terms of this Agreement pursuant to the instructions provided to the Participant by or on behalf of the Company. The Participant acknowledges receipt of the Plan, represents to the Company that he or she has read and understood this Agreement and the Plan, and, as an express condition to the grant of the Restricted Stock Units under this Agreement, agrees to be bound by the terms of this Agreement and the Plan. The Participant and the Company each agrees and acknowledges that the use of electronic media (including, without limitation, a clickthrough button or checkbox on a website of the Company or a third-party administrator) to indicate the Participant's confirmation, consent, signature, agreement and delivery of this Agreement and the Restricted Stock Units is legally valid and has the same legal force and effect as if the Participant and the Company signed and executed this Agreement in paper form. The same use of electronic media may be used for any amendment or waiver of this Agreement.

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: November 3, 2022

/s/ Oakleigh Thorne

Oakleigh Thorne
Chief Executive Officer
(Principal Executive Officer)

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: November 3, 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 September 30, 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: November 3, 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 September 30, 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: November 3, 2022

/s/ Barry Rowan

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