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, 2024

OR

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

Commission File Number: 001-35975

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

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

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

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

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

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

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

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

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

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

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

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

As of August 2, 2024, 126,952,348 shares of $0.0001 par value common stock were outstanding.

Gogo Inc.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 161,550	$ 139,036
Accounts receivable, net of allowances of $2,418 and $2,091, respectively	53,653	48,233
Inventories	69,058	63,187
Prepaid expenses and other current assets	60,676	64,138
Total current assets	344,937	314,594
Non-current assets:		
Property and equipment, net	94,686	98,129
Intangible assets, net	61,052	55,647
Operating lease right-of-use assets	67,829	70,552
Investment in convertible note	3,438	—
Other non-current assets, net of allowances of $664 and $591, respectively	23,547	25,979
Deferred income taxes	207,188	216,638
Total non-current assets	457,740	466,945
Total assets	$ 802,677	$ 781,539
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 25,271	$ 16,094
Accrued liabilities	52,982	47,649
Deferred revenue	1,862	1,003
Current portion of long-term debt	7,250	7,250
Total current liabilities	87,365	71,996
Non-current liabilities:		
Long-term debt	585,060	587,501
Non-current operating lease liabilities	69,471	73,047
Other non-current liabilities	8,770	8,270
Total non-current liabilities	663,301	668,818
Total liabilities	750,666	740,814
Commitments and contingencies (Note 15)		
Stockholders' equity		
Common stock, par value $0.0001 per share; 500,000,000 shares authorized at June 30, 2024 and December 31, 2023; 138,676,639 and 137,632,284 shares issued at June 30, 2024 and December 31, 2023, respectively; and 126,882,774 and 128,462,343 shares outstanding at June 30, 2024 and December 31, 2023, respectively	14	14
Additional paid-in capital	1,409,060	1,402,003
Accumulated other comprehensive income	11,991	15,796
Treasury stock, at cost	(186,492)	(163,197)
Accumulated deficit	(1,182,562)	(1,213,891)
Total stockholders' equity	52,011	40,725
Total liabilities and stockholders' equity	$ 802,677	$ 781,539

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,	
	2024	2023	2024	2023
Revenue:				
Service revenue	$ 81,929	$ 79,062	$ 163,602	$ 157,561
Equipment revenue	20,130	24,159	42,779	44,257
Total revenue	102,059	103,221	206,381	201,818
Operating expenses:				
Cost of service revenue (exclusive of amounts shown below)	18,871	16,819	36,742	33,616
Cost of equipment revenue (exclusive of amounts shown below)	16,432	17,537	32,218	35,663
Engineering, design and development	10,304	9,226	19,520	17,105
Sales and marketing	9,036	7,856	17,319	14,733
General and administrative	21,848	13,199	36,499	27,398
Depreciation and amortization	3,887	4,539	7,728	7,330
Total operating expenses	80,378	69,176	150,026	135,845
Operating income	21,681	34,045	56,355	65,973
Other expense (income):				
Interest income	(2,120)	(1,971)	(4,168)	(3,887)
Interest expense	8,113	7,806	16,523	16,782
Loss on extinguishment of debt	—	2,224	—	2,224
Other expense (income), net	14,717	(36)	1,618	(5)
Total other expense	20,710	8,023	13,973	15,114
Income before income taxes	971	26,022	42,382	50,859
Income tax provision (benefit)	132	(63,827)	11,053	(59,439)
Net income	$ 839	$ 89,849	$ 31,329	$ 110,298
Net income attributable to common stock per share:				
Basic	$ 0.01	$ 0.69	$ 0.24	$ 0.85
Diluted	$ 0.01	$ 0.67	$ 0.24	$ 0.83
Weighted average number of shares:				
Basic	128,295	129,814	128,792	129,467
Diluted	131,731	133,228	132,094	133,407

See the Notes to Unaudited Condensed Consolidated Financial Statements

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	$ 839	$ 89,849	$ 31,329	$ 110,298
Other comprehensive income (loss), net of tax				
Currency translation adjustments	(102)	184	$ (257)	$ 259
Cash flow hedges:				
Amount recognized in other comprehensive income	1,526	7,327	5,079	4,888
Less: income realized and reclassified to earnings	4,399	5,402	8,627	10,123
Changes in fair value of cash flow hedges	(2,873)	1,925	(3,548)	(5,235)
Other comprehensive income (loss), net of tax	(2,975)	2,109	(3,805)	(4,976)
Comprehensive income (loss)	$ (2,136)	$ 91,958	$ 27,524	$ 105,322

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, 2024	For the Six Months Ended June 30, 2023
Operating activities:		
Net income	$ 31,329	$ 110,298
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	7,728	7,330
Loss on asset disposals, abandonments and write-downs	84	235
Provision for expected credit losses	732	565
Deferred income taxes	10,604	(59,686)
Stock-based compensation expense	9,725	10,494
Amortization of deferred financing costs and interest rate caps	2,589	1,533
Accretion of debt discount	203	219
Loss on extinguishment of debt	—	2,224
Change in fair value of convertible note investment	1,562	—
Changes in operating assets and liabilities:		
Accounts receivable	(6,078)	3,070
Inventories	(5,871)	(10,757)
Prepaid expenses and other current assets	(11,146)	(15,148)
Contract assets	783	(473)
Accounts payable	7,840	4,000
Accrued liabilities	3,929	(7,185)
Deferred revenue	864	(1,534)
Accrued interest	(3)	(9,728)
Other non-current assets and liabilities	(268)	(1,316)
Net cash provided by operating activities	54,606	34,141
Investing activities:		
Purchases of property and equipment	(4,837)	(10,406)
Acquisition of intangible assets—capitalized software	(5,861)	(2,956)
Proceeds from FCC Reimbursement Program for property, equipment and intangibles	95	—
Proceeds from interest rate caps	12,918	12,489
Redemptions of short-term investments	—	49,524
Purchases of short-term investments	—	(24,728)
Purchase of convertible note investment	(5,000)	—
Net cash (used in) provided by investing activities	(2,685)	23,923
Financing activities:		
Payments on term loan	(3,625)	(103,625)
Repurchases of common stock	(23,157)	—
Payments on financing leases	(3)	(97)
Stock-based compensation activity	(2,668)	(7,747)
Net cash used in financing activities	(29,453)	(111,469)
Effect of exchange rate changes on cash	46	55
Increase (decrease) in cash, cash equivalents and restricted cash	22,514	(53,350)
Cash, cash equivalents and restricted cash at beginning of period	139,366	150,880
Cash, cash equivalents and restricted cash at end of period	$ 161,880	$ 97,530
Cash, cash equivalents and restricted cash at end of period	$ 161,880	$ 97,530
Less: non-current restricted cash	330	330
Cash and cash equivalents at end of period	$ 161,550	$ 97,200
Supplemental cash flow information:		
Cash paid for interest	$ 28,348	$ 39,759
Cash paid for taxes	1,148	370
Non-cash investing activities:		
Purchases of property and equipment in current liabilities	$ 7,164	$ 6,253

See the Notes to Unaudited Condensed Consolidated Financial Statements

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

	For the Three Months Ended June 30, 2024							
	Common Stock		Additional	Accumulated Other	Accumulated	Treasury Stock		
	Shares	Par Value	Paid-In Capital	Comprehensive Income	Deficit	Shares	Amount	Total
Balance at March 31, 2024	128,227,127	$ 14	$ 1,404,217	$ 14,966	$ (1,183,401)	10,308,622	$ (173,357)	$ 62,439
Net income	—	—	—	—	839	—	—	839
Currency translation adjustments, net of tax	—	—	—	(102)	—	—	—	(102)
Fair value adjustments of cash flow hedges, net of tax	—	—	—	(2,873)	—	—	—	(2,873)
Stock-based compensation expense	—	—	4,885	—	—	—	—	4,885
Issuance of common stock upon exercise of stock options	81,336	—	214	—	—	—	—	214
Issuance of common stock upon vesting of restricted stock units	59,554	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(256)	—	—	—	—	(256)
Repurchase of common stock	(1,485,243)	—	—	—	—	1,485,243	(13,135)	(13,135)
Balance at June 30, 2024	126,882,774	$ 14	$ 1,409,060	$ 11,991	$ (1,182,562)	11,793,865	$ (186,492)	$ 52,011

	For the Three Months Ended June 30, 2023							
	Common Stock		Additional	Accumulated Other	Accumulated	Treasury Stock		
	Shares	Par Value	Paid-In Capital	Comprehensive Loss	Deficit	Shares	Amount	Total
Balance at March 31, 2023	128,585,935	$ 14	$ 1,386,295	$ 23,043	$ (1,339,120)	8,690,549	$ (158,375)	$ (88,143)
Net income	—	—	—	—	89,849	—	—	89,849
Currency translation adjustments, net of tax	—	—	—	184	—	—	—	184
Fair value adjustments of cash flow hedges, net of tax	—	—	—	1,925	—	—	—	1,925
Stock-based compensation expense	—	—	5,453	—	—	—	—	5,453
Issuance of common stock upon exercise of stock options	46,251	—	120	—	—	—	—	120
Issuance of common stock upon vesting of restricted stock units	48,022	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(402)	—	—	—	—	(402)
Issuance of common stock in connection with employee stock purchase plan	16,675	—	226	—	—	—	—	226
Balance at June 30, 2023	128,696,883	$ 14	$ 1,391,692	$ 25,152	$ (1,249,271)	8,690,549	$ (158,375)	$ 9,212

	For the Six Months Ended June 30, 2024							
	Common Stock		Additional	Accumulated Other	Accumulated	Treasury Stock		
	Shares	Par Value	Paid-In Capital	Comprehensive Loss	Deficit	Shares	Amount	Total
Balance at January 1, 2024	128,462,343	$ 14	$ 1,402,003	$ 15,796	$ (1,213,891)	9,169,941	$ (163,197)	$ 40,725
Net income	—	—	—	—	31,329	—	—	31,329
Currency translation adjustments, net of tax	—	—	—	(257)	—	—	—	(257)
Fair value adjustments of cash flow hedges, net of tax	—	—	—	(3,548)	—	—	—	(3,548)
Stock-based compensation expense	—	—	9,725	—	—	—	—	9,725
Issuance of common stock upon exercise of stock options	112,472	—	294	—	—	—	—	294
Issuance of common stock upon vesting of restricted stock units	931,883	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(2,962)	—	—	—	—	(2,962)
Issuance of common stock in connection with employee stock purchase plan	(2,623,924)	—	—	—	—	2,623,924	(23,295)	(23,295)
Balance at June 30, 2024	126,882,774	$ 14	$ 1,409,060	$ 11,991	$ (1,182,562)	11,793,865	$ (186,492)	$ 52,011

	For the Six Months Ended June 30,2023							
	Common Stock		Additional	Accumulated Other	Accumulated	Treasury Stock		
	Shares	Par Value	Paid-In Capital	Comprehensive Loss	Deficit	Shares	Amount	Total
Balance at January 1, 2023	127,840,813	$ 14	$ 1,385,933	$ 30,128	$ (1,359,569)	8,690,549	$ (158,375)	(101,869)
Net income	—	—	—	—	110,298	—	—	110,298
Currency translation adjustments, net of tax	—	—	—	259	—	—	—	259
Fair value adjustments of cash flow hedges, net of tax	—	—	—	(5,235)	—	—	—	(5,235)
Stock-based compensation expense	—	—	10,494	—	—	—	—	10,494
Issuance of common stock upon exercise of stock options	114,771	—	299	—	—	—	—	299
Issuance of common stock upon vesting of restricted stock units	712,042	—	—	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(5,439)	—	—	—	—	(5,439)
Issuance of common stock in connection with employee stock purchase plan	29,257	—	405	—	—	—	—	405
Balance at June 30, 2023	128,696,883	$ 14	$ 1,391,692	$ 25,152	$ (1,249,271)	8,690,549	$ (158,375)	$ 9,212

See the Notes to Unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation

The Business – Gogo Inc. ("Gogo," the "Company," "we," "us," or "our") is the world's largest provider of broadband connectivity services for the business aviation market. We have served this market for more than 25 years. Our mission is to enrich the lives of passengers and the efficiency of operators with the world's best business aviation in-flight connectivity and customer support. We have always sought to provide the best connectivity for the business aviation market regardless of technology, and we have a successful history of doing so. Until recently, we focused primarily on business aviation aircraft in North America, which comprise approximately 63% of the worldwide business aviation fleet, and we are the leading provider of in-flight connectivity in that market. Gogo started in analogue air-to-ground ("ATG") technology in the late 1990s, then, as analogue cellular backhaul disappeared, migrated to narrowband satellite connectivity in the early 2000s, then back to ATG with our digital broadband 3G and 4G networks beginning in 2010. We are currently developing our fourth ATG network – Gogo 5G – that we expect to commercially launch in the second quarter of 2025. Simultaneous with the development of Gogo 5G, we are actively working with a subset of AVANCE customers and customers utilizing our legacy Gogo Biz ATG airborne system operating on our ground 3G and 4G networks to upgrade to an AVANCE system compatible with a new LTE network. We anticipate this subset of customers will see improved performance because of this network transition, which is expected to occur in early 2026. The cost for the transition to the new LTE network is partially being reimbursed through our participation in the Federal Communications Commission ("FCC") Secure and Trusted Communications Networks Reimbursement Program (the "FCC Reimbursement Program").

