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# Annual Report

(With Independent Auditors' Report Thereon)

Intelsat S.A. and Subsidiaries  
December 31, 2023

CONFIDENTIAL

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## **Item 1. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion should be read in conjunction with our audited consolidated financial statements and notes thereto included in Item 2—Financial Statements and Supplementary Data of our Annual Report for the year ended December 31, 2023 (this “Annual Report”). Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, and, unless otherwise indicated, the other financial information contained in this Annual Report has also been prepared in accordance with U.S. GAAP. Certain monetary amounts, percentages and other figures included in this Annual Report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them. Unless otherwise indicated, all references to “dollars” and “\$” in this Annual Report are to, and all monetary amounts in this Annual Report are presented in, U.S. dollars.*

### **Special Note Regarding Forward-Looking Statements**

This Management’s Discussion and Analysis of Financial Condition and Results of Operations includes statements that are, or may be deemed to be, “forward-looking statements.” These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “predicts,” “plans,” “project,” “may,” “will,” “could,” “should,” “future” or similar terms or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts, including but not limited to, our statements regarding the following: our belief that there is a growing worldwide demand for reliable broadband connectivity everywhere at all times; the trends that we believe will impact our revenue and operating expenses in the future; and our expected capital expenditures during the next several years. These factors should not be construed as exhaustive and should be read in conjunction with any other forward-looking statements and any other cautionary statements in future annual and quarterly reports.

These forward-looking statements are based on management’s current expectations and beliefs about future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, any forward-looking statements speak only as of the date of such statements and are not guarantees of future performance or results and are subject to risks, uncertainties, and other factors, many of which are outside of our control. These factors could cause actual results or developments to differ materially from the expectations and beliefs expressed or implied in the forward-looking statements, and as such, readers are cautioned not to place undue reliance on such forward-looking statements in this Annual Report. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Company Overview**

We operate one of the world’s largest satellite communication services businesses, providing a critical layer in the global communications infrastructure.

We provide diversified communications services to the world’s leading media companies, fixed and wireless telecommunications operators, data networking service providers for enterprise and mobile applications in the air and on the seas, multinational corporations and internet service providers. We are also the leading provider of commercial satellite capacity to the U.S. government and other select military organizations and their contractors.

Our customers use our global network for a broad range of communication applications, from global distribution of content for media companies, to providing the transmission layer for commercial aeronautical consumer broadband connectivity and to enabling essential network backbones for telecommunications providers in high-growth emerging regions.

Our network solutions are a critical component of our customers’ infrastructures and business models. In recent years, mobility services providers have contracted for services on our fleet that support broadband connections for passengers on commercial flights and cruise ships, connectivity that in some cases is only available through our network. In addition, our satellite neighborhoods provide our media customers with efficient and reliable broadcast distribution that maximizes audience reach, a technical and economic benefit that is difficult for terrestrial services to match. In developing regions, our satellite solutions often provide higher reliability than is available from local terrestrial telecommunications services and allow our customers to reach geographies that they would otherwise be unable to serve.

Through our commercial aviation business (“Intelsat CA”), we are a global leader in providing in-flight connectivity solutions to the commercial aviation industry. In-flight services provided by our Intelsat CA business include passenger connectivity, which allows passengers to connect to the Internet from their personal Wi-Fi-enabled devices; passenger entertainment, which offers passengers the opportunity to enjoy a broad selection of in-flight entertainment (“IFE”) options on their laptops and personal Wi-Fi-enabled devices; and Connected Aircraft Services (“CAS”), which offer airlines connectivity for various operations and currently include, among others, real-time credit card transaction processing, electronic flight bags and real-time weather information.

## Recent Developments

### *Emergence from Voluntary Reorganization under Chapter 11 of the Bankruptcy Code*

On May 13, 2020, Intelsat S.A. (now Reorganized ISA S.A. upon the occurrence of certain restructuring transactions, which occurred substantially contemporaneously with the Effective Date (as defined herein)) and certain of its subsidiaries (each, a “Debtor” and collectively, the “Debtors”), commenced voluntary cases (the “Chapter 11 Cases”) under title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of Virginia (the “Bankruptcy Court”). On December 17, 2021, the Debtors filed an amended version of the Chapter 11 plan of reorganization—the *Fourth Amended Joint Chapter 11 Plan of Reorganization of Intelsat S.A. and Its Debtor Affiliates* (the “Final Plan”)—which was then confirmed by the Bankruptcy Court. On February 23, 2022 (the “Effective Date”), the Debtors emerged from the Chapter 11 Cases.

Upon emergence from bankruptcy, we adopted fresh start accounting (“Fresh Start Accounting”) in accordance with Accounting Standards Codification (“ASC”) 852, *Reorganizations* (“ASC 852”). We evaluated the events between the Effective Date and February 28, 2022, and concluded that the use of an accounting convenience date of February 28, 2022 (the “Fresh Start Reporting Date”) would not have a material impact on our results of operations or balance sheet. As such, the application of Fresh Start Accounting was reflected in our consolidated balance sheet as of February 28, 2022, and Fresh Start Accounting adjustments related thereto were included in our consolidated statement of operations for the two months ended February 28, 2022. References to “Predecessor” relate to the financial position of Intelsat S.A. (now Reorganized ISA S.A. upon the occurrence of certain restructuring transactions, which occurred substantially contemporaneously with the Effective Date (as defined herein)) and its subsidiaries on a consolidated basis prior to, and results of operations through and including, February 28, 2022. References to “Successor” relate to the financial position and results of operations of Intelsat S.A. and its subsidiaries on a consolidated basis as of and subsequent to February 28, 2022.

### *FCC Final Order*

The accelerated clearing process of C-band spectrum set forth in the U.S. Federal Communications Commission’s (“FCC”) March 3, 2020, final order (the “FCC Final Order”) provided for monetary incentives for fixed satellite services (“FSS”) providers to clear a portion of the C-band spectrum on an accelerated basis (the “Accelerated Relocation Payments” or “ARPs”). Under the FCC Final Order, Intelsat License LLC (“Intelsat License”) was eligible to receive ARPs of approximately \$1.2 billion and \$3.7 billion based on the Phase I and Phase II milestone clearing certification dates of December 5, 2021, and December 5, 2023, respectively, subject to the satisfaction of certain deadlines and other conditions set forth therein. The FCC validated the Phase I Certification of Accelerated Relocation on November 12, 2021, and we collected the full \$1.2 billion Phase I ARP by January 2022.

On July 12, 2023, Intelsat License filed its Phase II Certification of Accelerated Relocation, indicating completion of required clearing activities to satisfy the December 5, 2023 accelerated clearing deadline. No challenges to the certification were made and, under the rules established pursuant to the FCC Final Order, on August 11, 2023, the certification was deemed valid (“Phase II Validation”) and Intelsat submitted its invoice for the Phase II ARP of \$3.7 billion. As a result of Phase II Validation, we derecognized the “Accelerated relocation payment rights,” upon which we recognized a “Gain on disposition of ARP rights” of \$139.0 million within our consolidated statements of operations for the year ended December 31, 2023. As of October 19, 2023, the entire Phase II ARP proceeds of \$3.7 billion were received. Subsequently, a portion of these proceeds was used to repay the 2029 Term Loans (as defined in Liquidity and Capital Resources—*Debt*) in full.

Furthermore, as a result of Phase II Validation, we recognized reimbursement income of \$720.9 million for the year ended December 31, 2023, which is included within “Other operating expense (income), net—C-band” on our consolidated statements of operations.

### *Update on Satellite Launches*

The Galaxy 35 and Galaxy 36 satellites were successfully launched on December 13, 2022 and replaced Galaxy 3C and Galaxy 28, respectively, on March 13, 2023 and February 24, 2023, respectively. These satellites provide contribution services for broadcasters in North America and dedicated links to broadcasters allowing them to air live events and programs, including sports, entertainment and breaking news coverage. They also offer in-orbit protection for select customers in the broadcast arc serving North America.

The Intelsat 40e (“IS-40e”) satellite was successfully launched on April 7, 2023 and entered into service on May 26, 2023. IS-40e provides focused coverage over North America for our commercial aviation, maritime, land mobility and networks customers, and monitors and tracks air pollution across North America with NASA’s hosted payload Tropospheric Emissions: Monitoring of Pollution.

The Galaxy 37/Horizons-4 (“G-37/H-4”) satellite, which replaced Galaxy 13/Horizons 1, was successfully launched on August 3, 2023. The G-37 C-band payload provides North American capacity for television media and telecommunication network customers. The H-4 Ku-band payload provides continuity for our mobility, network and U.S. government customers and is owned jointly by Intelsat and JSAT International, Inc (“JSAT”). See further discussion in Item 2, Note 7(c)—Investments—Horizons-4 Satellite LLC. The G-37/H-4 satellite launch completes our comprehensive Galaxy fleet refresh plan. For additional information regarding our satellite launches, see Item 2, Note 6—Satellites and Other Property and Equipment.

#### *Share Premium Distribution and Share Repurchase Program*

In September 2023, our board of directors authorized and approved, subject to shareholder approval, and in December 2023, the shareholders approved, the distribution of \$130.0 million out of the Company’s share premium to the shareholders of the Company in proportion of their holding of shares of the Company and the holders of restricted stock units pursuant to the terms of the relevant award agreements. On January 29, 2024, the Company paid \$1.873 per outstanding share to its common shareholders of record at the close of business on January 5, 2024. Payments will be made to holders of restricted stock units pursuant to the terms of the relevant award agreements upon vesting of the underlying restricted stock units. Refer to Item 2, Note 10—Shareholders’ Equity.

Additionally, in September 2023, our board of directors authorized and approved, subject to shareholder approval, and in December 2023, the shareholders approved a share repurchase program authorizing for a three year period the repurchase of up to 20.0 million of the Company’s common shares, up to \$200.0 million aggregate amount for which shares may be repurchased. During the year ended December 31, 2023, we repurchased 220,000 common shares for \$6.5 million. As of December 31, 2023, approximately \$193.5 million remained available under the share repurchase program. The program does not obligate the Company to acquire a minimum amount of shares. Refer to Item 2, Note 10—Shareholders’ Equity.

## **Revenue**

### *Revenue Overview*

We earn revenue primarily by providing services over satellite transponder capacity to our customers. Our customers generally obtain satellite capacity from us by placing an order pursuant to one of several master customer service agreements. The master customer agreements and related service orders under which we sell services specify, among other things, the amount of satellite capacity to be provided, whether service will be non-preemptible or preemptible and the service term. Most services are full time in nature, with service terms of up to 15 years. Occasional use services used for video applications can be for much shorter periods, including increments of one hour. Our master customer service agreements offer different service types, including transponder services, managed services, and channel, which are all services that are provided on, or used to provide access to, our global network. We refer to these services as on-network services. Our customer agreements also cover services that we procure from third parties and resell, which we refer to as off-network services. These services can include transponder services and other satellite-based transmission services sourced from other operators, often in frequencies not available on our network, and other operational fees related to satellite operations provided on behalf of third-party satellites.

Our Intelsat CA business generates two types of revenue: service revenue and equipment revenue. Service revenue is primarily derived from connectivity services and, to a lesser extent, from entertainment services, CAS and maintenance services. Connectivity is provided to our customers using both air-to-ground (“ATG”) and satellite technologies. Service revenue is earned by services paid for by passengers, airlines and third parties. Equipment revenue primarily consists of the sale of ATG and satellite connectivity equipment as well as the sale of entertainment equipment. Equipment revenue also includes revenue generated by our installation of connectivity and entertainment equipment on commercial aircraft.

The following table describes our primary service types:

<b>Service Type</b>	<b>Description</b>
<b>On-Network Revenues:</b>	
Transponder Services	<p>Customer contracts to receive service via, or to utilize capacity on, particular designated transponders according to specified technical and commercial terms. Transponder services also include revenues from hosted payload capacity. Transponder services are marketed to each of our primary customer sets as follows:</p> <ul style="list-style-type: none"> <li>• Network Services: fixed and wireless telecom operators, data network operators, enterprise operators of private data networks, and value-added network operators for fixed and mobile broadband network infrastructure.</li> <li>• Media: broadcasters (for distribution of programming and full-time contribution, or gathering, of content), programmers and direct-to-home (“DTH”) operators.</li> <li>• Government: civilian and defense organizations, for use in implementing private fixed and mobile networks, or for the provision of capacity or capabilities through hosted payloads.</li> </ul>
Managed Services	<p>Hybrid services primarily using IntelsatOne, including our Intelsat Flex broadband platform, which combine satellite capacity, teleport facilities, satellite communications hardware such as broadband hubs or video multiplexers and fiber optic cable and other ground facilities to provide managed and monitored broadband, trunking, video and private network services to customers. Managed services are marketed to each of our customer sets as follows:</p> <ul style="list-style-type: none"> <li>• Network Services: enterprises, cellular operators and fixed and mobile value-added service providers which deliver end-services such as private data networks, wireless infrastructure and maritime and aeronautical broadband.</li> <li>• Media: programmers outsourcing elements of their transmission infrastructure and part time occasional use services used primarily by news and sports organizations to gather content from remote locations.</li> <li>• Government: users seeking secured, integrated, end-to-end solutions.</li> </ul>
<b>Off-Network and Other Revenues:</b>	
Transponder, Mobile Satellite Services and Other	<p>Capacity for voice, data and video services provided by third-party commercial satellite operators for which the desired frequency type or geographic coverage is not available on our network. These services include L-band mobile satellite services (“MSS”), for which Intelsat General Communications LLC is a reseller. In addition, this revenue category includes the sale of customer premises equipment and other hardware, as well as certain fees related to services provided to other satellite operators. These products are primarily marketed as follows:</p> <ul style="list-style-type: none"> <li>• Government: direct government users, and government contractors working on programs where aggregation of capacity is required.</li> </ul>
Satellite-related Services	<p>Services include a number of satellite-related consulting and technical services that relate to the lifecycle of satellite operations and related infrastructure, from satellite and launch vehicle procurement through tracking, telemetry and commanding (“TT&amp;C”) services and related equipment sales. These services are typically marketed to other satellite operators.</p>
<b>In-Flight Services Revenues:</b>	
Services	<ul style="list-style-type: none"> <li>• Airline connectivity revenue: Connectivity is provided to our customers using both our ATG and satellite technologies. Under the airline-directed business model, the airline is our customer and we earn service revenue as connectivity services are consumed directly by the airline or indirectly by passengers. Under the turnkey business model, we earn revenue for connectivity services consumed directly by passengers.</li> <li>• Entertainment revenue: Entertainment revenue consists of entertainment services we provide to the airline for use by its passengers.</li> <li>• Connected Aircraft Services: We recognize revenue for real-time credit card transaction processing, electronic flight bags, and real-time weather information as the service is provided.</li> </ul>
Equipment	<p>Equipment revenues primarily consist of the sale of ATG and satellite connectivity equipment as well as the sale of entertainment equipment.</p>

We market our services on a global basis, with almost every populated region of the world contributing to our revenue. The diversity of our revenue allows us to benefit from changing market conditions and lowers our risk concentration in specific service applications and geographic regions.

### *Trends Impacting Our Revenue*

Our revenue at any given time is dependent upon a number of factors, including, but not limited to, demand for our services from existing and emerging applications; the supply of capacity available on our fleet and those of our competitors in a given region, and the substitution of competing technologies such as fiber optic cable networks. Trends in revenue can be impacted by:

- Growth in demand from wireless telecommunications companies seeking to complete or enhance broadband infrastructure, particularly those operating in developing regions or regions with geographic challenges;
- Growth in demand for broadband connectivity for enterprises and government organizations, providing fixed and mobile services and value-added applications on a global basis;
- Lower overall pricing for satellite-based services, resulting from oversupply of wide beam capacity or due to the introduction of high-throughput technology, which is designed to achieve a lower cost per unit;
- Lower demand for satellite-based solutions, resulting from fiber substitution;
- Satellite capacity needed to provide broadband connectivity for mobile networks on ships, planes and oil and gas platforms;
- Global demand for television content in standard definition, high definition and ultra-high definition television formats, which uses our satellite network and IntelsatOne terrestrial services for distribution, in some regions offset by next generation compression technologies;
- Increased popularity of “Over the Top” or “OTT” content distribution, which will increase the demand for broadband infrastructure in the developing world, but could decrease demand in developed markets over the mid to long-term as niche and ethnic programming transitions from satellite to internet distribution;
- Use of commercial satellite services by governments for military and other operations, which has partially slowed as a result of the tempo of military operations and recent changes in the U.S. budget;
- Our use of third-party or off-network services to satisfy government demand for capacity not available on our network. These services are low risk in nature, with no required upfront investment and terms and conditions of the procured capacity which typically match the contractual commitments from our customers. Demand for certain of these off-network services has declined with reductions in troop deployment in regions of conflict;
- The pace and extent of adoption of our broadband connectivity and wireless IFE services for use on domestic and international commercial aircraft by our current and new airline partners and customers;
- The number of aircraft in service in our markets, including consolidation of the airline industry or changes in fleet size by one or more of our commercial airline partners; and
- The economic environment and other trends that affect air travel, including disruptions to supply chains and installations.
- Increased competition from non-geostationary orbit operators who are planning to enter multiple markets targeted by Intelsat.

### *Pricing*

Pricing of our transponder services is based upon several factors, including, but not limited to, the region served by the capacity, the power and other characteristics of the satellite beam, the amount of demand for the capacity available on a particular satellite and the total supply of capacity serving any particular region. In 2023, overall pricing trends were flat from prior year, with media and government stability balancing some price pressure in networks and mobility. Media rates stabilized compared to 2022, primarily due to the limited and highly coveted C-band capacity in upper frequencies as an increasing number of countries target lower bands for 5G demand. Government applications continued to command a premium based on coverage capabilities, particularly in areas of regional conflict. Mobility rates were stable in 2022 as demand for services rebounded in the post-COVID-19 environment. Demand for services continued to be strong in 2023, but increased supply (including from non-geostationary orbit) drove a decline in rates for some maritime and aeronautical broadband services. In networks, high-volume commitments from mobile network operators for cellular backhaul services continued to yield lower prices, but rates otherwise were relatively stable. We expect to see increased pressure on networks pricing as non-geostationary orbit supply increases in 2024. According to Euroconsult Group, the annual average price per transponder for regular capacity is forecasted to be on a slight downward trend globally from \$1.00 million to \$0.90 million per 36MHz transponder over the period from 2023 to 2028, reflecting increasing supply from new satellite entrants, among other factors. High-throughput satellite capacity, which is designed to attain a lower cost point, facilitating market expansion into new applications, is expected to have similar rates of yield decline over time as increased supply enters the market.

The pricing of our services is generally fixed for the duration of the service commitment. New and renewing service commitments are priced to reflect regional demand and other factors as discussed above.

## Operating Expenses

### *Direct Costs of Revenue (Excluding Depreciation and Amortization)*

Direct costs of revenue relate to costs associated with the operation and control of our satellites, our communications network and engineering support, and the purchase of off-network capacity. Direct costs of revenue consist principally of third-party capacity and equipment, salaries and related employment costs, in-orbit insurance, earth station operating costs and facilities costs. Our direct costs of revenue fluctuate based on the number and type of services offered and under development, particularly as sales of off-network transponder services and sales of customer premises equipment fluctuate. We expect our direct costs of revenue to increase as we add customers and expand our managed services and use of off-network capacity. Direct costs of revenue related to our in-flight services include network-related expenses (ATG and satellite network expenses, including costs for transponder capacity and backhaul, as well as data centers, network operations centers and network technical support), aircraft operations, component assembly, portal maintenance, revenue share and transactional costs. Direct costs of revenue for our in-flight equipment revenue primarily consists of the purchase costs for component parts used in the manufacture of our equipment and the production, installation, technical support and quality assurance costs associated with equipment sales.

### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses relate to costs associated with our sales and marketing staff and our administrative staff, which include legal, finance, corporate information technology and human resources. Staff expenses consist primarily of salaries and related employment costs, including stock compensation, and travel costs. Selling, general and administrative expenses also include office occupancy costs, building maintenance and rent expenses, the provision for uncollectible accounts, research and development expenses and fees for professional services.

### *Depreciation and Amortization*

Our capital assets consist primarily of our satellites and associated ground network infrastructure, including our finance lease assets. Included in capitalized satellite costs are the costs for satellite construction, satellite launch services, insurance premiums for satellite launch and the in-orbit testing period, the net present value of deferred satellite performance incentives payable to satellite manufacturers, costs directly associated with the monitoring and support of satellite construction, and capitalized interest incurred during the satellite construction period.

Capital assets are depreciated or amortized on a straight-line basis over their estimated useful lives. The remaining depreciable lives of our satellites range from less than one year to 18 years as of December 31, 2023.



## Results of Operations

The following table sets forth our comparative statements of operations for the periods shown with the increase (decrease) and percentage changes, except those deemed not meaningful (“NM”), between the periods presented (in thousands, except percentages):

	Predecessor	Successor	Non-GAAP Combined	Successor	Comparison of 2022 to 2023	
	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2022	Year Ended December 31, 2023	Dollar Change	Percentage Change
Revenue	\$ 345,668	\$ 1,738,541	\$ 2,084,209	\$ 2,104,467	\$ 20,258	1%
Operating expenses:						
Direct costs of revenue (excluding depreciation and amortization)	128,952	675,654	804,606	833,756	29,150	4%
Selling, general and administrative	74,772	359,375	434,147	467,322	33,175	8%
Depreciation and amortization	104,897	461,425	566,322	536,408	(29,914)	(5%)
Satellite impairment	—	5,177	5,177	—	(5,177)	NM
Impairment of goodwill, non-amortizable intangibles and other	—	321,322	321,322	6,383	(314,939)	(98%)
Other operating expense (income), net—C-band	37,359	(105,322)	(67,963)	(643,946)	(575,983)	NM
Total operating expenses, net	345,980	1,717,631	2,063,611	1,199,923	(863,688)	(42%)
Income (loss) from operations	(312)	20,910	20,598	904,544	883,946	NM
Interest expense	(57,869)	(322,259)	(380,128)	(437,384)	(57,256)	15%
Interest income	1,326	308,623	309,949	239,762	(70,187)	(23)
Other income (expense), net	2,780	(125,818)	(123,038)	(1,020)	122,018	(99%)
Gain on disposition of ARP rights	—	—	—	139,001	139,001	NM
Reorganization items	4,679,517	(33,755)	4,645,762	—	(4,645,762)	NM
Income (loss) before income taxes	4,625,442	(152,299)	4,473,143	844,903	(3,628,240)	(81%)
Income tax benefit (expense)	3,905	591	4,496	(23,432)	(27,928)	NM
Net income (loss)	4,629,347	(151,708)	4,477,639	821,471	(3,656,168)	(82%)
Net income attributable to noncontrolling interest	(397)	(1,908)	(2,305)	(923)	1,382	(60%)
Net income (loss) attributable to Intelsat S.A.	\$ 4,628,950	\$ (153,616)	\$ 4,475,334	\$ 820,548	\$ (3,654,786)	(82%)

## Revenue

The following table sets forth our comparative revenue by service type, with Off-Network and Other Revenues shown separately from On-Network Revenues, for the periods shown (in thousands, except percentages):

	Predecessor	Successor	Non-GAAP Combined	Successor	Comparison of 2022 to 2023	
	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2022	Year Ended December 31, 2023	Dollar Change	Percentage Change
<b>On-Network Revenues</b>						
Transponder services	\$ 198,915	\$ 1,009,608	\$ 1,208,523	\$ 1,146,732	\$ (61,791)	(5%)
Managed services	53,765	263,639	317,404	336,585	19,181	6%
Total on-network revenues	252,680	1,273,247	1,525,927	1,483,317	(42,610)	(3%)
<b>Off-Network and Other Revenues</b>						
Transponder, MSS and other off-network services	37,305	128,773	166,078	153,183	(12,895)	(8%)
Satellite-related services	6,251	36,458	42,709	58,631	15,922	37%
Total off-network and other revenues	43,556	165,231	208,787	211,814	3,027	1%
<b>In-Flight Services Revenues</b>						
Services	37,654	239,507	277,161	314,868	37,707	14%
Equipment	11,778	60,556	72,334	94,468	22,134	31%
Total in-flight services revenues	49,432	300,063	349,495	409,336	59,841	17%
Total	\$ 345,668	\$ 1,738,541	\$ 2,084,209	\$ 2,104,467	\$ 20,258	1%

Total revenue increased by \$20.3 million, or 1%, to \$2.1 billion for the year ended December 31, 2023 as compared to \$2.1 billion for the year ended December 31, 2022. By service type, our revenue increased or decreased due to the following:

### On-Network Revenues:

- *Transponder services*—an aggregate decrease of \$61.8 million, primarily due to a \$25.6 million net decrease in revenue from media customers, an \$18.3 million net decrease in revenue from government customers, a \$13.1 million net decrease in revenue from mobility customers and a \$4.8 million net decrease in revenue from network services customers. The decrease in revenue was primarily driven by non-renewals, price reductions, capacity downgrades, the termination of services and service transfers to managed services, partially offset by new services, capacity upgrades, an increase in equipment sales and service transfers from managed services.
- *Managed services*—an aggregate increase of \$19.2 million, primarily due to a \$14.6 million net increase in revenue from mobility customers, a \$14.0 million net increase in revenue from government customers and a \$12.5 million net increase in revenue from network services customers, partially offset by a \$22.3 million net decrease in revenue from media customers. The increase in revenue from mobility customers, government customers and network services customers was primarily driven by new services, capacity upgrades, service transfers from transponder services and an increase in equipment sales, partially offset by non-renewals capacity downgrades and service transfers to transponder services. The decrease in revenue from media customers was mainly driven by service transfers to transponder services, non-renewals, capacity downgrades and the termination of services.

### Off-network and Other Revenues:

- *Transponder, MSS and other off-network services*—an aggregate decrease of \$12.9 million, primarily attributable to a \$12.3 million net decrease in revenue from media customers, a \$9.1 million net decrease in revenue from mobility customers, and a \$6.1 million net decrease in revenue from network services customers, partially offset by a \$14.6 million net increase in revenue from government customers. The decrease in revenue from media customers, mobility customers and network services customers was primarily driven by a decrease in equipment sales, non-renewals and service transfers to transponder services. The increase in revenue from government customers was primarily driven by capacity upgrades.
- *Satellite-related services*—an aggregate increase of \$15.9 million, reflecting increased revenue from professional services supporting third-party satellites, primarily related to teleport relocation services in 2023 with no similar activity in 2022.

#### In-flight Services Revenues:

- *Services*—an aggregate increase of \$37.7 million, primarily attributable to increased usage during the year ended December 31, 2023 as compared to the year ended December 31, 2022, along with new product offerings resulting in increased usage.
- *Equipment*—an aggregate increase of \$22.1 million, primarily attributable to an increase in the number of 2Ku satellite units and ATG units sold.

#### **Operating Expenses**

##### *Direct Costs of Revenue (Excluding Depreciation and Amortization)*

Direct costs of revenue increased by \$29.2 million, or 4%, to \$833.8 million for the year ended December 31, 2023, as compared to \$804.6 million for the year ended December 31, 2022, primarily due to the following:

- an increase of \$23.2 million in equipment costs primarily due to an increase in airline shipments;
- an increase of \$20.2 million in office and operational expenses primarily due to computer-related and circuits costs as well as occupancy expenses; and
- an increase of \$13.4 million in costs related to the revenue sharing agreements with JSAT (see Note 7—Investments for further discussion); partially offset by
- a decrease of \$24.6 million in staff-related expenses.

##### *Selling, General and Administrative*

Selling, general and administrative expenses increased by \$33.2 million, or 8%, to \$467.3 million for the year ended December 31, 2023, as compared to \$434.1 million for the year ended December 31, 2022, primarily due to the following:

- an increase of \$35.0 million due to the reversal of a litigation accrual in 2022;
- an increase of \$29.1 million in staff-related expenses;
- an increase of \$4.5 million in computer-related costs;
- an increase of \$4.4 million in sales and marketing expenses; and
- an increase of \$3.4 million in research and development costs; partially offset by
- a decrease of \$16.7 million due to the write-off of excess inventory in 2022;
- a decrease of \$16.0 million in insurance expense largely as a result of the elimination of prepaid director and officer insurance policies related to the Predecessor in accordance with the Final Plan that occurred during 2022; and
- a decrease of \$14.3 million in bad debt expense primarily due to the establishment of the bad debt reserve for Fresh Start Accounting upon emergence from bankruptcy that occurred during 2022.

##### *Depreciation and Amortization*

Depreciation and amortization expense decreased by \$29.9 million, or 5%, to \$536.4 million for the year ended December 31, 2023, as compared to \$566.3 million for the year ended December 31, 2022, primarily due to the following:

- a decrease of \$41.3 million in depreciation expense due to the impacts of the adoption of Fresh Start Accounting, including lower fair values of satellites and other property and equipment; and
- a decrease of \$37.8 million in depreciation expense due to the timing of certain satellites, teleport assets and data center assets becoming fully depreciated; partially offset by
- an increase of \$35.2 million in depreciation expense resulting from the impact of satellites and other assets placed into service; and
- an increase of \$13.8 million in depreciation expense due to new finance leases that commenced during 2023.

### *Satellite Impairment*

We recognized an impairment charge of \$5.2 million for the year ended December 31, 2022 related to the Galaxy 15 satellite, with no comparable amount for the year ended December 31, 2023. See Item 2, Note 6—Satellites and Other Property and Equipment for further discussion.

### *Impairment of Goodwill, Non-Amortizable Intangibles and Other Assets*

We recognized an impairment charge of \$321.3 million for the year ended December 31, 2022 relating to goodwill for the Intelsat CA reporting unit. We recognized an impairment charge of \$6.4 million for the year ended December 31, 2023 related to certain supplemental type certificates and other assets. See Item 2, Note 8—Goodwill and Other Intangible Assets for further discussion.

### *Other Operating Expense (Income), Net—C-band*

Other operating income, net—C-band consists of reimbursable and non-reimbursable costs and offsetting income associated with our C-band spectrum relocation efforts. Other operating income, net—C-band increased by \$575.9 million to \$643.9 million for the year ended December 31, 2023, as compared to \$68.0 million for the year ended December 31, 2022, primarily due to following:

- the 2023 recognition of reimbursement income of \$720.9 million as a result of Phase II Validation (see Item 2, Note 1—Background and Summary of Significant Accounting Policies), and
- lower expenses of \$24.9 million primarily due to a decrease in expenditures as a result of the Company completing the C-band spectrum clearing project in 2023; partially offset by
- the 2022 recognition of income of \$169.8 million related to the completion of clearing under a contract with a third-party to which spectrum assignments were transitioned.

### *Interest Expense*

Interest expense increased by \$57.3 million, or 15%, to \$437.4 million for the year ended December 31, 2023, as compared to \$380.1 million for the year ended December 31, 2022, primarily due to the following:

- an increase of \$39.9 million related to lower capitalized interest resulting from a decreased number of satellites and related assets under construction;
- an increase of \$16.3 million in interest expense primarily resulting from the issuance of the 2030 Jackson Secured Notes (as defined below) and the 2029 Term Loans (as defined below) in the first quarter of 2022, as well as increases in the SOFR (as defined below), partially offset by the full repayment of the 2029 Term Loans in October 2023; and
- an increase of \$12.1 million related to interest costs on financing leases primarily resulting from new finance leases that commenced during 2023; partially offset by
- a decrease of \$10.9 million in interest expense related to the significant financing component identified in customer contracts due to lower contract balances.

The non-cash portion of total interest expense was \$113.0 million, \$92.7 million and \$80.5 million for the years ended December 31, 2021, 2022 and 2023, respectively, primarily consisting of interest expense related to the significant financing component identified in customer contracts.

