

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 June 30, 2021

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**

(State or other jurisdiction of  
Incorporation or Organization)

**27-1650905**

(I.R.S. Employer  
Identification No.)

**111 North Canal St., Suite 1400**

**Chicago, IL 60606**

(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:**

<u>Title of Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 July 30, 2021, 109,704,350 shares of \$0.0001 par value common stock were outstanding.

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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)*

	June 30, 2021	December 31, 2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 109,174	\$ 435,345
Accounts receivable, net of allowances of \$753 and \$1,044, respectively	39,999	39,833
Inventories	27,422	28,114
Prepaid expenses and other current assets	11,802	8,934
<b>Total current assets</b>	<b>188,397</b>	<b>512,226</b>
<b>Non-current assets:</b>		
Property and equipment, net	59,207	63,493
Intangible assets, net	49,453	52,693
Operating lease right-of-use assets	31,150	33,690
Other non-current assets, net of allowances of \$397 and \$375, respectively	23,829	11,486
<b>Total non-current assets</b>	<b>163,639</b>	<b>161,362</b>
<b>Total assets</b>	<b>\$ 352,036</b>	<b>\$ 673,588</b>
<b>Liabilities and stockholders' deficit</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 14,725	\$ 11,013
Accrued liabilities	61,843	83,009
Deferred revenue	2,474	3,113
Current portion of long-term debt	109,080	341,000
<b>Total current liabilities</b>	<b>188,122</b>	<b>438,135</b>
<b>Non-current liabilities:</b>		
Long-term debt	697,035	827,968
Non-current operating lease liabilities	34,589	38,018
Other non-current liabilities	9,572	10,581
<b>Total non-current liabilities</b>	<b>741,196</b>	<b>876,567</b>
<b>Total liabilities</b>	<b>929,318</b>	<b>1,314,702</b>
<b>Stockholders' deficit</b>		
Common stock, par value \$0.0001 per share; 500,000,000 shares authorized at June 30, 2021 and December 31, 2020; 116,311,108 and 91,086,191 shares issued at June 30, 2021 and December 31, 2020, respectively; and 109,695,594 and 85,990,499 shares outstanding at June 30, 2021 and December 31, 2020, respectively	11	9
Additional paid-in capital	1,234,111	1,088,590
Accumulated other comprehensive loss	(1,305)	(1,013)
Treasury stock, at cost	(128,803)	(98,857)
Accumulated deficit	(1,681,296)	(1,629,843)
<b>Total stockholders' deficit</b>	<b>(577,282)</b>	<b>(641,114)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 352,036</b>	<b>\$ 673,588</b>

*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 June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Revenue:</b>				
Service revenue	\$ 64,767	\$ 44,033	\$ 124,122	\$ 101,759
Equipment revenue	17,608	10,599	32,122	23,800
<b>Total revenue</b>	<b>82,375</b>	<b>54,632</b>	<b>156,244</b>	<b>125,559</b>
<b>Operating expenses:</b>				
Cost of service revenue	15,177	10,167	29,272	21,174
Cost of equipment revenue	10,932	6,982	19,214	15,493
Engineering, design and development	6,541	5,498	12,034	12,855
Sales and marketing	4,826	2,516	8,555	6,966
General and administrative	11,746	9,133	22,119	23,839
Depreciation and amortization	3,547	3,218	7,664	6,797
<b>Total operating expenses</b>	<b>52,769</b>	<b>37,514</b>	<b>98,858</b>	<b>87,124</b>
<b>Operating income</b>	<b>29,606</b>	<b>17,118</b>	<b>57,386</b>	<b>38,435</b>
<b>Other (income) expense:</b>				
Interest income	(54)	(75)	(111)	(653)
Interest expense	16,340	31,253	45,634	62,396
Loss on extinguishment of debt and settlement of convertible notes	79,564	-	83,961	-
Other (income) expense	(127)	1	(132)	-
<b>Total other expense</b>	<b>95,723</b>	<b>31,179</b>	<b>129,352</b>	<b>61,743</b>
<b>Loss from continuing operations before income taxes</b>	<b>(66,117)</b>	<b>(14,061)</b>	<b>(71,966)</b>	<b>(23,308)</b>
Income tax provision	277	140	312	281
<b>Net loss from continuing operations</b>	<b>(66,394)</b>	<b>(14,201)</b>	<b>(72,278)</b>	<b>(23,589)</b>
<b>Net loss from discontinued operations, net of tax</b>	<b>(2,854)</b>	<b>(71,778)</b>	<b>(4,655)</b>	<b>(147,168)</b>
<b>Net loss</b>	<b>\$ (69,248)</b>	<b>\$ (85,979)</b>	<b>\$ (76,933)</b>	<b>\$ (170,757)</b>
<b>Net loss attributable to common stock per share – basic and diluted:</b>				
<b>Net loss from continuing operations</b>	<b>\$ (0.61)</b>	<b>\$ (0.17)</b>	<b>\$ (0.74)</b>	<b>\$ (0.29)</b>
<b>Net loss from discontinued operations</b>	<b>(0.02)</b>	<b>(0.88)</b>	<b>(0.05)</b>	<b>(1.81)</b>
<b>Net loss</b>	<b>\$ (0.63)</b>	<b>\$ (1.05)</b>	<b>\$ (0.79)</b>	<b>\$ (2.10)</b>
<b>Weighted average number of shares—basic and diluted</b>	<b>109,060</b>	<b>81,757</b>	<b>96,884</b>	<b>81,482</b>

*See the Notes to Unaudited Condensed Consolidated Financial Statements*

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Net loss</b>	\$ (69,248)	\$ (85,979)	\$ (76,933)	\$ (170,757)
Other comprehensive income (loss), net of tax				
Currency translation adjustments	37	269	138	(2,602)
Cash flow hedges:				
Net unrealized loss	(430)	-	(430)	-
Amount realized and reclassified to earnings	-	-	-	-
Changes in fair value of cash flow hedges	(430)	-	(430)	-
Other comprehensive income (loss), net of tax	(393)	269	(292)	(2,602)
<b>Comprehensive loss</b>	<u>\$ (69,641)</u>	<u>\$ (85,710)</u>	<u>\$ (77,225)</u>	<u>\$ (173,359)</u>

*See the Notes to Unaudited Condensed Consolidated Financial Statements*

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

	For the Six Months Ended June 30,	
	2021	2020
<b>Operating activities from continuing operations:</b>		
Net loss	\$ (72,278)	\$ (23,589)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	7,664	6,797
(Gain) Loss on asset disposals, abandonments and write-downs	(2)	74
Provision for expected credit losses	(15)	852
Deferred income taxes	90	89
Stock-based compensation expense	4,741	3,603
Amortization of deferred financing costs	2,781	2,872
Accretion and amortization of debt discount and premium	188	6,762
Losses on extinguishment of debt and settlement of convertible notes	83,961	-
Changes in operating assets and liabilities:		
Accounts receivable	871	12,848
Inventories	692	(2,287)
Prepaid expenses and other current assets	(2,238)	(1,015)
Contract assets	(3,314)	(5,252)
Accounts payable	3,349	4,132
Accrued liabilities	(6,483)	(7,935)
Deferred revenue	(632)	271
Accrued interest	(8,576)	(5)
Other non-current assets and liabilities	(1,198)	600
<b>Net cash provided by (used in) operating activities from continuing operations</b>	<b>9,601</b>	<b>(1,183)</b>
<b>Investing activities from continuing operations:</b>		
Purchases of property and equipment	(1,284)	(258)
Acquisition of intangible assets—capitalized software	(542)	(4,812)
Purchase of interest rate cap	(8,629)	-
<b>Net cash used in investing activities from continuing operations</b>	<b>(10,455)</b>	<b>(5,070)</b>
<b>Financing activities from continuing operations:</b>		
Proceeds from credit facility draw	-	22,000
Repayments of amounts drawn from credit facility	-	(5,000)
Repurchase of convertible notes	-	(2,498)
Redemption of senior secured notes	(1,023,146)	-
Proceeds from term loan, net of discount	721,375	-
Payment of debt issuance costs	(20,251)	-
Payments on financing leases	(154)	-
Stock-based compensation activity	(2,752)	(262)
<b>Net cash provided by (used in) financing activities from continuing operations</b>	<b>(324,928)</b>	<b>14,240</b>
<b>Cash flows from discontinued operations:</b>		
Cash used in operating activities	(800)	(7,373)
Cash used in investing activities	-	(15,942)
Cash used in financing activities	-	(310)
<b>Net cash used in discontinued operations</b>	<b>(800)</b>	<b>(23,625)</b>
Effect of exchange rate changes on cash	(89)	(90)
<b>Decrease in cash, cash equivalents and restricted cash</b>	<b>(326,671)</b>	<b>(15,728)</b>
Cash, cash equivalents and restricted cash at beginning of period	435,870	177,675
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 109,199</b>	<b>\$ 161,947</b>
Cash, cash equivalents and restricted cash at end of period	\$ 109,199	\$ 161,947
Less: current restricted cash	25	560
Less: non-current restricted cash	-	5,101
<b>Cash and cash equivalents at end of period</b>	<b>\$ 109,174</b>	<b>\$ 156,286</b>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	\$ 51,259	\$ 53,080
Cash paid for taxes	276	56

*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 June 30, 2021								
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock		Total
	Shares	Par Value				Shares	Amount	
<b>Balance at March 31, 2021</b>	92,071,085	\$ 9	\$ 1,080,305	\$ (912)	\$ (1,612,048)	5,077,400	\$ (98,857)	\$ (631,503)
Net loss	-	-	-	-	(69,248)	-	-	(69,248)
Currency translation adjustments, net of tax	-	-	-	37	-	-	-	37
Fair value adjustments of cash flow hedge, net of tax	-	-	-	(430)	-	-	-	(430)
Stock-based compensation expense	-	-	3,385	-	-	-	-	3,385
Issuance of common stock upon exercise of stock options	34,751	-	86	-	-	-	-	86
Issuance of common stock upon vesting of restricted stock units and restricted stock awards	51,246	-	-	-	-	-	-	-
Tax withholding related to vesting of restricted stock units	-	-	(324)	-	-	-	-	(324)
Issuance of common stock in connection with employee stock purchase plan	12,032	-	131	-	-	-	-	131
Settlement of convertible notes	19,064,529	2	120,582	-	-	-	-	120,584
Settlement of prepaid forward shares	(1,538,049)	-	29,946	-	-	1,538,049	(29,946)	-
<b>Balance at June 30, 2021</b>	<u>109,695,594</u>	<u>\$ 11</u>	<u>\$ 1,234,111</u>	<u>\$ (1,305)</u>	<u>\$ (1,681,296)</u>	<u>6,615,449</u>	<u>\$ (128,803)</u>	<u>\$ (577,282)</u>

For the Three Months Ended June 30, 2020								
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock		Total
	Shares	Par Value				Shares	Amount	
<b>Balance at March 31, 2020</b>	83,773,648	\$ 8	\$ 1,081,955	\$ (5,127)	\$ (1,464,585)	5,077,400	\$ (98,857)	\$ (486,606)
Net loss	-	-	-	-	(85,979)	-	-	(85,979)
Currency translation adjustments, net of tax	-	-	-	269	-	-	-	269
Stock-based compensation expense	-	-	3,164	-	-	-	-	3,164
Issuance of common stock upon vesting of restricted stock units and restricted stock awards	118,938	-	-	-	-	-	-	-
Tax withholding related to vesting of restricted stock units	-	-	(127)	-	-	-	-	(127)
Issuance of common stock in connection with employee stock purchase plan	139,757	-	262	-	-	-	-	262
<b>Balance at June 30, 2020</b>	<u>84,032,343</u>	<u>\$ 8</u>	<u>\$ 1,085,254</u>	<u>\$ (4,858)</u>	<u>\$ (1,550,564)</u>	<u>5,077,400</u>	<u>\$ (98,857)</u>	<u>\$ (569,017)</u>

**For the Six Months Ended June 30, 2021**

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock		Total
	Shares	Par Value				Shares	Amount	
<b>Balance at January 1, 2021</b>	85,990,499	\$ 9	\$ 1,088,590	\$ (1,013)	\$ (1,629,843)	5,077,400	\$ (98,857)	\$ (641,114)
Net loss	-	-	-	-	(76,933)	-	-	(76,933)
Currency translation adjustments, net of tax	-	-	-	138	-	-	-	138
Fair value adjustments of cash flow hedge, net of tax	-	-	-	(430)	-	-	-	(430)
Stock-based compensation expense	-	-	11,312	-	-	-	-	11,312
Issuance of common stock upon exercise of stock options	212,397	-	544	-	-	-	-	544
Issuance of common stock upon vesting of restricted stock units and restricted stock awards	654,072	-	-	-	-	-	-	-
Tax withholding related to vesting of restricted stock units	-	-	(3,544)	-	-	-	-	(3,544)
Issuance of common stock in connection with employee stock purchase plan	23,669	-	247	-	-	-	-	247
Settlement of convertible notes	24,353,006	2	154,439	-	-	-	-	154,441
Settlement of prepaid forward shares	(1,538,049)	-	29,946	-	-	1,538,049	(29,946)	-
Impact of the adoption of ASU 2020-06	-	-	(47,423)	-	25,480	-	-	(21,943)
<b>Balance at June 30, 2021</b>	<u>109,695,594</u>	<u>\$ 11</u>	<u>\$ 1,234,111</u>	<u>\$ (1,305)</u>	<u>\$ (1,681,296)</u>	<u>6,615,449</u>	<u>\$ (128,803)</u>	<u>\$ (577,282)</u>

**For the Six Months Ended June 30, 2020**

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock		Total
	Shares	Par Value				Shares	Amount	
<b>Balance at January 1, 2020</b>	88,240,877	\$ 9	\$ 979,499	\$ (2,256)	\$ (1,376,142)	-	\$ -	\$ (398,890)
Net loss	-	-	-	-	(170,757)	-	-	(170,757)
Currency translation adjustments, net of tax	-	-	-	(2,602)	-	-	-	(2,602)
Stock-based compensation expense	-	-	7,159	-	-	-	-	7,159
Issuance of common stock upon vesting of restricted stock units and restricted stock awards	641,428	-	-	-	-	-	-	-
Tax withholding related to vesting of restricted stock units	-	-	(809)	-	-	-	-	(809)
Issuance of common stock in connection with employee stock purchase plan	227,438	-	547	-	-	-	-	547
Settlement of prepaid forward shares	(5,077,400)	(1)	98,858	-	-	5,077,400	(98,857)	-
Impact of the adoption of ASU 2016-13	-	-	-	-	(3,665)	-	-	(3,665)
<b>Balance at June 30, 2020</b>	<u>84,032,343</u>	<u>\$ 8</u>	<u>\$ 1,085,254</u>	<u>\$ (4,858)</u>	<u>\$ (1,550,564)</u>	<u>5,077,400</u>	<u>\$ (98,857)</u>	<u>\$ (569,017)</u>

*See the Notes to Unaudited Condensed Consolidated Financial Statements*



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

**1. Basis of Presentation**

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

On December 1, 2020, we completed the previously announced sale of our Commercial Aviation (“CA”) business to a subsidiary of Intelsat Jackson Holdings S.A. (“Intelsat

”) for a purchase price of \$400 million in cash, subject to certain adjustments (the “Transaction”).

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

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

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

**Basis of Presentation** - The accompanying Unaudited Condensed Consolidated Financial Statements and notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and in conformity with Article 10 of Regulation S-X promulgated under the Securities Act of 1933, as amended (the “Securities Act”). Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements and should be read in conjunction with our annual audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission (“SEC”) on March 11, 2021 (the “2020 10-K”). These Unaudited Condensed Consolidated Financial Statements reflect, in the opinion of management, all material adjustments (which include normal recurring adjustments) necessary to fairly state, in all material respects, our financial position, results of operations and cash flows for the periods presented.

The results of operations and cash flows for the three- and six-month periods ended June 30, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2021.

We had one class of common stock outstanding as of June 30, 2021 and December 31, 2020.

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

**2. Discontinued Operations**

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Revenue:</b>				
Service revenue	\$ -	\$ 30,246	\$ -	\$ 123,302
Equipment revenue	-	11,762	-	32,254
<b>Total revenue</b>	<b>-</b>	<b>42,008</b>	<b>-</b>	<b>155,556</b>
<b>Operating expenses:</b>				
Cost of service revenue	-	32,056	-	91,804
Cost of equipment revenue	-	8,394	-	25,923
Engineering, design and development	-	9,911	-	25,417
Sales and marketing	-	3,364	-	8,566
General and administrative	2,754	13,372	4,555	25,832
Impairment of long-lived assets	-	987	-	47,376
Depreciation and amortization	-	45,472	-	74,563
<b>Total operating expenses</b>	<b>2,754</b>	<b>113,556</b>	<b>4,555</b>	<b>299,481</b>
<b>Operating loss</b>	<b>(2,754)</b>	<b>(71,548)</b>	<b>(4,555)</b>	<b>(143,925)</b>
<b>Total other (income) expense</b>	<b>-</b>	<b>253</b>	<b>-</b>	<b>3,250</b>
<b>Loss before income taxes</b>	<b>(2,754)</b>	<b>(71,801)</b>	<b>(4,555)</b>	<b>(147,175)</b>
Income tax provision (benefit)	100	(23)	100	(7)
<b>Net loss from discontinued operations, net of tax</b>	<b>\$ (2,854)</b>	<b>\$ (71,778)</b>	<b>\$ (4,655)</b>	<b>\$ (147,168)</b>

**Gain on sale** – Upon the closing of the Transaction on December 1, 2020, we received initial gross proceeds of \$386.3 million, which reflects the \$400.0 million purchase price, adjusted for cash, debt, transaction expenses and working capital. The final purchase price remains subject to change due to customary post-closing purchase price adjustment procedures set forth in the purchase and sale agreement between Gogo and Intelsat that are not yet complete. In February 2021, Intelsat delivered a draft closing statement that would reduce the working capital portion of the purchase price computation by \$9.4 million, which would result in Gogo returning to Intelsat \$9.4 million of the initial gross proceeds. Gogo has disputed certain items in Intelsat’s draft closing statement and in accordance with the terms of the purchase and sale agreement the parties have agreed to submit the disputed items to an independent accounting firm for resolution. As the post-closing purchase price adjustment is not yet finalized and therefore represents a contingent gain, \$9.4 million has been recorded as a deferred gain on sale included within Accrued liabilities. As a result, during December 2020, we recognized within Gain on sale of CA business a pretax gain on sale of \$38.0 million, computed as the \$386.3 million of initial gross proceeds less (i) the potential \$9.4 million post-closing purchase price adjustment not yet finalized, (ii) the carrying value of the assets and liabilities transferred in the Transaction and (iii) Transaction-related costs.

**Stock-based compensation** – In August 2020, the Compensation Committee of our Board of Directors (the “Compensation Committee”) approved modifications to the vesting conditions and exercise periods of outstanding equity compensation awards held by certain of our then-current employees who became employees of Intelsat in the Transaction. These modifications became effective upon the consummation of the Transaction. Pursuant to such modifications, the options and restricted stock units (“RSUs”) held by Intelsat employees generally vest on the earlier of (i) the original vesting date or (ii) November 30, 2021; provided that the employee does not voluntarily resign from and is not terminated for cause by Intelsat prior to such date. Certain of these awards vest based on conditions that are not classified as a service, market or performance condition and as a result such awards are classified as a liability. Other than mark-to-market accounting adjustments, all costs related to stock-based compensation for our prior employees who became employees of Intelsat in the Transaction were recognized as of December 31, 2020. During the three- and six-month periods ended

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June 30, 2021, \$0.5 million and \$6.6 million, respectively, was reclassified from Accrued liabilities to Additional paid-in capital as the awards vested during the respective periods.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of service revenue	\$ -	\$ 363	\$ -	\$ 807
Engineering, design and development	-	426	-	1,023
Sales and marketing	-	393	-	816
General and administrative	2,802	701	3,855	910
<b>Total stock-based compensation expense</b>	<b>\$ 2,802</b>	<b>\$ 1,883</b>	<b>\$ 3,855</b>	<b>\$ 3,556</b>

For additional information on our stock-based compensation plans, see Note 17, “Stock-Based Compensation and 401(k) Plan.”

