INTELSAT

Quarterly Report

(With Independent Auditors' Review Report Thereon)

Intelsat S.A. and Subsidiaries
March 31, 2024

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KPMG LLP
Suite 900
8350 Broad Street
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Independent Auditors' Review Report

Shareholders and Board of Directors
Intelsat S.A.:

Results of Review of Condensed Consolidated Interim Financial Information

We have reviewed the condensed consolidated financial statements of Intelsat S.A. and its subsidiaries (the Company), which comprise the condensed consolidated balance sheet as of March 31, 2024, and the related condensed consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for the three-month periods ended March 31, 2024 and 2023, and the related notes (collectively referred to as the condensed consolidated interim financial information).

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in accordance with U.S. generally accepted accounting principles.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of condensed consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed consolidated interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. 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 reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Condensed Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial information 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 condensed consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Condensed Consolidated Balance Sheet as of December 31, 2023

We have previously audited, in accordance with GAAS, the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity (deficit), and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 15, 2024. In our opinion, the accompanying condensed consolidated balance sheet of the Company as of December 31, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

McLean, Virginia
May 21, 2024

INTELSAT S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31, 2023	March 31, 2024
		(unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,259,291	$ 1,168,267
Restricted cash	4,665	4,892
Receivables, net of allowances	289,407	287,632
Receivables relating to C-band	268,746	128,249
Contract assets, net of allowances	35,955	38,200
Inventory	181,543	172,028
Prepaid expenses and other current assets	86,627	128,792
Total current assets	2,126,234	1,928,060
Satellites and other property and equipment, net	4,776,162	4,724,856
Goodwill	1,074,620	783,928
Non-amortizable intangible assets	1,050,000	1,050,000
Amortizable intangible assets, net	128,713	125,660
Contract assets, net of current portion and allowances	48,282	55,455
Other assets	665,105	678,593
Total assets	$ 9,869,116	$ 9,346,552
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 352,408	$ 231,910
Taxes payable	17,972	18,888
Employee-related liabilities	103,606	36,451
Accrued interest payable	64,887	15,238
Contract liabilities	187,701	188,804
Finance lease liabilities	28,675	29,673
Deferred satellite performance incentives	16,379	16,079
Other current liabilities	81,845	82,149
Total current liabilities	853,473	619,192
Long-term debt, net of current portion	3,000,000	3,000,000
Contract liabilities, net of current portion	713,681	677,052
Finance lease liabilities, net of current portion	508,068	508,897
Deferred satellite performance incentives, net of current portion	90,727	84,928
Deferred income taxes	29,660	28,159
Accrued retirement benefits, net of current portion	58,483	54,712
Other long-term liabilities	306,742	276,932
Total liabilities	5,560,834	5,249,872

Commitments and contingencies		
Shareholders’ equity:		
Common shares, $0.01 par value	681	682
Paid-in capital	3,615,296	3,618,919
Retained earnings	666,932	452,648
Accumulated other comprehensive loss	(86)	(159)
Treasury shares, at cost	(6,545)	(6,545)
Total Intelsat S.A. shareholders’ equity	4,276,278	4,065,545
Noncontrolling interest	32,004	31,135
Total liabilities and shareholders’ equity	$ 9,869,116	$ 9,346,552

See accompanying notes to the unaudited condensed consolidated financial statements.

INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024
Revenue	$ 508,100	$ 505,647
Operating expenses:		
Direct costs of revenue (excluding depreciation and amortization)	183,036	202,031
Selling, general and administrative	123,117	118,932
Depreciation and amortization	132,316	150,272
Impairment of goodwill and other intangible assets	—	290,692
Other operating expense (income), net—C-band	22,075	(60,187)
Total operating expenses, net	460,544	701,740
Income (loss) from operations	47,556	(196,093)
Interest expense	(108,913)	(69,094)
Interest income	91,016	15,957
Other income (expense), net	(6,645)	2,171
Income (loss) before income taxes	23,014	(247,059)
Income tax benefit (expense)	(8,301)	31,906
Net income (loss)	14,713	(215,153)
Net loss (income) attributable to noncontrolling interest	(1,688)	869
Net income (loss) attributable to Intelsat S.A.	$ 13,025	$ (214,284)

See accompanying notes to the unaudited condensed consolidated financial statements.

INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024
Net income (loss)	$ 14,713	$ (215,153)
Other comprehensive loss, net of tax:		
Defined benefit retirement plans:		
Reclassification adjustment for amortization of unrecognized actuarial gain or loss, net of tax included in other income (expense), net	(296)	(73)
Other comprehensive loss	(296)	(73)
Comprehensive income (loss)	14,417	(215,226)
Comprehensive loss (income) attributable to noncontrolling interest	(1,688)	869
Comprehensive income (loss) attributable to Intelsat S.A.	$ 12,729	$ (214,357)

See accompanying notes to the unaudited condensed consolidated financial statements.

INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands, except where otherwise noted)

	Common Shares						
	Number of Shares (in millions)	Amount	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Intelsat S.A. Shareholders' Equity	Noncontrolling Interest
Balance at December 31, 2022	67.7	$ 677	$ 3,729,670	$ (153,616)	$ 12,884	$ 3,589,615	$ 31,929
Net income	—	—	—	13,025	—	13,025	1,688
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(580)
Share-based compensation, net of tax	0.2	2	(334)	—	—	(332)	—
Postretirement/pension liability adjustment, net of tax	—	—	—	—	(296)	(296)	—
Balance at March 31, 2023	67.9	$ 679	$ 3,729,336	$ (140,591)	$ 12,588	$ 3,602,012	$ 33,037

	Common Shares		Treasury Shares						
	Number of Shares (in millions)	Amount	Number of Shares (in millions)	Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Intelsat S.A. Shareholders' Equity	Noncontrolling Interest
Balance at December 31, 2023	68.1	$ 681	(0.2)	$ (6,545)	$ 3,615,296	$ 666,932	$ (86)	$ 4,276,278	$ 32,004
Net loss	—	—	—	—	—	(214,284)	—	(214,284)	(869)
Share-based compensation, net of tax	0.1	1	—	—	3,623	—	—	3,624	—
Postretirement/pension liability adjustment, net of tax	—	—	—	—	—	—	(73)	(73)	—
Balance at March 31, 2024	68.2	$ 682	(0.2)	$ (6,545)	$ 3,618,919	$ 452,648	$ (159)	$ 4,065,545	$ 31,135

See accompanying notes to the unaudited condensed consolidated financial statements.

INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024
Cash flows from operating activities:		
Net income	$ 14,713	$ (215,153)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	132,316	150,272
Provision for expected credit losses	2,235	3,940
Foreign currency transaction losses (gains)	(1,269)	672
Loss on disposal of assets	—	46
Impairment of goodwill and other intangible assets	—	290,692
Accelerated relocation payment rights	(84,286)	—
Share-based compensation	5,905	8,131
Deferred income taxes	5,739	(5,075)
Amortization of discount, premium, issuance costs and related costs	41	41
Amortization of actuarial gain and prior service credits for retirement benefits	(301)	(74)
Losses (gains) on investments and loans held-for-investment	24	(2,184)
Changes in operating assets and liabilities:		
Receivables	21,210	138,430
Prepaid expenses, contract and other assets	5,313	(45,056)
Accounts payable and accrued liabilities	75,947	(63,805)
Accrued interest payable	(43,857)	(49,785)
Contract liabilities	17,904	(35,567)
Accrued retirement benefits	(1,946)	(3,771)
Other long-term liabilities	(162,202)	(29,821)
Net cash provided by (used in) operating activities	(12,514)	141,933
Cash flows from investing activities:		
Capital expenditures (including capitalized interest)	(117,424)	(77,808)
Acquisition of loans held-for-investment	—	(15,000)
Purchases of investments, net	(45)	—
Proceeds from principal repayments on loans held-for-investment	—	125
Acquisition of intangible assets	(2,993)	(4,931)
Net cash used in investing activities	(120,462)	(97,614)
Cash flows from financing activities:		
Repayments of long-term debt	(99,612)	—
Principal payments on deferred satellite performance incentives	(3,156)	(3,572)
Principal payments on finance lease obligations	—	(5,633)
Dividends paid to noncontrolling interest	(580)	—
Share premium distribution to shareholders	—	(127,513)
Dividend equivalents paid to equity award holders	—	(1,178)
Payments for employee taxes withheld upon vesting of restricted stock units	—	(4,508)
Net cash used in financing activities	(103,348)	(142,404)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,356	(936)
Net change in cash, cash equivalents and restricted cash	(234,968)	(99,021)
Cash, cash equivalents and restricted cash, beginning of period	862,209	1,279,931
Cash, cash equivalents and restricted cash, end of period	$ 627,241	$ 1,180,910

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024
Supplemental cash flow information:		
Cash paid for reorganization items included in cash flows from operating activities	$ 893	$ —
Interest paid, net of amounts capitalized	131,347	100,484
Income taxes paid, net of refunds	3,587	7,949
Supplemental disclosure of non-cash investing and financing activities:		
Change in accrued capital expenditures	$ 51,238	$ 33,576
Lease assets obtained in exchange for new operating lease liabilities	436	22
Lease assets obtained in exchange for new finance lease liabilities	—	7,935
Reclassification of inventory to satellites and other property and equipment	—	10,086
Change in deferred satellite performance incentives	—	(2,391)

See accompanying notes to the unaudited condensed consolidated financial statements.

Note 1—General

In this Quarterly 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 Quarterly 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.

Basis of Presentation

The accompanying condensed consolidated financial statements of Intelsat S.A. and its subsidiaries have not been audited and are prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. References to U.S. GAAP issued by the Financial Accounting Standards Board (“FASB”) in these footnotes are to the FASB Accounting Standards Codification (“ASC”). The unaudited condensed consolidated financial statements include all adjustments (consisting only of normal and recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of these financial statements. The results of operations for the periods presented are not necessarily indicative of operating results for the full year or for any future period. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report for the year ended December 31, 2023 (the “2023 Annual Report”).

Use of Estimates

The preparation of these condensed 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 condensed 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.

SES to Acquire Intelsat

On April 30, 2024, SES S.A. and Intelsat announced an agreement for SES S.A. to acquire Intelsat through the purchase of 100% of the equity of Intelsat Holdings for a cash consideration of $3.1 billion and certain contingent value rights (the “SES Transaction”). The contingent value rights entitle the holders thereof to 42.5% of the net proceeds received by the combined company in respect of any monetization of the combined company’s usage rights for up to 100 MHz of the C-band spectrum within the 7.5 year period post-closing. The SES Transaction is subject to relevant regulatory clearances/filings, which are expected to be received during the second half of 2025. The transaction has been unanimously approved by the board of directors of both companies and Intelsat shareholders holding approximately 73% of the common shares have entered into customary support agreements requiring them to vote in favor of the transaction.

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 to their holdings 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.

Share-Based Compensation Modification

On March 6, 2024, the Company modified the performance obligation for certain performance-based restricted stock units ("PSUs") issued under the Intelsat S.A. 2022 Equity Incentive Plan. The PSUs will vest upon the satisfaction of prescribed service and performance obligations. The modifications were accounted for in accordance with ASC 718, *Compensation—Stock Based Compensation*, where the Company will recognize compensation cost for the PSUs equal to the unrecognized grant date fair value as of the modification date of the original awards plus any incremental fair value arising from the modification over the remaining requisite service period. The fair value of the awards was determined using a Monte Carlo simulation. As a result of the modification, the Company will recognize $46.5 million of compensation costs over the next 3.0 years as of the modification date.

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"). 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, we are 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.

C-band clearing related expenditures are either (i) capitalized under ASC 360, *Property Plant and Equipment* 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 both December 31, 2023 and March 31, 2024, we incurred reimbursable costs associated with the FCC Final Order of $1.8 billion. Amounts yet to be reimbursed were included within "Receivables relating to C-band" on our condensed consolidated balance sheets and are expected to be received throughout the coming twelve months. During the three months ended March 31, 2023 and 2024, we received $16.5 million and $204.7 million, respectively, of reimbursement for C-band clearing costs. An additional $102.2 million was received in the second quarter of 2024, resulting in a total of $1.5 billion in reimbursements received through the date of this Quarterly Report.

We recognized reimbursement income of $64.9 million for the three months ended March 31, 2024, which is included within "Other operating expense (income), net—C-band" on our condensed consolidated statements of operations, with no similar amount recognized for the three months ended March 31, 2023.

For the three months ended March 31, 2023 and 2024, we expensed C-band clearing related expenditures of $22.1 million and $4.7 million respectively, which are included within "Other operating expense (income), net—C-band" on our condensed consolidated statements of operations.

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 condensed consolidated balance sheets to the total sum of these amounts reported in our condensed consolidated statements of cash flows (in thousands):

	As of December 31, 2023	As of March 31, 2024
Cash and cash equivalents	$ 1,259,291	$ 1,168,267
Restricted cash	4,665	4,892
Restricted cash included in other assets	15,975	7,751
Cash, cash equivalents and restricted cash	$ 1,279,931	$ 1,180,910

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 for the three months ended March 31, 2023 and 2024 reported within our condensed consolidated balance sheets (in thousands):

	Accounts Receivable				Contract Assets			
	Balance at Beginning of Period	Charged to Costs and Expenses	Recoveries (Deductions)(1)	Balance at End of Period	Balance at Beginning of Period	Charged to Costs and Expenses	Recoveries (Deductions)(1)	Balance at End of Period
Three Months Ended March 31, 2023	$ 21,743	3,355	44	$ 25,142	$ 3,121	(1,120)	—	$ 2,001
Three Months Ended March 31, 2024	$ 29,675	3,842	(755)	$ 32,762	$ 1,536	98	—	$ 1,634

(1) Uncollectible accounts written off, net of recoveries.

