FY 22

ANNUAL REPORT

Viasat™

A LETTER TO **SHAREHOLDERS**

Dear Fellow Shareholders,

Space industry investors, including those in satellite communications, are anticipating substantial and sustained growth in the space industry. Viasat is among the most agile, fastest growing, and technically innovative participants in the industry. Our results and progress in fiscal year 2022 (FY22) reflect that — with FY22 revenue growing to $2.8 billion, an increase of 24% compared to fiscal year 2021 (FY21). While GAAP net income declined to a modest loss of $16 million primarily due to acquisition expenses and intangibles amortization, Adjusted EBITDA[1] climbed 15% to a record $611M. In the last four fiscal years, the compound annual growth rate (CAGR) for revenue has been 15% per fiscal year and Adjusted EBITDA has been 27% despite COVID-19 headwinds. Our satellite services portfolio diversity, and our agility, sustained growth as rebounding US air travel drove demand for in-flight connectivity (IFC) in FY22. The air travel rebound, and our response, contrasted with FY21 — where COVID driven residential fixed broadband demand consumed excess bandwidth from dramatically lower airline travel.

Over a longer, ten-year, period, from fiscal year 2012 (FY12) to FY22 annual revenues grew from $864 million to $2.8 billion (12% CAGR), and Adjusted EBITDA from $149 million to $611 million (15% CAGR). We believe we can achieve similar growth rates in fiscal year 2023 (FY23) and beyond. Over that same interval we transformed from being product driven to a leading provider of regional satellite broadband services, largely via a conceptually simple, but technically challenging, strategy with two key principles:

- Design and operate unique data-centric satellites that have the lowest cost per unit bandwidth aimed at dynamically varying, high-demand geographic areas.
- Deliver broadband services, in packages tailored to a wide range of vertical markets, within those geographic areas.

We invested to develop, produce, and deliver user terminals; earn regulatory approvals; provide logistics and support; and deliver tailored service level agreements (SLAs) to each vertical and geographic sector. We have methodically developed differentiated value propositions for each segment, measured our service delivery performance, and evaluated the return on capital in each case. We have balanced discretionary research and development and capital investments required to enter and grow new sectors, while still driving growth in Adjusted EBITDA in the mid-teens. We believe our sustained financial growth speaks volumes about the rigor and success of our strategic approach. Our success regionally, especially in high-value mobility markets, has encouraged us to make substantial investments to expand geographically into global fixed and mobile sectors via our unprecedented third generation satellite constellation — ViaSat-3. However, our global expansion has come at the expense of temporarily generating negative free cash flow (FCF)[2] as we've financed the requisite space and ground infrastructure.

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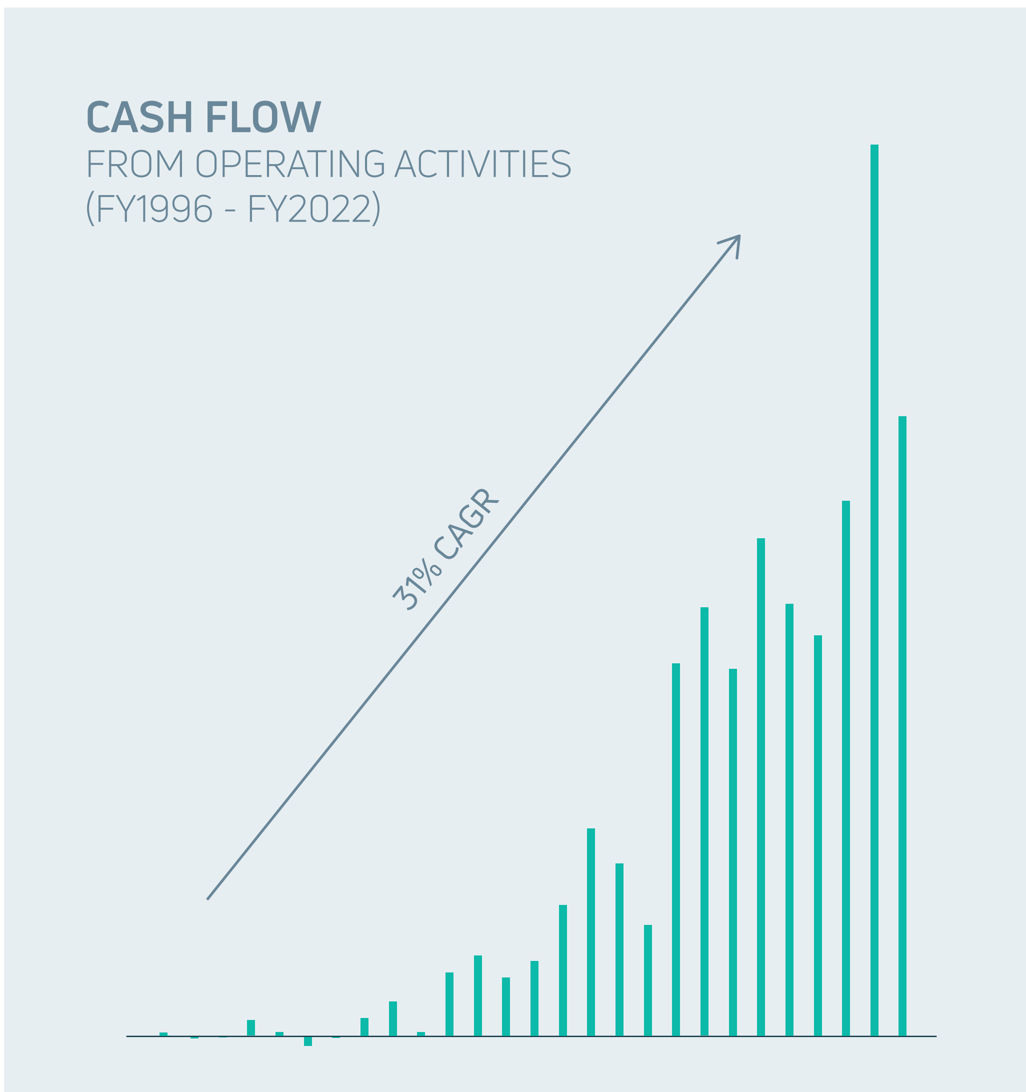
[1] See page 94 for reconciliation of Adjusted EBITDA to net income (loss) attributable to Viasat, Inc.