### *Interest Income*

Interest income decreased by \$70.1 million to \$239.8 million for the year ended December 31, 2023, as compared to \$309.9 million for the year ended December 31, 2022, primarily due to the following:

- a decrease of \$59.8 million related to lower accretion of interest income associated with the Company's expected receipt of the Phase II ARP. The ARP rights were derecognized upon Phase II Validation. See Item 2, Note 8—Goodwill and Other Intangible Assets; and
- a decrease of \$30.4 million due to the release of allowances for credit losses in relation to Fresh Start Accounting for the year ended December 31, 2022, with no similar activity for the year ended December 31, 2023; partially offset by
- an increase of \$19.3 million primarily due to higher invested funds and higher interest rates.

### ***Other Income (Expense), Net***

Other expense, net decreased by \$122.0 million to \$1.0 million for the year ended December 31, 2023, as compared to \$123.0 million for the year ended December 31, 2022, primarily due to the following:

- a decrease of \$142.9 million due to \$152.5 million of expense recognized for the year ended December 31, 2022 related to the change in the fair value of contingent value rights, as compared to \$9.6 million of expense for the year ended December 31, 2023; partially offset by
- an increase of \$20.8 million due to income for the year ended December 31, 2022 related to an insurance claim for the Galaxy 30 satellite anomaly, with no similar activity for the year ended December 31, 2023.

### ***Gain on Disposition of ARP Rights***

We recognized a gain on disposition of ARP rights of \$139.0 million for the year ended December 31, 2023 upon Phase II Validation. See Item 2, Note 8—Goodwill and Other Intangible Assets. There was no comparable amount for the year ended December 31, 2022.

### ***Reorganization Items***

Reorganization items reflect expenses, gains and losses directly and incrementally resulting from our Chapter 11 restructuring activities. We recognized a net gain for reorganization items of \$4.6 billion for the year ended December 31, 2022, primarily associated with the restructuring of our balance sheet, with no comparable amount for the year ended December 31, 2023.

### ***Income Tax Expense (Benefit)***

Income tax benefit of \$4.5 million for the year ended December 31, 2022 decreased by \$27.9 million to income tax expense of \$23.4 million for the year ended December 31, 2023, primarily due to Chapter 11 restructuring activities that occurred in 2022 with no similar activities in 2023.

Cash paid for income taxes, net of refunds, totaled \$5.1 million, \$1.9 million, \$12.1 million and \$64.3 million for the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022, and year ended December 31, 2023.

### ***Results of Operations for the Year Ended December 31, 2021 compared to the Year Ended December 31, 2022***

A discussion of changes in our results of operations for the 2021 Predecessor period to the combined 2022 Predecessor and Successor periods has been omitted from this Annual Report, but it may be found in Item 1, Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report for the year ended December 31, 2022.

### ***EBITDA***

EBITDA consists of earnings before net interest, loss (gain) on early extinguishment of debt, taxes and depreciation and amortization. Given our high level of leverage, refinancing activities are a frequent part of our efforts to manage our costs of borrowing. Accordingly, we consider loss (gain) on early extinguishment of debt an element of interest expense. EBITDA is a measure commonly used in the FSS sector, and we present EBITDA to enhance the understanding of our operating performance. We use EBITDA as one criterion for evaluating our performance relative to that of our peers. We believe that EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. However, EBITDA is not a measure of financial performance under U.S. GAAP, and our EBITDA may not be comparable to similarly titled measures of other companies. EBITDA should not be considered as an alternative to operating income (loss) or net income (loss) determined in accordance with U.S. GAAP, as an indicator of our operating performance, or as an alternative to cash flows from operating activities determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

A reconciliation of net income (loss) to EBITDA for the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023 is as follows (in thousands):

	Predecessor		Successor	Non-GAAP Combined	Successor
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2022	Year Ended December 31, 2023
Net income (loss)	\$ 1,289,741	\$ 4,629,347	\$ (151,708)	\$ 4,477,639	\$ 821,471
Add (Subtract):					
Interest expense	524,020	57,869	322,259	380,128	437,384
Interest income	(9,141)	(1,326)	(308,623)	(309,949)	(239,762)
Income tax expense (benefit)	4,894	(3,905)	(591)	(4,496)	23,432
Depreciation and amortization	658,761	104,897	461,425	566,322	536,408
<b>EBITDA</b>	<b>\$ 2,468,275</b>	<b>\$ 4,786,882</b>	<b>\$ 322,762</b>	<b>\$ 5,109,644</b>	<b>\$ 1,578,933</b>

### ***Adjusted EBITDA***

In addition to EBITDA, we calculate a measure called Adjusted EBITDA to assess the operating performance of the Company. Adjusted EBITDA consists of EBITDA as adjusted to exclude or include certain unusual items, certain other operating expense items and certain other adjustments as described in the table and related footnotes below. Our management believes that the presentation of Adjusted EBITDA provides useful information to investors, lenders and financial analysts regarding our financial condition and results of operations because it permits clearer comparability of our operating performance between periods. By excluding the potential volatility related to the timing and extent of non-operating activities, such as impairments of asset value and other non-recurring items, our management believes that Adjusted EBITDA provides a useful means of evaluating the success of our operating activities. We also use Adjusted EBITDA, together with other appropriate metrics, to set goals for and measure the operating performance of our business, and it is one of the principal measures we use to evaluate our management's performance in determining compensation under our incentive compensation plans. Adjusted EBITDA measures have been used historically by investors, lenders and financial analysts to estimate the value of a company, to make informed investment decisions and to evaluate performance. Our management believes that the inclusion of Adjusted EBITDA facilitates comparison of our results with those of companies having different capital structures.

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP and may not be comparable to similarly titled measures of other companies. Adjusted EBITDA should not be considered as an alternative to operating income (loss) or net income (loss) determined in accordance with U.S. GAAP, as an indicator of our operating performance, as an alternative to cash flows from operating activities determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

A reconciliation of net income (loss) to EBITDA and EBITDA to Adjusted EBITDA for the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023 is as follows (in thousands):

	Predecessor		Successor	Non-GAAP Combined	Successor
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2022	Year Ended December 31, 2023
Net income (loss)	\$ 1,289,741	\$ 4,629,347	\$ (151,708)	\$ 4,477,639	\$ 821,471
Add (Subtract):					
Interest expense	524,020	57,869	322,259	380,128	437,384
Interest income	(9,141)	(1,326)	(308,623)	(309,949)	(239,762)
Income tax expense (benefit)	4,894	(3,905)	(591)	(4,496)	23,432
Depreciation and amortization	658,761	104,897	461,425	566,322	536,408
EBITDA	2,468,275	4,786,882	322,762	5,109,644	1,578,933
Add (Subtract):					
Compensation and benefits <sup>(1)</sup>	83,188	1,223	23,173	24,396	30,800
Non-recurring and non-cash items <sup>(2)</sup>	(1,835,937)	54,740	64,783	119,523	(591,259)
Satellite impairment <sup>(3)</sup>	—	—	5,177	5,177	—
Impairment of goodwill, non-amortizable intangibles and other assets <sup>(4)</sup>	2,500	—	321,322	321,322	6,383
Gain on disposition of ARP rights <sup>(5)</sup>	—	—	—	—	(139,001)
Reorganization items <sup>(6)</sup>	379,459	(4,679,517)	33,755	(4,645,762)	—
Proportionate share from unconsolidated joint ventures <sup>(7)</sup> :					
Interest expense, net	2,402	352	2,512	2,864	4,510
Depreciation and amortization	11,258	1,876	9,382	11,258	11,541
Adjusted EBITDA <sup>(8)</sup>	\$ 1,111,145	\$ 165,556	\$ 782,866	\$ 948,422	\$ 901,907

- (1) Reflects non-cash expenses incurred relating to our equity compensation plans and expenses incurred relating to our employee retention incentive plans.
- (2) Reflects certain non-recurring expenses, gains and losses and non-cash items, including the following: costs and income associated with our C-band spectrum clearing efforts; enterprise resource planning implementation costs; severance, retention and relocation payments; changes in fair value and gains or losses on sales of certain investments; certain foreign exchange gains and losses; certain research and development costs; and other various non-recurring expenses. 2021 in addition includes the following: legal settlement costs; merger and acquisition costs; and amortization of supplemental type certificates. 2022 in addition includes the following: change in fair value of contingent value rights; satellite insurance proceeds; elimination of prepaid director and officer insurance policies in accordance with the Final Plan; inventory write-downs; legal settlement costs and reversals; and certain Fresh Start Accounting adjustments. 2023 in addition includes the following: change in fair value of contingent value rights; merger and acquisition costs; and certain legal costs associated with our Chapter 11 restructuring.
- (3) Reflects a non-cash impairment charge for the Galaxy 15 satellite (see Item 2, Note 6—Satellites and Other Property and Equipment).
- (4) 2021 reflects non-cash impairment charges recorded in connection with the write-off of certain satellite deposits (see Item 2, Note 6—Satellites and Other Property and Equipment). 2022 reflects a non-cash goodwill impairment charge recorded in connection with the Intelsat CA reporting unit (see Item 2, Note 8—Goodwill and Other Intangible Assets). 2023 reflects a non-cash impairment charge for certain supplemental type certificates and other assets (see Item 2, Note 8—Goodwill and Other Intangible Assets).
- (5) Reflects a gain recognized upon the derecognition of the ARP rights upon Phase II Validation (see Item 2, Note 8—Goodwill and Other Intangible Assets).
- (6) Reflects expenses, gains and losses incurred in connection with our Chapter 11 restructuring activities (see Item 2, Note 2—Emergence from Chapter 11 Proceedings and Other Related Matters).
- (7) Reflects adjustments related to our interest in Horizons-3 Satellite LLC and Horizons-4 Satellite LLC (see Item 2, Note 7(b)—Investments—Horizons-3 Satellite LLC and Item 2, Note 7(c)—Investments—Horizons-4 Satellite LLC).
- (8) Adjusted EBITDA included \$106.5 million, \$17.8 million, \$88.2 million, and \$108.0 million for the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively, of revenue relating to the significant financing component identified in customer contracts in accordance with ASC 606.

## Liquidity and Capital Resources

### Overview

Our contractual obligations, commitments and debt service requirements over the next several years are significant. As of December 31, 2023, the aggregate principal amount of our debt outstanding not held by affiliates was \$3.0 billion. Interest expense for the year ended December 31, 2023 was \$437.4 million, which included \$80.5 million of non-cash interest expense. At December 31, 2023, cash, cash equivalents and restricted cash were approximately \$1.3 billion.

Our cash flows from operations and cash on hand have been sufficient to fund interest obligations of \$213.5 million and \$391.8 million for the years ended December 31, 2022 and 2023, respectively, and significant capital expenditures of \$618.0 million and \$584.3 million for the years ended December 31, 2022 and 2023, respectively.

In connection with the Company's participation in the FCC's process for accelerated clearing of the C-band spectrum, we incurred significant upfront expenses for clearing activities well in advance of receiving reimbursement payments. We have incurred total C-band clearing costs of \$1.9 billion as of December 31, 2023. We have received \$1.2 billion in reimbursements through the date of this Annual Report and expect total receipts of approximately \$1.7 billion through 2024. Additionally, as of October 19, 2023, the entire Phase II ARP proceeds of \$3.7 billion were received. Subsequently, a portion of these proceeds was used to repay the 2029 Term Loans (as defined in Liquidity and Capital Resources—*Debt*) in full.

Our primary source of liquidity is and is expected to continue to be cash generated from operations, as well as existing cash. We currently expect to use cash on hand and cash flows from operations to fund our most significant cash outlays, including debt service requirements and capital expenditures, in the next twelve months and beyond.

In September 2023, our board of directors authorized and approved, subject to shareholder approval, and in December 2023, the shareholders approved, the distribution of \$130.0 million out of the Company's share premium to the shareholders of the Company in proportion of their holding of shares of the Company and the holders of restricted stock units pursuant to the terms of the relevant award agreements. On January 29, 2024, the Company paid \$1.873 per outstanding share to its common shareholders of record at the close of business on January 5, 2024. Payments will be made to holders of restricted stock units pursuant to the terms of the relevant award agreements upon vesting of the underlying restricted stock units. Refer to Item 2, Note 10—Shareholders' Equity.

Additionally, in September 2023, our board of directors authorized and approved, subject to shareholder approval, and in December 2023, the shareholders approved a share repurchase program authorizing for a three year period the repurchase of up to 20.0 million of the Company's common shares, up to \$200.0 million aggregate amount for which shares may be repurchased. During the year ended December 31, 2023, we repurchased 220,000 common shares for \$6.5 million. As of December 31, 2023, approximately \$193.5 million remained available under the share repurchase program. The program does not obligate the Company to acquire a minimum amount of shares. Refer to Item 2, Note 10—Shareholders' Equity.

### Cash Flow Items

Our cash flows consisted of the following for the periods shown (in thousands):

	Predecessor		Successor	Non-GAAP Combined	Successor
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2022	Year Ended December 31, 2023
Net cash provided by operating activities	\$ 566,451	\$ 557,501	\$ 1,354,126	\$ 1,911,627	\$ 3,846,741
Net cash used in investing activities	(887,498)	(107,913)	(502,940)	(610,853)	(594,928)
Net cash provided by (used in) financing activities	169,559	(957,510)	(407,780)	(1,365,290)	(2,835,044)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(4,471)	(70)	(2,942)	(3,012)	953
Net change in cash, cash equivalents and restricted cash	\$ (155,959)	\$ (507,992)	\$ 440,464	\$ (67,528)	\$ 417,722



### *Net Cash Provided by Operating Activities*

Net cash provided by operating activities increased by \$1.9 billion to \$3.8 billion for the year ended December 31, 2023, as compared to \$1.9 billion for the year ended December 31, 2022. The increase was due to a \$1.0 billion increase from changes in operating assets and liabilities, and an \$884.4 million increase in net income and non-cash items. The increase from changes in operating assets and liabilities was primarily due to higher inflows related to accounts receivable, primarily as a result of receiving the Phase II ARP, which was higher than the portion of Phase I ARP collected in 2022, higher outflows related to contract liabilities primarily as a result of reimbursement income recognized in the third and fourth quarters of 2023, and higher outflows related to other long-term liabilities.

### *Net Cash Used in Investing Activities*

Net cash used in investing activities decreased by \$16.0 million to \$594.9 million for the year ended December 31, 2023, as compared to \$610.9 million for the year ended December 31, 2022, primarily due to decreased capital expenditures as a result of reduced spending on C-band satellites as compared to the year ended December 31, 2022, as well as \$25.8 million in contributions received from a joint venture partner with no similar activity in 2022, partially offset by higher purchases of investments.

### *Net Cash Used in Financing Activities*

Net cash used in financing activities increased by \$1.4 billion to \$2.8 billion for the year ended December 31, 2023, as compared to \$1.4 billion for the year ended December 31, 2022, primarily due to the payoff of the 2029 Term Loans (as defined in “*Debt*” below) of \$2.8 billion during the year ended December 31, 2023, as compared to \$1.3 billion in net payments for the year ended December 31, 2022, primarily resulting from our chapter 11 financing and issuance of new debt.

### *Restricted Cash*

As of December 31, 2023, \$20.6 million of cash was held in escrow primarily as a compensating balance for certain outstanding letters of credit.

### ***Debt***

#### *Intelsat Jackson 6.50% First Lien Secured Notes due 2030*

On January 27, 2022, Intelsat Jackson completed an offering of \$3.0 billion aggregate principal amount of 6.50% First Lien Secured Notes due 2030 (the “2030 Jackson Secured Notes”). The 2030 Jackson Secured Notes bear interest at 6.50% annually and mature in March 2030. These notes are guaranteed by Intelsat S.A., other parent entities of Intelsat Jackson, and certain subsidiaries of Intelsat Jackson. Interest is payable on the 2030 Jackson Secured Notes semi-annually on March 15 and September 15, commencing on September 15, 2022. Intelsat Jackson may redeem some or all of the notes at the applicable redemption prices and criterion set forth in the indenture governing the 2030 Jackson Secured Notes. The 2030 Jackson Secured Notes are senior secured obligations of Intelsat Jackson.

#### *2022 Intelsat Jackson Secured Credit Facilities due 2029*

On February 1, 2022, Intelsat Jackson entered into a secured credit agreement (the “2022 Intelsat Jackson Secured Credit Agreement”), which included a \$3.2 billion term loan facility and a \$500.0 million revolving credit facility, and borrowed the full \$3.2 billion under the term loan facility due February 2029 (the “2029 Term Loans”). On October 26, 2023, the 2029 Term Loans were paid in full. The maturity date of the revolving credit facility is February 1, 2027. The obligations under the 2022 Intelsat Jackson Secured Credit Agreement are guaranteed by Intelsat S.A., other parent entities of Intelsat Jackson, and certain subsidiaries of Intelsat Jackson. The 2029 Term Loans and the revolving loans under the revolving credit facility (the “Revolving Loans”) bear interest either (i) based on a 1-month, 3-month or 6-month (or if agreed to by each lender of a loan, 12-month) secured overnight financing rate (“SOFR”) plus a related spread or (ii) at the Base Rate (as defined in the 2022 Intelsat Jackson Secured Credit Agreement), in each case, plus an applicable margin. The applicable margin for the 2029 Term Loans is 4.25% for SOFR loans and 3.25% for Base Rate loans, and the applicable margin for Revolving Loans ranges from 2.25%–2.75% for SOFR loans and 1.25%–1.75% for Base Rate loans, in each case, depending on the leverage ratio of Intelsat Jackson. The 2029 Term Loans have a SOFR floor of 0.50% and a Base Rate floor of 1.50%, and the Revolving Loans have a SOFR floor of 0.00% and a Base Rate floor of 1.00%.

Interest is payable on the SOFR loans at the end of the applicable interest period and on a quarterly basis for the Base Rate loans, and mandatory principal amortization of 0.25% with respect to the 2029 Term Loans is due at the end of each quarter. Additionally, 50% of all C-band proceeds received are required to be used to pay down the outstanding principal balance of the 2029 Term Loans within ten business days of the end of each quarter. The 2029 Term Loans and the Revolving Loans are senior secured obligations of Intelsat Jackson.

The 2022 Intelsat Jackson Secured Credit Agreement includes customary negative covenants for loan agreements of this type, including covenants limiting the ability of Intelsat Jackson and its subsidiaries to, among other things, incur additional indebtedness, create liens on assets, make investments, loans or advances, engage in mergers, consolidations, sales of assets and acquisitions, pay dividends and distributions and make payments in respect of subordinated indebtedness, in each case subject to customary exceptions for loan agreements of this type.

The 2022 Intelsat Jackson Secured Credit Agreement also includes certain customary representations and warranties, affirmative covenants and events of default, including, but not limited to, payment defaults, breaches of representations and warranties, covenant defaults, certain events under the Employee Retirement Income Security Act of 1974, as amended, and change of control.

The foregoing description of the 2022 Intelsat Jackson Secured Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the 2022 Intelsat Jackson Secured Credit Agreement.

Intelsat Jackson made principal payments on the 2029 Term Loans of \$386.2 million for the ten months ended December 31, 2022, with no similar payments for the two months ended February 28, 2022. During the year ended December 31, 2023, the total remaining balance of \$2.8 billion associated with the 2029 Term Loans was paid in full.

### **Contracted Backlog**

We benefit from strong visibility of our future revenues. Our contracted backlog is our expected future revenue under existing customer contracts and includes both cancelable and non-cancelable contracts. As of December 31, 2023, our contracted backlog was approximately \$4.4 billion, which we expect to earn a weighted average remaining customer contract life of approximately 3.1 years. We expect to deliver services associated with approximately \$1.4 billion, or approximately 31%, of our December 31, 2023 contracted backlog during the year ending December 31, 2024. The amount included in backlog represents the full service charge for the duration of the contract and does not include termination fees. The amount of the termination fees is generally calculated as a percentage of the remaining backlog associated with the contract. In certain cases of breach for non-payment or customer bankruptcy, we may not be able to recover the full value of certain contracts or termination fees. Our contracted backlog includes 100% of the backlog of our consolidated ownership interests, which is consistent with the accounting for our ownership interests in these entities. We believe this backlog and the resulting predictable cash flows in the FSS sector make our results less volatile than that of typical companies outside our industry.

Our contracted backlog as of December 31, 2023 was as follows (in thousands):

<b>Year Ending December 31,</b>	<b>Contracted Backlog</b>	
2024	\$	1,385,219
2025		896,628
2026		711,992
2027		486,838
2028		341,666
Thereafter		623,476
<b>Total</b>	<b>\$</b>	<b>4,445,819</b>

Our contracted backlog by service type as of December 31, 2023 was as follows (in thousands, except percentages):

<b>Service Type</b>	<b>Total</b>	<b>Percent of Total</b>
Transponder services	\$ 3,193,029	72%
Managed services	530,699	12%
In-flight services	318,697	7%
Off-network and other	403,394	9%
<b>Total</b>	<b>\$ 4,445,819</b>	

### ***Satellite Performance Incentives***

Our cost of satellite construction includes an element of deferred consideration to satellite manufacturers referred to as satellite performance incentives. We are contractually obligated to make these payments over the lives of the satellites, provided the satellites continue to operate in accordance with contractual specifications. We capitalize the present value of these payments as part of the cost of the satellites and record a corresponding liability to the satellite manufacturers. This asset is amortized over the useful lives of the satellites. Interest expense is recognized on the deferred financing and the liability is reduced as the payments are made. Our total satellite performance incentive payment liability as of December 31, 2021, 2022 and 2023 was \$113.8 million, \$98.1 million and \$107.1 million, respectively.

### ***Capital Expenditures***

Our capital expenditures depend on our business strategies and reflect our commercial responses to opportunities and trends in our industry. Our actual capital expenditures may differ from our expected capital expenditures if, among other things, we enter into any currently unplanned strategic transactions. Levels of capital spending from one year to the next are also influenced by the nature of the satellite life cycle and by the capital-intensive nature of the satellite industry. For example, we incur significant capital expenditures during the years in which satellites are under construction. We typically procure a new satellite within a timeframe that would allow the satellite to be deployed at least one year prior to the end of the service life of the satellite to be replaced. As a result, we frequently experience significant variances in our capital expenditures from year to year. Payments for satellites and other property and equipment during the year ended December 31, 2023 were \$584.3 million.

On July 12, 2023, Intelsat License filed its Phase II Certification of Accelerated Relocation, indicating completion of required clearing activities to satisfy the December 5, 2023 accelerated clearing deadline. No challenges to the certification were made and, under the rules established pursuant to the FCC Final Order, on August 11, 2023, the certification was deemed valid and Intelsat submitted its invoice for the Phase II ARP of approximately \$3.7 billion. As of October 19, 2023, the entire Phase II ARP proceeds of \$3.7 billion were received (see Liquidity and Capital Resources—*Overview*). Subsequently, a portion of these proceeds was used to repay the 2029 Term Loans in full.

We intend to fund our capital expenditure requirements through cash on hand and cash provided by operating activities.

The following table compares our satellite-related capital expenditures to total capital expenditures from 2019 through 2023 (in thousands).

<b>Year</b>	<b>Satellite-Related Capital Expenditures</b>	<b>Total Capital Expenditures</b>
2019	\$ 134,597	\$ 229,818
2020	513,802	606,759
2021	757,195	900,470
2022	448,459	617,985
2023	350,777	584,253
Total	<u>\$ 2,204,830</u>	<u>\$ 2,939,285</u>

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

Other than disclosed elsewhere in this Annual Report, we have no material off-balance sheet arrangements that have or are reasonably likely to have a current or future effect or change on the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

## **Contractual Obligations**

The following information details our commitments for obligations as of December 31, 2023, that are not included in Item 2, Notes to Consolidated Financial Statements as set forth below:

*Secured Debt.* Interest payments of \$195.0 million, \$195.0 million, \$195.0 million, \$195.0 million, \$195.0 million and \$291.5 million are due in the years 2024, 2025, 2026, 2027, 2028 and thereafter, respectively, on the 2030 Jackson Secured Notes. See Item 2, Note 9—Debt for further detail of our debt principal payments.

*Income Tax Contingencies.* This amount totals \$62.2 million. The timing of future cash flows from income tax contingencies cannot be reasonably estimated. See Item 2, Note 13—Income Taxes for further discussion of income tax contingencies.

For other commitments for obligations as of December 31, 2023, see the following sections of this Annual Report:

- Item 2, Note 5—Retirement Plans and Other Retiree Benefits for further detail of our pension obligations;
- Item 2, Note 11—Leases for further detail of our lease activities; and
- Item 2, Note 14—Contractual Commitments for further detail of our purchase obligations, inclusive of obligations under satellite construction and launch contracts, satellite capacity and teleport commitments, estimated payments to be made on performance incentive obligations related to certain satellites that are currently in orbit, and Horizons-3 Satellite LLC and Horizons-4 Satellite LLC capital contributions and capacity purchase obligations.

## **Critical Accounting Policies and Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. We consider an accounting estimate to be critical if: (1) it requires assumptions to be made that were uncertain at the time the estimate was made; and (2) changes in the estimate, or selection of different estimates, could have a material effect on our consolidated results of operations or financial condition.

We believe that some of the more important estimates and related assumptions that affect our financial condition and results of operations are in the areas of fresh start and bankruptcy accounting, revenue recognition, the allowance for credit losses, asset impairments, income taxes and pension and other postretirement benefits.

While we believe that our estimates, assessments, assumptions, and judgments are reasonable, they are based on information presently available. Actual results may differ significantly. Additionally, changes in our estimates, assessments, assumptions, or judgments as a result of unforeseen events or otherwise could have a material impact on our financial position or results of operations.

The Company's significant accounting policies are described in Item 2, Note 1—Background and Summary of Significant Accounting Policies.

## **Fresh Start and Bankruptcy Accounting**

Upon emergence from bankruptcy, we adopted Fresh Start Accounting in accordance with ASC 852. A newly created entity, Intelsat S.A. became our ultimate parent company for financial reporting purposes. We evaluated the events between the Effective Date and February 28, 2022, and concluded that the use of an accounting convenience date of February 28, 2022 would not have a material impact on our consolidated statements of operations or consolidated balance sheet. As a result, the consolidated financial statements after the Fresh Start Reporting Date are not comparable with the consolidated financial statements on or before that date. See Item 2, Note 3—Fresh Start Accounting.

During the Predecessor period, our consolidated financial statements included herein were prepared as if we were a going concern and to reflect the application of ASC 852. ASC 852 requires the financial statements, for periods subsequent to the commencement of our Chapter 11 proceedings, to distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, we classified liabilities and obligations whose treatment and satisfaction were dependent on the outcome of the reorganization under the Chapter 11 proceedings as liabilities subject to compromise on our consolidated balance sheets. In addition, we classified all income, expenses, gains or losses that were incurred or realized as a result of the Chapter 11 proceedings as reorganization items in our consolidated statements of operations. See Item 2, Note 2—Emergence from Chapter 11 Proceedings and Other Related Matters.

Upon application of Fresh Start Accounting, we allocated the reorganization value to our individual assets and liabilities, except for deferred income taxes, based on their estimated fair values as of the Fresh Start Reporting Date with the remaining excess value allocated to goodwill in conformity with ASC 805, *Business Combinations*. The amount of deferred taxes was determined in accordance with ASC 740, *Income Taxes* (“ASC 740”). The Fresh Start Reporting Date fair values of our assets and liabilities differed materially from their recorded values as reflected on our historical balance sheets. See Item 2, Note 3—Fresh Start Accounting.

## ***Revenue Recognition, Accounts Receivable and Allowance for Credit Losses***

**Revenue Recognition.** We earn revenue primarily from satellite utilization services and, to a lesser extent, from providing managed services to our customers. The Company's contracts for satellite utilization services often contain multiple service orders for the provision of capacity on or over different beams, satellites, frequencies, geographies or time periods. Under each separate service order, the Company's satellite services, composed of transponder services, managed services, channel services, and occasional use managed services, are delivered in a series of time periods that are distinct from each other and have the same pattern of transfer to the customer. In each period, the Company's obligation is to make those services available to the customer. Throughout each period of services being provided, the customer simultaneously receives and consumes the benefits, resulting in revenue recognition over time. Our contract assets include unbilled amounts typically resulting from sales under our long-term contracts when the total contract value is recognized on a straight-line basis and the revenue recognized exceeds the amount billed to the customer. Contract liabilities consist of advance payments and collections in excess of revenue recognized and deferred revenue.

While the majority of our revenue transactions contain standard business terms and conditions, there are certain transactions that contain non-standard business terms and conditions. As a result, significant contract interpretation is sometimes required to determine the appropriate accounting for these transactions, including but not limited to:

- whether contracts with a prepayment contain a significant financing component;
- whether an arrangement should be reported gross as a principal versus net as an agent; and
- whether an arrangement contains a service contract or a lease.

In addition, our revenue recognition policy requires an assessment as to whether collection is reasonably assured, which requires us to evaluate the creditworthiness of our customers. Changes in judgments in making these assumptions and estimates could materially impact the timing and/or amount of revenue recognition.

**Allowance for Credit Losses.** Our allowance for credit losses is determined through a subjective evaluation of the aging of our accounts receivable, and considers such factors as the likelihood of collection based upon an evaluation of the customer's creditworthiness, the customer's payment history and other conditions or circumstances that may affect the likelihood of payment, such as political and economic conditions in the country in which the customer is located. If our estimate of the likelihood of collection is not accurate, we may experience lower revenue or a change in our provision for credit losses.

## ***Asset Impairment Assessments***

Our accounting policies on goodwill, other non-amortizable intangible assets and long-lived assets, including events that lead to possible impairment, are described in detail in Item 2, Note 1—Background and Summary of Significant Accounting Policies. The Company makes considerable judgments in its impairment evaluations of goodwill, other non-amortizable intangible assets and long-lived assets, starting with determining if an impairment indicator exists. The Company exercises judgment in determining if these indicators or events represent an impairment indicator requiring the computation of the fair value of goodwill and other non-amortizable intangible assets and/or the recoverability of long-lived assets. The fair value determination is typically the most judgmental part in an impairment evaluation.

As part of the impairment evaluation process, management analyzes the sensitivity of fair value to various underlying assumptions. The level of scrutiny increases as the gap between fair value and carrying amount decreases. Changes in any of these assumptions could result in management reaching a different conclusion regarding the potential impairment, which could be material. Our impairment evaluations inherently involve uncertainties from uncontrollable events that could positively or negatively impact the anticipated future economic and operating conditions.

**Goodwill.** We determined the fair value of each of our reporting units by using the income approach and corroborating the results using the market approach. For the income approach, we specifically used the discounted cash flow ("DCF") method, where the value is estimated based on expected free cash flow, discounted to its present value at a rate of return commensurate with the risk associated with realizing that cash flow. In estimating the undiscounted cash flows, we primarily used our internally prepared budgets and forecast information. The key assumptions included in our model were projected growth rates, cost of capital, effective tax rates, industry and economic trends, and the discount rate applied to those cash flows.

Whenever appropriate, management obtains these input assumptions from observable market data sources and extrapolates the market information if an input assumption is not observable for the entire forecast period. Many of these input assumptions are dependent on other economic assumptions, which are often derived from statistical economic models with inherent limitations such as estimation differences. Further, several input assumptions are based on historical trends which often do not recur. It is not uncommon that different market data sources have different views of the macroeconomic factor expectations and related assumptions. As a result, macroeconomic factors and related assumptions are often available in a narrow range; however, in some situations these ranges become wide and the use of a different set of input assumptions could produce significantly different budgets and cash flow forecasts.