**Other Costs Classified to Discontinued Operations** – During the three- and six-month periods ended June 30, 2021, we incurred \$0.1 million and \$0.8 million, respectively, of additional costs (exclusive of the stock-based compensation expense noted above) primarily due to employer-paid taxes arising from the exercise of stock options by former employees now employed by Intelsat.

### 3. Recent Accounting Pronouncements

#### Accounting standards adopted:

On January 1, 2021, we adopted ASU 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity* (“ASU 2020-06”). ASU 2020-06 simplifies the accounting for certain convertible instruments by removing the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature. As a result, convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. Additionally, ASU 2020-06 amends the diluted earnings per share calculation for convertible instruments by requiring the use of the if-converted method. The treasury stock method is no longer available. This standard is effective beginning on January 1, 2022, with early adoption permitted. Adoption of the standard requires using either a modified retrospective or a full retrospective approach. We elected to early adopt ASU 2020-06 using the modified retrospective approach.

The cumulative impact of using the modified retrospective approach for the adoption of ASU 2020-06 on our Unaudited Condensed Consolidated Balance Sheets as of January 1, 2021 is summarized below:

	Balance at December 31, 2020	Impact of ASU 2020-06	Balances with Adoption of ASU 2020-06
<b>Liabilities</b>			
Long-term debt	\$ 827,968	\$ 21,943	\$ 849,911
<b>Equity</b>			
Additional paid-in capital	\$ 1,088,590	\$ (47,423)	\$ 1,041,167
Accumulated deficit	\$ (1,629,843)	\$ 25,480	\$ (1,604,363)

On January 1, 2021, we adopted Accounting Standards Update No. 2019-12 – *Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes* (“ASU 2019-12”). The amendments in ASU 2019-12 eliminate certain exceptions to the incremental approach for intraperiod tax allocation and interim period income tax accounting for year-to-date losses that exceed projected losses. ASU 2019-12 also clarifies and simplifies other aspects of the accounting for income taxes. Adoption of this standard did not have a material impact on our Unaudited Condensed Consolidated Financial Statements.

**4. Revenue Recognition**

**Remaining performance obligations**

As of June 30, 2021, the aggregate amount of the transaction price in our contracts allocated to the remaining unsatisfied performance obligations was approximately \$92 million. The remaining unsatisfied performance obligations represent connectivity and entertainment service revenues which are recognized as services are provided, which is expected to occur through the remaining term of the contract. We have excluded from this amount consideration from contracts that have an original duration of one year or less.

**Disaggregation of revenue**

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

	<b>For the Three Months</b>		<b>For the Six Months</b>	
	<b>Ended June 30,</b>		<b>Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Service revenue</b>				
Connectivity	\$ 64,053	\$ 43,447	\$ 122,456	\$ 100,422
Entertainment and other	714	586	1,666	1,337
<b>Total service revenue</b>	<b>\$ 64,767</b>	<b>\$ 44,033</b>	<b>\$ 124,122</b>	<b>\$ 101,759</b>
<b>Equipment revenue</b>				
ATG	\$ 13,854	\$ 6,876	\$ 24,451	\$ 16,500
Satellite	2,823	3,518	6,526	6,892
Other	931	205	1,145	408
<b>Total equipment revenue</b>	<b>\$ 17,608</b>	<b>\$ 10,599</b>	<b>\$ 32,122</b>	<b>\$ 23,800</b>
<b>Customer type</b>				
Aircraft owner/operator/service provider	\$ 64,767	\$ 44,033	\$ 124,122	\$ 101,759
OEM and aftermarket dealer	17,608	10,599	32,122	23,800
<b>Total revenue</b>	<b>\$ 82,375</b>	<b>\$ 54,632</b>	<b>\$ 156,244</b>	<b>\$ 125,559</b>

**Contract balances**

Our current and non-current deferred revenue balances totaled \$2.5 million and \$3.1 million as of June 30, 2021 and December 31, 2020, respectively. Deferred revenue includes, among other things, fees paid for equipment and subscription connectivity products.

Our current and non-current contract asset balances totaled \$15.5 million and \$12.2 million as of June 30, 2021 and December 31, 2020, respectively. Contract assets represent the aggregate amount of revenue recognized in excess of billings primarily for certain sales programs.

**Major Customers**

No customer accounted for more than 10% of revenue during the three- and six-month periods ended June 30, 2021 and 2020 and no customer accounted for more than 10% of accounts receivable as of June 30, 2021 or December 31, 2020.

**5. Net Loss Per Share**

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

The shares of common stock effectively repurchased in connection with the Forward Transactions (as defined and described in Note 10, “Long-Term Debt and Other Liabilities”) are considered participating securities requiring the two-class method to calculate basic and diluted earnings per share. Net earnings in future periods will be allocated between common shares and participating securities. In periods of a net loss, the shares associated with the Forward Transactions will not receive an allocation of losses, as the

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counterparties to the Forward Transactions are not required to fund losses. Additionally, the calculation of weighted average shares outstanding as of June 30, 2021 and 2020 excludes approximately 0.6 million and 2.1 million shares, respectively, associated with the Forward Transactions.

As a result of the net loss for the three- and six-month periods ended June 30, 2021 and 2020, all of the outstanding shares of common stock underlying stock options, deferred stock units and restricted stock units were excluded from the computation of diluted shares outstanding because they were anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share for the three- and six-month periods ended June 30, 2021 and 2020; however, for the reasons described above, the shares of common stock associated with the Forward Transactions are excluded from the computation of basic earnings per share (*in thousands, except per share amounts*):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net loss from continuing operations	\$ (66,394)	\$ (14,201)	\$ (72,278)	\$ (23,589)
Net loss from discontinued operations	(2,854)	(71,778)	(4,655)	(147,168)
Net loss	(69,248)	(85,979)	(76,933)	(170,757)
Less: Participation rights of the Forward Transactions	-	-	-	-
Undistributed losses	\$ (69,248)	\$ (85,979)	\$ (76,933)	\$ (170,757)
Weighted-average common shares outstanding-basic and diluted	109,060	81,757	96,884	81,482
Net loss attributable to common stock per share from continuing operations-basic and diluted	\$ (0.61)	\$ (0.17)	\$ (0.74)	\$ (0.29)
Net loss attributable to common stock per share from discontinued operations-basic and diluted	(0.02)	(0.88)	(0.05)	(1.81)
Net loss attributable to common stock per share -basic and diluted	\$ (0.63)	\$ (1.05)	\$ (0.79)	\$ (2.10)

**6. Inventories**

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

Inventories as of June 30, 2021 and December 31, 2020 were as follows (*in thousands*):

	June 30, 2021	December 31, 2020
Work-in-process component parts	\$ 11,605	\$ 15,405
Finished goods	15,817	12,709
Total inventory	\$ 27,422	\$ 28,114

**7. Composition of Certain Balance Sheet Accounts**

Prepaid expenses and other current assets as of June 30, 2021 and December 31, 2020 were as follows (*in thousands*):

	June 30, 2021	December 31, 2020
Contract assets	\$ 3,508	\$ 2,417
Prepaid inventories	2,233	124
Other	6,061	6,393
Total prepaid expenses and other current assets	\$ 11,802	\$ 8,934

**Gogo Inc. and Subsidiaries**  
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Property and equipment as of June 30, 2021 and December 31, 2020 were as follows (*in thousands*):

	June 30, 2021	December 31, 2020
Office equipment, furniture, fixtures and other	\$ 11,786	\$ 10,986
Leasehold improvements	12,012	12,012
Network equipment	137,552	139,884
	161,350	162,882
Accumulated depreciation	(102,143)	(99,389)
Total property and equipment, net	<u>\$ 59,207</u>	<u>\$ 63,493</u>

Other non-current assets as of June 30, 2021 and December 31, 2020 were as follows (*in thousands*):

	June 30, 2021	December 31, 2020
Contract assets, net of allowances of \$397 and \$375, respectively	\$ 11,976	\$ 9,775
Interest rate cap	8,028	-
Revolving credit facility deferred financing costs	2,097	-
Other	1,728	1,711
Total other non-current assets	<u>\$ 23,829</u>	<u>\$ 11,486</u>

Accrued liabilities as of June 30, 2021 and December 31, 2020 were as follows (*in thousands*):

	June 30, 2021	December 31, 2020
Accrued interest	\$ 6,259	\$ 17,836
Employee compensation and benefits (1)	25,144	35,516
Operating leases	8,292	8,089
Deferred gain on sale of CA business (2)	9,400	9,400
Warranty reserve	2,400	2,400
Taxes	2,336	2,022
Other	8,012	7,746
Total accrued liabilities	<u>\$ 61,843</u>	<u>\$ 83,009</u>

- (1) Includes \$16.4 million and \$19.2 million as of June 30, 2021 and December 31, 2020, respectively, expected to be paid in shares of Gogo common stock upon the vesting of certain equity awards issued to former employees now employed by Intelsat and classified within discontinued operations.
- (2) Relates to sale of CA business. See Note 2, “Discontinued Operations,” for additional information.

Other non-current liabilities as of June 30, 2021 and December 31, 2020 were as follows (*in thousands*):

	June 30, 2021	December 31, 2020
Asset retirement obligations	\$ 4,643	\$ 4,401
Deferred tax liabilities	2,054	2,108
Other	2,875	4,072
Total other non-current liabilities	<u>\$ 9,572</u>	<u>\$ 10,581</u>

**8. Intangible Assets**

Our intangible assets are comprised of both indefinite-lived and finite-lived intangible assets. Intangible assets with indefinite lives are not amortized; rather, they are reviewed for impairment at least annually or whenever events or circumstances indicate the carrying value of the asset may not be recoverable. We perform our annual impairment tests 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 2020 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 June 30, 2021 and December 31, 2020, our goodwill balance was \$0.6 million.

Our intangible assets, other than goodwill, as of June 30, 2021 and December 31, 2020 were as follows (*in thousands, except for weighted average remaining useful life*):

	Weighted Average Remaining Useful Life (in years)	As of June 30, 2021			As of December 31, 2020		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<b>Amortized intangible assets:</b>							
Software	2.2	\$ 50,557	\$ (35,507)	\$ 15,050	\$ 50,029	\$ (31,739)	\$ 18,290
Other intangible assets	8.0	1,500	-	1,500	1,500	-	1,500
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		66,862	(50,312)	16,550	66,334	(46,544)	19,790
<b>Unamortized intangible assets:</b>							
FCC Licenses		32,283	-	32,283	32,283	-	32,283
<b>Total intangible assets</b>		<b>\$ 99,145</b>	<b>\$ (50,312)</b>	<b>\$ 48,833</b>	<b>\$ 98,617</b>	<b>\$ (46,544)</b>	<b>\$ 52,073</b>

Amortization expense was \$1.9 million and \$3.8 million, respectively, for the three- and six-month periods ended June 30, 2021 and \$1.5 million and \$3.0 million, respectively, for the prior-year periods.

Amortization expense for the remainder of 2021, each of the next four years and thereafter is estimated to be as follows (*in thousands*):

Years ending December 31,	Amortization Expense
2021 (period from July 1 to December 31)	\$ 3,698
2022	\$ 4,937
2023	\$ 2,467
2024	\$ 923
2025	\$ 923
Thereafter	\$ 3,602

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

**9. Warranties**

We provide warranties on parts and labor related to our products. Our warranty terms range from two to five years. Warranty reserves are established for costs that are estimated to be incurred after the sale, delivery and installation of the products under warranty. The warranty reserves are determined based on known product failures, historical experience and other available evidence, and are included in accrued liabilities in our Unaudited Condensed Consolidated Balance Sheets. Our warranty reserve balance was \$2.4 million as of both June 30, 2021 and December 31, 2020.

**10. Long-Term Debt and Other Liabilities**

Long-term debt as of June 30, 2021 and December 31, 2020 was as follows (*in thousands*):

	June 30, 2021	December 31, 2020
Term Loan Facility	\$ 721,451	\$ -
2024 Senior Secured Notes	-	973,539
2022 Convertible Notes	102,788	215,122
Total debt	824,239	1,188,661
Less deferred financing costs	(18,124)	(19,693)
Less current portion of long-term debt	(109,080)	(341,000)
Total long-term debt	<u>\$ 697,035</u>	<u>\$ 827,968</u>

**2021 Credit Agreement**

On April 30, 2021, Gogo and Gogo Intermediate Holdings LLC (“GIH”) (a wholly owned subsidiary of Gogo) entered into a credit agreement (the “2021 Credit Agreement”) among Gogo, GIH, the lenders and issuing banks party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, which provides for (i) a term loan credit facility (the “Term Loan Facility”) in an aggregate principal amount of \$725 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 million, which includes a letter of credit sub-facility. The Term Loan Facility amortizes in nominal quarterly installments equal to one percent of the aggregate initial principal amount thereof per annum, with the remaining balance payable upon final maturity of the Term Loan Facility on April 30, 2028. There are no amortization payments under the Revolving Facility, and all borrowings under the Revolving Facility mature on April 30, 2026.

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

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

The Facilities may be prepaid at GIH’s option at any time without premium or penalty (other than customary breakage costs and except during the first six months following the closing of the Facilities during which certain prepayments of the Term Loan Facility are subject to a prepayment premium), subject to minimum principal payment amount requirements.

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

- 100% of the net cash proceeds of certain asset sales, insurance recovery and condemnation events, subject to reduction to 50% and 0% if specified senior secured first lien net leverage ratio targets are met;
- 100% of the net cash proceeds of certain debt offerings; and
- 50% of annual excess cash flow (as defined in the 2021 Credit Agreement), subject to reduction to 25% and 0% if specified senior secured first lien net leverage ratio targets are met.



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

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

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

The proceeds of the Term Loan Facility were used, together with cash on hand, (i) to redeem in full and pay the outstanding principal amount of the 2024 Senior Secured Notes (as defined below) together with accrued and unpaid interest and redemption premiums and to pay fees associated with the termination of the ABL Credit Agreement (as defined below and, together with the redemption of the 2024 Senior Secured Notes, the “Refinancing”), and (ii) to pay fees and expenses incurred in connection with the Refinancing and the Facilities (the “Transaction Costs”). The Revolving Facility is available for working capital and general corporate purposes of Gogo and its subsidiaries and was undrawn as of June 30, 2021.

As of June 30, 2021, the outstanding principal amount of the Term Loan Facility was \$725 million, the unaccreted debt discount was \$3.5 million and the net carrying amount was \$721.5 million.

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 \$0.4 million for both the three- and six-month periods ended June 30, 2021 and is included in interest expense in our Unaudited Condensed Consolidated Statements of Operations. As of June 30, 2021, the balance of unamortized deferred financing costs related to the Facilities was \$19.3 million.

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

### **2022 Convertible Notes**

On November 21, 2018, Gogo issued \$215.0 million aggregate principal amount of 6.00% Convertible Senior Notes due 2022 (the “2022 Convertible Notes”). Gogo granted an option to the initial purchasers to purchase up to an additional \$32.3 million aggregate principal amount of 2022 Convertible Notes to cover over-allotments, of which \$22.8 million was subsequently exercised during December 2018, resulting in a total issuance of \$237.8 million aggregate principal amount of 2022 Convertible Notes. The 2022 Convertible Notes mature on May 15, 2022, unless earlier repurchased or converted into shares of our common stock under certain circumstances described below. Upon conversion, Gogo has the option to settle its obligation through cash, shares of common stock, or a combination of cash and shares of common stock. Gogo pays interest on the 2022 Convertible Notes semi-annually in arrears on May 15 and November 15 of each year, beginning on May 15, 2019.

Under the accounting standards applicable at the time of issuance, the \$237.8 million of proceeds received from the issuance of the 2022 Convertible Notes was initially allocated between long-term debt (the liability component) at \$188.7 million and additional paid-in capital (the equity component) at \$49.1 million, within the consolidated balance sheet. The fair value of the liability component was measured using rates determined for similar debt instruments without a conversion feature. The carrying amount of the equity component, representing the conversion option, was determined by deducting the fair value of the liability component from

the aggregate face value of the 2022 Convertible Notes. If Gogo or the note holders elect not to settle the 2022 Convertible Notes through conversion, at maturity Gogo must repay the principal amount at face value in cash. Therefore, the liability component will be accreted up to the face value of the 2022 Convertible Notes, which will result in additional non-cash interest expense being recognized in the consolidated statements of operations through the 2022 Convertible Notes maturity date (see Note 12, “Interest Costs,” for additional information). The effective interest rate on the 2022 Convertible Notes, including accretion of the notes to par and debt issuance cost amortization, was approximately 13.6%. The equity component will not be remeasured as long as it continues to meet the conditions for equity classification.

As of December 31, 2020, the outstanding principal amount of the 2022 Convertible Notes was \$237.8 million, the unaccreted debt discount was \$22.7 million and the net carrying amount of the liability component was \$215.1 million.

Upon adoption of ASU 2020-06 on January 1, 2021 (see Note 3, “Recent Accounting Pronouncements,” for more information), the 2022 Convertible Notes are accounted for as a single liability. The adoption of this standard resulted in the \$49.1 million initially recorded to additional paid-in capital being reclassified and recorded as an increase to long-term debt in the Unaudited Condensed Consolidated Balance Sheets. Additionally, the \$26.5 million of accretion recognized life-to-date was reversed and recorded as a reduction to long-term debt and a reduction to accumulated deficit in the Unaudited Condensed Consolidated Balance Sheets.

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

On March 17, 2021, Gogo entered into separate, privately negotiated exchange agreements (the “March 2021 Exchange Agreements”) with certain holders of the 2022 Convertible Notes. Pursuant to the March 2021 Exchange Agreements, such holders exchanged a total of \$28,235,000 aggregate principal amount of 2022 Convertible Notes for 5,121,811 shares of our common stock on March 24, 2021. The negotiated exchange rate under the March 2021 Exchange Agreements was 181.40 shares of common stock per \$1,000 principal amount of the 2022 Convertible Notes, which resulted in a loss on settlement of \$4.4 million, which is included in Other (income) expense in our Unaudited Condensed Consolidated Statements of Operations for the six-month period ended June 30, 2021.

On April 1, 2021, Gogo entered into a privately negotiated exchange agreement (the “GTCR Exchange Agreement”) with an affiliate of funds managed by GTCR LLC (“GTCR”). Pursuant to the GTCR Exchange Agreement, GTCR exchanged \$105,726,000 aggregate principal amount of 2022 Convertible Notes for 19,064,529 shares of our common stock on April 9, 2021. The negotiated exchange rate under the GTCR Exchange Agreement was 180.32 shares of common stock per \$1,000 principal amount of 2022 Convertible Notes, which resulted in a loss on settlement of \$14.6 million, which is included in Other (income) expense in our Unaudited Condensed Consolidated Statements of Operations for the three- and six-month periods ended June 30, 2021.

As of June 30, 2021, the outstanding principal amount of the 2022 Convertible Notes was \$102.8 million and was classified as Current portion of long-term debt in the Unaudited Condensed Consolidated Balance Sheets.

We incurred approximately \$8.1 million of issuance costs related to the 2022 Convertible Notes, of which \$6.4 million and \$1.7 million were recorded to deferred financing costs and additional paid-in capital, respectively, in proportion to the allocation of the proceeds of the 2022 Convertible Notes. However, upon adoption of ASU 2020-06 on January 1, 2021, the \$1.7 million that was initially recorded to additional paid-in capital was reclassified and recorded as deferred financing costs, with catch-up amortization of \$1.0 million recorded to accumulated deficit in the Unaudited Condensed Consolidated Balance Sheets. The deferred financing costs are being amortized over the term of the 2022 Convertible Notes using the effective interest method. Total amortization expense was \$0.2 million and \$0.8 million, respectively, for the three- and six-month periods ended June 30, 2021, and \$0.4 million and \$0.9 million, respectively, for the prior-year periods. Amortization expense is included in interest expense in the Unaudited Condensed Consolidated Statements of Operations. As of June 30, 2021 and December 31, 2020, the balance of unamortized deferred financing costs related to the 2022 Convertible Notes was \$1.0 million and \$2.7 million, respectively, and is included as a reduction to the carrying amount of the debt in our Unaudited Condensed Consolidated Balance Sheets. See Note 12, “Interest Costs,” for additional information.

