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

FORM 10-Q

(Mark One):

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the quarterly period ended March 31, 2023

OR

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

Commission File Number: 001-35975

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

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

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

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

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

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

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

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

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

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

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

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

As of April 28, 2023, 128,586,011 shares of $0.0001 par value common stock were outstanding.

Gogo Inc.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 163,266	$ 150,550
Short-term investments	24,728	24,796
Total cash, cash equivalents and short-term investments	187,994	175,346
Accounts receivable, net of allowances of $1,532 and $1,778, respectively	46,698	54,210
Inventories	54,496	49,493
Prepaid expenses and other current assets	46,259	45,100
Total current assets	335,447	324,149
Non-current assets:		
Property and equipment, net	104,685	104,595
Intangible assets, net	50,444	49,509
Operating lease right-of-use assets	73,468	75,261
Other non-current assets, net of allowances of $487 and $501, respectively	34,478	43,355
Deferred income taxes	160,716	162,657
Total non-current assets	423,791	435,377
Total assets	$ 759,238	$ 759,526
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 14,487	$ 13,646
Accrued liabilities	49,300	60,056
Deferred revenue	2,357	3,418
Current portion of long-term debt	7,250	7,250
Total current liabilities	73,394	84,370
Non-current liabilities:		
Long-term debt	688,991	690,173
Non-current operating lease liabilities	77,265	79,241
Other non-current liabilities	7,731	7,611
Total non-current liabilities	773,987	777,025
Total liabilities	847,381	861,395
Commitments and contingencies (Note 11)		
Stockholders' deficit		
Common stock, par value $0.0001 per share; 500,000,000 shares authorized at March 31, 2023 and December 31, 2022; 137,276,484 and 136,531,362 shares issued at March 31, 2023 and December 31, 2022, respectively; and 128,585,935 and 127,840,813 shares outstanding at March 31, 2023 and December 31, 2022, respectively	14	14
Additional paid-in capital	1,386,295	1,385,933
Accumulated other comprehensive income	23,043	30,128
Treasury stock, at cost	(158,375)	(158,375)
Accumulated deficit	(1,339,120)	(1,359,569)
Total stockholders' deficit	(88,143)	(101,869)
Total liabilities and stockholders' deficit	$ 759,238	$ 759,526

See the Notes to Unaudited Condensed Consolidated Financial Statements

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

	For the Three Months Ended March 31,	
	2023	2022
Revenue:		
Service revenue	$ 78,499	$ 70,667
Equipment revenue	20,098	22,083
Total revenue	98,597	92,750
Operating expenses:		
Cost of service revenue (exclusive of amounts shown below)	16,797	14,634
Cost of equipment revenue (exclusive of amounts shown below)	18,126	14,281
Engineering, design and development	7,879	5,406
Sales and marketing	6,877	6,231
General and administrative	14,199	13,458
Depreciation and amortization	2,791	3,791
Total operating expenses	66,669	57,801
Operating income	31,928	34,949
Other expense (income):		
Interest income	(1,916)	(47)
Interest expense	8,976	10,889
Other expense (income), net	31	(26)
Total other expense	7,091	10,816
Income before income taxes	24,837	24,133
Income tax provision	4,388	1,937
Net income	$ 20,449	$ 22,196
Net income attributable to common stock per share:		
Basic	$ 0.16	$ 0.20
Diluted	$ 0.15	$ 0.18
Weighted average number of shares:		
Basic	129,136	111,414
Diluted	133,602	134,095

See the Notes to Unaudited Condensed Consolidated Financial Statements

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

	For the Three Months Ended March 31,	
	2023	2022
Net income	$ 20,449	$ 22,196
Other comprehensive income (loss), net of tax		
Currency translation adjustments	$ 75	$ 111
Cash flow hedges:		
Amount recognized in other comprehensive income (loss)	(2,439)	16,053
Less: income (loss) realized and reclassified to earnings	4,721	(8)
Changes in fair value of cash flow hedges	(7,160)	16,061
Other comprehensive income (loss), net of tax	(7,085)	16,172
Comprehensive income	$ 13,364	$ 38,368

See the Notes to Unaudited Condensed Consolidated Financial Statements

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

	For the Three Months Ended March 31,	
	2023	2022
Operating activities:		
Net income	$ 20,449	$ 22,196
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	2,791	3,791
Loss on asset disposals, abandonments and write-downs	107	14
Provision for expected credit losses	93	259
Deferred income taxes	4,273	1,887
Stock-based compensation expense	5,041	4,007
Amortization of deferred financing costs and interest rate caps	764	947
Accretion of debt discount	108	115
Changes in operating assets and liabilities:		
Accounts receivable	7,405	(4,571)
Inventories	(5,003)	(2,491)
Prepaid expenses and other current assets	(8,632)	392
Contract assets	557	(2,407)
Accounts payable	1,191	(857)
Accrued liabilities	(9,620)	(5,926)
Deferred revenue	(1,054)	(226)
Accrued interest	130	1,349
Other non-current assets and liabilities	(86)	(613)
Net cash provided by operating activities	18,514	17,866
Investing activities:		
Purchases of property and equipment	(3,112)	(7,598)
Acquisition of intangible assets—capitalized software	(1,484)	(1,457)
Proceeds from interest rate caps	6,087	—
Redemptions of short-term investments	24,796	—
Purchases of short-term investments	(24,728)	—
Net cash provided by (used in) investing activities	1,559	(9,055)
Financing activities:		
Payments on term loan	(1,813)	(1,813)
Payments on financing leases	(57)	(43)
Stock-based compensation activity	(5,575)	(23)
Net cash used in financing activities	(7,445)	(1,879)
Effect of exchange rate changes on cash	88	(16)
Increase in cash, cash equivalents and restricted cash	12,716	6,916
Cash, cash equivalents and restricted cash at beginning of period	150,880	146,268
Cash, cash equivalents and restricted cash at end of period	$ 163,596	$ 153,184
Cash, cash equivalents and restricted cash at end of period	$ 163,596	$ 153,184
Less: current restricted cash	—	25
Less: non-current restricted cash	330	330
Cash and cash equivalents at end of period	$ 163,266	$ 152,829
Supplemental cash flow information:		
Cash paid for interest	$ 15,014	$ 8,577
Cash paid for taxes	12	—
Non-cash investing activities:		
Purchases of property and equipment in current liabilities	$ 9,973	$ 7,993

See the Notes to Unaudited Condensed Consolidated Financial Statements

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

For the Three Months Ended March 31, 2023

	Common Stock		Additional	Accumulated Other Comprehensive	Accumulated	Treasury Stock		
	Shares	Par Value	Paid-In Capital	Income	Deficit	Shares	Amount	Total
Balance at January 1, 2023	127,840,813	$ 14	$ 1,385,933	$ 30,128	$ (1,359,569)	8,690,549	$ (158,375)	$ (101,869)
Net income	—	—	—	—	20,449	—	—	20,449
Currency translation adjustments, net of tax	—	—	—	75	—	—	—	75
Fair value adjustments of cash flow hedges, net of tax	—	—	—	(7,160)	—	—	—	(7,160)
Stock-based compensation expense	—	—	5,041	—	—	—	—	5,041
Issuance of common stock upon exercise of stock options	68,520	—	179	—	—	—	—	179
Issuance of common stock upon vesting of restricted stock units	664,020	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(5,037)	—	—	—	—	(5,037)
Issuance of common stock in connection with employee stock purchase plan	12,582	—	179	—	—	—	—	179
Balance at March 31, 2023	128,585,935	$ 14	$ 1,386,295	$ 23,043	$ (1,339,120)	8,690,549	$ (158,375)	$ (88,143)

For the Three Months Ended March 31, 2022

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

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. We have served this market for more than 25 years. Our mission is to enrich the lives of passengers and the efficiency of operators with the world's best business aviation in-flight connectivity and customer support. We have always sought to provide the best connectivity for the business aviation market regardless of technology, and we have a successful history of doing so. Until recently, we focused primarily on business aviation aircraft in North America, which comprise approximately 63% of the worldwide business aviation fleet, and we are the leading provider of in-flight connectivity in that market. Gogo started in analogue air-to-ground ("ATG") technology in the late 1990s, then, as analogue cellular backhaul disappeared, migrated to narrowband satellite connectivity in the early 2000s, then back to ATG with our digital broadband 3G and 4G networks beginning in 2010. We expect to commercially launch our fourth ATG network – Gogo 5G – in the fourth quarter of 2023. We also continue to provide narrowband satellite services to customers in North America and internationally through distribution agreements with satellite providers. In May 2022, in order to further serve our existing customers 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 and is targeted for commercial launch in the second half of 2024.

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, 2022 as filed with the Securities and Exchange Commission (the "SEC") on February 28, 2023 (the "2022 10-K"). These Unaudited Condensed Consolidated Financial Statements reflect, in the opinion of management, all material adjustments (which include normal recurring adjustments) necessary to fairly state, in all material respects, our financial position, results of operations and cash flows for the periods presented.

The results of operations and cash flows for the three-month period ended March 31, 2023 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2023.

We had one class of common stock outstanding as of March 31, 2023 and December 31, 2022.

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.

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 April 27, 2023, the Board of Directors granted a request by the Vanguard Group Inc. ("Vanguard") that it be deemed an "Exempt Person" under the Rights Agreement, subject to Vanguard satisfying certain ownership conditions, including that neither Vanguard Group Inc. nor any subsidiary or individual fund will have an economic interest of 4.9% or more of the Company's common stock.

2. Revenue Recognition

Remaining performance obligations

As of March 31, 2023, the aggregate amount of the transaction price in our contracts allocated to the remaining unsatisfied performance obligations ("RPO") was approximately $91 million and excludes consideration from contracts that have an original duration of one year or less. Approximately $74 million of the RPO primarily represents connectivity and entertainment service revenues which are recognized as services are provided, which is expected to occur through the remaining term of the contracts. The remaining $17 million of the RPO represents future equipment revenue that is expected to be recognized primarily within the next two years.

Disaggregation of revenue

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

	For the Three Months Ended March 31,	
	2023	2022
Service revenue		
Connectivity	$ 77,246	$ 69,495
Entertainment and other	1,253	1,172
Total service revenue	$ 78,499	$ 70,667
Equipment revenue		
ATG	$ 15,556	$ 17,948
Narrowband satellite	2,651	3,206
Other	1,891	929
Total equipment revenue	$ 20,098	$ 22,083
Customer type		
Aircraft owner/operator/service provider	$ 78,499	$ 70,667
OEM and aftermarket dealer	20,098	22,083
Total revenue	$ 98,597	$ 92,750

Contract balances

Our current and non-current contract asset balances totaled $19.3 million and $19.9 million as of March 31, 2023 and December 31, 2022, 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 $2.4 million and $3.4 million as of March 31, 2023 and December 31, 2022, 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-month periods ended March 31, 2023 and 2022 and no customer accounted for more than 10% of accounts receivable as of March 31, 2023 or December 31, 2022.

3. Earnings Per Share

Basic and diluted earnings 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 6, "Long-Term Debt and Other Liabilities") were considered participating securities requiring the two-class method to calculate basic and diluted earnings per share. Net earnings were allocated between common shares and participating securities on a one-to-one basis. The calculation of weighted average shares outstanding as of March 31, 2022 excluded approximately 0.6 million shares associated with the Forward Transactions. As of March 31, 2023, there were no outstanding shares associated with the Forward Transactions. Refer to Note 6, "Long-Term Debt and Other Liabilities," for further information.

The diluted earnings per share calculations exclude the effect of stock options, deferred stock units, restricted stock units and convertible notes when the computation is anti-dilutive. For the three-month periods ended March 31, 2023 and 2022, the weighted average number of shares excluded from the computation was 0.6 million and 0.2 million, respectively.