A considerable amount of judgment is also applied in the estimation of the discount rate used in the DCF model, which is an estimate of weighted-average cost of capital, which reflects the aggregate of expected rates of return on investments in the Company's debt and equity. To the extent practical, inputs to the discount rate are obtained from market data sources (e.g., Capital IQ). The Company selects and uses a set of publicly traded companies from the relevant industry to estimate the discount rate inputs. Management applies judgment in the selection of such companies based on its view of the most likely market participants. It is reasonably possible that the selection of a different set of likely market participants could produce different input assumptions and result in the use of a different discount rate.

For the market approach, we specifically used the guideline public company method, where fair value is determined based on multiples derived from the stock prices of publicly traded guideline companies to develop a business enterprise value ("BEV") for each reporting unit. The application of the market multiples method entails the development of EBITDA multiples based on the market value of the guideline companies. The multiples are developed by first calculating the market value of equity of the guideline companies and then adjusting these multiples for cash and debt to arrive at a BEV multiple. Identifying appropriate guideline companies and computing appropriate market multiples is subjective. We considered various public companies that had reasonably similar qualitative factors as our reporting units while also considering quantitative factors such as revenue growth, profitability and total assets.

See Item 2, Note 8—Goodwill and Other Intangible Assets for discussion of the impairment charges recognized.

*Orbital Locations.* We determined the estimated fair value of our rights to operate at orbital locations by using the build-up method to determine cash flows for the income approach, with the resulting projected cash flows discounted at an appropriate weighted average cost of capital. Under the build-up approach, the amount a reasonable investor would be willing to pay for the right to operate a satellite business using orbital locations is calculated by first estimating the cash flows that typical market participants might assume could be available from the right to operate satellites using the subject location in a similar market. It is assumed that rather than acquiring such a business as a going concern, the buyer would hypothetically start with the right to operate satellites at orbital locations and build a new business with similar attributes from the beginning. Thus, the buyer is assumed to incur the start-up costs and losses typically associated with the going concern value and pay for all other tangible and intangible assets.

The key assumptions used in estimating the fair values of our rights to operate at our orbital locations included the following: (i) market penetration leading to revenue growth, (ii) profit margin, (iii) duration and profile of the build-up period, (iv) estimated start-up costs and losses incurred during the build-up period and (v) weighted average cost of capital. See additional discussion under "Goodwill" above.

*Trade Name.* We have implemented the relief from royalty method to determine the estimated fair value of the Intelsat trade name. The relief from royalty analysis is composed of two major steps: (i) a determination of the hypothetical royalty rate, and (ii) the subsequent application of the royalty rate to projected revenue. In determining the hypothetical royalty rate utilized in the relief from royalty approach, we considered comparable license agreements, an excess earnings analysis to determine aggregate intangible asset earnings, and other qualitative factors, each of which is considered a Level 3 input within the fair value hierarchy under ASC 820.

The key assumptions used in our model to estimate the fair value of the Intelsat trade name included forecasted revenues, the royalty rate, the tax rate and the discount rate. See additional discussion under "Goodwill" above.

*Long-Lived and Other Intangible Assets.* The Company evaluated the assets for potential impairment using internal projections of undiscounted cash flows expected to result from the use and eventual disposal of the assets. The key assumptions included in our model were projected growth rates, cost of capital, effective tax rates, and industry and economic trends. A change in estimated future cash flows or other assumptions could change our estimated undiscounted cash flows and result in future impairments. See Item 2, Note 6—Satellites and Other Property and Equipment for discussion of the historical impairment charges recognized.

## **Income Taxes**

We account for income taxes in accordance with ASC 740. We are subject to income taxes in Luxembourg, as well as the United States and a number of other foreign jurisdictions. Significant judgment is required in the calculation of our tax provision and the resulting tax liabilities and in the recoverability of our deferred tax assets that arise from temporary differences between the tax and financial statement recognition of revenue and expense and net operating loss and credit carryforwards.

We regularly assess the likelihood that our deferred tax assets can be recovered. A valuation allowance is required when it is more likely than not that all or a portion of the deferred tax asset will not be realized. We evaluate the recoverability of our deferred tax assets based on all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we are able to realize our deferred tax assets in the future in excess of their net recorded amount, we will make an adjustment to the deferred tax asset valuation allowance, which reduces the provision for income taxes.

During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. We evaluate our tax positions to determine if it is more likely than not that a tax position is sustainable, based solely on its technical merits and presuming the taxing authorities have full knowledge of the position and access to all relevant facts and information. When a tax position does not meet the more likely than not standard, we record a liability or contra asset for the entire amount of the unrecognized tax impact. Additionally, for those tax positions that are determined more likely than not to be sustainable, we measure the tax position at the largest amount of benefit more likely than not (determined by cumulative probability) to be realized upon settlement with the taxing authority.

### ***Pension and Other Postretirement Benefits***

We maintain a noncontributory defined benefit retirement plan covering substantially all of our employees hired prior to July 19, 2001. The cost of providing benefits to eligible participants under the defined benefit retirement plan is calculated using the plan's benefit formulas, which take into account the participants' remuneration, dates of hire, years of eligible service, and certain actuarial assumptions. In addition, as part of the overall medical plan, we provide postretirement medical benefits to certain current retirees who meet the criteria under the medical plan for postretirement benefit eligibility.

Expenses for our defined benefit retirement plan and for postretirement medical benefits that are provided under our medical plan are developed from actuarial valuations. Any significant decline in the fair value of our defined benefit retirement plan assets or other adverse changes to the significant assumptions used to determine the plan's funded status would negatively impact its funded status and could result in increased funding in future periods.

Key assumptions, including discount rates used in determining the present value of future benefit payments and expected return on plan assets, are reviewed and updated on an annual basis. The discount rates reflect market rates for high-quality corporate bonds. We consider current market conditions, including changes in interest rates, in making assumptions. The Society of Actuaries ("SOA") issued new mortality and mortality improvement tables and modifies those tables each year. Our December 31, 2023 valuation used mortality and improvement tables based on the SOA tables, adjusted to reflect (1) an ultimate rate of mortality improvement consistent with both historical experience and U.S. Social Security long-term projections, and (2) a shorter transition period to reach the ultimate rate, which is consistent with historical patterns. In establishing the expected return on assets assumption, we review the asset allocations considering plan maturity and develop return assumptions based on different asset classes. The return assumptions are established after reviewing historical returns of broader market indexes, as well as historical performance of the investments in the plan.

### ***Recently Adopted and Recently Issued Accounting Pronouncements***

Refer to Item 2, Note 1—Background and Summary of Significant Accounting Policies for further information about recently adopted and recently issued accounting pronouncements.





KPMG LLP  
Suite 900  
8350 Broad Street  
McLean, VA 22102

## Independent Auditors' Report

To the Shareholders and Board of Directors  
Intelsat S.A.:

### *Opinion*

We have audited the consolidated financial statements of Intelsat S.A. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity (deficit), and cash flows, for the year ended December 31, 2023 (Successor), the ten-month period ended December 31, 2022 (Successor), the two-month period ended February 28, 2022 (Predecessor) and the year ended December 31, 2021 (Predecessor), and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year ended December 31, 2023 (Successor), the ten-month period ended December 31, 2022 (Successor), the two-month period ended February 28, 2022 (Predecessor) and the year ended December 31, 2021 (Predecessor) in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a





substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the condensed consolidated information on pages 85 to 90 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Company's credit agreements which consider it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*KPMG LLP*

McLean, Virginia  
March 15, 2024

**INTELSAT S.A. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share amounts)

	December 31, 2022	December 31, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 720,101	\$ 1,259,291
Restricted cash	3,297	4,665
Receivables, net of allowances	267,071	289,407
Receivables relating to C-band	576,530	268,746
Contract assets, net of allowances	46,727	35,955
Inventory	140,043	181,543
Prepaid expenses and other current assets	80,807	86,627
Total current assets	<u>1,834,576</u>	<u>2,126,234</u>
Satellites and other property and equipment, net	4,170,410	4,776,162
Accelerated relocation payment rights	3,123,694	—
Goodwill	1,074,620	1,074,620
Non-amortizable intangible assets	1,050,000	1,050,000
Amortizable intangible assets, net	153,241	128,713
Contract assets, net of current portion and allowances	45,818	48,282
Other assets	869,539	665,105
Total assets	<u>\$ 12,321,898</u>	<u>\$ 9,869,116</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 259,872	\$ 352,408
Taxes payable	15,942	17,972
Employee-related liabilities	105,763	103,606
Accrued interest payable	99,850	64,887
Current maturities of long-term debt	115,614	—
Contract liabilities	186,704	187,701
Finance lease liabilities	3,329	28,675
Deferred satellite performance incentives	14,504	16,379
Other current liabilities	89,657	81,845
Total current liabilities	<u>891,235</u>	<u>853,473</u>
Long-term debt, net of current portion	5,688,177	3,000,000
Contract liabilities, net of current portion	1,423,080	713,681
Finance lease liabilities, net of current portion	11,726	508,068
Deferred satellite performance incentives, net of current portion	83,554	90,727
Deferred income tax liabilities	45,532	29,660
Accrued retirement benefits, net of current portion	55,127	58,483
Other long-term liabilities	501,923	306,742
Total liabilities	<u>8,700,354</u>	<u>5,560,834</u>

December 31, 2022      December 31, 2023

Commitments and contingencies

Shareholders' equity:

Common shares (\$0.01 par value; 92,599,545 shares authorized; 67,700,229 shares issued and outstanding at December 31, 2022 and 68,096,468 shares issued and 67,876,468 shares outstanding at December 31, 2023)	677	681
Paid-in capital	3,729,670	3,615,296
Retained earnings (Accumulated deficit)	(153,616)	666,932
Accumulated other comprehensive income (loss)	12,884	(86)
Treasury shares, at cost (0 and 220,000 shares at December 31, 2022 and December 31, 2023, respectively)	—	(6,545)
Total Intelsat S.A. shareholders' equity	<u>3,589,615</u>	<u>4,276,278</u>
Noncontrolling interest	31,929	32,004
Total liabilities and shareholders' equity	<u>\$ 12,321,898</u>	<u>\$ 9,869,116</u>

See accompanying notes to the consolidated financial statements.

**INTELSAT S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands)

	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
Revenue	\$ 2,065,385	\$ 345,668	\$ 1,738,541	\$ 2,104,467
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	700,751	128,952	675,654	833,756
Selling, general and administrative	455,085	74,772	359,375	467,322
Depreciation and amortization	658,761	104,897	461,425	536,408
Satellite impairment	—	—	5,177	—
Impairment of goodwill, non-amortizable intangibles and other assets	2,500	—	321,322	6,383
Other operating expense (income), net—C-band	(1,905,917)	37,359	(105,322)	(643,946)
Total operating expenses, net	(88,820)	345,980	1,717,631	1,199,923
Income (loss) from operations	2,154,205	(312)	20,910	904,544
Interest expense	(524,020)	(57,869)	(322,259)	(437,384)
Interest income	9,141	1,326	308,623	239,762
Other income (expense), net	34,768	2,780	(125,818)	(1,020)
Gain on disposition of ARP rights	—	—	—	139,001
Reorganization items	(379,459)	4,679,517	(33,755)	—
Income (loss) before income taxes	1,294,635	4,625,442	(152,299)	844,903
Income tax benefit (expense)	(4,894)	3,905	591	(23,432)
Net income (loss)	1,289,741	4,629,347	(151,708)	821,471
Net income attributable to noncontrolling interest	(2,377)	(397)	(1,908)	(923)
Net income (loss) attributable to Intelsat S.A.	<u>\$ 1,287,364</u>	<u>\$ 4,628,950</u>	<u>\$ (153,616)</u>	<u>\$ 820,548</u>

See accompanying notes to the consolidated financial statements.

INTELSAT S.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in thousands)

	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
Net income (loss)	\$ 1,289,741	\$ 4,629,347	\$ (151,708)	\$ 821,471
Other comprehensive income (loss), net of tax:				
Defined benefit retirement plans:				
Reclassification adjustment for amortization of unrecognized prior service credits, net of tax included in other income (expense), net	(2,504)	(417)	—	—
Reclassification adjustment for amortization of unrecognized actuarial loss, net of tax included in other income (expense), net	6,611	869	—	(1,187)
Unrealized (losses) gains arising during the period, net of tax	25,591	(1,111)	12,884	(11,783)
Other comprehensive income (loss)	29,698	(659)	12,884	(12,970)
Comprehensive income (loss)	1,319,439	4,628,688	(138,824)	808,501
Comprehensive income attributable to noncontrolling interest	(2,377)	(397)	(1,908)	(923)
Comprehensive income (loss) attributable to Intelsat S.A.	<u>\$ 1,317,062</u>	<u>\$ 4,628,291</u>	<u>\$ (140,732)</u>	<u>\$ 807,578</u>

See accompanying notes to the consolidated financial statements.

**INTELSAT S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**  
(in thousands, except where otherwise noted)

	Common Shares		Treasury Shares		Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Intelsat S.A. Shareholders' Equity (Deficit)	Noncontrolling Interest
	Number of Shares (in millions)	Amount	Number of Shares (in millions)	Amount					
Balance at December 31, 2020 (Predecessor)	500.0	\$ 5,000	—	\$ —	\$ 2,569,991	\$ (8,585,679)	\$ (80,322)	\$ (6,091,010)	\$ 7,003
Net income	—	—	—	—	—	1,287,364	—	1,287,364	2,377
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(5,539)
Contribution from parent, net	—	—	—	—	1,064	—	—	1,064	—
Postretirement/pension liability adjustment, net of tax	—	—	—	—	—	—	29,698	29,698	—
Balance at December 31, 2021 (Predecessor)	500.0	\$ 5,000	—	\$ —	\$ 2,571,055	\$ (7,298,315)	\$ (50,624)	\$ (4,772,884)	\$ 3,841
Net income	—	—	—	—	—	4,628,950	—	4,628,950	397
Contribution from parent, net	—	—	—	—	175,706	—	—	175,706	—
Share-based compensation	—	—	—	—	615	—	—	615	—
Repurchase and cancellation of formation shares of Intelsat S.A.	—	—	—	—	34	—	—	34	—
Postretirement/pension liability adjustment, net of tax	—	—	—	—	—	—	(659)	(659)	—
Balance at February 28, 2022 (Predecessor)	500.0	\$ 5,000	—	\$ —	\$ 2,747,410	\$ (2,669,365)	\$ (51,283)	\$ 31,762	\$ 4,238
Fresh start adjustments:									
Elimination of Predecessor common shares, paid-in capital and accumulated deficit	(500.0)	(5,000)	—	—	(2,664,365)	2,669,365	—	—	—
Elimination of accumulated other comprehensive loss	—	—	—	—	(51,283)	—	51,283	—	—
Change in value of noncontrolling interest	—	—	—	—	(31,762)	—	—	(31,762)	31,762
Issuance of new Intelsat S.A. common shares	67.7	677	—	—	3,710,323	—	—	3,711,000	—
Balance at February 28, 2022 (Successor)	67.7	\$ 677	—	\$ —	\$ 3,710,323	\$ —	\$ —	\$ 3,711,000	\$ 36,000
Net income (loss)	—	—	—	—	—	(153,616)	—	(153,616)	1,908
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(5,979)
Share-based compensation	—	—	—	—	19,347	—	—	19,347	—
Postretirement/pension liability adjustment, net of tax	—	—	—	—	—	—	12,884	12,884	\$ —

	Common Shares		Treasury Shares		Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Intelsat S.A. Shareholders' Equity (Deficit)	Noncontrolling Interest
	Number of Shares (in millions)	Amount	Number of Shares (in millions)	Amount					
Balance at December 31, 2022 (Successor)	67.7	\$ 677	—	\$ —	\$ 3,729,670	\$ (153,616)	\$ 12,884	\$ 3,589,615	\$ 31,929
Net income (loss)	—	—	—	—	—	820,548	—	820,548	923
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(848)
Repurchases of common shares	—	—	(0.2)	(6,545)	—	—	—	(6,545)	—
Share premium distribution, authorized (\$1.873 per common share or RSU)	—	—	—	—	(130,000)	—	—	(130,000)	—
Share-based compensation	0.3	3	—	—	15,626	—	—	15,629	—
Issuance of Intelsat S.A. common shares held in escrow	0.1	1	—	—	—	—	—	1	—
Postretirement/pension liability adjustment, net of tax	—	—	—	—	—	—	(12,970)	(12,970)	—
Balance at December 31, 2023 (Successor)	68.1	\$ 681	(0.2)	\$ (6,545)	\$ 3,615,296	\$ 666,932	\$ (86)	\$ 4,276,278	\$ 32,004

See accompanying notes to the consolidated financial statements.

INTELSAT S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 1,289,741	\$ 4,629,347	\$ (151,708)	\$ 821,471
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Non-cash reorganization items, net	—	(4,993,537)	—	—
Depreciation and amortization	658,761	104,897	461,425	536,408
Provision for expected credit losses	33,133	1,439	24,171	11,345
Foreign currency transaction losses (gains)	3,593	(814)	2,926	(825)
Loss on disposal of assets	109	28	125	599
Impairment of goodwill, non-amortizable intangibles and other assets	—	—	321,322	6,383
Satellite impairment loss	—	—	5,177	—
Accelerated relocation payment rights	—	—	(268,694)	(347,861)
Share-based compensation	24,491	1,279	19,347	25,429
Deferred income taxes	11,405	(11,777)	(19,635)	(16,361)
Amortization of discount, premium, issuance costs and related costs	10,181	1,026	154	163
Debtor-in-possession financing fees	46,944	—	—	—
Amortization of actuarial loss (gain) and prior service credits for retirement benefits	30,263	(669)	13,094	(13,183)
Gains on investments and loans held-for-investment	(17,375)	(630)	(2,062)	(1,715)
Amortization of supplemental type certificate costs	9,264	1,184	—	—
Other non-cash items	(350)	—	—	—
Changes in operating assets and liabilities:				
Receivables	(1,453,469)	608,959	612,769	3,743,344
Prepaid expenses, contract and other assets	(5,787)	53,466	92,831	65,741
Accounts payable and accrued liabilities	182,074	56,836	42,295	(42,841)
Accrued interest payable	3,103	26,289	58,526	(35,036)
Contract liabilities	(193,332)	75,434	123,821	(708,565)
Accrued retirement benefits	(47,003)	(1,496)	(26,211)	3,356
Other long-term liabilities	(19,295)	6,240	44,453	(201,111)
Net cash provided by operating activities	566,451	557,501	1,354,126	3,846,741



	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
<b>Cash flows from investing activities:</b>				
Capital expenditures (including capitalized interest)	(900,470)	(107,537)	(510,448)	(584,253)
Acquisition of loans held-for-investment	—	—	(272)	(1,602)
Sales (purchases) of investments, net	15,000	(53)	3,128	(12,149)
Capital contribution to unconsolidated affiliate	—	—	—	(5,000)
Contribution received from joint venture partner	—	—	—	25,763
Loan amendment fees received	1,800	—	—	—
Proceeds from principal repayments on loans held-for-investment	315	109	13,467	—
Acquisition of intangible assets	(4,143)	(432)	(8,815)	(17,687)
Net cash used in investing activities	(887,498)	(107,913)	(502,940)	(594,928)
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of long-term debt	—	6,190,000	—	—
Repayments of long-term debt	—	(5,666,521)	(386,209)	(2,803,791)
Proceeds from debtor-in-possession financing	1,250,000	—	—	—
Repayments of debtor-in-possession financing	(1,000,000)	(1,250,000)	—	—
Proceeds from revolving credit facilities	—	—	65,000	—
Repayments of revolving credit facilities	—	—	(65,000)	—
Debt issuance costs	—	(223,657)	—	—
Debtor-in-possession financing fees	(46,944)	—	—	—
Principal payments on deferred satellite performance incentives	(27,958)	(7,332)	(15,592)	(13,135)
Principal payments on finance lease obligations	—	—	—	(10,725)
Dividends paid to noncontrolling interest	(5,539)	—	(5,979)	(848)
Repurchases of common shares	—	—	—	(6,545)
Net cash provided by (used in) financing activities	169,559	(957,510)	(407,780)	(2,835,044)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(4,471)	(70)	(2,942)	953
Net change in cash, cash equivalents and restricted cash	(155,959)	(507,992)	440,464	417,722
Cash, cash equivalents and restricted cash, beginning of period	1,085,696	929,737	421,745	862,209
Cash, cash equivalents and restricted cash, end of period	\$ 929,737	\$ 421,745	\$ 862,209	\$ 1,279,931

	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
<b>Supplemental cash flow information:</b>				
Cash paid for reorganization items included in cash flows from operating activities	\$ 222,387	\$ 144,519	\$ 50,872	\$ 1,195
Interest paid, net of amounts capitalized	406,508	26,139	187,367	391,807
Income taxes paid, net of refunds	5,119	1,916	12,068	64,284
<b>Supplemental disclosure of non-cash investing activities:</b>				
Change in accrued capital expenditures	\$ 28,518	\$ 54,912	\$ (29,314)	\$ 25,419
Conversion of loans held-for-investment to equity securities	—	—	11,764	—
Capitalization of deferred satellite performance incentives	5,318	—	—	22,255
Conversion of payment-in-kind interest on loans held-for-investment	3,872	—	2,196	5,423
Contribution to investment	—	—	—	46,526
Purchase price adjustment	7,843	—	—	—
<b>Supplemental disclosure of non-cash financing activities:</b>				
Contribution from parent	\$ 4,114	\$ 175,706	\$ —	\$ —
Share premium distribution, authorized	—	—	—	130,000

See accompanying notes to the consolidated financial statements.

## INTELSAT S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

#### Note 1—Background and Summary of Significant Accounting Policies

In this Annual Report, unless otherwise indicated or the context otherwise requires, (1) the terms “we,” “us,” “our,” “the Company” and “Intelsat” refer to Intelsat S.A. (formerly Intelsat Emergence S.A.) and its subsidiaries on a consolidated basis, (2) the term “Intelsat Holdings” refers to Intelsat Holdings S.á r.l., our direct wholly-owned subsidiary, (3) the term “Intelsat Investments” refers to Intelsat Investments S.á r.l., which was dissolved on December 31, 2023 and had been Intelsat Holdings’ direct wholly-owned subsidiary, (4) the term “Intelsat Luxembourg” refers to Intelsat (Luxembourg) S.á r.l., which was dissolved on December 31, 2023 and had been Intelsat Investments’ direct wholly-owned subsidiary, (5) the term “Intelsat Envision” refers to Intelsat Envision Holdings LLC, which was dissolved on September 30, 2023 and had been Intelsat Luxembourg’s direct wholly-owned subsidiary, (6) the term “Intelsat Connect” refers to Intelsat Connect Finance S.á r.l., which was dissolved on December 31, 2023 and had been Intelsat Envision’s direct wholly-owned subsidiary until Intelsat Envision’s dissolution on September 30, 2023, and after which was a wholly-owned subsidiary of Intelsat Luxembourg, (7) the term “Intelsat Jackson” refers to Intelsat Jackson Holdings S.A., which had been Intelsat Connect’s direct wholly-owned subsidiary until Intelsat Connect’s dissolution on December 31, 2023, and after which is a direct wholly-owned subsidiary of Intelsat Holdings, and (8) the term “Intelsat CA” refers to our commercial aviation business. In this Annual Report, unless the context otherwise requires, (a) all references to Intelsat S.A. refer to Intelsat S.A. (formerly Intelsat Emergence S.A.), and (b) all references to transponder capacity or demand refer to transponder capacity or demand in the C-band and Ku-band frequencies only.

Intelsat provides satellite communications services worldwide through a global communications network of 57 satellites and ground facilities related to the satellite operations and control, and teleport services. Further, through Intelsat CA, we are one of the largest direct providers of in-flight connectivity services to commercial airlines.

Intelsat operates one of the largest, most advanced satellite fleets and connectivity infrastructures in the world. We apply our expertise and global scale to reliably and seamlessly connect people, devices and networks in even the most challenging and remote locations. We provide diversified communications services to the world’s leading media companies, fixed and wireless telecommunications operators, data networking service providers for enterprise and mobile applications in the air and on the seas, multinational corporations and internet service providers. We are also one of the leading providers of commercial satellite communication services to the U.S. government and other select military organizations and their contractors. Our network solutions are a critical component of our customers’ infrastructures and business models. In recent years, mobility services providers have contracted for services on our fleet that support broadband connections for passengers on commercial flights, cruise ships and commercial shipping, connectivity that in some cases is only available through our satellite network. In addition, our satellite neighborhoods provide our media customers with efficient and reliable broadcast distribution that maximizes audience reach, a technical and economic benefit that is difficult for terrestrial services to match. In developing regions, our satellite solutions often provide higher reliability than is available from local terrestrial telecommunications services and allow our wireless and enterprise customers access to geographies that they would otherwise be unable to serve.

#### *Emergence from Voluntary Reorganization under Chapter 11 of the Bankruptcy Code; Fresh Start and Bankruptcy Accounting*

On May 13, 2020, Intelsat S.A. (now Reorganized ISA S.A. upon the occurrence of certain restructuring transactions, which occurred substantially contemporaneously with the Effective Date (as defined herein)) and certain of its subsidiaries (each, a “Debtor” and collectively, the “Debtors”), commenced voluntary cases (the “Chapter 11 Cases”) under title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of Virginia (the “Bankruptcy Court”). On December 17, 2021, the Debtors filed an amended version of the Chapter 11 plan of reorganization—the *Fourth Amended Joint Chapter 11 Plan of Reorganization of Intelsat S.A. and Its Debtor Affiliates* (the “Final Plan”)—which was then confirmed by the Bankruptcy Court. On February 23, 2022 (the “Effective Date”), the Debtors emerged from the Chapter 11 Cases, upon which we adopted fresh start accounting (“Fresh Start Accounting”) in accordance with ASC 852, *Reorganizations* (“ASC 852”).

We evaluated the events between the Effective Date and February 28, 2022 and concluded that the use of an accounting convenience date of February 28, 2022 (the “Fresh Start Reporting Date”) would not have a material impact on our consolidated statements of operations or consolidated balance sheets. The consolidated financial statements after the Fresh Start Reporting Date are not comparable with the consolidated financial statements on or before that date as indicated by the “black line” division in the financial statements and footnote tables, which emphasizes the lack of comparability between amounts presented. References to “Predecessor” relate to the financial position of Intelsat S.A. (now Reorganized ISA S.A. upon the occurrence of certain restructuring transactions, which occurred substantially contemporaneously with the Effective Date (as defined herein)) and its subsidiaries on a consolidated basis prior to, and results of operations through and including, February 28, 2022. References to “Successor” relate to the financial position and results of operations of Intelsat S.A. and its subsidiaries on a consolidated basis as of and subsequent to February 28, 2022.

During the Predecessor period, the Company applied ASC 852, which requires the financial statements for periods subsequent to the commencement of our bankruptcy proceedings to distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, we classified all expenses, gains or losses that were incurred or realized as a result of the Chapter 11 proceedings as reorganization items in our consolidated statements of operations.

### *C-band Spectrum Clearing*

On March 3, 2020, the U.S. Federal Communications Commission (“FCC”) issued its final order in the C-band proceeding (the “FCC Final Order”), which, among other things, provides for monetary incentives for fixed satellite services providers to clear a portion of the C-band spectrum on an accelerated basis (the “Accelerated Relocation Payments” or “ARPs”). On August 14, 2020, Intelsat License LLC (“Intelsat License”) filed its C-band spectrum transition plan with the FCC, with ongoing updates as requested by the FCC. The most recent amended and final transition plan was filed on July 11, 2023.

Under the FCC Final Order, Intelsat License was eligible to receive ARPs of approximately \$1.2 billion and \$3.7 billion based on the Phase I and Phase II milestone clearing certification dates of December 5, 2021 and December 5, 2023, respectively, subject to the satisfaction of certain deadlines and other conditions. In addition, under the FCC Final Order, we are also entitled to receive reimbursement payments for certain C-band spectrum clearing expenses incurred, subject to the satisfaction of certain conditions set forth in the FCC Final Order.

The arrangement under the FCC Final Order is accounted for under ASC 610-20, *Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets*. The total transaction price under the FCC Final Order is estimated at approximately \$6.6 billion, consisting of \$4.9 billion in ARPs and estimated reimbursement payments of approximately \$1.7 billion. The spectrum cleared in Phase I and the spectrum cleared in Phase II are considered two separate distinct nonfinancial assets for which control is transferred and the associated income is recognized at distinct points in time upon satisfaction of the Phase I and Phase II clearing milestones. The transaction price of \$6.6 billion is allocated to the Phase I and Phase II nonfinancial assets based on the estimated relative standalone selling price, resulting in approximately \$2.1 billion allocated to Phase I and approximately \$4.5 billion allocated to Phase II.

The FCC validated the Phase I Certification of Accelerated Relocation on November 12, 2021, and we collected the full \$1.2 billion Phase I ARP by January 2022. On July 12, 2023, Intelsat License filed its Phase II Certification of Accelerated Relocation, indicating completion of required clearing activities to satisfy the December 5, 2023 accelerated clearing deadline. No challenges to the certification were made and, under the rules established pursuant to the FCC Final Order, on August 11, 2023, the certification was deemed valid (“Phase II Validation”) and we submitted our invoice for the Phase II ARP of \$3.7 billion. As of October 19, 2023, the entire Phase II ARP proceeds of \$3.7 billion were received. Subsequently, a portion of these proceeds was used to repay the 2029 Term Loans (as defined in Note 9—Debt) in full.

C-band clearing related expenditures are either (i) capitalized under ASC 360, *Property Plant and Equipment* (“ASC 360”) or other applicable accounting principles, or (ii) expensed as fulfillment costs as incurred. Fulfillment costs include costs to pay personnel or third parties to assist with customer reconfiguration and relocation, installation of filters, and program management costs.

As of December 31, 2022 and 2023, we incurred reimbursable costs associated with the FCC Final Order of \$1.6 billion and \$1.8 billion, respectively. Amounts yet to be reimbursed were included within “Receivables relating to C-band” on our consolidated balance sheets and are expected to be received throughout the coming twelve months. During the year ended December 31, 2021, ten months ended December 31, 2022 and year ended December 31, 2023, we received \$6.3 million, \$940.8 million, and \$209.0 million, respectively, of reimbursement for C-band clearing costs, a portion of which was used to repay certain outstanding debt (see Note 9—Debt). No similar proceeds were received during the two months ended February 28, 2022. An additional \$64.4 million was received in the first quarter of 2024, resulting in a total of \$1.2 billion in reimbursements received through the date of this Annual Report.

As a result of Phase II Validation, we recognized reimbursement income of \$720.9 million for the year ended December 31, 2023, which is included within “Other operating expense (income), net—C-band” on our consolidated statements of operations.

For the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, we incurred \$809.0 million, \$117.3 million, \$315.8 million, and \$136.6 million, respectively, of C-band clearing related expenditures, of which \$617.9 million, \$79.9 million, \$251.4 million, and \$59.7 million, respectively, was capitalized (see Note 6—Satellites and Other Property and Equipment) and of which \$191.1 million, \$37.4 million, \$64.4 million, and \$76.9 million respectively, was expensed and included within “Other operating expense (income), net—C-band” on our consolidated statements of operations.

**(a) Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Intelsat, its wholly-owned subsidiaries, and variable interest entities (“VIE”) of which we are the primary beneficiary, and are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). We use the equity method to account for our investments in entities where we exercise significant influence over operating and financial policies but do not retain control under either the voting interest model (generally 20% to 50% ownership interest) or the variable interest model. We have eliminated all intercompany accounts and transactions.

**(b) Use of Estimates**

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of these consolidated financial statements, the reported amounts of revenues and expenses during the reporting periods, and the disclosures of contingent liabilities. Accordingly, ultimate results could differ from those estimates.