The 2022 Convertible Notes had an initial conversion rate of 166.6667 shares of common stock per \$1,000 principal amount of 2022 Convertible Notes, which is equivalent to an initial conversion price of approximately \$6.00 per share of our common stock. Upon conversion, Gogo currently expects to settle in shares for the amount of the 2022 Convertible Notes then outstanding. Gogo may elect to deliver cash in lieu of all or a portion of such shares, and borrowings under the Revolving Facility are permitted to be used for this purpose. The shares of common stock subject to conversion are excluded from diluted earnings per share calculations under the if-converted method as their impact is anti-dilutive.

Holders may convert the 2022 Convertible Notes, at their option, in multiples of \$1,000 principal amount at any time prior to January 15, 2022, but only in the following circumstances:

- during any fiscal quarter beginning after the fiscal quarter ended December 31, 2018, if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the last 30 consecutive trading days of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price of the 2022 Convertible Notes on each applicable trading day (the “Stock Price Condition”);
- during the five-business day period following any five consecutive trading day period in which the trading price for the 2022 Convertible Notes is less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the 2022 Convertible Notes on each such trading day (the “Notes Price Condition”); or
- upon the occurrence of specified corporate events.

The Stock Price Condition was triggered for the periods from October 1, 2020 through December 31, 2020, January 1, 2021 through March 31, 2021 and April 1, 2021 through June 30, 2021. Regardless of whether any of the foregoing circumstances occurs, a holder may convert its 2022 Convertible Notes, in multiples of \$1,000 principal amount, at any time on or after January 15, 2022 until the second scheduled trading day immediately preceding May 15, 2022.

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

### ***Forward Transactions***

In connection with our issuance of 3.75% Convertible Senior Notes due 2020 (the “2020 Convertible Notes”), we paid approximately \$140 million to enter into prepaid forward stock repurchase transactions (the “Forward Transactions”) with certain financial institutions (the “Forward Counterparties”), pursuant to which we purchased approximately 7.2 million shares of common stock for settlement on or around the March 1, 2020 maturity date for the 2020 Convertible Notes, subject to the ability of each Forward Counterparty to elect to settle all or a portion of its Forward Transactions early.

On December 11, 2019, we entered into an amendment to one of the Forward Transactions (the “Amended and Restated Forward Transaction”) to extend the expected settlement date with respect to approximately 2.1 million shares of common stock held by one of the Forward Counterparties, JPMorgan Chase Bank, National Association (the “2022 Forward Counterparty”), to correspond with the May 15, 2022 maturity date for the 2022 Convertible Notes. In the future, we may request that the 2022 Forward Counterparty modify the settlement terms of the Amended and Restated Forward Transaction to provide that, in lieu of the delivery of the applicable number of shares of our common stock to us to settle a portion of the Amended and Restated Forward Transaction in accordance with its terms, the 2022 Forward Counterparty would pay to us the net proceeds from the sale by the 2022 Forward Counterparty (or its affiliate) of a corresponding number of shares of our common stock in a registered offering (which may include block sales, sales on the NASDAQ Global Select Market, sales in the over-the-counter market, sales pursuant to negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices). Any such sales could potentially decrease (or reduce the size of any increase in) the market price of our common stock. The 2022 Forward Counterparty is not required to effect any such settlement in cash in lieu of delivery of shares of our common stock and, if we request that the 2022 Forward Counterparty effect any such settlement, it will be entered into in the discretion of the 2022 Forward Counterparty on such terms as may be mutually agreed upon at the time. As a result of the Forward Transactions, total shareholders’ equity within our consolidated balance sheet was reduced by approximately \$140 million. In March 2020, approximately 5.1 million shares of common stock were delivered to us in connection with the Forward Transactions. In April 2021, approximately 1.5 million shares of common stock were delivered to us in connection with the Amended and Restated Forward Transaction. The approximately 0.6 million shares of common stock remaining under the Amended and Restated Forward Transaction are treated as retired shares for basic and diluted EPS purposes although they remain legally outstanding.

### ***2024 Senior Secured Notes***

On April 25, 2019, GIH and Gogo Finance Co. Inc. (a wholly owned subsidiary of GIH) (“Gogo Finance” and, together with GIH, the “Issuers”) issued \$905 million aggregate principal amount of 9.875% senior secured notes due 2024 (the “2024 Senior Secured Notes”), at a price equal to 99.512% of their face value, under an indenture (as supplemented, the “Indenture”), dated as of April 25, 2019, among the Issuers, Gogo, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee.

**Gogo Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)**

The Issuers issued an additional \$20 million of 2024 Senior Secured Notes on May 7, 2019, which were issued at a price equal to 100.5% of their face value, and \$50 million of 2024 Senior Secured Notes on November 13, 2020, which were issued at a price equal to 103.5% of their face value.

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

We paid approximately \$22.6 million of origination fees and financing costs related to the issuance of the 2024 Senior Secured Notes, which were accounted for as deferred financing costs on our Unaudited Condensed Consolidated Balance Sheets and were being amortized over the contractual term of the 2024 Senior Secured Notes using the effective interest method. Total amortization expense was \$0.4 million and \$1.4 million for the three- and six-month periods ended June 30, 2021, respectively, and \$0.9 million and \$1.8 million, respectively, for the prior-year periods. Amortization expense is included in interest expense in the Unaudited Condensed Consolidated Statements of Operations. As of December 31, 2020, the balance of unamortized deferred financing costs related to the 2024 Senior Secured Notes was \$16.6 million. The remaining unamortized deferred financing costs were written off as of May 1, 2021.

The 2024 Senior Secured Notes were redeemed on May 1, 2021 (the "Redemption Date") at a redemption price equal to 104.938% of the principal amount of the 2024 Senior Secured Notes redeemed, plus accrued and unpaid interest to (but not including) the Redemption Date. The make-whole premium paid in connection with the redemption was \$48.1 million and we wrote off the remaining unamortized deferred financing costs of \$15.2 million and the remaining debt discount of \$1.3 million, which together are included in Loss on extinguishment of debt and settlement of convertible notes in our Unaudited Condensed Consolidated Statements of Operations for the three- and six-month periods ended June 30, 2021.

**ABL Credit Facility**

On August 26, 2019, Gogo, GIH and Gogo Finance entered into a credit agreement (the "ABL Credit Agreement") with the other loan parties party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Morgan Stanley Senior Funding, Inc., as syndication agent, which provided for an asset-based revolving credit facility (the "ABL Credit Facility") of up to \$30 million, subject to borrowing base availability, and included letter of credit and swingline sub-facilities. The obligations under the ABL Credit Agreement were guaranteed by Gogo and all of its existing and future subsidiaries, subject to certain exceptions and secured by certain collateral of the Company. On April 30, 2021, the ABL Credit Agreement and all commitments thereunder were terminated. As a result of the termination, the remaining unamortized deferred financing costs of \$0.3 million were written off as of May 1, 2021 and included in Loss on extinguishment of debt and settlement of convertible notes in our Unaudited Condensed Consolidated Statements of Operations for the three and six month periods ended June 30, 2021.

**11. 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 million for \$8.6 million. 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

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considered to be ineffective and reclassified from other comprehensive income (loss) to earnings for the three-month period ended June 30, 2021. We estimate that approximately \$28 thousand currently recorded in accumulated other comprehensive income (loss) will be recognized in earnings over the next 12 months. We assess the effectiveness of the hedge on an ongoing basis. Cash flows from interest rate caps are classified in the Unaudited Condensed Consolidated Statement of Cash Flows as investing activities from continuing operations.

For the three-month period ended June 30, 2021, we recorded an unrealized loss on the interest rate caps of \$0.4 million, net of tax of \$0.1 million. The cost of the interest rate caps will be amortized to interest expense over the life using the caplet method, from the effective date through termination date.

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	June 30,		December 31,	
		2021		2020	
Current portion of interest rate caps	Prepaid expenses and other current assets	\$	28	\$	-
Non-current portion of interest rate caps	Other non-current assets	\$	8,028	\$	-

*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.

**12. Interest Costs**

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

The following is a summary of our interest costs for the three- and six-month periods ended June 30, 2021 and 2020 (*in thousands*):

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
	2021	2020	2021	2020
Interest costs charged to expense	\$ 15,158	\$ 26,365	\$ 42,665	\$ 52,763
Amortization of deferred financing costs	1,078	1,453	2,781	2,872
Amortization of interest rate cap premium	-	-	-	-
Accretion of debt discount	104	3,435	188	6,761
Interest expense	16,340	31,253	45,634	62,396
Interest costs capitalized to software	67	95	179	184
Total interest costs	\$ 16,407	\$ 31,348	\$ 45,813	\$ 62,580

**13. Leases**

**Operating and Financing Leases** — We determine whether a contract contains a lease at contract inception. For leases subsequent to adoption of ASC 842, lease liabilities are calculated using a discount rate based on our incremental borrowing rate at lease commencement. We have operating lease agreements for certain facilities and equipment as well as tower space and base stations. Certain tower space leases have renewal option terms that have been deemed to be reasonably certain to be exercised. These renewal options extend a lease up to 20 years. We recognize operating lease expense on a straight-line basis over the lease term. Operating lease liabilities recorded in the Unaudited Condensed Consolidated Balance Sheets exclude \$68 million of undiscounted minimum lease payments over 10 years pursuant to leases signed but not yet commenced for new and modified rights to use tower space and \$2 million of undiscounted non-cancellable lease payments pursuant to a new real estate lease for office space in Chicago that has been signed but which has not yet commenced.

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

	<b>For the Three Months Ended June 30, 2021</b>	<b>For the Three Months Ended June 30, 2020</b>
Operating lease cost	\$ 3,086	\$ 2,765
Financing lease cost:		
Amortization of leased assets	2	-
Interest on lease liabilities	13	-
<b>Total lease cost</b>	<b>\$ 3,101</b>	<b>\$ 2,765</b>

	<b>For the Six Months Ended June 30, 2021</b>	<b>For the Six Months Ended June 30, 2020</b>
Operating lease cost	\$ 6,164	\$ 5,880
Financing lease cost:		
Amortization of leased assets	5	-
Interest on lease liabilities	28	-
<b>Total lease cost</b>	<b>\$ 6,197</b>	<b>\$ 5,880</b>

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

	<b>For the Six Months Ended June 30, 2021</b>	<b>For the Six Months Ended June 30, 2020</b>
<b>Supplemental cash flow information</b>		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows used in operating leases	\$ 6,785	\$ 6,172
Operating cash flows used in financing leases	\$ 28	\$ -
Financing cash flows used in financing leases	\$ 154	\$ -
Non-cash items:		
Operating leases obtained	\$ 1,016	\$ 3,137
Financing leases obtained	\$ -	\$ -
<b>Weighted average remaining lease term</b>		
Operating leases	7 years	7 years
Financing leases	2 years	-
<b>Weighted average discount rate</b>		
Operating leases	10.5%	10.4%
Financing leases	16.5%	-

**Gogo Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)**

Annual future minimum lease payments as of June 30, 2021 (*in thousands*):

<b>Years ending December 31,</b>	<b>Operating Leases</b>	<b>Financing Leases</b>
2021 (period from July 1 to December 31)	\$ 5,799	\$ 308
2022	12,086	428
2023	8,213	187
2024	6,425	-
2025	5,003	-
Thereafter	25,494	-
Total future minimum lease payments	63,020	923
Less: Amount representing interest	(20,139)	(55)
Present value of net minimum lease payments	<u>\$ 42,881</u>	<u>\$ 868</u>
<b>Reported as of June 30, 2021</b>		
Accrued liabilities	\$ 8,292	\$ 325
Non-current operating lease liabilities	34,589	-
Other non-current liabilities	-	543
Total lease liabilities	<u>\$ 42,881</u>	<u>\$ 868</u>

#### 14. Commitments and Contingencies

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

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

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

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

**Linksmart Litigation** - On April 20, 2018, Linksmart Wireless Technology, LLC filed suit against Gogo Inc., Gogo LLC, our former subsidiary and the entity that operated our CA business ("Gogo LLC"), and eight CA airline partners in the U.S. District Court for the Central District of California alleging that CA's redirection server and login portal infringe a patent owned by the plaintiff. The suits seek an unspecified amount of damages. Intelsat is required under its contracts with these airlines, which it assumed in the Transaction, to indemnify them for defense costs and any liabilities resulting from the suit. The Court has stayed the suits against the airline customers pending resolution of the suit against Gogo. Linksmart has also filed suit against other defendants asserting the same patent. Following the filing by one of those defendants of a petition to commence an *inter partes* review against the asserted patent in the U.S. Patent and Trademark Office, the Court stayed the litigation against such other defendant, Gogo Inc. and Gogo LLC, but such stay was lifted in July 2019 when the U.S. Patent and Trademark Office determined that the petitioner had not met the standard of proof required to commence the *inter partes* review. Since the stay was lifted, discovery has been completed and motion practice continues. No date has been set for trial. We believe that the plaintiff's claims are without merit and intend to continue to defend our position vigorously. The outcome of this litigation is 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.

**Securities Litigation** - On June 27, 2018, a purported stockholder of the Company filed a putative class action lawsuit in the United States District Court for the Northern District of Illinois, Eastern Division styled *Pierrelouis v. Gogo Inc.*, naming the Company, its former Chief Executive Officer and Chief Financial Officer, its current Chief Financial Officer and its then-current President, Commercial Aviation as defendants purportedly on behalf of all purchasers of our securities from February 27, 2017

through May 4, 2018. The complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder, alleging misrepresentations or omissions by us purporting to relate to the reliability of and installation and remediation costs associated with CA's 2Ku antenna. The plaintiffs seek to recover from us and the individual defendants an unspecified amount of damages. In December 2018 the plaintiffs filed an amended complaint and in February 2019, we filed a motion to dismiss such amended complaint. In October 2019 the judge granted the motion to dismiss on two independent grounds, finding that plaintiffs failed to plausibly allege that defendants made materially false or misleading statements and that plaintiffs failed to plead with particularity that defendants acted with scienter. The amended complaint was dismissed without prejudice, and in December 2019, defendants filed a second amended complaint. In July 2020, plaintiffs filed a motion requesting leave to file a proposed third amendment complaint, which was granted by the Court. Plaintiffs proceeded to file the third amended complaint in July 2020 and we filed a motion to dismiss in September 2020. In April 2021, the Court denied our motion to dismiss. We believe that the claims are without merit and intend to continue to defend them vigorously. In accordance with Delaware law, we will indemnify the individual named defendants for their defense costs and any damages they incur in connection with the suit. We have filed a claim under our Directors' and Officers' insurance policy with respect to this suit. 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. We expect any material financial exposure for this suit, whether for defense costs or, if applicable, any damages, judgements or settlements, to be borne by our insurance carriers, although they have reserved their rights under the policies.

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

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

#### **15. 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 11 "Derivative Instruments and Hedging Activities," for fair value information relating to our interest rate caps.

##### *Long-Term Debt:*

As of June 30, 2021 and December 31, 2020, our financial assets and liabilities that are disclosed but not measured at fair value include the Term Loan Facility, the 2022 Convertible Notes, and, while outstanding, the 2024 Senior Secured Notes, which are reflected on the consolidated balance sheets at cost. The fair value measurements are classified as Level 2 within the fair value



**Gogo Inc. and Subsidiaries**  
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hierarchy since they are based on quoted market prices of our instruments in markets that are not active. We estimated the fair value of the Term Loan Facility, the 2022 Convertible Notes, and, while outstanding, the 2024 Senior Secured Notes by calculating the upfront cash payment a market participant would require to assume these obligations. The upfront cash payments used in the calculations of fair value on our June 30, 2021 Unaudited Condensed Consolidated Balance Sheets, excluding any issuance costs, are the amount that a market participant would be willing to lend at June 30, 2021 to an entity with a credit rating similar to ours and that would allow such an entity to achieve sufficient cash inflows to cover the scheduled cash outflows under the Term Loan Facility and the 2022 Convertible Notes. The calculated fair value of each of the 2022 Convertible Notes is correlated to our stock price and as a result, significant changes to our stock price could have a significant impact on the calculated fair values.

The fair value and carrying value of long-term debt as of June 30, 2021 and December 31, 2020 were as follows (*in thousands*):

	June 30, 2021		December 31, 2020	
	Fair Value (1)	Carrying Value	Fair Value (1)	Carrying Value
Term Loan Facility	\$ 725,000	\$ 721,451 (2)	\$ -	\$ -
2022 Convertible Notes	\$ 194,000	\$ 102,788	\$ 404,000	\$ 215,122 (3)
2024 Senior Secured Notes	\$ -	\$ -	\$ 1,045,000	\$ 973,539 (4)

- (1) Fair value amounts are rounded to the nearest million.  
(2) Carrying value of the Term Loan Facility reflects the unaccreted debt discount of \$3.5 million as of June 30, 2021. See Note 10, “Long-Term Debt and Other Liabilities,” for further information.  
(3) Carrying value of the 2022 Convertible Notes reflects the unaccreted debt discount of \$22.6 million as of December 31, 2020. See Note 10, “Long-Term Debt and Other Liabilities,” for further information.  
(4) Carrying value of the 2024 Senior Secured Notes reflects the unaccreted debt discount of \$1.5 million as of December 31, 2020. See Note 10, “Long-Term Debt and Other Liabilities,” for further information.

#### 16. Income Tax

The effective income tax rates for continuing operations for the three- and six-month periods ended June 30, 2021 were (0.4)% and (0.4)%, respectively, compared to (1.0)% and (1.2)%, respectively, for the prior-year periods. For the three- and six-month periods ended June 30, 2021 and 2020, our income tax expense was not significant primarily due to the full valuation allowance against our net deferred tax assets.

We are subject to income taxation in the United States and Canada. With few exceptions, as of June 30, 2021, we are no longer subject to U.S. federal, state, local or foreign examinations by tax authorities for years before 2017.

We record penalties and interest relating to uncertain tax positions in the income tax provision line item in the Unaudited Condensed Consolidated Statements of Operations. No penalties or interest related to uncertain tax positions were recorded for the three- and six-month periods ended June 30, 2021 and 2020. As of June 30, 2021 and December 31, 2020, we did not have a liability recorded for interest or potential penalties.

As a result of the Refinancing and the exchange of certain outstanding 2022 Convertible Notes for our common stock, our interest expense will decrease. We will consider the decrease in interest expense and the resulting impact on pre-tax results as we continue to assess whether we need to maintain all, or part, of the valuation allowance on our deferred tax assets. A reversal of our valuation allowance may occur within the next twelve months.

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

#### 17. Stock-Based Compensation and 401(k) Plan

**Stock-Based Compensation** — As of June 30, 2021, 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,” in our 2020 10-K for further information regarding these plans. The majority of our equity grants are awarded on an annual basis.

For the six-month period ended June 30, 2021, options to purchase 26,726 shares of common stock were granted, options to purchase 212,397 shares of common stock were exercised, 9,147 options to purchase shares of common stock were forfeited and no options to purchase shares of common stock expired. The fair value of the options granted during the six-month period ended June 30, 2021 was approximately \$0.2 million, which will be recognized over a period of one year.

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For the six-month period ended June 30, 2021, 2,189,126 RSUs were granted, 927,738 RSUs vested and 129,643 RSUs were forfeited. The fair value of the RSUs granted during the six-month period ended June 30, 2021 was approximately \$20.6 million, which will be recognized over a period of four years.