The following table sets forth the computation of basic and diluted earnings per share for the three-month periods ended March 31, 2023 and 2022; however, for the reasons and periods described above, the shares of common stock associated with the Forward Transactions were excluded from the computation of basic earnings per share (*in thousands, except per share amounts*):

	For the Three Months Ended March 31,					
	2023			2022		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income	$ 20,449			$ 22,196		
Less: participation rights on Forward Transactions	—			113		
Basic earnings per share						
Undistributed income	$ 20,449	129,136	$ 0.16	$ 22,083	111,414	$ 0.20
Effect of dilutive securities						
Stock-based compensation	—	4,466		—	5,550	
2022 Convertible Notes	—	—		1,819	17,131	
Diluted earnings per share						
Undistributed income and assumed conversions	$ 20,449	133,602	$ 0.15	$ 23,902	134,095	$ 0.18
Earnings per share - basic			$ 0.16			$ 0.20
Earnings per share - diluted			$ 0.15			$ 0.18

4. Composition of Certain Balance Sheet Accounts

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. As a result of our determination to participate in the FCC Reimbursement Program (as defined and described in Note 16, "Government Assistance"), the Company wrote down the net realizable value of certain inventory by approximately $1.3 million for the three-month period ended March 31, 2023. The write-off charge is included in Cost of equipment revenue in our Unaudited Condensed Consolidated Statements of Operations.

Inventories as of March 31, 2023 and December 31, 2022 were as follows (*in thousands*):

	March 31, 2023	December 31, 2022
Work-in-process component parts	$ 36,362	$ 34,840
Finished goods	18,134	14,653
Total inventory	$ 54,496	$ 49,493

Prepaid expenses and other current assets as of March 31, 2023 and December 31, 2022 were as follows (*in thousands*):

	March 31, 2023	December 31, 2022
Interest rate caps and receivable	$ 27,113	$ 28,496
Contract assets	6,796	6,494
Prepaid inventories	2,917	2,901
Other	9,433	7,209
Total prepaid expenses and other current assets	$ 46,259	$ 45,100

Property and equipment as of March 31, 2023 and December 31, 2022 were as follows (*in thousands*):

	March 31, 2023	December 31, 2022
Office equipment, furniture, fixtures and other	$ 17,457	$ 17,242
Leasehold improvements	15,419	15,357
Network equipment	180,934	179,363
	213,810	211,962
Accumulated depreciation	(109,125)	(107,367)
Total property and equipment, net	$ 104,685	$ 104,595

Other non-current assets as of March 31, 2023 and December 31, 2022 were as follows (*in thousands*):

	March 31, 2023	December 31, 2022
Contract assets, net of allowances of $487 and $501, respectively	$ 12,530	$ 13,376
Interest rate caps	17,639	25,578
Revolving credit facility deferred financing costs	1,338	1,445
Other	2,971	2,956
Total other non-current assets	$ 34,478	$ 43,355

Accrued liabilities as of March 31, 2023 and December 31, 2022 were as follows (*in thousands*):

	March 31, 2023	December 31, 2022
Accrued interest	$ 10,008	$ 9,878
Operating leases	9,445	9,094
Employee compensation and benefits	8,502	19,235
Network equipment	8,434	8,748
Warranty reserve	2,800	2,300
Taxes	2,272	2,282
Other	7,839	8,519
Total accrued liabilities	$ 49,300	$ 60,056

5. 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 2022 indicated no impairment. We also reevaluate the useful life of indefinite-lived intangible assets each reporting period to determine whether events and circumstances continue to support an indefinite useful life.

As of both March 31, 2023 and December 31, 2022, our goodwill balance was $0.6 million.

Our intangible assets, other than goodwill, as of March 31, 2023 and December 31, 2022 were as follows (*in thousands, except for weighted average remaining useful life*):

		As of March 31, 2023			As of December 31, 2022		
	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	6.5	$61,468	$(44,551)	$16,917	$59,932	$(43,950)	$15,982
Other intangible assets	8.0	624	—	624	624	—	624
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		76,897	(59,356)	17,541	75,361	(58,755)	16,606
Unamortized intangible assets:							
FCC Licenses		32,283	—	32,283	32,283	—	32,283
Total intangible assets		$109,180	$(59,356)	$49,824	$107,644	$(58,755)	$48,889

Amortization expense was $0.6 million and $1.9 million for the three-month periods ended March 31, 2023 and 2022, respectively.

Amortization expense for the remainder of 2023, each of the next four years and thereafter is estimated to be as follows (*in thousands*):

Years ending December 31,	Amortization Expense
2023 (period from April 1 to December 31)	$1,918
2024	$2,566
2025	$2,460
2026	$2,361
2027	$2,141
Thereafter	$6,095

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

6. Long-Term Debt and Other Liabilities

Long-term debt as of March 31, 2023 and December 31, 2022 was as follows (*in thousands*):

	March 31, 2023	December 31, 2022
Term Loan Facility	$ 709,559	$ 711,263
Less: deferred financing costs	(13,318)	(13,840)
Less: current portion of long-term debt	(7,250)	(7,250)
Total long-term debt	$ 688,991	$ 690,173

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 “Original 2021 Credit Agreement,” and, as it may be amended, supplemented or otherwise modified from time to time, 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.

On February 2, 2023, Gogo and GIH entered into an amendment to the Original 2021 Credit Agreement with Morgan Stanley Senior Funding, Inc., as administrative agent, which replaced all references in the Original 2021 Credit Agreement to LIBOR in respect of the applicable interest rates for the Facilities with an adjusted term secured overnight financing rate as administered by the Federal Reserve Bank of New York (“SOFR”), plus a credit spread adjustment recommended by the Alternative Reference Rates Committee.

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 term SOFR rate (subject to a floor of 0.75%) plus an applicable margin of 3.75% and a credit spread adjustment recommended by the Alternative Reference Rates Committee of 0.11%, 0.26% or 0.43% per annum based on 1-month, 3-month or 6-month term SOFR, respectively 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 term SOFR 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 and a credit spread adjustment recommended by the Alternative Reference Rates Committee of 0.11%, 0.26% or 0.43% per annum based on 1-month, 3-month or 6-month term SOFR, respectively 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. As of March 31, 2023, the fee for unused commitments under the Revolving Facility was 0.25% and the applicable margin was 3.25%.

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:

- 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 Revolving Facility is available for working capital and general corporate purposes of GIH and its subsidiaries and was undrawn as of March 31, 2023 and December 31, 2022.

As of March 31, 2023 and December 31, 2022, the outstanding principal amount of the Term Loan Facility was $712.3 million and $714.1 million, respectively, the unaccreted debt discount was $2.7 million and $2.8 million, respectively, and the net carrying amount was $709.6 million and $711.3 million, respectively. On May 3, 2023, the Company paid $100 million of the outstanding principal amount of the Term Loan Facility.

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 $0.6 million and $0.7 million for the three-month periods ended March 31, 2023 and 2022, respectively, and is included in interest expense in our Unaudited Condensed Consolidated Statements of Operations. As of March 31, 2023 and December 31, 2022, the balance of unamortized deferred financing costs related to the Facilities was $14.7 million and $15.3 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

In 2018, we issued $237.8 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.

In 2021, $135.0 million aggregate principal amount of 2022 Convertible Notes was converted by holders and settled through the issuance of 24,353,006 shares of common stock.

In May 2022, the remaining $102.8 million 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 $8.0 million aggregate principal amount of 2022 Convertible Notes that was converted into 1,333,333 shares of common stock.

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 $0.3 million for the three-month period ended March 31, 2022 and is included in Interest expense in the Unaudited Condensed Consolidated Statements of Operations. As of December 31, 2022, there were no unamortized deferred financing costs related to the 2022 Convertible Notes. See Note 9, “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.

7. Derivative Instruments and Hedging Activities

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

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

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

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

We record the effective portion of changes in the fair value of our cash flow hedges to other comprehensive income (loss), net of tax, and subsequently reclassify these amounts into earnings in the period during which the hedged transaction is recognized. The amounts included in accumulated other comprehensive income will be reclassified to interest expense in the event the hedges are no longer considered effective, in accordance with ASC 815, *Derivatives and Hedging*. No gains or losses of our cash flow hedges were considered to be ineffective and reclassified from other comprehensive income (loss) to earnings for the three-month periods ended March 31, 2023 and 2022. We estimate that approximately $2.2 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.

For the three-month period ended March 31, 2023, we recorded a decrease in fair value on the interest rate caps of $7.3 million, net of tax of $2.3 million, and for the three-month period ended March 31, 2022, the increase in fair value was $16.1 million, net of tax of $5.3 million. Increases and decreases in fair value on interest rate caps above exclude amortization of the purchase price paid for the interest rate caps.

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

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

Derivatives designated as hedging instruments	**Balance sheet location**	**March 31, 2023**	**December 31, 2022**
Current portion of interest rate caps	Prepaid expenses and other current assets	$ 22,772	$ 24,459
Non-current portion of interest rate caps	Other non-current assets	$ 17,639	$ 25,578

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.

8. 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 7, "Derivative Instruments and Hedging Activities," for fair value information relating to our interest rate caps.

Long-Term Debt:

As of March 31, 2023 and December 31, 2022, our only financial asset or liability disclosed but not measured at fair value is the Term Loan Facility, which is reflected on the Unaudited Condensed Consolidated Balance Sheets at cost. The fair value measurement is classified as Level 2 within the fair value hierarchy since it is based on quoted market prices of our instrument in markets that are not active. We estimated the fair value of the Term Loan Facility by calculating the upfront cash payment a market participant would require to assume the obligation. The upfront cash payment used in the calculation of fair value on our March 31, 2023 Unaudited Condensed Consolidated Balance Sheets, excluding any issuance costs, is 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.

The fair value and carrying value of long-term debt as of March 31, 2023 and December 31, 2022 were as follows *(in thousands)*:

	March 31, 2023		**December 31, 2022**	
	Fair Value *(1)*	**Carrying Value**	**Fair Value** *(1)*	**Carrying Value**
Term Loan Facility	$ 708,000	$ 709,559 *(2)*	$ 708,000	$ 711,263 *(2)*

(1) Fair value amounts are rounded to the nearest million.
(2) Carrying value of the Term Loan Facility reflects the unaccreted debt discount of $2.7 million and $2.8 million as of March 31, 2023 and December 31, 2022, respectively. See Note 6, "Long-Term Debt and Other Liabilities," for further information.

9. Interest Costs

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

The following is a summary of our interest costs for the three-month periods ended March 31, 2023 and 2022 *(in thousands)*:

	For the Three Months Ended March 31,	
	2023	**2022**
Interest costs charged to expense	$ 14,497	$ 9,827
Amortization of deferred financing costs	630	939
Amortization of the purchase price of interest rate caps	134	8
Interest rate cap benefit	(6,393)	—
Accretion of debt discount	108	115
Interest expense	8,976	10,889
Interest costs capitalized to property and equipment	497	40
Interest costs capitalized to software	157	97
Total interest costs	$ 9,630	$ 11,026

10. Leases

Operating and Financing Leases — We determine whether a contract contains a lease at contract inception. Lease liabilities are calculated using a discount rate based on our incremental borrowing rate at lease commencement. We have operating lease agreements primarily related to cell sites and office space. Certain cell site and office space leases have renewal option terms that have been deemed reasonably certain to be exercised. These renewal options extend a lease by up to 15 years. We recognize operating lease expense on a straight-line basis over the lease term. As of March 31, 2023, there were no significant leases which had not commenced.

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

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Operating lease cost	$ 3,938	$ 3,546
Financing lease cost:		
Amortization of leased assets	39	38
Interest on lease liabilities	5	13
Total lease cost	$ 3,982	$ 3,597

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

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Supplemental cash flow information		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows used in operating leases	$ 3,969	$ 3,496
Operating cash flows used in financing leases	$ 5	$ 13
Financing cash flows used in financing leases	$ 57	$ 43
Non-cash items:		
Operating leases obtained	$ 718	$ 2,269
Financing leases obtained	$ —	$ —
Weighted average remaining lease term		
Operating leases	8 years	9 years
Financing leases	1 year	1 year
Weighted average discount rate		
Operating leases	6.7 %	6.9 %
Financing leases	16.6 %	17.9 %

Annual future minimum lease payments as of March 31, 2023 *(in thousands)*:

Years ending December 31,	Operating Leases	Financing Leases
2023 (period from April 1 to December 31)	$ 10,877	$ 79
2024	15,256	4
2025	14,402	2
2026	14,229	—
2027	13,377	—
Thereafter	42,644	—
Total future minimum lease payments	110,785	85
Less: Amount representing interest	(24,075)	(4)
Present value of net minimum lease payments	$ 86,710	$ 81
Reported as of March 31, 2023		
Accrued liabilities	$ 9,445	$ 76
Non-current operating lease liabilities	77,265	—
Other non-current liabilities	—	5
Total lease liabilities	$ 86,710	$ 81

11. 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 the contractual seven-year period, Hughes may not sell substantially similar equipment to other purchasers in our primary target market. In March 2023, we amended the SPSA, pursuant to which, we committed to purchase, over a seven-year period that will begin on completion of a project milestone currently expected to occur in mid-2025, additional equipment with an estimated aggregate purchase price of approximately $102 million.