**(c) Revenue Recognition**

We earn revenue primarily by providing services over satellite transponder capacity to our customers. Our customers generally obtain satellite services from us by placing an order pursuant to one of several master customer service agreements and related service orders. Our Intelsat CA revenue is primarily earned from providing connectivity and entertainment services and through sales of equipment. See Note 4—Revenue for further discussion regarding revenue recognition policies.

**(d) Fair Value Measurements**

We estimate the fair value of our financial instruments using available market information and valuation methodologies. The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximate their fair values because of the short maturity of these financial instruments.

ASC 820, *Fair Value Measurements and Disclosure* (“ASC 820”) defines fair value as the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 requires disclosure of the extent to which fair value is used to measure financial assets and liabilities, the inputs utilized in calculating valuation measurements, and the effect of the measurement of significant unobservable inputs on earnings or changes in net assets as of the measurement date. ASC 820 establishes a three-level valuation hierarchy based upon the transparency of inputs utilized in the measurement and valuation of financial assets or liabilities as of the measurement date. We apply fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

The fair value hierarchy prioritizes the inputs used in valuation techniques into three levels as follows:

- Level 1—unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2—quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted market prices that are observable or that can be corroborated by observable market data by correlation; and
- Level 3—unobservable inputs based upon the reporting entity’s internally developed assumptions which market participants would use in pricing the asset or liability.

***(e) Cash, Cash Equivalents and Restricted Cash***

Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less, which are generally time deposits with banks and money market funds. The carrying amount of these investments approximates fair value. Restricted cash represents legally restricted amounts primarily held as a compensating balance for certain outstanding letters of credit.

The following table presents a reconciliation of cash, cash equivalents and restricted cash reported within our consolidated balance sheets to the total sum of these amounts reported in our consolidated statements of cash flows (in thousands):

	As of December 31, 2022	As of December 31, 2023
Cash and cash equivalents	\$ 720,101	\$ 1,259,291
Restricted cash	3,297	4,665
Restricted cash included in other assets	138,811	15,975
Cash, cash equivalents and restricted cash	<u>\$ 862,209</u>	<u>\$ 1,279,931</u>

**(f) Receivables and Allowance for Credit Losses**

We provide satellite services and extend credit to numerous customers in the satellite communication, telecommunications and video markets, as well as the airline industry. We monitor our exposure to credit losses and maintain allowances for credit losses and anticipated losses. The Company's methodology to measure the provision for credit losses considers all relevant information, including, but not limited to, information about historical collectability, current economic and market conditions, and reasonable and supportable forecasts of future economic conditions. We believe we have adequate customer collateral and reserves to cover our exposure.

The following table presents a roll-forward of the allowance for credit losses related to accounts receivable and contract assets reported within our consolidated balance sheets (in thousands):

	Accounts Receivable				Contract Assets			
	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions <sup>(1)</sup>	Balance at End of Period	Balance at Beginning of Period	Charged to Costs and Expenses	Recoveries (Deductions) <sup>(1)</sup>	Balance at End of Period
Year Ended December 31, 2021 (Predecessor)	\$ 40,785	28,258	(35,162)	\$ 33,881	\$ 3,889	4,875	—	\$ 8,764
Two Months Ended February 28, 2022 (Predecessor) <sup>(2)</sup>	\$ 33,881	2,213	(33,836)	\$ 2,258	\$ 8,764	(774)	(2,022)	\$ 5,968
Ten Months Ended December 31, 2022 (Successor) <sup>(3)</sup>	\$ 2,258	25,461	(5,976)	\$ 21,743	\$ 5,968	(1,290)	(1,557)	\$ 3,121
Year Ended December 31, 2023 (Successor)	\$ 21,743	13,736	(5,804)	\$ 29,675	\$ 3,121	(2,391)	806	\$ 1,536

(1) Reflects uncollectible accounts written off, net of recoveries.

(2) As of February 28, 2022, the fair value of our net accounts receivable and contract assets balances approximated their carrying values; therefore, no fair value adjustment for Fresh Start Accounting was required.

(3) Upon application of Fresh Start Accounting, the Company identified certain receivables and contract assets that met the definition of purchased financial assets with credit deterioration in accordance with ASC 326, *Financial Instruments—Credit Losses*. Therefore, the Company recognized allowances with corresponding increases to the amortized cost bases of receivables and contract assets as of the Fresh Start Reporting Date.

### **(g) Satellites and Other Property and Equipment**

Satellites and other property and equipment are stated at historical cost, except for satellites that have been impaired. Satellites and other property and equipment acquired as part of an acquisition are recorded based on their fair value at the date of acquisition. Capitalized costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentives that are expected to be payable to the satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction. See Note 11—Leases and “(u) Leases” below for a discussion regarding our finance lease accounting policies.

We depreciate satellites and other property and equipment on a straight-line basis over the following estimated useful lives:

<b>Asset Description</b>	<b>Years</b>
Buildings and improvements	10 — 40
Satellites and related costs	10 — 18
Ground segment equipment and software	4 — 15
Furniture and fixtures and computer hardware	3 — 12
Leasehold improvements <sup>(1)</sup>	2 — 13
Network equipment	5 — 25
Finance leases	2 — 12

(1) Leasehold improvements are depreciated over the shorter of the useful life of the improvement or the remaining lease term.

### **(h) Other Assets**

Other assets primarily consist of investments in certain equity securities, equity method investments, loan receivables, right-of-use (“ROU”) assets, long-term restricted cash, long-term deposits and other miscellaneous deferred charges and long-term assets. See Note 7—Investments for additional discussion regarding equity securities, equity method investments and loan receivable accounting policies. See Note 11—Leases and “(u) Leases” below for additional discussion regarding ROU asset accounting policies.

### **(i) Goodwill and Other Intangible Assets**

We account for goodwill and other intangible assets in accordance with ASC 350, *Intangibles—Goodwill and Other* (“ASC 350”). Goodwill represents the excess of the consideration transferred plus the fair value of any noncontrolling interest in the acquiree at the acquisition date over the fair values of identifiable net assets of businesses acquired. Goodwill and certain other intangible assets deemed to have indefinite lives are not amortized but are tested on an annual basis for impairment during the fourth quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The current guidance requires us to measure impairment using the difference between the carrying amount and the fair value of the reporting unit, if required. See Note 8—Goodwill and Other Intangible Assets.

Intangible assets arising from business combinations are initially recorded at fair value. We record other intangible assets at cost. We amortize intangible assets with determinable lives based on the expected pattern of consumption. We review these intangible assets for impairment whenever facts and circumstances indicate that the carrying amounts may not be recoverable. See Note 8—Goodwill and Other Intangible Assets.

### **(j) Impairment of Long-Lived Assets**

We review long-lived assets, including property and equipment and acquired intangible assets with estimable useful lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of such an asset may not be recoverable. These indicators of impairment can include, but are not limited to, the following:

- satellite anomalies, such as a partial or full loss of power;
- under-performance of an asset compared to expectations; and
- shortened useful lives due to changes in the way an asset is used or expected to be used.

The recoverability of an asset to be held and used is determined by comparing the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated undiscounted future cash flows, we record an impairment charge in the amount by which the carrying amount of the asset exceeds its fair value, which we determine by either a quoted market price, if any, or a value determined by utilizing discounted cash flow techniques.



***(k) Income Taxes***

We account for income taxes in accordance with ASC 740, *Income Taxes*. We are subject to income taxes in Luxembourg, as well as the United States and a number of other foreign jurisdictions. Significant judgment is required in the calculation of our tax provision and the resulting tax liabilities, and in the recoverability of our deferred tax assets that arise from temporary differences between the tax and financial statement recognition of revenue and expense and net operating loss and credit carryforwards.

We regularly assess the likelihood that our deferred tax assets can be recovered. A valuation allowance is required when it is more likely than not that all or a portion of the deferred tax asset will not be realized. We evaluate the recoverability of our deferred tax assets based on all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we are able to realize our deferred tax assets in the future in excess of their net recorded amount, we will make an adjustment to the deferred tax asset valuation allowance, which reduces the provision for income taxes.

During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. We evaluate our tax positions to determine if it is more likely than not that a tax position is sustainable, based solely on its technical merits and presuming the taxing authorities have full knowledge of the position and access to all relevant facts and information. When a tax position does not meet the more likely than not standard, we record a liability or contra asset for the entire amount of the unrecognized tax impact. Additionally, for tax positions that are determined more likely than not to be sustainable, we measure the tax position at the largest amount of benefit more likely than not (determined by cumulative probability) to be realized upon settlement with the taxing authority.

***(l) Foreign Currency Translation***

Our functional currency is the U.S. dollar, since substantially all customer contracts, capital expenditure contracts and operating expense obligations are denominated in U.S. dollars. Assets and liabilities recorded in currencies other than the U.S. dollar are translated at the exchange rate on the balance sheet date. Revenue and expenses are translated at average monthly rates of exchange prevailing during the period. We recognize differences on exchange arising on the settlement of the transactions denominated in currencies other than the U.S. dollar within “Other income (expense), net” in our consolidated statements of operations.

***(m) Comprehensive Income (Loss)***

Comprehensive income (loss) consists of net income (loss) and other gains and losses affecting shareholders’ equity (deficit) that, under U.S. GAAP, are excluded from net income (loss). Such items consist primarily of pension related activity.

***(n) Share-Based Compensation***

We account for share-based compensation expense in accordance with ASC 718, *Compensation—Stock Compensation* (“ASC 718”), which requires us to measure and recognize compensation expense in our financial statements based on the fair value at the date of grant for our share-based awards, which include restricted stock units (“RSUs”) and stock options granted to certain employees and RSUs granted to certain eligible directors. We recognize compensation expense for these equity-classified awards over their requisite service period and adjust for forfeitures as they occur. See Note 12—Share-Based and Other Compensation Plans for further details.

***(o) Deferred Satellite Performance Incentives***

The cost of satellite construction may include an element of deferred consideration that we are obligated to pay to satellite manufacturers over the lives of the satellites, provided the satellites continue to operate in accordance with contractual specifications. Historically, the satellite manufacturers have earned substantially all of these payments. Therefore, we account for these payments as deferred financing. We capitalize the present value of these payments as part of the cost of the satellites and record a corresponding liability due to the satellite manufacturers. Interest expense is recognized on the deferred financing and the liability is reduced as the payments are made.

***(p) Derivative Instruments***

We enter into derivative transactions primarily to manage our exposure to fluctuations in foreign exchange and interest rates. We employ risk management strategies, which may include the use of foreign currency swaps, interest rate swaps and interest rate caps. We measure all derivatives at fair value and recognize them as either assets or liabilities on our consolidated balance sheets. Changes in the fair value of derivative instruments not qualifying as hedges are recognized in earnings in the current period. We do not have any derivative instruments that have been designated as accounting hedges.

### **(q) Inventory**

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

### **(r) Warranty**

We provide warranties on parts and labor related to our products for Intelsat CA. Our warranty terms range from one to five years. Warranty reserves are established for costs that are estimated to be incurred after the sale, delivery and installation of the products under warranty. The warranty reserves are determined based on known product failures, historical experience and other available evidence, and are included in “Other current liabilities” in our consolidated balance sheets.

The following table provides a roll-forward of the warranty reserve reported within our consolidated balance sheets (in thousands):

	<b>Balance at Beginning of Period</b>	<b>Accruals for Warranties Issued</b>	<b>Settlements of Warranties</b>	<b>Fresh Start Adjustments<sup>(1)</sup></b>	<b>Balance at End of Period</b>
Year Ended December 31, 2021 (Predecessor)	\$ 19,637	8,709	(9,877)	—	\$ 18,469
Two Months Ended February 28, 2022 (Predecessor)	\$ 18,469	961	(1,116)	6,480	\$ 24,794
Ten Months Ended December 31, 2022 (Successor)	\$ 24,794	9,858	(7,883)	—	\$ 26,769
Year Ended December 31, 2023 (Successor)	\$ 26,769	12,040	(10,484)	—	\$ 28,325

(1) Reflects fair value adjustments due to the adoption of Fresh Start Accounting.

### **(s) Software Development Costs**

For software sold as part of our equipment sales in connection with our Intelsat CA business, we capitalize software development costs once technological feasibility has been established. Capitalized software development costs are included within “Amortizable intangible assets, net” in our consolidated balance sheets. Such capitalized software costs are amortized on a product-by-product basis over the remaining estimated economic life of the product, based on the greater of the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or the straight-line method. These amortization costs are presented within “Depreciation and amortization” in our consolidated statements of operations.

### **(t) Research and Development**

Research and development costs are charged to expense in the period in which they are incurred and totaled \$7.5 million, \$1.4 million, \$9.7 million and \$14.5 million for the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively.

### **(u) Leases**

We determine if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.

Operating and finance lease ROU assets and lease liabilities are recognized based on the present value of future minimum lease payments over the expected lease term, at the commencement date. For leases in which the implicit rate is not readily determinable, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain the Company will exercise such option. ROU assets include unpaid lease payments and exclude lease incentives and initial direct costs incurred. For our operating leases, we recognize lease expense for minimum lease payments on a straight-line basis over the lease term, and for our finance leases, we recognize interest expense on the lease liability using the effective interest method and depreciation of the ROU assets on a straight-line basis over the lease term.

We have lease agreements with lease and non-lease components, which are generally combined, consistent with our election of the practical expedient. For lease agreements in which the Company is the lessee, the Company accounts for the lease components (e.g. fixed payments including rent, real estate taxes and insurance costs) and non-lease components (e.g. common-area maintenance costs and managed service contracts) as a single lease component for all classes of underlying assets. Leases in which the Company is the lessor are also evaluated for lease and non-lease components. In the event a sales-type lease is identified, this component is accounted for separately from lease and non-lease components that meet the practical expedient to be combined. Judgment is required in determining the allocation between lease components and also between the lease and non-lease components, as the non-lease components are the predominant components of the combined components of our sales-type leases. ASC 606, *Revenue from Contracts with Customers* (“ASC 606”) is applied to the combined lease and non-lease components. Leases with an expected term of 12 months or less are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term. See Note 11—Leases for further details.

**(v) Recently Adopted and Recently Issued Accounting Pronouncements**

In March 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-01, *Leases (Topic 842): Common Control Arrangements* (“ASU 2023-01”). The standard requires entities to amortize leasehold improvements associated with common control leases over the useful life to the common control group. ASU 2023-01 will be effective for the Company on January 1, 2024, though early adoption is permitted. We are in the process of evaluating the impact that ASU 2023-01 will have on our consolidated financial statements and associated disclosures.

In August 2023, the FASB issued ASU 2023-05, *Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement* (“ASU 2023-05”). The standard requires a joint venture to initially measure all contributions received upon its formation at fair value. ASU 2023-05 is effective prospectively for all joint venture formations with a formation date on or after January 1, 2025 and is not expected to have a material impact on our consolidated financial statements and associated disclosures.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative* (“ASU 2023-06”) to clarify or improve disclosure and presentation requirements of a variety of topics, which will allow users to more easily compare entities subject to the Securities and Exchange Commission’s (“SEC”) existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the FASB accounting standard codification with the SEC’s regulations. ASU 2023-06 is effective for the Company two years after the related disclosure is removed from the SEC regulations. We are in the process of evaluating the impact that ASU 2023-06 will have on our consolidated financial statements and associated disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”), to address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. ASU 2023-09 will be effective for the Company for annual periods beginning after December 15, 2025, though early adoption is permitted. We are in the process of evaluating the impact that ASU 2023-09 will have on our consolidated financial statements and associated disclosures.

**Subsequent Events**

The Company has evaluated subsequent events from the balance sheet date through March 15, 2024, the date at which the consolidated financial statements were available to be issued.

**Note 2—Emergence from Chapter 11 Proceedings and Other Related Matters**

*Emergence from Voluntary Reorganization under Chapter 11*

On May 13, 2020, the Debtors commenced the Chapter 11 Cases under the Bankruptcy Code in the Bankruptcy Court.

On February 11, 2021, the Debtors entered into a plan support agreement with certain of the Debtors’ prepetition secured and unsecured creditors. After entry into such plan support agreement, the Debtors continued to engage with their stakeholders, and on August 24, 2021, the Debtors entered into an amended plan support agreement (together with all exhibits and schedules thereto, the “PSA”) with certain of the Debtors’ prepetition secured and unsecured creditors (the “Consenting Creditors” and together with the Debtors, the “PSA Parties”). The PSA contains certain covenants on the part of the PSA Parties, including, but not limited to, the Consenting Creditors voting in favor of the *Amended Joint Chapter 11 Plan of Reorganization of Intelsat S.A. and Its Debtor Affiliates* (as amended, the “Plan”), and provides that the Debtors shall achieve certain milestones (unless extended or waived in writing).

On December 17, 2021, the Debtors filed the Final Plan and the Bankruptcy Court entered a confirmation order (the “Confirmation Order”), which approved and confirmed the Final Plan. The Final Plan was supported by all major constituencies across the Debtors’ capital structure and contemplated distributions of new debt and equity in the reorganized enterprise, resulting in a reduction of the Debtors’ debt by more than half—from approximately \$15.7 billion to \$6.7 billion, including entering a new \$500.0 million revolving credit facility (refer to Note 9—Debt for further information on these debt transactions). The Final Plan was implemented upon the Debtors’ emergence from the Chapter 11 Cases on the Effective Date (the “Emergence”).

### *Summary Treatment of Claims upon Emergence*

The material terms of the Final Plan and PSA are summarized below, and are qualified in their entirety by reference to the Final Plan and PSA.

- payment in full in cash to certain holders of allowed claims with respect to Intelsat Jackson’s pre-Emergence senior secured credit facilities;
- distribution to certain holders of allowed claims with respect to Intelsat Jackson’s pre-Emergence 8.0% Senior Secured Notes due 2024 and pre-Emergence 9.5% Senior Secured Notes due 2022 of their pro rata shares of cash;
- distribution to certain holders of allowed unsecured claims against Intelsat Jackson or certain of its subsidiaries of those holders’ pro rata shares of (i) 96% of the Company’s post-Emergence common shares, (ii) 100% of Intelsat Jackson’s Series A Contingent Value Rights (“Series A CVRs”), (iii) 67.5% of Intelsat Jackson’s Series B CVRs (“Series B CVRs”, and together with the Series A CVRs, the “CVRs”), and (iv) cash;
- distribution to certain holders of allowed unsecured claims against Intelsat Connect of their pro rata shares of (i) cash, (ii) 32.5% of Series B CVRs, (iii) 4.0% of the Company’s post-Emergence common shares, (iv) 100% of New Series A Warrants (as defined herein), and (v) 46.447% of New Series B Warrants (as defined herein);
- distribution to certain holders of allowed unsecured claims against Intelsat Envision of their pro rata shares of (i) cash, and (ii) 47.301% of New Series B Warrants;
- distribution to certain holders of allowed unsecured claims against Intelsat Luxembourg of their pro rata shares of cash; and
- distribution to certain holders of allowed unsecured claims against pre-Emergence Intelsat S.A. (now Reorganized ISA S.A.) of (i) cash, and (ii) 6.252% of New Series B Warrants, and (iii) certain securities of Reorganized ISA S.A. (please see—*Reorganized ISA S.A. Securities* below for additional information).

Intelsat S.A. also adopted a management incentive plan upon Emergence, which provides for, among other things, the reservation of certain restricted and performance securities, as well as long-term cash incentive awards.

### *Reorganized ISA S.A. Securities*

In addition to the terms summarized above, upon Emergence, a distribution was made to certain holders of allowed unsecured claims against pre-Emergence Intelsat S.A. (now Reorganized ISA S.A.) of 100% of Reorganized ISA S.A. common shares (subject to dilution by the exercise of certain new warrants issued by Reorganized ISA S.A., if any). All common shares of pre-Emergence Intelsat S.A. (now Reorganized ISA S.A.) outstanding immediately prior to the Effective Date were extinguished. Certain holders of pre-Emergence Intelsat S.A. (now Reorganized ISA S.A.) common shares who successfully opted into an equity group settlement obtained their pro rata shares of warrants issued by Reorganized ISA S.A. for up to 10% of Reorganized ISA S.A. common shares.

The Reorganized ISA S.A. common shares and Reorganized ISA S.A. warrants are not reflected in these financial statements.

### *Issuance of New Common Shares*

On the Effective Date, Intelsat S.A. issued 67,689,250 new common shares pro rata to certain holders of allowed unsecured claims against (i) Intelsat Jackson and certain of its subsidiaries, and (ii) Intelsat Connect. As of Emergence, 146,314 new common shares of Intelsat S.A. were placed in escrow pending resolution of certain claims in connection with the bankruptcy proceedings, and on July 3, 2023, such shares held in escrow were distributed to certain holders.

### *Issuance of New Series A Warrants and New Series B Warrants*

On the Effective Date, Intelsat S.A. issued 6,709,012 new series A warrants (“New Series A Warrants”) and 1,911,401 new series B warrants (“New Series B Warrants”) and together with the New Series A Warrants, the “New Warrants”) pro rata to certain holders of pre-Emergence Intelsat S.A. (now Reorganized ISA S.A.) common shares. The New Warrants are exercisable to purchase one share of Intelsat S.A. new common shares per warrant, with New Series A Warrants having an initial exercise price of \$60.15, subject to further adjustments, and New Series B Warrants having an initial exercise price of \$77.22, subject to further adjustments. Each of the New Series A Warrants and New Series B Warrants expires on February 23, 2027. The Global Certificate (as defined in the Series B Warrant Agreement) mistakenly stated that 1,911,399 New Series B Warrants would be issued to subscribe to and purchase common shares, limited in aggregate number to and equal to 1,911,399 common shares. On February 21, 2023, the warranty agent and Intelsat S.A. entered into an amendment of the Series B Warrant Agreement to amend and correct these clerical errors to each time read 1,911,401.

### *Issuance of Series A and Series B CVRs*

On the Effective Date, Intelsat Jackson issued 6,820,000 Series A CVRs (as defined in Item 2, Note 2—Emergence from Chapter 11 Proceedings and Other Related Matters of the 2022 Annual Report) to certain holders of allowed unsecured claims against Intelsat Jackson, and 10,103,703 Series B CVRs (as defined in Item 2, Note 2—Emergence from Chapter 11 Proceedings and Other Related Matters of the 2022 Annual Report, and together with the Series A CVRs, the “CVRs”) to certain holders of allowed unsecured claims against Intelsat Jackson and Intelsat Connect. The CVRs may entitle holders to (i) an aggregate maximum of \$65 million (for Series A CVRs) and (ii) an aggregate maximum of \$355 million (for Series B CVRs) in connection with certain consideration being actually received by Intelsat S.A. or its affiliates from a private, third-party entity in connection with certain C-band clearing contracts and upon meeting the Minimum Payment Condition (as defined in the agreements governing the CVRs). As of Emergence, 15,323 of Series A CVRs and 15,323 of Series B CVRs were held in escrow pending the resolution of certain disputed claims in connection with the bankruptcy proceedings. On July 3, 2023, all of the CVRs held in escrow were distributed to certain holders.

The CVRs were determined to have nominal value as of the Fresh Start Reporting Date. As of December 31, 2022, we determined the fair value of the CVRs to be approximately \$152.5 million, which was included within “Other long-term liabilities” in our consolidated balance sheets. During the year ended December 31, 2023, payments of \$157.9 million were made related to the CVRs. As of December 31, 2023, liabilities of \$1.6 million and \$2.5 million were included within “Accounts payable and accrued liabilities” and Other long-term liabilities,” respectively, in our consolidated balance sheets related to dividend equivalents to be paid to holders of restricted stock awards. The change in fair value of the CVRs of \$9.6 million for the year ended December 31, 2023 was included within “Other income (expense), net” in our consolidated statement of operations.

### *Final Plan Releases and Exculpations*

The Final Plan provided releases and exculpations for the benefit of the Debtors, certain of the Debtors’ creditors, backstop parties, arrangers, book-running managers, lead placement agents, or similar parties with respect to the procurement of the Successor’s new capital structure, other parties in interest and various parties related thereto, each in their official capacities, from various claims and causes of action, as further set forth in the Final Plan.

### *Final Plan Settlement of Claims*

The Final Plan effectuated the general settlement, release, compromise, discharge, and other resolution of all outstanding claims, interests and causes of action. Additionally, the Final Plan incorporated the settlement, release, compromise, discharge, and other resolution of all known and unknown claims, interests, causes of action, and disputes, by and among the Company and the Debtors arising prior to the Effective Date, on the terms under a settlement agreement filed with the Bankruptcy Court as set forth at docket number 3156 (the “Settlement”). The Settlement was approved by the Bankruptcy Court and became effective upon entry of the Confirmation Order. The Settlement resolved numerous potential claims and issues, regarding, among other things, the Debtors’ post-Emergence organizational structure, various considerations regarding the Debtors’ Luxembourg tax profile (including, without limitation, preservation of the Luxembourg tax unity and the use of certain tax attributes), the receipt and allocation of any ARPs and related reimbursements, intercompany transactions that arose in the course of the Debtors’ business prior to May 13, 2020 (including certain transactions and/or balances that, absent the Settlement, could potentially be the subject of fact-intensive and time-consuming litigation), and the allocation of certain administrative expenses and post-petition intercompany balances. Refer to Note 15—Contingencies for more information on any outstanding claims related to the Chapter 11 Cases, including the SES Claim described therein.

### Reorganization Items

The expenses, gains and losses directly and incrementally resulting from the Chapter 11 Cases are separately reported as reorganization items in our consolidated statements of operations. Amounts reflected as Successor in the tables below primarily relate to professional fees incurred for Fresh Start Accounting, restructuring, and claims management activities, as well as trustee fee payments and legal expenses.

Reorganization items consisted of the following (in thousands):

	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
Gain on settlement of liabilities subject to compromise	\$ —	\$ 5,708,937	\$ —	\$ —
Fresh start valuation adjustments	—	(702,511)	—	—
Adjustment of debt discount, premium and issuance costs, and debtor-in-possession financing fees	(46,944)	(235,402)	—	—
Professional fees	(233,907)	(88,711)	(33,747)	—
Make-whole premium	(98,032)	—	—	—
Other reorganization costs	(576)	(2,796)	(8)	—
Total reorganization items	<u>\$ (379,459)</u>	<u>\$ 4,679,517</u>	<u>\$ (33,755)</u>	<u>\$ —</u>

### Note 3—Fresh Start Accounting

Upon Emergence, we qualified for and adopted Fresh Start Accounting in accordance with ASC 852, which resulted in a newly created entity, Intelsat S.A. becoming our ultimate parent company for financial reporting purposes because (1) the holders of the then-existing common shares of the Predecessor received less than 50 percent of the new common shares of the Successor outstanding upon Emergence, and (2) the reorganization value of the Company's assets immediately prior to confirmation of the Final Plan was less than the total of all post-petition liabilities and allowed claims.

Upon adoption of Fresh Start Accounting, the reorganization value derived from the range of enterprise value associated with the Final Plan was allocated to the Company's individual assets and liabilities, except for deferred income taxes, based on their estimated fair values as of the Fresh Start Reporting Date with the remaining excess value allocated to goodwill in conformity with ASC 805. The amount of deferred taxes was determined in accordance with ASC 740.

As a result of the adoption of Fresh Start Accounting and the effects of the implementation of the Final Plan, the consolidated financial statements of the Successor are not comparable to the consolidated financial statements of the Predecessor.

#### (a) Reorganization Value

Under ASC 852, the Successor determined a value to be assigned to the equity of the emerging entity as of the date of adoption of Fresh Start Accounting. The Final Plan confirmed by the Bankruptcy Court estimated a range of enterprise value between \$10.25 billion and \$11.75 billion, with a midpoint of \$11.0 billion. The Company deemed it appropriate to use the midpoint of the range to determine the final enterprise value of \$11.0 billion. The range of enterprise value was determined using various financial analyses, including the comparable companies analysis, discounted cash flow analysis and precedent transaction analysis.

The following table reconciles the enterprise value to the estimated fair value of our Successor common shares as of the Fresh Start Reporting Date (in thousands):

Adjusted enterprise value (\$11.0 billion mid-point, net of net present value of ARP of \$1.16 billion received prior to the Effective Date)	\$ 9,840,000
Plus: Excess cash	132,000
Less: Fair value of debt	(6,190,000)
Less: Other liabilities and adjustments including noncontrolling interest	(71,000)
Fair value of Successor equity	<u>\$ 3,711,000</u>
Fair value of Successor common shares	\$ 3,583,000
Fair value of Successor warrants	128,000
Fair value of Successor equity	<u>\$ 3,711,000</u>

The following table reconciles the enterprise value to the reorganization value of the Successor's assets to be allocated to the Company's individual assets as of the Fresh Start Reporting Date (in thousands):

Adjusted enterprise value	\$ 9,840,000
Plus: Excess cash	132,000
Less: Other liabilities and adjustments including noncontrolling interest	(71,000)
Plus: Fair value of non-debt current liabilities	674,015
Plus: Fair value of non-debt, non-current liabilities	1,972,761
Plus: Noncontrolling interest	36,000
Reorganization value of Successor's assets to be allocated	<u>\$ 12,583,776</u>

With the assistance of third-party valuation advisors, we determined the enterprise and corresponding equity value of the Successor using various valuation methods, including: (i) a calculation of the present value of future cash flows based on our financial projections, and (ii) a peer group trading analysis. The enterprise value and corresponding equity value are dependent upon achieving the future financial results set forth in our valuations and certain other assumptions. All estimates, assumptions, valuations and financial projections, including the fair value adjustments, enterprise value projections and equity value projections are inherently subject to significant uncertainties beyond our control.

Accordingly, there can be no assurances that the estimates, assumptions, valuations or financial projections will be realized, and actual results could vary materially.

### **(b) Valuation Process**

The fair values of the Company's principal assets, as presented below, and the fair value of the Company's lease liabilities, DIP-to-Exit Financing (as defined in the 2022 Annual Report), Series A and B Warrants, and Series A and B CVRs issued were estimated with the assistance of third-party valuation advisors.

#### *Satellites and Other Property and Equipment*

The satellite fleet comprises over 80% of the Company's property, plant and equipment under ASC 360 and has been valued using the replacement cost method, a variation of the cost approach to valuation. Current replacement costs, which include consideration for the spacecraft cost, launch cost, insurance, capital interest and capital labor, were assigned to each satellite based on size and configuration then adjusted based on the age of each satellite. An assumed earnings test was also applied to the satellites, comparing the present value of future income streams to the adjusted replacement cost. In instances where the cost approach value exceeded the income approach value, an economic obsolescence penalty was applied.

All non-satellite personal property has been valued using either an indirect cost approach or, in instances where a robust secondary market exists, a market approach.

Real property assets are composed of building improvements and land. Building improvements were valued using the indirect cost approach primarily due to their specialized use nature. We analyzed transactions of similar properties in the respective markets to corroborate results. Land underlying building improvements was valued using the sales comparison approach.

### *Accelerated Relocation Payment Rights*

On March 3, 2020, the FCC issued the FCC Final Order, which, among other things, provides for ARPs. The rights to the ARPs (“ARP Rights”) represent the Company’s entitlement to receive ARPs subject to the satisfaction of certain deadlines and other conditions. The ARP Rights were valued using the discounted cash flow method, a variation of the income approach to valuation. Under this method, we estimated the present value of the after-tax cash flows related to the ARPs that were expected to be received in the first quarter of 2024. The discount rate employed to estimate the present value was consistent with the risk inherent in the overall business of Intelsat, as the receipt of the ARPs is dependent on the Company’s ability to clear a portion of the C-band spectrum on an accelerated basis, and hence aligned with the Company’s operational risks. The key assumptions used to estimate the fair value of the ARP Rights included the expected amount and timing of the ARPs, tax rate and the discount rate.