[2] We define "free cash flow" as "cash flows from operating activities less capital expenditures"

Now, this FY23, we anticipate our multi-year strategy will come to market with the launch of the first ViaSat-3 satellite. Our pending acquisition of Inmarsat, also anticipated to close this FY23, is intended to increase per share positive FCF and its resiliency. We intend this letter to help investors better understand the logic and strategy behind our global expansion, gain insights into the factors driving our success, understand the mechanisms that can sustain our record of Adjusted EBITDA growth, and identify events marking progress towards earning not just continued Adjusted EBITDA growth, but delivering the FCF that ultimately underpin attractive investments. Investors should be confident our entire management team is committed to achieving positive FCF. Indeed, the significant cash we accumulated from being FCF positive following the internet/telecom bubble bursting in the early 2000's was the key to enabling us to design, launch and operate the game-changing ViaSat-1 and ViaSat-2 satellites. Those satellites catalyzed our most recent 10-year revenue and Adjusted EBITDA growth — and enabled the impressive cash flow from operating activities that helped finance development and construction of the ViaSat-3 system.

Once we resume generating positive FCF we anticipate we can manage down leverage, invest in further growth initiatives, and/or opportunistically return capital to shareholders, such as through stock repurchases.



We understand we have work to do to achieve our free cash flow goal — and that capital markets have become abruptly more discerning regarding corporate cash flows. Our management team, having weathered previous capital market disruptions, is experienced and has a multi-pronged strategy to navigate the time and events needed to achieve our free cash flow goal. Key factors include:

- Strong FY22 financial performance and cash management resulting in leverage ratios ahead of plan entering FY23.
- Fully-financed planned path to positive FCF and the acquisition of Inmsarsat, based on capital commitments and current liquidity.
- An existing and committed debt stack consisting primarily of interest rates that are fixed and/or capped favorably relative to current and anticipated markets.
- Business orders and timing consistent with our FY23 mid-teens Adjusted EBITDA growth guidance — anticipated to yield our target balance sheet metrics or better.
- Identification of key leading revenue indicators enabling achieving our Adjusted EBITDA targets such as delivery and installation of IFC terminals yielding subsequent growth in service revenues or earning National Security Agency (NSA) "certification" of Department of Defense (DoD) network security devices in advance of shipping orders in backlog. While quarterly performance can be lumpy, we have a track record of forecasting and achieving annual earnings objectives based on the cumulative effects of subscription business trends and product backlogs.
- FY23 and fiscal year 2024 (FY24) operational budgets incorporate discretionary spending flexibility, offering resilience to unanticipated events or macro-economic circumstances. Those discretionary "levers," combined with effective financial planning processes, and leading indicators identified above, provide tools to help achieve our operating and balance sheet targets — even if macro-economic market conditions are worse than expected.

- The Inmarsat acquisition, upon anticipated completion, is expected to substantially diversify both our commercial and government services portfolio — improving resilience to individual geographic and/or vertical sector dislocations.
- Identified achievable operational and capital synergies with Inmarsat that we believe can enhance financial performance beyond what Viasat and Inmarsat can do separately. And, we see upside in expected revenue synergies from combining complementary skills, resources, and customers. We see exciting synergy opportunities combining Inmarsat's strong position in L-band global services with Viasat's technical strengths and government applications (e.g. Blue Force Tracking), as well as commercial mobility and Internet of Things (IoT).
- While we anticipate markets may become even more competitive due to new entrants during our FY23 and FY24, the launch of the ViaSat-3 satellites, combined with Inmarsat's complementary assets and resources, can help sustain or improve the value of our services relative to incumbents or new entrants in several vertical sectors including government and commercial aviation, maritime, and emerging opportunities in land mobile communications.
- A significant portion of our (and Inmarsat's) FY23 and FY24 capital budgets are success-based and have inherent resilience components to adapt to various market conditions.
- We appreciate potential integration risks accompanying the Inmarsat transaction and have dedicated Rick Baldridge - Viasat's long-serving President, COO, and recently CEO — to integration planning and execution well in advance of completion of the transaction. Rick has been the architect of our organizational structure and processes, including integration of our prior acquisitions. Having never stepped away from day-to-day activities at Viasat while serving as Executive Chairman, it will be seamless for me to resume the CEO position I have held for all but about 20 months of Viasat's existence.

Most of the preceding discussion pertains to navigating the time between now and the commencement of commercial service on the ViaSat-3 satellites. Completion of the Inmarsat transaction, bringing an existing, on-orbit, operational Ka-band global network can help enable global mobile coverage for more of Viasat's existing government and commercial customers, as well as Inmarsat customers. The longer-term prize is growth we can achieve as the full ViaSat-3 constellation enters service — currently targeted for next fiscal year (FY24). We anticipate attractive growth prospects and financial returns enabled by the unique and complementary assets, skills, and resources of Viasat and Inmarsat, as well as the operating leverage we have been able to demonstrate in sectors that have contributed to our attractive and steady Adjusted EBITDA growth. Here are some of the factors that contribute to our confidence in achieving our objectives.

- **Massive global total addressable market (TAM):** We anticipate a very large and rapidly growing addressable global market for fixed and mobile satellite broadband reaching in excess of $1 trillion annually — far more than can be served by any individual company or system. That is because of the enormous amount of total bandwidth required to satisfy that demand, and because of the highly concentrated geographic and temporal distribution of the bandwidth demand. That opportunity, including bandwidth demand and growth, is fueled by several compelling market forces — especially an already large and rapidly growing appetite for internet delivered video entertainment and video information services. Market forces are driving more video content away from broadcast distribution and to internet streaming. The bandwidth needed to meet that demand is increasing even faster due to video and audio quality improvements. More and more people consume internet video as costs come down and because popular streaming video

LARGE & GROWING TOTAL ADDRESSABLE MARKET

(2030e, In Billions)

GOVERNMENT PREMIUM SERVICES

~$130[(1)] | 5% CAGR

MOBILE PREMIUM SERVICES

~$108[(2)] | 12% CAGR

FIXED & ENTERPRISE PREMIUM SERVICES

~$445[(3)] | 7% CAGR

CONSUMER SERVICES

~$900[(4)] | 3% CAGR

TOTAL ADDRESSABLE MARKET

$1,583 | 6% CAGR

[1] Per 2020 NSR report Government and Military SATCOM Markets, 15th Edition, 2020 Frost & Sullivan C4ISR and Cybersecurity reports., Jane's Defense, and Viasat Estimates .