We also continue to provide narrowband satellite services to customers in North America and internationally through distribution agreements with satellite providers. In May 2022, in order to further serve our existing customers and expand our target market, we announced plans to expand our broadband offerings beyond ATG by launching the first global broadband service designed for business aviation ("Gogo Galileo"). The service will use an electronically steered antenna, specifically designed to address a broad range of business aviation aircraft, operating on a low earth orbit ("LEO") satellite network and is targeted for commercial launch in the fourth quarter of 2024. We believe that Gogo Galileo, in combination with, or as an alternative to, our ATG systems will allow us to increase our penetration of the North American heavy jet market and provide an upgrade path for our existing ATG customer base. In addition, we believe that Gogo Galileo will allow us to penetrate the business aviation market outside of North America, where only approximately 6% of business aviation aircraft are installed with in-flight connectivity systems.

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, 2023 as filed with the Securities and Exchange Commission (the "SEC") on February 28, 2024 (the "2023 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, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2024.

We had one class of common stock outstanding as of June 30, 2024 and December 31, 2023.

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.

Recently Issued Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). ASUs not listed below were assessed and determined to be either not applicable or expected to have minimal impact on our consolidated financial statements and related notes.

Accounting standards not yet adopted:

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This guidance is effective retrospectively for fiscal years beginning after December 15, 2023 and interim periods after December 15, 2024. Early adoption is permitted. As this guidance only impacts disclosures, we do not expect the adoption to have a material impact on our consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvement to Income Tax Disclosures* to enhance the transparency and decision usefulness of income tax disclosures, most notably in the tax rate reconciliation and income taxes paid. This guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted and the amendments should be applied on a prospective basis, with retrospective application permitted. As this guidance only impacts disclosures, we do not expect the adoption to have a material impact on our consolidated financial statements.

2. Earnings Per Share

Basic and diluted earnings per share have been calculated using the weighted average number of common shares outstanding for the period. Diluted earnings per share was computed using the treasury stock method for stock-based compensation.

The diluted earnings per share calculations exclude the effect of stock options, deferred stock units and restricted stock units when the computation is anti-dilutive. For the three- and six-month periods ended June 30, 2024, the weighted average number of shares excluded from the computation was 2.1 million and 2.5 million, respectively. For the three- and six-month periods ended June 30, 2023, the weighted average shares excluded from the computation was 1.8 million and 1.2 million, respectively.

The following table sets forth the computation of basic and diluted earnings per share for the three- and six-month periods ended June 30, 2024 and 2023 (*in thousands, except per share amounts*):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Basic	**2024**	**2023**	**2024**	**2023**
Net income	$ 839	$ 89,849	$ 31,329	$ 110,298
Weighted average shares outstanding	128,295	129,814	128,792	129,467
Earnings per share - basic	0.01	0.69	0.24	0.85

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Diluted	**2024**	**2023**	**2024**	**2023**
Net income	$ 839	$ 89,849	$ 31,329	$ 110,298
Average shares				
Weighted average shares outstanding	128,295	129,814	128,792	129,467
Effect of dilutive securities - stock-based compensation	3,436	3,414	3,302	3,940
Total weighted average diluted shares outstanding	131,731	133,228	132,094	133,407
Earnings per share - diluted	$ 0.01	$ 0.67	$ 0.24	$ 0.83

3. Revenue Recognition

Remaining performance obligations

As of June 30, 2024, the aggregate amount of the transaction price in our contracts allocated to the remaining unsatisfied performance obligations ("RPO") was approximately $278 million and excludes consideration from contracts that have an original duration of one year or less. Approximately $264 million of the RPO primarily represents connectivity and entertainment service revenues which are recognized as services are provided, which is expected to occur through the remaining term of the contracts. Our contracts vary in length and generally have terms of two to ten years. We expect to recognize approximately 21% of our connectivity and entertainment service RPO within the next year, approximately 43% in one to five years and the remaining 36% in five to ten years. The remaining $14 million of the RPO represents future equipment revenue that is expected to be recognized primarily within the next three years as equipment is shipped.

Disaggregation of revenue

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Service revenue				
Connectivity	$ 80,613	$ 77,799	$ 160,971	$ 155,045
Entertainment and other	1,316	1,263	2,631	2,516
Total service revenue	$ 81,929	$ 79,062	$ 163,602	$ 157,561
Equipment revenue				
ATG	$ 17,196	$ 20,327	$ 36,543	$ 35,883
Narrowband satellite	2,228	2,158	3,922	4,809
Other	706	1,674	2,314	3,565
Total equipment revenue	$ 20,130	$ 24,159	$ 42,779	$ 44,257
Customer type				
Aircraft owner/operator/service provider	$ 81,929	$ 79,062	$ 163,602	$ 157,561
OEM and aftermarket dealer	20,130	24,159	42,779	44,257
Total revenue	$ 102,059	$ 103,221	$ 206,381	$ 201,818

Contract balances

Our current and non-current contract asset balances totaled $15.7 million and $16.6 million as of June 30, 2024 and December 31, 2023, respectively. Contract assets represent the aggregate amount of revenue recognized in excess of billings and recoverable contract costs primarily for certain sales programs.

Our current and non-current deferred revenue balances totaled $1.9 million and $1.0 million as of June 30, 2024 and December 31, 2023, respectively. Deferred revenue includes, among other things, prepayments for equipment and subscription connectivity products.

4. Government Assistance

FCC Reimbursement Program

On July 15, 2022, the Company was notified that it was approved for participation in the FCC Reimbursement Program, designed to reimburse providers of advanced communications services for reasonable costs incurred in the required removal, replacement, and disposal of covered communications equipment or services, that have been deemed to pose a national security risk, from their networks. Pursuant to the FCC Reimbursement Program, the FCC approved up to approximately $334 million in reimbursements to the Company to cover documented and approved costs to (i) remove and securely destroy all ZTE communications equipment and services in the Company's terrestrial U.S. networks and replace such equipment and (ii) remove and replace certain equipment installed on aircraft operated by the Company's ATG customers that is not compatible with the terrestrial equipment that will replace ZTE equipment. Due to a shortfall in the amount appropriated by Congress to fund the FCC Reimbursement Program, approximately $132 million of the approved amount is currently allocated to the Company under the program. If Congress appropriates additional funds for this purpose, the allocations of the Company and other approved applicants will be increased *pro rata*. Program participants are subject to a number of conditions and requirements under the FCC's rules including a requirement that they submit their first reimbursement request by July 17, 2023 and certify that they have developed a plan to permanently remove, replace and dispose of covered equipment or services within one year following the first reimbursement request. The rules permit participants to petition the FCC for one or more six-month extensions of the completion deadline. The Company, with the assistance of an advisor engaged to help administer the program, submitted and received its first reimbursement claim in July 2023. The Company's original one year term to complete the program was set for July 21, 2024. On March 29, 2024 the Company was granted its first six-month extension by the FCC extending the program completion deadline to January 21, 2025. Based on discussions with our vendors supporting the program regarding lead times for network equipment, we plan to petition the FCC for multiple extensions, as outlined in our application for the FCC Reimbursement Program.

As of June 30, 2024 and December 31, 2023, we have recorded a $17.5 million and $18.3 million receivable from the FCC, respectively, which is included in Prepaid expenses and other current assets in our Unaudited Condensed Consolidated Balance Sheets.

The following are the deductions to the carrying value of asset balances in our Unaudited Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023 *(in thousands):*

	As of June 30, 2024	As of December 31, 2023
Assets:		
Inventories	$ (5,430)	$ (4,970)
Prepaids expenses and other current assets	(2,540)	(1,542)
Property and equipment, net	(5,277)	(2,094)
Intangible assets, net	(296)	(58)
Other non-current assets	(8,542)	(5,542)

An immaterial amount was recorded to Net income during the three- and six-month periods ended June 30, 2023. The following are the increases to Net income in our Unaudited Condensed Consolidated Statements of Operations for the three- and six-month periods ended June 30, 2024 *(in thousands)*:

	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024
Revenue:		
Service revenue	$ 756	$ 1,443
Operating expenses:		
Cost of service revenue	398	510
Cost of equipment revenue	4,484	6,768
General and administrative	—	181

5. Composition of Certain Balance Sheet Accounts

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

Inventories as of June 30, 2024 and December 31, 2023 were as follows (*in thousands*):

	June 30, 2024	December 31, 2023
Work-in-process component parts	$ 34,107	$ 34,692
Finished goods	34,951	28,495
Total inventory[(1)]	$ 69,058	$ 63,187

(1) See Note 4, "Government Assistance," for additional information.

Prepaid expenses and other current assets as of June 30, 2024 and December 31, 2023 were as follows (*in thousands*):

	June 30, 2024	December 31, 2023
Interest rate caps and receivable	$ 18,920	$ 23,227
FCC reimbursement receivable[(1)]	17,471	18,274
Contract assets[(1)]	6,205	6,939
Prepaid inventories	2,704	2,606
Other	15,376	13,092
Total prepaid expenses and other current assets	$ 60,676	$ 64,138

(1) See Note 4, "Government Assistance," for additional information.

Property and equipment as of June 30, 2024 and December 31, 2023 were as follows (*in thousands*):

	June 30, 2024	December 31, 2023
Office equipment, furniture, fixtures and other	$ 20,058	$ 19,153
Leasehold improvements	16,174	16,132
Network equipment[(1)]	186,394	184,176
	222,626	219,461
Accumulated depreciation	(127,940)	(121,332)
Total property and equipment, net	$ 94,686	$ 98,129

(1) See Note 4, "Government Assistance," for additional information.

Other non-current assets as of June 30, 2024 and December 31, 2023 were as follows (*in thousands*):

	June 30, 2024	December 31, 2023
Interest rate caps	$ 8,440	$ 10,295
Contract assets, net of allowances of $664 and $591, respectively[(1)]	9,501	9,625
Revolving credit facility deferred financing costs	795	1,011
Other	4,811	5,048
Total other non-current assets	$ 23,547	$ 25,979

(1) See Note 4, "Government Assistance," for additional information.

Accrued liabilities as of June 30, 2024 and December 31, 2023 were as follows (*in thousands*):

	June 30, 2024	December 31, 2023
Operating leases	$ 10,560	$ 10,284
Employee compensation and benefits	10,025	10,386
Customer credit reserve	6,731	6,027
Network equipment	5,412	4,533
Warranty reserve	3,380	3,420
Gogo Galileo development costs	6,749	2,432
Taxes	2,571	2,170
Accrued interest	466	469
Other	7,088	7,928
Total accrued liabilities	$ 52,982	$ 47,649

6. Research and Development Costs

Expenditures for research and development are charged to expense as incurred and totaled $10.3 million and $19.5 million, respectively, during the three- and six-month periods ended June 30, 2024 and $9.2 million and $17.1 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.

7. Intangible Assets

Our intangible assets are comprised of both indefinite-lived and finite-lived intangible assets. Intangible assets with indefinite lives are not amortized; rather, they are reviewed for impairment at least annually or whenever events or circumstances indicate the carrying value of the asset may not be recoverable. We perform our annual impairment test of our indefinite-lived intangible assets during the fourth quarter of each fiscal year, and the results from the test performed in the fourth quarter of 2023 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, 2024 and December 31, 2023, our goodwill balance was $0.6 million.