### *Non-amortizable Intangible Assets – Orbital Slots and Trade Name*

Intelsat is authorized by governments to operate satellites at certain orbital locations or longitudinal coordinates (collectively, the “Orbital Slots”). Intelsat has the right to operate satellites through these Orbital Slots and such rights can be used individually; however, since satellites and customers can be and are moved from one Orbital Slot to another, Intelsat’s rights are used in conjunction with each other as a network that can be adapted to meet the changing needs of customers and market demands. Due to the interchangeable nature of Orbital Slots, the aggregate value of all of the Orbital Slots is used to measure its fair value.

We determined the estimated fair value of our rights to operate at Orbital Slots by using the Greenfield method to determine cash flows for the income approach, with the resulting projected cash flows discounted at an appropriate weighted average cost of capital. Under the Greenfield method, the amount a reasonable investor would be willing to pay for the right to operate a satellite business using the Orbital Slots is calculated by first estimating the cash flows that typical market participants might assume could be available from the right to operate satellites using the subject location in a similar market. The key assumptions used in estimating the fair values of our Orbital Slots included the following: (i) market penetration leading to revenue growth, (ii) profit margin, (iii) duration and profile of the build-up period, (iv) estimated start-up costs and losses incurred during the build-up period and (v) weighted average cost of capital.

Trade name represents a registered name for use in connection with the Company’s products and services offered to its customer base. We have implemented the relief from royalty method to determine the estimated fair value of the Intelsat trade name. The relief from royalty analysis is composed of two major steps: (i) a determination of an appropriate royalty rate, and (ii) the subsequent application of the royalty rate to projected revenue. In determining an appropriate royalty rate, we considered comparable license agreements, an excess earnings analysis to determine aggregate intangible asset earnings, and other qualitative factors. The key assumptions used to estimate the fair value of the Intelsat trade name included forecasted revenues, the royalty rate, the tax rate and the discount rate.

### *Amortizable Intangible Assets – Customer Relationships and Backlog*

Intelsat focuses on business-to-business services that indirectly enable enterprise, government and consumer applications through their customers. Intelsat customer contracts offer different types of services: transponder services, managed services, channel services and mobile satellite services (“MSS”) and other. In addition to customer relationships and contracts, Intelsat’s contracted backlog represents its expected future revenue under existing customer contracts and includes both cancelable and non-cancelable contracts. These customer relationships and backlog intangible assets were valued using the multi-period excess earnings method, a variation of the income approach to valuation. For the customer relationships asset, revenues attributable to customer assets were determined and an attrition rate based on historical customer trends was applied to estimate the expected decline anticipated from the existing customer population. The cash flows attributable to the customer relationships and backlog assets were also determined by applying appropriate costs and contributory asset charges then adjusted using a discount rate that is commensurate with the risk inherent in the customer-related intangible assets. The key assumptions used to estimate the fair value of the customer-related assets included forecasted revenues, attrition rates, profit margins, contributory asset charges, the tax rate and the discount rate.

### *Amortizable Intangible Assets – Software, Supplemental Type Certificates and Line Fit Certifications*

Intelsat CA recognizes an asset for the costs to obtain Supplemental Type Certificates and Line Fit Certificates, which is a regulatory requirement that must be satisfied prior to installation of equipment on the aircraft and remains an operational requirement throughout the duration of the contract. For the valuation of these intangible assets, we employed the replacement cost method, a variation of the cost approach to valuation. This method refers to estimating value equaling an amount that an entity would have to pay to replace an asset at the present time, according to its current worth. In the application of this method, we also considered developer’s profit and entrepreneurial incentive. The key assumptions used to estimate the fair value of these assets included historical costs, estimated replacement costs, remaining useful life, estimates of functional and economic obsolescence, reasonable profit mark-up and the required rate of return.



### *Equity and Debt Investments*

Intelsat holds investments in certain privately held companies, including investments in debt, preferred equity, common stock and common stock warrants. Such investments do not have readily determinable fair values. In our valuation of these investments, we employed variations of the market approach and the income approach. The key assumptions used to estimate the fair value of the debt investments included the expected amount and timing of interest and principal payments and market yields. The key assumptions used to estimate the fair value of the equity-linked investments included the historical financial metrics, capitalization tables, and market multiples based on (i) comparable publicly traded companies and (ii) benchmark transactions, volatility and time to exit.

### *Lease Liabilities and Right of Use Assets*

Lease liabilities were estimated as the present value of the remaining lease payments. The Company estimated an incremental borrowing rate and used it as the discount rate in the analysis. Right of use asset values were estimated by adjusting the lease liability estimates with estimates of off-market value of leases. Off-market (or above/below market) value was estimated as the present value of the differential between contract rates and market rates over the remaining term of a lease.

### *Noncontrolling Interests*

Intelsat holds a noncontrolling ownership interest in Horizons Satellite Holdings LLC, which is a joint venture with JSAT International, Inc. (“JSAT”) that consists of two investments: Horizons-1 Satellite LLC and Horizons-2 Satellite LLC. For the valuation of this minority, non-marketable interest, we employed the discounted cash flow analysis under the income approach to valuation. The key assumptions used to estimate the fair value of the noncontrolling interest included forecasted revenues, profit margins, the tax rate and the discount rate.

### *DIP-to-Exit Financing*

To estimate the value of the DIP-to-Exit Financing, we employed a discounted cash flow method, a variation of the income approach to valuation. The fair value of the DIP-to-Exit Financing was estimated by calculating the present value of the projected cash flows associated with the DIP-to-Exit Financing based on a concluded yield range. The yield range was developed by applying a benchmarking analysis. The key assumptions used to estimate the fair value of the DIP-to-Exit Financing included the expected amount and timing of interest and principal payments and market yields.

### *Series A and Series B Warrants*

The Company issued Series A and Series B Warrants as part of the Final Plan. To estimate the fair value of the Series A and Series B Warrants, we utilized the Black-Scholes-Merton (“BSM”) option pricing method. In the application of the BSM method, we determined the share price by solving via an iterative process for the common shares, where the aggregate value of the Series A Warrants, Series B Warrants and remaining common shares equates to the estimated total equity value. The key valuation inputs used in the BSM method include the current equity value, time to exit, volatility, risk-free rate and the exercise price.

### *Series A and Series B CVRs*

The Series A and Series B CVRs were determined to have nominal value as of the Fresh Start Reporting Date.

### ***(c) Consolidated Balance Sheet***

The adjustments included in the Fresh Start Accounting consolidated balance sheet set forth below reflect the effects of the transactions contemplated by the Final Plan and enacted on the Effective Date (reflected in the column “Reorganization Adjustments”), and fair value and other required accounting adjustments resulting from the adoption of Fresh Start Accounting (reflected in the column “Fresh Start Adjustments”). The explanatory notes provide additional information and significant assumptions with regard to the adjustments recorded and the methods used to determine the fair values.

	Predecessor			Successor
	February 28, 2022	Reorganization Adjustments	(1)	Fresh Start Adjustments
				February 28, 2022
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 393,406	\$ (73,679)	(2)	\$ —
Restricted cash	102,018	—		102,018
Depository Trust Company (“DTC”) asset	732,121	(732,121)	(3)	—
Receivables, net of allowances	198,850	(100)	(4)	198,750
Receivables relating to C-band	1,283,081	—		1,283,081
Contract assets, net of allowances	48,384	—		48,384
Inventory	117,786	—		117,786
Prepaid expenses and other current assets	110,218	(665)	(5)	(2,169) (16)
Total current assets	<u>2,985,864</u>	<u>(806,565)</u>		<u>2,177,130</u>
Satellites and other property and equipment, net	5,055,890	—		(931,534) (17)
ARP Rights	—	—		2,855,000 (18)
Goodwill	2,689,192	—		(1,293,250) (19)
Non-amortizable intangible assets	2,295,000	—		(1,245,000) (20)
Amortizable intangible assets, net	246,315	—		(67,710) (21)
Contract assets, net of current portion and allowances	52,231	—		—
Other assets	744,716	(13,458)	(6)	19,254 (22)
Total assets	<u>\$ 14,069,208</u>	<u>\$ (820,023)</u>		<u>\$ (665,409)</u>
<b>LIABILITIES AND SHAREHOLDERS’ DEFICIT</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 339,843	\$ (10,896)	(7)	\$ —
Taxes payable	9,246	—		9,246
Employee-related liabilities	45,326	—		45,326
Accrued interest payable	41,324	—		41,324
Current maturities of long-term debt	6,183,652	(6,183,652)	(8)	—
Contract liabilities	152,604	—		—
Deferred satellite performance incentives	18,902	—		18,902
Other current liabilities	68,128	—		9,538 (23)
Total current liabilities	<u>6,859,025</u>	<u>(6,194,548)</u>		<u>9,538</u>
Long-term debt	—	6,183,652	(8)	6,348 (24)
Contract liabilities, net of current portion	1,333,205	—		—
Deferred satellite performance incentives, net of current portion	94,748	—		—
Deferred income taxes	67,685	—		(2,725) (25)
Accrued retirement benefits, net of current portion	81,338	—		—
Other long-term liabilities	385,304	—		13,206 (26)
Due to related parties, net	16,378	(16,378)	(9)	—
Liabilities subject to compromise	10,329,798	(10,329,798)	(10)	—
Total liabilities	<u>19,167,481</u>	<u>(10,357,072)</u>		<u>26,367</u>

	Predecessor			Successor
	February 28, 2022	Reorganization Adjustments	(1)	Fresh Start Adjustments
				February 28, 2022
<b>Shareholders' deficit:</b>				
Common shares, nominal value \$0.01 per share	5,000	(5,000)	(11)	—
Common shares; Successor	—	677	(12)	677
Paid-in capital	2,569,958	182,452	(13)	(2,752,410)
Paid-in capital; Successor	—	3,710,323	(14)	3,710,323
Accumulated deficit	(7,626,186)	5,648,597	(15)	1,977,589
Accumulated other comprehensive loss	(51,283)	—		51,283
Total Intelsat S.A. shareholders' equity (deficit)	(5,102,511)	9,537,049		(723,538)
Noncontrolling interest	4,238	—		31,762
Total liabilities and shareholders' equity (deficit)	<u>\$ 14,069,208</u>	<u>\$ (820,023)</u>		<u>\$ (665,409)</u>
				<u>\$ 12,583,776</u>

#### **(d) Reorganization Adjustments**

In accordance with the Final Plan, the following adjustments were made:

- (1) Represents amounts recorded as of the Fresh Start Reporting Date for the implementation of the Final Plan, including, among other items, settlement of the Predecessor's liabilities subject to compromise, distributions of cash, conversion of the debtor-in-possession financing to the DIP-to-Exit Financing facilities, issuances of the Successor's common shares, Series A and Series B Warrants and Series A and Series B CVRs.
- (2) Changes in cash and cash equivalents includes the following (in thousands):

Cash at Intelsat S.A.	\$ 99
Payment of professional fees including success fees	(72,374)
Funding of reserve to make future distributions to creditors	(1,404)
Net change in cash and cash equivalents	<u>\$ (73,679)</u>
- (3) Reflects the disbursement of funds deposited with DTC to fund payments to creditors and distributions to Intelsat S.A. (now Reorganized ISA S.A.) creditors, pursuant to the Final Plan.
- (4) Changes in receivables, net includes the following (in thousands):

Elimination of amount due from Intelsat S.A., in consolidation	\$ (65)
Cancellation of amounts due from a third party	(35)
Net change in receivables, net	<u>\$ (100)</u>
- (5) Changes in prepaid expenses and other current assets includes the following (in thousands):

Funding of reserve to make future distributions to creditors	\$ 1,404
Elimination of prepaid directors and officers insurance policies related to the Predecessor	(2,069)
Net change in prepaid expenses and other current assets	<u>\$ (665)</u>
- (6) Changes in other assets includes the following (in thousands):

Elimination of prepaid directors and officers insurance policies related to the Predecessor	\$ (11,173)
Reduction of a deferred income tax asset related to the implementation of the Final Plan	(2,285)
Net change in other assets	<u>\$ (13,458)</u>

(7)	Changes in accounts payable and accrued liabilities includes the following (in thousands):	
	Reinstatement of liabilities	\$ 18,593
	Funding of reserve to make future distributions to creditors	1,404
	Payment of professional fees	(30,893)
	Net change in accounts payable and accrued liabilities	<u>\$ (10,896)</u>
(8)	Reflects the DIP-to-Exit Financing and the reclassification of the net carrying value of debt from current liabilities to non-current liabilities, based on the maturity of the debt.	
(9)	Reflects the settlement of amounts due to related parties, net as follows (in thousands):	
	Contribution of portion of related party, net amount from Intelsat S.A. (now Reorganized ISA S.A.)	\$ (18,782)
	Loss on forgiveness of portion of related party receivables	2,682
	Application of funds deposited with DTC to pay Intelsat S.A. (now Reorganized ISA S.A.) creditors	(278)
	Net change in amounts due to related parties, net	<u>\$ (16,378)</u>
(10)	Liabilities subject to compromise were settled in accordance with the Final Plan and the resulting gains were determined as follows (in thousands):	
	Accounts payable	\$ 10,693
	Debt subject to compromise	9,379,661
	Accrued interest on debt subject to compromise	334,179
	Other long-term liabilities subject to compromise	37,247
	Guarantee liability	409,997
	Related party note payable	150,000
	Accrued interest on related party note payable	8,021
	Total liabilities subject to compromise	<u>10,329,798</u>
	Less: Distribution of common shares to creditors	(3,583,000)
	Less: Distribution of Series A and Series B Warrants to creditors	(128,000)
	Less: Application of funds deposited with DTC to pay creditors	(731,843)
	Less: Elimination of related party note through contributions from Intelsat S.A (now Reorganized ISA S.A.)	(158,021)
	Less: Reinstatement of liabilities	(18,593)
	Less: Reserve to make future distributions to creditors	(1,404)
	Less: Distributions of Series A and Series B CVRs	—
	Gain on settlement of liabilities subject to compromise	<u>\$ 5,708,937</u>
(11)	Reflects the elimination of common shares due to the consolidation of Intelsat S.A., the new ultimate parent company.	
(12)	Reflects the issuance of Successor common shares, at par, to creditors.	
(13)	Change in paid-in-capital reflects the following (in thousands):	
	Elimination of related party note through contributions from Intelsat S.A. (now Reorganized ISA S.A.)	\$ 158,021
	Contribution of portion of related party, net amount from Intelsat S.A. (now Reorganized ISA S.A.)	18,782
	Elimination of common shares due to the consolidation of Intelsat S.A., the new ultimate parent company	5,000
	Reflects the acceleration of the vesting of equity awards upon the Effective Date	615
	Paid-in-capital related to repurchase and cancellation of formation shares issued by Intelsat S.A.	34
	Change in paid-in-capital	<u>\$ 182,452</u>

- (14) Change in paid-in-capital; Successor reflects the issuance of common stock and Series A and Series B Warrants to creditors pursuant to the Final Plan (in thousands):

Distribution of common shares (paid-in-capital) to creditors	\$ 3,582,323
Distribution of Series A and Series B Warrants to creditors	128,000
Change in paid-in-capital; Successor	<u>\$ 3,710,323</u>

- (15) Net change in accumulated deficit includes the following (in thousands):

Gain on settlement of liabilities subject to compromise	\$ 5,708,937
Payment of professional fees (success fees)	(41,481)
Elimination of prepaid director and officer insurance policies related to the Predecessor	(13,242)
Loss on forgiveness of portion of related party receivables	(2,682)
Recognition of net deferred tax expense related to the implementation of the Final Plan	(2,285)
Incremental compensation expense for the acceleration of the vesting of Predecessor equity awards upon the Effective Date	(615)
Cancellation of amounts due from a third party	(35)
Net change in accumulated deficit	<u>\$ 5,648,597</u>

**(e) Fresh Start Adjustments**

In accordance with the application of Fresh Start Accounting, the following adjustments were made:

- (16) Reflects the fair value adjustment due to the adoption of Fresh Start Accounting. The following table summarizes the components of prepaid expenses (in thousands):

	<b>Predecessor Historical Value</b>	<b>Successor Fair Value</b>
Prepaid expenses and other current assets	\$ 69,601	\$ 67,589
Deferred cost of sales excluding C-band - current portion	23,965	23,808
Deferred cost of sales C-band - current portion	15,987	15,987
Total prepaid expenses and other current assets	<u>\$ 109,553</u>	<u>\$ 107,384</u>

- (17) Changes in satellites and other property and equipment reflect the fair value adjustment due to the adoption of Fresh Start Accounting. The following table summarizes the components of satellites and other property and equipment (in thousands):

	<b>Predecessor Historical Value</b>	<b>Successor Fair Value</b>
Satellites and launch vehicles	\$ 11,225,338	\$ 3,433,243
Information systems and ground segment	1,208,463	421,424
Buildings and other	334,824	269,689
Total cost	12,768,625	4,124,356
Less: accumulated depreciation	(7,712,735)	—
Total satellites and other property and equipment	<u>\$ 5,055,890</u>	<u>\$ 4,124,356</u>

- (18) Reflects the fair value adjustment related to the ARPs the Company expects to receive in the first half of 2024.

- (19) Reflects the adjustment to goodwill for the excess of the reorganization value of the assets over the fair value of identifiable tangible and intangible assets.

- (20) Changes in non-amortizable intangible assets reflect the fair value adjustment due to the adoption of Fresh Start Accounting. The following table summarizes the components of non-amortizable intangible assets (in thousands):

	<b>Predecessor Historical Value</b>	<b>Successor Fair Value</b>
Orbital Slots	\$ 2,250,000	\$ 1,000,000
Trade name	45,000	50,000
Total non-amortizable intangible assets	<u>\$ 2,295,000</u>	<u>\$ 1,050,000</u>

- (21) Changes in amortizable intangible assets, net reflects the fair value adjustment due to the adoption of Fresh Start Accounting. The following table summarizes the components of the amortizable intangible assets (in thousands):

	Predecessor Historical Value	Successor Fair Value
Backlog and other	\$ 744,760	\$ 70,009
Customer relationships	534,030	44,670
Software	50,383	63,926
Total amortizable intangible assets, gross	1,329,173	178,605
Less: accumulated amortization	(1,082,858)	—
Total amortizable intangible assets, net	<u>\$ 246,315</u>	<u>\$ 178,605</u>

- (22) Changes in other assets reflect fair value adjustments due to the adoption of Fresh Start Accounting based on the valuation methodology discussed above. The following table summarizes the components of other assets as of the Fresh Start Reporting Date (in thousands):

	Predecessor Historical Value	Successor Fair Value
Fair value of equity investments (excluding Horizons-3 Satellite LLC)	\$ 37,061	\$ 55,803
Investment in Horizons-3 Satellite LLC	103,586	110,000
Deferred cost of sales excluding C-band - non-current portion	51,907	43,324
Deferred cost of sales C-band - non-current portion	24,827	24,827
Right of use assets	294,407	355,890
Fair value of debt instruments	75,173	55,967
Deferred tax assets	14,697	22,707
Other assets	129,600	81,994
Total other assets	<u>\$ 731,258</u>	<u>\$ 750,512</u>

- (23) Changes in other current liabilities reflect the fair value adjustment for lease liabilities due to the adoption of Fresh Start Accounting.
- (24) Reflects the elimination of Predecessor debt issuance costs.
- (25) Changes in deferred income taxes reflects the adjustment due to the adoption of Fresh Start Accounting.
- (26) Changes in other long-term liabilities reflect the fair value adjustment for lease liabilities due to the adoption of Fresh Start Accounting.

- (27) Reflects the cumulative impact of Fresh Start Accounting adjustments discussed above and below and the elimination of Predecessor accumulated deficit and accumulated other comprehensive loss (in thousands):

ARP Rights fair value adjustments	\$ 2,855,000
Other assets fair value adjustments (excluding deferred taxes)	11,244
Prepaid expenses and other current assets fair value adjustments	(2,169)
Long-term debt fair value adjustments	(6,348)
Other current liabilities fair value adjustments	(9,538)
Other long-term liabilities fair value adjustments	(13,206)
Amortizable intangible assets, net fair value adjustments	(67,710)
Satellites and other property and equipment, net fair value adjustments	(931,534)
Non-amortizable intangible assets fair value adjustments	(1,245,000)
Goodwill recognition	(1,293,250)
Fresh start valuation adjustments	(702,511)
Deferred income taxes, net	10,735
Elimination of predecessor paid-in-capital	2,752,410
Fresh start valuation adjustment for noncontrolling interest	(31,762)
Elimination of Predecessor other comprehensive loss	(51,283)
Elimination of Predecessor retained deficit	<u>\$ 1,977,589</u>

#### Note 4—Revenue

##### (a) Revenue Recognition

We earn revenue primarily by providing services to our customers using our satellite transponder capacity. Our customers generally obtain satellite capacity from us by placing an order pursuant to one of several master customer service agreements. On-network services are composed primarily of services delivered on our owned network infrastructure, as well as commitments for third-party capacity, generally long-term in nature, that we integrate and market as part of our owned infrastructure. In the case of third-party services in support of government applications, the commitments for third-party capacity are shorter and matched to the government contracting period, and thus remain classified as off-network services. Off-network services can include transponder services and other satellite-based transmission services such as mobile satellite services (“MSS”), which are sourced from other operators, often in frequencies not available on our network. Within the category Off-Network and Other Revenues, we also include revenues from consulting and other services. Our Intelsat CA revenue is primarily earned from providing connectivity and entertainment services and through sales of equipment.

For each service type, the price per unit in our contracts is generally fixed for each defined time period. While the number of units or price per unit in our multi-year contracts may be different by year or another time period, the number of units and price per unit are fixed for each defined time period and the total contract price is fixed. To determine the proper revenue recognition method for contracts, we evaluate whether two or more services should be combined and accounted for as a single performance obligation.

Certain Intelsat CA contracts may be based on a fixed monthly fee per aircraft or a variable fee based on the volume of connectivity activity, or a combination of both. Examples of variable consideration within our contracts include megabyte overages and pay-per-use sessions. We constrain our estimates to reduce the probability of a significant revenue reversal in future periods, allocate such variable consideration to the identified performance obligations and recognize revenue in the period the services are provided. Our estimates are based on historical experience, anticipated future performance, market conditions and our best judgment at the time.

A significant change in one or more of these estimates could affect our estimated contract value, and we regularly review and update our estimates and recognize adjustments under the cumulative catch-up model. Any adjustment under this method is recorded as a cumulative adjustment in the period identified and revenue for future periods is recognized using the new adjusted estimate.

Our specific revenue recognition policies are as follows:

### *Satellite Utilization Charges*

The Company's contracts for satellite utilization services often contain multiple service orders for the provision of capacity on or over different beams, satellites, frequencies, geographies or time periods. Under each separate service order, the Company's satellite services, composed of transponder services, managed services, channel services, and occasional use managed services, are delivered in a series of time periods that are distinct from each other and have the same pattern of transfer to the customer. In each period, the Company's obligation is to make those services available to the customer. Throughout each service period, the Company provides services that are able to be used continuously, and the customer simultaneously receives and consumes the benefits provided by the Company. We believe that, given that our services are stand-ready obligations that are available continuously, the passage of time most faithfully reflects our satisfaction of the performance obligation. We also have certain obligations, including providing spare or substitute capacity if available, in the event of satellite service failure under certain long-term agreements. While we are generally not obligated to refund satellite utilization payments previously made, credits may be granted for sustained service outages in certain limited circumstances.

Similar to satellite utilization charges, we have determined that the customer simultaneously receives and consumes benefits provided by the Company for satellite related consulting and technical services, tracking, telemetry and commanding services ("TT&C") and in-orbit backup services, as detailed below. Therefore, we believe that the passage of time most faithfully reflects our satisfaction of the performance obligation for these services:

*Satellite-Related Consulting and Technical Services.* We recognize revenue from the provision of consulting services as those services are performed. We recognize revenue for consulting services with specific performance obligations, such as transfer orbit support services or training programs over the service period.

*TT&C.* We earn TT&C services revenue from providing operational services to other satellite owners and from certain customers on our satellites. TT&C agreements entered into in connection with our satellite utilization contracts are typically for the period of the related service agreement. We recognize this revenue over the term of the service agreement.

*In-Orbit Backup Services.* We provide back-up transponder capacity that is held on reserve for certain customers on agreed-upon terms. We recognize revenues for in-orbit protection services over the term of the related agreement.

*Revenue Share Arrangements.* We recognize revenues under revenue share agreements for satellite-related services either on a gross or net basis in accordance with principal versus agent considerations.

*Airline connectivity revenue.* Connectivity is provided to our customers using both our air-to-ground ("ATG") and satellite technologies. Under the airline-directed business model, the airline is our customer and we earn service revenue as connectivity services are consumed directly by the airline or indirectly by passengers. Under the turnkey business model, we earn revenue for connectivity services consumed directly by passengers.

*Entertainment revenue.* Entertainment revenue consists of entertainment services we provide to the airline for use by its passengers. Revenue is recognized as the services are provided to the airline.

*Connected Aircraft Services.* We recognize revenue for real-time credit card transaction processing, electronic flight bags, and real-time weather information as the service is provided.

*Equipment Revenue.* Equipment revenue primarily consists of the sale of ATG and satellite connectivity equipment and the sale of entertainment equipment. Equipment revenue is recognized when we transfer control of the equipment to our customers, which generally occurs upon shipment.

We occasionally sell products or services individually or in some combination to our customers. When products or services are sold together, we allocate revenue for each performance obligation based on each obligation's relative selling price. In these arrangements, revenue for products is recognized when the transfer of control passes to the customer, while service revenue is recognized over the service term.

### *Contract Assets*

Contract assets include unbilled amounts typically resulting from sales under our long-term contracts when the total contract value is recognized on a straight-line basis and the revenue recognized exceeds the amount billed to the customer. Contract assets also result from revenue contracts with multiple performance obligations when the allocated revenue recognized from satisfied performance obligations exceeds the amount billed to the customer.



### *Contract Liabilities*

Contract liabilities consist of advance payments and collections in excess of revenue recognized and deferred revenue. A limited number of our contracts contain prepayment terms that range from one month to seventeen years in advance of providing the service. If we expect at contract inception that the period of time between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, as a practical expedient, we do not adjust the promised amount of consideration for the effects of a significant financing component. For the small subset of contracts with advance payments that contain prepayment terms greater than one year, we assess whether a significant financing component exists by considering the difference between the amount of promised consideration and the cash selling price of the promised services. The prepayment amount is generally based on a standard methodology that discounts the total of the standard monthly charges over the service term to determine the prepayment amount, resulting in a difference between the amount of promised consideration and the cash selling price of the promised services. The Company considers the timing difference between payment and the promised transfer of services, combined with the Company's incremental borrowing rates, to determine whether a significant financing component exists. When a significant financing component exists, the amount of revenue recognized exceeds the amount of cash received from the customer. After receiving cash from the customer but prior to the Company providing services, the Company records additional contract liabilities as well as offsetting interest expense to reflect the upfront financing the Company is effectively receiving from the customer. Once the Company begins providing services, additional interest expense is recorded each period using the effective interest method, as well as corresponding additional revenue, which is recognized ratably over the service period.

As of December 31, 2022, \$583.8 million related to reimbursable costs associated with the FCC Final Order was included within "Contract liabilities, net of current portion" in our consolidated balance sheets. As a result of Phase II Validation, we recognized reimbursement income of \$720.9 million for the year ended December 31, 2023, which is included within "Other operating expense (income), net—C-band" on our consolidated statements of operations. As of December 31, 2023, all income related to reimbursable costs associated with the FCC Final Order included within "Contract liabilities, net of current portion" and "Contract liabilities" in our consolidated balance sheets has been recognized.

For the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, we recognized revenues of \$243.1 million, \$60.2 million, \$170.1 million, and \$236.3 million, respectively, that were included in the contract liability balances as of the beginning of each respective year.

### *Assets Recognized from the Costs to Obtain a Customer Contract*

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that our sales incentive program meets the requirements to be capitalized due to the incremental nature of the costs and the expectation that the Company will recover such costs. The assets recognized from the costs to obtain a customer contract are amortized over a period that is consistent with the transfer to the customer of the services to which the asset relates. For the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, we capitalized \$11.9 million, \$1.0 million, \$10.5 million, and \$7.7 million of costs to obtain a customer contract, respectively, and amortized \$4.9 million, \$0.7 million, \$1.7 million and \$5.2 million, respectively. As of December 31, 2022 and 2023, capitalized costs to obtain a customer contract amounted to \$8.9 million and \$11.5 million, respectively, and were included within "Other assets" in our consolidated balance sheets.

### *Contract Modifications*

Contracts are often modified to account for changes in contract specifications or requirements. We consider contract modifications to exist when the modification either creates new or changes existing enforceable rights and obligations of either party. Most of our contract modifications are for goods and services that are distinct from the existing contract, as they consist of additional months of service priced at the Company's standalone selling prices of the additional services and are therefore treated as separate contracts. When contract modifications are for goods and services that are distinct from the existing contract but not priced at the Company's standalone selling prices, the modification is accounted for as a termination of the existing contract and the creation of a new contract. For contract modifications that do not result in additional distinct goods or services, the effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue.

### *Significant Judgments*

We occasionally enter into certain contracts in which the customer makes payments in advance of services to be delivered, which may be years in the future. The reasons for the prepayments in these contracts vary, but generally can be either for the customer's benefit or for the Company's benefit (such as the ability to use the cash received from the customer to pay for the construction of a satellite asset). The determination of whether contracts with a prepayment provision contain a significant financing component requires judgment. The Company makes this determination based on various factors, including the differences between the amount of promised consideration and cash selling prices, the length of time between payment and the transfer of services and prevailing interest rates in the market.

While most satellite utilization contracts contain multiple performance obligations for each transponder service on different satellites, the service period for the different satellite utilization performance obligations is generally the same time period. In the event that the time period for multiple performance obligations is not the same, we allocate the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling price of the promised good or service underlying such performance obligation. Judgment is required to determine the standalone selling price for each distinct performance obligation. In order to estimate standalone selling prices, we use an adjusted market assessment approach which involves an evaluation of the market and an estimate of the price that our customers are willing to pay, or an expected cost plus a margin approach.

When more than one party is involved in providing goods or services to a customer, we generally recognize the transaction on a gross basis due to the level of control that we have prior to the transfer of the good or service. These arrangements include instances where we procure equipment from vendors and sell to third-party customers, when we enter into revenue sharing arrangements with other parties and when we purchase capacity for voice, data and video services provided by third-party commercial satellite operators for which the desired frequency type or geographic coverage is not available on our network. Our third-party capacity arrangements (off-network) are more significant and, in determining whether we are the principal or the agent in these arrangements, we consider whether or not we control the service before it is transferred to the customer. In this determination, we consider the definition of control as set forth in ASC 606-10-25-25. When we purchase satellite transponder capacity from a third party, we have the ability to direct the use of and obtain substantially all of the remaining benefits from the purchased capacity. We obtain the right to the service to be performed by the third party, which gives the Company the ability to direct that party to provide the service to the customer on the Company's behalf. No other third party can direct the use of or obtain any benefits from the capacity.

We also considered the factors in ASC 606-10-55-39 in the Company's determination of control. In the vast majority of cases, when we resell capacity to third party customers, we are primarily responsible for the fulfillment of the services and acceptability of the service. Additionally, the Company has full discretion in establishing the pricing for transponder services with the customer and assumes the credit risk associated with capacity purchased from the third party. In the event the service is not acceptable to the customer, we are required to identify an alternative solution. Based on these considerations, we have concluded that we are the principal in the transaction for these arrangements. When these factors are not met, the Company recognizes revenue for third-party capacity arrangements on a net basis.

Judgment is required in determining whether we are the principal or the agent in transactions involving third parties.