[2] Per 2020 Euroconsult report, Prospects for IFC and IFE, Valour Consultancy report "Future of IFC", Prospects for Maritime Satellite Communications, Euroconsult, 2020, CISCO VNI

[3] Ground Segment Market Prospects: Forecasts to 2028, Euroconsult, 2020, Satellite Connectivity and Video Market, Euroconsult, 2020, Wireless Backhaul via Satellite, NSR, 2020

[4] "FCC Underestimates Americans Unserved by Broadband Internet by 50%." BroadbandNow, broadbandnow.com/research/fee-underestimates-unserved-by-50-percent, "Worldwide Broadband Price Research 2020." Cable, www.cable.co.uk/broadband/pricing/worldwide-comparison/, ITU Broadband Access Report, 2020, Telegeography, Satellite Connectivity and Video Market, Euroconsult, 2020, Viasat Estimates

content is not available on broadcast. There is substantial price elasticity. Free, advertiser driven Video on Demand (AVoD) is the internet equivalent of free-to-air broadcast. Those same factors are driving growth in global air, sea, and land mobility sectors as people want the same services enroute as they expect at home. All these points are attributes of the broadband marketplace — which comprises the core of current Viasat satellite services. And, the amount of bandwidth these services require are all proportional to the number of people on mobility platforms, or at fixed residential or enterprise locations. So, as transportation networks grow, and the proportion of passengers (or crew) using the internet also grows (due to age demographics, among other things), and bandwidth consumed by each user continues to grow — the total bandwidth needed to fulfill the TAM is increasing much faster than the supply can serve (even with all anticipated new entrants). Similar effects are true in the fixed broadband sector. It's helpful to relate this to our simple 2-part strategy of 1) being the lowest cost producer of satellite bandwidth in places with the highest demand, and 2) applying that bandwidth to the vertical sectors that can deliver the greatest value. Successful competitors must have sufficient bandwidth to serve whatever combination of commercial and government applications they seek (e.g. air, land, and sea mobile), and must have not only large amounts of total bandwidth globally, but enough bandwidth in each geographic location for all customers — including fixed and mobile. While we aspire to lead the sectors we target, we are confident there is sufficient, and growing, demand to achieve our financial objectives by thoughtfully choosing the geographic and vertical sectors where we can best compete — even if global satellite supply increases at the high end of projections. Expanding into new and emerging global mobile sectors offers opportunities in how we respond to new entrants into the marketplace.

> We are confident there is sufficient, and growing, demand to achieve our financial objectives by thoughtfully choosing the geographic and vertical sectors where we can best compete.

› **"Local" geographic distribution of bandwidth is a gating factor:** There is great attention paid to the relative merits of satellite broadband supply technology options such as low earth orbit (LEO), medium earth orbit (MEO), or geosynchronous orbit (GSO) orbits, large vs. small spacecraft, and varying spectrum bands. Surprisingly, there is less focus among investors and competitors on the geographic and temporal characteristics of satellite broadband demand. In contrast, we see both commercial and government global mobile fleet customers paying more attention to demand profiles. We believe investors should also pay attention to demand because one of the common shortcomings of broadband transmission networks is a geographic and temporal mismatch between supply and demand. Virtually every satellite broadband system, at any orbit, suffers from having too little bandwidth supply in high demand areas, and too much in low demand areas — even within a single market sector. For instance, while government applications are intended to be served by organic government-owned satellites — the primary reason the US government is the world's largest buyer of commercial satellite bandwidth is because their own satellites suffer from this problem. Their satellites do not have the capacity to meet all the demand in the times and places that "hot spots" arise. Indications of a mismatch are degraded network performance in high demand areas, and low total space system utilization due to little or no activity in low demand areas. Likewise, space systems often have too little bandwidth supply at high demand times of day, or days of the week, and too much at low demand times. That mismatch between supply and demand is especially common among systems with global coverage because only a very small fraction of the world's geography generates a very high proportion of total demand. Significantly, symptoms of this problem (congestion and fleet-wide low utilization) are evident even when viewing service providers performance in a single sector individually (e.g. residential, aviation, or maritime). Because geographic hot spots in all these sectors tend to overlap each other (because, after all, that's where the people are!) it becomes exceptionally challenging for a space system service provider to excel competitively at all of them without a space system expressly architected to match geographic demand. One of the best ways to improve the value delivered to customers is to design flexible space networks that can instantaneously move bandwidth from low demand areas to high demand areas — including spanning multiple time zones (as much as eight different time zones in the case of each ViaSat-3 satellite). ViaSat-2 pioneered innovative technologies that improved our ability to better match supply and demand. We believe ViaSat-3 has technology advantages in this important, but under-recognized dimension of performance. Demand mapping is helpful in fixed applications (such as residential), where ability to move bandwidth across time zones improves productivity in peak busy hours. But, it's even more valuable to dynamic government and commercial air, sea, and land mobility applications because there are very high peak-to-average demand ratios at a number of busy ports, transportation hubs, air bases, or other hot spots depending on the number of planes, ships, trains, or vehicles present at peak days, and/or times of day. It is striking how few legacy or new entrant satellite operators openly address the temporal-geographic supply demand matching problem considering the impact it has on both customer satisfaction and financial performance. GSOs can be uniquely well suited to solving demand matching because satellites in those orbits can be placed so they are always in view of key locations. But, just being in GSO isn't enough. It also requires dynamic space and ground flexibility, such as ViaSat-3 is designed to support, to efficiently deliver all the bandwidth needed at hot spots.