Our intangible assets, other than goodwill, as of June 30, 2024 and December 31, 2023 were as follows (*in thousands, except for weighted average remaining useful life*):

		As of June 30, 2024			As of December 31, 2023		
	Weighted Average Remaining Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:							
Software	7.3	$73,454	$(46,250)	$27,204	$68,155	$(45,910)	$22,245
Other intangible assets	8.6	945	—	945	499	—	499
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		89,204	(61,055)	28,149	83,459	(60,715)	22,744
Unamortized intangible assets:							
FCC Licenses		32,283	—	32,283	32,283	—	32,283
Total intangible assets		$121,487	$(61,055)	$60,432	$115,742	$(60,715)	$55,027

Amortization expense was $0.2 million and $0.4 million, respectively, for the three- and six-month periods ended June 30, 2024 and $0.6 million and $1.2 million, respectively, for the prior-year periods.

Amortization expense for the remainder of 2024, each of the next four years and thereafter is estimated to be as follows (*in thousands*):

Years ending December 31,	Amortization Expense
2024 (period from July 1 to December 31)	$417
2025	$3,246
2026	$4,035
2027	$3,867
2028	$3,662
Thereafter	$12,922

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

8. Long-Term Debt and Other Liabilities

Long-term debt as of June 30, 2024 and December 31, 2023 was as follows (*in thousands*):

	June 30, 2024	December 31, 2023
Term Loan Facility	$ 601,375	$ 604,797
Less: deferred financing costs	(9,065)	(10,046)
Less: current portion of long-term debt	(7,250)	(7,250)
Total long-term debt	$ 585,060	$ 587,501

2021 Credit Agreement

On April 30, 2021, Gogo and Gogo Intermediate Holdings LLC ("GIH") (a wholly owned subsidiary of Gogo) entered into a credit agreement (the "Original 2021 Credit Agreement," and, as it may be amended, supplemented or otherwise modified from time to time, the "2021 Credit Agreement") among Gogo, GIH, the lenders and issuing banks party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, which provides for (i) a term loan credit facility (the "Term Loan Facility") in an aggregate principal amount of $725.0 million, issued with a discount of 0.5%, and (ii) a revolving credit facility (the "Revolving Facility" and together with the Term Loan Facility, the "Facilities") of up to $100.0 million, which includes a letter of credit sub-facility.

The Term Loan Facility amortizes in nominal quarterly installments equal to one percent of the aggregate initial principal amount thereof per annum, with the remaining balance payable upon final maturity of the Term Loan Facility on April 30, 2028. There are no amortization payments under the Revolving Facility, and all borrowings under the Revolving Facility mature on April 30, 2026.

The Term Loan Facility bears annual interest at a floating rate measured by reference to, at GIH's option, either (i) an adjusted term secured overnight financing rate as administered by the Federal Reserve Bank of New York ("SOFR") (subject to a floor of 0.75%) plus an applicable margin of 3.75% and a credit spread adjustment recommended by the Alternative Reference Rates Committee of 0.11%, 0.26% or 0.43% per annum based on 1-month, 3-month or 6-month term SOFR, respectively or (ii) an alternate base rate plus an applicable margin of 2.75%.

Loans outstanding under the Revolving Facility bear annual interest at a floating rate measured by reference to, at GIH's option, either (i) an adjusted term SOFR rate (subject to a floor of 0.00%) plus an applicable margin ranging from 3.25% to 3.75% per annum depending on GIH's senior secured first lien net leverage ratio and a credit spread adjustment recommended by the Alternative Reference Rates Committee of 0.11%, 0.26% or 0.43% per annum based on 1-month, 3-month or 6-month term SOFR, respectively or (ii) an alternate base rate plus an applicable margin ranging from 2.25% to 2.75% per annum depending on GIH's senior secured first lien net leverage ratio. Additionally, unused commitments under the Revolving Facility are subject to a fee ranging from 0.25% to 0.50% per annum depending on GIH's senior secured first lien net leverage ratio. As of June 30, 2024, the fee for unused commitments under the Revolving Facility was 0.25% and the applicable margin was 3.25%.

The Facilities may be prepaid at GIH's option at any time without premium or penalty (other than customary breakage costs), subject to minimum principal payment amount requirements. On May 3, 2023, the Company prepaid $100 million of the outstanding principal amount of the Term Loan Facility. As a result, we wrote off $2.2 million of the deferred financing costs and unaccreted debt discount, which are included in Loss on extinguishment of debt in our Unaudited Condensed Consolidated Statements of Operations for the three- and six-month periods ended June 30, 2023.

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 FCC; investments, loans, advances, guarantees or acquisitions; asset sales; dividends or other distributions on equity; purchase, redemption or retirement of capital stock; payment or redemption of certain junior indebtedness; entry into other agreements that restrict the ability to incur liens securing the Facilities; and amendment of organizational documents; in each case subject to customary exceptions.

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

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

The Revolving Facility is available for working capital and general corporate purposes of GIH and its subsidiaries and was undrawn as of June 30, 2024 and December 31, 2023.

As of June 30, 2024 and December 31, 2023, the outstanding principal amount of the Term Loan Facility was $603.3 million and $606.9 million, respectively, the unaccreted debt discount was $1.9 million and $2.1 million, respectively, and the net carrying amount was $601.4 million and $604.8 million, respectively.

We paid approximately $19.7 million of loan origination and financing costs related to the Facilities which are being accounted for as deferred financing costs on our Unaudited Condensed Consolidated Balance Sheets and are amortized over the terms of the Facilities. Total amortization expense was $0.6 million and $1.2 million, respectively, for the three- and six-month periods ended June 30, 2024 and $0.6 million and $1.3 million, respectively, for the prior-year periods and is included in interest expense in our Unaudited Condensed Consolidated Statements of Operations. As of June 30, 2024 and December 31, 2023, the balance of unamortized deferred financing costs related to the Facilities was $9.9 million and $11.1 million, respectively.

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

9. Derivative Instruments and Hedging Activities

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

In May 2021, we purchased interest rate caps with an aggregate notional amount of $650.0 million for $8.6 million. The cost of the interest rate caps will be amortized to interest expense using the caplet method, from the effective date through termination date. We receive payments in the amount calculated pursuant to the caps for any period in which the daily compounded SOFR rate plus a credit spread adjustment recommended by the Alternative Reference Rate Committee of 0.26% 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	7/30/2023	$ 650,000	0.75 %
7/31/2023	7/30/2024	525,000	0.75 %
7/31/2024	7/30/2025	350,000	1.25 %
7/31/2025	7/30/2026	250,000	2.25 %
7/31/2026	7/30/2027	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 (loss) will be reclassified to interest expense in the event the hedges are no longer considered effective, in accordance with ASC 815, *Derivatives and Hedging*. No gains or losses of our cash flow hedges were considered to be ineffective and reclassified from other comprehensive income (loss) to earnings for the three- and six-month periods ended June 30, 2024. For the three- and six-month periods ended June 30, 2023, approximately $0.2 million in net unrealized gains from our cash flow hedges were considered to be ineffective and reclassified from other comprehensive income (loss) to earnings. The ineffective portion was the result of a voluntary partial de-designation of the hedge relationship related to a prepayment of our existing variable-rate debt discussed in Note 8, “Long-Term Debt and Other Liabilities.” We estimate that approximately $2.5 million currently recorded in accumulated other comprehensive income (loss) will be recognized in earnings over the next 12 months. We assess the effectiveness of the hedges on an ongoing basis, and the remaining outstanding caps are still considered to be highly effective, and remain designated as a cash flow hedge. Cash flows from interest rate caps are classified in the Unaudited Condensed Consolidated Statements of Cash Flows as investing activities.

For the three-month period ended June 30, 2024, we recorded a decrease in fair value on the interest rate caps of $3.5 million, net of tax of $0.9 million, and for the six-month period ended June 30, 2024, we recorded a decrease in fair value on the interest rate caps of $4.9 million, net of tax of $1.2 million. For the three-month period ended June 30, 2023, we recorded an increase in fair value on the interest rate caps of $1.8 million, net of tax of $0.7 million and for the six-month period ended June 30, 2023, we recorded a decrease in fair value on the interest rate caps of $5.5 million, net of tax of $1.7 million. Increases and decreases in fair value on interest rate caps above exclude amortization of the purchase price paid for the interest rate caps.

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

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

Derivatives designated as hedging instruments	**Balance sheet location**	**June 30, 2024**	**December 31, 2023**
Current portion of interest rate caps	Prepaid expenses and other current assets	$ 14,543	$ 18,801
Non-current portion of interest rate caps	Other non-current assets	$ 8,440	$ 10,295

Fair Value Measurement

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

10. Interest Costs

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

The following is a summary of our interest costs for the three- and six-month periods ended June 30, 2024 and 2023 *(in thousands)*:

	For the Three Months Ended June 30,		**For the Six Months Ended June 30,**	
	2024	**2023**	**2024**	**2023**
Interest costs charged to expense	$ 13,260	$ 14,212	$ 26,600	$ 28,709
Amortization of deferred financing costs	603	645	1,197	1,275
Amortization of the purchase price of interest rate caps	611	278	1,392	412
Interest rate cap benefit	(6,464)	(7,440)	(12,869)	(13,833)
Accretion of debt discount	103	111	203	219
Interest expense	8,113	7,806	16,523	16,782
Interest costs capitalized to property and equipment	596	505	1,208	1,002
Interest costs capitalized to software	287	174	544	331
Total interest costs	$ 8,996	$ 8,485	$ 18,275	$ 18,115

11. Fair Value of Financial Assets and Liabilities

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

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

Refer to Note 9, “Derivative Instruments and Hedging Activities,” for fair value information relating to our interest rate caps.

Investment in Convertible Note:

On February 26, 2024, Gogo invested $5 million in a convertible note offering ("Investment in Convertible Note"). The Investment in Convertible Note accrues interest at 5% per annum, payable upon maturity of the note or upon conversion, and matures two years after the date of issuance. We have elected to measure our Investment in Convertible Note using the fair value option and record changes in fair value, including accrued interest, in Other (income) expense, net on the Unaudited Condensed Consolidated Statements of Operations. The Company elected the fair value option for the Investment in Convertible Note to eliminate complexities of applying certain accounting models.

The fair value of the Investment in Convertible Note is measured using Level 3 (unobservable) inputs. The Company, with the assistance of a third-party valuation specialist, determined the fair value using a binomial lattice model. The significant assumptions used in the model include the yield, equity volatility, outstanding principal, remaining term, stated interest rate, risk-free interest rate and the current publicly available stock price. The yield is estimated using similar security yields for companies with similar credit ratings. Equity volatility is estimated based on observed equity volatility for similar companies. The outstanding principal, remaining term and stated interest rate are all determined based on contractually defined terms and the risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of measurement for time periods approximately equal to the remaining time to maturity.

The reconciliation of beginning and ending balances of the Investment in Convertible Note as of June 30, 2024 were as follows *(in thousands)*:

	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024
Balance at beginning of period	$ 18,132	$ —
Investment	—	5,000
Change in fair value	(14,694)	(1,562)
Balance at end of period	$ 3,438	$ 3,438

Long-Term Debt:

As of June 30, 2024 and December 31, 2023, our only financial asset and liability disclosed but not measured at fair value is the Term Loan Facility, which is reflected on the Unaudited Condensed Consolidated Balance Sheets at cost. The fair value measurement is classified as Level 2 within the fair value hierarchy since it is based on quoted market prices of our instrument in markets that are not active. We estimated the fair value of the Term Loan Facility by calculating the upfront cash payment a market participant would require to assume this obligation. The upfront cash payment used in the calculation of fair value on our June 30, 2024 Unaudited Condensed Consolidated Balance Sheets, excluding any issuance costs, is the amount that a market participant would be willing to lend at such date to an entity with a credit rating similar to ours and that would allow such an entity to achieve sufficient cash inflows to cover the scheduled cash outflows under the Term Loan Facility.

The fair value and carrying value of long-term debt as of June 30, 2024 and December 31, 2023 were as follows *(in thousands)*:

	June 30, 2024		December 31, 2023	
	Fair Value (1)	Carrying Value	Fair Value (1)	Carrying Value
Term Loan Facility	$ 602,000	$ 601,375 (2)	$ 610,000	$ 604,797 (2)

(1) Fair value amounts are rounded to the nearest million.
(2) Carrying value of the Term Loan Facility reflects the unaccreted debt discount of $1.9 million and $2.1 million as of June 30, 2024 and December 31, 2023, respectively. See Note 8, "Long-Term Debt and Other Liabilities," for further information.