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.

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."

On January 5, 2023, following mediation, the defendants and the Stockholders entered into a Stipulation and Agreement of Settlement (the "Derivative Settlement") under which the Company, in consideration of dismissal of the two derivative lawsuits with prejudice and a release of all claims asserted against the Company and the individual defendants in the Derivative Matters, will implement certain corporate governance initiatives and cause its D&O insurance carrier to pay the Stockholders' attorneys' fees. Under the terms of the Derivative Settlement, the defendants will not be required to pay any damages. We had 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 as of December 21, 2022.

On February 1, 2023, the Court granted preliminary approval of the proposed Derivative Settlement, approved various notices to be disseminated to the Company's stockholders and the schedule for dissemination. On April 11, 2023, the Court issued final judgment approving the Derivative Settlement. The Company released the accrued liability and corresponding receivable for attorneys' fees as of March 31, 2023. Pursuant to the terms of the Derivative Settlement, the Company is required to implement certain governance changes by May 11, 2023.

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. On February 21, 2023, the plaintiff amended its complaint to allege that Gogo 5G infringes two additional patents recently issued to 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. Under a schedule agreed upon by the parties, fact discovery and claim construction proceedings will be substantially completed by the end of 2023 or early 2024, and expert discovery by early-to-mid 2024, with dispositive motions to follow. A trial date has been scheduled for April 14, 2025. 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. The plaintiff has appealed the denial to the U.S. Court of Appeals for the Federal Circuit. Briefing for the appeal is complete and the appellate court scheduled the oral argument for June 5, 2023. 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.

12. Income Tax

The effective income tax rates for the three-month periods ended March 31, 2023 and 2022 were 17.7% and 8.0%, respectively. For the three-month period ended March 31, 2023, 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 research and development tax credits and stock-based compensation, partially offset by state income taxes. For the three-month period ended March 31, 2022, our effective income tax rate was lower than the U.S. federal statutory rate of 21% primarily due to tax benefits for stock-based compensation and a partial release of the valuation allowance on our deferred income tax assets.

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 income tax assets related to certain state and foreign net operating losses (“NOLs”), capital losses, and the Section 163(j) interest limitation carryforward as it was more likely than not as of March 31, 2023 that these deferred income tax assets will not be realized. However, if we continue to sustain our current operating performance, additional reversals of our valuation allowance could occur in fiscal year 2023.

We are subject to taxation and file income tax returns in the United States federal jurisdiction and many states and Canada. With few exceptions, as of March 31, 2023 we are no longer subject to U.S. federal, state, local or foreign examinations by tax authorities for years before 2019.

We record penalties and interest relating to uncertain tax positions in the income tax provision line item in the Unaudited Condensed Consolidated Statements of Operations. No penalties or interest related to uncertain tax positions were recorded for the three-month periods ended March 31, 2023 and 2022. As of March 31, 2023 and December 31, 2022, we did not have a liability recorded for interest or potential penalties.

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

Stock-Based Compensation — As of March 31, 2023, we maintained three stock-based incentive compensation plans (“Stock Plans”), as well as an Employee Stock Purchase Plan (“ESPP”). See Note 14, “Stock-Based Compensation and 401(k) Plan,” in our 2022 10-K for further information regarding these plans. The majority of our equity grants are awarded on an annual basis.

For the three-month period ended March 31, 2023, no options to purchase shares of common stock were granted, options to purchase 68,520 shares of common stock were exercised, 1,875 options to purchase shares of common stock were forfeited and no options to purchase shares of common stock expired.

For the three-month period ended March 31, 2023, 1,346,428 Restricted Stock Units ("RSUs") were granted, 1,013,614 RSUs vested and 40,561 RSUs were forfeited. The fair value of the RSUs granted during the three-month period ended March 31, 2023 was approximately $22.3 million, which will generally be recognized over a period of four years.

For the three-month period ended March 31, 2023, 31,804 deferred stock units were granted and 55,999 vested. The fair value of the deferred stock units granted during the three-month period ended March 31, 2023 was approximately $0.5 million, which was recognized immediately.

For the three-month period ended March 31, 2023, 12,582 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 *(in thousands)*:

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Cost of service revenue	$ 343	$ 186
Cost of equipment revenue	287	208
Engineering, design and development	754	494
Sales and marketing	738	549
General and administrative	2,919	2,570
Total stock-based compensation expense	$ 5,041	$ 4,007

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 for both three-month periods ended March 31, 2023 and 2022.

14. Research and Development Costs

Expenditures for research and development are charged to expense as incurred and totaled $7.9 million and $5.4 million, respectively, during the three-month periods ended March 31, 2023 and 2022. Research and development costs are reported as Engineering, design and development expenses in our Unaudited Condensed Consolidated Statements of Operations.

15. 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, 2023	$ (1,225)	$ 31,353	$ 30,128
Other comprehensive income (loss) before reclassifications	75	(2,439)	(2,364)
Less: income realized and reclassified to earnings	—	4,721	4,721
Net current period comprehensive income (loss)	75	(7,160)	(7,085)
Balance at March 31, 2023	$ (1,150)	$ 24,193	$ 23,043

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

16. Government Assistance

Federal Communications Commission's ("FCC") Secure and Trusted Communications Networks Reimbursement Program (the "FCC Reimbursement Program")

On July 15, 2022, the Company was notified that it was approved for participation in the FCC Reimbursement Program, designed to reimburse providers of advanced communications services for reasonable costs incurred in the required removal, replacement, and disposal of covered communications equipment or services, that have been deemed to pose a national security risk, from their networks. Pursuant to the FCC Reimbursement Program, the FCC approved up to approximately $334 million in reimbursements to the Company to cover documented and approved costs to (i) remove and securely destroy all ZTE communications equipment and services in the Company's terrestrial U.S. networks and replace such equipment and (ii) remove and replace certain equipment installed on aircraft operated by the Company's ATG customers that is not compatible with the terrestrial equipment that will replace ZTE equipment. Due to a shortfall in the amount appropriated by Congress to fund the FCC Reimbursement Program, approximately $132 million of the approved amount is currently allocated to the Company under the program. If Congress appropriates additional funds for this purpose, the allocations of the Company and other approved applicants will be increased *pro rata*. Program participants are subject to a number of conditions and requirements under the FCC's rules including a requirement that they submit their first reimbursement request by July 15, 2023 and certify that they have developed a plan to permanently remove, replace and dispose of covered equipment or services within one year following the first reimbursement request. The rules permit participants to petition the FCC for one or more six-month extensions of the completion deadline. While the Company reserves the right not to proceed as it has until July 15, 2023 to submit its first reimbursement claim, at the end of the first quarter of 2023, the Company determined that it will participate in the partially funded FCC Reimbursement Program. We are currently assessing the impact of this program on our financial statements and as of March 31, 2023, we have not recorded a receivable from the FCC related to the FCC Reimbursement Program.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- our ability to continue to generate revenue from the provision of our connectivity services;
- our reliance on our key OEMs and dealers for equipment sales;
- our ability to develop and deploy Gogo 5G, Global Broadband or other next generation technologies;
- the impact of competition;
- our ability to expand our business outside of the United States;
- the impact of pandemics or other outbreaks of contagious diseases, including the COVID-19 pandemic, and the measures implemented to combat them;
- the impact of global supply chain and logistics issues and increasing inflation;
- our ability to evaluate or pursue strategic opportunities;
- our reliance on third parties for equipment components 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 failure or material defects or errors in our software;
- the impact of service interruptions or delays, technology failures, equipment damage or system disruptions or failures, including any arising from cyber-attacks;
- the impact of assertions by third parties of infringement, misappropriation or other violations;
- our ability to innovate and provide products and services;
- risks associated with participation in the Federal Communications Commission's ("FCC") Reimbursement Program;
- our ability to comply with applicable foreign ownership limitations;
- the impact of government regulation of the internet and conflict minerals;
- our ability to comply with anti-bribery, anti-corruption and anti-money laundering laws;
- 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;
- the impact of global climate change and legal, regulatory or market responses to it;

- 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 income 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, 2022, as filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2023 (the “2022 10-K”) and in Item 1A of this Quarterly Report on Form 10-Q.

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 Quarterly Report on Form 10-Q ultimately prove to be accurate. Our forward-looking statements are not guarantees of future performance, and you should not place undue reliance on them. All forward-looking statements speak only as of the date made and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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

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

The following discussion and analysis is intended to help the reader understand our business, financial condition, results of operations, liquidity and capital resources. You should read this discussion in conjunction with our unaudited condensed consolidated interim financial statements and the related notes contained elsewhere in this Quarterly Report on Form 10-Q. Unless the context otherwise indicates or requires, the terms "we," "our," "us," "Gogo," and the "Company," as used in this Quarterly Report on Form 10-Q, 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.

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 2022 10-K and in Item 1A and "Special Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q. 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. We have served this market for more than 25 years. Our mission is to enrich the lives of passengers and the efficiency of operators with the world's best business aviation in-flight connectivity and customer support. We have always sought to provide the best connectivity for the business aviation market regardless of technology, and we have a successful history of doing so. Until recently, we focused primarily on business aviation aircraft in North America, which comprise approximately 63% of the worldwide business aviation fleet, and we are the leading provider of in-flight connectivity in that market. Gogo started in analogue air-to-ground ("ATG") technology in the late 1990s, then, as analogue cellular backhaul disappeared, migrated to narrowband satellite connectivity in the early 2000s, then back to ATG with our digital broadband 3G and 4G networks beginning in 2010. We expect to commercially launch our fourth ATG network – Gogo 5G – in the fourth quarter of 2023. We also continue to provide narrowband satellite services to customers in North America and internationally through distribution agreements with satellite providers. In May 2022, in order to further serve our existing customers 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 ("ESA"), specifically designed to address a broad range of business aviation aircraft, operating on a low earth orbit ("LEO") satellite network and is targeted for commercial launch in the second half of 2024.

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.

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 or satellite network 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;
- disruptions to supply chains and installations, including 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;
- our ability to fully utilize portions of our deferred income tax assets;
- changes in laws, regulations and interpretations affecting telecommunications services globally, 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, including Global Broadband, 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 globally, including changes that impact the design of our equipment and our ability to obtain required certifications for our equipment.

Key Business Metrics

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

	For the Three Months Ended March 31,	
	2023	**2022**
Aircraft online (at period end)		
ATG	7,046	6,526
Narrowband satellite	4,458	4,522
Average monthly connectivity service revenue per aircraft online		
ATG	$ 3,389	$ 3,321
Narrowband satellite	304	235
Units sold		
ATG	223	246
Narrowband satellite	49	69
Average equipment revenue per unit sold (in thousands)		
ATG	$ 70	$ 73
Narrowband satellite	54	46

- *ATG aircraft online.* We define ATG aircraft online as the total number of business aircraft for which we provide ATG services as of the last day of each period presented. This number excludes commercial aircraft operated by Intelsat's airline customers receiving ATG service.
- *Narrowband satellite aircraft online*. We define narrowband 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 Intelsat is excluded from this calculation.
- *Average monthly connectivity service revenue per narrowband satellite aircraft online*. We define average monthly connectivity service revenue per narrowband 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 narrowband satellite unit sold*. We define average equipment revenue per narrowband 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 2022 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 amounts 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, actual 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 2022 10-K.

Recent Accounting Pronouncements

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

Results of Operations

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

Gogo Inc. and Subsidiaries

Unaudited Condensed Consolidated Statements of Operations

(in thousands)

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Revenue:		
Service revenue	$ 78,499	$ 70,667
Equipment revenue	20,098	22,083
Total revenue	98,597	92,750
Operating expenses:		
Cost of service revenue (exclusive of amounts shown below)	16,797	14,634
Cost of equipment revenue (exclusive of amounts shown below)	18,126	14,281
Engineering, design and development	7,879	5,406
Sales and marketing	6,877	6,231
General and administrative	14,199	13,458
Depreciation and amortization	2,791	3,791
Total operating expenses	66,669	57,801
Operating income	31,928	34,949
Other expense (income):		
Interest income	(1,916)	(47)
Interest expense	8,976	10,889
Other expense (income), net	31	(26)
Total other expense	7,091	10,816
Income before income taxes	24,837	24,133
Income tax provision	4,388	1,937
Net income	$ 20,449	$ 22,196

Three Months Ended March 31, 2023 and 2022

Revenue:

Revenue and percent change for the three-month periods ended March 31, 2023 and 2022 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended March 31,		% Change
	2023	2022	2023 over 2022
Service revenue	$ 78,499	$ 70,667	11.1 %
Equipment revenue	20,098	22,083	(9.0)%
Total revenue	$ 98,597	$ 92,750	6.3 %

Revenue increased to $98.6 million for the three-month period ended March 31, 2023, as compared with $92.8 million for the prior-year period due to an increase in service revenue, partially offset by a decrease in equipment revenue.