› **Service quality is defined for an entire fleet, over time and geography:** Another important, and related, demand-side discriminator of global mobility service is the distinction between service quality metrics on individual platforms vs. aggregate Service Level Agreements (SLAs) defining performance across all the platforms for fleet operators (such as government mobile users, commercial airlines, business jet operators, trains, or maritime fleet operators). Previously, fleet customers assessed broadband suppliers based on the best service they could achieve under favorable conditions on individual platforms (e.g. each individual plane in isolation). That is, they would measure peak speed to a test airplane, for instance. What customers learned, often painfully, is what they really needed to measure was the worst performance they should expect under the most demanding fleet-wide conditions — for instance, when large numbers of their own, and competing airplanes served by the same provider, converged at major hubs in "waves" of connecting flights. For a government customer, the same effect occurs if they have multiple planes operating in a tactical hot spot that each need a minimum level of service to support their mission. Generally user dissatisfaction when performance is below minimum expectations outweighs positive satisfaction due to "best" performance on a single platform. Multiple major airlines have turned to Viasat after finding the peak speeds, or "discounted" prices, they could get on an individual plane were not scalable across their fleet operations, or precluded offering fleetwide free broadband access to all passengers due to geographic and temporal network congestion, or disappeared when their service provider signed up a competing airline that served common hub cities. Savvy airlines now are demanding analyses that show IFC suppliers understand demand statistics and have the network capacity needed to fulfill competitive SLAs under existing and projected operating scenarios. Airlines are applying the same discipline used to manage all the logistical challenges they master to deliver consistently good service. Viasat has earned opportunities with large fleet carriers because we can define, implement, support, measure, and stand behind attractive SLAs that correlate to subjective passenger satisfaction. And, we support multiple airlines sharing the same major airports at the same times of day as other airlines. We have refined tools that help our customers use network demand data to shape and define connectivity service options that can give them the control they want to generate ancillary revenue, create promotions with their marketing partners, support high bandwidth demand due to very popular live events, recognize and uniquely reward frequent flyers or premium passengers, or enable unique in-cabin services. As the lines between in-flight entertainment (IFE) and IFC blur in terms of available content, and the ability to project on-board entertainment to individual user devices, or individual streamed content to seat back displays — our ability to manage, upgrade, and support both IFE and IFC is another key differentiator for commercial airlines. While we never take our competitive position for granted, and recognize we are in a rapidly evolving marketplace, it's not surprising to us that our airline customers have continued to expand our networks onto their new and existing planes even after testing offerings from new and legacy competitors. Ultimately, we believe the most competitive global mobile broadband suppliers will need to design transmission networks that recognize the unique demand profiles and use cases of the transportation networks, and the individual fleets, they aspire to serve. While government bandwidth applications are less familiar to most people, there are similar dynamics at work there, too. Simply providing a pipe from a homogeneously global space network to a plane, ship, train, or vehicle may not be sufficient for many purposes. We don't expect to only use GSO satellites to serve global mobile customers. We do intend to provide hybrid terrestrial, multi-orbit, and multi-band transmission networks. But, we think extremely high capacity, highly flexible GSO satellites that can most cost effectively respond to the geographic and temporal distributions of customer demand that is very highly video-centric are a critical component of a successful competitive strategy.

› **We anticipate narrowband communications to very small devices will be an important global mobility market:** We are also anticipating rapid growth in narrowband machine-to-machine communication — also known as the Internet of Things (IoT). While broadband internet access is dominated by video, IoT is generally characterized by relatively sporadic event-based sensor/actuator data responding to changes in the environment or operating conditions of devices, or mobility platforms. The narrowband sector is complementary to broadband. Inmarsat is uniquely positioned in the narrowband sector because of the large number of mobility platforms it serves, its significant, globally-coordinated spectrum assets, and its existing redundant global coverage. One of the most exciting opportunities in the narrowband space is the potential to serve off-the-shelf terrestrial handsets and IoT devices directly from space — enabled by the Non-Terrestrial Networks (NTN) portions of the next generation 3GPP terrestrial mobile networks standards. New start-up space companies are planning to serve existing mobile devices by employing spectrum already allocated to terrestrial mobile network operators (MNOs). While interesting, there are daunting technical, regulatory, and commercial challenges to serving that market, that way. Conversely, mobile device chip makers are planning to incorporate satellite frequencies into forthcoming 3GPP NTN compliant products. That will make it possible for licensed space spectrum holders, like Inmarsat, to deliver services to orders of magnitude more devices than currently used. Licensed satellite spectrum addresses many of the technical, regulatory, and commercial issues faced by space systems without their own spectrum. We are excited about these opportunities, and the unique assets and resources Inmarsat brings. Just as with satellite broadband, we see a broad range of commercial and government applications in the air, at sea, and on land. We also see similar advantages to those that match the dynamic geographic and temporal distribution of demand, too.

> "A 'Wild West' space race without effective regulation risks a growing crisis of debris in space."
>
> - George Freeman, BEIS

We are committed to pro-competitive, responsible, sustainable, and equitable access to space by all nations. As a leading player in the space industry, Viasat has also been a leader in assessing the impact of proposed mega-constellations on the space ecosystem — and why a sustainable approach to LEO is in the best self-interests of the global space-faring community. It should be obvious to investors in the space eco-system that the level of concern due to over-exploitation of limited space resources by a few actors is growing rapidly among a broad array of global space agencies, policy and research institutions, university researchers, well-respected peer-reviewed scientific journals, national governments, and mainstream media outlets.* In fact, those concerns are voiced by virtually every corner of the space eco-system except for the very few individual mega-constellations rushing to capture scarce orbital resources and the relatively few other beneficiaries of that widely-recognized "land grab".

As a recent example, the UK Department for Business, Energy & Industrial Strategy (BEIS) announced a national initiative for global space sustainability at the 4th Summit for Space Sustainability in London on June 23, 2022. George Freeman, Minister for Science, Research and Innovation at BEIS, explained how "a 'Wild West' space race without effective regulation risks a growing crisis of debris in space."

In 2018 the US Federal Communications Commission (FCC), in a Notice of Proposed Rule Making (NPRM) regarding Mitigation of Orbital Debris in the New Space Age, clearly noted that LEO is a limited resource that is "rivalrous" (a zero sum game where more resources used by one system decreases resources available to all others), and "non-excludable" (use of those limited resources is available to systems from all countries), leading to a "tragedy of the commons" where individual actors are motivated to impose costs on everyone else to their own advantage.

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*See our Space Policy pages on viasat.com for a comprehensive collection of supporting articles and papers.

Space agencies, researchers, academic institutions, peer-reviewed journals, and even national supreme courts have begun identifying and measuring the harms associated with over-exploitation of LEO by a few. These include:

- The risk of collisions in space leading to a cascade of further collisions, denying access to space for everyone for decades or centuries.
- Interference with optical and radio astronomy, including NASA's "Earth defense" mission that is intended to identify natural space objects representing major or existential collision risk with Earth.
- Harmful atmospheric effects due to greatly increased rocket launch activity and/or vastly increasing amounts of spacecraft regularly disintegrating at the end of relatively short mission lives into small particles that continue to remain in the upper atmosphere.
- Light pollution that has adverse impacts on the visible night sky.