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

Stock-Based Compensation — As of June 30, 2024, we maintained the 2024 Omnibus Equity Incentive Plan (the "2024 Plan"), which replaced the Second Amended and Restated 2016 Omnibus Incentive Plan (the "2016 Plan"). The 2024 Plan provides for the grant of both equity and cash awards, including non-qualified stock options, incentive stock options, stock appreciation rights, performance awards (shares and units), restricted stock, restricted stock units ("RSUs"), deferred share units and other stock-based awards and dividend equivalents to eligible employees, directors and consultants, as determined by the Compensation Committee of our Board of Directors. Concurrent with the effectiveness of the 2024 Plan on June 4, 2024, no further grants are being made under the 2016 Plan. The 2016 Plan remains in effect for all awards outstanding thereunder on or after June 4, 2024. See Note 12, "Stock-Based

Compensation and 401(k) Plan," in our 2023 10-K for further information regarding the 2016 Plan. The majority of our equity grants are awarded on an annual basis.

For the six-month period ended June 30, 2024, no options to purchase shares of common stock were granted, options to purchase 112,472 shares of common stock were exercised, no options to purchase shares of common stock were forfeited and 26,216 options to purchase shares of common stock expired.

For the six-month period ended June 30, 2024, 1,938,279 RSUs were granted, 1,104,670 RSUs vested and 130,062 RSUs were forfeited. The fair value of the RSUs granted during the six-month period ended June 30, 2024 was approximately $16.4 million, which will generally be recognized over a period of four years.

For the six-month period ended June 30, 2024, 94,212 deferred stock units were granted, none vested and 169,683 were settled. The fair value of the deferred stock units granted during the six-month period ended June 30, 2024 was approximately $0.9 million, which will generally be recognized over a period of one year.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Cost of service revenue	$ 557	$ 438	$ 1,030	$ 781
Cost of equipment revenue	432	351	811	638
Engineering, design and development	1,084	908	2,066	1,662
Sales and marketing	1,178	983	2,175	1,721
General and administrative	1,634	2,773	3,643	5,692
Total stock-based compensation expense	$ 4,885	$ 5,453	$ 9,725	$ 10,494

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 $0.6 million and $1.2 million, respectively, during the three- and six-month periods ended June 30, 2024, and $0.5 million and $1.0 million, respectively, for the prior-year periods.

13. Income Tax

The effective income tax rates for the three- and six-month periods ended June 30, 2024 were 13.6% and 26.1%, respectively, compared to (245.3)% and (116.9)%, respectively, for the prior-year periods. For the three-month period ended June 30, 2024, our effective income tax rate was lower than the U.S. federal statutory rate of 21% primarily due to tax benefits related to domestic research and development tax credits, partially offset by stock-based compensation and state income taxes. For the six-month period ended June 30, 2024, our effective income tax rate was higher than the U.S. federal statutory rate of 21% primarily due to state income taxes, stock-based compensation and nondeductible officer's compensation partially offset by tax benefits related to domestic research and development tax credits. For the three- and six-month periods ended June 30, 2023, our effective income tax rate was lower than the U.S. federal statutory rate of 21% primarily due to a partial release of the valuation allowance on our deferred income tax assets, partially offset by state income taxes.

We regularly assess the need for a valuation allowance related to our deferred income tax assets to determine, based on the weight of all available positive and negative evidence, whether it is more likely than not that some or all of such deferred assets will not be realized. In our assessments, the Company considers recent financial operating results, the scheduled expiration of our net operating losses, future taxable income, the reversal of existing taxable differences, and tax planning strategies. The remaining valuation allowance is still required for deferred tax assets related to certain state credits, foreign net operating losses and capital loss carryforwards as it is more likely than not as of June 30, 2024 that these deferred tax assets will not be realized.

We are subject to taxation and file income tax returns in the United States federal jurisdiction and many states, Canada and the United Kingdom. With few exceptions, as of June 30, 2024 we are no longer subject to U.S. federal, state, local or foreign examinations by tax authorities for years before 2020.

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, 2024 and 2023. As of June 30, 2024 and December 31, 2023, we did not have a liability recorded for interest or potential penalties.

14. Leases

Operating and Financing Leases — We determine whether a contract contains a lease at contract inception. Lease liabilities are calculated using a discount rate based on our incremental borrowing rate at lease commencement. We have operating lease agreements primarily related to cell sites and office space. Certain cell site and office space leases have renewal option terms that have been deemed reasonably certain to be exercised. These renewal options extend a lease by up to 15 years. We recognize operating lease expense on a straight-line basis over the lease term. As of June 30, 2024, there were no significant leases which had not commenced.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Operating lease cost	$ 4,103	$ 3,972	$ 8,191	$ 7,910
Financing lease cost:				
Amortization of leased assets	14	39	28	78
Interest on lease liabilities	3	3	7	8
Total lease cost	$ 4,120	$ 4,014	$ 8,226	$ 7,996

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

	For the Six Months Ended June 30,	
	2024	2023
Supplemental cash flow information		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows used in operating leases	$ 8,408	$ 7,982
Operating cash flows used in financing leases	$ 7	$ 8
Financing cash flows used in financing leases	$ 3	$ 97
Non-cash items:		
Operating leases obtained	$ 2,920	$ 2,000
Financing leases obtained	$ 170	$ —
Weighted average remaining lease term		
Operating leases	6 years	7 years
Financing leases	3 years	1 year
Weighted average discount rate		
Operating leases	6.8 %	6.7 %
Financing leases	9.0 %	15.3 %

Annual future minimum lease payments as of June 30, 2024 *(in thousands)*:

Years ending December 31,	Operating Leases	Financing Leases
2024 (period from July 1 to December 31)	$ 7,211	$ 57
2025	16,699	62
2026	16,267	60
2027	14,702	15
2028	13,062	—
Thereafter	31,192	—
Total future minimum lease payments	99,133	194
Less: Amount representing interest	(19,102)	(18)
Present value of net minimum lease payments	$ 80,031	$ 176
Reported as of June 30, 2024		
Accrued liabilities	$ 10,560	$ 78
Non-current operating lease liabilities	69,471	—
Other non-current liabilities	—	98
Total lease liabilities	$ 80,031	$ 176

15. 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.

On May 17, 2024, Airspan Networks Holdings Inc. ("Airspan") filed a plan supplement to its Joint Prepackaged Chapter 11 Plan of Reorganization, Case No. 24-10621 (the "Plan"), whereby the Company and Fortress Credit Corp. agreed in principle to each provide fifty percent (50%) of a new first lien revolving facility in an aggregate committed principal amount of $20.0 million (the "New Revolving Credit Facility"). Unless otherwise extended by the parties, any amounts outstanding under the New Revolving Credit Facility shall be due and payable in full on the first anniversary of the closing date. The Plan, including the Company's participation in the New Revolving Credit Facility, was approved by the Bankruptcy Court for the District of Delaware on June 28, 2024. However, the New Revolving Credit Facility remains subject to satisfaction of certain closing conditions and agreement of and execution of the definitive documents for the New Revolving Credit Facility. Additionally, on June 27, 2024, Airspan and the Company amended the Master Service Agreement, dated November 25, 2019.

SmartSky Litigation – On February 28, 2022, SmartSky Networks, LLC brought suit against Gogo Inc. and its subsidiary Gogo Business Aviation LLC in the U.S. District Court for the District of Delaware (the "Court") alleging that Gogo 5G infringes four patents owned by the plaintiff. On February 21, 2023, the plaintiff amended its complaint to allege that Gogo 5G infringes two additional patents recently issued to the plaintiff. The suit seeks compensatory damages as well as treble damages for alleged willful infringement and reimbursement of plaintiff's costs, disbursements and attorneys' fees. Under a schedule agreed upon by the parties, claim construction proceedings and fact discovery have been substantially completed and expert discovery will be completed in September of 2024, with dispositive motions to follow. On May 29, 2024, Gogo Inc. and its subsidiary Gogo Business Aviation LLC amended its answer and counterclaims in the same suit, alleging that three of the six patents asserted by SmartSky are unenforceable due to inequitable conduct before the U.S. Patent Office. A trial date has been scheduled for April 14, 2025. We continue to vigorously defend our position in the infringement suit. The outcome of the underlying 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.

On March 5, 2024, Gogo Inc. and its subsidiary Gogo Business Aviation LLC filed counterclaims in the same suit, alleging that SmartSky's ATG network, Flagship equipment, and LITE ATG equipment infringe three patents owned by Gogo. Gogo's counterclaim suit seeks an unspecified amount of compensatory damages as well as reimbursement of Gogo's costs and attorneys' fees. On April 10, 2024, the Court held that Gogo's counterclaims would proceed under a separate schedule and would be tried separately from SmartSky's claims. At this time, no schedule has been adopted for Gogo's counterclaims.

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. With respect to such legal proceedings, we accrue a loss when it is probable and its amount can be reasonably estimated. 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.

16. Accumulated Other Comprehensive Income (Loss)

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

	Currency Translation Adjustment	Change in Fair Value of Cash Flow Hedges	Total
Balance at January 1, 2024	$ (934)	$ 16,730	$ 15,796
Other comprehensive income (loss) before reclassifications	(257)	5,079	4,822
Less: income realized and reclassified to earnings	—	8,627	8,627
Net current period comprehensive income (loss)	(257)	(3,548)	(3,805)
Balance at June 30, 2024	$ (1,191)	$ 13,182	$ 11,991

	Currency Translation Adjustment	Change in Fair Value of Cash Flow Hedges	Total
Balance at January 1, 2023	$ (1,225)	$ 31,353	$ 30,128
Other comprehensive income (loss) before reclassifications	259	4,888	5,147
Less: income realized and reclassified to earnings	—	10,123	10,123
Net current period comprehensive income (loss)	259	(5,235)	(4,976)
Balance at June 30, 2023	$ (966)	$ 26,118	$ 25,152

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- our ability to continue to generate revenue from the provision of our connectivity services;
- our reliance on our key OEMs and dealers for equipment sales;
- our ability to develop and deploy Gogo 5G, Gogo Galileo or other next generation technologies;
- the impact of competition;
- our ability to expand our business outside of the United States;
- the impact of pandemics or other outbreaks of contagious diseases, and the measures implemented to combat them;
- the impact of global supply chain and logistics issues and increasing inflation;
- our ability to evaluate or pursue strategic opportunities;
- our reliance on third parties for equipment components and services;
- our ability to recruit, train and retain highly skilled employees;
- the impact of adverse economic conditions;
- our ability to maintain our rights to use our licensed 3MHz of ATG spectrum in the United States and obtain rights to additional spectrum if needed;
- the impact of our use of open-source software;
- the impact of equipment failure or material defects or errors in our software;
- the impact of service interruptions or delays, technology failures, equipment damage or system disruptions or failures, including any arising from cyber-attacks;
- the impact of assertions by third parties of infringement, misappropriation or other violations;
- our ability to innovate and provide products and services;
- risks associated with participation in the Federal Communications Commission ("FCC") Reimbursement Program;
- our ability to comply with applicable foreign ownership limitations;
- our ability to comply with anti-bribery, anti-corruption and anti-money laundering laws;
- our possession and use of personal information;
- the extent of expenses, liabilities or business disruptions resulting from litigation;
- our ability to protect our intellectual property rights;
- the impact of global climate change and legal, regulatory or market responses to it;
- our substantial indebtedness, limitations and restrictions in the agreements governing our current and future indebtedness and our ability to service our indebtedness;

- fluctuations in our operating results;
- our ability to fully utilize portions of our deferred income tax assets; and
- other risks and factors listed under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2024 (the “2023 10-K”), in Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, as filed with the SEC on May 7, 2024 (the “2024 Q1 10-Q”); and in Item 1A of this Quarterly Report on Form 10-Q.

Any one of these factors or a combination of these factors could materially affect our financial condition or future results of operations and could influence whether any forward-looking statements contained in this Quarterly Report on Form 10-Q ultimately prove to be accurate. Our forward-looking statements are not guarantees of future performance, and you should not place undue reliance on them. All forward-looking statements speak only as of the date made and unless required by law we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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

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

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

The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under "Risk Factors" in the 2023 10-K, in Item 1A of the 2024 Q1 10-Q and in Item 1A and "Special Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

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

Company Overview

Gogo is the world's largest provider of broadband connectivity services for the business aviation market. We have served this market for more than 25 years. Our mission is to enrich the lives of passengers and the efficiency of operators with the world's best business aviation in-flight connectivity and customer support. We have always sought to provide the best connectivity for the business aviation market regardless of technology, and we have a successful history of doing so. Until recently, we focused primarily on business aviation aircraft in North America, which comprise approximately 63% of the worldwide business aviation fleet, and we are the leading provider of in-flight connectivity in that market. Gogo started in analogue air-to-ground ("ATG") technology in the late 1990s, then, as analogue cellular backhaul disappeared, migrated to narrowband satellite connectivity in the early 2000s, then back to ATG with our digital broadband 3G and 4G networks beginning in 2010. We are currently developing our fourth ATG network – Gogo 5G – that we expect to commercially launch in the second quarter of 2025. Simultaneous with the development of Gogo 5G, we are actively working with a subset of AVANCE customers and customers utilizing our legacy Gogo Biz ATG airborne system operating on our ground 3G and 4G networks to upgrade to an AVANCE system compatible with a new LTE network. We anticipate this subset of customers will see improved performance because of this network transition, which is expected to occur in early 2026. The cost for the transition to the new LTE network is partially being reimbursed through our participation in the FCC Reimbursement Program.