Service revenue increased to $78.5 million for the three-month period ended March 31, 2023, as compared with $70.7 million for the prior-year period, primarily due to increases in ATG aircraft online and average monthly service revenue per aircraft online.

Equipment revenue decreased to $20.1 million for the three-month period ended March 31, 2023, as compared with $22.1 million for the prior-year period, primarily due to decreases in the number of ATG units sold, with 223 units sold during the three-month period ended March 31, 2023 as compared with 246 units sold during the prior-year period.

We expect service revenue to increase in the future as additional ATG aircraft come online and average monthly connectivity service revenue per ATG aircraft online increases, due in part to the expected impact of the launch of Gogo 5G. We expect equipment revenue to increase in the future as a larger number of 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-month periods ended March 31, 2023 and 2022 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended March 31,		% Change
	2023	2022	2023 over 2022
Cost of service revenue	$ 16,797	$ 14,634	14.8 %
Cost of equipment revenue	$ 18,126	$ 14,281	26.9 %

Cost of service revenue increased to $16.8 million for the three-month period ended March 31, 2023, as compared with $14.6 million for the prior-year period, primarily due to an increase in ATG network costs 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 $18.1 million for the three-month period ended March 31, 2023, as compared with $14.3 million for the prior-year period, primarily due to additional costs related to the FCC Reimbursement Program and increased production costs, partially offset by a decrease 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 $7.9 million for the three-month period ended March 31, 2023, as compared with $5.4 million for the prior-year period, primarily due to the Global Broadband development program and increased personnel costs.

We expect engineering, design and development expenses as a percentage of service revenue to increase through 2024, driven by Global Broadband development costs and Gogo 5G program spend, and decrease thereafter as the level of investment decreases and revenue increases.

Sales and Marketing Expenses:

Sales and marketing expenses increased to $6.9 million for the three-month period ended March 31, 2023, as compared with $6.2 million for the prior-year period, primarily due to increased personnel costs.

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 $14.2 million for the three-month period ended March 31, 2023, as compared with $13.5 million for the prior-year period, primarily due to an increase in personnel costs.

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 $2.8 million for three-month period ended March 31, 2023, as compared with $3.8 million for the prior-year period, 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 Expense (Income):

Other expense (income) and percent change for the three-month periods ended March 31, 2023 and 2022 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022	% Change 2023 over 2022
Interest income	$ (1,916)	$ (47)	3976.6 %
Interest expense	8,976	10,889	(17.6)%
Other expense, net	31	(26)	(219.2)%
Total	$ 7,091	$ 10,816	(34.4)%

Total other expense decreased to $7.1 million for the three-month period ended March 31, 2023, as compared with $10.8 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 and an increase in interest income.

We expect our interest expense to decrease in the future as we paid $100 million of the outstanding principal amount of the Term Loan Facility on May 3, 2023. This decrease could be impacted by fluctuations with changes in the variable rates associated with the Facilities, with increases partially offset by the impact of our interest rate caps. See Note 6, "Long-Term Debt and Other Liabilities," to our Unaudited Condensed Consolidated Financial Statements for additional information.

Income Taxes:

The effective income tax rate for the three-month period ended March 31, 2023 was 17.7%, as compared with 8.0% for the prior-year period. For the three-month period ended March 31, 2023, our income tax expense was $4.4 million, primarily due to pre-tax income, partially offset by the partial release of the valuation allowance on our deferred income tax assets and the tax benefits for research and development tax credits and stock-based compensation. For the three-month period ended March 31, 2022, our income tax expense was $1.9 million, primarily due to pre-tax income, partially offset by the tax benefits for stock-based compensation and a partial release of the valuation allowance on our deferred income tax assets. See Note 12, "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 continue to generate positive pre-tax income, which we expect to be at least partially offset by reversals of our valuation allowance in fiscal year 2023. We expect cash tax payments to be immaterial for an extended period of time, subject to the availability of our net operating loss carryforward amounts.

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 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 attributable to common stock before interest expense, interest income, income taxes and depreciation and amortization expense.

Adjusted EBITDA represents EBITDA adjusted for stock-based compensation expense. 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 provides a clearer view of the operating performance of our business and is appropriate given that 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 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, plus the proceeds received from our interest rate caps, less purchases of property and equipment. We believe that Free Cash Flow provides meaningful information regarding our liquidity.

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

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Adjusted EBITDA:		
Net income attributable to common stock (GAAP)	$ 20,449	$ 22,196
Interest expense	8,976	10,889
Interest income	(1,916)	(47)
Income tax provision	4,388	1,937
Depreciation and amortization	2,791	3,791
EBITDA	34,688	38,766
Stock-based compensation expense	5,041	4,007
Adjusted EBITDA	$ 39,729	$ 42,773
Free Cash Flow:		
Net cash provided by operating activities (GAAP)	$ 18,514	$ 17,866
Consolidated capital expenditures	(4,596)	(9,055)
Proceeds from interest rate caps	6,087	—
Free cash flow	$ 20,005	$ 8,811

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;
- Free Cash Flow does not represent the total increase or decrease in our cash balance for the period; and
- since other companies in our or related industries may calculate these measures differently from the way we do, their usefulness as comparative measures may be limited.

Liquidity and Capital Resources

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

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Net cash provided by operating activities	$ 18,514	$ 17,866
Net cash used in investing activities	1,559	(9,055)
Net cash used in financing activities	(7,445)	(1,879)
Effect of foreign exchange rate changes on cash	88	(16)
Net increase in cash, cash equivalents and restricted cash	12,716	6,916
Cash, cash equivalents and restricted cash at the beginning of period	150,880	146,268
Cash, cash equivalents and restricted cash at the end of period	$ 163,596	$ 153,184
Supplemental information:		
Cash, cash equivalents and restricted cash at the end of period	$ 163,596	$ 153,184
Less: current restricted cash	—	25
Less: non-current restricted cash	330	330
Cash and cash equivalents at the end of the period	$ 163,266	$ 152,829

We have historically financed our growth and cash needs primarily through the issuance of common stock, debt 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. Our capital management activities include the assessment of opportunities to raise additional capital in the public and private markets, utilizing one or more of the types of capital raising transactions through which we have historically financed our growth and cash needs, as well as other means of capital raising not previously used by us.

Liquidity:

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

As detailed in Note 6, “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.

On February 2, 2023, Gogo and GIH entered into an amendment to the Original 2021 Credit Agreement with Morgan Stanley Senior Funding, Inc., as administrative agent, which replaced all references in the Original 2021 Credit Agreement to LIBOR in respect of the applicable interest rates for the Facilities with an adjusted term SOFR rate, plus a credit spread adjustment recommended by the Alternative Reference Rates Committee.

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 term SOFR rate (subject to a floor of 0.75%) plus an applicable margin of 3.75% and a credit spread adjustment recommended by the Alternative Reference Rates Committee of 0.11%, 0.26% or 0.43% per annum based on 1-month, 3-month or 6-month term SOFR, respectively 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 term SOFR 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 and a credit spread adjustment recommended by the Alternative Reference Rates Committee of 0.11%, 0.26% or 0.43% per annum based on 1-month, 3-month or 6-month term SOFR, respectively 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. As of March 31, 2023, the fee for unused commitments under the Revolving Facility was 0.25% and the applicable margin was 3.25%.

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

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

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

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

The proceeds of the Term Loan Facility were used, together with cash on hand, (i) to redeem in full and pay the outstanding principal amount of the 2024 Senior Secured Notes together with accrued and unpaid interest and redemption premiums and to pay fees associated with the termination of the ABL Credit Agreement (together with the redemption of the 2024 Senior Secured Notes, the "Refinancing"), and (ii) to pay the other fees and expenses incurred in connection with the Refinancing and the Facilities. The Revolving Facility is available for working capital and general corporate purposes of GIH and its subsidiaries and was undrawn as of March 31, 2023 and December 31, 2022.

For additional information on the 2021 Credit Agreement, see Note 6, "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 with the first reduction of $125 million occurring on July 31, 2023. 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. We intend to transition our interest rate caps from LIBOR to SOFR before LIBOR's discontinuation.

For additional information on the interest rate caps, see Note 7, "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 Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Net income	$ 20,449	$ 22,196
Non-cash charges and credits	13,177	11,020
Changes in operating assets and liabilities	(15,112)	(15,350)
Net cash provided by operating activities	$ 18,514	$ 17,866

For the three-month period ended March 31, 2023, net cash provided by operating activities was $18.5 million as compared with $17.9 million in the prior-year period. The principal contributors to the year-over-year change in operating cash flows were:

- A $0.4 million improvement in net income and non-cash charges and credits, as noted above under “—Results of Operations.”
- A $0.2 million improvement in cash flows related to operating assets and liabilities resulting from:
  - An increase in cash flows primarily due to the following:
    - Changes in accounts receivable due to the timing of collections; and
    - Changes in contract assets primarily due to fewer promotional sales programs in the current period compared to the prior-year period.
  - Partially offset by a decrease primarily due to changes in prepaid expenses and other current assets and accrued liabilities primarily due the timing of payments.

Cash flows provided by (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. Additionally, cash provided by investing activities for the three-month period ended March 31, 2023 included $6.1 million of proceeds from interest rate caps as well as net proceeds from our short-term investments of $0.1 million.

Cash flows used in Financing Activities:

Cash used in financing activities for the three-month period ended March 31, 2023 was $7.4 million primarily due to stock-based compensation activities and principal payments on the Term Loan Facility.

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

Capital Expenditures

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

Capital expenditures for the three-month periods ended March 31, 2023 and 2022 were $4.6 million and $9.1 million, respectively. The expected decrease in capital expenditures was primarily due to the build out of Gogo 5G during the prior-year period.

We expect that our capital expenditures will decrease over time as we complete the Gogo 5G program. Capital expenditures associated with Global Broadband are not expected to be material.

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 11, "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 10, "Leases," to our Unaudited Condensed Consolidated Financial Statements for additional information.

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

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

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

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk is currently confined to our cash and cash equivalents, short-term investments and debt. We have not used derivative financial instruments for speculation or trading purposes. The primary objectives of our investment activities are to preserve our capital for the purpose of funding operations while maximizing the income we receive from our investments without significantly increasing risk. To achieve these objectives, our investment policy allows us to maintain a portfolio of cash equivalents and short-term investments through a variety of securities, including U.S. Treasury securities, U.S. government agency securities, and money market funds. Our cash, cash equivalents and short-term investments as of both March 31, 2023 and December 31, 2022 included amounts in bank deposit accounts, money market funds with U.S. Government and U.S. Treasury securities and U.S. Treasury securities. The primary objective of our investment policy is to preserve capital and maintain liquidity while limiting concentration and counterparty risk. 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 March 31, 2023, 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. Currently, we receive payments in the amounts calculated pursuant to the caps for any period in which the three-month USD LIBOR rate increases beyond the applicable strike rate. The termination date of the cap agreements is July 31, 2027. Over the life of the interest rate caps, the notional amounts of the caps periodically decrease, while the applicable strike prices increase.

The notional amount of outstanding debt associated with interest rate cap agreements as of March 31, 2023 was $650.0 million. Based on our March 31, 2023 outstanding variable rate debt balance, a hypothetical one percentage point change in the applicable interest rate would impact our annual interest expense by approximately $1.5 million for the next twelve-month period, which includes the impact of our interest rate caps at a strike rate of 0.75% and the $125 million reduction in the notional amount that will occur on July 31, 2023. Excluding the impact of our interest rate caps, a hypothetical one percentage point change in the applicable interest rate would impact our annual interest expense by approximately $7.1 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, cash equivalents and short-term investments. We believe we have minimal interest rate risk as a 10% decrease in the average interest rate on our portfolio would have reduced interest income for the three-month periods ended March 31, 2023 and 2022 by immaterial amounts.