> We are committed to pro-competitive, responsible, sustainable, and equitable access to space by all nations.

Importantly, there are also growing levels of concern internationally about the anti-competitive impact of a few mega-constellations on prospective use of space by all nations on Earth. International regulators and courts are beginning to recognize that since, as the US FCC points out, LEO is a limited resource, then there soon may not be resources left for their own national space aspirations. While mega-constellation operators accuse those proposing to regulate space as being "anti-competitive," **there is growing recognition among the international community that the few largest mega-constellations themselves are the greatest threat to preserving competition, innovation, and consumer choice in space.**

It is becoming clear that undue consumption of available resources in space by a few can be measured by key characteristics that determine the orbital footprint of each satellite and constellation, much like the carbon footprints that we quantify and manage today. In fact, the 4th Summit for Space Sustainability featured keynote discussions on the "carrying capacity" of LEO orbits — which is an aggregate measure of the attributes of all LEO satellites, collectively considered. Researchers are focusing on factors such as:

- **The mass of each satellite and the aggregate mass in a constellation.** While mega-constellations initially promoted the notions that LEO constellations would consist of "small" satellites, the size, mass, launch impacts, and orbital footprint of proposed LEO mega-constellations have been increasing at an alarming rate with each generation.

- **The cross-sectional area of each LEO satellite, and the aggregate cross section of each constellation** — each of which also has been increasing alarmingly driven by higher power needs of larger and larger individual spacecraft.

- **The orbital space occupied by each constellation.**

- **The tolerances that constellations maintain along designated physical orbits.**

- **The reliability of each satellite component** that determines a satellite's ability to maintain its designated orbit within specified tolerances, its ability to maneuver to avoid collisions, and its ability to de-orbit in a timely and controlled fashion, post mission.

- **The number of rocket launches** needed to populate and replenish mega-constellations consisting of very large numbers of very large satellites with relatively short useful lives.

- **The spectrum rights asserted by each satellite** in a constellation — and the aggregate spectrum and look angles to and from space claimed by constellations as a whole.

- **The total RF emissions in each frequency band** allowed by each satellite, allowed by all satellites from an individual constellation, and allowed from all constellations in the aggregate, towards each location on Earth.

- **The material composition** of individual satellites and the aggregate of all satellites in a constellation and their replacements, of all constellations collectively, and their cumulative effect when disintegrating on re-entry into the upper atmosphere.

- **The effects on astronomy and the night sky** due to each individual satellite's orbit, optical "brightness" and RF emissions, as well as the aggregate effects of each constellation, and the collective effects of all constellations.

Mega-constellations have avoided engaging factually in these analyses, have avoided considering the impacts of their constellations on LEO carrying capacity, and have attempted to divert attention from the larger issues by evaluating only the individual characteristics of each individual satellite in isolation — as opposed to the effects of all their satellites in the aggregate, and the effects of all constellations collectively. We consider these issues to be serious threats to not only long-term access to space, but the near and mid-term access as well.

Competitive, sustainable, and equitable access to LEO can be ensured (much like expanding use of the GSO orbital arc has been enabled for over five decades) by regulations that:

- Enable cooperative, equitable, and peaceful sharing of limited space resources by many systems from many nations.

- Are observed by virtually all space faring nations — even those that may be antagonistic to one another in other venues.

- Are constructed and applied so nations and companies can still participate in space decades after the first entrants — promoting competitive new, compatible, and innovative uses of space for applications never even contemplated when the regulations were first crafted (much as ViaSat-1, ViaSat-2, and ViaSat-3 broadband services were enabled after decades of the GSO arc being used for other purposes).

In contrast, a few mega-constellations in LEO, in a "Wild West" environment without sufficient and thoughtful regulation, are actively seeking to monopolize the most fundamental scarce and shared global resources for their own benefit. Obviously, we believe that's a bad outcome. Importantly, there is growing acknowledgement among nations that their own interests and aspirations in space are threatened. The risks to those nations include:

- **Loss of the economic opportunities enabled by participation in space —** especially high technology domestic jobs and international trade and exports.
- **Impacts on national digital divide** associated with lack of access to space.
- **Capital and economic outflows to competitor nations** or private organizations that limit access to space, or serve as gatekeepers.
- **Threats to national security** associated with lack of access to space resources.
- **Threats to national sovereignty** over internet access, and associated digital privacy associated with lack of access to, or control of, space communication resources.
- **Threats to geo-political stability** when only a handful of countries control access to and use of LEO and the services and capabilities that rely on use of LEO.
- **Loss of opportunities for space activities, including national space programs and national satellite assets that represent national independence and are a source of pride** and a symbol of progress for many nations on Earth.

Nations simply will not be able to participate in space if their share of sufficient orbital resources does not remain available for their use to support their spacecraft and national/regional programs.

Our positions on these issues are simple, clear, and resonate with many space eco-system participants: **We must find a way to share these limited natural resources equitably and do so in a way that is thoughtful about the resulting economic, societal and environmental impact.** And we must do so before it is too late.

Of course, we can adapt and incorporate new research findings into these approaches.

1. **Reasonable initial estimates on "carrying capacity" (the collective footprints of all non-geostationary (NGSO) constellations, especially LEO) should be quantified** (e.g. their aggregate mass; cross sectional area; number of satellites; orbital trajectories; orbital tolerances; impacts of failed, non-maneuverable satellites; impact on light pollution and atmospheric pollution as consumed by the collective impact of all constellations).

2. **The impact on carrying capacity of existing and proposed technology that can improve space situational awareness, space traffic management, collision avoidance maneuvers, and potential debris removal/mitigation capabilities should also be quantified** to appropriately increase or decrease the collective footprint that can safely occupy space based on actual performance measurements of new and improved technologies (though these types of measures alone are not likely to be sufficient).