Recently Adopted and Recently Issued Accounting Pronouncements

In March 2023, the 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. We adopted ASU 2023-01 in the first quarter of 2024, on a prospective basis for all new arrangements. The adoption did not have a material impact on our condensed 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. We adopted ASU 2023-05 in the first quarter of 2024. The adoption did not have a material impact on our condensed 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 condensed consolidated financial statements and associated disclosures.

Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through May 21, 2024, the date at which the condensed consolidated financial statements were available to be issued.

Note 2—Revenue

(a) Contract Liabilities

For the three months ended March 31, 2023 and 2024, we recognized revenues of $74.1 million and $77.5 million, respectively, that were included in the contract liability balances as of the beginning of each respective year.

(b) Assets Recognized from the Costs to Obtain a Customer Contract

For the three months ended March 31, 2023 and 2024, we capitalized $1.1 million and $2.2 million for costs to obtain a contract, respectively, and amortized $1.0 million and $1.6 million, respectively. As of December 31, 2023 and March 31, 2024, capitalized costs to obtain a customer contract amounted to $11.5 million and $12.0 million, respectively, and were included within "Other assets" in our condensed consolidated balance sheets.

(c) 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 March 31, 2024. 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 March 31, 2024, the weighted average remaining customer contract life was approximately 2.8 years. Approximately 50%, 28%, and 22% of our total remaining performance obligation as of March 31, 2024 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.

(d) 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 table disaggregates revenue by billing region (in thousands, except percentages):

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2024	
North America	$ 280,190	55%	$ 274,262	54%
Europe	55,550	11%	55,380	11%
Latin America and Caribbean	45,988	9%	44,392	9%
Africa and Middle East	60,907	12%	62,286	12%
Asia-Pacific	65,465	13%	69,327	14%
Total	$ 508,100		$ 505,647	

The following table disaggregates revenue by type of service (in thousands, except percentages):

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2024	
On-Network Revenues				
Transponder services	$ 295,699	58%	$ 269,667	53%
Managed services	72,718	14%	90,058	18%
Total on-network revenues	368,417	73%	359,725	71%
Off-Network and Other Revenues				
Transponder, MSS and other off-network services	33,917	7%	36,359	7%
Satellite-related services	9,756	2%	13,260	3%
Total off-network and other revenues	43,673	9%	49,619	10%
In-Flight Services Revenues				
Services	70,690	14%	70,956	14%
Equipment	25,320	5%	25,347	5%
Total in-flight services revenues	96,010	19%	96,303	19%
Total	$ 508,100		$ 505,647	

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

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2024	
Network services	$ 101,244	20%	$ 105,217	21%
Mobility	157,806	31%	146,524	29%
Media	157,558	31%	156,090	31%
Government	84,514	17%	87,518	17%
Satellite-related services	6,978	1%	10,298	2%
Total	$ 508,100		$ 505,647	

Our largest customer for each period accounted for approximately 9% and 7% of our revenue during the three months ended March 31, 2023 and 2024, respectively. Our ten largest customers for each period accounted for approximately 38% and 34% of our revenue during the three months ended March 31, 2023 and 2024, respectively.

Note 3—Satellites and Other Property and Equipment

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

	As of December 31, 2023[1]	As of March 31, 2024
Satellites and launch vehicles	$ 4,075,888	$ 4,115,231
Information systems and ground segment	762,622	809,915
Finance lease assets	589,404	589,212
Buildings and other	319,688	324,199
Total cost	5,747,602	5,838,557
Less: accumulated depreciation	(971,440)	(1,113,701)
Total	$ 4,776,162	$ 4,724,856

(1) Certain prior period amounts have been reclassified to conform with the current period presentation. The reclassification had no impact on the balance sheet.

Satellites and other property and equipment, net of accumulated depreciation as of December 31, 2023 and March 31, 2024, included construction-in-progress of $705.5 million and $767.3 million, respectively. These amounts relate primarily to satellites under construction and related launch services. As of March 31, 2024, we have capitalized C-band clearing related expenditures totaling $1.4 billion. Of this capitalized amount, $1.4 billion, $73.3 million and $0.3 million were capitalized as “Satellites and other property and equipment, net,” “Other assets” and “Prepaid expenses and other current assets,” respectively, in the condensed consolidated balance sheets. An estimated $1.4 billion of the capitalized costs is expected to be reimbursable under the FCC Final Order. We have received $1.5 billion of reimbursements through the date of this Quarterly Report.

Interest costs of $21.9 million and $11.3 million were capitalized for the three months ended March 31, 2023 and 2024, respectively. Additionally, depreciation expense was $123.4 million and $142.3 million for the three months ended March 31, 2023 and 2024, 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.

Note 4—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 Satellite LLC (“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 debt and equity securities and loan receivables as discussed further below.

(a) Horizons Holdings

Horizons Holdings is a joint venture with JSAT International Inc. (“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 condensed 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 $2.4 million and $2.0 million as of December 31, 2023 and March 31, 2024, respectively.

Total assets of Horizons Holdings included in our condensed consolidated balance sheets were $10.6 million and $10.0 million as of December 31, 2023 and March 31, 2024, respectively. Total liabilities included in our condensed consolidated balance sheets were $1.7 million and $2.8 million as of December 31, 2023 and March 31, 2024, respectively.

(b) Horizons 3 and Horizons 4

Horizons 3 and Horizons 4 are each 50% owned by each of Intelsat and JSAT, who in turn have a joint share of management authority and equal rights to profits and revenues from each joint venture. We have determined that both joint ventures meet 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 ventures and also equally share exposure to risk of losses or gains, and therefore we do not consolidate Horizons 3 or Horizons 4 within our condensed consolidated financial statements. Our investments in Horizons 3 and Horizons 4 are included within "Other assets" in our condensed consolidated balance sheets and are accounted for using the equity method of accounting.

Similar to Horizons Holdings, we have a revenue sharing agreement with JSAT related to services sold on the Horizons 3e (Horizons 3) and Galaxy 37 (Horizons 4) satellites 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.

In connection with our investments in Horizons 3 and Horizons 4, we entered into capital contribution and subscription agreements, which require us to fund our 50% share of the amounts due in order to maintain our respective 50% interest in the joint ventures. On October 12, 2023, 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. We did not make any contributions nor receive any distributions during the three months ended March 31, 2023 and 2024 for both joint ventures.

The Company purchases satellite capacity and related services from the joint ventures, and then sells that capacity to its customers. Subsequently, we remit 50% of the revenue, less applicable fees and commissions, to JSAT. The Company recognizes net fees related to engineering, billing, licensing, and commissions. We also sell managed ground network services to the joint ventures and provide program management services for a fee.