We also continue to provide narrowband satellite services to customers in North America and internationally through distribution agreements with satellite providers. In May 2022, in order to further serve our existing customers and expand our target market, we announced plans to expand our broadband offerings beyond ATG by launching the first global broadband service designed for all models of business aircraft ("Gogo Galileo"). The service will use an electronically steered antenna ("ESA"), specifically designed to address a broad range of business aviation aircraft, operating on a low earth orbit ("LEO") satellite network and is targeted for commercial launch in the fourth quarter of 2024.

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

Factors and Trends Affecting Our Results of Operations

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

- costs associated with the implementation of, and our ability to implement on a timely basis, our technology roadmap, including upgrades to and installation of the ATG technologies we currently offer, Gogo 5G, Gogo Galileo, LTE 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, chipset, and other equipment developers and providers or satellite network providers, some of which are single-source;
- our ability to license additional spectrum and make other improvements to our network and operations as technology and user expectations change;

- the number of aircraft in service in our markets, including consolidations or changes in fleet size by one or more of our large-fleet customers;
- the economic environment and other trends that affect both business and leisure aviation travel;
- disruptions to supply chains in the aviation industry and installations of our equipment driven by, among other things, labor shortages;
- the extent of our customers' adoption of our products and services, which is affected by, among other things, willingness to pay for the services that we provide, the quality and reliability of our products and services, changes in technology and competition from current competitors and new market entrants;
- our ability to engage suppliers of equipment components and network services on a timely basis and on commercially reasonable terms;
- our ability to fully utilize portions of our deferred income tax assets;
- changes in laws, regulations and interpretations affecting telecommunications services globally, including those affecting our ability to maintain our licenses for ATG spectrum in the United States, obtain sufficient rights to use additional ATG spectrum and/or other sources of broadband connectivity to deliver our services, including Gogo Galileo, expand our service offerings and manage our network; and
- changes in laws, regulations and policies affecting our business or the business of our customers and suppliers globally, including changes that impact the design of our equipment and our ability to obtain required certifications for our equipment.

Key Business Metrics

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Aircraft online (at period end)				
ATG AVANCE	4,215	3,598	4,215	3,598
Gogo Biz	2,816	3,466	2,816	3,466
Total ATG	7,031	7,064	7,031	7,064
Narrowband satellite	4,247	4,433	4,247	4,433
Average monthly connectivity service revenue per aircraft online				
ATG	$ 3,468	$ 3,371	$ 3,463	$ 3,380
Narrowband satellite	335	292	313	298
Units sold				
ATG	231	277	489	500
Narrowband satellite	52	43	93	92
Average equipment revenue per unit sold (in thousands)				
ATG	$ 74	$ 73	$ 75	$ 72
Narrowband satellite	43	50	42	52

- *ATG AVANCE aircraft online.* We define ATG AVANCE aircraft online as the total number of business aircraft equipped with our AVANCE L5 or L3 system for which we provide ATG services as of the last day of each period presented.
- *Gogo Biz aircraft online.* We define Gogo Biz aircraft online as the total number of business aircraft not equipped with our AVANCE L5 or L3 system for which we provide ATG services as of the last day of each period presented. This number excludes commercial aircraft operated by Intelsat's airline customers receiving ATG service.
- *Narrowband satellite aircraft online*. We define narrowband satellite aircraft online as the total number of business aircraft for which we provide narrowband satellite services as of the last day of each period presented.
- *Average monthly connectivity service revenue per ATG aircraft online ("ARPU").* We define ARPU as the aggregate ATG connectivity service revenue for the period divided by the number of months in the period, divided by the number of

ATG aircraft online during the period (expressed as an average of the month end figures for each month in such period). Revenue share earned from Intelsat is excluded from this calculation.

- *Average monthly connectivity service revenue per narrowband satellite aircraft online*. We define average monthly connectivity service revenue per narrowband satellite aircraft online as the aggregate narrowband satellite connectivity service revenue for the period divided by the number of months in the period, divided by the number of narrowband satellite aircraft online during the period (expressed as an average of the month end figures for each month in such period).
- *Units sold*. We define units sold as the number of ATG or narrowband satellite units for which we recognized revenue during the period.
- *Average equipment revenue per ATG unit sold.* We define average equipment revenue per ATG unit sold as the aggregate equipment revenue from all ATG units sold during the period, divided by the number of ATG units sold.
- *Average equipment revenue per narrowband satellite unit sold*. We define average equipment revenue per narrowband satellite unit sold as the aggregate equipment revenue earned from all narrowband satellite units sold during the period, divided by the number of narrowband satellite units sold.

Key Components of Consolidated Statements of Operations

There have been no material changes to our key components of Unaudited Condensed Consolidated Statements of Operations as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") in our 2023 10-K.

Critical Accounting Estimates

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

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

There have been no material changes to our critical accounting estimates described in the MD&A in our 2023 10-K.

Recent Accounting Pronouncements

See Note 1, "Basis of Presentation," to our Unaudited Condensed Consolidated Financials 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,	
	2024	2023	2024	2023
Revenue:				
Service revenue	$ 81,929	$ 79,062	$ 163,602	$ 157,561
Equipment revenue	20,130	24,159	42,779	44,257
Total revenue	102,059	103,221	206,381	201,818
Operating expenses:				
Cost of service revenue (exclusive of amounts shown below)	18,871	16,819	36,742	33,616
Cost of equipment revenue (exclusive of amounts shown below)	16,432	17,537	32,218	35,663
Engineering, design and development	10,304	9,226	19,520	17,105
Sales and marketing	9,036	7,856	17,319	14,733
General and administrative	21,848	13,199	36,499	27,398
Depreciation and amortization	3,887	4,539	7,728	7,330
Total operating expenses	80,378	69,176	150,026	135,845
Operating income	21,681	34,045	56,355	65,973
Other expense (income):				
Interest income	(2,120)	(1,971)	(4,168)	(3,887)
Interest expense	8,113	7,806	16,523	16,782
Loss on extinguishment of debt	—	2,224	—	2,224
Other expense (income), net	14,717	(36)	1,618	(5)
Total other expense	20,710	8,023	13,973	15,114
Income before income taxes	971	26,022	42,382	50,859
Income tax provision (benefit)	132	(63,827)	11,053	(59,439)
Net income	$ 839	$ 89,849	$ 31,329	$ 110,298

Three and Six Months Ended June 30, 2024 and 2023

Revenue:

Revenue and percent change for the three- and six-month periods ended June 30, 2024 and 2023 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended June 30,		% Change	For the Six Months Ended June 30,		% Change
	2024	2023	2024 over 2023	2024	2023	2024 over 2023
Service revenue	$ 81,929	$ 79,062	3.6 %	$ 163,602	$ 157,561	3.8 %
Equipment revenue	20,130	24,159	(16.7)%	42,779	44,257	(3.3)%
Total revenue	$ 102,059	$ 103,221	(1.1)%	$ 206,381	$ 201,818	2.3 %

Total revenue decreased to $102.1 million for the three-month period ended June 30, 2024 as compared with $103.2 million for the prior-year period, due to a decrease in equipment revenue, partially offset by an increase in service revenue. Total revenue increased to $206.4 million for the six-month period ended June 30, 2024 as compared with $201.8 million for the prior-year period due to an increase in service revenue, partially offset by a decrease in equipment revenue.

Service revenue increased to $81.9 million and $163.6 million, respectively, for the three- and six-month periods ended June 30, 2024, as compared with $79.1 million and $157.6 million, respectively, for the prior-year periods, due to increases in ARPU.

Equipment revenue decreased to $20.1 million and $42.8 million, respectively, for the three- and six-month periods ended June 30, 2024, as compared with $24.2 million and $44.3 million, respectively, for the prior-year periods, due to a decrease in the number of ATG units sold, with 231 units and 489 units, respectively, sold during the three- and six-month periods ended June 30, 2024 as compared with 277 units and 500 units, respectively, sold during the prior-year periods.

We expect service revenue to remain relatively flat in the near term as we prepare to launch Gogo 5G and Gogo Galileo and increase in the future as additional aircraft come online after the launch of those products. We expect equipment revenue to increase in the future driven by growth in sales of ATG units including Gogo 5G, and Gogo Galileo units.

Cost of Revenue:

Cost of revenue and percent change for the three- and six-month periods ended June 30, 2024 and 2023 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended June 30,		% Change	For the Six Months Ended June 30,		% Change
	2024	2023	2024 over 2023	2024	2023	2024 over 2023
Cost of service revenue	$ 18,871	$ 16,819	12.2 %	$ 36,742	$ 33,616	9.3 %
Cost of equipment revenue	$ 16,432	$ 17,537	(6.3)%	$ 32,218	$ 35,663	(9.7)%

Cost of service revenue increased 12% and 9% to $18.9 million and $36.7 million, respectively, for the three- and six-month periods ended June 30, 2024, as compared with $16.8 million and $33.6 million, respectively, for the prior-year periods due to an increase in ATG network costs.

We expect cost of service revenue to increase over time, due to service revenue growth and increasing network costs, including those for Gogo 5G, Gogo Galileo, and increased data center costs.

Cost of equipment revenue decreased 6% and 10% to $16.4 million and $32.2 million, respectively, for the three- and six-month periods ended June 30, 2024, as compared with $17.5 million and $35.7 million, respectively, for the prior-year periods due to non-reimbursable costs related to the FCC Reimbursement Program in the prior year.

We expect that our cost of equipment revenue will increase with growth in units sold, including Gogo 5G and Gogo Galileo units, following the launch of those products. Additionally, we expect to incur additional costs associated with the FCC Reimbursement Program which we expect to be partially offset by the reimbursements from the FCC.

Engineering, Design and Development Expenses:

Engineering, design and development expenses increased 12% and 14% to $10.3 million and $19.5 million, respectively, for the three- and six-month periods ended June 30, 2024, as compared with $9.2 million and $17.1 million, respectively, for the prior-year periods due to personnel costs.

We expect engineering, design and development expenses as a percentage of service revenue to increase in 2024, driven by Gogo Galileo development costs and Gogo 5G program spend, and decrease thereafter as these developmental projects are completed and the level of investment decreases and revenue from these product roll-outs increases.

Sales and Marketing Expenses:

Sales and marketing expenses increased 15% and 18% to $9.0 million and $17.3 million, respectively, for the three- and six-month periods ended June 30, 2024, as compared with $7.9 million and $14.7 million, respectively, for the prior-year periods due to personnel costs.

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

General and Administrative Expenses:

General and administrative expenses increased 66% and 33% to $21.8 million and $36.5 million, respectively, for the three- and six-month periods ended June 30, 2024, as compared with $13.2 million and $27.4 million, respectively, for the prior-year periods due to increased legal expenses.

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

Depreciation and Amortization:

Depreciation and amortization expense decreased 14% to $3.9 million for the three-month period ended June 30, 2024 as compared with $4.5 million for the prior-year period due to amortization of capitalized software. Depreciation and amortization expense increased 5% to $7.7 million for the six-month period ended June 30, 2024 as compared with $7.3 million for the prior-year period due to depreciation of network equipment.