3. **The combination of carrying capacity, orbital footprint of each proposed constellation, and measurements of total growth in orbital debris can be used to determine the total amount of new footprint that can be placed in space.** In the near term, individual nations can create reciprocal, multi-lateral agreements on how that collective footprint can be apportioned and shared among nations and licensees for all applications in LEO (e.g. scientific, Earth observation, communications, position-navigation-timing, security/defense, and others). LEO systems should be treated in an equitable, non-discriminatory manner in terms of access to space orbital footprint and resources, spectrum rights, in-line event prioritization, and other rights.

4. **Ultimately, those natural resources must be used in a rational, efficient and economical manner,** consistent with the mandate of the International Telecommunication Union (ITU) that all nations must have equitable access to the orbits and frequencies around the Earth.

5. **Clear regulations (initially implemented multi-laterally by cooperating nations) will define an internationally inclusive, peaceful, sustainable, stable and long-term competitive space environment** that enables individual countries and companies to establish scalable strategies to innovate and optimize use of their share of limited orbital resources.

> We also believe space industry investors should be thoughtful about the role of pro-competitive, equitable, and sustainable use of space.

In a nutshell, because (as the FCC notes), LEO orbital resources are limited, we believe competitive advantage should accrue to those that can bring to market the most efficient use of those scarce resources (as administered by each participating nation using a portion of its equitable access rights) — and not those actors that can most rapidly consume scarce resources for their own benefit in a competitively preclusive manner. Not surprisingly we are **pro-competition because we are confident that we can compete effectively.** However, like others, we do not support a Wild West approach that encourages a few actors trying to dominate space.

Importantly, we also believe space industry investors should be thoughtful about the role of pro-competitive, equitable, and sustainable use of space. The rate at which nations are acknowledging and recognizing consequences of reckless over-expansion of a few mega-constellations is clearly accelerating. Individual nations, including those representing significant portions of the Earth's population, geographic area, and/or economic activity are considering if granting market access to their own countries to mega-constellations without equitably imposing reasonable conditions is in their best interest. Those conditions, to be effective, would likely extend to factors such as orbits, tolerances, number of satellites, aggregate mass, aggregate cross section, aggregate reliability, satellite brightness, and spectrum sharing (for instance). In the short term, mega-constellations can use greater access to capital, and a licensing authority that supports them to launch faster than regulations can keep up. But, ultimately the economic power to rein in anti-competitive behavior is distributed among all the nations on Earth — not a single licensing authority. We believe extending mega-constellations beyond reasonable international competitive norms, equitable use of shared and limited orbital resources, and environmental sustainability can be contained simply by an influential handful of nations that do the research, and place reasonable multi-lateral constraints on the orbital and environmental footprints of all constellations they allow to serve their countries, on an equitable basis. Some mega-constellations arrogantly (and falsely) promote that only they can close the digital divide, and only if they, themselves, set the rules. Ultimately, we are working with others to help responsible nations around the world appreciate that (again, as the FCC acknowledges) LEO is a limited resource and its use must be respected and shared, and the impacts here on Earth must be considered. More innovative technical solutions exist that can deliver pro-competitive, equitable access, environmental sustainability, geo-political stability and close digital divides, allow each country to participate in the space economy, and preserve their national sovereignty. The use of LEO isn't the root source of the current crisis. It's the abuse of LEO by a few, and the inevitable consequences, that requires action.

> We are excited about the anticipated launch of our newest ViaSat-3 space assets and our pending acquisition of Inmarsat in FY23.

We believe Viasat is just at the beginning of our growth opportunity. We are energized by the rapidly growing international space industry. We have been planning and investing in it for over a decade. We believe our strategies are working in the marketplace, as reflected by our continuing annual revenue, earnings and cash flow growth trajectories. We believe we have identified market segments where we can compete effectively based on natural and enduring dimensions of value to those segments. We're increasingly focused on a very large, varied, and growing addressable global mobility opportunity. And, we have long focused on a unique technology suite that enables us to move nimbly across markets as they evolve and new opportunities present themselves. We're gratified by the responses of our existing and prospective government and commercial mobility customers to our value propositions, even after using and/or testing the offerings of other incumbents and new entrants. We're excited about the anticipated launch this FY23 of our newest ViaSat-3 space assets and our pending acquisition of Inmarsat this FY23. We understand the challenges associated with our remaining near-term capital investments in a dramatically changed capital markets environment. We believe we're well prepared to navigate those challenges — including mechanisms to respond to unanticipated market disruptions. We've shared a snapshot of the underlying market and competitive dynamics that we believe are both responsible for our success to date and can underpin achieving our near- and mid-term financial objectives. We appreciate the impact that new entrants may have on the broadband satellite marketplace and have, and still are, taking steps to allow us to achieve our financial objectives even if those new entrants compete more on the basis of their capital resources than on the intrinsic economic value of their space systems. We believe that the mutually shared national self-interests of global space faring nations (and those that aspire to that) are leading to a regulatory regime that will be more sustainable and pro-competitive than an approach driven by the few mega-constellations seeking to dominate limited space resources. And finally, we are committed to leveraging our ViaSat-3 constellation to turn the corner on FCF generation to reward the investors and employees that have enabled our transformation towards becoming a leading global mobility provider in the air, at sea, and on land. We believe that financial gains will accrue to those participants and investors willing to do the work necessary to understand the competitive dynamics of this exciting marketplace.

As always, we also want to sincerely thank our employees for their dedication and commitment, our customers for their confidence in our ability to support their needs, our suppliers for their unique contributions to our products and services, and our shareholders for the opportunity to undertake this journey. We have an exhilarating year ahead!