The following tables summarizes the relevant supplemental information related to the Company's investments in Horizons 3 and Horizons 4 (in thousands):

		As of December 31, 2023		As of March 31, 2024	
	Classification	**Horizons 3**	**Horizons 4**	**Horizons 3**	**Horizons 4**
Assets					
Investment balance	Other assets	$ 108,496	$ 25,497	$ 108,372	$ 25,752
Due from joint venture	Receivables, net of allowances	949	—	1,424	912
Liabilities					
Due to JSAT	Accounts payable and accrued liabilities	$ 7,129	$ 1,533	$ 7,184	$ 1,172
Due to joint venture	Accounts payable and accrued liabilities	1,640	147	1,619	—

	Classification	Three Months Ended March 31, 2023 Horizons 3	Three Months Ended March 31, 2023 Horizons 4	Three Months Ended March 31, 2024 Horizons 3	Three Months Ended March 31, 2024 Horizons 4
Income					
Customer revenues	Revenue	$ 13,487	—	$ 12,839	$ 4,786
Net fees and commissions	Other income (expense), net	1,046	—	1,040	392
Sales of ground network services and program management services	Offset to Direct costs of revenue (excluding depreciation and amortization)	1,731	—	1,731	173
Expenses					
JSAT revenue share(1)	Direct costs of revenue (excluding depreciation and amortization)	$ 8,075	$ —	$ 8,234	$ 2,428
Satellite capacity & related purchases	Direct costs of revenue (excluding depreciation and amortization)	5,046	—	4,838	447

(1) JSAT's portion of the revenue share agreement may or may not approximate 50% of customer revenues per period due to timing differences of revenue and cost recognition. Revenue is generally recognized on a fixed price accrual basis while costs are accrued when the customer is billed.

The investment balance exceeded our equity in the net assets of Horizons 3 by $13.9 million and $13.6 million as of December 31, 2023 and March 31, 2024, 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 the three months ended March 31, 2023 and 2024, and a nominal amount of equity in losses of Horizons 4 for the three months ended March 31, 2024, which were all recognized in "Other income (expense), net" in our condensed consolidated statements of operations.

(c) Investments in Debt Securities

On February 5, 2024, Intelsat Jackson entered into a note purchase agreement with a certain corporation, where the corporation issued us a convertible promissory note in the amount of $15.0 million. The note bears interest at 5.0% annually and matures in February 2028. The principal and accrued interest shall be due and payable on or after the maturity date upon demand by the requisite note holders.

In accordance with ASC 320, *Investments—Debt Securities,* we classified the investment as available-for-sale and its cost approximated its fair value as of March 31, 2024. The investment was recorded in "Other assets" in our condensed consolidated balance sheets and had a total carrying value of $15.0 million as of March 31, 2024.

(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. These investments were recorded in "Other assets" in our condensed consolidated balance sheets and had a total carrying value of $50.2 million as of both December 31, 2023 and March 31, 2024.

(e) Loan Receivables

The Company had loan receivables of $63.8 million and $63.7 million as of December 31, 2023 and March 31, 2024, 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 condensed consolidated balance sheets at amortized cost, net of the allowance for credit losses. As of December 31, 2023 and March 31, 2024, $1.3 million and $3.2 million, respectively, of accrued interest related to our loan receivables was recorded in "Prepaid expenses and other current assets" in our condensed consolidated balance sheets. We recognized interest income related to our loan receivables of $1.3 million and $1.9 million for the three months ended March 31, 2023 and 2024, 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, 2023 and March 31, 2024 was $65.1 million and $66.9 million, respectively.

Note 5—Goodwill and Other Intangible Assets

We account for goodwill and other non-amortizable intangible assets in accordance with ASC 350, *Intangibles—Goodwill and Other*, 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.

(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 Legacy reporting unit in the first quarter of 2024, we identified that the SES Transaction indicated it was more likely than not that the fair value of the reporting unit was less than its carrying amount. 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 reporting unit was less than its carrying amount, resulting in the recognition of goodwill impairment of $290.7 million in the first quarter of 2024, which is included within "Impairment of goodwill and other intangible assets" in our condensed consolidated statements of operations.

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, 2023	As of March 31, 2024
Goodwill	$ 1,395,942	$ 1,395,942
Accumulated impairment losses	(321,322)	(612,014)
Net carrying amount	$ 1,074,620	$ 783,928

(b) Other Intangible Assets

Orbital Locations and Trade Name. The carrying amounts of acquired intangible assets not subject to amortization consisted of the following (in thousands):

	As of December 31, 2023	As of March 31, 2024
Orbital slots	$ 1,000,000	$ 1,000,000
Trade name	50,000	50,000
Total non-amortizable intangible assets	$ 1,050,000	$ 1,050,000

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, 2023			As of March 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Backlog and other	$ 70,008	$ (27,183)	$ 42,825	$ 70,008	$ (29,773)	$ 40,235
Customer relationships	44,670	(9,129)	35,541	44,670	(10,263)	34,407
Software and supplemental type certificates	84,230	(33,883)	50,347	89,161	(38,143)	51,018
Total	$ 198,908	$ (70,195)	$ 128,713	$ 203,839	$ (78,179)	$ 125,660

Intangible assets are amortized based on the expected pattern of consumption. Amortization expense was $9.1 million and $8.0 million for the three months ended March 31, 2023 and 2024, respectively.

Note 6—Debt

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

	As of December 31, 2023		As of March 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
6.50% First Lien Secured Notes due March 2030	$ 3,000,000	$ 2,865,000	$ 3,000,000	$ 2,786,250
Total Intelsat debt	3,000,000	2,865,000	3,000,000	2,786,250
Less: current maturities of long-term debt	—	—	—	—
Total Intelsat long-term debt	$ 3,000,000	$ 2,865,000	$ 3,000,000	$ 2,786,250

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.

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%.

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 $99.6 million for the three months ended March 31, 2023. No comparable payments were made for the three months ended March 31, 2024, as in October 2023, the total remaining balance of the 2029 Term Loans was paid in full.

Note 7—Leases

Lessor

We have certain operating and sales-type leases that have lease expiration dates ranging from 2025 to 2038, 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. No interest income will be recognized under the lease as consideration was received upfront. In 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 the first quarter of 2024, certain leased assets were returned to the Company following the lease termination, resulting in a $5.9 million reduction in direct costs of revenue for the three months ended March 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 a net loss at commencement of the sales-type lease of approximately $1.1 million. In the first quarter of 2024, the lease was subsequently modified and the Company recorded additional revenue and direct costs of revenue of $0.9 million and $2.4 million, respectively, resulting in an additional net loss of approximately $1.5 million for the three months ended March 31, 2024.