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

Other (Income) Expense:

Other expense (income) and percent change for the three- and six-month periods ended June 30, 2024 and 2023 were as follows *(in thousands, except for percent change)*:

	For the Three Months Ended June 30,		% Change
	2024	**2023**	**2024 over 2023**
Interest income	$ (2,120)	$ (1,971)	7.6%
Interest expense	8,113	7,806	3.9%
Loss on extinguishment of debt	—	2,224	nm
Other expense (income), net	14,717	(36)	nm
Total	$ 20,710	$ 8,023	158.1%

	For the Six Months Ended June 30,		% Change
	2024	**2023**	**2024 over 2023**
Interest income	$ (4,168)	$ (3,887)	7.2%
Interest expense	16,523	16,782	(1.5)%
Loss on extinguishment of debt	—	2,224	nm
Other expense (income), net	1,618	(5)	nm
Total	$ 13,973	$ 15,114	(7.5)%

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

Total other expense increased to $20.7 million for the three-month period ended June 30, 2024 as compared with $8.0 million for the prior-year period, due to the unrealized holding loss on the Investment in Convertible Note, partially offset by the loss on extinguishment of debt in the prior year resulting from the $100 million prepayment of the outstanding principal amount of the Term Loan Facility on May 3, 2023. Total other expense decreased to $14.0 million for the six-month period ended June 30, 2024 as compared with $15.1 million for the prior-year period, due to the loss on extinguishment of debt in the prior year, partially offset by the unrealized holding loss on the Investment in Convertible Note.

We expect our interest expense to fluctuate in the future based on changes in the variable rates associated with the Facilities, partially offset by the impact of the interest rate caps. We expect these fluctuations to be impacted by the decrease in the hedge benefit as our hedge notional amount decreases and the strike rate increases. See Note 8, “Long-Term Debt and Other Liabilities,” to our Unaudited Condensed Consolidated Financial Statements for additional information.

Income Taxes:

The effective income tax rates for the three- and six-month periods ended June 30, 2024 were 13.6% and 26.1%, respectively, as compared to (245.3)% and (116.9)%, respectively, for the prior-year periods. For the three- and six-month periods ended June 30, 2024, our income tax provision was $0.1 million and $11.1 million, respectively, due to pre-tax income. For the three- and six-month periods ended June 30, 2023, our income tax benefit was $63.8 million and $59.4 million, respectively, due to a partial release of the valuation allowance on our deferred income tax assets. See Note 13, “Income Tax,” to our Unaudited Condensed Consolidated Financial Statements for additional information.

We expect our income tax provision to increase in the long term as we continue to generate positive pre-tax income. We expect cash tax payments to be immaterial for an extended period of time, subject to the availability of our net operating loss carryforward amounts.

Non-GAAP Measures

In our discussion below, we discuss EBITDA, Adjusted EBITDA and Free Cash Flow, as defined below, which are non-GAAP financial measures. Management uses EBITDA, 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. EBITDA, Adjusted EBITDA and Free Cash Flow are not recognized measurements under GAAP; when analyzing our performance with EBITDA or 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 EBITDA or Adjusted EBITDA in addition to, and not as an alternative to, net income attributable to common stock as a measure of operating results and (iii) use Free Cash Flow in addition to, and not as an alternative to, consolidated net cash provided by operating activities when evaluating our liquidity.

Definition and Reconciliation of Non-GAAP Measures

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

Adjusted EBITDA represents EBITDA adjusted for (i) stock-based compensation expense, (ii) change in fair value of Investment in Convertible Note and (iii) loss on extinguishment of debt. Our management believes that the use of Adjusted EBITDA eliminates items that management believes have less bearing on our operating performance, thereby highlighting trends in our core business which may not otherwise be apparent. It also provides an assessment of controllable expenses, which are indicators management uses to determine whether current spending decisions need to be adjusted in order to meet financial goals and achieve optimal financial performance.

We believe that the exclusion of stock-based compensation expense from Adjusted EBITDA provides a clearer view of the operating performance of our business and is appropriate given that grants made at a certain price and point in time do not necessarily reflect how our business is performing at any particular time. While we believe that investors should have information about any dilutive effect of outstanding options and the cost of that compensation, we also believe that stockholders should have the ability to consider our performance using a non-GAAP financial measure that excludes these costs and that management uses to evaluate our business.

We believe it is useful for an understanding of our operating performance to exclude from Adjusted EBITDA the changes in fair value of Investment in Convertible Note because this activity is not related to our operating performance.

We believe it is useful for an understanding of our operating performance to exclude the loss on extinguishment of debt from Adjusted EBITDA because of the infrequently occurring nature of this activity.

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

Free Cash Flow represents net cash provided by operating activities, plus the proceeds received from the FCC Reimbursement Program and the interest rate caps, less purchases of property and equipment and the acquisition of intangible assets. We believe that Free Cash Flow provides meaningful information regarding our liquidity. Management believes that Free Cash Flow is useful for investors because it provides them with an important perspective on the cash available for strategic measures, after making necessary capital investments in property and equipment to support the Company’s ongoing business operations and provides them with the same measures that management uses as the basis of making capital allocation decisions.

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,	
	2024	2023	2024	2023
Adjusted EBITDA:				
Net income attributable to common stock (GAAP)	$ 839	$ 89,849	$ 31,329	$ 110,298
Interest expense	8,113	7,806	16,523	16,782
Interest income	(2,120)	(1,971)	(4,168)	(3,887)
Income tax provision (benefit)	132	(63,827)	11,053	(59,439)
Depreciation and amortization	3,887	4,539	7,728	7,330
EBITDA	10,851	36,396	62,465	71,084
Stock-based compensation expense	4,885	5,453	9,725	10,494
Loss on extinguishment of debt	—	2,224	—	2,224
Change in fair value of convertible note investment	14,694	—	1,562	—
Adjusted EBITDA	$ 30,430	$ 44,073	$ 73,752	$ 83,802
Free Cash Flow:				
Net cash provided by operating activities (GAAP)	$ 24,949	$ 15,627	$ 54,606	$ 34,141
Consolidated capital expenditures	(6,527)	(8,766)	(10,698)	(13,362)
Proceeds from FCC Reimbursement Program for property, equipment and intangibles	67	—	95	—
Proceeds from interest rate caps	6,379	6,402	12,918	12,489
Free cash flow	$ 24,868	$ 13,263	$ 56,921	$ 33,268

Material limitations of Non-GAAP measures

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

Some of these limitations include:

- EBITDA and Adjusted EBITDA do not reflect interest income or expense;
- EBITDA and Adjusted EBITDA do not reflect cash requirements for our income taxes;
- EBITDA and Adjusted EBITDA do not reflect depreciation and amortization, which are significant and unavoidable operating costs given the level of capital expenditures needed to maintain our business;
- Adjusted EBITDA does not reflect non-cash components of employee compensation;
- Adjusted EBITDA does not reflect unrealized holding gains or losses on investments in convertible notes;
- Adjusted EBITDA does not reflect the loss on extinguishment of debt;
- 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, 2024	2023
Net cash provided by operating activities	$ 54,606	$ 34,141
Net cash (used in) provided by investing activities	(2,685)	23,923
Net cash used in financing activities	(29,453)	(111,469)
Effect of foreign exchange rate changes on cash	46	55
Net increase (decrease) in cash, cash equivalents and restricted cash	22,514	(53,350)
Cash, cash equivalents and restricted cash at the beginning of period	139,366	150,880
Cash, cash equivalents and restricted cash at the end of period	$ 161,880	$ 97,530
Supplemental information:		
Cash, cash equivalents and restricted cash at the end of period	$ 161,880	$ 97,530
Less: non-current restricted cash	330	330
Cash and cash equivalents at the end of the period	$ 161,550	$ 97,200

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

Liquidity:

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

On September 5, 2023, we announced a share repurchase program that grants the Company authority to repurchase up to $50 million of shares of the Company’s common stock. Repurchases may be made at management's discretion from time to time on the open market, through privately negotiated transactions, or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act, as amended, in accordance with applicable securities laws and other restrictions, including Rule 10b-18 under the Securities Exchange Act. The repurchase program has no time limit and may be suspended for periods or discontinued at any time and does not obligate us to purchase any shares of our common stock. The timing and total amount of stock repurchases will depend upon business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. We do not expect to incur debt to fund the share repurchase program. During the six-month period ended June 30, 2024, we repurchased an aggregate 2.6 million shares of our common stock for $23.2 million. As of June 30, 2024, the remaining amount available to be repurchased under the program was $22.1 million.

As detailed in Note 8, “Long-Term Debt and Other Liabilities,” on April 30, 2021, GIH entered into the 2021 Credit Agreement with Gogo, the lenders and issuing banks party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, which provides for the Term Loan Facility in an aggregate principal amount of $725.0 million, issued with a discount of 0.5%, and the Revolving Facility, which includes a letter of credit sub-facility.

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

The Term Loan Facility amortizes in nominal quarterly installments equal to 1% of the aggregate initial principal amount thereof per annum, with the remaining balance payable upon final maturity on April 30, 2028. There are no amortization payments under the Revolving Facility, and all borrowings under the Revolving Facility mature on April 30, 2026.

The Term Loan Facility bears annual interest at a floating rate measured by reference to, at GIH’s option, either (i) an adjusted term SOFR rate (subject to a floor of 0.75%) plus an applicable margin of 3.75% and a credit spread adjustment recommended by the

Alternative Reference Rates Committee of 0.11%, 0.26% or 0.43% per annum based on 1-month, 3-month or 6-month term SOFR, respectively or (ii) an alternate base rate plus an applicable margin of 2.75%.

Loans outstanding under the Revolving Facility bear annual interest at a floating rate measured by reference to, at GIH's option, either (i) an adjusted term SOFR rate (subject to a floor of 0.00%) plus an applicable margin ranging from 3.25% to 3.75% per annum depending on GIH's senior secured first lien net leverage ratio and a credit spread adjustment recommended by the Alternative Reference Rates Committee of 0.11%, 0.26% or 0.43% per annum based on 1-month, 3-month or 6-month term SOFR, respectively or (ii) an alternate base rate plus an applicable margin ranging from 2.25% to 2.75% per annum depending on GIH's senior secured first lien net leverage ratio. Additionally, unused commitments under the Revolving Facility are subject to a fee ranging from 0.25% to 0.50% per annum depending on GIH's senior secured first lien net leverage ratio. As of June 30, 2024, the fee for unused commitments under the Revolving Facility was 0.25% and the applicable margin was 3.25%.

The Facilities may be prepaid at GIH's option at any time without premium or penalty (other than customary breakage costs), subject to minimum principal payment amount requirements. On May 3, 2023, the Company prepaid $100 million of the outstanding principal amount of the Term Loan Facility.

Subject to certain exceptions and de minimis thresholds, the Term Loan Facility is subject to mandatory prepayments in an amount equal to: (i) 100% of the net cash proceeds of certain asset sales, insurance recovery and condemnation events, subject to reduction to 50% and 0% if specified senior secured first lien net leverage ratio targets are met; (ii) 100% of the net cash proceeds of certain debt offerings; and (iii) 50% of annual excess cash flow (as defined in the 2021 Credit Agreement), subject to reduction to 25% and 0% if specified senior secured first lien net leverage ratio targets are met.

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

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

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

The proceeds of the Term Loan Facility were used, together with cash on hand, (i) to redeem in full and pay the outstanding principal amount of the 2024 Senior Secured Notes together with accrued and unpaid interest and redemption premiums and to pay fees associated with the termination of the ABL Credit Agreement (together with the redemption of the 2024 Senior Secured Notes, the "Refinancing"), and (ii) to pay the other fees and expenses incurred in connection with the Refinancing and the Facilities. The Revolving Facility is available for working capital and general corporate purposes of GIH and its subsidiaries and was undrawn as of June 30, 2024 and December 31, 2023.

For additional information on the 2021 Credit Agreement, see Note 8, "Long-Term Debt and Other Liabilities," to our Unaudited Condensed Consolidated Financial Statements.

In May 2021, we purchased interest rate caps with an aggregate notional amount of $650.0 million for $8.6 million. We receive payments in the amount calculated pursuant to the caps for any period in which the daily compounded SOFR rate plus a credit spread adjustment recommended by the Alternative Reference Rates Committees of 0.26% increases beyond the applicable strike rate. The termination date of the cap agreements is July 31, 2027. The notional amounts of the interest rate caps periodically decrease over the life of the caps with the first reduction of $125.0 million having occurred on July 31, 2023. The aggregate notional amount of the interest rate caps as of June 30, 2024 is $525.0 million. While the interest rate caps are intended to limit our interest rate exposure under our variable rate indebtedness, which includes the Facilities, if our variable rate indebtedness does not decrease in proportion to the periodic decreases in the notional amount hedged under the interest rate caps, then the portion of such indebtedness that will be effectively hedged against possible increases in interest rates will decrease. In addition, the strike prices periodically increase over the life of the caps. As a result, the extent to which the interest rate caps will limit our interest rate exposure will decrease in the future.

For additional information on the interest rate caps, see Note 9, "Derivative Instruments and Hedging Activities," to our Unaudited Condensed Consolidated Financial Statements.