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

ITEM 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of March 31, 2023. Based upon this evaluation, our Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 31, 2023.

(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 11, “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 2022 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 2022 10-K. Except as set forth below, there have been no material changes to the risk factors previously disclosed in our 2022 10-K.

Participation in the FCC Reimbursement Program could adversely affect our results of operations and financial condition.

On July 15, 2022, the Company was notified that it was approved for participation in the FCC Reimbursement Program, designed to reimburse providers of advanced communications services for reasonable costs incurred in the required removal, replacement, and disposal of covered communications equipment or services, that have been deemed to pose a national security risk, from their networks. While the Company reserves the right not to proceed as it has until July 15, 2023 to submit its first reimbursement claim, at the end of the first quarter of 2023, the Company determined that it will participate in the partially funded FCC Reimbursement Program. Due to a shortfall in the funds appropriated by Congress for the program, the FCC has allocated to the Company approximately only $132 million of the approximately $334 million approved for reimbursement. There can be no assurance that Congress will appropriate any additional funds, but recent legislative efforts have been undertaken, including the introduction of Senate Bill (S.1245) (“Defend Our Networks Act”), to provide a potential path forward for full funding of the FCC Reimbursement Program. If Congress fails to appropriate funds sufficient to fund all of the approved expenditures of the Company and other participants, we will be required to fund the portion of program costs that exceeds the FCC allocation. In order to participate in the program, we must comply with various conditions and requirements established by the FCC, including a requirement that we submit our first reimbursement request by July 15, 2023, and complete the removal, replacement and disposal of applicable equipment within one year following such request. The FCC may grant one or more six-month extensions to a participant where it finds that due to factors beyond its control, the participant cannot complete the project by the deadline. Due to a number of factors including supply chain disruptions, the current insufficiency of FCC funding and the operational and logistical complexity of replacing airborne equipment, we do not believe that we can complete the project by July 2024, and we intend to seek extensions. If the FCC does not grant the necessary extensions and the project is not completed by the FCC’s deadline, we could face penalties or other sanctions.

In addition, if any of the Company’s customers do not replace their airborne equipment with equipment that is compatible with the replacement terrestrial network equipment prior to the date on which the replacement terrestrial network equipment goes into effect, the Company will be unable to provide service to these legacy-equipment customers until the airborne equipment is replaced. Such service disruptions could have a material adverse effect on our results of operations and financial condition.

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

a) Sales of Unregistered Securities

None.

b) Use of Proceeds from Public Offering of Common Stock

None.

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

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

Exhibit Number	Description of Exhibits
10.1.1	Amended and Restated Supply and Product Support Agreement, dated as of March 31, 2023, by and between Gogo Business Aviation LLC and Hughes Network Systems, LLC
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.

SIGNATURES

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

Gogo Inc.

Date: May 3, 2023

/s/ Oakleigh Thorne

Oakleigh Thorne
Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

/s/ Jessica G. Betjemann

Jessica G. Betjemann
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

THE USE OF THE FOLLOWING NOTATION IN THIS EXHIBIT INDICATES THAT THE CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO ITEM 601(b)(10)(iv) WHEREBY CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED: [***]

AMENDED AND RESTATED
SUPPLY AND PRODUCT SUPPORT AGREEMENT
BETWEEN
GOGO BUSINESS AVIATION LLC
AND
HUGHES NETWORK SYSTEMS, LLC

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THIS Amended and Restated Supply and Product Support Agreement is made and entered into as of March 31, 2023 (the "Amendment Effective Date") by and between **Gogo Business Aviation LLC**, a Delaware limited liability company, having offices at 105 Edgeview Drive, Broomfield, CO 80021, and its Affiliates (collectively referred to as "Gogo"), and **Hughes Network Systems, LLC**, a Delaware limited liability company, having its principal place of business at 11717 Exploration Lane, Germantown, MD 20876 **(**"Supplier"**)**, either or both of which may be hereinafter referred to as a "Party" or the **"**Parties**",** respectively.

WITNESSETH

WHEREAS, the Parties entered into a Supply and Product Support Agreement, effective June 6, 2022 allowing Gogo and its Affiliates from time to time to engage Supplier to purchase certain Products and perform certain Services;

WHEREAS, the Parties wish to amend and restate the Supply and Product Support Agreement [***] and make conforming and other changes to the Agreement and Exhibits;

WHEREAS, Supplier is in the business of manufacturing and selling the Products and/or Services itemized in Exhibits A and B and desires to sell the Products to Gogo; and

WHEREAS, Gogo and its Affiliates wishes to purchase certain Product and/or Services from Supplier;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the receipt and sufficiency of which are acknowledged, the Parties hereto hereby agree as follows:

1. INTERPRETATION AND DEFINITIONS.

1.1. Interpretation. Unless the context otherwise requires: (i) words importing the singular include the plural and vice versa; (ii) words importing a gender include any gender; (iii) clause headings are for convenient reference only and have no effect in limiting or extending the language to which they refer in this Agreement or any Exhibit or Attachment; and (iv) expressions importing natural persons include any company, partnership, joint venture, association, corporation or other corporate body.

1.2. Definitions. All definitions are listed alphabetically in Exhibit D.

2. AGREEMENT APPLICABILITY AND LIMITATION.

2.1. This Agreement and the Exhibits contain the general terms and conditions governing Supplier's Products, Services, and business transactions to this Agreement. The execution of this Agreement alone does not authorize the conduct of any transitional business between the Parties.

2.2. The terms and conditions of any Exhibit are supplemented by the terms and conditions of this Agreement according to Section 16.20.

2.3. This Agreement will supplement and apply to any Order(s) submitted for Products whether or not this Agreement is referenced in the Order. From the effective date of this Agreement all Products ordered by Gogo shall be covered under this Agreement.

3. TERM.

3.1. This Agreement will continue in effect for [***] from the Effective Date and thereafter will automatically renew from year to year unless terminated upon notice at least 90 Days prior to the renewal date. Either Party may terminate this Agreement in accordance with Section 9 of this Agreement.

4. PAYMENT AND PRICES.

4.1. Payment Terms.

4.1.1. For the HDX Product, on or before completion of IDR, Gogo shall issue a purchase order for procurement of advance material in the amount of [***] (the "HDX Advance Materials PO") to be paid in two installments. Upon receipt of the HDX Advance Materials PO, [***]. Amounts paid under the HDX Advance Materials PO (a) will be used by Supplier exclusively for the purchase of long lead time components required for the production of the first [***] units of the HDX Product, and (b) will be credited against Gogo's Orders for the first [***] units of production HDX Products.

4.1.2. [***]

4.1.3. With respect to any Orders for Products, Supplier shall issue an invoice to Gogo on or any time after the completion of Delivery and only in accordance with the terms which shall be payable [***] after Gogo's receipt of such invoice, except for any amounts disputed by Gogo in good faith. All payments hereunder will be in US dollars unless otherwise agreed to in writing. In the event of a payment dispute, Gogo shall deliver a written statement to Supplier no later than ten (10) business days prior to the date payment is due on the disputed invoice listing all disputed items and providing a reasonably detailed description of each disputed item. Amounts not so disputed are deemed accepted and must be paid, notwithstanding disputes on other items, within the period set forth in this Section 4.1. The Parties shall seek to resolve all such disputes expeditiously and in good faith. Supplier shall continue performing its obligations under the Order notwithstanding any such dispute.

4.2. Price. All pricing listed on the attached Exhibit B will be held firm and fixed for the duration of the term stated in such Exhibit B. If not listed in Exhibit B, then the pricing shall be as mutually agreed to in the accepted Order.

4.3. Records; Audit. Supplier shall maintain adequate records of the amounts charged, and quality records inclusive of FAA required documents pertaining to Gogo with respect to the Products and Services under each Exhibit for ten (10) years after the shipment of the Products or provision of the Service. For purposes of clarification, except with respect to cost-reimbursement or time-and-materials based pricing, amounts charged shall not include, and Gogo shall have no right of access to or audit of, Supplier's detailed rate and cost information (of a type that is not ordinarily provided to any other commercial Gogo or third party including the Supplier's process for building up the applicable labor rates, overhead or fixed price elements). Supplier shall make such records available to Gogo during normal business hours upon reasonable advance written notice. Supplier shall cooperate in any audit of such records that Gogo may undertake; provided, however, that any such audit shall be at Gogo's sole expense. For cost-reimbursement or time-and-materials pricing, if, as a result of such audit, it is determined that Supplier has overcharged Gogo, Gogo shall notify Supplier of the amount of such overcharge, and Supplier shall credit to Gogo the amount of such overcharge. In addition, if any such audit reveals an overcharge that is equal to or greater than 10% of the amounts billed for the period of time audited, Supplier shall reimburse Gogo for all costs related to the audit.

4.4. Taxes. Gogo is liable to Supplier only for taxes which Supplier is required to collect from Gogo by law. All prices are exclusive of taxes and charges, including without limitation (i) any present or future Federal, State, or local excise, sales, or use taxes (including any VAT); (ii) any other present or future excise, sales or use tax, (including any VAT), or other charge or assessment upon or measured by the gross receipts from the transactions provided by this Agreement; (iii) any import duties, customs charges, tariffs or similar fees and (iv) any present or future property, inventory, or value-added tax or similar charge. Gogo will pay and discharge, either directly to the governmental agency or as billed by Supplier, the foregoing taxes, duties and charges and all assessments and other taxes with respect to the transactions provided in this Agreement and all Products delivered hereunder. Supplier's invoices shall list taxes separately.

5. ORDER AND PRODUCT ADMINISTRATION

5.1. Obligation to Supply during the Term. Supplier agrees to sell to Gogo the Products ordered by Gogo's duly issued Orders on the terms and conditions provided herein. Each Order shall be deemed to be incorporated as part of this Agreement upon Gogo's issuance thereof.

5.2. Initial Volume Commitment.

5.2.1. [***]

5.2.2. [***]

5.3. Order Acceptance. Gogo and its affiliated companies may place Order(s), from time to time, with Supplier for the Products. Orders are deemed accepted by the Supplier unless Gogo receives written notice of rejection from the Supplier explaining the basis for the rejection within 7 calendar days of Gogo's issuance of the Order in accordance with the terms and conditions of this Agreement. All terms and conditions within this Agreement shall govern said Order(s) with the exception of shipping, delivery dates and invoicing address, which will be identified within that Order. Any terms conflicting with or in addition to the terms of this Agreement will not apply unless expressly agreed to in writing by the Parties.

5.4. Order Rejection and/or Changes. Supplier shall have the right to reject an Order only if the Order does not comply with the express requirements of this Agreement, and then only until Gogo corrects such Order. Supplier shall not reject any Order that is issued in accordance with the terms and conditions of this Agreement. Should Supplier reject an Order based upon the foregoing, Supplier shall notify Gogo in writing within 7 calendar days of such rejection and must clearly state the reason(s) Supplier is claiming the Order does not comply with this Agreement or contains additional non-agreed upon terms and any changes or additions thereto that would make the Order compliant with this Agreement. If Gogo does not agree with Supplier's allegation that the Order is non-compliant with this Agreement, Supplier shall accept the Order as originally submitted by Gogo and continue to· perform while the Parties negotiate in good faith to resolve such issues. Changes proposed by Supplier shall not be valid or binding on Gogo unless the changes are accepted by Gogo in writing and formally incorporated into the related Order by issuing a Change Order.

5.5. Forecasted Quantities. Gogo shall make available to Supplier, on a quarterly basis in writing or electronically, a twelve (12) month, non-binding and information-only rolling forecast as a purchase order estimate including an estimated Product lead-time ("Forecast"). The quantities listed in any Forecast are for planning purposes only, do not constitute an Order, and shall in no way bind Gogo to actually place orders for any such quantities indicated in the Forecast or otherwise expose Gogo to any form of liability. Supplier shall make available to Gogo, at least monthly in writing or electronically, a six (6) month material resource plan schedule that reflects Orders received.

6. TARGET MARKET SEGMENTS

6.1. [***]

6.2. [***]

6.3. [***]

6.3.1. [***]

6.3.2. [***]

6.3.3. [***]

6.3.4. [***]

7. DELIVERY AND TITLE

7.1. Time is of the Essence. Supplier acknowledges that time is of the essence with respect to its performance under this Agreement. Supplier shall notify Gogo in writing within seven (7) days of any occurrence, event, or circumstance, which may impede the proper and timely execution of Supplier's obligations hereunder. Such notification by Supplier shall include a detailed preventative/recovery plan for such delay, including the expedited shipment of Product at Supplier's cost.