In March 2019, the Company entered into a sales-type lease with an expiration date of March 31, 2030, with an option to extend the term provided the extension is reasonably feasible from a regulatory and technical standpoint. We evaluated the lease and determined that it contains lease and non-lease components. In October 2023, the Company entered into a new sales-type lease commencing in March 2024 to account for the replacement of an asset required to provide services under the original lease. The Company recorded revenue and direct costs of revenue of $7.3 million and $9.3 million, respectively, resulting in a net loss at commencement of the new sales-type lease of approximately $2.0 million for the three months ended March 31, 2024.

Note 8—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.

The following tables present the components of net periodic benefit income (in thousands). These amounts are recognized in "Other income (expense), net" in the condensed consolidated statements of operations.

	Pension Benefits	
	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024
Interest cost	$ 4,224	$ 4,017
Expected return on plan assets	(5,030)	(4,882)
Amortization of unrecognized net gain	(273)	(6)
Net periodic benefit income	$ (1,079)	$ (871)

	Other Postretirement Benefits	
	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024
Interest cost	$ 326	$ 265
Amortization of unrecognized net gain	(28)	(68)
Net periodic benefit expense (income)	$ 298	$ 197

(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 $4.0 million and $4.4 million for the three months ended March 31, 2023 and 2024, 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 9—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 the novel coronavirus ("COVID-19") pandemic, 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 (the "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 March 31, 2024.

The majority of our operations are located in taxable jurisdictions, including Luxembourg, the U.S. and the United Kingdom ("UK"). Due to our cumulative losses in recent years, and the inherent uncertainty associated with the realization of taxable income in the foreseeable future, we recorded a full valuation allowance against the cumulative net operating losses generated in Luxembourg. The difference between "Income tax benefit (expense)" reported in the condensed 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.; as well as withholding taxes on revenue earned in some of the foreign markets in which we operate, adjustments related to activity in prior years and current year impairments, and the derecognition of uncertain tax benefits for which the statute of limitations has expired.

We intend to continue maintaining a full valuation allowance on our Luxembourg deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. Any future release of the valuation allowance would result in the recognition of certain deferred tax assets with a corresponding benefit being realized in the period the release is recorded. Approximately $1.0 billion of our Luxembourg net operating losses do not expire or have ownership charge limitations. Our other deferred tax assets expire over 17 years, beginning in 2024 and extending to 2041.

As of December 31, 2023 and March 31, 2024, our gross unrecognized tax benefits were $73.6 million and $50.5 million, respectively (including interest and penalties), of which $57.2 million and $34.8 million, respectively, if recognized, would affect our effective tax rate. As of December 31, 2023 and March 31, 2024, we recorded reserves for interest and penalties in the amount of $3.2 million and $0.4 million, respectively. We continue to recognize interest and, to the extent applicable, penalties with respect to the unrecognized tax benefits as income tax expense. There was no change in the balance of unrecognized tax benefits related to current tax positions for both the three months ended March 31, 2023 and 2024, and there was an increase of $0.7 million and a decrease of $23.1 million related to prior tax positions for the three months ended March 31, 2023 and 2024, respectively. Of the total decrease related to prior tax positions in 2024, $20.2 million relates to the derecognition of uncertain tax benefits for which the statute of limitations has expired and $3.3 million relates to the corresponding interest thereof.

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., the UK and Brazil to be our significant tax jurisdictions. Our subsidiaries in these jurisdictions are subject to income tax examination for periods after December 31, 2019. 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.

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. Any reductions in tax attributes occurred as of 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 $3.67 billion of accelerated 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 was 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 is 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 10—Commitments and 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 accelerated relocation payments (“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; however, Intelsat and SES have petitioned the Bankruptcy Court to hold the case in abeyance and close the underlying Bankruptcy Cases without prejudice in light of the SES Transaction. The motion is scheduled for a hearing on June 5, 2024. If the SES Transaction closes, the dispute between SES and Intelsat will be moot.

$250.0 Million Satellite Capacity Commitment

On April 18, 2024, Intelsat entered into a $250.0 million commitment to purchase low-earth orbit satellite capacity over six years commencing on July 1, 2024. Intelsat has the option, but not the obligation, to increase its commitment for an additional $250.0 million for a total of $500.0 million over a total of seven years.

Note 11—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 $250,000 for fees and expenses that the shareholders incurred in connection with SES Transaction. No amounts have been reimbursed to the shareholders through the date of this Quarterly Report.

SUPPLEMENTARY INFORMATION

Supplemental Consolidating Financial Information

The following presents our unaudited condensed consolidating balance sheet as of March 31, 2024 and unaudited condensed consolidating statements of operations, changes in shareholders' equity (deficit) and cash flows for the three months ended March 31, 2024. 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 MARCH 31, 2024
(in thousands)

	Intelsat S.A. and Other Parent Companies	Intelsat Jackson and Subsidiaries	Consolidation and Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$ 505	$ 1,167,762	$ —	$ 1,168,267
Restricted cash	—	4,892	—	4,892
Receivables, net of allowances	689	286,943	—	287,632
Receivables relating to C-band	—	128,249	—	128,249
Contract assets, net of allowances	—	38,200	—	38,200
Inventory	—	172,028	—	172,028
Prepaid expenses and other current assets	2,301	126,491	—	128,792
Intercompany receivables	11,308	1,736,816	(1,748,124)	—
Total current assets	14,803	3,661,381	(1,748,124)	1,928,060
Satellites and other property and equipment, net	—	4,724,856	—	4,724,856
Goodwill	—	783,928	—	783,928
Non-amortizable intangible assets	—	1,050,000	—	1,050,000
Amortizable intangible assets, net	—	125,660	—	125,660
Contract assets, net of current portion and allowances	—	55,455	—	55,455
Investment in affiliates	4,247,626	—	(4,247,626)	—
Other assets	—	678,593	—	678,593
Total assets	$ 4,262,429	$ 11,079,873	$ (5,995,750)	$ 9,346,552

	Intelsat S.A. and Other Parent Companies	Intelsat Jackson and Subsidiaries	Consolidation and Eliminations	Consolidated
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$ 1,257	$ 230,653	$ —	$ 231,910
Taxes payable	—	18,888	—	18,888
Employee-related liabilities	—	36,451	—	36,451
Accrued interest payable	—	15,238	—	15,238
Contract liabilities	—	188,804	—	188,804
Finance lease liabilities	—	29,673	—	29,673
Deferred satellite performance incentives	—	16,079	—	16,079
Other current liabilities	—	82,149	—	82,149
Intercompany payables	162,437	1,585,687	(1,748,124)	—
Total current liabilities	163,694	2,203,622	(1,748,124)	619,192
Long-term debt, net of current portion	—	3,000,000	—	3,000,000
Contract liabilities, net of current portion	—	677,052	—	677,052
Finance lease liabilities, net of current portion	—	508,897	—	508,897
Deferred satellite performance incentives, net of current portion	—	84,928	—	84,928
Deferred income taxes	—	28,159	—	28,159
Accrued retirement benefits, net of current portion	—	54,712	—	54,712
Other long-term liabilities	2,055	274,877	—	276,932
Total liabilities	165,749	6,832,247	(1,748,124)	5,249,872
Shareholders' equity:				
Common shares	682	—	—	682
Other shareholders' equity	4,095,998	4,247,626	(4,247,626)	4,095,998
Total Intelsat S.A. shareholders' equity	4,096,680	4,247,626	(4,247,626)	4,096,680
Total liabilities and shareholders' equity	$ 4,262,429	$ 11,079,873	$ (5,995,750)	$ 9,346,552