For the six-month period ended June 30, 2021, 63,797 deferred stock units were granted and 131,147 vested. The fair value of the deferred stock units granted during the six-month period ended June 30, 2021 was approximately \$0.7 million, which will be recognized over a period of one year.

For the six-month period ended June 30, 2021, 23,669 shares of common stock were issued under our Employee Stock Purchase Plan.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of service revenue	\$ 124	\$ 27	\$ 155	\$ 60
Cost of equipment revenue	148	62	195	135
Engineering, design and development	380	162	487	318
Sales and marketing	388	196	536	525
General and administrative	1,852	834	3,368	2,565
Total stock-based compensation expense	<u>\$ 2,892</u>	<u>\$ 1,281</u>	<u>\$ 4,741</u>	<u>\$ 3,603</u>

**401(k) Plan** — Under our 401(k) plan, all employees who are eligible to participate are entitled to make tax-deferred contributions, subject to Internal Revenue Service limitations. We match 100% of the employee's first 4% of contributions made, subject to annual limitations. Our matching contributions were \$0.5 million and \$0.9 million, respectively, during the three- and six-month periods ended June 30, 2021 and \$0.3 million and \$0.6 million, respectively, for the prior-year periods.

**18. Research and Development Costs**

Expenditures for research and development are charged to expense as incurred and totaled \$6.5 million and \$12.0 million, respectively, during the three- and six-month periods ended June 30, 2021 and \$5.5 million and \$12.9 million, respectively, for the prior-year periods. Research and development costs are reported as engineering, design and development expenses in our Unaudited Condensed Consolidated Statements of Operations.

**19. 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 Hedge	Total
<b>Balance at December 31, 2020</b>	\$ (1,013)	\$ -	\$ (1,013)
Other comprehensive income (loss) before reclassifications	138	(430)	(292)
Amounts reclassified from accumulated other comprehensive income	-	-	-
Net current period comprehensive income (loss)	138	(430)	(292)
<b>Balance at June 30, 2021</b>	<u>\$ (875)</u>	<u>\$ (430)</u>	<u>\$ (1,305)</u>
	Currency Translation Adjustment	Change in Fair Value of Cash Flow Hedge	Total
<b>Balance at December 31, 2019</b>	\$ (2,256)	\$ -	\$ (2,256)
Other comprehensive income (loss) before reclassifications	(2,602)	-	(2,602)
Amounts reclassified from accumulated other comprehensive income	-	-	-
Net current period comprehensive loss	(2,602)	-	(2,602)
<b>Balance at June 30, 2020</b>	<u>\$ (4,858)</u>	<u>\$ -</u>	<u>\$ (4,858)</u>

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- our ability to attract and retain customers and generate revenue from the provision of our connectivity and entertainment services;
- our reliance on our key OEMs and dealers for equipment sales;
- our ability to develop and deploy Gogo 5G on a timely basis;
- our ability to compete effectively with other current or future providers of in-flight connectivity services and other products and services that we offer, including on the basis of price and performance;
- the impact of the COVID-19 pandemic and the measures implemented to combat it;
- our ability to evaluate or pursue strategic opportunities;
- our reliance on third parties for equipment and services;
- our ability to recruit, train and retain highly skilled employees;
- the achievement of the anticipated benefits of the sale of the CA business or our ability to operate as a standalone business;
- the impact of adverse economic conditions;
- a revocation of, or reduction in, our right to use licensed spectrum, the availability of other air-to-ground spectrum to a competitor or the repurposing by a competitor of other spectrum for air-to-ground use;
- our use of open source software and licenses;
- the availability of additional ATG spectrum in the United States or internationally;
- the effects of service interruptions or delays, technology failures and equipment failures or malfunctions arising from defects or errors in our software or defects in or damage to our equipment;
- the impact of assertions by third parties of infringement, misappropriation or other violations; our ability to innovate and provide products and services;
- the impact of government regulation of the internet;
- our possession and use of personal information;
- the extent of expenses or liabilities resulting from litigation;
- our ability to protect our intellectual property;
- 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;
- the utilization of our tax losses; and
- other risks and factors listed under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission (“SEC”) on March 11, 2021 (the “2020 10-K”), in Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, as filed with the SEC on May 6, 2021 (the “2021 Q1 10-Q”), and in Item 1A of this Report.

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

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

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

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

On December 1, 2020, we completed the previously announced sale of our commercial aviation ("CA") business to a subsidiary of Intelsat Jackson Holdings S.A. ("Intelsat") for a purchase price of \$400 million in cash, subject to certain adjustments (the "Transaction"). As a result, all periods presented in our Unaudited Condensed Consolidated Financial Statements and other portions of this Quarterly Report on Form 10-Q have been conformed to present the CA business as discontinued operations.

The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under "Risk Factors" in the 2020 10-K and the 2021 Q1 10-Q and in Item 1A and "Special Note Regarding Forward-Looking Statements" in this report. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

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

### Company Overview

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

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

### Impact of COVID-19 Pandemic

The COVID-19 pandemic caused a significant decline in international and domestic business aviation travel, which materially and adversely affected our business in 2020. Beginning in March 2020, our business saw a sharp decrease in flight activity, as well as an increase in requests for account suspensions and decreases in new plan activations. Though we continue to see strong signs of recovery from the lows we experienced in mid-April 2020, we continue to monitor the status of the pandemic in the United States and internationally. We are unable to predict whether COVID-19 will have a material adverse effect on our business in the future or with what degree of severity or over what length of time such impact may occur.

### Factors and Trends Affecting Our Results of Operations

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

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

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

### Key Business Metrics

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

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
	2021	2020	2021	2020
<b>Aircraft online (at period end)</b>				
ATG	6,036	5,399	6,036	5,399
Satellite	4,587	4,704	4,587	4,704
<b>Average monthly service revenue per aircraft online</b>				
ATG	\$ 3,296	\$ 2,570	\$ 3,192	\$ 2,867
Satellite	249	185	244	205
<b>Units Sold</b>				
ATG	182	100	317	225
Satellite	67	67	147	123
<b>Average equipment revenue per unit sold (in thousands)</b>				
ATG	\$ 76	\$ 69	\$ 77	\$ 73
Satellite	42	53	44	56

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

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

### **Key Components of Consolidated Statements of Operations**

There have been no material changes to our key components of Unaudited Condensed Consolidated Statements of Operations as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (“MD&A”) in our 2020 10-K.

### **Off-Balance Sheet Arrangements**

We do not have any obligations that meet the definition of an off-balance sheet arrangement.

### **Critical Accounting Policies and Estimates**

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

We believe that the assumptions and estimates associated with revenue recognition, indefinite-lived intangible assets and stock-based compensation have the greatest potential impact on our Unaudited Condensed Consolidated Financial Statements. Therefore, we consider these to be our critical accounting policies and estimates.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in MD&A in our 2020 10-K.

### **Recent Accounting Pronouncements**

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

### **Results of Operations**

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Revenue:</b>				
Service revenue	\$ 64,767	\$ 44,033	\$ 124,122	\$ 101,759
Equipment revenue	17,608	10,599	32,122	23,800
<b>Total revenue</b>	<b>82,375</b>	<b>54,632</b>	<b>156,244</b>	<b>125,559</b>
<b>Operating expenses:</b>				
Cost of service revenue	15,177	10,167	29,272	21,174
Cost of equipment revenue	10,932	6,982	19,214	15,493
Engineering, design and development	6,541	5,498	12,034	12,855
Sales and marketing	4,826	2,516	8,555	6,966
General and administrative	11,746	9,133	22,119	23,839
Depreciation and amortization	3,547	3,218	7,664	6,797
<b>Total operating expenses</b>	<b>52,769</b>	<b>37,514</b>	<b>98,858</b>	<b>87,124</b>
<b>Operating income</b>	<b>29,606</b>	<b>17,118</b>	<b>57,386</b>	<b>38,435</b>
<b>Other (income) expense:</b>				
Interest income	(54)	(75)	(111)	(653)
Interest expense	16,340	31,253	45,634	62,396
Loss on extinguishment of debt and settlement of convertible notes	79,564	-	83,961	-
Other (income) expense	(127)	1	(132)	-
<b>Total other expense</b>	<b>95,723</b>	<b>31,179</b>	<b>129,352</b>	<b>61,743</b>
<b>Loss from continuing operations before income taxes</b>	<b>(66,117)</b>	<b>(14,061)</b>	<b>(71,966)</b>	<b>(23,308)</b>
Income tax provision	277	140	312	281
<b>Net loss from continuing operations</b>	<b>(66,394)</b>	<b>(14,201)</b>	<b>(72,278)</b>	<b>(23,589)</b>
<b>Net loss from discontinued operations, net of tax</b>	<b>(2,854)</b>	<b>(71,778)</b>	<b>(4,655)</b>	<b>(147,168)</b>
<b>Net loss</b>	<b>\$ (69,248)</b>	<b>\$ (85,979)</b>	<b>\$ (76,933)</b>	<b>\$ (170,757)</b>



### Three and Six Months Ended June 30, 2021 and 2020

#### Revenue:

Revenue and percent change for the three- and six-month periods ended June 30, 2021 and 2020 were as follows (in thousands, except for percent change):

	For the Three Months Ended June 30,		% Change 2021 over 2020	For the Six Months Ended June 30,		% Change 2021 over 2020
	2021	2020		2021	2020	
	Service revenue	\$ 64,767		\$ 44,033	47.1%	
Equipment revenue	17,608	10,599	66.1%	32,122	23,800	35.0%
<b>Total revenue</b>	<b>\$ 82,375</b>	<b>\$ 54,632</b>	<b>50.8%</b>	<b>\$ 156,244</b>	<b>\$ 125,559</b>	<b>24.4%</b>

Revenue increased to \$82.4 million and \$156.2 million, respectively, for the three- and six-month periods ended June 30, 2021, as compared with \$54.6 million and \$125.6 million, respectively, for the prior-year periods, due to increases in service revenue and equipment revenue.

Service revenue increased to \$64.8 million and \$124.1 million, respectively, for the three- and six-month periods ended June 30, 2021, as compared with \$44.0 million and \$101.8 million, respectively, for the prior-year periods, primarily due to an increase in average monthly service revenue per aircraft online, an increase in ATG aircraft online and, to a lesser extent, an increase in revenue share earned from the ATG Network Sharing Agreement with Intelsat.

Equipment revenue increased to \$17.6 million and \$32.1 million, respectively, for the three- and six-month periods ended June 30, 2021, as compared with \$10.6 million and \$23.8 million, respectively, for the prior-year periods, primarily due to increases in the number of ATG units sold, with 182 units and 317 units, respectively, sold during the three- and six-month periods ended June 30, 2021, as compared with 100 units and 225 units, respectively, sold during the prior-year periods.

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

#### Cost of Revenue:

Cost of revenue and percent change for the three- and six-month periods ended June 30, 2021 and 2020 were as follows (in thousands, except for percent change):

	For the Three Months Ended June 30,		% Change 2021 over 2020	For the Six Months Ended June 30,		% Change 2021 over 2020
	2021	2020		2021	2020	
	Cost of service revenue	\$ 15,177		\$ 10,167	49.3%	
Cost of equipment revenue	\$ 10,932	\$ 6,982	56.6%	\$ 19,214	\$ 15,493	24.0%

Cost of service revenue increased to \$15.2 million and \$29.3 million, respectively, for the three- and six-month periods ended June 30, 2021, as compared with \$10.2 million and \$21.2 million, respectively, for the prior-year periods, primarily due to an increase in ATG network costs as these costs are no longer shared with the divested CA business.

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

Cost of equipment revenue increased to \$10.9 million and \$19.2 million, respectively, for the three- and six-month periods ended June 30, 2021, as compared with \$7.0 million and \$15.5 million, respectively, for the prior-year periods, primarily due to an increase in ATG units sold.

We expect that our cost of equipment revenue will vary with changes in equipment revenue and units sold.

**Engineering, Design and Development Expenses:**

Engineering, design and development expenses increased to \$6.5 million for the three-month period ended June 30, 2021 compared with \$5.5 million for the three-month period ended June 30, 2020, primarily due to an increase in personnel costs resulting from the impact on the prior-year period of cost controls implemented in response to the effect of COVID on our business. Engineering, design and development expenses decreased to \$12.0 million for the six-month period ended June 30, 2021 compared with \$12.9 million for the six-month period ended June 30, 2020, primarily due to a decrease in Gogo 5G development costs partially offset by increased personnel costs as noted above.

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

**Sales and Marketing Expenses:**

Sales and marketing expenses increased to \$4.8 million and \$8.6 million, respectively, for the three- and six-month periods ended June 30, 2021, as compared with \$2.5 million and \$7.0 million, respectively, for the prior-year periods, primarily due to an increase in personnel costs driven by COVID-related cost controls implemented in the prior-year periods.

We expect sales and marketing expenses as a percentage of service revenue to decrease in the long term, but increase slightly in the near term driven by Gogo 5G marketing spend.

**General and Administrative Expenses:**

General and administrative expenses increased to \$11.7 million for the three-month period ended June 30, 2021 as compared with \$9.1 million for the prior-year period, primarily due to an increase in personnel costs driven by COVID-related cost controls implemented in the prior-year period and an increase in stock-based compensation in the current period. General and administrative expenses decreased to \$22.1 million for the six-month period ended June 30, 2021 as compared with \$23.8 million for the prior-year period, primarily due to a decrease in costs of outside services, partially offset by increased personnel costs.

We expect general and administrative expenses as a percentage of service revenue to increase slightly in the near term, driven by separation costs associated with the sale of CA, but decrease in the long term.

**Depreciation and Amortization:**

Depreciation and amortization expense increased to \$3.5 million and \$7.7 million, respectively, for the three- and six-month periods ended June 30, 2021, as compared with \$3.2 million and \$6.8 million, respectively, for the prior-year periods, primarily due to the amortization of capitalized software.

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

**Other (Income) Expense:**

Other (income) expense and percent change for the three- and six-month periods ended June 30, 2021 and 2020 were as follows (*in thousands, except for percent change*):

	For the Three Months Ended June 30,		% Change 2021 over 2020
	2021	2020	
Interest income	\$ (54)	\$ (75)	(28.0)%
Interest expense	16,340	31,253	(47.7)%
Loss on extinguishment of debt and settlement of convertible notes	79,564	-	nm
Other (income) expense	(127)	1	nm
<b>Total</b>	<b>\$ 95,723</b>	<b>\$ 31,179</b>	<b>207.0%</b>

	For the Six Months Ended June 30,		% Change 2021 over 2020
	2021	2020	
Interest income	\$ (111)	\$ (653)	(83.0)%
Interest expense	45,634	62,396	(26.9)%
Loss on extinguishment of debt and settlement of convertible notes	83,961	-	nm
Other income	(132)	-	nm
<b>Total</b>	<b>\$ 129,352</b>	<b>\$ 61,743</b>	<b>109.5%</b>

Total other expense increased to \$95.7 million and \$129.4 million, respectively, for the three- and six-month periods ended June 30, 2021, as compared with \$31.2 million and \$61.7 million, respectively, for the prior-year periods, primarily due to the loss on extinguishment of debt and settlement of convertible notes, partially offset by a decrease in interest expense.

We expect our interest expense to decrease in the future as a result of the Refinancing and the conversions and exchanges of 2022 Convertible Notes that have occurred year- to-date and the maturity or earlier conversion of the remaining 2022 Convertible Notes. See Note 10, “Long-Term Debt and Other Liabilities” to our Unaudited Condensed Consolidated Financial Statements for additional information.

**Income Taxes:**

The effective income tax rates for the three and six month periods ended June 30, 2021 and 2020 were (0.4)% and (0.4)%, respectively, compared to (1.0)% and (1.2)%, respectively, for the prior-year periods. For the three- and six-month periods ended June 30, 2021 and 2020, our income tax expense was not significant primarily due to the full valuation allowance against our net deferred tax assets.

We expect our income tax provision to increase in future periods to the extent we become profitable.

**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 loss attributable to common stock as a measure of operating results and (iii) use Free Cash Flow in addition to, and not as an alternative to, consolidated net cash provided by (used in) operating activities when evaluating our liquidity.

*Definition and Reconciliation of Non-GAAP Measures*

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

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

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

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

We believe it is useful for an understanding of our operating performance to exclude the loss on extinguishment of debt and settlement of convertible notes from Adjusted EBITDA because of the infrequently occurring nature of these activities.

We believe it is useful for an understanding of our operating performance to exclude separation costs related to the sale of CA from Adjusted EBITDA because of the non-recurring nature of this activity.

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

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Adjusted EBITDA:</b>				
Net loss attributable to common stock (GAAP)	\$ (69,248)	\$ (85,979)	\$ (76,933)	\$ (170,757)
Interest expense	16,340	31,253	45,634	62,396
Interest income	(54)	(75)	(111)	(653)
Income tax provision	277	140	312	281
Depreciation and amortization	3,547	3,218	7,664	6,797
EBITDA	(49,138)	(51,443)	(23,434)	(101,936)
Stock-based compensation expense	2,892	1,281	4,741	3,603
Loss from discontinued operations	2,854	71,778	4,655	147,168
Loss on extinguishment of debt and settlement of convertible notes	79,564	-	83,961	-
Separation costs related to CA sale	575	-	720	-
Adjusted EBITDA	<u>\$ 36,747</u>	<u>\$ 21,616</u>	<u>\$ 70,643</u>	<u>\$ 48,835</u>
<b>Free Cash Flow:</b>				
Net cash provided by (used in) operating activities (GAAP)	\$ (14,973)	\$ (25,073)	\$ 9,601	\$ (1,183)
Consolidated capital expenditures	(1,124)	(4,194)	(1,826)	(5,070)
Free cash flow	<u>\$ (16,097)</u>	<u>\$ (29,267)</u>	<u>\$ 7,775</u>	<u>\$ (6,253)</u>

*Material limitations of Non-GAAP measures*

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

Some of these limitations include:

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

## Liquidity and Capital Resources

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

	For the Six Months Ended June 30,	
	2021	2020
Continuing operations cash flow activity:		
Net cash provided by (used in) operating activities	\$ 9,601	\$ (1,183)
Net cash used in investing activities	(10,455)	(5,070)
Net cash provided by (used in) financing activities	(324,928)	14,240
Discontinued operations cash flow activity	(800)	(23,625)
Effect of foreign exchange rate changes on cash	(89)	(90)
Net decrease in cash, cash equivalents and restricted cash	(326,671)	(15,728)
Cash, cash equivalents and restricted cash at the beginning of period	435,870	177,675
Cash, cash equivalents and restricted cash at the end of period	<u>\$ 109,199</u>	<u>\$ 161,947</u>
Supplemental information:		
Cash, cash equivalents and restricted cash at the end of period	\$ 109,199	\$ 161,947
Less: current restricted cash	25	560
Less: non-current restricted cash	-	5,101
Cash and cash equivalents at the end of the period	<u>\$ 109,174</u>	<u>\$ 156,286</u>

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

### Liquidity:

Excluding the impact of our initial public offering, other debt and equity offerings and our current and prior credit facilities, to date we have not generated positive cash flows on a consolidated basis. Based on our current plans, we believe that our cash and cash equivalents and cash flows provided by operating activities will be sufficient to meet our operating obligations, including our committed capital expenditure requirements, any cash we elect to use to settle our 2022 Convertible Notes and any cash required to pay the principal amount of any 2022 Convertible Notes that remain outstanding at maturity, for at least the next twelve months.

As detailed in Note 10, "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 million, issued with a discount of 0.5%, and the Revolving Facility, which includes a letter of credit sub-facility. The Term Loan Facility amortizes in nominal quarterly installments equal to 1% of the aggregate initial principal amount thereof per annum, with the remaining balance payable upon final maturity on April 30, 2028. There are no amortization payments under the Revolving Facility, and all borrowings under the Revolving Facility mature on April 30, 2026.