7.2. Delivery Terms. Delivery of Products ("Delivery") shall be Free Carrier (FCA Incoterms 2020) Supplier's facility in Germantown, Maryland. Supplier shall deliver Product in accordance with the quantities and date(s), specified on the Order, subject to any mutually agreed lead times. Except for repaired or replaced Products being returned under warranty, the Delivery of any Products will be deemed to have been made on the date such Products are delivered to Gogo at Supplier's facility (the "Delivery Date"). If Delivery Dates are not stated, Supplier shall offer its best delivery date(s), which will be subject to acceptance by Gogo. Unless otherwise directed, all Product(s) shipped in one (1) day from and to a single location must be consolidated on one (1) bill of lading or air waybill, as appropriate. Supplier is responsible for creation of shipping documents as per the Order pursuant to the delivery terms stated in this Section 7.2.

7.3. Delivery Notice. The Supplier shall send a detailed Delivery Notice to Gogo two (2) business days prior to the time of Delivery of the Product to Gogo.

7.4. Risk of Loss and Title. Supplier bears all risk of loss or damage to Product(s) until Delivery to Gogo at the Delivery location specified in Section 7.2. The title to Product(s) passes to Gogo upon receipt of the Product(s) by Gogo.

7.5. Export License. Gogo with support from Supplier is responsible for obtaining all necessary export licenses and completing all export clearance documents for the STE incorporating the Product.

7.6. Expeditious Shipping. Supplier shall, at Supplier's expense, deliver Product(s) by the most expeditious shipping method if the delivery schedule is endangered for any reason other than Gogo's fault. If Product(s) are delinquent to Gogo's requirements, Supplier will grant Gogo first priority for Product(s) allocation and shipment. Gogo reserves the right to reject, at no expense to Gogo, all or any part of any delivery that materially varies from the quantity authorized by Gogo for shipment. Supplier will not make any substitutions without Gogo's prior written approval. Items shipped in advance of Gogo's delivery schedule may be returned at Supplier's expense. The Order number(s) must appear on all correspondence, shipping labels, and shipping documents, including all packing sheets, bills of lading, and air waybills.

7.7. Schedule Acceleration/Deceleration. Gogo may revise any delivery schedule without cost or change to the Product price stated in the applicable Order(s) if Gogo provides Supplier with written notice of the revised schedule and (a) the delivery date of the Product(s) under such Order(s) is deferred by [***] and is on or before the end of the term of this Agreement; and (b) if the delivery date is accelerated, the accelerated schedule remains compliant with all applicable Product lead times. Upon receipt of written notice of the change, Supplier shall make a good faith effort to meet those requirements as soon as possible, but in no event shall the revised schedule be implemented [***] after a notification of a schedule acceleration, or [***] after notification of a schedule deceleration subject to the terms and conditions outlined in Exhibit B.

7.8. Packaging. For airborne Product(s) used on or in an aircraft, Supplier will pack such Product(s) in accordance with the ATA-300 specification (Category 3, Class A) and all other Product(s) shall be packed in accordance with standard commercial practices.

7.9. Country of Origin. All Product(s), unless specifically exempted by the destination country's governing authorities, must be marked with the country of origin (manufacture) of the Product(s) in a conspicuous place as legibly, indelibly, and permanently as the nature of the article or container permits.

7.10. Harmonized Tariff Schedule. Supplier, upon request, shall provide Gogo with (i) the Harmonized Tariff Schedule number, country of origin information or certificates, manufacturer's affidavits, applicable free trade agreement ("FTA") certificates, and any other documents or information that are available to Supplier in the ordinary course as Gogo may require to comply with international trade regulations or to lawfully minimize duties, taxes, and fees, and (ii) FTA certificates for all Product(s) that qualify under one (1) or more FTAs. To the extent available to Supplier in the ordinary course and as reasonably requested by Gogo, Supplier shall provide Gogo all documents, records, and other supporting information reasonably necessary to substantiate the Product(s)' qualification under such FTA. Upon request, Supplier shall exert reasonable efforts to help Gogo to qualify the Product(s) under FTAs.

7.11. Shipping Documents. Upon Delivery of the Product(s) to Gogo, Supplier shall send Gogo a complete set of shipping documents including the commercial invoice, certificate of compliance, packing list, and air waybill or three original parts of the combined through bill of lading, clean without notation, necessary to release the Product(s) to Gogo's custody.

7.12. On Time Delivery ("OTD").

a) Supplier shall achieve an OTD of at least ninety-eight percent (98%). In addition, Supplier shall provide an OTD of one-hundred percent (100%) within ten (10) days of the acknowledged Order delivery date, unless otherwise agreed by the Parties.

b) [***]

c) In addition to the foregoing, should Supplier fail to meet the OTD, Supplier agrees to take the following corrective actions: Supplier will prepare a corrective action analysis and recovery plan for any Product that fails to meet the OTD. Supplier shall be responsible for funding and absorbing its own costs and expenditures for doing so throughout the period of this Agreement. Supplier's senior management will present the corrective action and recovery plan to Gogo at Gogo's location.

7.13. Acceptance.

a) Following the delivery of each Product by the Supplier, Gogo may conduct acceptance testing to determine whether the Product was delivered in conformance with the requirements of this Agreement. Gogo may reject (i) any Product that does not conform to any of the Specifications; (ii) any Product that is damaged during shipment to Gogo if Supplier is responsible for shipment; or (iii) any delivery of Products which does not conform with each and every requirement identified in the applicable Order. Nothing herein shall, however, be construed to limit the warranty provisions of this Agreement.

b) Any Products rejected by Gogo, in accordance with Section 7.13(a), within [***] after Delivery by Supplier may be returned to Supplier, and Supplier shall send a conforming Product as a replacement for each rejected Product.

8. CONFIDENTIALITY.

8.1. Obligations. Subject to Section 8.2, Recipient agrees that it will only use Discloser's Confidential Information only in the performance of its obligations under this Agreement (the "permitted purpose") and only during the term of this

Agreement, and it will hold Discloser's Confidential Information in strict confidence and not disclose it to any third party except as approved in writing by Discloser. Recipient will protect Discloser's Confidential Information using the same degree of care that Recipient uses to protect its confidential materials of a similar nature, but in no case will Recipient employ less than a commercially reasonable degree of care. Recipient will not reverse engineer or attempt to derive the composition or underlying information, structure or ideas of Discloser's Confidential Information. Recipient will only permit access to Discloser's Confidential Information to those of its and its Affiliates' employees, officers, directors, contractors, subcontractors, authorized representatives, or airline partners (collectively, the "Representatives") who have a need to know for the permitted purpose, have been informed of the confidential nature of the Confidential Information, and are bound by written confidentiality obligations no less restrictive than those contained herein. All of Recipient's Representatives shall only use the Confidential Information for the permitted purpose and will be responsible for the disclosure and use of Confidential Information as though they were Recipient, and Recipient will be responsible for all violations of this Agreement resulting from the actions of its Representatives. Recipient will immediately notify Discloser upon discovery of any loss or unauthorized disclosure of Discloser's Confidential Information.

8.2. Exclusions. Recipient has no obligations under this Agreement with respect to any portion of Discloser's Confidential Information if Recipient can establish that: (a) it was publicly available at the time it was communicated to Recipient by Discloser; (b) it became publicly available subsequent to the time it was communicated to Recipient by Discloser through no fault of Recipient, or Recipient's Representatives; (c) it was in Recipient's possession free of any obligation of confidence at the time it was communicated to Recipient by Discloser; (d) it was rightfully communicated to Recipient free of any obligation of confidence subsequent to the time it was communicated to Recipient by Discloser; or (e) it was developed by employees or agents of Recipient independently of and without reference to Discloser's Confidential Information. In any dispute with respect to these exclusions, Recipient shall have the burden of proof, and such proof shall be by clear and convincing evidence. Recipient will not be in violation of this Agreement with regard to a disclosure that is in response to a requirement of applicable law, an order by a court or other governmental body, or to the extent required by the Securities and Exchange Commission in a securities filing, provided that, if feasible, Recipient provides Discloser with reasonable prior written notice of such disclosure to permit Discloser to seek confidential treatment of such information or otherwise contest or limit the disclosure thereof.

8.3. Restrictions. Recipient will not reproduce Discloser's Confidential Information in any form except as required to accomplish the permitted purpose. Any reproduction of any Confidential Information will remain Discloser's property and will contain any and all confidential or proprietary notices or legends that appear on the original. Neither Party will communicate any information to the other in violation of its confidentiality obligations to any third party.

8.4. Recipient's obligations of confidentiality hereunder will continue in full force and effect for [***] years from the initial date of disclosure of such Confidential Information, or in the case of any trade secret, for as long as such Confidential Information remains a trade secret. Upon written request of Discloser, Recipient will promptly destroy or return to Discloser all of Discloser's Confidential Information in any form (including electronic media and including Recipient's notes or materials that incorporate any of Discloser's Confidential Information), except as described in the following sentence. Recipient shall not, in connection with the foregoing obligations, be required to delete Confidential Information held electronically in archive or backup systems in accordance with general systems archiving or backup policies, and Recipient's obligations under this Agreement will continue to apply to such Confidential Information.

9. TERMINATION.

9.1. Termination.

a) [***]

b) [***]

c) [***]

d) [***]

9.2. Consequences of Termination. Upon the termination of this Agreement:

a) Within 30 days after the effective date of such termination (and if applicable, without prejudice to Section 9.2(c)), a final invoice including all fees and charges for Products and Services performed and expenses incurred prior to and including the effective date of termination shall be generated by Supplier as set forth in each applicable Exhibit, provided that the prices to be paid for Ordered Products shall be those set forth in Exhibit B, and Gogo shall pay such invoice in accordance with Section 4.1.

b) Supplier shall deliver all Ordered Products to Gogo. Upon Gogo's compliance with its obligations pursuant to Sections 4.1 and 9.2(a), Gogo shall be deemed to have paid Supplier for the applicable Products.

c) Subject to Gogo's compliance with its obligations pursuant to Sections 4.1 and 9.2(a), Supplier's warranty and Product Support obligations shall survive the termination of this Agreement.

d) [***]

e) Each Party shall return to the other Party all Confidential Information of the other Party (including all copies thereof) and all other papers, materials and other property of the other Party in such Party's possession, and certify that it has deleted such Confidential Information from all of its electronic media, provided, however, that both Parties may retain whatever Confidential Information of the other Party that is necessary to exercise any of such Party's surviving rights or obligations hereunder. Supplier may retain one copy of such Confidential Information, as required, for archival purposes only.

10. INSURANCE.

10.1. Supplier shall maintain during the term of this Agreement, at its own expense, with insurance companies rated A- VIII or better by A.M. Best, the following insurance coverage: (a) Workers' Compensation including Occupational Disease insurance, in compliance with the statutory requirements of the state, province or other jurisdiction in which the work is performed, and Employers' Liability insurance with an insured limit of at least [***] per occurrence; (b) Commercial General Liability insurance on an occurrence basis with a minimum amount of [***] per occurrence and [***] in the aggregate for bodily injury including death, personal injury, and property damage including loss of use and also covering products/completed operations liability, broad form property damage, independent contractor coverage, and contractual liability. Cross-liability coverage as would be achieved under the standard ISO separation of insured's clause shall be included; (c) Umbrella or Excess Liability insurance on an occurrence basis of at least [***] per occurrence; (d) Auto liability insurance covering all vehicles owned by or registered in the name of Supplier or its Affiliates and including liability for hired, rented or other non-owned vehicles with a minimum insured limit of [***] per occurrence; (e) Professional Liability or Errors and Omissions insurance with a limit not less than [***]. Coverage shall include claims for infringement of any Intellectual Property right of any third party including, without limitation, copyright and trademark infringement, claims arising from wrongful acts from technology products or professional services including coverage for claims resulting from viruses, negligent design and unauthorized access to private or Confidential Information. Such insurance shall be maintained during the term of this Agreement and for at least two years after the expiration or termination of this Agreement; (g) Privacy/Network Security (Cyber) Liability Insurance providing protection against liability for (i) privacy breaches (including protection against liability from the loss of Confidential Information (whether sensitive personal or corporate information)) in any format no matter how it occurs, (ii) system breach, (iii) denial or loss of service, (iv) introduction, implantation, or spread of malicious software code, and (v) unauthorized access to or use of computer systems in an amount not less than [***]. The policy shall include coverage for vicarious liability and cover Intellectual Property infringement, Networks Operations Security, Privacy Liability, Cyber Security, Cyber Extortion, Identification Theft and Regulatory Actions.