(Certain totals may not sum due to rounding)

INTELSAT S.A. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(in thousands)

	Intelsat S.A. and Other Parent Companies	Intelsat Jackson and Subsidiaries	Consolidation and Eliminations	Consolidated
Revenue	$ —	$ 567,493	$ (61,846)	$ 505,647
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	—	263,785	(61,754)	202,031
Selling, general and administrative	1,104	117,920	(92)	118,932
Depreciation and amortization	—	150,272	—	150,272
Impairment of goodwill and other intangible assets	—	290,692	—	290,692
Other operating income, net—C-band	—	(60,187)	—	(60,187)
Total operating expenses, net	1,104	762,482	(61,846)	701,740
Loss from operations	(1,104)	(194,989)	—	(196,093)
Interest expense	—	(69,094)	—	(69,094)
Interest income	12	15,945	—	15,957
Equity in losses of affiliates	(213,179)	—	213,179	—
Other income (expense), net	(13)	2,184	—	2,171
Loss before income taxes	(214,284)	(245,954)	213,179	(247,059)
Income tax benefit	—	31,906	—	31,906
Net loss	(214,284)	(214,048)	213,179	(215,153)
Net loss attributable to noncontrolling interest	—	869	—	869
Net loss attributable to Intelsat S.A.	$ (214,284)	$ (213,179)	$ 213,179	$ (214,284)

(Certain totals may not sum due to rounding)

INTELSAT S.A. AND SUBSIDIARIES

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

	Entity	Common Shares: Number of Shares (in millions)	Common Shares: Amount	Other Shareholders' Equity	Total Shareholders' Equity
Balance at March 31, 2024	Intelsat S.A. & Subsidiaries	68.2	$ 682	$ 4,095,998	$ 4,096,680
Common shares of other entities	All other entities[1]	(68.2)	(682)	—	(682)
Other shareholders' equity	All other entities[1]	—	—	(4,095,998)	(4,095,998)
Consolidation and eliminations	Eliminations	—	—	4,247,626	4,247,626
Balance at March 31, 2024	Intelsat Jackson & Subsidiaries	—	$ —	$ 4,247,626	$ 4,247,626

(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 THREE MONTHS ENDED MARCH 31, 2024
(in thousands)

	Intelsat S.A. and Other Parent Companies	Intelsat Jackson and Subsidiaries	Consolidated
Net cash provided by (used in) operating activities	$ 123,604	$ 18,329	$ 141,933
Cash flows from investing activities:			
Capital expenditures (including capitalized interest)	—	(77,808)	(77,808)
Acquisition of loans held-for-investment	—	(15,000)	(15,000)
Proceeds from principal repayments on loans held-for-investment	—	125	125
Acquisition of intangible assets	—	(4,931)	(4,931)
Net cash used in investing activities	—	(97,614)	(97,614)
Cash flows from financing activities:			
Principal payments on deferred satellite performance incentives	—	(3,572)	(3,572)
Principal payments on finance lease obligations	—	(5,633)	(5,633)
Share premium distribution to shareholders	(127,513)	—	(127,513)
Dividend equivalents paid to CVR holders	—	(1,178)	(1,178)
Payments for employee taxes withheld upon vesting of restricted stock units	—	(4,508)	(4,508)
Net cash used in financing activities	(127,513)	(14,891)	(142,404)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(13)	(923)	(936)
Net change in cash, cash equivalents and restricted cash	(3,922)	(95,099)	(99,021)
Cash, cash equivalents and restricted cash, beginning of period	4,427	1,275,504	1,279,931
Cash, cash equivalents and restricted cash, end of period	$ 505	$ 1,180,405	$ 1,180,910

(Certain totals may not sum due to rounding)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and their notes included in Item 1—Financial Statements in this Quarterly Report, and with our audited consolidated financial statements and their notes included in our Annual Report for the year ended December 31, 2023 (the "2023 Annual Report").

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: the risk that the conditions to the closing of the proposed transaction between Intelsat and SES are not satisfied, including the risk that required approvals of the transaction from the shareholders of Intelsat or from regulators are not obtained; litigation relating to the transaction; uncertainties as to the timing of the consummation of the transaction and the ability of each party to consummate the transaction; risks that the proposed transaction disrupts the current plans or operations of Intelsat; the ability of Intelsat to retain and hire key personnel; competitive responses to the proposed transaction; unexpected costs, charges or expenses resulting from the transaction; potential adverse reactions or changes to relationships with customers, suppliers, distributors and other business partners resulting from the announcement or completion of the transaction; 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 this year and 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 Quarterly 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 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

SES to Acquire Intelsat

On April 30, 2024, SES S.A. and Intelsat announced an agreement for SES S.A. to acquire Intelsat through the purchase of 100% of the equity of Intelsat Holdings for a cash consideration of $3.1 billion and certain contingent value rights (the "SES Transaction"). The contingent value rights entitle the holders thereof to 42.5% of the net proceeds received by the combined company in respect of any monetization of the combined company's usage rights for up to 100 MHz of the C-band spectrum within the 7.5 year period post-closing. The SES Transaction is subject to relevant regulatory clearances/filings, which are expected to be received during the second half of 2025. The transaction has been unanimously approved by the board of directors of both companies and Intelsat shareholders holding approximately 73% of the common shares have entered into customary support agreements requiring them to vote in favor of the transaction.

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") provides for monetary enticements 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, we are 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.

During the three months ended March 31, 2023 and 2024, we received $16.5 million and $204.7 million, respectively, of reimbursement for C-band clearing costs. An additional $102.2 million was received in the second quarter of 2024, resulting in a total of $1.5 billion in reimbursements received through the date of this Quarterly Report.

Furthermore, we recognized reimbursement income of $64.9 million for the three months ended March 31, 2024, which is included within "Other operating expense (income), net—C-band" on our condensed consolidated statements of operations, with no similar amount recognized for the three months ended March 31, 2023.

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 to their holdings 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.

$250.0 Million Satellite Capacity Commitment

On April 18, 2024, Intelsat entered into a $250.0 million commitment to purchase low-earth orbit satellite capacity over six years commencing on July 1, 2024. Intelsat has the option, but not the obligation, to increase its commitment for an additional $250.0 million for a total of $500.0 million over a total of seven years.