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

The Facilities may be prepaid at GIH's option at any time without premium or penalty (other than customary breakage costs and except during the first six months following the closing of the Facilities during which certain prepayments of the Term Loan Facility are subject to a prepayment premium), 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 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 and (ii) to pay fees and expenses incurred in connection with the Refinancing and the Facilities. The Revolving Facility is available for working capital and general corporate purposes of Gogo and its subsidiaries and was undrawn as of June 30, 2021. 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 \$0.4 million for both the three- and six-month periods ended June 30, 2021 and is included in interest expense in our Unaudited Condensed Consolidated Statements of Operations. As of June 30, 2021, the balance of unamortized deferred financing costs related to the Facilities was \$19.3 million.

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 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 2022 Convertible Notes mature on May 15, 2022, unless earlier repurchased or converted into shares of our common stock under certain circumstances described in Note 10, "Long-term Debt and Other Liabilities," to our Unaudited Condensed Consolidated Financial Statements. Upon conversion, Gogo currently expects to settle in shares for the amount of the 2022 Convertible Notes then outstanding. Gogo may elect to deliver cash in lieu of all or a portion of such shares, and borrowings under the Revolving Facility are permitted to be used for this purpose. To the extent any 2022 Convertible Notes remain outstanding at maturity, we currently expect to pay such principal amount through cash on hand or borrowings under the Revolving Facility.

For additional information on the 2021 Credit Agreement and 2022 Convertibles Notes, see Note 10, "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 million for \$8.6 million. We receive payments in the amounts calculated pursuant to the caps for any period in which the three-month USD LIBOR rate increases beyond the applicable strike rate. The termination date of the cap agreements is July 31, 2027. The notional amounts of the interest rate caps periodically decrease over the life of the caps. While the interest rate caps are intended to limit our interest rate exposure under our variable rate indebtedness, which includes the Facilities, if our variable rate indebtedness does not decrease in proportion to the periodic decreases in the notional amount hedged under the interest rate caps, then the portion of such indebtedness that will be effectively hedged against possible increases in interest rates will decrease. In addition, the strike prices periodically increase over the life of the caps. As a result, the extent to which the interest rate caps will limit our interest rate exposure will decrease in the future.

For additional information on the interest rate caps, see Note 11, "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 Six Months Ended June 30,	
	2021	2020
Net loss	\$ (72,278)	\$ (23,589)
Non-cash charges and credits	99,408	21,049
Changes in operating assets and liabilities	(17,529)	1,357
Net cash provided by (used in) operating activities	<u>\$ 9,601</u>	<u>\$ (1,183)</u>

For the six-month period ended June 30, 2021, net cash provided by operating activities was \$9.6 million as compared with net cash used in operating activities of \$1.2 million in the prior-year period. The principal contributors to the year-over-year change in operating cash flows were:

- A \$29.7 million improvement in net loss and non-cash charges and credits, as noted above under “—Results of Operations.”
- A \$18.9 million decrease in cash flows related to operating assets and liabilities resulting from:
  - A decrease in cash flows due to the following:
    - Changes in accounts receivable due to the timing of payments; and
    - Changes in accrued interest primarily due to the timing of interest payments as compared with the prior-year.
  - Partially offset by an increase in cash flows due to the changes in inventories primarily due to the timing of purchases.

For the six months ended June 30, 2021, our free cash flow improved to \$7.8 million as compared to negative \$6.3 million for the prior-year period.

**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 used in investing activities includes the purchase of the interest rate caps during the six-month period ended June 30, 2021.

**Cash flows provided by (used in) Financing Activities:**

Cash used in financing activities for the six-month period ended June 30, 2021 was \$324.9 million primarily due to the redemption of all of our outstanding 2024 Senior Secured Notes (including the make-whole premium payable under the indenture governing the 2024 Senior Secured Notes) for a redemption price totaling \$1,023.1 million and the payment of \$20.3 million of deferred financing fees associated with the issuance of the Facilities, offset in part by \$721.4 million of gross proceeds from the Term Loan Facility.

Cash provided by financing activities for the six-month period ended June 30, 2020 was \$14.2 million primarily due to \$22.0 million of proceeds from the ABL Credit Facility offset in part by the repayment of \$5.0 million under the ABL Credit Facility and repayment on maturity of the outstanding \$2.5 million in aggregate principal amount of the 2020 Convertible Notes on March 1, 2020.

**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 six-month periods ended June 30, 2021 and 2020 were \$1.8 million and \$5.1 million, respectively.

We expect that our capital expenditures will vary in the future depending on the timing of network-related capital expenditures as we build out Gogo 5G and further invest in capitalized software.



**Other**

*Leases and Cell Site Contracts:* We have lease agreements relating to certain facilities and equipment, which are considered operating leases. See Note 13, "Leases," to our Unaudited Condensed Consolidated Financial Statements for additional information.

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

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

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

### ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk is currently confined to our cash and cash equivalents, short-term investments and debt. We have not used derivative financial instruments for speculation or trading purposes. The primary objectives of our investment activities are to preserve our capital for the purpose of funding operations while maximizing the income we receive from our investments without significantly increasing risk. To achieve these objectives, our investment policy allows us to maintain a portfolio of cash equivalents and short-term investments through a variety of securities, including U.S. Treasury securities, U.S. government agency securities, and money market funds. Our cash and cash equivalents as of both June 30, 2021 and December 31, 2020 included amounts in bank deposit accounts and money market funds, and we did not have any short-term investments as of either such date. We believe that a change in average interest rates would not affect our interest income and results of operations by a material amount.

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

*Interest Rate Risk:* We are exposed to interest rate risk on our variable rate indebtedness, which includes borrowings under the Term Loan Facility and Revolving Facility (if any). We assess our market risks based on changes in interest rates utilizing a sensitivity analysis that measures the potential impact on earnings and cash flows based on a hypothetical one percentage point change in interest rates. As of June 30, 2021, we had interest rate cap agreements to hedge a portion of our exposure to interest rate movements of our variable rate debt and to manage our interest expense. We receive payments in the amounts calculated pursuant to the caps for any period in which the three-month USD LIBOR rate increases beyond the applicable strike rate. The termination date of the cap agreements is July 31, 2027. Over the life of the interest rate caps, the notional amounts of the caps periodically decrease, while the applicable strike prices increase.

The notional amount of outstanding debt associated with interest rate cap agreements as of June 30, 2021 was \$650.0 million. Based on our June 30, 2021 outstanding variable rate debt balance, a hypothetical one percentage point increase in the three-month LIBOR interest rate would impact our annual interest expense by approximately \$0.3 million, which includes the impact of our interest rate cap at a strike rate of 0.75%. Excluding the impact of our interest rate caps, a hypothetical one percentage point increase in the three-month LIBOR interest rate would impact our annual interest expense by approximately \$2.9 million. A hypothetical one percentage point decrease in the three-month LIBOR interest rate would not impact our annual interest expense due to the LIBOR floor of 0.75% in our Term Loan Facility.

Our earnings are affected by changes in interest rates due to the impact those changes have on interest income generated from our cash and cash equivalents. Our cash and cash equivalents as of both June 30, 2021 and December 31, 2020 included amounts in bank deposit accounts and money market funds. We believe we have minimal interest rate risk related to our cash and cash equivalents, as a 10% decrease in the average interest rate on our portfolio would have reduced interest income for the three- and six-month periods ended June 30, 2021 and 2020 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 June 30, 2021. 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 June 30, 2021.

#### (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 14, “Commitments and Contingencies”, to our Unaudited Condensed Consolidated Financial Statements for a discussion of litigation matters.

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

### ITEM 1A. Risk Factors

“Item 1A. Risk Factors” of our Form 10-K includes a discussion of our risk factors. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our 2020 10-K. Except as set forth below and in Item 1A of the 2021 Q1 10-Q, there have been no material changes to the risk factors previously disclosed in our 2020 10-K.

***The COVID-19 pandemic and the measures implemented to combat it have had, and may in the future have, a material adverse effect on our business.***

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported in Wuhan, China, and the World Health Organization (the “WHO”) subsequently declared COVID-19 a “Public Health Emergency of International Concern.” On March 13, 2020, the U.S. government declared a national emergency and on March 19, 2020, the U.S. Department of State issued a global Level 4 “do not travel” advisory advising U.S. citizens to avoid all international travel due to the global impact of COVID-19. The U.S. government has also implemented enhanced screenings, mandatory quarantine requirements and other travel restrictions in connection with the COVID-19 pandemic, including restrictions on travel from Asia, Europe, Mexico and Canada, and many foreign and U.S. state governments have instituted similar measures (including travel restrictions to and within the European Union) and declared states of emergency. At various points, most states and U.S. territories have issued instructions for their residents to stay home or “shelter in place” and to avoid any non-essential travel for varied durations of time and may lift, have lifted or will be lifting or easing these instructions at varied times, often with certain restrictions still in place. In addition, depending on the results of any easing or lifting of instructions and other restrictions, federal, state or local governments or authorities may determine to reinstate, enhance or enforce the same or other instructions or restrictions in the future. Governments, non-governmental organizations and entities in the private sector have also issued and may continue to issue non-binding advisories or recommendations regarding air travel or other social distancing measures, including limitations on the number of persons that should be present at public gatherings.

The COVID-19 pandemic caused a significant decline in international and domestic business aviation travel, which materially and adversely affected our business in 2020. Beginning in March 2020, our business saw a sharp decrease in flight activity, as well as an increase in requests for account suspensions, an increase in downgrades to pay-as-you-go plans, and a decrease in new plan activations. Though we continue to see strong signs of recovery from the lows we experienced in mid-April 2020, we are continuing to monitor the status of the pandemic in the U.S. and internationally.

We are unable to predict whether COVID-19 will have a material adverse effect on our business in the future or for how long or with what degree of severity that impact will continue. The extent of the impact of COVID-19 on our financial and operational performance will depend on future developments, including the duration, spread and severity of the outbreak of COVID-19 and its variants, the timetable for administering and efficacy of vaccines, the duration and geographic scope of related travel advisories and restrictions and the extent of the impact of COVID-19 on overall demand for commercial and business aviation travel, all of which are highly uncertain and cannot be predicted.

In addition to directly impacting demand for air travel, COVID-19 and related restrictions may have a material and adverse impact on other aspects of our business, including:

- delays and difficulties in completing installations on certain aircraft; and
- limitations on our ability to market and grow our business and to promote technological innovation.

In addition, COVID-19 has had and is likely to continue to have an adverse effect on our supply chain. Many manufacturers of electronic components reduced their capacity in response to the reduced demand that accompanied the pandemic. While manufacturers have begun to increase manufacturing capacity as demand recovers from the impact of COVID, demand has exceeded supply in certain areas, and global shortages of electronic components have occurred. We have experienced longer lead times and

encountered delays in obtaining electronic components and we expect longer lead times and delays to continue. While we believe that we have adequate inventory or will be able to acquire sufficient electronic components to meet customer demand as currently forecasted, increases in demand combined with a continued shortage of electronic components could cause product delays or shortages. We have prepaid the suppliers of certain components to help ensure adequate supply and expect to continue to do so. In addition, we may face price increases for certain components due to the shortages. We cannot predict how long the component shortages will continue.

At this time we are also not able to predict whether the COVID-19 pandemic will result in long-term changes to business practices and consumer behavior, with such changes including but not limited to a long-term reduction in travel as a result of increased usage of “virtual” and “teleconferencing” products. The full extent of the ongoing impact of COVID-19 on our longer-term operational and financial performance will depend on future developments, many of which are outside of our control.

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

**a) Sales of Unregistered Securities**

None.

**b) Use of Proceeds from Public Offering of Common Stock**

None.

**ITEM 3. Defaults Upon Senior Securities**

None.

**ITEM 4. Mine Safety Disclosures**

None.

**ITEM 5. Other Information**

None.

**ITEM 6. Exhibits**

<b>Exhibit Number</b>	<b>Description of Exhibits</b>
4.1	<a href="#">Registration Rights Agreement, dated as of April 9, 2021, by and among Gogo Inc., Silver (XII) Holdings, LLC and Silver (Equity) Holdings, LP (incorporated by reference to Exhibit 10.2 to Form 8-K filed on April 14, 2021 (File Number 001-35975))</a>
4.2	<a href="#">Amendment to the Registration Rights Agreement, dated as of April 9, 2021, by and between Gogo Inc. (f/k/a AC HoldCo Inc.) and Thorndale Farm Gogo, LLC (as assignee to the interests of the Thorne Investors, as defined therein) (incorporated by reference to Exhibit 10.3 to Form 8-K filed on April 14, 2021 (File Number 001-35975))</a>
4.3	<a href="#">Amendment to the Registration Rights Agreement, dated as of May 25 2021, by and among Gogo Inc., Silver (XII) Holdings, LLC and Silver (Equity) Holdings, LP</a>
10.1	<a href="#">Exchange Agreement, dated as of April 1, 2021, by and between Gogo Inc. and Silver (XII) Holdings, LLC (incorporated by reference to Exhibit 10.1 to Form 8-K filed on April 14, 2021 (File Number 001-35975))</a>
10.2	<a href="#">Credit Agreement, dated as of April 30, 2021, among Gogo Inc., Gogo Intermediate Holdings LLC, the lenders and issuing banks party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent (incorporated by reference to Exhibit 10.1 to Form 8-K filed on May 3, 2021 (File Number 001-35975))</a>
10.3	<a href="#">Guarantee Agreement, dated as of April 30, 2021, among Gogo Inc., Gogo Intermediate Holdings LLC and certain of its subsidiaries, and Morgan Stanley Senior Funding, Inc., as collateral agent (incorporated by reference to Exhibit 10.2 to Form 8-K filed on May 3, 2021 (File Number 001-35975))</a>
10.4	<a href="#">Collateral Agreement, dated as of April 30, 2021, among Gogo Inc., Gogo Intermediate Holdings LLC and certain of its subsidiaries, and Morgan Stanley Senior Funding, Inc., as collateral agent (incorporated by reference to Exhibit 10.3 to Form 8-K filed on May 3, 2021 (File Number 001-35975))</a>
10.5#	<a href="#">Amended and Restated Employment Agreement, dated as of February 10, 2020, between Gogo LLC and Karen Jackson</a>
10.6#	<a href="#">Employment Agreement, dated as of August 27, 2018, between Gogo Business Aviation LLC and Sergio Aguirre</a>
10.7#	<a href="#">Form of Director Deferred Share Unit Agreement for Gogo Inc. Omnibus Incentive Plan</a>
10.8#	<a href="#">Amendment to Non-Employee Director Options and Deferred Stock Units</a>
31.1	<a href="#">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</a>
31.2	<a href="#">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</a>
32.1 *	<a href="#">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</a>
32.2 *	<a href="#">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</a>
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)

# Indicates management contract or compensatory plan or arrangement.

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

Date: August 5, 2021

Gogo Inc.

/s/ Oakleigh Thorne

Oakleigh Thorne

President and Chief Executive Officer

(Principal Executive Officer)

/s/ Barry Rowan

Barry Rowan

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

**AMENDMENT TO THE REGISTRATION RIGHTS AGREEMENT**

This AMENDMENT TO THE REGISTRATION RIGHTS AGREEMENT (this “Amendment”) is entered into as of May 25, 2021 by and among Gogo Inc. (the “Company”), Silver (XII) Holdings, LLC, a Delaware limited liability company, and Silver (Equity) Holdings, LP, a Delaware limited partnership (collectively, the “Investor” and, together with the Company, the “Parties”).

WHEREAS, each of the Parties are party to the registration rights agreement, dated April 9, 2021 (the “Agreement”) (unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings assigned to such terms in the Agreement); and

WHEREAS, the Parties desire to amend certain terms and provision of the Agreement, as set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual promises hereinafter set forth, the Parties agree as follows:

1. Amendments.

(a) Section 3(a)(i) of the Agreement is hereby amended and restated in its entirety as follows:

“(a) Demand Notice.

(i) Subject to Section 3(b)(i), the Investor or any Holder that beneficially owns at least a majority of the Registrable Securities (a “Demanding Holder”) shall have the right at any time to deliver a written request (a “Demand Notice”) to require the Company to use reasonable best efforts to file with the SEC a Shelf Registration Statement relating to the offer and sale by such Holder of all of its Registrable Securities then outstanding (a “Demand Registration”). The Investor shall be deemed to have delivered a Demand Notice in respect of the Initial Shelf Registration Statement, as set forth in Section 3(b)(i), for all of its Registrable Securities at the time of the execution and delivery of the Amendment, and the intended method or methods of disposition thereof shall be deemed to be as set forth in Appendix A hereto. All other requests made pursuant to this Section 3(a)(i) shall specify the number of Registrable Securities to be registered, and the intended method or methods of disposition thereof.”

(b) Section 3(b)(i) of the Agreement is hereby amended and restated in its entirety as follows:

“(b) Filing and Effectiveness.

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(i) The Company shall file an Initial Shelf Registration Statement providing for the registration of, and the sale or distribution from time to time on a continuous or delayed basis of, the Registrable Securities and cause such Initial Shelf Registration Statement to be declared effective by the SEC by no later than April 8, 2022 (it being agreed that any Initial Shelf Registration Statement shall be an Automatic Shelf Registration Statement that shall become effective upon filing with the SEC pursuant to Rule 462(e), if Rule 462(e) is then available to the Company).”

(c) In connection with the amendments described above, the Company acknowledges and agrees that (i) it will not be permitted to use or rely on the provisions of Section 3(d) of the Agreement to delay the filing or initial effectiveness of the Initial Shelf Registration Statement; and (ii) a Holder may deliver a Take-Down Notice prior to the effectiveness of the Initial Shelf Registration Statement pursuant to Section 3(e) of the Agreement so long as such Holder intends to effect a Shelf Offering after the effectiveness of the Initial Shelf Registration Statement.

## 2. Miscellaneous.

(a) No Other Amendments. Except as expressly provided in Section 1 of this Amendment, the provisions of the Agreement are unchanged and will remain in full force and effect and nothing in this Amendment will be construed as a waiver of any rights or obligations of the Parties under the Agreement.

(b) Entire Agreement. This Amendment and the Agreement, together, (i) constitutes the entire agreement among the Parties with respect to the subject matter of this Amendment and the Agreement and supersede any prior discussions, correspondence, negotiation, proposed term sheet, agreement, understanding or agreement and there are no agreements, understandings, representations or warranties between the Parties other than those set forth or referred to in this Amendment and the Agreement and (ii) except as provided in Section 6 of the Agreement with respect to an Indemnified Party, is not intended to confer in or on behalf of any Person not a party to this Amendment and the Agreement (and their successors and assigns) any rights, benefits, causes of action or remedies with respect to the subject matter or any provision hereof.

(c) Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts executed and to be performed wholly within such State and without reference to the choice-of-law principles that would result in the application of the laws of a different jurisdiction.

(d) Titles and Subtitles. The titles of the sections and subsections of this Amendment are for convenience of reference only and will not affect the meaning or interpretation of this Amendment.

(e) Counterparts; Facsimile Signatures. This Amendment may be executed in any number of counterparts (including via facsimile and electronic transmission), each of which

shall be an original, but all of which together shall constitute one instrument. This Amendment may be executed by facsimile signature(s).

*[Remainder of page left intentionally blank]*

IN WITNESS WHEREOF, each of the undersigned has executed this Amendment or caused this Amendment to be duly executed on its behalf as of the date first written above.

GOGO INC.