Cash flows provided by Operating Activities:

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

	For the Six Months Ended June 30,	
	2024	2023
Net income	$ 31,329	$ 110,298
Non-cash charges and credits	33,227	(37,086)
Changes in operating assets and liabilities	(9,950)	(39,071)
Net cash provided by operating activities	$ 54,606	$ 34,141

For the six-month period ended June 30, 2024, net cash provided by operating activities was $54.6 million as compared with $34.1 million in the prior-year period. The principal contributors to the year-over-year change in operating cash flows were:

- A $8.7 million decrease in net income and non-cash charges and credits, as noted above under “Results of Operations.”
- A $29.1 million improvement in cash flows related to operating assets and liabilities resulting from:
  - An increase in cash flows due to the following:
    - Changes in accrued liabilities due to the timing of payments related to personnel costs;
    - Changes in accrued interest due to the change in timing of payments;
    - Changes in inventories due to the timing of purchases;
    - Changes in accounts payable due to the timing of payments; and
    - Changes in prepaid expenses and other current assets related to the FCC Reimbursement Program.
  - Partially offset by a decrease in cash flows due to changes in accounts receivable due to the timing of collections.

Cash flows (used in) provided by Investing Activities:

Cash used in investing activities was $2.7 million for the six-month period ended June 30, 2024, due to $10.7 million of capital expenditures noted below and a $5.0 million convertible note investment, partially offset by $12.9 million of proceeds from interest rate caps and $0.1 million of proceeds received from the FCC Reimbursement Program associated with the reimbursement of capital expenditures.

Cash provided by investing activities was $23.9 million for the six-month period ended June 30, 2023, due to $24.8 million of net proceeds from short-term investments and $12.5 million of proceeds from interest rate caps, partially offset by $13.4 million of capital expenditures noted below.

Cash flows used in Financing Activities:

Cash used in financing activities for the six-month period ended June 30, 2024 was $29.5 million due to share repurchases, principal payments on the Term Loan Facility and stock-based compensation activities.

Cash used in financing activities for the six-month period ended June 30, 2023 was $111.5 million, due to principal payments on the Term Loan Facility and stock-based compensation activities.

Capital Expenditures

Our operations require capital expenditures associated with our ATG network, data centers and regulatory licenses. 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, 2024 and 2023 were $10.7 million and $13.4 million, respectively.

We expect that our capital expenditures will increase in the near term due to Gogo 5G and the build out of the LTE network related to the FCC Reimbursement Program. This increase may be partially offset by reimbursements from the FCC. We expect that our capital expenditures will decrease starting in 2026 as these programs are completed.

Other

Contractual Commitments: We have agreements with various vendors under which we have remaining commitments to purchase hardware components and development services. Such commitments will become payable as we receive the hardware components or as development services are provided. See Note 15, “Commitments and Contingencies,” to our Unaudited Condensed Consolidated Financial Statements for additional information.

Leases and Cell Site Contracts: We have lease agreements relating to certain facilities and equipment, which are considered operating leases. See Note 14, “Leases,” to our Unaudited Condensed Consolidated Financial Statements for additional information.

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, 2024 and December 31, 2023 primarily included amounts in bank deposit accounts, U.S. Treasury securities and money market funds with U.S. Government and U.S. Treasury securities. The primary objective of our investment policy is to preserve capital and maintain liquidity while limiting concentration and counterparty risk.

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, 2024, we had interest rate cap agreements to hedge a portion of our exposure to interest rate movements of our variable rate debt and to manage our interest expense. Currently, we receive payments in the amounts calculated pursuant to the caps for any period in which the daily compounded SOFR rate plus a credit spread adjustment recommended by the Alternative Reference Rates Committee of 0.26% 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, 2024 was $525.0 million. Based on our June 30, 2024 outstanding variable rate debt balance, a hypothetical one percentage point change in the applicable interest rate would impact our annual interest expense by approximately $2.4 million for the next twelve-month period, which includes the impact of our interest rate caps at a strike rate of 0.75% and the $175 million reduction in the notional amount and an increase of the strike rate to 1.25% that will occur on July 31, 2024. Excluding the impact of our interest rate caps, a hypothetical one percentage point change in the applicable interest rate would impact our annual interest expense by approximately $6.0 million for the next twelve-month period.

Our earnings are affected by changes in interest rates due to the impact those changes have on interest income generated from our cash, cash equivalents and short-term investments. We believe we have minimal interest rate risk as a 10% decrease in the average interest rate on our portfolio would have reduced interest income for the three- and six-month periods ended June 30, 2024 and 2023 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, 2024. 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, 2024.

(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 lawsuits arising out of the conduct of our business. See Note 15, "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 2023 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 2023 10-K. Except as set forth below, there have been no material changes to the risk factors previously disclosed in our 2023 10-K.

We are currently delayed in deploying Gogo 5G, and may be unsuccessful or further delayed in developing and deploying this or other next generation technologies.

We are currently developing a next generation ATG network using 5G technology, unlicensed spectrum, and licensed spectrum. Gogo 5G will be capable of working with different spectrum and supporting different next generation technologies. As previously disclosed, we are delayed in our commercial, nationwide launch of Gogo 5G due to a design error in a non-5G component of our chip, which was designed by a third-party subcontractor of our 5G solution provider. We currently expect the launch of Gogo 5G to occur in the second quarter of 2025, and are working with our vendors to finalize the schedule.

There can be no assurance that, during the current delay of our 5G launch, our customers will not seek alternative technologies of competitors. The launch of 5G may, depending on the impact of delays, launch closely in time or shortly after the launch of Gogo Galileo service, which could impede our marketing and sales efforts with respect to either offering, due to possible customer confusion among the offerings or lack of sufficient customer focus on either one during launch. Additionally, while we expect to launch Gogo 5G in the second quarter of 2025, we cannot assure you that the 5G launch or our launch of other next generation technologies will in fact occur in sufficient time to meet growing user expectations regarding the in-flight connectivity experience and to effectively compete in the business aviation market. The ongoing delay and any future delays could also decrease customer confidence, including from current or prospective customers, in our offerings, and negatively impact our financial position.

If Gogo 5G or any other next generation technology fails to perform as expected, our ability to meet users' expectations regarding our systems' performance and to effectively compete in our market may be impaired and our business, financial condition and results of operations may be materially adversely affected. Factors heightening the risk of future delays in our 5G network or other next generation technologies, or a failure of such technologies to perform once commercialized, include: (i) our failure to design and develop a technology that provides the features and performance we require; (ii) integrating the solution with our existing ATG network; (iii) the availability of adequate spectrum; (iv) the failure of spectrum to perform as expected; (v) the failure of equipment and software to perform as expected; (vi) problems arising in the manufacturing process; (vii) our ability to negotiate contracts with suppliers on acceptable commercial and other terms; (viii) our reliance on single-source suppliers and their ability to continue as a going concern with adequate access to capital for the development and manufacturing of the core elements of the network and on other suppliers to provide certain components and services; and (ix) delays in obtaining or failures to obtain the required regulatory approvals for installation and operation of such equipment and the provision of service to passengers.

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

Not applicable.

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

On September 5, 2023, we announced a share repurchase program that grants the Company authority to repurchase up to $50 million of shares of the Company's common stock. Repurchases may be made at management's discretion from time to time on the open market, through privately negotiated transactions, or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act, in accordance with applicable securities laws and other restrictions, including Rule 10b-18 under the Exchange Act. The repurchase program has no time limit and may be suspended for periods or discontinued at any time and does not obligate us to purchase any shares of our common stock. The timing and total amount of stock repurchases will depend upon business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations.

The following table summarizes our purchases of common stock during the three-month period ended June 30, 2024.

Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in thousands)
April 1-30, 2024	1,095,000	$ 8.53	1,095,000	$ 25,750
May 1-31, 2024	390,243	$ 9.42	390,243	$ 22,083
June 1-30, 2024	—	$ —	—	$ —

(1) Average price paid per share includes transaction costs associated with the repurchases.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

During the fiscal quarter ended June 30, 2024, none of our directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as such terms are defined in Item 408 of Regulation S-K.

ITEM 6. Exhibits

Exhibit Number	Description of Exhibits
10.1#	2024 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to Form 8-K filed on June 6, 2024 (File No. 001-35975))
10.2#	2024 Omnibus Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to Form 8-K filed on June 6, 2024 (File No. 001-35975))
10.3#	Form of Director Deferred Share Unit Agreement for Gogo Inc. Omnibus Incentive Plan
10.4†	Waiver and Omnibus Amendment to Airspan/Gogo Agreements
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

# Indicates management contract or compensatory plan or arrangement.

† Portions of this exhibit have been omitted pursuant to Item 601(b)(10) of Regulation S-K. If requested by the Securities and Exchange Commission or its staff, the Company will promptly provide on a supplemental basis an unredacted copy of the exhibit and its materiality and privacy or confidentiality analyses.

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

SIGNATURES

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

Gogo Inc.

Date: August 7, 2024

/s/ Oakleigh Thorne

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

/s/ Jessica G. Betjemann

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

Exhibit 10.3

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 Gogo Inc. 2024 Omnibus Equity 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 Gogo Inc. 2024 Omnibus Equity 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 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 (i) 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.

Exhibit 10.4

Certain information identified by "[***]" has been excluded from this exhibit because it is both not material and is the type that Gogo Inc. treats as private or confidential.

WAIVER AND OMNIBUS AMENDMENT TO AIRSPAN/GOGO AGREEMENTS

This WAIVER AND OMNIBUS AMENDMENT TO MASTER SERVICES AGREEMENT, SUPPLY AND PRODUCT SUPPORT AGREEMENT AND RELATED DOCUMENTS (this "**Amendment**") effective as of June 27, 2024, is entered into by and between Gogo Business Aviation LLC, a Delaware limited liability company, and its Affiliates (collectively, "**Gogo**") and Airspan Networks Inc., a Delaware limited liability company ("**Airspan**" and together with Gogo, the "**Parties**" and each a "**Party**"). Capitalized terms not otherwise defined in this Amendment have the meaning ascribed to them in the Agreement (as defined below).

WHEREAS, Gogo and Airspan are parties to that certain Master Services Agreement dated as of November 25, 2019 (as the same may be amended, restated, amended and restated, supplemented or modified prior to the date hereof, the "**MSA**") and that certain Statement of Work #2 under the MSA (as the same may be amended, restated, amended and restated, supplemented or modified prior to the date hereof, the "**SOW**").

WHEREAS, Gogo and Airspan are also parties to that certain Supply and Product Support Agreement dated as of November 25, 2019 (as the same may be amended, restated, amended and restated, supplemented or modified prior to the date hereof, the "**Supply Agreement**", and together with the MSA, the SOW, and all other documents, agreements, and instruments between Airspan and/or any of its affiliates, on the one hand, and Gogo and/or any of its affiliates, on the other hand, the "**Airspan/Gogo Agreements**");

WHEREAS, the parties are entering into this Amendment, in part, to resolve certain disputes under the Airspan Gogo Agreements, and in connection with the *Amended Joint Prepackaged Chapter 11 Plan of Reorganization of Airspan Networks Holdings Inc. and its Debtor Affiliates*, filed with the U.S. Bankruptcy Court for the District of Delaware, Case No. 24-10621 (TMH) (the "**Plan**");

WHEREAS, Gogo and Airspan intend to, subject to the terms and conditions herein, amend the Airspan/Gogo Agreements, and Gogo has agreed to provide a conditional waiver of any purported default or event of default existing under the Airspan/Gogo Agreements as of the date of this Amendment, subject to the terms and conditions set forth in Section 4 hereof; and

NOW THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Amendments to MSA**. The MSA is hereby amended as follows:

   a. Definitions. Article 1 of the MSA is hereby amended by inserting new Sections 1.2A, 1.2B and 1.3A in appropriate numeric order to read in its entirety as follows:

      1.2A "Airspan Line of Credit Agreement" means that certain Revolving Line of Credit Agreement dated as of ______, 2024, by and among Airspan Parent, as borrower, Fortress Credit Corp., as administrative agent, Gogo Business Aviation LLC, as a lender, Fortress Credit Corp. and/or its affiliates, as lender(s) (as amended, restated, amended and restated, supplemented or modified from time to time).

      1.2B "Airspan Parent" means Airspan Networks Holdings LLC (formerly known as Airspan Networks Holdings Inc.), a Delaware limited liability company.