### *Remaining Performance Obligation*

Our remaining performance obligation is our expected future revenue under existing customer contracts and includes both cancelable and non-cancelable contracts. Our remaining performance obligation was approximately \$4.2 billion as of December 31, 2023. We assess the contract term of our cancelable contracts as the full stated term of the contract assuming each contract is not canceled since the termination penalty upon cancellation is substantive. As of December 31, 2023, the weighted average remaining customer contract life was approximately 3.0 years. Approximately 52%, 27%, and 21% of our total remaining performance obligation as of December 31, 2023 is expected to be recognized as revenue during 2024 and 2025, 2026 and 2027, and 2028 and thereafter, respectively. The amount included in the remaining performance obligation represents the full-service charge for the duration of the contract and does not include termination fees. The amount of the termination fees, which is not included in the remaining performance obligation amount, is generally calculated as a percentage of the remaining performance obligation associated with the contract. In certain cases of breach for non-payment or customer financial distress or bankruptcy, we may not be able to recover the full value of certain contracts or termination fees. Our remaining performance obligation includes 100% of the remaining performance obligation of our consolidated ownership interests, which is consistent with the accounting for our ownership interest in these entities.

### ***(b) Business and Geographic Segment Information***

We provide satellite and other communications services to our customers around the world. Our revenues are disaggregated by billing region, service type and customer set. Revenue by region is based on the locations of customers to which services are billed. Our satellites are in geosynchronous orbit, and consequently are not attributable to any geographic location. Of our remaining assets, substantially all are located in the United States. Intelsat CA revenues are allocated to the geographic location where the airline customer is domiciled.

The following tables disaggregate revenue by billing region (in thousands, except percentages):

	Predecessor				Successor			
	Year Ended December 31, 2021		Two Months Ended February 28, 2022		Ten Months Ended December 31, 2022		Year Ended December 31, 2023	
North America	\$ 1,163,090	56%	\$ 198,336	58%	\$ 979,675	56%	\$ 1,153,356	55%
Europe	230,880	11%	34,086	10%	177,740	10%	238,197	11%
Latin America and Caribbean	203,246	10%	35,858	10%	173,212	10%	190,158	9%
Africa and Middle East	230,410	11%	38,498	11%	202,871	12%	251,305	12%
Asia-Pacific	237,759	12%	38,890	11%	205,043	12%	271,451	13%
Total	<u>\$ 2,065,385</u>		<u>\$ 345,668</u>		<u>\$ 1,738,541</u>		<u>\$ 2,104,467</u>	

The following tables disaggregate revenue by type of service (in thousands, except percentages):

	Predecessor				Successor			
	Year Ended December 31, 2021		Two Months Ended February 28, 2022		Ten Months Ended December 31, 2022		Year Ended December 31, 2023	
<b>On-Network Revenues</b>								
Transponder services	\$ 1,278,256	62%	\$ 198,915	57%	\$ 1,009,608	58%	\$ 1,146,732	55%
Managed services	286,345	14%	53,765	16%	263,639	15%	336,585	16%
Total on-network revenues	1,564,601	76%	252,680	73%	1,273,247	73%	1,483,317	71%
<b>Off-Network and Other Revenues</b>								
Transponder, MSS and other off-network services	166,502	8%	37,305	11%	128,773	8%	153,183	7%
Satellite-related services	39,544	2%	6,251	2%	36,458	2%	58,631	3%
Total off-network and other revenues	206,046	10%	43,556	13%	165,231	10%	211,814	10%
<b>In-Flight Services Revenues</b>								
Services	237,861	12%	37,654	11%	239,507	14%	314,868	15%
Equipment	56,877	3%	11,778	3%	60,556	3%	94,468	4%
Total in-flight services revenues	294,738	14%	49,432	14%	300,063	17%	409,336	19%
Total	<u>\$ 2,065,385</u>		<u>\$ 345,668</u>		<u>\$ 1,738,541</u>		<u>\$ 2,104,467</u>	

The following tables disaggregate revenue by type of customer application (in thousands, except percentages):

	Predecessor				Successor			
	Year Ended December 31, 2021		Two Months Ended February 28, 2022		Ten Months Ended December 31, 2022		Year Ended December 31, 2023	
Network services	\$ 619,750	30%	\$ 65,842	19%	\$ 336,921	20%	\$ 404,375	19%
Mobility	305,757	15%	85,755	25%	503,403	29%	641,449	31%
Media	731,477	35%	129,790	38%	569,790	33%	639,395	30%
Government	379,925	18%	59,819	17%	303,405	17%	372,751	18%
Satellite-related services	28,476	1%	4,462	1%	25,022	1%	46,497	2%
Total	<u>\$ 2,065,385</u>		<u>\$ 345,668</u>		<u>\$ 1,738,541</u>		<u>\$ 2,104,467</u>	

Our largest customer for each period accounted for approximately 11%, 14%, 11%, and 7% of our revenue during the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively. Our ten largest customers for each period accounted for approximately 41%, 42%, 40%, and 35% of our revenue during the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively.

## Note 5—Retirement Plans and Other Retiree Benefits

### (a) Pension and Other Postretirement Benefits

We maintain a noncontributory defined benefit retirement plan covering substantially all of our employees hired prior to July 19, 2001. The cost of providing benefits to eligible participants under the defined benefit retirement plan is calculated using the plan's benefit formulas, which take into account the participants' remuneration, dates of hire, years of eligible service and certain actuarial assumptions. In addition, as part of the overall medical plan, we provide postretirement medical benefits to certain current retirees who meet the criteria under the medical plan for postretirement benefit eligibility. In 2015, we amended the defined benefit retirement plan to end the accrual of additional benefits for the remaining active participants.

The defined benefit retirement plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). We expect that our future contributions to the defined benefit retirement plan will be based on the minimum funding requirements of the Internal Revenue Code of 1986, as amended (the "IRC"), and on the plan's funded status. Any significant decline in the fair value of our defined benefit retirement plan assets or other adverse changes to the significant assumptions used to determine the plan's funded status would negatively impact its funded status and could result in increased funding in future years. The impact on the funded status is determined based upon market conditions in effect when we completed our annual valuation. We anticipate that our contributions to the defined benefit retirement plan in 2024 will be approximately \$10.6 million. We fund the postretirement medical benefits throughout the year based on benefits paid. We anticipate that our contributions to fund postretirement medical benefits in 2024 will be approximately \$2.2 million.

Prior service credits and actuarial losses are reclassified from accumulated other comprehensive loss to net periodic pension benefit costs, which are included in "Other income (expense), net" on our consolidated statements of operations. All amounts recorded in accumulated other comprehensive loss are being recognized as net periodic benefit cost or benefit over the average remaining life expectancy of plan participants.

*Reconciliation of Funded Status and Accumulated Benefit Obligation.* Intelsat uses December 31 as the measurement date for its defined benefit retirement plan. As part of Fresh Start Accounting, we remeasured our Pension and Other Postretirement Benefits as of February 28, 2022. See the applicable sections below for further discussion. The following table summarizes the projected benefit obligations, plan assets and funded status of the defined benefit retirement plan, as well as the projected benefit obligations of the postretirement medical benefits provided under our medical plan (in thousands, except percentages):

	Predecessor		Successor			
	Two Months Ended February 28, 2022		Ten Months Ended December 31, 2022		Year Ended December 31, 2023	
	Pension Benefits	Other Post-retirement Benefits	Pension Benefits	Other Post-retirement Benefits	Pension Benefits	Other Post-retirement Benefits
<b>Change in benefit obligation</b>						
Benefit obligation at beginning of period	\$ 424,511	\$ 32,775	\$ 407,427	\$ 30,679	\$ 328,761	\$ 25,789
Interest cost	1,608	115	9,884	704	16,899	1,307
Employee contributions	—	30	—	96	—	77
Benefits paid	(3,911)	(377)	(25,538)	(1,804)	(25,398)	(3,615)
Actuarial net loss (gain) <sup>(1)</sup>	(14,781)	(1,864)	(63,012)	(3,886)	10,857	(1,473)
Benefit obligation at end of period	<u>\$ 407,427</u>	<u>\$ 30,679</u>	<u>\$ 328,761</u>	<u>\$ 25,789</u>	<u>\$ 331,119</u>	<u>\$ 22,085</u>
<b>Change in plan assets</b>						
Plan assets at beginning of period	\$ 371,580	\$ —	\$ 354,366	\$ —	\$ 296,492	\$ —
Employer contributions	965	347	3,078	1,709	3,373	3,538
Employee contributions	—	30	—	96	—	77
Actual return on plan assets	(14,268)	—	(35,414)	—	17,529	—
Benefits paid	(3,911)	(377)	(25,538)	(1,804)	(25,398)	(3,615)
Plan assets at fair value at end of period	<u>\$ 354,366</u>	<u>\$ —</u>	<u>\$ 296,492</u>	<u>\$ —</u>	<u>\$ 291,996</u>	<u>\$ —</u>
Accrued benefit costs and funded status of the plans	<u>\$ (53,061)</u>	<u>\$ (30,679)</u>	<u>\$ (32,269)</u>	<u>\$ (25,789)</u>	<u>\$ (39,123)</u>	<u>\$ (22,085)</u>
Accumulated benefit obligation	<u>\$ 407,427</u>		<u>\$ 328,761</u>		<u>\$ 331,119</u>	
<b>Weighted average assumptions used to determine accumulated benefit obligation and accrued benefit costs</b>						
Discount rate	3.42%	3.34%	5.42%	5.42%	5.14%	5.11%
<b>Weighted average assumptions used to determine net periodic benefit costs</b>						
Discount rate	2.80%	2.70%	3.42%	3.34%	5.42%	5.42%
Expected rate of return on plan assets	6.50%	—%	6.50%	—%	6.25%	—%
<b>Amounts in accumulated other comprehensive loss recognized in net periodic benefit cost</b>						
Actuarial gain, net of tax	\$ (1,148)	\$ (264)	\$ —	\$ —	\$ (1,093)	\$ (113)
Prior service credits, net of tax	—	(424)	—	—	—	—
Total	<u>\$ (1,148)</u>	<u>\$ (688)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,093)</u>	<u>\$ (113)</u>
<b>Amounts in accumulated other comprehensive loss not yet recognized in net periodic benefit cost</b>						
Actuarial net loss (gain), net of tax	\$ 98,754	\$ (20,278)	\$ (9,061)	\$ (3,823)	\$ 5,246	\$ (5,160)
Prior service credits, net of tax	(343)	(25,004)	—	—	—	—
Total	<u>\$ 98,411</u>	<u>\$ (45,282)</u>	<u>\$ (9,061)</u>	<u>\$ (3,823)</u>	<u>\$ 5,246</u>	<u>\$ (5,160)</u>

(1) The actuarial gains for the prior periods presented were primarily due to increases in the discount rates during the respective periods as compared to the respective prior periods. In the current period, the net loss amount for the pension plan was driven primarily due to actuarial losses driven by the decrease in the discount rates and the gain for the postretirement benefit obligation was driven by inflation-based decreases in retiree healthcare reimbursement accounts offset, in part, by a loss due to a decrease in the discount rate.

As part of Fresh Start Accounting, we eliminated all Predecessor accumulated other comprehensive loss as of February 28, 2022. See Note 3—Fresh Start Accounting. In addition, we revalued our net pension obligation as of February 28, 2022. In revaluing the pension benefit obligation, the assumed discount rate was 3.42% and the assumed rate of return on plan assets was 6.50%. The discount rate increased compared to the 2.80% discount rate used in the December 31, 2021 valuation. This revaluation, as well as other changes in certain assumptions, led to a pension obligation decrease of \$14.6 million.

Our benefit obligations are determined by discounting each future year's expected benefit cash flow using the corresponding spot rates along a yield curve that is derived from the monthly bid-price data of bonds that are rated high grade by either Moody's Investor Service or Standard and Poor's Rating Services. The bond types included are noncallable bonds, bonds that are callable at par within 6 months of maturity where the time to maturity is 10 years or greater, private placement bonds that are traded among qualified institutional buyers and are at least two years from date of issuance, bonds with a make-whole provision, and bonds issued by foreign corporations that are denominated in U.S. dollars. Excluded are bonds that are callable, sinkable and puttable as well as those for which the quoted yield-to-maturity is zero. For bonds in this universe that have a yield higher than the regression mean yield curve for the full universe, regression analysis is used to determine the best-fitting curve, which gives a good fit to the data at both long and short maturities. The resulting regressed coupon yield curve is smoothed continuously along its entire length and represents an unbiased average of the observed market data.

Interest rates used in these valuations are key assumptions, including discount rates used in determining the present value of future benefit payments and expected return on plan assets, which are reviewed and updated on an annual basis. The discount rates reflect market rates for high-quality corporate bonds. We consider current market conditions, including changes in interest rates, in making assumptions. The Society of Actuaries published mortality tables for private retirement plans ("Pri-2012") and a mortality improvement scale in 2021 ("MP-2021"). Accordingly, our December 31, 2023 valuation is based on Pri-2012 and MP-2021, adjusted to reflect (1) an ultimate rate of mortality improvement consistent with both historical experience and U.S. Social Security long-term projections, and (2) a shorter transition period to reach the ultimate rate, which is consistent with historical patterns.

In establishing the expected return on assets assumption, we review the asset allocations considering plan maturity and develop return assumptions based on different asset classes. The return assumptions are established after reviewing historical returns of broader market indexes, as well as historical performance of the investments in the plan. Our pension plan assets are managed in accordance with an investment policy, as discussed below.

*Plan Assets.* The investment policy of the plan includes target allocation percentages of approximately 15% for investments in equity securities (11% U.S. equities and 4% non-U.S. equities), 70% for investments in fixed income securities and 15% for investments in other securities, which is broken down further into 5% for investments in hedge fund of funds and 10% for investments in real estate fund of funds. Plan assets include investments in both U.S. and non-U.S. equity funds. Fixed income investments include an intermediate duration bond fund, zero coupon U.S. Treasury securities and a long duration bond fund. The funds in which the plan's assets are invested are institutionally managed and have diversified exposures into multiple asset classes implemented. The guidelines and objectives of the funds are congruent with the Intelsat investment policy statement.

The target and actual asset allocation of our pension plan assets were as follows:

	As of December 31, 2022		As of December 31, 2023	
	Target Allocation	Actual Allocation	Target Allocation	Actual Allocation
Equity securities	15 %	10 %	15 %	11 %
Debt securities	70 %	66 %	70 %	72 %
Other securities	15 %	24 %	15 %	17 %
Total	100 %	100 %	100 %	100 %

The fair values of our pension plan assets by asset category were as follows (in thousands):

	Fair Value Measurement at December 31, 2022	Fair Value Measurement at December 31, 2023
<b>Equity Securities</b>		
U.S. Large-Cap <sup>(1)</sup>	\$ 21,789	\$ 22,788
World Equity Ex-U.S. <sup>(2)</sup>	7,870	8,354
<b>Fixed Income Securities</b>		
Intermediate Duration Bonds <sup>(3)</sup>	83,429	153,931
Long Duration Bonds <sup>(4)</sup>	54,790	27,718
U.S. Treasuries <sup>(5)</sup>	56,526	28,788
<b>Other Securities</b>		
Hedge Funds <sup>(6)</sup>	22,674	12,701
Core Property Fund <sup>(7)</sup>	48,940	37,049
Cash and income earned but not yet received	474	667
<b>Total</b>	<b>\$ 296,492</b>	<b>\$ 291,996</b>

- (1) U.S. Large-Cap Equity includes investments in funds that invest primarily in a portfolio of common stocks included in the S&P 500 Index, as well as other equity securities and derivative instruments whose value is derived from the performance of the S&P 500. The fair values of these assets are determined using Level 1 inputs.
- (2) World Equity Ex-U.S. includes an investment in a fund that invests primarily in common stocks and other equity securities whose issuers comprise a broad range of capitalizations and that are located outside of the U.S. The fund invests primarily in developed countries but may also invest in emerging markets. The fair values of these assets are determined using Level 1 inputs.
- (3) Intermediate Duration Bonds include an investment in a fund that seeks to provide current income consistent with the preservation of capital through investment in investment-grade U.S. dollar-denominated fixed-income instruments. This primarily includes U.S. and foreign corporate obligations; fixed-income securities issued by sovereigns or agencies in both developed and emerging foreign markets; obligations of supranational entities; debt obligations issued by state, provincial, county, or city governments or other municipalities, as well as those of public utilities, universities and other quasi-governmental bodies; and securities issued or guaranteed by the U.S. Government and its agencies and instrumentalities. The fair values of these assets are determined using Level 1 inputs.
- (4) Long Duration Bonds includes an investment in a fund that invests primarily in (i) U.S. and foreign corporate obligations; (ii) fixed income securities issued by sovereigns or agencies in both developed and emerging foreign markets; (iii) obligations of supranational entities; (iv) debt obligations issued by state, provincial, county, or city governments or other municipalities, as well as those of public utilities, universities and other quasi-governmental bodies; and (v) securities issued or guaranteed by the U.S. Government and its agencies and instrumentalities. The fair values of these assets are determined using Level 1 inputs.
- (5) U.S. Treasuries include Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities) representing zero coupon Treasury securities with long-term maturities. The fair values of these assets are determined using Level 2 inputs.
- (6) Hedge Funds includes an investment in a collective trust fund that seeks to provide returns that are different from (less correlated with) investments in more traditional asset classes. The fund will pursue its investment objective by investing substantially all of its assets in various hedge funds. The fund has semi-annual redemptions in June and December with a pre-notification period of 95 days, and a two year lock-up on all purchases which have expired.
- (7) The Core Property Fund is a collective trust fund that invests in direct commercial property funds primarily in the U.S. The fund is meant to provide current income-oriented returns, diversification, and modest inflation protection to an overall investment portfolio. Total returns are expected to be somewhere between stocks and bonds, with moderate volatility and low correlation to public markets. The fund has quarterly redemptions with a pre-notification period of 105 days, and no lock-up period.

Our plan assets are measured at fair value. ASC 820 prioritizes the inputs used in valuation techniques including Level 1, Level 2 and Level 3 (see Note 1—Background and Summary of Significant Accounting Policies).

The majority of our plan assets are valued following the market approach, using measurement inputs which include unadjusted prices in active markets, and we have therefore classified all of these assets as Level 1 assets, with the exception of our U.S. Treasuries, which use pricing models for similar securities, and we have therefore classified them as Level 2 within the fair value hierarchy. Our other securities include Hedge Funds and Core Property Funds, which are measured at fair value using the net asset value per share practical expedient, and are not classified in the fair value hierarchy.

The following table presents the components of net periodic pension benefit income (in thousands). These amounts are recognized in “Other income (expense), net” in the consolidated statements of operations.

	Pension Benefits			
	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
Interest cost	\$ 8,121	\$ 1,608	\$ 9,884	\$ 16,899
Expected return on plan assets	(22,367)	(3,507)	(18,389)	(20,122)
Amortization of unrecognized net loss (gain)	8,182	1,148	—	(1,093)
Net periodic benefit income	\$ (6,064)	\$ (751)	\$ (8,505)	\$ (4,316)

We had accrued benefit costs at December 31, 2022 and 2023 of \$32.3 million and \$39.1 million, respectively, related to pension benefits, of which \$0.6 million and \$0.7 million were recorded within “Other current liabilities” as of December 31, 2022 and 2023, respectively, and \$31.6 million and \$38.4 million were recorded in “Other long-term liabilities,” respectively, on our consolidated balance sheets.

As part of Fresh Start Accounting, we remeasured our other postretirement benefit obligation as of February 28, 2022. The assumed discount rate for this remeasurement increased from 2.70% to 3.34%, resulting in a reduction of our postretirement benefit obligation by approximately \$1.9 million. The total postretirement benefit obligation was reduced from \$32.8 million as of December 31, 2021 to \$30.7 million as of February 28, 2022.

Net periodic other postretirement benefit costs (income) included the following components (in thousands):

	Other Postretirement Benefits			
	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
Interest cost	\$ 596	\$ 115	\$ 704	\$ 1,307
Amortization of unrecognized prior service credits	(2,545)	(423)	—	—
Amortization of unrecognized net gain	(1,386)	(264)	—	(113)
Net periodic benefit expense (income)	\$ (3,335)	\$ (572)	\$ 704	\$ 1,194

We had accrued benefit costs at December 31, 2022 and 2023 of \$25.8 million and \$22.1 million, respectively, related to the other postretirement benefits, of which \$2.5 million and \$2.2 million were recorded within “Other current liabilities” as of December 31, 2022 and 2023, respectively, and \$23.3 million and \$19.9 million were recorded in “Other long-term liabilities,” respectively, in our consolidated balance sheets.

Depending on our actual future health care claims, our actual costs may vary significantly from those projected above. As of December 31, 2023, the assumed health care cost trend rate for retirees who are not eligible for Medicare was 7.1%. This rate is expected to decrease annually to an ultimate rate of 3.9% by December 31, 2048.

Effective January 1, 2019, Medicare eligible retirees and spouses receive an annual stipend in the form of a contribution to a health retirement account to be used as a reimbursement for qualified health care costs. Therefore, the value of the benefits provided to these participants is not affected by the assumed health care cost trend rate. While the terms of the plan do not guarantee increases to the stipend, the Company intends to evaluate the stipend annually. When valuing the benefit obligation as of December 31, 2023, we assumed an increase of 3.3% in 2024, then gradually decreases to 2.7% for 2025, and 2.2% thereafter.



The benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are as follows (in thousands):

Year(s) Ended December 31,	Pension Benefits	Other Post-retirement Benefits
2024	\$ 39,822	\$ 2,213
2025	28,868	2,157
2026	27,887	2,099
2027	27,386	2,043
2028	26,739	1,987
2029 to 2033	121,813	8,861
Total	<u>\$ 272,515</u>	<u>\$ 19,360</u>

**(b) Other Retirement Plans**

We maintain a defined contribution retirement plan qualified under the provisions of Section 401(k) of the IRC for our employees in the United States. We recognized compensation expense for this plan of \$13.3 million, \$2.3 million, \$12.1 million, and \$15.5 million for the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively. We also maintain other defined contribution retirement plans in several non-U.S. jurisdictions, but such plans are not material to our financial position or results of operations.

**Note 6—Satellites and Other Property and Equipment**

**(a) Satellites and Other Property and Equipment, net**

Satellites and other property and equipment, net were composed of the following (in thousands):

	As of December 31, 2022	As of December 31, 2023
Satellites and launch vehicles	\$ 3,752,842	\$ 4,287,054
Information systems and ground segment	559,476	1,140,860
Buildings and other	286,649	319,688
Total cost	4,598,967	5,747,602
Less: accumulated depreciation	(428,557)	(971,440)
Total	<u>\$ 4,170,410</u>	<u>\$ 4,776,162</u>

Satellites and other property and equipment are stated at historical cost, except for satellites that have been impaired. Satellites and other property and equipment acquired as part of an acquisition are stated based on their fair value at the date of acquisition. Upon the adoption of Fresh Start Accounting, we adjusted our satellites and other property and equipment balances to fair value. See Note 3—Fresh Start Accounting.

Satellites and other property and equipment, net of accumulated depreciation as of December 31, 2022 and 2023, included construction-in-progress of \$1.5 billion and \$705.5 million, respectively. These amounts relate primarily to satellites under construction and related launch services. As of December 31, 2023, we have capitalized C-band clearing related expenditures totaling \$1.4 billion. Of this capitalized amount, \$1.4 billion, \$75.6 million and \$0.6 million were capitalized as “Satellites and other property and equipment, net,” “Other assets” and “Prepaid expenses and other current assets,” respectively, in the consolidated balance sheets. An estimated \$1.4 billion of the capitalized costs are expected to be reimbursable under the FCC Final Order. We have received \$1.2 billion of reimbursements through the date of this Annual Report.

Interest costs of \$85.1 million, \$20.9 million, \$82.7 million and \$63.7 million were capitalized for the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively. Additionally, depreciation expense was, \$615.4 million, \$98.6 million, \$428.6 million and \$542.5 million, for the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively.

We have entered into contracts for the launch of both specified and unspecified future satellites. Each of these launch contracts may be terminated at our option, subject to payment of a termination fee that increases as the applicable launch date approaches.

During the fourth quarter of 2021, the Company deemed it unlikely that it will be able to utilize certain satellite and launch vehicle deposits prior to their respective expiration dates. As a result, the Company recorded a non-cash impairment charge of \$2.5 million for the year ended December 31, 2021 related to the impairment of the carrying values of the deposits, which is included within “Impairment of goodwill, non-amortizable intangibles and other assets” in the consolidated statements of operations.

**(b) Galaxy 30 Anomaly**

Galaxy 30, the first satellite in Intelsat’s Galaxy fleet refresh plan, was successfully launched on August 15, 2020 and entered into service in February 2021. In September 2021, the Company was notified by the satellite manufacturer that two satellite thrusters were damaged during launch due to a fairing anomaly. As a result, the estimated end of service life for Galaxy 30 was updated from 2035 to 2033. The Company filed an insurance claim related to the anomaly in October 2021 for \$20.8 million, which was received in full during the ten months ended December 31, 2022. These amounts are included within “Other income (expense), net” in our consolidated statements of operations.

**(c) Galaxy 15 Anomaly**

In April 2010, our Galaxy 15 satellite experienced an anomaly resulting in our inability to command the satellite or to receive telemetry, and in December 2010, we recovered command of the spacecraft and have subsequently uploaded flight software code to protect against future anomalies of this type.

On August 10, 2022, the Galaxy 15 satellite experienced an anomaly, likely during space weather activity, resulting in our inability to command the satellite. A failure review board convened with the satellite’s manufacturer, Northrop Grumman (formerly Orbital Sciences Corporation), and concluded that the anomaly is similar to the one encountered in April 2010.

We recorded an impairment charge of the full carrying value of approximately \$5.2 million in the third quarter of 2022. There has been no impact to customer services, and we have migrated all customers originally on Galaxy 15 to other satellites in our network. The Galaxy 15 satellite was replaced by the Galaxy 33 satellite in the fourth quarter of 2022.

On March 7, 2023, we recovered command and telemetry of the Galaxy 15 satellite and were able to stop the drift of the satellite across the geostationary orbit. We decommissioned the satellite on June 6, 2023.

**(d) Intelsat 19 Anomaly**

In February 2024, the Intelsat 19 satellite experienced a degradation of the power system, which required us to turn off a portion of the payload on the satellite and to suspend or terminate impacted services for certain customers in an effort to preserve power. We are in the process of evaluating the financial impact of the anomaly.

**(e) Satellite Launches**

Galaxy 35 and Galaxy 36 were successfully launched on December 13, 2022. Galaxy 35 replaced Galaxy 3C at the 95°W location and is in service as of March 13, 2023, and Galaxy 36 replaced Galaxy 28 at the 89°W location and is in service as of February 24, 2023. These satellites provide contribution services for broadcasters in North America and dedicated links to broadcasters allowing them to air live events and programs, including sports, entertainment and breaking news coverage. They also offer in-orbit protection for select customers in the broadcast arc serving North America.

Intelsat 40e (“IS-40e”) was successfully launched on April 7, 2023 and is in service at the 91°W location as of May 26, 2023. IS-40e provides focused coverage over North America for our commercial aviation, maritime, land mobility and networks customers, and monitors and track air pollution across North America with NASA’s hosted payload Tropospheric Emissions: Monitoring of Pollution.

Galaxy 37/Horizons-4 (“G-37/H-4”) was successfully launched on August 3, 2023 and replaced Galaxy 13/Horizons 1 at the 127°W location. The G-37 C-band payload, which commenced service on October 3, 2023, provides North American capacity for television media and telecommunication network customers. The H-4 Ku-band payload, which commenced service on October 12, 2023, provides continuity for our mobility, network and U.S. government customers, and is owned by Horizons-4 Satellite LLC (“Horizons 4”), which as of October 12, 2023, is owned jointly by Intelsat and JSAT International, Inc. (“JSAT”). See further discussion in Note 7(c)—Investments—Horizons-4 Satellite LLC. The G-37/H-4 launch completes our comprehensive Galaxy fleet refresh plan.

## **(f) Satellite Contracts**

In September 2022, the Company entered into a finance lease for a portion of a third-party satellite that was under development. The lease commenced on July 15, 2023, when the satellite became operational and has a term of twelve years. The finance lease asset, current liability and long-term liability at commencement were \$347.4 million, \$15.3 million and \$311.2 million, respectively, which are included within “Satellites and other property and equipment, net,” “Finance lease liabilities” and “Finance lease liabilities, net of current portion,” respectively, on our consolidated balance sheets.

## **Note 7—Investments**

We have an ownership interest in three entities that meet the criteria of a variable interest entity (“VIE”): Horizons Satellite Holdings LLC (“Horizons Holdings”), Horizons-3 Satellite LLC (“Horizons 3”) and Horizons 4, which are discussed in further detail below, including our analyses of the primary beneficiary determination as required under ASC 810, *Consolidation* (“ASC 810”). We also own noncontrolling investments in equity securities and loan receivables as discussed further below.

### **(a) Horizons Holdings**

Horizons Holdings is a joint venture with JSAT that consists of two investments: Horizons-1 Satellite LLC and Horizons-2 Satellite LLC. We have determined that this joint venture meets the criteria of a VIE under ASC 810, and we have concluded that we are the primary beneficiary because decisions relating to any future relocation of the Horizons 2 satellite, the most significant asset of the joint venture, are effectively controlled by us. In accordance with ASC 810, as the primary beneficiary, we consolidate Horizons Holdings within our consolidated financial statements.

We have a revenue sharing agreement with JSAT related to services sold on the Horizons 1 and Horizons 2 satellites. We are responsible for billing and collection for such services, and remitting 50% of the revenue, subject to collections, less applicable fees and commissions, to JSAT. Amounts payable to JSAT related to the revenue sharing agreement, net of applicable fees and commissions, from the Horizons 1 and Horizons 2 satellites were \$2.9 million and \$2.4 million as of December 31, 2022 and 2023, respectively.

Total assets of Horizons Holdings included in our consolidated balance sheets were \$13.3 million and \$10.6 million as of December 31, 2022 and 2023, respectively. Total liabilities of Horizons Holdings included in our consolidated balance sheets were \$5.5 million and \$1.7 million as of December 31, 2022 and 2023, respectively.

### **(b) Horizons 3**

Horizons 3, which is 50% owned by each of Intelsat and JSAT, was set up with a joint share of management authority and equal rights to profits and revenues from the joint venture. We have determined that this joint venture meets the criteria of a VIE under ASC 810; however, we have concluded that we are not the primary beneficiary because we and JSAT equally share control over the operations of the joint venture and also equally share exposure to risk of losses or gains, and therefore we do not consolidate Horizons 3 within our consolidated financial statements.

Similar to Horizons Holdings, we have a revenue sharing agreement with JSAT related to services sold on the Horizons 3e satellite wherein the initiating party contracting with a customer is responsible for engineering, billing and collection for such services, and remitting 50% of the revenue, subject to collections, less applicable fees and commissions, to the other party. Amounts payable to JSAT related to the revenue sharing agreement, net of applicable fees and commissions from the Horizons 3e satellite were \$9.4 million and \$7.1 million as of December 31, 2022 and 2023, respectively.

In connection with our investment in Horizons 3, we entered into a capital contribution and subscription agreement, which requires us to fund our 50% share of the amounts due in order to maintain our respective 50% interest in the joint venture. We did not make any contributions nor receive any distributions during the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023. In addition, our indirect subsidiary that holds our investment in Horizons 3 has entered into a security and pledge agreement with Horizons 3, pursuant to which it has granted a security interest in all of the assets of Horizons 3. Further, our indirect subsidiary has granted a security interest to Horizons 3 in its customer capacity contracts and its ownership interest in its wholly-owned subsidiary that holds the FCC license required for the joint venture’s operations.