By: /s/ Marguerite M. Elias  
Name: Marguerite M. Elias  
Title: Executive Vice President, General  
Counsel and Secretary

SILVER (XII) HOLDINGS, LLC

By: /s/ Mark M. Anderson  
Name: Mark M. Anderson  
Title: President

SILVER (EQUITY) HOLDINGS, LP

By: GTCR Partners XII/A&C LP, its general partner

By: GTCR Investment XII LLC, its general partner

By: /s/ Jeffrey S. Wright  
Name: Jeffrey S. Wright  
Title: Authorized Signatory

## AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (this “**Agreement**”), entered into as of February 10, 2020 (the “Effective Date”) amends and restates that certain Employment Agreement entered into effective February 23, 2015 (as heretofore amended, the “**Original Agreement**”) by and between **Gogo LLC**, 111 N Canal St., Suite 1500, Chicago, IL 60606 (the “**Company**”), and **Karen Jackson** (“**Executive**”). This Agreement supersedes and replaces the Original Agreement and all other agreements, whether oral or written, related to the terms of Executive’s employment with the Company, with the exception of that certain Change in Control Severance Agreement, as amended to date, between Executive and Gogo Inc. (“Parent”). Certain capitalized terms used herein have the meanings given to them in Section 20 hereof.

## AGREEMENT:

In consideration of the mutual covenants contained herein, the parties agree as follows:

**1. Employment.** The Company hereby agrees to employ Executive, and Executive hereby accepts such employment upon the terms and conditions set forth herein.

**2. Capacity and Duties.** As of the Effective Date, Executive shall be employed by the Company as its Executive Vice President, Chief People Experience Officer. During Executive’s employment with the Company, Executive shall perform the duties and bear the responsibilities commensurate with Executive’s position, and shall serve the Company faithfully and to the best of Executive’s ability, under the direction of the Company’s Chief Executive Officer. Executive shall also perform such other duties as may be reasonably requested from time to time by the Company’s Chief Executive Officer or Board of Directors of Parent. Executive’s actions shall at all times be such that they do not discredit the Company or its products and services, and Executive shall not engage in any business activity or activities that require significant personal services by Executive or that, in the sole judgment of the Company, may conflict with the proper performance of Executive’s duties hereunder. Executive shall devote all Executive’s working time, working attention, and working energies to the business of the Company.

**3. Compensation.**

**(a) Base Salary.** The Company shall pay to Executive as base compensation for all of the services to be rendered by Executive under this Agreement a salary at the rate of \$305,000 per annum (the “**Base Salary**”), payable in accordance with such normal payroll practices as are adopted by the Company from time to time, subject to withholdings for federal, state and local taxes, FICA and other withholding required by applicable law, regulation or ruling. The Base Salary shall be reviewed at least annually. In addition, Executive shall be eligible for an annual bonus with a target of seventy five percent (75%) of Base Salary. The amount of such annual bonus, if any, shall be decided by the Compensation Committee of the Board of Directors of Parent, and shall be based upon achievement of objectives established by the Compensation Committee, all as determined in the reasonable discretion of the Compensation Committee..

**(b) Reimbursement of Expenses, Company Facilities.** The Company shall pay or reimburse Executive for all reasonable, ordinary and necessary travel and other expenses incurred by Executive in the performance of Executive’s obligations under this Agreement, in

accordance with the Company's travel and expense reimbursement policies for management employees. The Company shall provide to Executive, at the Company's principal place of business, the necessary office facilities and equipment to perform Executive's obligations under this Agreement

(c) **Discretionary Time Off.** . The Company has no formal vacation or time off policy with set time off amounts and accruals. Instead, Executive will have the flexibility to take time off as determined by Executive, subject to the approval of the CEO.

(d) **Benefits.** Subject to applicable eligibility requirements, Executive shall be eligible to participate in all normal company benefits including the Company's 401(k), retirement, medical, dental and life and disability insurance plans and programs in accordance with the terms thereof. Any such benefits, plans and/or programs shall be subject to change or termination from time to time, as determined by the Company.

(e) **Directors and Officers Insurance.** Officers and directors liability insurance shall be obtained and maintained by the Company for coverage of the Company, other executives of the Company and Executive, at no cost to Executive.

(f) **Equity.** Executive shall be eligible to participate in an annual equity award program, as approved by the Compensation Committee of the Board of Directors of Parent.

#### 4. **Confidentiality; Ownership of Confidential Information and Inventions.**

(a) **Receipt of Confidential Information.** Executive's employment by the Company creates a relationship of confidence and trust between Executive and the Company with respect to certain information applicable to the business of the Company and its clients or customers. Executive acknowledges that during Executive's employment by the Company and as a result of the confidential relationship with the Company established thereby, Executive shall be receiving Confidential Information and that the Confidential Information is a highly valuable asset of the Company.

(b) **Nondisclosure.** During Executive's employment with the Company and at all times thereafter, regardless of the reason for the termination of such employment, Executive shall retain in strict confidence and shall not use for any purpose whatsoever or divulge, disseminate, or disclose to any third party (other than in the furtherance of the business purposes of the Company and with the Company's prior written consent) all Confidential Information, all of which is deemed confidential and proprietary. Notwithstanding anything in this Agreement to the contrary, nothing contained in this Agreement limits the Executive's ability to communicate with or participate in any investigation or proceeding regarding possible violations of U.S. Federal securities laws that may be conducted by the U.S. Securities and Exchange Commission, the U.S. Department of Justice, the U.S. Consumer Financial Protection Bureau or the U.S. Commodity Futures Trading Commission.

(c) **Disclosure.** Executive shall inform the Company promptly and fully of all Inventions by a written report, setting forth in detail a description of the Invention, the procedures used and the results achieved. Executive shall submit a report upon completing any studies or research projects undertaken on the Company's behalf, whether or not Executive believes that

project has resulted in an Invention. Executive agrees to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Inventions, which records shall be available to and remain the sole property of the Company at all times.

**(d) Ownership; Cooperation.** All Confidential Information and Inventions shall be and remain the sole property of the Company. Executive promptly shall execute and deliver to the Company any instruments deemed necessary by it to effect disclosure and assignment of all Inventions to the Company including, without limitation, assignment agreements satisfactory to the Company. Upon request of the Company, during and after Executive's employment with the Company, Executive shall execute patent, copyright, trademark, mask work or other applications and any other instruments deemed necessary by the Company for the prosecution of such patent applications or the acquisition of letters patent or registration of copyrights, trademarks or mask works in the United States and foreign countries based on such Inventions; *provided, however*, that if Executive incurs any expenses in connection with the foregoing obligation after Executive's employment with the Company is terminated, the Company shall compensate Executive at a reasonable rate for the time actually spent by Executive at the Company's request in satisfying such obligation.

**(e) Works for Hire.** To the extent the Inventions consist of original works of authorship which are made by Executive (solely or jointly with others) within the scope of Executive's employment and which are protectable by copyright, Executive acknowledges that all such original works of authorship are "works for hire" as that term is defined in the United States Copyright Act (17 U.S.C., Section 101).

**5. Covenants-Not-to-Compete.** In consideration of Executive's continued employment as an executive of the Company and in consideration of the Company's obligations contained in this Agreement, including, without limitation, its agreeing to pay severance benefits in the circumstances specified in Section 9(a), and because Executive shall have access to Confidential Information, including, without limitation, Trade Secrets, Executive hereby covenants as follows (as used in this Section the term "Company" includes Gogo LLC and its Affiliates):

**(a) Covenants.** Without the prior written consent of the Board, (x) during Executive's employment with the Company and (y) for twelve (12) months after leaving the employment of the Company, whether voluntarily or involuntarily, Executive shall not directly or indirectly, personally, by agency, as an employee, consultant, officer or director, through a corporation, partnership, limited liability company, or by any other artifice or device:

**(i)** Own, manage, operate, control, work for, provide services to, employ, have any financial interest in, consult to, lend Executive's name to or engage in any capacity in any enterprise, business, company or other entity (whether existing or newly established) engaged in a Competitive Business, whether in anticipation of monetary compensation or otherwise;

**(ii)** Solicit or otherwise induce any person who is then or was employed by the Company or otherwise engaged by the Company as an independent

contractor or consultant at any time during the twelve (12) month period preceding Executive's last day of employment, to terminate his employment or service with the Company to engage in any Competitive Business, or intentionally interfere with the relationship of the Company with any such employee, former employee or person, it being understood that a general advertisement of employment opportunities to which a current or former employee of the Company or any of its Affiliates responds shall not constitute solicitation or inducement for purposes of this Section 5 (a) (ii), or hire any such former employee within ninety days following his or her termination of employment with the Company or any of its Affiliates

(iii) Solicit or service in any way in connection with or relating to a Competitive Business, on behalf of Executive or on behalf of or in conjunction with others, any client or customer, or prospective client or customer of the Company, or induce any customer, client, prospective customer or client, vendor, consultant, strategic partner or independent contractor of the Company to terminate or negatively alter his or her relationship with the Company, who has been solicited or serviced by the Company or any of its Affiliates; or

(iv) Assist others in doing anything prohibited by clause (i), (ii) or (iii) above. Due to the global nature of the Company's business and its competition there is no applicable geographic restriction on the covenants set forth herein. The covenants in this Section 5(a) shall be specifically enforceable. However, the covenants in this Section 5(a) shall not be construed to prohibit the ownership of not more than one percent of the equity of any publicly-held entity engaged in direct competition with the Company, so long as Executive is not otherwise engaged with such entity in any of the other activities specified in Section 5(a)(i) through (iv) above.

**(b) Reformation and/or Severability of Covenants.** If a court determines that any of the foregoing covenants is an unenforceable restriction, the court is authorized and requested to revise such provision to include the maximum restriction allowed under applicable law. If any provision of this Agreement is determined to be in violation of any law, rule or regulation or otherwise unenforceable, and cannot be modified to be enforceable, such determination shall not affect the validity of any other provision of this Agreement, and such other provisions shall remain in full force and effect. Each provision, paragraph and subparagraph of this Agreement is severable from every other provision, paragraph and subparagraph and constitutes a separate and distinct covenant.

**(c) Acknowledgment.** Executive acknowledges that the covenants made by Executive in this Agreement are intended to protect the legitimate business interests of the Company and not to prevent or interfere with Executive's ability to earn a living.

**6. Injunctive Relief; Legal Fees.** If Executive violates any of the provisions of Section 4 or 5 hereof (the "**Applicable Sections**"), the Company shall be entitled to seek and, if

awarded by a court or arbitrator, obtain immediate and permanent injunctive relief in addition to all other rights and remedies it may have, it being agreed that a violation of the Applicable Sections would cause the Company irreparable harm, and the damages which the Company would sustain upon such violation are difficult or impossible to ascertain in advance. If the Company takes legal action to enforce the covenants contained in the Applicable Sections, or to enjoin Executive from violating the Applicable Sections, as part of its damages, the prevailing party shall be entitled to recover its reasonable legal costs and expenses for bringing and maintaining any such action from the losing party.

7. **No Conflict.** Executive represents and warrants to the Company that (a) Executive has not signed any employment agreement, confidentiality agreement, non-competition covenant or the like with any other employer and (b) Executive's employment with the Company will not violate any other agreement or arrangement Executive has or may have had with any other former employer. Executive covenants that under no circumstances shall Executive disclose to the Company or use for the benefit of the Company any confidential or proprietary information of any former employer or other third party, and Executive shall hold all such information in confidence, and shall comply with the terms of any and all applicable agreements between Executive and the third party with respect to such information.

8. **Termination.** Executive and the Company each acknowledge that either party has the right to terminate Executive's employment with the Company at any time for any reason whatsoever, with or without cause, pursuant to the following:

(a) **Termination by the Company Without Cause.** Upon thirty (30) days' written notice to Executive, or at the Company's discretion, pay in lieu of notice;

(b) **Disability.** Immediately upon written notice to Executive, if Executive is prevented from performing Executive's duties by reason of illness or incapacity for a continuous period of 180 days;

(c) **Death.** Immediately upon the death of Executive; or

(d) **Termination by the Company for Cause.** Immediately upon "Cause", which for purposes of this Agreement shall mean Executive's (1) willful gross misconduct or gross or persistent negligence in the discharge of her duties; (2) act of dishonesty or concealment; (3) breach of her fiduciary duty or duty of loyalty to the Company; (4) a breach of Section 4 or 5 hereof; (5) any other material breach by Executive of this Agreement, which breach has not been cured by Executive within thirty (30) days after written notice of such breach is given to Executive by the Company; (6) commission of one or more acts of substance abuse which are materially injurious to the Company; (7) conviction or plea of no contest to a felony involving money or other property of the Company(excluding traffic or other similar violations); or (8) conviction or a plea of no contest to a criminal offense that would, if committed in the State of Illinois, constitute a felony under the laws of the State of Illinois or the United States of America.

(e) **Voluntary Resignation.** Executive may terminate Executive's employment under this Agreement upon thirty (30) days' written notice to the Company. The



Company, at its discretion, may waive the thirty (30) day notice requirement, and in such event shall be required to make any payments in lieu of notice.

(f) **Resignation for Good Reason.** Executive may terminate her employment under this Agreement immediately upon a showing of “Good Reason,” which for purposes of this Agreement shall mean (1) a reduction by the Company in Executive’s Base Salary; (2) a material diminution of Executive’s duties or responsibilities such that such duties and responsibilities, when viewed in the aggregate, are not a least commensurate with those duties and responsibilities normally associated with and appropriate to her position; (3) the relocation of Executive’s principal place of employment to a geographic location more than fifty (50) miles from the Company’s headquarters as of the Effective Date; or (4) any material breach by the Company of its obligations to Executive hereunder. In the event that Executive believes that circumstances constituting “Good Reason” have occurred and Executive wishes to terminate her employment as a result of such occurrence, Executive must provide the Company written notice within 3 days from the initial existence of the occurrence. If within 30 days following the Company’s receipt of such notice it corrects the circumstances constituting “Good Reason,” then Executive shall not be entitled to terminate her employment under this Section 8(f) as a result of such circumstances. Furthermore, Executive shall not be entitled to terminate her employment under this Section 8(f) as a result of any circumstances constituting “Good Reason” unless her resignation occurs within 30 days following the expiration of the Company’s cure period.

## 9. Termination Benefits.

(a) **Termination by the Company Without Cause or Resignation for Good Reason.** If Executive is terminated under Section 8(a) or resigns for Good Reason under Section 8(f), and following the execution (and expiration of any revocation period), not later than 45 days following the termination date, of a separation agreement containing a general release of all claims against Parent, the Company and its Affiliates, the Company shall pay Executive an amount equal to twelve (12) months of Executive’s then-current Base Salary, payable in installments as set forth hereinafter (each such payment a “**Severance Payment**”). The Severance Payments shall be payable in installments, by direct deposit, in accordance with the Company’s normal payroll practices. The first installment of the Severance Payments shall be made on the first payroll date after the execution (and expiration of any revocation period) of such separation agreement or, if the 45-day period following the termination date spans two calendar years and the Severance Payment is subject to Section 409A of the Internal Revenue Code, after such 45-day period, and shall include all installments of the Severance Payments that would have been paid if the general release of claims had been fully effective on the termination date. In addition, during the twelve (12) months following termination, should Executive timely elect to continue coverage pursuant to COBRA, the Company agrees to reimburse Executive for the COBRA premiums due to maintain health insurance coverage that is substantially equivalent to that which she received immediately prior to Executive’s termination. The Company shall also pay Executive (i) any salary earned but unpaid prior to termination and all accrued but unused PTO, (ii) any business expenses incurred but not reimbursed as of the date of termination, and (iii) any award under the annual bonus program referred to in Section 3(a) that has been approved by the Chief Executive Officer and Parent’s Board of Directors but not paid prior to termination.

**(b) Other Termination.** In all other cases, the Company's obligation to make payments hereunder shall cease upon such termination, except the Company shall pay Executive (i) any salary earned but unpaid prior to termination and all accrued but unused PTO, and (ii) any business expenses incurred but not reimbursed as of the date of termination.

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

**(d) Returns.** Upon termination of Executive's employment under this Agreement, or as otherwise requested by the Company, immediately upon the Company's request, Executive shall return to the Company all Company files, notes, business plans and forecasts, financial information, computer-recorded information, tangible property including computers, software, credit cards, entry cards, identification badges, cell phones, pager, keys, tools, equipment and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions thereof).

**10. Notices.** All notices, reports, records or other communications which are required or permitted to be given to the parties under this Agreement shall be sufficient in all respects if given in writing and delivered in person, by telecopy, by overnight courier, or by registered or certified mail, postage prepaid, return receipt requested, to the receiving party at the address listed on the first page of this Agreement, or to such other address as such party may have given to the other by notice pursuant to this Section 10. Notice shall be deemed given on the date of delivery, in the case of personal delivery or telecopy, or on the delivery or refusal date, as specified on the return receipt, in the case of overnight courier or registered or certified mail.

**11. Further Assurances.** The parties shall cooperate fully with each other and execute such further instruments, documents and agreements, and shall give such further written assurances, as may be reasonably requested by one another to better evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intent and purposes of this Agreement. Without limiting the generality of the foregoing, Executive shall cooperate fully in assisting the Company to comply with contractual obligations of the Company to third parties regarding Inventions, Trade Secrets and copyrights.

**12. Waiver of Breach.** A waiver by the Company of a breach of any provision of this Agreement by Executive shall not operate or be construed as a waiver of any subsequent breach by Executive.

**13. Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. Any action pursuant to Section 4 or 5 above may be brought in the Courts in the State of Illinois, and by execution of this Agreement, Executive irrevocably submits to such jurisdiction.

**14. Arbitration.**

**(a)** Any dispute arising in connection with this Agreement or Executive's employment with the Company, except for equitable or injunctive actions pursuant to Section 4 or 5 above, or claims by Executive for workers' compensation, unemployment compensation or

benefits under a Company benefits plan, shall be submitted to final and binding arbitration. Judgment upon any award rendered by arbitration may be entered in any court having jurisdiction thereof.

**(b)** The arbitrator shall be selected by the mutual agreement of the parties. Any arbitrator selected shall be a professional having at least ten years of experience in labor or employment related practice areas. If the amount in dispute exceeds \$250,000, the parties shall select, by mutual agreement, a panel of three arbitrators, rather than one arbitrator, to resolve the dispute.

**(c)** The arbitration shall be conducted in Chicago, Illinois (unless the corporate headquarters of the Company shall have been moved to another location, in which case the arbitration shall be conducted in such location). Reasonable discovery shall be permitted as determined by the arbitrator or arbitrators. Both parties to an arbitration shall have the right to be represented by counsel. The attorneys' fees and costs of the arbitrator and arbitration proceedings are to be shared equally between the parties, and all other costs and attorneys' fees are to be paid by the party incurring such costs and fees.

**(d)** Except as otherwise provided herein, this arbitration procedure is the exclusive remedy for any contractual, non-contractual or statutory claim of any kind, including claims arising under federal, state and local statutory law, including, but not limited to, the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 *et seq.*; Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e *et seq.*; the Americans with Disabilities Act, 42 U.S.C. § 12101 *et seq.*; the Employee Retirement Income Security Act, 29 U.S.C. § 1001 *et seq.*; the Illinois Human Rights Act, 75 ILCS § 5/1-101 *et seq.*; and common law or equitable claims alleging breach of contract, defamation, fraud, outrageous conduct, promissory estoppel, violation of public policy, wrongful discharge or any other tort, contract or equitable theory. Executive agrees to exhaust any and all internal dispute resolution procedures established by the Company prior to pursuing arbitration under this Agreement.

**15. Severability.** If any provision of this Agreement shall be held by any Court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the enforceability of all other provisions of this Agreement shall be unimpaired.

**16. Binding Agreement.** Executive shall not delegate or assign any of Executive's rights or obligations under this Agreement. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by Executive, the Company and the Company's successors and assigns; *provided, however*, that the Company may not assign this Agreement to any other person or entity without the prior written consent of Executive except (a) to Parent or (b) in connection with a sale, assignment or other transfer by the Company of all or a substantial portion of its assets or business, in each of which events assignment of this Agreement is expressly permitted without the consent of Executive.

**17. Merger; Amendment.** This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof and no other statement, representation, warranty or covenant has been made by either party except as expressly set forth herein. This Agreement

may be amended at any time, *provided* that such amendment is in writing and is signed by each of the parties.