10.2. The Workers' Compensation and Occupational Disease insurance coverage in Section 10.1(a) above shall include a waiver of subrogation against Customer. Insurance coverage in Section 10.1(b) above shall (i) name Customer, its parent, subsidiaries and Affiliates as additional insured; (ii) designate Customer as primary with respect to, and not contributing to or in excess of, any other similar insurance maintained by Customer; and (iii) include a waiver of subrogation against Customer. Insurance coverage in Section 10.1(c) and Section 10.1(d) above shall (i) name Customer, its parent, subsidiaries and Affiliates as an additional insured; and (ii) include a waiver of subrogation against Customer.

10.3. For all above mentioned policies such endorsements shall be evidenced on a certificate of insurance furnished to Customer and must provide at least 30 days' written notice in the event of cancellation of any such policy.

10.4. Supplier will use commercially reasonable efforts to cause any company, vendor or subcontractor being engaged for work under this Agreement, including without limitation under any Order, is bound to substantially similar terms under this Section, as appropriate or applicable, and that appropriate Certificates of Insurance or other evidence of such insurance coverage shall be provided to Supplier.

11. INDEMNIFICATION.

11.1. Indemnification by Supplier.

11.1.1. Supplier shall indemnify, defend (at Supplier's expense) and hold Gogo, its Affiliates and their respective officers, directors, agents and employees harmless from and against any court costs, reasonable attorneys' fees and expenses, settlement expenses, court-awarded damages and reasonable costs of investigation arising out of or resulting from: [***].

11.1.2. If any of the Products or any portion thereof is held, or in Supplier's reasonable opinion is likely to be held, in any such suit to constitute an infringement, misappropriation or violation of the rights of a third party, Supplier shall promptly, at its expense and option, either: (i) secure for Gogo the right to continue the use of such Product; or (ii) replace such Product with a substantially equivalent item that is not subject to any such claim, or modify such Product so that it becomes no longer subject to any such claim; provided, however, that after any such replacement or modification, the Product must continue to substantially conform to the Specifications, and further provided, that any such modified or replaced Product shall be subject to all Supplier warranties contained herein. If Supplier is unable to procure the right to continued use of such Product, or to modify or replace such Product, as provided in clauses (i) and (ii) of the immediately preceding sentence, then Gogo shall return such Product to Supplier, and Supplier shall refund to Gogo the amount paid to Supplier for such Products. In addition, if SOWs are specifically identified as phases of the same project in each of the applicable SOW, and Supplier fails to correct an infringement, misappropriation or violation in one of the phases, Supplier shall refund to Gogo (A) all amounts paid to Supplier for the applicable Product, and (B) all amounts paid to Supplier for other Products that are part of the same project but are rendered to be of no reasonable utility to Gogo without the applicable Product. Supplier shall have no liability under this Section 11.1 to the extent arising from: (i) use of any item provided by Supplier hereunder in combination with other items not provided or approved by Supplier or with which such items were not designed to be used; (ii) Gogo's modification of any item provided by Supplier hereunder; or (iii) Supplier's compliance with Gogo's designs or specifications (where such designs or specifications form the basis for the claim, and not Supplier's chosen implementation), or (iv) Supplier's incorporation of technology supplied or dictated by Gogo (where such technology forms the basis for the claim).

11.2. Indemnification by Gogo. Gogo shall indemnify, defend (at Gogo's expense) and hold Supplier, its Affiliates and their respective officers, directors, agents and employees harmless from and against any court costs, reasonable attorneys' fees and expenses, settlement expenses, court-awarded damages and reasonable costs of investigation arising out of or resulting from (i) any bodily injury or real or tangible personal property damage arising out of Gogo's negligence or willful misconduct or defective Gogo Items; and (ii) any third-party claim that such third party's patent, trademark, trade secret, copyright or trade dress right is infringed, misappropriated or violated by any Gogo Materials.

11.3. Indemnification Procedures. Promptly after receipt by an indemnified party of a notice of any claim or the commencement of any action, such indemnified party shall: (a) notify the indemnifying party in writing of any such claim; (b) provide the indemnifying party with reasonable assistance to settle or defend such claim, at the indemnifying party's own expense; and (c) grant to the indemnifying party the right to control the defense and/or settlement of such claim, at the indemnifying party's own expense; provided, however, that: (i) the failure to so notify, provide assistance and grant authority and control shall only relieve the indemnifying party of its obligation to the indemnified party to the extent that the indemnifying party is prejudiced thereby; (ii) the indemnifying party shall not, without the indemnified party's consent (such consent not to be unreasonably withheld or delayed), agree to any settlement that: (A) makes any admission on behalf of the indemnified party; or (B) consents to any injunction against the indemnified party (except an injunction relating solely to the indemnified party's continued use of any infringing Product or Gogo Materials); and (iii) the indemnified party shall have the right, at its expense, to monitor any legal proceeding through legal counsel of its choosing, but shall have no right to settle a claim without the indemnifying party's written consent.

12. LIMITATION OF LIABILITY.

12.1. EXCEPT IN CONNECTION WITH (a) SECTION 8, (b) SECTION [***], AND (c) EITHER PARTY'S INFRINGEMENT OR VIOLATION OF THE OTHER PARTY'S INTELLECTUAL PROPERTY RIGHTS, IN NO EVENT SHALL EITHER PARTY, ITS AFFILIATES, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, SUBCONTRACTORS OR EMPLOYEES, BE LIABLE TO THE OTHER PARTY FOR ANY REASON, WHETHER IN CONTRACT OR IN TORT, FOR ANY DIRECT DAMAGES ARISING OUT OF OR BASED UPON THIS AGREEMENT (INCLUDING ALL ORDERS) EXCEEDING THE GREATER OF [***] PAYABLE BY GOGO TO SUPPLIER UNDER THIS AGREEMENT FOR THE PRODUCT TO WHICH THE CLAIM RELATES REGARDLESS OF THE FORM IN WHICH ANY LEGAL OR EQUITABLE ACTION MAY BE BROUGHT; PROVIDED, HOWEVER, THAT IF THE DAMAGES DESCRIBED ABOVE RELATE TO MORE THAN ONE PRODUCT, THE FORGOING LIMITATIONS WILL BE COMBINED WITHOUT ALLOCATION OF DAMAGES BETWEEN THE APPLICABLE PRODUCTS.

12.2. No Consequential Damages. EXCEPT IN CONNECTION WITH (a) SECTION 8, (b) SECTION [***], AND (c) EITHER PARTY'S INFRINGEMENT OR VIOLATION OF THE OTHER PARTY'S INTELLECTUAL PROPERTY RIGHTS, IN NO EVENT SHALL EITHER PARTY, ITS AFFILIATES, OR THEIR RESPECTIVE DIRECTORS,

OFFICERS, AGENTS, SUBCONTRACTORS OR EMPLOYEES, BE LIABLE TO THE OTHER PARTY UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR EXEMPLARY, PUNITIVE, INDIRECT, SPECIAL, LOST PROFITS, ECONOMIC, CONSEQUENTIAL, LOSS OR DAMAGE TO DATA OR SIMILAR DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES REGARDLESS OF WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

13. PRODUCT MANAGEMENT.

13.1. Obsolescence. Supplier shall maintain an obsolescence management program throughout the life cycle of a Product whereby Supplier shall undertake an obligation to [***].

13.2. [***]

13.3. [***]

13.4. Gogo commits to review any proposals for Change issued by the Supplier. Gogo shall reserve the discretionary right to refuse a request for Change submitted by the Supplier, with such rejection being reasonably justified in writing by Gogo. In the event that Gogo rejects the proposed Change, which cannot be circumvented by the Supplier, then Gogo shall have the option to make a last time buy of the Product.

13.5. For all Costs of Change associated with all reasons other than a change in Regulation: (a) the Supplier shall bear the Costs of Change deriving from all minor Changes implemented by the Supplier at any time during the Agreement, and (b) Cost of Change related to Commercial Off The Shelf ("COTS") based equipment which are requested by Gogo in the specification shall be mutually agreed by the Parties.

14. PERFORMANCE REQUIREMENTS.

14.1. Change in Supplier's Manufacturing Locations. In the event that Supplier intends to close or change the manufacturing locations of any Product delivered under this Agreement, Supplier shall, at a minimum, give Gogo [***] months advance notice in writing of its intent to close or change the current manufacturing locations. [***]

14.2. Personnel. While at a Gogo facility, Supplier's personnel and subcontractors shall comply with reasonable requests and standard procedures and policies of Gogo. Supplier's personnel and subcontractors will conduct themselves in a businesslike manner. If Gogo determines in good faith that a particular Supplier employee or agent is not conducting him or herself in accordance with this Agreement, then Gogo may provide Supplier with notice thereof and Supplier shall remove and replace such individual. Gogo reserves the right to deny access to its premises to any such individual.

14.3. Proprietary Rights.

14.3.1. With respect to any Intellectual Property developed in connection with this Agreement, the provisions of Section 2.9 of the MSA will be apply, *mutatis mutandis*, and are incorporated herein by this reference.

14.3.2. Prohibited Acts. Each Party shall not:

a) take any action that may interfere with the other Party's Intellectual Property rights, including such other Party's ownership or exercise thereof;

b) challenge any right, title or interest of the other Party in such other Party's Intellectual Property rights;

c) make any claim or take any action adverse to such other Party's ownership of its Intellectual Property rights;

d) register or apply for registrations, anywhere in the world, the other Party's Trademarks or any other Trademark that is similar to such other Party's Trademark[s] or that incorporates such Trademarks in whole or in confusingly similar part;

e) use any mark, anywhere, that is confusingly similar to the other Party's Trademarks;

f) misappropriate any of the other Party's Trademarks for use as a domain name without such other Party's prior written consent; or

g) alter, obscure or remove any of the other Party's Trademarks or trademark or copyright notices or any other proprietary rights notices placed on the products purchased under this Agreement (including Products), marketing materials or other materials.

14.4. Quality Assurance. Supplier will comply with Rev. P of Gogo's Quality Management Document Number D15692, which is herein incorporated into this Agreement by reference and which the Supplier acknowledges having received and understood. Exhibit E hereto sets forth exceptions and responses to Rev. P of Gogo's Quality Management Document Number D15692 as agreed to by the Parties.

14.5. Export Control Compliance. Prior to the first shipment to Gogo of each unique part number of any of the Products, and prior to the first shipment following a change to the export classification of any Products, Supplier shall provide to Gogo written certification for each such part number of the following: for each Product supplied from the United States, its EAR Export Control Classification Number ("ECCN"); and (b) for each Product supplied outside of the United States, its Harmonized Tariff Schedule ("HTS") number.

14.6. Documentation. Supplier shall provide to Gogo all technical manuals applicable to the Products as outlined in Exhibit A and Exhibit C.

14.7. Configuration Management. Supplier shall:

a) make provisions for the identification, control, monitoring and reporting of the Configuration Management ("CM") activities using the configuration management system referenced in each applicable SOW;

b) ensure that the Design Data under Supplier's Design Authority is created, submitted and can be readily integrated or incorporated into the Gogo Configuration Management Database ("CMDB");

c) be given restricted access, when required or where applicable, to the Gogo CMDB;

d) assure that any Supplier employees receiving access to the CMDB shall be notified of the confidentiality obligations of Section 8 of this Agreement; and

e) notify Gogo within 24 hours following employment termination of employees who have access to the Gogo CMDB.

14.8. Hazardous and Conflict Minerals. Upon Gogo's request, Supplier shall provide to Gogo written certifications of Supplier's compliance with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act**"**) and Rule 13p-1 and Form SD under the Securities Exchange Act of 1934 with respect to the Products.

For each shipment of Products, Supplier shall provide Gogo, in writing, sufficient advance warning and notice (in addition to including appropriate labels on Products, containers and packing) of any hazardous or restricted material that is an ingredient or a part of the shipment, together with such special handling instructions as may be necessary to advise logistics providers, handlers of the Products and personnel of how to exercise that measure of care and precaution that will comply with any applicable Laws and prevent bodily injury or property damage in the handling, transportation, processing, use or disposal of the Products, containers and packing.