Results of Operations

Three Months Ended March 31, 2023 and 2024

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):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024	Dollar Change	Percentage Change
Revenue	$ 508,100	$ 505,647	$ (2,453)	—%
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	183,036	202,031	18,995	10%
Selling, general and administrative	123,117	118,932	(4,185)	(3%)
Depreciation and amortization	132,316	150,272	17,956	14%
Impairment of goodwill and other intangible assets	—	290,692	290,692	NM
Other operating expense (income), net—C-band	22,075	(60,187)	(82,262)	NM
Total operating expenses, net	460,544	701,740	241,196	52%
Income (loss) from operations	47,556	(196,093)	(243,649)	NM
Interest expense	(108,913)	(69,094)	39,819	(37%)
Interest income	91,016	15,957	(75,059)	(82%)
Other income (expense), net	(6,645)	2,171	8,816	NM
Income (loss) before income taxes	23,014	(247,059)	(270,073)	NM
Income tax benefit (expense)	(8,301)	31,906	40,207	NM
Net income (loss)	14,713	(215,153)	(229,866)	NM
Net loss (income) attributable to noncontrolling interest	(1,688)	869	2,557	NM
Net income (loss) attributable to Intelsat S.A.	$ 13,025	$ (214,284)	$ (227,309)	NM

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 sets forth our comparative revenue by service type for the periods presented (in thousands, except percentages):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024	Increase (Decrease)	Percentage Change
On-Network Revenues				
Transponder services	$ 295,699	$ 269,667	$ (26,032)	(9%)
Managed services	72,718	90,058	17,340	24%
Total on-network revenues	368,417	359,725	(8,692)	(2%)
Off-Network and Other Revenues				
Transponder, MSS and other off-network services	33,917	36,359	2,442	7%
Satellite-related services	9,756	13,260	3,504	36%
Total off-network and other revenues	43,673	49,619	5,946	14%
In-Flight Services Revenues				
Services	70,690	70,956	266	—%
Equipment	25,320	25,347	27	—%
Total in-flight services revenues	96,010	96,303	293	—%
Total	$ 508,100	$ 505,647	$ (2,453)	—%

Total revenue decreased by $2.5 million, or less than 1%, to $505.6 million for the three months ended March 31, 2024, as compared to $508.1 million for the three months ended March 31, 2023. By service type, our revenues increased or decreased due to the following:

On-Network Revenues:

- *Transponder services*—an aggregate decrease of $26.0 million, primarily due to a $9.3 million net decrease in revenue from mobility customers, an $8.5 million net decrease in revenue from network services customers, a $4.1 million net decrease in revenue from media customers, and a $4.1 million net decrease in revenue from government customers. The decrease in revenue from mobility customers, network services customers, media customers and government customers 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, and service transfers from managed services.
- *Managed services*—an aggregate increase of $17.3 million, primarily due to a $12.1 million net increase in revenue from networks services customers, and a $2.9 million net increase from media customers. The increase in revenue from network services customers was primarily driven by revenue recognized as a result of new or amended sales-type leases (see Item 1, Note 7—Leases), service transfers from transponder services and an increase in equipment sales. The increase in revenue from media customers was primarily due to revenue recognized for termination fees received, price increases and a net increase from services transfers between transponder services and managed services.

Off-Network and Other Revenues:

- *Transponder, MSS and other off-network services*—an aggregate increase of $2.4 million, primarily attributable to a $5.4 million net increase from government customers mainly due to new services and an increase in equipment sales, partially offset by a $3.0 million net decrease in revenue from mobility customers mainly due to non-renewals.
- *Satellite-related services*—an aggregate increase of $3.5 million, reflecting increased revenue from transfer in-orbit support services and teleport relocation services, both supporting third-party satellites.

Operating Expenses

Direct Costs of Revenue (Excluding Depreciation and Amortization)

Direct costs of revenue increased by $19.0 million, or 10%, to $202.0 million for the three months ended March 31, 2024, as compared to $183.0 million for the three months ended March 31, 2023, primarily due to the following:

- an increase of $9.7 million in equipment costs primarily due to an increase in airlines shipments and inventory reserves;
- an increase of $3.5 million in office and operational expenses, primarily due to computer-related and software costs, as well as earth station expenses and research and development costs; and
- an increase of $2.7 million in third-party satellite related and capacity services.

Selling, General and Administrative

Selling, general and administrative expenses decreased by $4.2 million, or 3%, to $118.9 million for the three months ended March 31, 2024, as compared to $123.1 million for the three months ended March 31, 2023, primarily due to the following:

- a decrease of $10.1 million in professional fees; partially offset by
- an increase of $5.6 million in staff-related expenses.

Depreciation and Amortization

Depreciation and amortization expense increased by $18.0 million, or 14%, to $150.3 million for the three months ended March 31, 2024, as compared to $132.3 million for the three months ended March 31, 2023, primarily due to depreciation expense on finance leases that commenced during the third quarter of 2023 and new satellites and other property and equipment placed into service, partially offset by certain satellites and various building related and other assets becoming fully depreciated.

Impairment of Goodwill and Other Intangible Assets

We recognized an impairment charge of $290.7 million for the three months ended March 31, 2024 related to goodwill, with no comparable amounts for the three months ended March 31, 2023. See Item 1, Note 5—Goodwill and Other Intangible Assets.

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

Other operating expense (income), net—C-band consists of reimbursable and non-reimbursable costs and offsetting income associated with our C-band spectrum relocation efforts. Other operating expense—C-band decreased by $82.3 million to net income of $60.2 million for the three months ended March 31, 2024, as compared to net expense of $22.1 million for the three months ended March 31, 2023, primarily due to the recognition of reimbursement income of $64.9 million in the first quarter of 2024 (see Item 1, Note 1—General) and lower expenses of $17.5 million due to a decrease in expenditures as a result of the Company completing the C-band spectrum clearing project in 2023.

Interest Expense

Interest expense decreased by $39.8 million, or 37%, to $69.1 million for the three months ended March 31, 2024, as compared to $108.9 million for the three months ended March 31, 2023, primarily due to the following:

- a decrease of $57.9 million in interest expense on notes payable primarily resulting from the full repayment of the 2029 terms loans in October 2023; and
- a decrease of $2.8 million in interest expense related to the significant financing component identified in customer contracts due to lower contract balances; partially offset by
- an increase of $10.6 million related to lower capitalized interest resulting from a decreased number of satellites and related assets under construction; and
- an increase of $10.3 million related to interest costs on financing leases primarily resulting from finance leases that commenced during the third quarter of 2023.

The non-cash portion of total interest expense was $21.2 million and $18.4 million for the three months ended March 31, 2023 and 2024, respectively, primarily consisting of interest expense related to the significant financing component identified in customer contracts.

Interest Income

Interest income decreased by $75.0 million to $16.0 million for the three months ended March 31, 2024, as compared to $91.0 million for the three months ended March 31, 2023, primarily due to the following:

- a decrease of $84.3 million related to the 2023 accretion of interest income associated with the Company's expected receipt of ARPs under the FCC Final Order, with no similar activity in 2024; partially offset by
- an increase of $8.5 million primarily due to higher invested funds and higher interest rates.