**18. Nature of Employment.** EXECUTIVE IS EMPLOYED WITH THE COMPANY FOR NO SPECIFIC TERM OF EMPLOYMENT, AND IS EMPLOYED AT THE WILL OF THE COMPANY. NOTHING IN THIS AGREEMENT SHALL IN ANY WAY RESTRICT EXECUTIVE'S RIGHT OR THE RIGHT OF THE COMPANY TO TERMINATE EXECUTIVE'S EMPLOYMENT AT ANY TIME, FOR ANY REASON OR FOR NO REASON, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT NOTICE.

**19. Section 409A.** This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and shall be interpreted and construed consistently with such intent. The payments to Executive pursuant to this Agreement are also intended to be exempt from Section 409A of the Code to the maximum extent possible, under the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii), as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4), or another applicable exemption under Section 409A of the Code or the Treasury regulations promulgated thereunder. In the event the terms of this Agreement would subject Executive to taxes or penalties under Section 409A of the Code ("**409A Penalties**"), the Company and Executive shall cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible. To the extent any amounts under this Agreement are payable by reference to Executive's "termination of employment" or similar terms, such term and similar terms shall be deemed to refer to Executive's "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, if Executive is a "specified employee," as defined in Section 409A of the Code, as of the date of Executive's separation from service, then to the extent any amount payable under this Agreement (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, (ii) is payable upon Executive's separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of Executive's separation from service, such payment shall be delayed until the earlier to occur of (a) the six-month anniversary of the separation from service or (b) the date of Executive's death. Any reimbursement payable to Executive pursuant to this Agreement shall be conditioned on the submission by Executive of all expense reports reasonably required by the Company under any applicable expense reimbursement policy, and shall be paid to Executive promptly following receipt of such expense reports, but in no event later than the last day of the calendar year following the calendar year in which Executive incurred the reimbursable expense. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year shall not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. The right to any reimbursement or in-kind benefit pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit. Executive's right to receive any installment payments under this Agreement, including without limitation any salary continuation payments that are payable in installments in accordance with the Company's normal payroll practices, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A of the Code. Whenever a provision under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

20. **Definitions.** In addition to terms defined above and elsewhere in this Agreement, the following terms shall have the meanings set forth below:

**“Affiliate”** means (i) any parent or subsidiary of the Company and (ii) any person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, the Company. For purposes of this definition, the terms “controls,” “is controlled by” or “is under common control with” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

**“Air-to-Ground Communication”** means (i) data and/or voice communications directly or indirectly between an aircraft and the ground, including communications between an aircraft and the ground transmitted in whole or in part by satellite, (ii) data and/or voice communications within an aircraft, including all communications to or from the cabin and/or the cockpit of an aircraft, (iii) any and all related products and services and (iv) any and all products and services directly supportive thereof. For the avoidance of doubt, Air-to-Ground Communications does not include communications by satellite that do not involve communication to or from an aircraft.

**“Competitive Business”** means any business engaged in (i) providing Air-to-Ground Communications, (ii) assembling, manufacturing, installing or selling equipment involved in or relating to Air-to-Ground Communications or (iii) any other business or activities that are substantially in competition with any other businesses in which the Company or any of its Affiliates engages in during Executive’s employment or is actively contemplating entering into during Executive’s employment. For purposes of this Agreement, in the event that a Competitive Business includes an organization with separate and distinct business units, to the extent possible, and upon the written approval of the Company, the term Competitive Business may be limited to only those business units(s) or persons of the Competitive Business that are engaged in, related to or become engaged in, or related to the business of Air-to-Ground Communications.

**“Confidential Information”** means all information relating to the Company, its Affiliates and their respective customers and suppliers considered by the Company or its Affiliates to be confidential and proprietary including, without limitation, (a) business plans, research, development and marketing strategies, customer names and lists, product and service prices and lines, processes, designs, formulae, methods, financial information, costs and supplies and (b) the Trade Secrets (as defined below). Confidential Information may include information which has been acquired or created by Executive or has otherwise become known to Executive through Executive’s employment with Company. Confidential Information may also include information belonging to the Company’s clients, customers or suppliers. “Confidential Information” shall not include the foregoing that is or becomes (i) in the public domain other than through acts by Executive, (ii) already lawfully in Executive’s possession at the time of disclosure by the Company as evidenced by Executive’s written records, (iii) disclosed to Executive by a third party who is not prohibited from disclosing the information pursuant to any fiduciary, contractual or other duty to any person or (iv) required by law, rule, regulation or court order to be disclosed.

**“Existing Proprietary Rights”** means all inventions, original works of authorship, developments, improvements and trade secrets that Executive has, alone or jointly with others, made, conceived, developed or reduced to practice or caused to be made, conceived, developed or reduced to practice

prior to the Effective Date, whether or not patentable or registrable under patent, copyright or similar statutes, a list of which is attached to this Agreement as **Exhibit A**.

**“Inventions”** means discoveries, concepts, ideas, methods, formulae, techniques, developments, know-how, inventions and improvements, whether or not patentable or registrable under patent, copyright or similar statutes, conceived of or made by Executive at any time, whether before, during or after business hours, or with the use of the Company’s resources, facilities, materials or personnel, either solely or jointly with others after the Effective Date and during Executive’s employment by the Company, or within one (1) year of the termination of Executive’s employment with the Company; and, if based on or related to the Company’s business, including, without limitation, existing and planned products and services and future products and services of the Company and its Affiliates.

**“Trade Secrets”** means any and all technology and information relating to the Company’s and its Affiliates’ business or their respective patents, methods, formulae, software, know-how, designs, products, processes, services, research development, inventions, systems, engineering and manufacturing which have been designated as secret or confidential or are the subject of efforts that are reasonable under the circumstances to maintain their secrecy or confidentiality and which are sufficiently secret to derive economic value, actual or potential, from not being generally known to other persons.

The parties have executed this Agreement on the date first above written, effective as of the Effective Date.

**COMPANY:**

**EXECUTIVE:**

**GOGO LLC**

Karen Jackson

/s/ Marguerite M. Elias



Date: June 15, 2020

Date: June 15, 2020

**Exhibit A**  
**Existing Proprietary Rights**

**None**

## EMPLOYMENT AGREEMENT

This Employment Agreement (this “**Agreement**”) is entered into effective August 27, 2018 (the “**Effective Date**”) by and between **Gogo Business Aviation LLC**, 105 Edgeview Drive, Suite 200, Broomfield, Colorado 80021 (the “**Company**”), and Sergio Aguirre (“**Executive**”). This Agreement supersedes and replaces all other agreements, whether oral or written, related to the terms of Executive’s employment with the Company. Certain capitalized terms used herein have the meanings given to them in Section 20 hereof.

## AGREEMENT:

In consideration of the mutual covenants contained herein, the parties agree as follows:

**1. Employment.** The Company hereby agrees to employ Executive, and Executive hereby accepts such employment upon the terms and conditions set forth herein.

**2. Capacity and Duties.** As of the Effective Date, Executive shall be employed by the Company as its EVP & President Business Aviation. During Executive’s employment with the Company, Executive shall perform the duties and bear the responsibilities commensurate with Executive’s position and shall serve the Company faithfully and to the best of Executive’s ability, under the direction of the Chief Executive Officer of the Company’s Affiliate, Gogo LLC, or such other executive to which the Chief Executive Officer of Gogo LLC determines Executive should report. Executive’s actions shall at all times be such that they do not discredit the Company or its products and services, and Executive shall not engage in any business activity or activities that require significant personal services by Executive or that, in the sole judgment of the Company, may conflict with the proper performance of Executive’s duties hereunder. Executive shall devote all Executive’s working time, working attention, and working energies to the business of the Company.

**3. Compensation.**

**(a) Base Salary.** The Company shall pay to Executive as base compensation for all of the services to be rendered by Executive under this Agreement a salary at the rate of \$303,000 per annum (the “**Base Salary**”), payable in accordance with such normal payroll practices as are adopted by the Company from time to time, subject to withholdings for federal, state and local taxes, FICA and other withholding required by applicable law, regulation or ruling. The Base Salary shall be reviewed at least annually. In addition, Executive shall be eligible for an annual discretionary bonus with a target of seventy-five percent (75%) of Base Salary. The amount of such annual bonus, if any, shall be decided by the Compensation Committee of the Board of Directors of Parent, and shall be based upon achievement of objectives established by the Compensation Committee, all as determined in the reasonable discretion of the Compensation Committee. Any bonus payable to Executive for 2018 shall be prorated based upon the Effective Date.

**(b) Reimbursement of Expenses, Company Facilities.** The Company shall pay or reimburse Executive for all reasonable, ordinary and necessary travel and other expenses incurred by Executive in the performance of Executive’s obligations under this Agreement, in accordance with the Company’s travel and expense reimbursement policies for management employees. The Company shall provide to Executive, at the Company’s principal place of business, the necessary office facilities and equipment to perform Executive’s obligations under this Agreement



(c) **Benefits.** Subject to applicable eligibility requirements, Executive shall be eligible to participate in all normal company benefits including the Company's 401(k), retirement, medical, dental and life and disability insurance plans and programs in accordance with the terms thereof. Any such benefits, plans and/or programs shall be subject to change or termination from time to time, as determined by the Company.

(d) **Directors and Officers Insurance.** Officers' and directors' liability insurance shall be obtained and maintained by the Company for coverage of the Company, other executives of the Company and Executive, at no cost to Executive.

(e) **Discretionary Time Off.** The Company has no formal vacation or time off policy with set time off amounts and accruals. Instead, Executive will have the flexibility to take time off as determined by Executive, subject to the approval of the CEO.

#### 4. **Confidentiality; Ownership of Confidential Information and Inventions.**

(a) **Receipt of Confidential Information.** Executive's employment by the Company creates a relationship of confidence and trust between Executive and the Company with respect to certain information applicable to the business of the Company and its clients or customers. Executive acknowledges that during Executive's employment by the Company and as a result of the confidential relationship with the Company established thereby, Executive shall be receiving Confidential Information, as defined in Section 20 of this Agreement, and that the Confidential Information is a highly valuable asset of the Company.

(b) **Nondisclosure.** During Executive's employment with the Company and at all times thereafter, regardless of the reason for the termination of such employment, Executive shall retain in strict confidence and shall not use for any purpose whatsoever or divulge, disseminate, or disclose to any third party (other than in the furtherance of the business purposes of the Company and with the Company's prior written consent) all Confidential Information, all of which is deemed confidential and proprietary. Notwithstanding anything in this Agreement to the contrary, nothing contained in this Agreement limits the Executive's ability to communicate with or participate in any investigation or proceeding regarding possible violations of U.S. Federal securities laws that may be conducted by the U.S. Securities and Exchange Commission, the U.S. Department of Justice, the U.S. Consumer Financial Protection Bureau or the U.S. Commodity Futures Trading Commission.

(c) **Disclosure.** Executive shall inform the Company promptly and fully of all Inventions, as defined in Section 20 of this Agreement, by a written report, setting forth in detail a description of the Invention, the procedures used and the results achieved. Executive shall submit a report upon completing any studies or research projects undertaken on the Company's behalf, whether or not Executive believes that project has resulted in an Invention. Executive agrees to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Inventions, which records shall be available to and remain the sole property of the Company at all times.

(d) **Ownership; Cooperation.** All Confidential Information and Inventions shall be and remain the sole property of the Company. Executive promptly shall execute and deliver to the Company any instruments deemed necessary by it to effect disclosure and assignment of all Inventions to the Company including, without limitation, assignment agreements satisfactory to the Company. Upon request of the Company, during and after Executive's employment with the Company, Executive shall execute patent, copyright, trademark, mask work or other applications and any other instruments deemed necessary by the Company for the prosecution of such patent applications or the acquisition of letters patent or registration of copyrights, trademarks or mask works in the United States and foreign countries based on

such Inventions; *provided, however*, that if Executive incurs any expenses in connection with the foregoing obligation after Executive's employment with the Company is terminated, the Company shall compensate Executive at a reasonable rate for the time actually spent by Executive at the Company's request in satisfying such obligation. Notwithstanding anything in this Agreement to the contrary, nothing contained in this Agreement limits the Employee's ability to communicate with or participate in any investigation or proceeding regarding possible violations of U.S. Federal securities laws that may be conducted by the U.S. Securities and Exchange Commission, the U.S. Department of Justice, the U.S. Consumer Financial Protection Bureau or the U.S. Commodity Futures Trading Commission.

(e)

(f) **Works for Hire.** To the extent the Inventions consist of original works of authorship which are made by Executive (solely or jointly with others) within the scope of Executive's employment and which are protectable by copyright, Executive acknowledges that all such original works of authorship are "works for hire" as that term is defined in the United States Copyright Act (17 U.S.C., Section 101).

5. **Covenants-Not-to-Compete.** The Company operates in a highly sensitive and competitive commercial environment. As part of the Executive's employment or service with the Company, the Executive will be exposed to highly confidential and sensitive information regarding the Company's business operations, including corporate strategy, pricing and other market information know-how, trade secrets, and valuable customer, supplier, lessor, regulatory relationships. It is critical that the Company take all necessary steps to safeguard its legitimate protectable interests in such information and to prevent any of its competitors or any other persons from obtaining any such information. In consideration of Executive's promotion, increased compensation and continued employment as an executive of the Company and in consideration of the Company's obligations contained in this Agreement, including, without limitation, its agreeing to pay severance benefits in the circumstances specified in Section 9(a), and because Executive shall have access to Confidential Information, including, without limitation, Trade Secrets, Executive hereby covenants as follows (as used in this Section the term "Company" includes Gogo Business Aviation LLC and its Affiliates):

(a) **Covenants.** Without the prior written consent of the Parent's Board of Directors, Executive shall not directly or indirectly, personally, by agency, as an employee, consultant, officer or director, through a corporation, partnership, limited liability company, or by any other artifice means or device, during Executive's employment with or service to the Company and for twelve (12) months (the "**Restricted Period**"), after leaving the employment of or service to the Company, whether voluntarily or involuntarily:

(i) Engage in Competition (as defined in Section 20 of this Agreement) within or with respect to any geographic area where the Company does business as of the date of termination of the Executive's employment with or services to the Company;

(ii) Hire, solicit or otherwise induce any current or former employee of the Company, with whom the Executive had contact while employed by the Company, to terminate his or her employment with the Company to engage in any Competitive Business (as defined in Section 20 of this Agreement), or intentionally interfere with the relationship of the Company with any such employee or former employee;

(iii) solicit or service in any way in connection with or relating to a Competitive Business, on behalf of Executive or on behalf of or in conjunction with others, any client or customer, of the Company, with whom the Executive had direct contact or developed a working relationship, or induce

any customer, client, prospective customer or client, vendor, consultant, strategic partner or independent contractor of the Company with whom the Executive had direct contact or developed a working relationship to terminate or negatively alter his or her relationship with the Company, who has been solicited or serviced by the Company or any of its Affiliates; or

(iv) Assist others in doing anything prohibited by clause (i), (ii) or (iii) above.

The covenants in this Section 5(a) shall be specifically enforceable. However, the covenants in this Section 5(a) shall not be construed to prohibit the ownership of not more than one percent of the equity of any publicly-held entity engaged in direct competition with the Company, so long as Executive is not otherwise engaged with such entity in any of the other activities specified in Section 5(a)(i) through (iv) above.

(b) **Reformation and/or Severability of Covenants.** If a court determines that any of the foregoing covenants is an unenforceable restriction, the court is authorized and requested to revise such provision to include the maximum restriction allowed under applicable law. If any provision of this Agreement is determined to be in violation of any law, rule or regulation or otherwise unenforceable, and cannot be modified to be enforceable, such determination shall not affect the validity of any other provision of this Agreement, and such other provisions shall remain in full force and effect. Each provision, paragraph and subparagraph of this Agreement is severable from every other provision, paragraph and subparagraph and constitutes a separate and distinct covenant.

(c) **Acknowledgment; Tolling Period.** Executive acknowledges that the covenants made by Executive in this Agreement are intended to protect the legitimate business interests of the Company and not to prevent or interfere with Executive's ability to earn a living. In the event that the Executive is found by a court of competent jurisdiction to have violated any of the foregoing covenants after the termination of employment with or service to the Company, the Restricted Period shall be extended by the same number of days that the Executive was found in violation thereof.

6. **Injunctive Relief; Legal Fees.** If Executive violates any of the provisions of Section 4 or 5 hereof (the "**Applicable Sections**"), the Company shall be entitled to seek and, if awarded by a court or arbitrator, obtain immediate and permanent injunctive relief in addition to all other rights and remedies it may have, it being agreed that a violation of the Applicable Sections would cause the Company irreparable harm, and the damages which the Company would sustain upon such violation are difficult or impossible to ascertain in advance. If the Company takes legal action to enforce the covenants contained in the Applicable Sections, or to enjoin Executive from violating the Applicable Sections, as part of its damages, the prevailing party shall be entitled to recover its reasonable legal costs and expenses for bringing and maintaining any such action from the losing party. This section shall not be construed as an election of any remedy or as a waiver of any right available to the Company under these covenants or the law governing these covenants, including the right to damages from the Executive.

7. **No Conflict.** Executive represents and warrants to the Company that (a) Executive has not signed any employment agreement, confidentiality agreement, non-competition covenant or the like with any other employer and (b) Executive's employment with the Company will not violate any other agreement or arrangement Executive has or may have had with any other former employer. Executive covenants that under no circumstances shall Executive disclose to the Company or use for the benefit of the Company any confidential or proprietary information of any former employer or other third party, and Executive shall hold all such information in confidence, and shall comply with the terms of any and all applicable agreements between Executive and the third party with respect to such information.

8. **Termination.** Executive and the Company each acknowledge that either party has the right to terminate Executive's employment with the Company at any time for any reason whatsoever, with or without cause, pursuant to the following:

(a) **Termination by the Company Without Cause.** Upon thirty (30) days' written notice to Executive, or at the Company's discretion, pay in lieu of notice;

(b) **Disability.** Immediately upon written notice to Executive, if Executive is prevented from performing Executive's duties by reason of illness or incapacity for a continuous period of 180 days;

(c) **Death.** Immediately upon the death of Executive;

(d) **Termination by the Company for Cause.** Immediately upon "**Cause**", which for purposes of this Agreement shall mean Executive's (1) willful gross misconduct or gross or persistent negligence in the discharge of his duties; (2) act of dishonesty or concealment; (3) breach of his fiduciary duty or duty of loyalty to the Company; (4) a breach of Section 4 or 5 of this Agreement; (5) any other material breach by Executive of this Agreement, which breach has not been cured by Executive within thirty (30) days after written notice of such breach is given to Executive by the Company; (6) commission of one or more acts of substance abuse which are materially injurious to the Company; (7) conviction or plea of no contest to a felony involving money or other property of the Company(excluding traffic or other similar violations); or (8) conviction or a plea of no contest to a criminal offense that would, if committed in the State of Colorado, constitute a felony under the laws of the State of Colorado or the United States of America.

(e) **Voluntary Resignation.** Executive may terminate Executive's employment under this Agreement upon thirty (30) days' written notice to the Company. The Company, at its discretion, may waive the thirty (30) day notice requirement, and in such event shall be required to make any payments in lieu of notice.

(f) **Resignation for Good Reason.** Executive may terminate his or her employment under this Agreement immediately upon a showing of "Good Reason," which for purposes of this Agreement shall mean (1) a reduction by the Company in Executive's Base Salary beyond what is permitted by Section 3 (a); (2) a material diminution of Executive's duties and responsibilities such that such duties and responsibilities, when viewed in the aggregate, are not at least commensurate with those duties and responsibilities normally associated with and appropriate to his position; (3) the relocation of Executive's principal place of employment to a geographic location more than fifty (50) miles from the Company's headquarters or from the Company's Broomfield location as of the Effective Date; or (4) any material breach by the Company of its obligations to Executive hereunder. In the event that Executive believes that circumstances constituting "Good Reason" have occurred and Executive wishes to terminate his employment as a result of such occurrence, Executive must provide the Company written notice within 3 days from the initial existence of the occurrence. If within 30 days following the Company's receipt of such notice it corrects the circumstances constituting "Good Reason," then Executive shall not be entitled to terminate his employment under this Section 8(f) as a result of such circumstances. Furthermore, Executive shall not be entitled to terminate his employment under this Section 8(f) as a result of any circumstances constituting "Good Reason" unless his resignation occurs within 30 days following the expiration of the Company's cure period.