14.9. Mean Time Between Failures ("MTBF") Guarantee. In addition to the warranties and obligations contained herein, Supplier warrants that the Products shall meet the MTBF guarantees as specified in the Agreement.

a) MTBF Analysis & Reporting. The Parties agree as follows: (i) Gogo may, at its discretion, provide periodic reports of Supplier's MTBF performance with respect to the Products; and (ii) Supplier's shall provide Gogo with access and available data required to analyze MTBF of Products for the returned/repaired Products including but not limited to:

i. Analysis of MTBF; and

ii. Analysis reports including but not limited to summary of warranty returns, confirmation of fault or no fault found, root cause analysis and corrective actions.

Supplier shall, on the 5th day following the end of each quarter, provide Gogo with an electronic copy report detailing the required information as specified above, throughout the applicable Warranty Period.

b) [***]

c) Measured MTBF = Cumulative Flight Hours x Product Quantity / Number of Verified Failures. [***]

14.10. Gogo Responsibilities. Gogo, at its cost and expense, shall be responsible for providing the items listed in Exhibit B ("Gogo Items") in the quantities and in accordance with the schedule requirements set forth in Exhibit B, as required for Supplier's manufacture and supply of the Products. Supplier will be excused from failures or delays in performance, and milestones will be adjusted if appropriate, to the extent that any such failure or delay is attributable to Gogo's failure or delay the performance of its obligations under this Agreement, including Gogo's obligations to provide the Gogo Items. In each instance, Gogo will give prompt notice of its failure or delay. The Parties will mutually agree on the processes for supply and delivery of Gogo Items to Supplier (including appropriate provisions for Supplier's inventory management of Gogo Items) and for incorporation of the Gogo Items in connection with manufacturing the Products.

15. REPRESENTATIONS AND WARRANTIES.

Supplier represents and warrants to Gogo that as of the date of this Agreement and at all times after the Effective Date of this Agreement that:

15.1. Supplier is duly organized and validly existing and has the power and authority to execute and deliver, and to perform its obligations under, this Agreement;

15.2. Supplier's performance under this Agreement does not and shall not violate any law, rule, or regulation;

15.3. All Services will be performed in a good and workmanlike manner in accordance with applicable industry standards and practices and the Products will comply with the Specifications for such Services and Products set forth in Exhibit A;

15.4. Supplier possesses the necessary equipment, personnel, and other expertise necessary to provide the Services and Products as set forth herein; and

15.5. The Products delivered to Gogo under this Agreement will be free from any viruses, disabling programming codes, instructions, or other such items that may interfere with or adversely affect Gogo's permitted use of the Products.

16. GENERAL.

16.1. Language and Measurements. The Parties hereto have agreed that this Agreement be drafted in English only. All contractual documents and all correspondence, invoices, notices and other documents shall be submitted in English. Any necessary conversations shall be held in English. Gogo shall determine whether measurements will be in the English or Metric system or a combination of the two systems. Supplier shall not convert measurements, which Gogo has stated in an English measurement system into the Metric system in documents furnished to Gogo.

16.2. Assignment. Neither Party may assign or transfer its rights or obligations in this agreement (by operation of law or otherwise), in whole or in part, to any person or entity without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, that a Party may assign such rights or obligations upon written notice to the non-assigning Party to (a) a successor or surviving corporation resulting from a merger, consolidation, sale of assets or stock or other corporate reorganization, or (b) its parent or Affiliate, in each of (a) and (b) upon conditions that the assignee will assume all of the Party's obligations hereunder, is fully capable of fulfilling the assignor's obligations under this Agreement, and does not engage in a business that is competitive with the business of the non-assigning Party. Any attempt to assign or delegate in violation of this clause will be void.

16.3. Force Majeure. Either Party hereto shall be excused for delays or interruptions in the performance of its obligations under this Agreement or applicable SOW to the extent such delays or interruptions are otherwise not foreseeable and beyond the reasonable control of such Party, including but not limited to delays or interruptions due to war (whether or not actually declared), sabotage, insurrection, rebellion, riot or other act of civil disobedience, act of a public enemy, failure of or delay in transportation, any governmental act, judicial action, priorities given U.S. Government procurements, labor dispute, shortage of labor, fuel, raw material or machinery, fire, accident, explosion, epidemic, pandemic, quarantine, storm, flood, earthquake, or other Acts of God ("Force Majeure"). The Parties specifically agree that rain, snow or other ordinary weather conditions (excluding tornadoes, hurricanes, and other major storms) do not constitute Force Majeure conditions. If any such Force Majeure occurs, the Party affected by such Force Majeure shall promptly notify the other Party in writing and use its best efforts to abate the effect of such Force Majeure and restore compliance with the terms of an Agreement as soon as possible.

16.4. Severability. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the remaining provisions of this Agreement shall be enforceable to the maximum extent possible.

16.5. Notices. Each Party must provide notices or other communications to the other Party in writing by: (a) certified mail, hand delivery or delivery by a courier service to the address below set forth (or such other address as may have been furnished by or on behalf of such Party by like notice), (b) facsimile with receipt of a "transmission ok" acknowledgement, or (c) e-mail. Communications sent by facsimile or e-mail shall be deemed effectively served upon dispatch, if receipt is confirmed electronically. Communications sent by certified mail or courier service shall be deemed effectively served three (3) calendar days after deposit. All other general correspondence may be communicated by electronic means (e-mail).

Gogo	**Supplier**
Gogo Business Aviation LLC	Hughes Network Systems, LLC
105 Edgeview Drive, Suite 300	11717 Exploration Lane
Broomfield, CO 80021	Germantown, MD 20876
Attn: General Counsel, legalnotices@gogoair.com	Attn: General Counsel, legalnotices@hughes.com

16.6. Waiver. No waiver by either Party of a breach of any term, provision or condition of this Agreement by the other Party shall constitute a waiver of any succeeding breach of the same or any other provision hereof. No such waiver shall be valid unless executed in writing by the Party making the waiver.

16.7. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one instrument.

16.8. Headings. The section and subsection headings used in this Agreement are intended for reference purposes only and shall not affect the interpretation or construction of any provision of this Agreement.

16.9. Construction. Each Party acknowledges that this Agreement was drafted jointly by the Parties, and it shall be construed neither against nor in favor of either Party. The term “including” or “include”, as used in this Agreement, shall mean “including, but not limited to”.

16.10. Third Party Beneficiaries. Nothing contained in this Agreement is intended to confer nor shall confer upon any person (other than the Parties hereto and their permitted assigns) any rights, benefits or remedies of any kind or character whatsoever, and no such person shall be deemed a third party beneficiary under or by reason of this Agreement.

16.11. Accrued Rights. The termination or expiration of this Agreement shall not affect or prejudice either Party’s accrued rights hereunder.

16.12. Governing Law, Venue and Language. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT. VENUE FOR ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE EXCLUSIVELY THE STATE OR FEDERAL COURTS LOCATED IN DENVER, COLORADO. THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF SUCH COURTS. NOTHING IN THIS AGREEMENT AFFECTS ANY STATUTORY RIGHTS OF CONSUMERS THAT CANNOT BE WAIVED OR LIMITED BY CONTRACT. THE PARTIES WAIVE JURY TRIAL WITH RESPECT TO ANY DISPUTE UNDER THIS AGREEMENT.

16.13. Dispute Resolution. Prior to either Party initiating a formal dispute resolution procedure with respect to any dispute, that Party shall attempt to resolve such dispute informally, as follows: (a) the Parties’ respective project managers for the applicable Exhibits shall attempt in good faith to resolve all disputes. If the Project Managers are unable to resolve a dispute in an amount of time that both Parties deem reasonable under the circumstances, then upon written notice to the other Party, either Party may refer the dispute to the applicable senior corporate executives for resolution pursuant to Section 16.13(b); (b) within five (5) business days after receipt of a written notice under Section 16.13(a), the designated senior corporate executives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal dispute resolution proceeding. All negotiations shall be strictly confidential and used solely for the purposes of settlement. Any materials prepared by one Party for these proceedings shall not be used as evidence by the other Party in any subsequent litigation, provided, however, the underlying facts supporting such materials may be subject to discovery. Notwithstanding the foregoing, each Party shall be entitled to injunctive relief from a court of competent jurisdiction without the need to post any bond or demonstrate actual damages in the event of a breach or anticipatory breach by the other Party that would cause irreparable injury and damage.

16.14. Jury Trial Wavier. Each Party waives any right to a jury trial in any proceeding arising out of or related to this Agreement.

16.15. Retention of Records. For purchases supporting Gogo, Supplier’s quality assurance, development and production records shall be maintained on file at Supplier’s facility and available to the relevant Aviation Authority (or equivalent governmental agency in Supplier's country that has been granted jurisdiction by the FAA) and Gogo's Authorized Representatives. Supplier shall retain such records for a period of not less than the required retention of the Aviation Authority or ten (10) years from the date of final payment under the· applicable Order for all Products unless otherwise specified on the Order.

16.16. Relationship of the Parties. The relationship between the Parties to this Agreement is and shall be that of independent contractors. It is expressly agreed that nothing in this Agreement shall be construed to create or imply a partnership, joint venture, agency relationship or contract of employment. Neither Party shall have the authority to make any statement, representation nor commitment of any kind, or to take any action that shall be binding on the other Party except as authorized in writing by the Party to be bound. Personnel supplied by each Party hereunder are not the other Party's employees or agents, and each Party assumes full responsibility for: (a) its own acts, (b) compensation of its personnel, and (c) the payment of worker's compensation, disability benefits, or unemployment insurance or for withholding or paying employment related taxes for any its personnel.

16.17. Press Releases. Neither Party shall issue any press release concerning this Agreement without the other Party's consent. Neither Party may use the name, trade name, trademark, logo, acronym or other designation of the other in connection with any press release, advertising, publicity materials or otherwise without the prior written consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed.

16.18. Third Party Code of Conduct. Supplier shall comply with Gogo's Third Party Code of Conduct in the performance of the Services hereunder. The Third Party Code of Conduct is located at http://www.gogoair.com/policies.

16.19. Survival. The following Sections of this Agreement shall survive termination or expiration of this Agreement: 1, 4.3, 4.4, 8, 9.2, 11, 12, 14.3 and 16; Exhibit C with respect to any Products sold prior to termination or expiration; and Exhibit D.

16.20. Order of Precedence. Any inconsistency in the provisions of this Agreement will be resolved by giving precedence in the following order: (1) The applicable Amendment that gives rise to the inconsistency in provisions, (2) the Agreement, (3) Exhibits, and (4) any other document incorporated by express reference as part of the Agreement; such that the provision in the higher ranked document, to the extent of the inconsistency, will prevail.

16.21. Entire Agreement. This Agreement contains the entire agreement between the Parties with respect the supply of Products to Gogo and Product Support and supersedes any prior representations or agreements, oral or written, and all other communications between the Parties relating to the supply of Products to Gogo and Product Support. Notwithstanding the foregoing, this Agreement shall not void or modify any transfers, warranties, or indemnities of Supplier to Gogo contained in any prior agreements that relate to the Products. This Agreement will not be varied except in writing signed by an Authorized Representative of each Party.

IN WITNESS WHEREOF the Parties hereto, by their duly Authorized Representatives, have executed this Agreement as of the date first set forth above.

GOGO BUSINESS AVIATION LLC		**HUGHES NETWORK SYSTEMS, LLC**	
By:	/s/ Sergio A. Aguirre	By:	/s/ Sean P. Fleming
Name:	Sergio A. Aguirre	Name:	Sean P. Fleming
Title:	President and Chief Operating Officer	Title:	VP and Associate General Counsel

Exhibit 31.1

Gogo Inc.

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

I, Oakleigh Thorne, certify that:

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

Date: May 3, 2023

/s/ Oakleigh Thorne

Oakleigh Thorne
Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

Exhibit 31.2

Gogo Inc.

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

I, Jessica G. Betjemann, certify that:

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

Date: May 3, 2023

/s/ Jessica G. Betjemann

Jessica G. Betjemann
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 and Chairman of the Board of Gogo Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: May 3, 2023

/s/ Oakleigh Thorne

Oakleigh Thorne
Chief Executive Officer and Chairman of the Board
(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, Jessica G. Betjemann, Executive Vice President and Chief Financial Officer of Gogo Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: May 3, 2023

/s/ Jessica G. Betjemann

Jessica G. Betjemann
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)