The Company purchases satellite capacity and related services from the Horizons 3 joint venture, and then sells that capacity to its customers. We incurred direct costs of revenue related to these purchases of \$17.9 million, \$2.9 million, \$15.5 million and \$20.5 million, and then sold the purchased capacity to customers to generate total revenue of \$50.0 million, \$7.7 million, \$40.5 million and \$49.2 million during the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively, and remitted 50% of the revenue, less applicable fees and commissions to JSAT.

The Company recognized \$3.1 million, \$0.6 million, \$2.8 million, and \$4.3 million in net fees related to engineering, billing, licensing, and commissions during the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively, which was recognized in “Other income (expense), net” in our consolidated statements of operations. The Company also sells managed ground network services to the Horizons 3 joint venture and provides program management services for a fee. We recorded an offset to direct costs of revenue related to the provision of these services of \$6.9 million, \$1.1 million, \$5.8 million and \$6.9 million, during the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively.

On the consolidated balance sheets, \$1.4 million and \$0.9 million due from Horizons 3 was included in “Receivables, net of allowances” as of December 31, 2022 and 2023, respectively, and \$1.6 million due to Horizons 3 was included in “Accounts payable and accrued liabilities” as of both December 31, 2022 and 2023.

Our investment in Horizons 3, included within “Other assets” in our consolidated balance sheets, is accounted for using the equity method of accounting. The investment balance, which is equivalent to our maximum exposure to loss, was \$110.5 million and \$108.5 million as of December 31, 2022 and 2023, respectively. The investment balance exceeded our equity in the net assets of Horizons 3 by \$16.4 million and \$13.9 million as of December 31, 2022 and 2023, respectively. We recognize this basis difference as a reduction of our equity in earnings of Horizons 3 on a straight-line basis over the life of the satellite. We recognized a nominal amount of equity in earnings of Horizons 3 for each of the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, which was recognized in “Other income (expense), net” in our consolidated statements of operations.

#### ***(c) Horizons 4***

On October 12, 2020, we entered into a master agreement with JSAT relating to developing, launching, managing, operating and owning a Ku-band payload portion on the Galaxy 37 satellite, for which the costs incurred are included in “Satellites and other property and equipment, net” on our consolidated balance sheets. The Galaxy 37 satellite, which includes the Horizons 4 Ku-band payload, was successfully launched on August 3, 2023, and the H-4 Ku-band payload entered into service on October 12, 2023. See Note 6(d)—Satellites and Other Property and Equipment—Satellite Launches. Following the completion of certain milestones under the master agreement, including the completion of in-orbit testing of the Galaxy 37 satellite, on October 12, 2023, Horizons 4 became 50% owned by each of Intelsat and JSAT, and as of that date the members share management authority and equal rights to profits and revenues from the joint venture. We have determined that this joint venture meets the criteria of a VIE under ASC 810; however, we have concluded that we are not the primary beneficiary because we and JSAT equally share control over the operations of the joint venture and also equally share exposure to risk of losses or gains, and therefore we do not consolidate Horizons 4 within our consolidated financial statements.

We have a revenue sharing agreement with JSAT related to services sold on the Horizons 4 satellite wherein the initiating party contracting with a customer is responsible for engineering, billing and collection for such services, and remitting 50% of the revenue, subject to collections, less applicable fees and commissions, to the other party. Amounts payable to JSAT related to the revenue sharing agreement, net of applicable fees and commissions, from the Horizons 4 satellite was \$1.5 million as of December 31, 2023.

In connection with our investment in Horizons 4, we entered into a capital contribution and subscription agreement on October 12, 2023, which requires us to fund our 50% share of the amounts due in order to maintain our respective 50% interest in the joint venture. As part of the agreement, we made a contribution to Horizons 4 consisting of a contribution in kind of \$46.5 million for the Ku-band payload project costs and a \$5 million cash contribution for the amount equal to the price of the license for Horizons 4 to utilize power on the Galaxy 37 satellite for the next 18 years. JSAT subsequently reimbursed the Company in cash for 50% of the total contribution.

The Company purchases satellite capacity and related services from the Horizons 4 joint venture, and then sells that capacity to its customers. We incurred direct costs of revenue related to these purchases of \$0.7 million, and then sold the purchased capacity to customers to generate total revenue of \$4.4 million during the year ended December 31, 2023, and remitted 50% of the revenue, less applicable fees and commissions to JSAT.

The Company recognized \$0.3 million in net fees related to engineering, billing, licensing, and commissions during the year ended December 31, 2023, which was recognized in “Other income (expense), net” in our consolidated statements of operations. The Company also sells managed ground network services to the Horizons 4 joint venture and provides program management, telemetry, tracking and command services for a fee. We recorded an offset to direct costs of revenue related to the provision of these services of \$0.7 million during the year ended December 31, 2023.

Our investment in Horizons 4, included within “Other assets” in our consolidated balance sheets, is accounted for using the equity method of accounting. The investment balance, which is equivalent to our maximum exposure to loss, was \$25.5 million as of December 31, 2023. We recognized a nominal amount of equity in earnings of Horizons 4 for the year ended December 31, 2023, which was recognized in “Other income (expense), net” in our consolidated statements of operations.

#### **(d) Investments in Equity Securities**

The Company holds noncontrolling equity investments in certain separate privately held companies, including investments in equity securities without readily determinable fair values.

In accordance with ASC 321, *Investments—Equity Securities*, we use the measurement alternative to measure the fair value of our investments in equity securities without readily determinable fair values. Accordingly, these investments are measured at cost, less any impairment, and are adjusted for changes in fair value resulting from observable transactions for identical or similar investments of the same issuer. We recognized an impairment loss related to one of our investments of \$2.0 million for the year ended December 31, 2023, with no comparative amounts in 2021 or 2022. Upon the adoption of Fresh Start Accounting, the Company elected the fair value option for one of its existing convertible loan receivables related to one of its investments with a cost value of \$19.1 million as of December 31, 2021. Excluding the cost value of the convertible loan receivable transferred to investments, we recognized an increase in fair value relating to investments of \$11.6 million for the year ended December 31, 2021, a decrease of \$0.4 million for the two months ended February 28, 2022, and an increase of \$1.7 million for the ten months ended December 31, 2022, with no comparative amount for the year ended December 31, 2023.

In March of 2022, we sold all of our interest in one of our investments for \$3.4 million, resulting in a loss of \$1.0 million, which was recognized in “Other income (expense), net” in our consolidated statements of operations. In December of 2022, we converted a portion of one of our investments with a basis of \$24.9 million into preferred shares in the investment and redeemed the remainder, resulting in a loss of \$4.7 million, which was recognized in “Other income (expense), net” in our consolidated statements of operations, and \$13.1 million of cash proceeds. In December of 2023, we purchased preferred shares in two separate companies at a total cost of \$11.4 million. All of our investments in equity securities were recorded in “Other assets” in our consolidated balance sheets and had a total carrying value of \$40.0 million and \$50.2 million as of December 31, 2022 and 2023, respectively.

#### **(e) Loan Receivables**

The Company had loan receivables of \$56.4 million and \$63.8 million as of December 31, 2022 and 2023, respectively, from certain separate privately and publicly held companies that it is holding for long-term investment, which are presented within “Other assets” on our consolidated balance sheets at amortized cost, net of the allowance for credit losses. As of December 31, 2022 and 2023, \$0.9 million and \$1.3 million, respectively, of accrued interest related to our loan receivables was recorded in “Prepaid expenses and other current assets” in our consolidated balance sheets. We recognized interest income related to our loan receivables of \$4.2 million, \$0.7 million, \$2.4 million and \$6.6 million for the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively.

The fair value of loan receivables is evaluated on a loan-by-loan basis, and is determined based on assessments of discounted cash flows that are considered probable of collection. We consider these inputs to be Level 3 within the fair value hierarchy under ASC 820, *Fair Value Measurements and Disclosure* (“ASC 820”). The cumulative fair value of our loan receivables as of December 31, 2022 and 2023 was \$57.2 million and \$65.1 million, respectively.

### **Note 8—Goodwill and Other Intangible Assets**

We account for goodwill and other non-amortizable intangible assets in accordance with ASC 350 and have deemed these assets to have indefinite lives. Therefore, these assets are not amortized but are tested on an annual basis for impairment during the fourth quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Upon the adoption of Fresh Start Accounting, our intangible asset balances were adjusted to fair value. See Note 3—Fresh Start Accounting.

#### **(a) Goodwill**

Intelsat had two reporting units for purposes of the analysis of goodwill: Intelsat Legacy (which consists of Intelsat S.A. excluding Intelsat CA) and Intelsat CA. For both reporting units, we used a qualitative approach to identify and consider the significance of relevant key factors, events, and circumstances that affect the fair value of the reporting unit. We make our qualitative evaluation considering, among other things, general macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and other relevant entity-specific events.

During the qualitative assessment of the Intelsat CA reporting unit in the second quarter of 2022, we identified that events existed which indicated it was more likely than not that the fair value of the reporting unit was less than its carrying amount. Specifically, Intelsat CA agreed to accept the termination of a significant customer contract. Consequently, we performed a quantitative analysis to determine the fair value of the reporting unit. In estimating the fair value, we used an income approach utilizing a discounted cash flow model. Based on the results of the quantitative analysis, we determined that the fair value of the Intelsat CA reporting unit was approximately \$342.0 million as compared to its carrying amount of \$585.0 million, resulting in the recognition of goodwill impairment of \$243.0 million in the second quarter of 2022, which is included within “Impairment of goodwill, non-amortizable intangibles and other assets” in our consolidated statements of operations.

Based on our examination of the qualitative factors as of December 31, 2022, we identified that conditions and events existed which indicated it was more likely than not that the fair value of the Intelsat CA reporting unit was less than its carrying amount. Specifically, there was an increase in the risk-free rate as a result of an increase of the treasury rate by the Federal Reserve, combined with challenging macroeconomic and geopolitical conditions and delays in the reporting unit's expected cash flows. Consequently, we performed a quantitative analysis to determine the fair value of the reporting unit. In estimating the fair value, we used an income approach utilizing a discounted cash flow model. Based on the results of the quantitative analysis, we determined that the fair value of the Intelsat CA reporting unit was less than its carrying amount, resulting in the recognition of goodwill impairment limited to the remaining amount of goodwill allocated to the reporting unit of \$78.3 million in the fourth quarter of 2022, which is included within "Impairment of goodwill, non-amortizable intangibles and other assets" in our consolidated statements of operations.

There was no impairment of goodwill during the year ended December 31, 2023.

Determining the fair value of a reporting unit often involves the use of estimates and assumptions that require significant judgment, and that could have a substantial impact on whether or not an impairment charge is recognized and the magnitude of any such charge. Estimates of fair value are primarily determined using discounted cash flows and market transactions. These estimates involve making significant estimates and assumptions, including projected future cash flows (including timing), discount rates reflecting the risks inherent in future cash flows, perpetual growth rates, and the determination of appropriate market comparisons.

The carrying amounts of goodwill consisted of the following (in thousands):

	As of December 31, 2022	As of December 31, 2023
Goodwill	\$ 1,395,942	\$ 1,395,942
Accumulated impairment losses	(321,322)	(321,322)
Net carrying amount	<u>\$ 1,074,620</u>	<u>\$ 1,074,620</u>

#### **(b) Other Intangible Assets**

*ARP Rights.* The ARP Rights represent the Company's entitlement to receive the Phase II ARP of \$3.7 billion subject to the satisfaction of certain deadlines and other conditions, as further discussed in Note 1—Background and Summary of Significant Accounting Policies, *C-band Spectrum Clearing*. Under Fresh Start Accounting, the ARP Rights were valued using the discounted cash flow method, a variation of the income approach to valuation. Under this method, we estimated the present value of the after-tax cash flows related to the ARPs, using the assumption that they will be received in the first quarter of 2024. The discount rate employed to estimate the present value was consistent with the risk inherent in the overall business of Intelsat, as the receipt of the ARPs is dependent on the Company's ability to clear a portion of the C-band spectrum on an accelerated basis, and hence aligned with the Company's operational risks. The key assumptions used to estimate the fair value of the ARP Rights included the expected amount and timing of the ARPs, tax rate and the discount rate. The value of the ARP Rights accreted over time, using the effective interest method, until Phase II Validation.

As of December 31, 2022, the carrying amount of the ARP Rights was \$3.1 billion. As a result of the Phase II Validation, we derecognized the "Accelerated relocation payment rights," upon which we recognized a "Gain on disposition of ARP rights" of \$139.0 million within our consolidated statements of operations for the year ended December 31, 2023. As of October 19, 2023, the entire Phase II ARP proceeds of \$3.7 billion were received.

We recognized interest income on the ARP Rights of \$268.7 million and \$208.9 million for the ten months ended December 31, 2022 and year ended December 31, 2023, respectively, with no similar amount recognized for the two months ended February 28, 2022.

*Orbital Locations and Trade Name.* Intelsat is authorized by governments to operate satellites at certain orbital locations—i.e., longitudinal coordinates along the Clarke Belt. The Clarke Belt is the part of space approximately 35,800 kilometers above the plane of the equator where geostationary orbit may be achieved. Various governments acquire rights to these orbital locations through filings made with the International Telecommunication Union, a sub-organization of the United Nations. We will continue to have rights to operate satellites at our orbital locations so long as we maintain our authorizations to do so.

Our rights to operate at orbital locations can be used and sold individually; however, since satellites and customers can be and are moved from one orbital location to another, our rights are used in conjunction with each other as a network that can be adapted to meet the changing needs of our customers and market demands. Due to the interchangeable nature of orbital locations, the aggregate value of all of the orbital locations is used to measure the extent of impairment, if any.

The carrying amounts of acquired intangible assets not subject to amortization consisted of the following (in thousands):

	As of December 31, 2022	As of December 31, 2023
Orbital slots	\$ 1,000,000	\$ 1,000,000
Trade name	50,000	50,000
<b>Total non-amortizable intangible assets</b>	<b>\$ 1,050,000</b>	<b>\$ 1,050,000</b>

*Other Intangible Assets.* The carrying amounts and accumulated amortization of acquired intangible assets subject to amortization consisted of the following (in thousands):

	As of December 31, 2022			As of December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Backlog and other	\$ 70,008	\$ (13,100)	\$ 56,908	\$ 70,008	\$ (27,183)	\$ 42,825
Customer relationships	44,670	(4,313)	40,357	44,670	(9,129)	35,541
Software and supplemental type certificates	72,742	(16,766)	55,976	84,230	(33,883)	50,347
<b>Total</b>	<b>\$ 187,420</b>	<b>\$ (34,179)</b>	<b>\$ 153,241</b>	<b>\$ 198,908</b>	<b>\$ (70,195)</b>	<b>\$ 128,713</b>

Intangible assets are amortized based on the expected pattern of consumption. Amortization expense was \$42.2 million, \$6.6 million, \$34.2 million and \$36.3 million for the year ended December 31, 2021, two months ended February 28, 2022, ten months ended December 31, 2022 and year ended December 31, 2023, respectively.

In September 2023, we deemed it unlikely that we will be able to utilize certain supplemental type certificates and other assets. As a result, we recorded a non-cash impairment charge of \$6.4 million, which is included within "Impairment of goodwill and other intangible assets" in our consolidated statements of operations.

Scheduled amortization charges for intangible assets over the next five years are as follows (in thousands):

Year Ending December 31,	Amount
2024	\$ 29,591
2025	19,945
2026	16,075
2027	12,424
2028	8,652

Our policy is to expense all costs incurred to renew or extend the terms of our intangible assets.

## Note 9—Debt

The carrying values and fair values of our notes payable and debt were as follows (in thousands):

	As of December 31, 2022		As of December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
6.50% First Lien Secured Notes due March 2030	\$ 3,000,000	\$ 2,692,500	\$ 3,000,000	\$ 2,865,000
Secured Credit Facilities due February 2029	2,803,791	2,719,677	—	—
<b>Total Intelsat debt</b>	<b>5,803,791</b>	<b>5,412,177</b>	<b>3,000,000</b>	<b>2,865,000</b>
Less: current maturities of long-term debt	115,614	112,146	—	—
<b>Total Intelsat long-term debt</b>	<b>\$ 5,688,177</b>	<b>\$ 5,300,031</b>	<b>\$ 3,000,000</b>	<b>\$ 2,865,000</b>

The fair value for publicly traded instruments is determined using quoted market prices, and the fair value for non-publicly traded instruments is based upon composite pricing from a variety of sources, including market leading data providers, market makers and leading brokerage firms. Substantially all of the inputs used to determine the fair value of our debt are classified as Level 2 inputs within the fair value hierarchy from ASC 820.

Required principal repayments of debt over the next five years and thereafter as of December 31, 2023 consists solely of the \$3.0 billion principal associated with the 2030 Jackson Secured Notes (as defined below), which is due March 2030.



### *Intelsat Jackson 6.50% First Lien Secured Notes due 2030*

On January 27, 2022, Intelsat Jackson completed an offering of \$3.0 billion aggregate principal amount of 6.50% First Lien Secured Notes due 2030 (the “2030 Jackson Secured Notes”). The 2030 Jackson Secured Notes bear interest at 6.50% annually and mature in March 2030. These notes are guaranteed by Intelsat S.A., other parent entities of Intelsat Jackson, and certain subsidiaries of Intelsat Jackson. Interest is payable on the 2030 Jackson Secured Notes semi-annually on March 15 and September 15, commencing on September 15, 2022. Intelsat Jackson may redeem some or all of the notes at the applicable redemption prices and criterion set forth in the indenture governing the 2030 Jackson Secured Notes. The 2030 Jackson Secured Notes are senior secured obligations of Intelsat Jackson.

### *2022 Intelsat Jackson Secured Credit Facilities due 2029*

On February 1, 2022, Intelsat Jackson entered into a secured credit agreement (the “2022 Intelsat Jackson Secured Credit Agreement”), which included a \$3.2 billion term loan facility and a \$500.0 million revolving credit facility, and borrowed the full \$3.2 billion under the term loan facility due February 2029 (the “2029 Term Loans”). On October 26, 2023, the 2029 Term Loans were paid in full. The maturity date of the revolving credit facility is February 1, 2027. The obligations under the 2022 Intelsat Jackson Secured Credit Agreement are guaranteed by Intelsat S.A., other parent entities of Intelsat Jackson, and certain subsidiaries of Intelsat Jackson. The 2029 Term Loans and the revolving loans under the revolving credit facility (the “Revolving Loans”) bear interest either (i) based on a 1-month, 3-month or 6-month (or if agreed to by each lender of a loan, 12-month) secured overnight financing rate (“SOFR”) plus a related spread or (ii) at the Base Rate (as defined in the 2022 Intelsat Jackson Secured Credit Agreement), in each case, plus an applicable margin. The applicable margin for the 2029 Term Loans is 4.25% for SOFR loans and 3.25% for Base Rate loans, and the applicable margin for Revolving Loans ranges from 2.25%–2.75% for SOFR loans and 1.25%–1.75% for Base Rate loans, in each case, depending on the leverage ratio of Intelsat Jackson. The 2029 Term Loans have a SOFR floor of 0.50% and a Base Rate floor of 1.50%, and the Revolving Loans have a SOFR floor of 0.00% and a Base Rate floor of 1.00%.

Interest is payable on the SOFR loans at the end of the applicable interest period and on a quarterly basis for the Base Rate loans, and mandatory principal amortization of 0.25% with respect to the 2029 Term Loans is due at the end of each quarter. Additionally, 50% of all C-band proceeds received are required to be used to pay down the outstanding principal balance of the 2029 Term Loans within ten business days of the end of each quarter. The 2029 Term Loans and the Revolving Loans are senior secured obligations of Intelsat Jackson.

The 2022 Intelsat Jackson Secured Credit Agreement includes customary negative covenants for loan agreements of this type, including covenants limiting the ability of Intelsat Jackson and its subsidiaries to, among other things, incur additional indebtedness, create liens on assets, make investments, loans or advances, engage in mergers, consolidations, sales of assets and acquisitions, pay dividends and distributions and make payments in respect of subordinated indebtedness, in each case subject to customary exceptions for loan agreements of this type.

The 2022 Intelsat Jackson Secured Credit Agreement also includes certain customary representations and warranties, affirmative covenants and events of default, including, but not limited to, payment defaults, breaches of representations and warranties, covenant defaults, certain events under ERISA, and change of control.

The foregoing description of the 2022 Intelsat Jackson Secured Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the 2022 Intelsat Jackson Secured Credit Agreement.

Intelsat Jackson made principal payments on the 2029 Term Loans of \$386.2 million for the ten months ended December 31, 2022, with no similar payments for the two months ended February 28, 2022. During the year ended December 31, 2023, the total remaining balance of \$2.8 billion associated with the 2029 Term Loans was paid in full.



## Note 10—Shareholders' Equity

### (a) Share Premium Distribution

In September 2023, our board of directors authorized and approved, subject to shareholder approval, and in December 2023, the shareholders approved, the distribution of \$130.0 million out of the Company's share premium to the shareholders of the Company in proportion of their holding of shares of the Company and the holders of restricted stock units pursuant to the terms of the relevant award agreements, on the relevant record date. On January 29, 2024, the Company paid \$1.873 per outstanding share to its common shareholders of record at the close of business on January 5, 2024. Payments will be made to holders of restricted stock units pursuant to the terms of the relevant award agreements upon vesting of the underlying restricted stock units.

### (b) Share Repurchase Program

Additionally, in September 2023, our board of directors authorized and approved, subject to shareholder approval, and in December 2023, the shareholders approved a share repurchase program authorizing for a three year period the repurchase of up to 20.0 million of the Company's common shares, up to \$200.0 million aggregate amount for which shares may be repurchased, which may be made in any manner including tender or other offers, buy-back programs, or privately negotiated transactions in accordance with all applicable securities laws, rules, and regulations ("Share Repurchase Program"). During the year ended December 31, 2023, we repurchased 220,000 common shares for \$6.5 million at an average price per share of \$29.75. As of December 31, 2023, approximately \$193.5 million remained available under the Share Repurchase Program.

## Note 11—Leases

### Lessee

We lease corporate and branch offices, various facilities, land and equipment, specifically third-party teleport and circuit/dark fiber, third-party capacity and mission extension vehicles. Certain leases include one or more options to renew, with renewal terms that can extend the lease term from one year to fifteen years. The exercise of lease renewal options is at our sole discretion. Our lease agreements generally do not include options to purchase the leased property. The depreciable life of leasehold improvements is limited by the expected lease term in the absence of a transfer of title or purchase option reasonably certain of exercise.

Certain of our lease agreements include rental payments with escalation provisions as defined in the contracts. These escalation provisions are included in the calculation of the present value of the lease payments for purposes of determining the value of the respective ROU asset and lease liability. Our lease agreements do not contain any material residual value guarantees or materially restrictive covenants. We rent, license or sublease certain office space and land to third parties.

The following table sets forth supplemental balance sheet information related to ROU assets and lease liabilities (in thousands):

	Classification	As of December 31, 2022	As of December 31, 2023
<b>Assets</b>			
Operating	Other assets	\$ 360,911	\$ 261,809
Finance	Satellites and other property and equipment, net <sup>(1)(2)</sup>	10,480	570,896
Total leased assets		<u>\$ 371,391</u>	<u>\$ 832,705</u>
<b>Liabilities</b>			
Current			
Operating	Other current liabilities	\$ 36,890	\$ 26,491
Finance	Finance lease liabilities	3,329	28,674
Long-term			
Operating	Other long-term liabilities	234,112	192,285
Finance	Finance lease liabilities, net of current portion	11,726	508,068
Total lease liabilities		<u>\$ 286,057</u>	<u>\$ 755,518</u>

(1) Net of accumulated amortization of \$1.7 million and \$18.5 million as of December 31, 2022 and 2023, respectively.

(2) Finance lease assets are included within "Other assets" in the consolidated balance sheet as of December 31, 2022.

The following table sets forth supplemental information related to the components of lease expense (in thousands):

Classification	Predecessor		Successor		
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023	
Operating lease cost	Direct costs of revenue	\$ 34,957	\$ 6,229	\$ 43,254	\$ 54,243
Operating lease cost	Selling, general and administrative expenses	14,461	2,378	14,839	17,137
Operating lease cost	Other operating expense (income), net—C-band	3,359	1,680	9,200	12,923
Finance lease cost					
Amortization of leased assets	Depreciation and amortization	1,645	285	2,340	16,150
Interest on lease liabilities	Interest expense	1,398	213	824	13,170
Sublease income	Other income (expense), net	(1,249)	(64)	(303)	(259)
Net lease cost		\$ 54,571	\$ 10,721	\$ 70,154	\$ 113,364

The following table sets forth future minimum lease payments together with the present value of lease liabilities under leases as of December 31, 2023 for future periods (in thousands):

Year Ending December 31,	Operating Leases	Finance Leases	Total
2024	\$ 39,025	\$ 69,509	\$ 108,534
2025	39,702	75,013	114,715
2026	36,680	93,527	130,207
2027	36,515	96,308	132,823
2028	35,730	96,437	132,167
Thereafter	87,268	333,938	421,206
Total lease payments	\$ 274,920	\$ 764,732	\$ 1,039,652
Less: Imputed interest <sup>(1)</sup>	(56,144)	(227,990)	(284,134)
Present value of lease liabilities	\$ 218,776	\$ 536,742	\$ 755,518

(1) Calculated using the incremental borrowing rate assessed for each lease.

The following table sets forth supplemental cash flow information related to leases (in thousands):

	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 73,366	\$ 7,702	\$ 40,838	\$ 55,647
Operating cash flows from finance leases	—	—	—	13,170
Financing cash flows from finance leases	—	—	—	10,725
Leased assets obtained in exchange for new operating lease liabilities	169,681	1,003	113,122	26,389
Leased assets obtained in exchange for new finance lease liabilities	2,419	—	—	365,416
Additions to ROU assets due to modifications or renewals of operating leases	—	2,461	1,497	2,281
Reductions in ROU assets due to modifications, renewals or terminations of operating leases	(10,673)	—	—	(62,598)
Additions to ROU assets due to modifications or renewals of finance leases	—	—	—	211,165

The following table sets forth the weighted average remaining lease term and weighted average discount rate under leases:

	As of December 31, 2022	As of December 31, 2023
Weighted average remaining lease term (years):		
Operating leases	7.03	7.18
Finance leases	6.47	9.48
Weighted average discount rate <sup>(1)</sup> :		
Operating leases	6.1 %	6.4 %
Finance leases	5.8 %	7.9 %

(1) Discount rate is the incremental borrowing rate assessed for each lease.

#### *Lessor*

We have certain operating and sales-type leases that generate insignificant operating lease income and interest income, respectively. The lease expiration dates range from 2024 to 2038, and are primarily related to managed service contracts and teleport usage.

In February 2022, the Company entered into a sales-type lease with an expiration date of February 14, 2027, with two one-year renewal options. We evaluated the lease and determined that it contains lease and non-lease components. The leased assets are not expected to have any residual value, and no interest income will be recognized under the lease as consideration was received upfront. For the two months ended February 28, 2022, the Company recorded revenue and direct costs of revenue of \$12.3 million and \$9.5 million, respectively, resulting in net income at commencement of the sales-type lease of approximately \$2.8 million. In September 2023, the Company entered into amendments to update the expiration date of the sales-type lease to January 31, 2024.

In September 2022, the Company entered into a sales-type lease with an expiration date of December 31, 2026, with two two-year renewal options. The lease was modified in the fourth quarter of 2023 with no changes to the expiration date or the two two-year renewal options. We evaluated the lease and determined that it contains lease and non-lease components. No net investment is recorded in the sales-type lease and no interest income will be recorded under the lease as consideration was received upfront. For the year ended December 31, 2023, the Company recorded revenue and direct costs of revenue of \$2.9 million and \$4.0 million, respectively, resulting in net loss at commencement of the sales-type lease of approximately \$1.1 million.

The Company recorded a cumulative net investment in sales-type leases of approximately \$8.4 million as of December 31, 2023, of which \$1.3 million was included within “Prepaid expenses and other current assets” and \$7.1 million was included within “Other assets” in the consolidated balance sheets. The carrying value of the lease receivables approximates the net investments in the leases. As of December 31, 2023, the Company expects to receive approximately \$8.4 million of lease payments over the remaining term of the service agreements, of which \$1.3 million, \$1.3 million, \$1.3 million, \$1.3 million, \$1.3 million, and \$1.9 million are expected to be received in 2024, 2025, 2026, 2027, 2028 and thereafter, respectively.

#### **Note 12—Share-Based and Other Compensation Plans**

As a part of our reorganization proceedings, all of our share-based compensation awards outstanding as of December 31, 2021 were canceled, which resulted in the recognition of any previously unamortized expense related to the canceled awards on the date of cancellation. Share-based compensation for the Predecessor and Successor Periods is not comparable.

#### *Predecessor Share-Based Compensation*

In April 2013, our board of directors adopted the amended and restated Intelsat Global, Ltd. 2008 Share Incentive Plan (as amended, the “2008 Equity Plan”). Also in April 2013, our board of directors adopted the Intelsat S.A. 2013 Equity Incentive Plan (the “2013 Equity Plan”). No new awards may be granted under the 2008 Equity Plan.

The 2013 Equity Plan provides for a variety of equity-based awards, including incentive stock options (within the meaning of Section 422 of the United States Internal Revenue Service Tax Code), restricted shares, restricted stock units, and other share-based awards and performance compensation awards. Effective June 16, 2016, we increased the aggregate number of common shares authorized for issuance under the 2013 Equity Plan to 20.0 million common shares.

The Predecessor share-based awards that were outstanding and cancelled upon Emergence were as follows:

- Stock Options—Stock options generally expire 10 years from the date of grant. In some cases, options have been granted which expire 15 years from the date of grant.
- RSUs—Time-based RSUs vest over periods from one to three years from the date of grant.

- PSUs—Performance-based restricted stock units (“PSUs”) vest after three years from the date of grant upon achievement of certain performance metrics. These grants are subject to vesting upon achievement of an adjusted EBITDA target or achievement of a relative shareholder return, which is based on the Company’s relative shareholder return percentile ranking versus the S&P 900 Index as defined in the grant agreement.

#### *Successor Share-Based Compensation*

Post-Emergence, Intelsat S.A. provides the opportunity for employees to acquire equity interest in the Company and other incentive compensation, such as stock options and cash-based awards, to align the interest of key personnel with those of the Company’s shareholders.

The Intelsat S.A. 2022 Equity Incentive Plan (the “Incentive Plan”) provides for, among other things, the grant of RSUs and PSUs to employees, officers and directors of the Company. The Incentive Plan has vesting provisions predicated upon the death, termination or disability of the grantee.

The Incentive Plan was effective as of February 23, 2022 and will expire on the tenth anniversary of the Effective Date.

We account for share-based compensation expense in accordance with ASC 718, which requires us to measure and recognize compensation expense in our financial statements based on the fair value at the date of grant for our share-based awards. We recognize compensation expense for these equity-classified awards over their requisite service period and adjust for forfeitures as they occur.

The following table summarizes the activity under our Incentive Plan related to RSUs for the ten months ended December 31, 2022 and year ended December 31, 2023.