**9. Termination Benefits.**

(a) **Termination by the Company Without Cause or Resignation for Good Reason.** If Executive is terminated under Section 8(a) or resigns for Good Reason under Section 8(f), and provided that the Executive executes a separation agreement containing a general release of all claims against Parent, the Company and its Affiliates within 45 days of his termination date, then following the expiration of any revocation period for such agreement, the Company shall pay Executive an amount equal to twelve (12) months of Executive's Base Salary under Section 3(a), payable in installments as set forth hereinafter (each such payment a "**Severance Payment**"). The Severance Payments shall be payable in installments, by direct deposit, in accordance with the Company's normal payroll practices. The first installment of the Severance Payments shall be made on the first payroll date after the execution (and expiration of any revocation period) of such separation agreement or, if the 45-day period following the termination date spans two calendar years and the Severance Payment is subject to Section 409A of the Internal Revenue Code, after such 45-day period, and shall include all installments of the Severance Payments that would have been paid if the general release of claims had been fully effective on the termination date. In addition, during the twelve (12) months following termination, should Executive timely elect to continue coverage pursuant to COBRA, the Company agrees to reimburse Executive for the COBRA premiums due to maintain health insurance coverage that is substantially equivalent to that which he received immediately prior to Executive's termination. The Company shall also pay Executive (i) any wages earned but unpaid prior to termination, (ii) any business expenses incurred but not reimbursed as of the date of termination, and (iii) any award under the annual bonus program referred to in Section 3(a) that has been approved by the Chief Executive Officer and Parent's Board of Directors but not paid prior to termination.

(b) **Other Termination.** In all other cases, the Company's obligation to make payments hereunder shall cease upon such termination, except the Company shall pay Executive (i) any wages earned but unpaid prior to termination and all accrued but unused PTO, and (ii) any business expenses incurred but not reimbursed as of the date of termination.

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

(d) **Returns.** Upon termination of Executive's employment under this Agreement, or as otherwise requested by the Company, immediately upon the Company's request, Executive shall return to the Company all Company files, notes, business plans and forecasts, financial information, computer-recorded information, tangible property including computers, software, credit cards, entry cards, identification badges, cell phones, pager, keys, tools, equipment and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions thereof).

**10. Notices.** All notices, reports, records or other communications which are required or permitted to be given to the parties under this Agreement shall be sufficient in all respects if given in writing and delivered in person, by telecopy, by overnight courier, or by registered or certified mail, postage prepaid, return receipt requested, to the receiving party to the following address:

**If to Company:**

105 Edgeview Drive, Suite 200  
Broomfield, Colorado 80021

**If to Executive:**

12024 W 85th Ave

Arvada, CO 80005

Notice shall be deemed given on the date of delivery, in the case of personal delivery, or on the delivery or refusal date, as specified on the return receipt, in the case of overnight courier or registered or certified mail.

**11. Further Assurances.** The parties shall cooperate fully with each other and execute such further instruments, documents and agreements, and shall give such further written assurances, as may be reasonably requested by one another to better evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intent and purposes of this Agreement. Without limiting the generality of the foregoing, Executive shall cooperate fully in assisting the Company to comply with contractual obligations of the Company to third parties regarding Inventions, Trade Secrets and copyrights.

**12. Waiver of Breach.** A waiver by the Company of a breach of any provision of this Agreement by Executive shall not operate or be construed as a waiver of any subsequent breach by Executive.

**13. Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado. Any action pursuant to Section 4 or 5 above may be brought in the Courts in the State of Colorado, and by execution of this Agreement, Executive irrevocably submits to such jurisdiction. The Courts in Colorado shall be the exclusive forum for any such disputes. Executive acknowledges and agrees that the Executive is a resident and employee of the State of Colorado and has been represented by legal counsel in negotiating the terms of this Agreement, including this provision to designate the forum in which a controversy arising from this Agreement may be adjudicated and the choice of law to be applied.

**14. Arbitration.**

**(a)** Any dispute arising in connection with this Agreement or Executive's employment with the Company, except for equitable or injunctive actions pursuant to Section 4 or 5 above, or claims by Executive for wages under the Colorado Wage Claim Act, workers' compensation, unemployment compensation or benefits under a Company benefits plan, shall be submitted to final and binding arbitration. Judgment upon any award rendered by arbitration may be entered in any court having jurisdiction thereof.

**(b)** The arbitrator shall be selected by the mutual agreement of the parties. Any arbitrator selected shall be a professional having at least ten years of experience in labor or employment related practice areas. If the amount in dispute exceeds \$250,000, the parties shall select, by mutual agreement, a panel of three arbitrators, rather than one arbitrator, to resolve the dispute.

**(c)** The arbitration shall be conducted in Denver, Colorado (unless the Company and Executive agree in a writing signed by both parties to an alternative location). Reasonable discovery shall be permitted as determined by the arbitrator or arbitrators. Both parties to an arbitration shall have the right to be represented by counsel. The attorneys' fees and costs of the arbitrator and arbitration proceedings are to be shared equally between the parties, and all other costs and attorneys' fees are to be paid by the party incurring such costs and fees.

(d) Except as provided in paragraph (a) of this Section of the Agreement, this arbitration procedure is the exclusive remedy for any contractual, non-contractual or statutory claim of any kind, including claims arising under federal, state and local statutory law, including, but not limited to, the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 *et seq.*; Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e *et seq.*; the Americans with Disabilities Act, 42 U.S.C. § 12101 *et seq.*; the Employee Retirement Income Security Act, 29 U.S.C. § 1001 *et seq.*; and common law or equitable claims alleging breach of contract, defamation, fraud, outrageous conduct, promissory estoppel, violation of public policy, wrongful discharge or any other tort, contract or equitable theory. Executive agrees to exhaust any and all internal dispute resolution procedures established by the Company prior to pursuing arbitration under this Agreement.

15. **Severability.** If any provision of this Agreement shall be held by any Court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the enforceability of all other provisions of this Agreement shall be unimpaired.

16. **Binding Agreement.** Executive shall not delegate or assign any of Executive's rights or obligations under this Agreement. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by Executive, the Company and the Company's successors and assigns; *provided, however*, that the Company may not assign this Agreement to any other person or entity without the prior written consent of Executive except (a) to Parent or (b) in connection with a sale, assignment or other transfer by the Company of all or a substantial portion of its assets or business, in each of which events assignment of this Agreement is expressly permitted without the consent of Executive.

17. **Merger; Amendment.** This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof and no other statement, representation, warranty or covenant has been made by either party except as expressly set forth herein. Provided however, this Agreement does not supersede any other restrictive covenants or confidentiality agreements to which Executive may already be subject, such that the Company may enforce the terms of any and all such agreements. This Agreement may be amended at any time, *provided* that such amendment is in writing and is signed by each of the parties.

18. **Nature of Employment.** EXECUTIVE IS EMPLOYED WITH THE COMPANY FOR NO SPECIFIC TERM OF EMPLOYMENT, AND IS EMPLOYED AT THE WILL OF THE COMPANY. NOTHING IN THIS AGREEMENT SHALL IN ANY WAY RESTRICT EXECUTIVE'S RIGHT OR THE RIGHT OF THE COMPANY TO TERMINATE EXECUTIVE'S EMPLOYMENT AT ANY TIME, FOR ANY REASON OR FOR NO REASON, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT NOTICE.

19. **Section 409A.** This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and shall be interpreted and construed consistently with such intent. The payments to Executive pursuant to this Agreement are also intended to be exempt from Section 409A of the Code to the maximum extent possible, under the separation pay exemption pursuant to Treasury regulation § 1.409A-1(b)(9)(iii), as short-term deferrals pursuant to Treasury regulation § 1.409A-1(b)(4), or another applicable exemption under Section 409A of the Code or the Treasury regulations promulgated thereunder. In the event the terms of this Agreement would subject Executive to taxes or penalties under Section 409A of the Code ("**409A Penalties**"), the Company and Executive shall cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible. To the extent any amounts under this Agreement are payable by reference to Executive's "termination of employment" or similar terms, such term and similar terms shall be deemed to refer to Executive's "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, if Executive is a "specified employee," as defined in Section 409A

of the Code, as of the date of Executive's separation from service, then to the extent any amount payable under this Agreement (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, (ii) is payable upon Executive's separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of Executive's separation from service, such payment shall be delayed until the earlier to occur of (a) the six-month anniversary of the separation from service or (b) the date of Executive's death. Any reimbursement payable to Executive pursuant to this Agreement shall be conditioned on the submission by Executive of all expense reports reasonably required by the Company under any applicable expense reimbursement policy, and shall be paid to Executive promptly following receipt of such expense reports, but in no event later than the last day of the calendar year following the calendar year in which Executive incurred the reimbursable expense. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year shall not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. The right to any reimbursement or in-kind benefit pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit. Executive's right to receive any installment payments under this Agreement, including without limitation any salary continuation payments that are payable in installments in accordance with the Company's normal payroll practices, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A of the Code. Whenever a provision under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

**20. Definitions.** In addition to terms defined above and elsewhere in this Agreement, the following terms shall have the meanings set forth below:

**"Affiliate"** means (i) any parent or subsidiary of the Company and (ii) any person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, the Company. For purposes of this definition, the terms "controls," "is controlled by" or "is under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

**"Air-to-Ground Communication"** means (i) data and/or voice communications directly or indirectly between an aircraft and the ground, including communications between an aircraft and the ground transmitted in whole or in part by satellite, (ii) data and/or voice communications within an aircraft, including all communications to or from the cabin and/or the cockpit of an aircraft, (iii) any and all related products and services and (iv) any and all products and services directly supportive thereof. For the avoidance of doubt, Air-to-Ground Communications does not include communications by satellite that do not involve communication to or from an aircraft.

**"Competition"** means (a) owning or having any director or indirect financial interest in a Competitive Business, except as a shareholder of less than one percent of a publicly traded company or (b) providing services (whether as an employee, independent contractor, consultant, principal, agent, partner, officer or director) to a Competitive Business, whether in anticipation of monetary compensation or otherwise, that: (i) are the same or similar in function or purpose (including, but not limited to, having authority over such function or purpose, either directly or indirectly or through a chain of reporting) to the services that Participant provided to the Company or any of its Affiliates during Participant's employment or services to the Company, and/or (ii) would be reasonably likely to result in the disclosure of Trade Secrets to a Competitive Business or the use of Trade Secrets on behalf of a Competitive Business.



**“Competitive Business”** means any business engaged in (i) providing Air-to-Ground Communications, (ii) assembling, manufacturing, installing or selling equipment involved in or relating to Air-to-Ground Communications or (iii) any other business or activities that are substantially in competition with any other businesses in which the Company or any of its Affiliates engages in during Executive’s employment or is actively contemplating entering into during Executive’s employment. For purposes of this Agreement, in the event that a Competitive Business includes an organization with separate and distinct business units, to the extent possible, and upon the written approval of the Company, the term Competitive Business may be limited to only those business units(s) or persons of the Competitive Business that are engaged in, related to or become engaged in, or related to the business of Air-to-Ground Communications.

**“Confidential Information”** means all information relating to the Company, its Affiliates and their respective customers and suppliers considered by the Company or its Affiliates to be confidential and proprietary including, without limitation, (a) business plans, research, development and marketing strategies, customer names and lists, product and service prices and lines, processes, designs, formulae, methods, financial information, costs and supplies and (b) the Trade Secrets (as defined below). Confidential Information may include information which has been acquired or created by Executive or has otherwise become known to Executive through Executive’s employment with Company. Confidential Information may also include information belonging to the Company’s clients, customers or suppliers. “Confidential Information” shall not include the foregoing that is or becomes (i) in the public domain other than through acts by Executive, (ii) already lawfully in Executive’s possession at the time of disclosure by the Company as evidenced by Executive’s written records, (iii) disclosed to Executive by a third party who is not prohibited from disclosing the information pursuant to any fiduciary, contractual or other duty to any person or (iv) required by law, rule, regulation or court order to be disclosed.

**“Existing Proprietary Rights”** means all inventions, original works of authorship, developments, improvements and trade secrets that Executive has, alone or jointly with others, made, conceived, developed or reduced to practice or caused to be made, conceived, developed or reduced to practice prior to the Effective Date, whether or not patentable or registrable under patent, copyright or similar statutes, a list of which is attached to this Agreement as **Exhibit A**.

**“Inventions”** means discoveries, concepts, ideas, methods, formulae, techniques, developments, know-how, inventions and improvements, whether or not patentable or registrable under patent, copyright or similar statutes, conceived of or made by Executive at any time, whether before, during or after business hours, or with the use of the Company’s resources, facilities, materials or personnel, either solely or jointly with others after the Effective Date and during Executive’s employment by the Company, or within one (1) year of the termination of Executive’s employment with the Company; and, if based on or related to the Company’s business, including, without limitation, existing and planned products and services and future products and services of the Company and its Affiliates.

**“Trade Secrets”** means any and all technology and information relating to the Company’s and its Affiliates’ business or their respective patents, methods, formulae, software, know-how, designs, products, processes, services, research development, inventions, systems, engineering and manufacturing which have been designated as secret or confidential or are the subject of efforts that are reasonable under the circumstances to maintain their secrecy or confidentiality and which are sufficiently secret to derive economic value, actual or potential, from not being generally known to other persons.


The parties have executed this Agreement on the date first above written, effective as of the Effective Date.

**COMPANY:**

**GOGO BUSINESS AVIATION LLC**

**EXECUTIVE:**

Sergio Aguirre

  
Title:   
EVP

  
Title: EVP & President Business Aviation

**Exhibit A**

**Existing Proprietary Rights**

**None**

**DIRECTOR DEFERRED SHARE UNIT AGREEMENT**

DIRECTOR DEFERRED SHARE UNIT AGREEMENT (the "Agreement") dated as of the Grant Date set forth in the Notice of Grant (defined below), by and between Gogo Inc., a Delaware corporation (the "Company"), and the director whose name appears in the Notice of Grant (the "Director").

1. Grant of Deferred Share Units. The Company hereby evidences and confirms its grant to the Director, effective as of the Grant Date, of the number of deferred stock units (the "Deferred Share Units") specified in the Amended and Restated Gogo Inc. 2016 Omnibus Incentive Plan Deferred Share Unit Grant Notice delivered by the Company to the Director (the "Notice of Grant"). This Agreement is subordinate to, and the terms and conditions of the Deferred Share Units granted hereunder are subject to, the terms and conditions of the Amended and Restated Gogo Inc. 2016 Omnibus Incentive Plan (the "Plan"), which are incorporated by reference herein. If there is any inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall govern. Any capitalized terms used herein without definition shall have the meanings set forth in the Plan.

2. Vesting of Deferred Share Units. All Deferred Share Units shall vest on the one (1) year anniversary of the Grant Date, subject to the Director's continuous provision of Service to the Company through such vesting date; provided, however, that upon a Director's Retirement, all theretofore unvested Deferred Share Units shall immediately become vested. For purposes of the foregoing, the term "Retirement" shall mean the Director's voluntary or involuntary Termination of Service, other than by reason of death, Disability or removal for Cause, occurring on or after the date on which either (A) the Director reaches the age of 65 or (B) the Director's age plus years of Service on the Company's Board equal seventy-five (75).

3. Settlement of Deferred Share Units. Subject to Section 7(d), the Company shall deliver to the Director one share of Stock, in settlement of each outstanding Deferred Share Unit that is vested as of the Director's Termination of Service, within 90 days after such Termination of Service or, if payment is required to be delayed past such date pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") because the Director is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(1) of the Code and the regulations thereunder, on the first business day following the six-month anniversary of the Director's Termination of Service, or as soon thereafter as practicable (but no later than December 31 of such year), in each case by either (A) issuing one or more stock certificates evidencing the Stock to the Director, or (B) registering the issuance of the Stock in the name of the Director through a book entry credit in the records of the Company's transfer agent. No fractional shares of stock shall be issued in respect of Deferred Share Units. Fractional Deferred Share Units shall be settled through a cash payment equal to the Fair Market Value of the

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Stock on the settlement date. Upon a Change in Control Deferred Share Units shall have the treatment set forth in the Plan. Any Deferred Share Units that are not vested as of the Director's Termination of Service shall be forfeited immediately upon such Termination of Service.

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

5. Director's Rights with Respect to the Deferred Share Units.

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

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

(c) Dividend Equivalents. The Director shall be credited with Dividend Equivalents in the form of additional Deferred Share Units when cash dividends are paid on the Stock. Such Dividend Equivalents shall be computed by dividing: (i) the amount obtained by multiplying the amount of the dividend declared and paid for each share of Stock by the number of Deferred Share Units held by the Director on the record date, by (ii) the Fair Market Value of the Stock on the dividend payment date for such dividend, with fractions computed to four decimal places. Such additional Deferred Share Units shall be vested and settled in the same manner as the Deferred Share Units to which they relate.

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

7. Miscellaneous.

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

(b) No Right to Continued Service. Nothing in the Plan or this Agreement shall interfere with or limit in any way any right to terminate the Director's service at any time, or confer upon the Director any right to continue as a director.

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

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

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

(f) Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By entering into this Agreement and accepting the Deferred Share Units evidenced hereby, the Director acknowledges: (a) that the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) that the Award does not create any contractual or other right to receive future grants of Awards; and (c) that the future value of the Stock is unknown and cannot be predicted with certainty.

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

(h) Consent to Electronic Delivery. By entering into this Agreement and accepting the Deferred Share Units evidenced hereby, Director hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Director pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, this Agreement and the Deferred Share Units via Company web site or other electronic delivery.

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

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

June 1, 2021

To Non-Employee Members of the Board of Directors of Gogo Inc. (the "Board"):

**Amendment to Non-Employee Director Options and Deferred Stock Units**

On March 30, 2021, the Board resolved that upon a director's Retirement from the Board, the vesting of such director's equity grants will accelerate to the Retirement date. Grants made on and after June 30, 2021 will include this provision.

This letter will serve as an amendment to the terms of the currently outstanding and unvested stock options and deferred stock units issued by Gogo Inc. to you on June 30, 2020, September 30, 2020, December 31, 2020, and March 31, 2021 (the "Awards"), as set forth in the Notices of Grant, Stock Option Agreements and Deferred Stock Unit Agreements (the "Award Agreements") under the Amended and Restated Gogo Inc. 2016 Omnibus Incentive Plan.

Notwithstanding anything to the contrary contained in the Award Agreements,

- **Acceleration of Vesting.** Upon a director's Retirement, all theretofore unvested Awards will immediately become fully vested.
- **Definition of Retirement.** For purposes of the foregoing, the term "Retirement" shall mean your voluntary or involuntary termination of service on the Board, other than by reason of death, Disability, or removal for Cause (as defined in the applicable Award Agreement), occurring on or after the date on which either (x) you reach the age of 65 or (y) your age plus years of service on the Board equal seventy-five (75).
- **Effective Date.** This amendment is effective as of June 1, 2021.

/s/ Marguerite M. Elias  
Marguerite M. Elias  
Executive Vice President  
General Counsel and Secretary



## 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: August 5, 2021

/s/ Oakleigh Thorne

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Oakleigh Thorne

President and Chief Executive Officer

(Principal Executive Officer)

## Gogo Inc.

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

**I, Barry Rowan, certify that:**

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

Date: August 5, 2021

/s/ Barry Rowan

Barry Rowan

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

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

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2021 (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: August 5, 2021

/s/ Oakleigh Thorne

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Oakleigh Thorne

President and Chief Executive Officer

(Principal Executive Officer)

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

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

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2021 (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: August 5, 2021

/s/ Barry Rowan

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Barry Rowan

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