      1.3A "ATG Evolution" means the commercial Air-to-Ground (ATG) network solution to serve North America utilizing unlicensed (2.4 GHz) spectrum for a 5G solution, and Gogo's licensed (850 MHz) spectrum for a 4G LTE solution developed under the SOW.

b. Personnel. Section 2.2 of the MSA is hereby amended by inserting a new clause (d) in appropriate alphabetical order therein, to read in its entirety as follows:

(d) Airspan will provide Gogo with bi-monthly reports identifying the Airspan personnel who are delivering, manufacturing, and performing work in connection with the ATG Evolution projects.

c. Financial Information. Section 12.4 of the MSA is hereby amended and restated in its entirety to read as follows:

12.4 Reporting; Embedded Gogo Employees.

(a) Airspan will provide Gogo (a) to the extent prepared, monthly unaudited financials of the Airspan Parent, (b) quarterly unaudited financial statements of the Airspan Parent, (c) commencing with the fiscal year of Airspan ending December 31, 2024, annual audited financial statements of the Airspan Parent, and (d) beginning with the fiscal year of the Airspan Parent commencing January 1, 2025, an annual budget and updates to such budget (to the extent updates are prepared), in each case at the same time as such financial statements and budget are provided to the Airspan Parent's equity holders.

(b) In the event delivery of the first batch of 5G radio modules to Airspan under the MSA has not been satisfied by July 1, 2025, and Gogo is no longer a lender under the Airspan Line of Credit Agreement, then Airspan will provide reasonable access to Gogo of determinations of the Airspan Parent's board of directors (or equivalent) regarding operational matters (redacted for privileged information and conflict of interest matters) until such delivery is made.

(c) Gogo may embed up to three (3) persons in the ATG Evolution programs (which embedded persons shall be selected and/or replaced at Gogo's discretion, so long as such persons are reasonably acceptable to Airspan). Such placement of personnel shall be subject to background checks as reasonably requested by Airspan; provided, however, that such background checks shall be no more onerous than the background checks conducted by Airspan for its employees; provided further that if requested by Airspan, Gogo shall enter into confidentiality undertakings related to such access as requested by Airspan and shall confirm that such personnel are covered by such confidentiality undertakings. Subject to the foregoing, personnel embedded pursuant to this Section 12.4(c) shall have access to Airspan's program management office, development, and production operations supporting the ATG Evolution programs; provided that the embedded personnel rights set forth in this Section 12.4(c) shall terminate following any termination or litigation under the MSA or other commercial agreements between Airspan and/or its Affiliates, on the one hand, and Gogo and/or its Affiliates, on the other hand (other than the Airspan Line of Credit Agreement).

2. **Amendments to Schedule and Dates**. The Parties agree to the following:

a. The Parties hereby agree (1) that each of Exhibit A, Part 1.A and Exhibit A, Part 1.B hereto sets forth certain agreed milestones relating to the ATG Evolution, (2) the SOW is amended to include such milestones, and (3) (x) Exhibit A, Part 1.A sets forth firm dates for the completion of certain of such milestones and (y) Exhibit A, Part 1.B sets forth target dates for the completion of certain of such milestones. For the avoidance of doubt, the Parties agree that the dates listed under the header "Target Date" in the tables set forth in Exhibit A, Part 1.B hereto are not "firm or fixed performance dates," but rather are "estimate or target" dates as described in Section 2.6 of the MSA. The Parties further agree that, upon the failure to satisfy a milestone set forth in Exhibit A, Part 1.A., Airspan shall have a period of thirty (30) days after written notice of such breach is received from Gogo to cure such breach (the "Part 1.A Cure Period"); provided, however, that (x) the use by Airspan of all or part of the Part 1.A Cure Period in respect to any noticed breach of the type described in this sentence shall reduce, day for day, the Part 1.A Cure Period available in respect to any such subsequent noticed breach and (y) for the avoidance of doubt, the aggregate period of time available to Airspan in respect of any or all Part 1.A Cure Periods shall not exceed thirty (30) days unless otherwise agreed by the Parties.

b. The SOW is amended by amending "Table 10 – Milestone Payment Schedule" as set forth therein to modify the "scheduled completion" for Milestone 8 (MI8), and Milestone 9 (MI9) as set forth on Exhibit A, Part 2 hereto.

c. The Supply Agreement and its applicable PO 129470 is amended as set forth in Exhibit A, Part 3.

d. The Parties hereby agree that, in the event that a milestone identified on Exhibit A hereto occurs on or before the related Incentive Date (if any) set forth on such Exhibit A hereto, Gogo will pay to Airspan the correlating Incentive Payment Amount identified on Exhibit A hereto within 30 days after occurrence of such milestone.

e. The Parties hereby agree to extend the delivery dates under Purchase Order Nos. 130143 and 132477 and the balance of the delivery dates under Purchase Order 129470 not amended by Exhibit A, Part 3 from the dates set forth therein to new mutually agreeable dates to be determined by the Parties at a later time.

f. The Parties hereby agree to the terms regarding cooperation between Airspan and Gogo in connection with certain milestones, in each case as further set forth in Footnote 1 on Exhibit A hereto.

g. The Parties hereby agree that, subject to the Waiver, all Parties' rights under the Airspan/Gogo Agreements are reserved, and nothing in this Section 2 or Exhibit A hereto, except as provided in Section 2(a), 2(b), 2(c), 2(d) and 2(e) hereof, shall be interpreted to modify, increase, or limit the obligations, rights, or remedies of the Parties with respect to Airspan's satisfaction of any milestones under the SOW (the "**Milestones**"), schedules, or dates under the Airspan/Gogo Agreements, or create any new remedies, rights or obligations in connection with the satisfaction of Milestones, schedules, or dates under the Airspan/Gogo Agreements beyond the terms of the existing Airspan/Gogo Agreements as in effect on the date hereof.

3. **Amendments to Supply Agreement.**

a. Records; Audit. Section 4.3(b) of the Supply Agreement is hereby amended and restated in its entirety to read as follows:

(b) Supplier shall provide Gogo (a) to the extent prepared, monthly unaudited financial statements of the Airspan Parent, (b) quarterly unaudited financial statements of the Airspan Parent, (c) commencing with the fiscal year of Airspan ending December 31, 2024, annual audited financial statements of the Airspan Parent, and (d) commencing with the fiscal year of the Airspan Parent commencing January 1, 2025, an annual budget and updates to such budget (to the extent updates are prepared), in each case at the same time as such financial statements and budget arc provided to the Airspan Parent's equity holders.

b. Definitions. Exhibit D to the Supply Agreement is hereby amended by inserting a new definition in appropriate alphabetical order therein, to read in its entirety as follows:

Airspan Parent. The term "**Airspan Parent**" means Airspan Networks Holdings LLC (formerly known as Airspan Networks Holdings Inc.), a Delaware limited liability company.

4. **Limited Waiver**. With effect from the date hereof until the Waiver Termination Date (if any), Gogo agrees to waive each default or event of default that has occurred or is purported to have occurred as of the date hereof under the Airspan/Gogo Agreements, whether such defaults are known or unknown, contingent or matured (the "**Waiver**"). Notwithstanding anything to the contrary in this Amendment, nothing in this Amendment shall be construed as agreement by Airspan or admission to, or acknowledgment of, the accuracy or validity of any purported default or event of default under the Airspan/Gogo Agreements. In the event that (a) a court order is entered and becomes final and non-appealable (the latter being applicable only if Airspan is actively opposing rejection of the MSA) permitting Airspan to reject the MSA pursuant to 11 U.S.C. § 365, or (b) at any time after July 1, 2025 and prior to the delivery of a functioning 5G radio module to Gogo, Gogo validly terminates the MSA in accordance with Section 7.2(a) of the MSA as a result of a future material breach by Airspan under the Airspan/Gogo Agreements that occurs after the date hereof, then the Waiver shall terminate on the date of entry of such final and non-appealable (the latter being applicable only if Airspan is actively opposing rejection of the MSA) order approving rejection of the MSA or on the date of such termination, as applicable (in either case, the "**Waiver Termination Date**"). Notwithstanding anything to the contrary herein, (i) the Waiver hereunder shall have no effect on the ability of Gogo to make or pursue any claims it may have against GCT Semiconductors, Inc. ("**GCT**"), and (ii) so long as the Waiver Termination Date has not already occurred, the Waiver shall become permanent and not subject to termination upon the delivery to Gogo of a functioning 5G radio module.

5. **Legal Fees and Expenses**. The Parties have agreed that Airspan will pay up to $**[***]** of Gogo's legal fees and expenses accrued by White & Case LLP, as counsel to Gogo. The Parties agree that under no circumstances shall Airspan be responsible for any other fees or expenses of Gogo, its affiliates, advisors, directors, officers, employees, agents, or legal counsel in connection with this Amendment, Airspan's jointly administered chapter 11 cases that are pending as of the date of this Amendment before the United States Bankruptcy Court for the District of Delaware, with the lead case docketed as Case No. 24-10621, or the negotiation and execution of the Airspan Line of Credit (other than as expressly required under the terms of the Airspan Line of Credit Agreement (as defined in the MSA, as amended by this Agreement)) in excess of such amount.

6. **Effectiveness**. This Amendment and the amendments and Waiver set forth herein shall become effective immediately upon the occurrence of the Effective Date (as defined in the Plan).

7. **No Other Amendments**. Except as expressly amended hereby, the Airspan/Gogo Agreements shall remain unmodified and in full force and effect.

8. **Effect of Amendment on other Documents**. On and after the date hereof, each reference in the Airspan/Gogo Agreements to "this Agreement", the "Master Services Agreement", the "Statement of Work", the "Supply Agreement", the other documents related thereto, "hereunder", "hereof", "thereunder", "thereof" or words of like import referring to any Airspan/Gogo Agreement shall mean and be a reference to such Airspan/Gogo Agreement, as amended or amended, restated, modified, supplemented, or waived by this Agreement.

9. **Order of Precedence**. In the event of a conflict between the terms of the Airspan/Gogo Agreements and the terms of this Amendment, the terms of this Amendment shall prevail.

10. **Entire Agreement**. This Amendment contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior agreements and commitments with respect thereto. There are no other oral understandings, terms or conditions, and neither Party has relied upon any express or implied representation not contained in this Amendment with respect to the subject matter hereof.

11. **Governing Law; Venue; WAIVER OF JURY TRIAL**. All questions concerning the construction, validity, enforcement and interpretation of this Amendment shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law. The United Nations convention on contracts for the international sale of goods shall not apply to this Amendment. Venue for any legal action arising out of or relating to this Amendment shall be exclusively the state or federal courts located in the borough of Manhattan, New York City, New York. Gogo and Airspan hereby consent to the jurisdiction of such courts. THE PARTIES WAIVE JURY TRIAL WITH RESPECT TO ANY DISPUTE ARISING OUT OF OR RELATED TO THIS AMENDMENT.

12. **Successors and Assigns**. This Amendment shall be binding upon the Parties and their respective successors and permitted assigns.

13. **Construction**. Each Party acknowledges that this Agreement was drafted jointly by the Parties, and it shall be construed neither against nor in favor of either Party.

14. **Counterparts**. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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

[Remainder of page intentionally left blank.]

Certain information identified by "[***]" has been excluded from this exhibit because it is both not material and is the type that Gogo Inc. treats as private or confidential.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their respective duly authorized representatives shown below.

Gogo Business Aviation LLC	**Airspan Networks Inc.**
/s/ Crystal L. Gordon	/s/ Glenn Laxdal
Signature	Signature
Crystal L. Gordon	Glenn Laxdal
Name	Name
EVP, General Counsel, Chief Administrative Officer and Secretary	President and Chief Executive Officer
Title	Title

Certain information identified by "[***]" has been excluded from this exhibit because it is both not material and is the type that Gogo Inc. treats as private or confidential.

Exhibit A

Milestones

Exhibit 31.1

Gogo Inc.

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

I, Oakleigh Thorne, certify that:

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

Date: August 7, 2024

/s/ Oakleigh Thorne
Oakleigh Thorne
Chief Executive Officer and Chair of the Board
(Principal Executive Officer)

Exhibit 31.2

Gogo Inc.

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

I, Jessica G. Betjemann, certify that:

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

Date: August 7, 2024

/s/ Jessica G. Betjemann

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

Exhibit 32.1

Gogo Inc.

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

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

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2024 (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 7, 2024

/s/ Oakleigh Thorne

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

Exhibit 32.2

Gogo Inc.

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

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

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2024 (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 7, 2024

/s/ Jessica G. Betjemann

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