	Number of RSUs (in thousands)	Weighted-Average Grant Date Fair Value
Balance at February 28, 2022	—	\$ —
Granted	1,316	50.00
Vested	(29)	50.00
Cancelled and forfeited	(60)	50.00
Balance at December 31, 2022	<u>1,227</u>	50.00
Balance at As of December 31, 2022	1,227	\$ 50.00
Granted	242	47.09
Vested	(414)	49.99
Cancelled and forfeited	(110)	49.63
Balance at December 31, 2023	<u>945</u>	49.30

The following table summarizes the activity under our Incentive Plan related to PSUs for the ten months ended December 31, 2022 and year ended December 31, 2023:

	Number of PSUs (in thousands)	Weighted-Average Grant Date Fair Value
Balance at February 28, 2022	—	\$ —
Granted	496	27.75
Vested	—	—
Cancelled and forfeited	(26)	21.89
Balance at December 31, 2022	<u>470</u>	28.08
Balance at As of December 31, 2022	470	\$ 28.08
Granted	110	45.27
Vested	—	—
Cancelled and forfeited	(21)	34.16
Balance at December 31, 2023	<u>559</u>	31.23

During the ten months ended December 31, 2022 and year ended December 31, 2023, the Company granted 496,000 and 110,000 PSUs, and 1.3 million and 242,000 RSUs, respectively, in accordance with the Incentive Plan. RSUs will vest based on the satisfaction of service obligations. The vesting is contingent upon each participant's continued employment through the applicable vesting date. PSUs awarded in 2022 will vest upon the satisfaction of prescribed service and market performance obligations. PSUs awarded in 2023 will vest upon the satisfaction of prescribed service and performance obligations. As of December 31, 2022 and December 31, 2023 total unrecognized compensation costs related to unvested employee PSUs were \$11.2 million and \$11.7 million, respectively. These costs are expected to be recognized over a weighted-average period of approximately 4.1 years and 2.9 years; total unrecognized compensation costs related to unvested employee RSUs were \$45.6 million and \$29.8 million. These costs are expected to be recognized over a weighted-average period of approximately 1.6 years and 1.2 years. The total fair value of RSUs and PSUs were \$46.6 million and \$17.5 million respectively, as of December 31, 2023.

The grant date fair value of RSUs and PSUs awarded during 2023 is equal to the fair value of stock price at the date of grant and will vest over a 3-year period. PSUs were granted with two equally weighted goals that directly align with or help drive long-term total shareholder return: an adjusted cash flow growth metric and revenue growth. Depending on the outcome of these performance goals, a recipient may ultimately earn a number of units greater or less than the number of units granted.

The fair value of RSUs granted during 2022 were determined to be \$50.00 per unit which will also vest over a 3-year period. The \$50.00 per unit was based on the equity value at Emergence and the target number of units issued. The fair value of PSUs awarded in 2022 with vesting conditions dependent upon market performance and service requirements is determined using a Monte Carlo simulation in risk-neutral framework, which the simulated payouts measured at the end of the periods are discounted with the risk-free interest rate to estimate the award fair values as of the estimate date. Share-based compensation expense is recognized on a straight-line basis over the service period or over our best estimate of the period over which the performance condition will be met, as applicable. The following table presents the assumptions used to estimate the fair values of the 2022 PSUs granted during 2022. The range of assumptions used in the Monte Carlo simulation valuation approach is as follows:

	<u>As of February 23, 2022</u>
Expected stock volatility <sup>(1)</sup>	45%
Expected dividend yield <sup>(2)</sup>	— %
Risk-free interest rate <sup>(3)</sup>	1.71% - 3.38%
Expected life <sup>(4)</sup>	4.8 - 5.0 years

- (1) Management estimates volatility based on the historical trading volatility of a public company peer group and the implied volatility of our assets and current leverage.
- (2) As of the valuation date, we had not issued dividends to date and did not anticipate issuing dividends.
- (3) Based on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent expected term.
- (4) Represents the period that our share-based awards are expected to be outstanding. Management uses the simplified method for our estimation of the expected life as we do not have adequate historical data.

#### *Share-Based Compensation Amortization Expense*

We recognized the following compensation costs, net of actual forfeitures, related to share-based compensation for the periods presented:

	<u>Predecessor</u>		<u>Successor</u>	
	<u>Year Ended December 31, 2021</u>	<u>Two Months Ended February 28, 2022</u>	<u>Ten Months Ended December 31, 2022</u>	<u>Year Ended December 31, 2023</u>
Direct costs of revenue (excluding depreciation and amortization)	\$ 1,056	\$ 214	\$ 5,197	\$ 7,173
Selling, general and administrative	4,368	1,055	13,435	18,256
<b>Total share-based compensation</b>	<b>\$ 5,424</b>	<b>\$ 1,269</b>	<b>\$ 18,632</b>	<b>\$ 25,429</b>

### Note 13—Income Taxes

The Company measures deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or paid.

In response to COVID-19, on March 18, 2020, the Families First Coronavirus Response Act (the “FFCR Act”) was enacted, and on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted. The FFCR Act and the CARES Act contain numerous income tax provisions, such as increasing the 30 percent adjusted taxable income threshold to 50 percent for taxable years beginning in 2019 and 2020 for purposes of determining allowable business interest expense deductions. The CARES Act repeals the 80 percent limitation for taxable years beginning before January 1, 2021 (enacted by the U.S. Tax Cut and Jobs Act), and it further specifies that net operating losses arising in a taxable year beginning after December 31, 2017, and before January 1, 2021, are allowed as a carryback to each of the five taxable years preceding the taxable year of such losses. Modifications to the tax rules for the carryback of net operating losses and business interest limitations resulted in a federal tax refund of approximately \$53.5 million as of December 31, 2023.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"), which includes, among other provisions, changes to the U.S. corporate income tax system, including a 15% minimum tax based on average adjusted financial statement income exceeding \$1.0 billion for any three consecutive years preceding the tax year and a 1% excise tax on net repurchases of stock in excess of \$1.0 million after December 31, 2022. We did not have a material financial impact from the Inflation Reduction Act during 2023.

The following table summarizes our total income (loss) before income taxes (in thousands):

	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
Domestic income (loss) before income taxes	\$ 1,343,625	\$ 3,806,832	\$ 269,396	\$ 717,694
Foreign income (loss) before income taxes	(48,990)	818,610	(343,373)	127,080
Total income (loss) before income taxes	\$ 1,294,635	\$ 4,625,442	\$ (73,977)	\$ 844,774

The provision for (benefit from) income taxes consisted of the following (in thousands):

	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
Current income tax provision (benefit):				
Domestic	\$ —	\$ —	\$ —	\$ 3,923
Foreign	(6,511)	5,585	19,063	35,870
Total	(6,511)	5,585	19,063	39,793
Deferred income tax provision (benefit):				
Domestic	—	—	—	—
Foreign	11,405	(9,490)	(19,654)	(16,361)
Total	11,405	(9,490)	(19,654)	(16,361)
Total income tax provision (benefit):	\$ 4,894	\$ (3,905)	\$ (591)	\$ 23,432



The income tax provision (benefit) was different from the amount computed using the Luxembourg statutory income tax rate of 24.94% for all periods presented for the reasons set forth in the following table (in thousands):

	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
Expected tax provision (benefit) at Luxembourg statutory income tax rate	\$ 322,882	\$ 1,153,585	\$ (18,450)	\$ 210,687
Foreign income tax differential	49,506	1,227	22,123	(22,723)
Luxembourg financing activities	27,759	5,435	18,300	(121,628)
Changes in unrecognized tax benefits	11,449	3,987	(1,217)	6,867
Changes in valuation allowance	(372,358)	436,801	292,290	(793,658)
Foreign tax credits	5,952	108	17,120	2,750
U.S. State tax expense	5,526	(573)	(4,898)	3,873
Internal reorganization	21,017	(1,602,929)	(292,157)	—
Impairment to intercompany investments in Luxembourg subsidiaries	(8,520)	(1,728)	(32,376)	—
Net operating loss carryback	(21,518)	—	(5,596)	—
Research and development credits	(5,897)	—	2,621	(7,863)
Accelerated relocation proceeds	—	—	—	758,917
Permanent establishment income	(31,617)	—	—	—
Other	713	182	1,649	(13,788)
<b>Total income tax provision (benefit)</b>	<b>\$ 4,894</b>	<b>\$ (3,905)</b>	<b>\$ (591)</b>	<b>\$ 23,432</b>

The majority of our operations are located in taxable jurisdictions, including Luxembourg, the U.S. and the United Kingdom ("UK"). We recorded a full valuation allowance against all Luxembourg DTAs as of both December 31, 2023 and December 31, 2022. The difference between "Income tax benefit (expense)" reported in the consolidated statements of operations and tax computed at statutory rates is attributable to the valuation allowance on losses generated in Luxembourg, the provision for foreign taxes, which were principally in the U.S. and the UK, as well as withholding taxes on revenue earned in some of the foreign markets in which we operate.

We intend to continue maintaining a full valuation allowance on our Luxembourg DTAs until there is sufficient evidence to support the reversal of all or some portion of these allowances. However, given our current earnings and anticipated future earnings, we believe that there is a reasonable possibility that within the next 12 months, sufficient positive evidence may become available to allow us to reach a conclusion that a significant portion of the valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of certain DTAs and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of probability that we are able to actually achieve. Notably, \$1.0 billion of our Luxembourg NOLs do not expire or have ownership charge limitations. The balance expires over 17 years, through 2024 to 2041.

The following table details the composition of the net deferred tax balances on our consolidated balance sheets as of December 31, 2022 and 2023 (in thousands):

	As of December 31, 2022	As of December 31, 2023
Long-term deferred tax assets	\$ 22,703	\$ 23,424
Long-term deferred tax liabilities	(45,531)	(29,660)
<b>Net deferred taxes</b>	<b>\$ (22,828)</b>	<b>\$ (6,236)</b>

The components of the net deferred tax asset were as follows (in thousands):

	As of December 31, 2022	As of December 31, 2023
Deferred tax assets:		
Accruals and advances	\$ 21,968	\$ 37,627
Amortizable intangible assets	958,342	—
Non-amortizable intangible assets	324,527	51,295
Customer deposits	2,602	2,602
Bad debt reserve	3,300	4,064
Disallowed interest expense carryforward	65,565	41,597
Net operating loss carryforward	2,126,710	2,560,790
Tax credits	9,933	11,703
Tax basis differences in investments and affiliates	23,279	69,279
Satellites and other property and equipment	374,079	437,075
Capital loss carryforward	2,757	2,611
Operating lease liabilities	14,164	47,494
Other deferred tax assets	84,697	63,881
Total deferred tax assets	<u>4,011,923</u>	<u>3,330,018</u>
Deferred tax liabilities:		
Amortizable intangible assets	(3,855)	(134,327)
Non-amortizable intangible assets	(40,184)	(31,004)
Tax basis differences in investments and affiliates	(381,056)	(269,344)
Other deferred tax liabilities	(12,563)	(48,368)
Total deferred tax liabilities	<u>(437,658)</u>	<u>(483,043)</u>
Valuation allowance	(3,597,093)	(2,853,211)
Total net deferred tax liabilities	<u>\$ (22,828)</u>	<u>\$ (6,236)</u>

As of December 31, 2022 and 2023, our consolidated balance sheets included a deferred tax asset in the amount of \$2.1 billion and \$2.6 billion, respectively, attributable to the future benefit from the utilization of certain net operating loss carryforwards. In addition, our balance sheets as of December 31, 2022 and 2023 included \$9.9 million and \$11.7 million of deferred tax assets, respectively, attributable to the future benefit from the utilization of tax credit carryforwards. As of December 31, 2023, we had tax-effected U.S. federal, state and other foreign tax net operating loss carryforwards of \$62.8 million, of which \$54.8 million is expiring between 2024 and 2040, with the remaining \$8.0 million having an indefinite life. In addition, as of December 31, 2023, we had Luxembourg tax-effected net operating loss carryforwards of \$2.5 billion and of this amount \$1.5 billion expires between 2035 and 2040. These Luxembourg net operating loss carryforwards were caused primarily by our interest expense, satellite depreciation and amortization and impairment charges related to investments in subsidiaries, goodwill and other intangible assets. Our research and development credit of \$3.3 million may be carried forward to 2037. Our foreign tax credit of \$8.4 million as of December 31, 2023 is fully valued.

Our valuation allowance as of December 31, 2022 and 2023 was \$3.6 billion and \$2.9 billion, respectively. Almost all of the valuation allowance relates to Luxembourg net operating loss carryforwards and deferred tax assets created by differences between the U.S. GAAP and the Luxembourg tax basis in our assets. Certain operations of our subsidiaries are controlled by various intercompany agreements which provide these subsidiaries with predictable operating profits. Other subsidiaries, principally Luxembourg and U.S. subsidiaries, are subject to the risks of our overall business conditions which make their earnings less predictable. Our valuation allowance as of December 31, 2023 also relates to certain deferred tax assets in our U.S. subsidiaries, including foreign tax credit carryforward and disallowed interest expense carryforward.



The following table summarizes the activity related to our unrecognized tax benefits (in thousands):

	Predecessor		Successor	
	Year Ended December 31, 2021	Two Months Ended February 28, 2022	Ten Months Ended December 31, 2022	Year Ended December 31, 2023
Balance at beginning of period	\$ 51,402	\$ 63,039	\$ 67,275	\$ 66,067
Increases (decreases) related to current year tax positions	5,711	4,092	(1,032)	3,329
Increases related to prior year tax positions	8,352	150	462	4,271
Decreases related to prior year tax positions	(14)	(6)	(78)	(3)
Expiration of statute of limitations for the assessment of taxes	(2,412)	—	(560)	(75)
Balance at end of period	\$ 63,039	\$ 67,275	\$ 66,067	\$ 73,589

As of December 31, 2022 and 2023, our gross unrecognized tax benefits were \$66.1 million and \$73.6 million, respectively (including interest and penalties), of which \$56.5 million and \$57.2 million, respectively, if recognized, would affect our effective tax rate. As of December 31, 2022 and 2023, we recorded reserves for interest and penalties in the amounts of \$2.6 million and \$3.2 million, respectively. We continue to recognize interest and, to the extent applicable, penalties with respect to the unrecognized tax benefits as income tax expense. Since December 31, 2022, the change in the balance of unrecognized tax benefits consisted of an increase of \$3.3 million related to current year tax positions for the year ended December 31, 2023 and net increases of \$4.3 million related to prior year tax positions for the year ended December 31, 2023. The increase in gross unrecognized tax benefits was partially offset by \$0.1 million related to the expiration of the statute of limitations on the assessment of certain tax positions during the year ended December 31, 2023.

We operate in various taxable jurisdictions throughout the world, and our tax returns are subject to audit and review from time to time. We consider Luxembourg, the U.S. and the UK to be our significant tax jurisdictions. Our subsidiaries in these jurisdictions are subject to income tax examination for periods after December 31, 2017. We believe that there are no jurisdictions in which the outcome of unresolved tax issues or claims is likely to be material to our results of operations, financial position or cash flows within the next twelve months.

Effective January 31, 2020, the UK formally exited the European Union (“EU”). As a result of the withdrawal, existing tax reliefs and exemptions on intra-European transactions will likely cease to apply to transactions between UK entities and EU entities. In addition, transactions with non-EU countries, such as the U.S., may also be affected. As of December 31, 2023, all relevant tax laws and treaties remained unchanged and the tax consequences were unknown. Therefore, we have not recognized any impacts of the withdrawal in the income tax provision as of December 31, 2023. We will recognize any impacts to the tax provision when changes in tax laws or treaties between the UK and the EU or individual EU member states are enacted.

As described in Note 9—Debt, in accordance with the Final Plan, all of the Company’s debt that was outstanding as of December 31, 2021 has been repaid or settled and extinguished. The IRC provides that a debtor in a Chapter 11 bankruptcy case may exclude cancellation of debt income (“CODI”) from taxable income but must reduce certain of its tax attributes by the amount of any CODI realized as a result of the consummation of a plan of reorganization. The amount of CODI realized by a taxpayer is determined based on the fair market value of the consideration received by the creditors in settlement of outstanding indebtedness. Upon emergence from Chapter 11 bankruptcy proceedings, CODI may reduce some or all of the amount of prior U.S. tax attributes, which can include net operating losses, general business credits, capital losses, and tax basis in assets. The actual reduction in tax attributes occurred effective December 31, 2022. The Company’s amount of remaining U.S. deferred tax assets, against which a partial valuation exists, will be limited under IRC Section 382 due to the change in control resulting from the Final Plan.

The Company has evaluated the impact of the reorganization, including the change in control, resulting from its emergence from bankruptcy. The post-Emergence Company was able to fully absorb the CODI realized by the pre-Emergence Company in connection with the reorganization as an offset to current year operating losses without impacting its net historical operating losses, general business credits, capital losses, and tax basis in assets. The tax attribute limitation rules under IRC Section 382 are subject to favorable modification by items such as recognized built-in gain (“RBIG”) income. During 2023, the Company recognized \$3.67B of Acceleration Relocation Payments from the FCC which represent RBIG income. As a result of this RBIG income inclusion, a material portion of U.S. deferred tax assets consisting of net operating losses and IRC Section 163(j) interest expense will be utilized in tax year 2023. For years beyond 2023, it is more likely than not that the Company will not fully realize future income tax benefits related to its remaining U.S. net deferred tax asset based on the IRC Section 382 limitation, historical results, and expected market conditions known on the date of measurement, and the Company has therefore maintained a partial valuation allowance against the remaining U.S. net deferred tax asset. This is periodically reassessed and could change in the future.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. The legislation will be effective for the Company's financial year beginning January 1, 2024. The Company is in scope of the enacted or substantively enacted legislation and is in initial stages of assessing our potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Company. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbor relief does not apply and the Pillar Two effective tax rate is close to 15%. The Company does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

#### Note 14—Contractual Commitments

In the further development and operation of our commercial global communications satellite system, significant additional expenditures are anticipated. In connection with these and other expenditures, we have a significant amount of debt, as described in Note 9—Debt, and lease commitments, as described in Note 11—Leases. In addition to these debt and related interest obligations and lease commitments, we have expenditures represented by other contractual commitments. The additional expenditures as of December 31, 2023 and the expected year of payment are as follows (in thousands):

Year Ended December 31,	Satellite Construction and Launch Obligations	Satellite Capacity and Teleport Commitments	Satellite Performance Incentive Obligations	Horizons 3 and Horizons 4 Contribution and Purchase Obligations <sup>(1)</sup>	Total
2024	\$ 251,838	\$ 173,820	\$ 23,665	\$ 40,159	\$ 489,482
2025	173,917	110,447	21,794	44,211	350,369
2026	36,831	92,445	18,461	31,455	179,192
2027	542	75,066	16,922	17,485	110,015
2028	1,584	30,639	13,930	17,485	63,638
Thereafter	1,084	58,072	55,084	122,812	237,052
Total contractual commitments	\$ 465,796	\$ 540,489	\$ 149,856	\$ 273,607	\$ 1,429,748

(1) Includes commitments to make capital contributions to and purchase satellite capacity from Horizons 3 and Horizons 4. See Note 7—Investments.

##### (a) Satellite Construction and Launch Obligations

As of December 31, 2023, we had approximately \$465.8 million of expenditures remaining under our existing satellite construction and launch contracts, including expected orbital performance incentive payments for satellites currently in the construction phase.

These contracts typically require that we make progress payments during the period of the satellites' construction and contain provisions that allow us to cancel the contracts for or without cause. If cancelled without cause, we could be subject to substantial termination penalties, including the forfeiture of progress payments made to-date and additional penalty payments. If cancelled for cause, we are entitled to recover progress payments made to-date and liquidated damages as specified in the contracts.

##### (b) Satellite Capacity and Teleport Commitments

We have agreements with vendors to provide us with transponder and teleport satellite services. These agreements vary in length and amount. As of December 31, 2023, we had approximately \$540.5 million of expenditures remaining under our existing commitments.

##### (c) Satellite Performance Incentive Obligations

Satellite construction contracts also typically require that we make orbital incentive payments (plus interest as defined in each agreement with the satellite manufacturer) over the orbital life of the satellite. The incentive obligations may be subject to reduction or refund if the satellite fails to meet specific technical operating standards. As of December 31, 2023, we had \$149.9 million of satellite performance incentive obligations, including future interest payments, for satellites currently in orbit.

## **Note 15—Contingencies**

### ***SES Claim***

On July 14, 2020, SES Americom, Inc. (“SES”) filed a proof of claim in the Bankruptcy Court in the amount of \$1.8 billion against each of the Debtors. The SES claim asserted that the Debtors owe money (or would owe money) to SES pursuant to certain contractual and fiduciary obligations made in the context of the consortium agreement entered into in September of 2018 among Intelsat US LLC, SES, and other satellite operators (the “Consortium Agreement”). SES claimed that it was entitled to 50% of the combined payments that may eventually be payable to the Debtors and SES pursuant to the FCC Final Order, which provides for ARPs subject to the satisfaction of certain deadlines and other conditions set forth therein. The proof of claim also alleged breach of fiduciary duties and unjust enrichment and sought monetary and punitive damages. Intelsat filed an objection to the proof of claim and has vigorously litigated our position. SES also filed an objection to the Debtors’ Plan in connection with the confirmation hearing. Intelsat settled SES’s Plan objection and as part of the settlement SES agreed to: (1) eliminate any punitive damage claims; (2) limit their breach of contract and unjust enrichment claims to three Debtor entities; and (3) limit damages under their “constructive trust” theory to a maximum of \$200.0 million, even if SES won.

A trial before the Bankruptcy Court was held in February of 2022, and on September 30, 2022, the Bankruptcy Court ruled in the Debtors’ favor on all relevant issues, awarding SES nothing. The Debtors had accrued an estimate of this liability in accordance with ASC 450, *Contingencies* as of December 31, 2021 for which we recognized a benefit during the three months ended September 30, 2022. SES filed a Notice of Appeal on October 14, 2022. The appeal was briefed and argued before the U.S. District Court for the Eastern District of Virginia (“District Court”).

On September 8, 2020, SES also filed a series of proofs of claim in the amount of approximately \$11.6 million for costs it contended were associated with the Agreement (the “Cost Claims”). In January 2023, the parties settled the Cost Claims and Intelsat’s motion to receive expense reimbursements related to the trial of the ARP claim. Intelsat and SES stipulated that (1) the Cost Claims are withdrawn with prejudice and will receive no recovery; and (2) Intelsat will be paid \$100,000 following the final judgement (and exhaustion of all appeals) if the Bankruptcy Court’s decision rejecting SES’s ARP claim is affirmed.

On June 22, 2023, the District Court issued its decision on appeal. The District Court agreed with the Bankruptcy Court that no unjust enrichment claim was available to SES as a matter of law. The District Court further rejected SES’ claim on appeal that the Bankruptcy Court judge did not exercise independent judgement. However, the District Court remanded the case for further consideration by the Bankruptcy Court. The District Court believed the Agreement was ambiguous and found that the Bankruptcy Court had not sufficiently explained its analysis of certain extrinsic evidence introduced by SES that SES believed supported its interpretation of the Agreement. In September of 2023, the Bankruptcy Court entered an order reopening the bankruptcy cases for Intelsat Jackson, Intelsat US LLC and Intelsat License as a result of the District Court’s remand. The parties briefed the dispute on remand, and an oral argument on remand is scheduled for April 24, 2024.

## **Note 16—Related Party Transactions**

### ***Indemnification Agreements***

We have entered into agreements with our executive officers and directors to provide contractual indemnification in addition to the indemnification provided for in our articles of association.

### ***Expense Reimbursement Agreement***

We entered into an agreement with certain shareholders to provide reimbursement of up to \$1.5 million for fees and expenses that the shareholder incurred in connection with the review and evaluation of a potential strategic transaction, which ended in the second quarter of 2023 with a total of \$0.9 million reimbursed. No additional amounts are expected to be reimbursed under the agreement.

**SUPPLEMENTARY INFORMATION**

## Supplemental Consolidating Financial Information

The following presents our unaudited condensed consolidating balance sheet as of December 31, 2023 and unaudited condensed consolidating statements of operations, changes in shareholders' equity and cash flows for the year ended December 31, 2023. Investments in subsidiaries in the following unaudited condensed consolidating financial information are accounted for under the equity method of accounting. Consolidating adjustments include eliminations of the following:

- investments in subsidiaries;
- intercompany accounts;
- intercompany sales and expenses; and
- intercompany equity balances.

**INTELSAT S.A. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET**  
**AS OF DECEMBER 31, 2023**  
**(in thousands)**

	Intelsat S.A. and Other Parent Companies	Intelsat Jackson and Subsidiaries	Consolidation and Eliminations	Consolidated
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 4,427	\$ 1,254,864	\$ —	\$ 1,259,291
Restricted cash	—	4,665	—	4,665
Receivables, net of allowances	654	288,753	—	289,407
Receivables relating to C-band	—	268,746	—	268,746
Contract assets, net of allowances	—	35,955	—	35,955
Inventory	—	181,543	—	181,543
Prepaid expenses and other current assets	2,301	84,326	—	86,627
Intercompany receivables	11,089	1,551,758	(1,562,847)	—
Total current assets	<u>18,471</u>	<u>3,670,610</u>	<u>(1,562,847)</u>	<u>2,126,234</u>
Satellites and other property and equipment, net	—	4,776,162	—	4,776,162
Goodwill	—	1,074,620	—	1,074,620
Non-amortizable intangible assets	—	1,050,000	—	1,050,000
Amortizable intangible assets, net	—	128,713	—	128,713
Contract assets, net of current portion and allowances	—	48,282	—	48,282
Investment in affiliates	4,454,027	—	(4,454,027)	—
Other assets	—	665,105	—	665,105
Total assets	<u>\$ 4,472,498</u>	<u>\$ 11,413,492</u>	<u>\$ (6,016,874)</u>	<u>\$ 9,869,116</u>

	Intelsat S.A. and Other Parent Companies	Intelsat Jackson and Subsidiaries	Consolidation and Eliminations	Consolidated
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 128,111	\$ 224,297	\$ —	\$ 352,408
Taxes payable	—	17,972	—	17,972
Employee-related liabilities	—	103,606	—	103,606
Accrued interest payable	—	64,887	—	64,887
Contract liabilities	—	187,701	—	187,701
Finance lease liabilities	—	28,675	—	28,675
Deferred satellite performance incentives	—	16,379	—	16,379
Other current liabilities	—	81,845	—	81,845
Intercompany payables	34,049	1,528,798	(1,562,847)	—
Total current liabilities	162,160	2,254,160	(1,562,847)	853,473
Long-term debt, net of current portion	—	3,000,000	—	3,000,000
Contract liabilities, net of current portion	—	713,681	—	713,681
Finance lease liabilities, net of current portion	—	508,068	—	508,068
Deferred satellite performance incentives, net of current portion	—	90,727	—	90,727
Deferred income tax liabilities	—	29,660	—	29,660
Accrued retirement benefits, net of current portion	—	58,483	—	58,483
Other long-term liabilities	2,056	304,686	—	306,742
Intercompany notes payable	—	514,908	(514,908)	—
Total liabilities	164,216	7,474,373	(2,077,755)	5,560,834
Shareholders' equity:				
Predecessor common shares	—	5,025	(5,025)	—
Successor common shares	681	—	—	681
Other shareholders' equity	4,307,601	3,934,094	(3,934,094)	4,307,601
Total shareholders' equity	4,308,282	3,939,119	(3,939,119)	4,308,282
Total liabilities and shareholders' equity	\$ 4,472,498	\$ 11,413,492	\$ (6,016,874)	\$ 9,869,116

(Certain totals may not sum due to rounding)

INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(in thousands)

	Intelsat S.A. and Other Parent Companies	Intelsat Jackson and Subsidiaries	Consolidation and Eliminations	Consolidated
Revenue	\$ —	\$ 2,380,340	\$ (275,873)	\$ 2,104,467
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	27	1,109,218	(275,489)	833,756
Selling, general and administrative	5,980	461,726	(384)	467,322
Depreciation and amortization	—	536,408	—	536,408
Satellite impairment	—	—	—	—
Impairment of goodwill, non-amortizable intangibles and other assets	—	6,383	—	6,383
Other operating income, net—C-band	—	(643,946)	—	(643,946)
Total operating expenses, net	6,007	1,469,789	(275,873)	1,199,923
Income (loss) from operations	(6,007)	910,551	—	904,544
Interest expense	—	(437,384)	—	(437,384)
Interest income	1	239,761	—	239,762
Equity in income of affiliates	826,559	—	(826,559)	—
Other expense, net	(5)	(1,015)	—	(1,020)
Gain on disposition of ARP Rights	—	139,001	—	139,001
Income before income taxes	820,548	850,914	(826,559)	844,903
Income tax expense	—	(23,432)	—	(23,432)
Net income	820,548	827,482	(826,559)	821,471
Net income attributable to noncontrolling interest	—	(923)	—	(923)
Net income attributable to Intelsat S.A.	\$ 820,548	\$ 826,559	\$ (826,559)	\$ 820,548

(Certain totals may not sum due to rounding)



**INTELSAT S.A. AND SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATING STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(in thousands, except where otherwise noted)

	Entity	Common Shares of Predecessor		Common Shares of Successor		Other Shareholders' Equity (Deficit)	Total Shareholders' Equity (Deficit)
		Number of Shares (in millions)	Amount	Number of Shares (in millions)	Amount		
Balance at December 31, 2023	Intelsat S.A. & Subsidiaries	—	\$ —	68.1	\$ 681	\$ 4,307,601	\$ 4,308,282
Common shares of other entities	All other entities <sup>(1)</sup>	—	—	(68.1)	(681)	—	(681)
Other shareholders' deficit	All other entities <sup>(1)</sup>	—	—	—	—	(4,307,601)	(4,307,601)
Consolidation and eliminations	Eliminations	502.5	5,025	—	—	3,934,094	3,939,119
Balance at December 31, 2023	Intelsat Jackson & Subsidiaries	502.5	\$ 5,025	—	\$ —	\$ 3,934,094	\$ 3,939,119

(1) Represents Intelsat S.A. and other parent companies.

(Certain totals may not sum due to rounding)

**INTELSAT S.A. AND SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(in thousands)**

	Intelsat S.A. and Other Parent Companies	Intelsat Luxembourg	Intelsat Envision	Intelsat Connect Finance	Intelsat Jackson and Subsidiaries	Consolidated
<b>Net cash provided by operating activities</b>	\$ 3,920	\$ (10)	\$ (9)	\$ (988)	\$ 3,843,828	\$ 3,846,741
<b>Cash flows from investing activities:</b>						
Capital expenditures (including capitalized interest)	—	—	—	—	(584,253)	(584,253)
Acquisition of loans held-for-investment	—	—	—	—	(1,602)	(1,602)
Purchases of investments, net	—	—	—	—	(12,149)	(12,149)
Capital contribution to unconsolidated affiliate	—	—	—	—	(5,000)	(5,000)
Contribution received from joint venture partner	—	—	—	—	25,763	25,763
Acquisition of intangible assets	—	—	—	—	(17,687)	(17,687)
Net cash used in investing activities	—	—	—	—	(594,928)	(594,928)
<b>Cash flows from financing activities:</b>						
Repayments of long-term debt	—	—	—	—	(2,803,791)	(2,803,791)
Principal payments on deferred satellite performance incentives	—	—	—	—	(13,135)	(13,135)
Principal payments on finance lease obligations	—	—	—	—	(10,725)	(10,725)
Dividends paid to noncontrolling interest	—	—	—	—	(848)	(848)
Repurchases of common shares	—	—	—	—	(6,545)	(6,545)
Net cash used in financing activities	—	—	—	—	(2,835,044)	(2,835,044)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5)	—	—	—	958	953
Net change in cash, cash equivalents and restricted cash	3,915	(10)	(9)	(988)	414,814	417,722
Cash, cash equivalents and restricted cash, beginning of period	512	10	9	988	860,690	862,209
Cash, cash equivalents and restricted cash, end of period	\$ 4,427	\$ —	\$ —	\$ —	\$ 1,275,504	\$ 1,279,931

(Certain totals may not sum due to rounding)