Sincerely,

Mark Dankberg, Chairman of the Board, Chief Executive Officer and Co-founder

EARNINGS HIGHLIGHTS

VIASAT FISCAL YEAR 2022

$2.8B
Annual revenues
24% increase year-over-year

$611M
Adjusted EBITDA*
15% increase year-over-year

$2.6B
New contract awards
2% decrease year-over-year

60+
Office locations globally

~7,000
Employees globally

SATELLITE SERVICES

$1.2B
Annual revenues
37% increase year-over-year

1,830
Commercial aircraft in-service with Viasat in-flight connectivity, up 550 tails or ~40% year-over-year

Accelerated...
international subscriber growth driven by residential fixed broadband services in Brazil

Acquisitions
Closed RigNet, Inc. and Euro Broadband Infrastructure Sàrl acquisitions in early Q1 FY2022

Reached agreement...
to acquire Inmarsat, an innovative, global provider of mobile satellite services

COMMERCIAL NETWORKS

$512M
Annual revenues
60% increase year-over-year

Expanded...
Real-Time Earth footprint with Arctic Space Technologies partnership in Sweden

ViaSat-3 Americas
TVAC testing complete; satellite launch is anticipated to support commercial services in early Q4 FY2023

Alpha testing...
of the ground network is proceeding successfully

Second ViaSat-3...
payload (EMEA) delivered to Boeing for integration with spacecraft bus in Q2 FY2023

GOVERNMENT SYSTEMS

$1.1B
Annual revenues
2% increase year-over-year

$1.0B
Of annual awards, -14% year-over-year

$3.7B
Unawarded IDIQ, +19% year-over-year

↓ 1%: Product revenues year-over-year

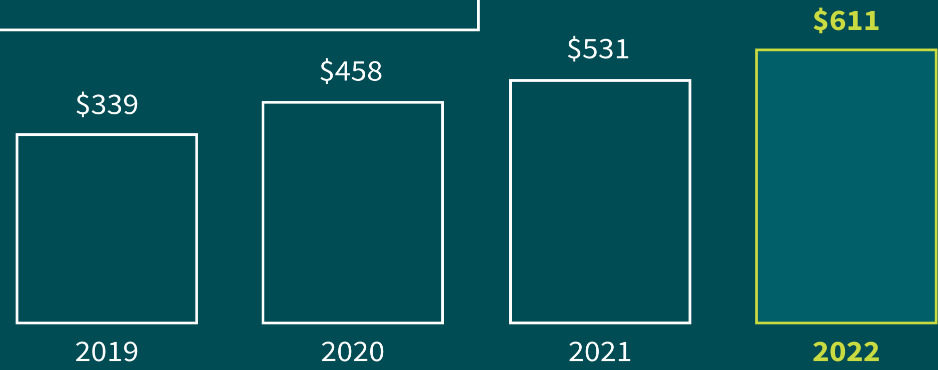
↑ 10%: Service revenues year-over-year

Completed...
spacecraft integration on the first Link 16-capable low earth orbit (LEO) satellite. It is expected to demonstrate space-based range extension.

Awarded...
Department of Defense contract as the first external team to provide vulnerability assessment testing and response support focused on improving the cybersecurity and resilience of weapon systems

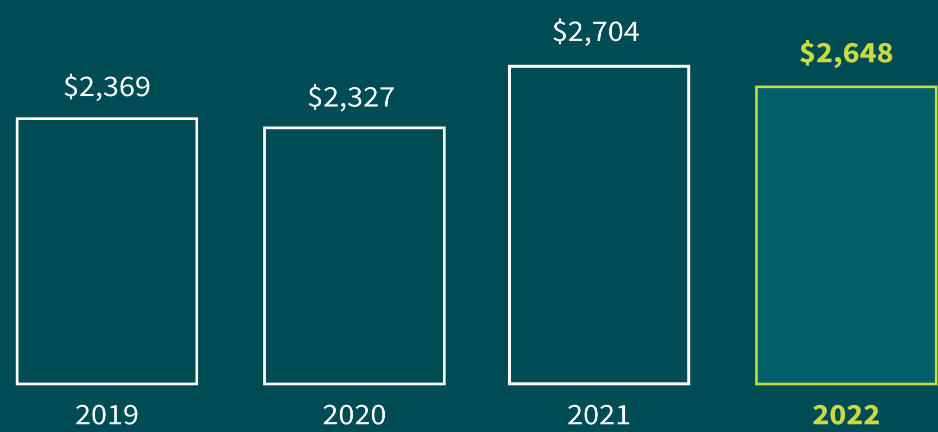
* See page 94 for a reconciliation of Adjusted EBITDA to net income (loss) attributable to Viasat, Inc.

FINANCIAL SUMMARY

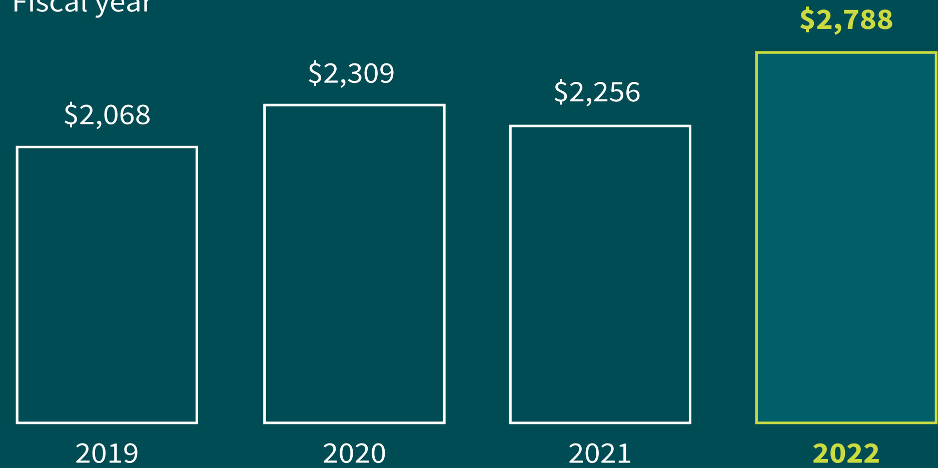


Adjusted EBITDA* dollars in millions
Fiscal year

*See page 94 for a reconciliation of Adjusted EBITDA to net income (loss) attributable to Viasat, Inc.



New contract awards dollars in millions
Fiscal year



Revenues dollars in millions
Fiscal year

RECOGNITION & AWARDS*

2021
James S. Cogswell Outstanding Industrial Security Achievement Award
(Germantown and Marlborough facilities)

DCSA

2021
"Best Satellite Provider" for Rural Internet Service

CNET

2021
Best for Vets: Employers List

Military Times

2021
Top 100 Defense Companies

Defense News

2021 & 2022
Top 100 Largest Federal Contractors

Washington Technology

2021
Technology Innovators Awards Gold honoree

Military & Aerospace Electronics and Intelligent Aerospace

2022
Top 50 best workplaces to grow your career in the U.S.

LinkedIn

2021
Employee Communications & Top Places to Work Awards

Ragan Communications

2022
Via Satellite's 10 Hottest Companies

Via Satellite

2021
Global Satellite Business of the Year Award

Euroconsult

2022
Best Places to Work for U.S. Large Employers

Glassdoor

2021
HIRE Vets Medallion Award

U.S. Department of Labor

2020
BGOV200 List Top federal contractors of fiscal 2020

Bloomberg Government

2021
Great Place to Work-Certified™ Companies

Great Place to Work ®

*Some awards from FY21 and early FY23 are included.