Other Income (Expense), Net

Other expense, net decreased by $8.8 million to net other income of $2.2 million for the three months ended March 31, 2024, as compared to net other expense of $6.6 million for the three months ended March 31, 2023 primarily due to the following:

- a decrease of $9.7 million due to expense recognized for the three months ended March 31, 2023 related to the change in the fair value of contingent value rights, with no similar activity for the three months ended March 31, 2024; partially offset by
- an increase of $2.3 million related to net foreign currency losses for the three months ended March 31, 2024 as compared to net foreign currency gains for the three months ended March 31, 2023.

Income Tax Expense (Benefit)

Income tax expense decreased by $40.2 million to income tax benefit of $31.9 million for the three months ended March 31, 2024, as compared to income tax expense of $8.3 million for the three months ended March 31, 2023, primarily as a result of lower income from our U.S. subsidiaries, prior year adjustments, current year impairments, and derecognition of uncertain tax benefits for which the statute of limitations has expired.

Cash paid for income taxes, net of refunds, totaled $3.6 million and $7.9 million for the three months ended March 31, 2023 and 2024, respectively.

EBITDA

EBITDA consists of earnings before net interest, taxes and depreciation and amortization. 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 to EBITDA for the three months ended March 31, 2023 and 2024 is as follows (in thousands):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024
Net income (loss)	$ 14,713	$ (215,153)
Add (Subtract):		
Interest expense	108,913	69,094
Interest income	(91,016)	(15,957)
Income tax expense (benefit)	8,301	(31,906)
Depreciation and amortization	132,316	150,272
EBITDA	$ 173,227	$ (43,650)

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 to EBITDA and EBITDA to Adjusted EBITDA for the three months ended March 31, 2023 and 2024 is as follows (in thousands):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024
Net income (loss)	$ 14,713	$ (215,153)
Add (Subtract):		
Interest expense	108,913	69,094
Interest income	(91,016)	(15,957)
Income tax expense (benefit)	8,301	(31,906)
Depreciation and amortization	132,316	150,272
EBITDA	173,227	(43,650)
Add (Subtract):		
Compensation and benefits(1)	7,049	8,852
Non-recurring and non-cash items(2)	42,055	(49,399)
Impairment of goodwill and other intangible assets(3)	—	290,692
Proportionate share from unconsolidated joint venture(4):		
Interest expense, net	1,203	1,009
Depreciation and amortization	2,815	3,136
Adjusted EBITDA(5)	$ 226,349	$ 210,640

(1) Reflects non-cash expenses incurred relating to our equity compensation plans and 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; severance, retention and relocation payments; certain foreign exchange gains and losses; certain research and development costs; costs related to merger and acquisition efforts; certain legal costs associated with our Chapter 11 restructuring; and other various non-recurring expenses. 2023 in addition includes the change in fair value of contingent value rights and enterprise resource planning implementation costs. 2024 in addition includes certain non-recurring sales-type lease net losses.

(3) Reflects non-cash impairment charges related to goodwill (see Item 1, Note 5—Goodwill and Other Intangible Assets).

(4) Reflects adjustments related to our interest in Horizons-3 Satellite LLC and Horizons-4 Satellite LLC (see Item 1, Note 4(b)—Investments—Horizons 3 and Horizons 4).

(5) Adjusted EBITDA included $27.0 million for both the three months ended March 31, 2023 and 2024 of revenue relating to the significant financing component identified in customer contracts in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606").

Liquidity and Capital Resources

Overview

Our contractual obligations, commitments and debt service requirements over the next several years are significant. As of March 31, 2024, the aggregate principal amount of our debt outstanding not held by affiliates was $3.0 billion. Interest expense for the three months ended March 31, 2024 was $69.1 million, which included $18.4 million of non-cash interest expense. As of March 31, 2024, cash, cash equivalents and restricted cash were approximately $1.2 billion.

In past years, 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 March 31, 2024. We have received $1.5 billion in reimbursements through the date of this Quarterly Report and expect total receipts of approximately $1.7 billion through 2024.

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 to 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.

Cash Flow Items

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024
Net cash provided by (used in) operating activities	$ (12,514)	$ 141,933
Net cash used in investing activities	(120,462)	(97,614)
Net cash used in financing activities	(103,348)	(142,404)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,356	(936)
Net change in cash, cash equivalents and restricted cash	$ (234,968)	$ (99,021)

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities increased by $154.4 million to $141.9 million for the three months ended March 31, 2024, as compared to net cash used of $12.5 million for the three months ended March 31, 2023. The increase was due to a $156.2 million increase in net income and non-cash items, offset by a $1.8 million decrease from changes in operating assets and liabilities. The decrease from changes in operating assets and liabilities was primarily due to higher outflows related to accounts payable and accrued liabilities, prepaid expenses, contract and other assets and contract liabilities, partially offset by higher inflows related to accounts receivable, and lower outflows related to other long-term liabilities.

Net Cash Used in Investing Activities

Net cash used in investing activities decreased by $22.9 million to $97.6 million for the three months ended March 31, 2024, as compared to $120.5 million for the three months ended March 31, 2023, primarily due to decreased capital expenditures as a result of reduced spending on C-band satellites as compared to the three months ended March 31, 2023, partially offset by a $15.0 million acquisition of loans held-for-investment.

Net Cash Used in Financing Activities

Net cash used in financing activities increased by $39.1 million to $142.4 million for the three months ended March 31, 2024, as compared to $103.3 million for the three months ended March 31, 2023, primarily due to $127.5 million in share premium distribution to shareholders for the three months ended March 31, 2024, with no comparable amounts for the three months ended March 31, 2023, partially offset by $99.6 million in net payments on the 2029 Term Loans (as defined in "*Debt"* below) for the three months ended March 31, 2023, with no comparable amounts for the three months ended March 31, 2024.

Restricted Cash

As of March 31, 2024, $12.6 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 Holdings S.A. ("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%.

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 $99.6 million for the three months ended March 31, 2023. No comparable payments were made for the three months ended March 31, 2024, as in October 2023, the total remaining balance of 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 March 31, 2024, our contracted backlog was approximately $4.5 billion. 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.

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 three months ended March 31, 2024 were $77.8 million.

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

Off-Balance Sheet Arrangements

Other than disclosed in the 2023 Annual Report and elsewhere in this Quarterly 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

Other than as disclosed elsewhere in this report, there have been no material changes outside the ordinary course of business to the information provided with respect to our contractual obligations as disclosed in the 2023 Annual Report.

Critical Accounting Policies and Estimates

The preparation of these condensed consolidated financial statements in accordance 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 condensed consolidated financial statements, the reported amounts of revenues and expenses during the reporting periods, and the disclosures of contingent liabilities.

See our 2023 Annual Report for a discussion of our critical accounting policies and estimates. There have been no material changes to our critical accounting policies and estimates discussed in such report.