FINANCIAL PERFORMANCE

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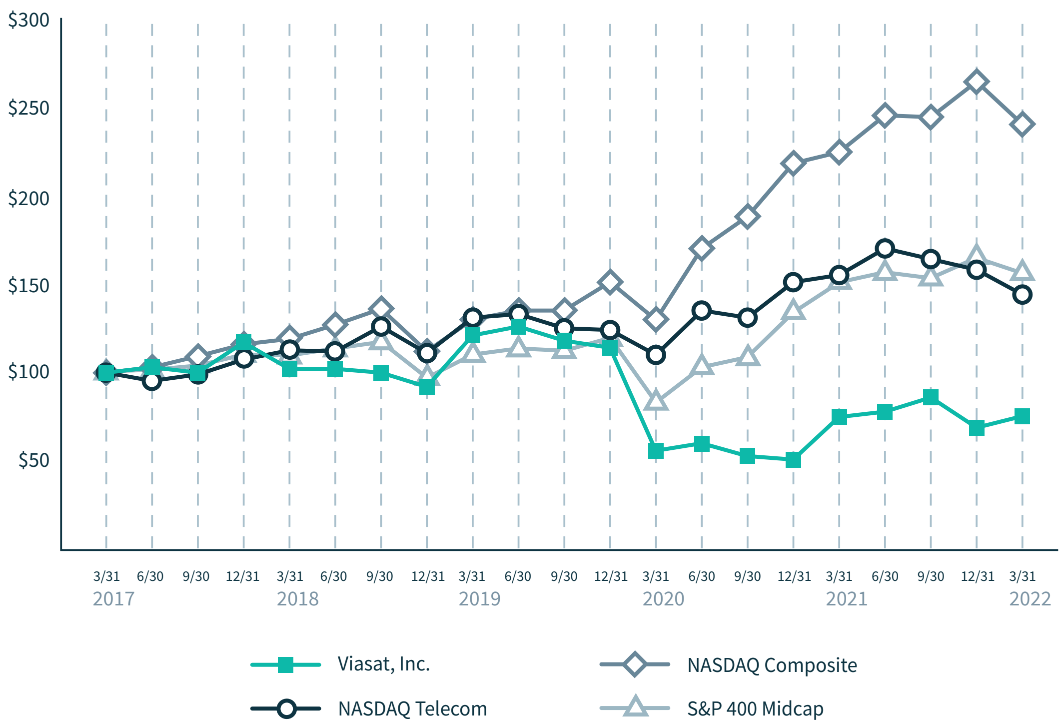
Performance graph

The following graph shows the value of an investment of $100 in cash on March 31, 2017 in (1) Viasat's common stock, (2) the NASDAQ Telecommunications Index, (3) the NASDAQ Composite Index and (4) the S&P MidCap 400 Index. The graph assumes that all dividends, if any, were reinvested. The stock price performance shown on the graph is based on historical data and should not be considered indicative of future performance. The information contained under this heading "Performance graph" shall not be deemed to be "soliciting material," or to be "filed" with the SEC, or subject to Regulation 14A or Regulation 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed to be incorporated by reference into any filing of Viasat, except to the extent that Viasat specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.



Company Overview

We are an innovator in communications technologies and services, focused on making connectivity accessible, available and secure for all. Our end-to-end platform of high-capacity Ka-band satellites, ground infrastructure and user terminals enables us to provide cost-effective, high-speed, high-quality broadband solutions to enterprises, consumers, military and government users around the globe, whether on the ground, in the air or at sea. In addition, our government business includes a market-leading portfolio of military tactical data link systems, satellite communication products and services, and cybersecurity and information assurance products and services. We believe that our diversification strategy—anchored in a broad portfolio of products and services—our vertical integration approach and our ability to effectively cross-deploy technologies between government and commercial applications and segments as well as across different geographic markets, provide us with a strong foundation to sustain and enhance our leadership in advanced communications and networking technologies. We conduct our business through three segments: satellite services, commercial networks and government systems.

Satellite Services

Our satellite services segment uses our proprietary technology platform to provide satellite-based high-speed broadband services around the globe for use in commercial applications. Our proprietary Ka-band satellites are at the core of our technology platform. The primary services offered by our satellite services segment are comprised of:

- Fixed broadband services, which provide consumers and businesses with high-speed, high-quality broadband internet access and Voice over Internet Protocol services, primarily in the United States as well as in various countries in Europe and Latin America.
- In-flight services, which provide industry-leading in-flight connectivity (IFC), wireless in-flight entertainment and aviation software services.
- Prepaid Internet services, which offer innovative, affordable, satellite-based connectivity in communities that have little or no access to the internet. The services help foster digital inclusion by enabling millions of people to connect to affordable high-quality internet services via a centralized community hotspot connected to the internet via satellite. We provide Prepaid Internet services in multiple regions in Mexico and Brazil and are trialing services in advance of full service launch in various other countries in South America and Central America.
- Other mobile broadband services, which include high-speed, satellite-based internet services to seagoing vessels (such as energy offshore vessels, cruise ships, consumer ferries and yachts), as well as L-band managed services enabling real-time machine-to-machine position tracking, management of remote assets and operations, and visibility into critical areas of the supply chain.
- Energy services, which include ultra-secure solutions spanning global IP connectivity, bandwidth-optimized over-the-top applications, industrial Internet-of-Things big data enablement and industry-leading machine learning analytics.

The assets and results of operations of our recent acquisitions, Euro Broadband Infrastructure Sàrl (EBI) and RigNet, Inc. (RigNet), are primarily included in our satellite services segment (with insignificant amounts included in our commercial networks segment).

Commercial Networks

Our commercial networks segment develops and sells a wide array of advanced satellite and wireless products, antenna systems and terminal solutions that support or enable the provision of high-speed fixed and mobile broadband services. We design, develop and produce space system solutions for multiple orbital regimes, including geostationary, medium earth orbit and low earth orbit. The primary products, systems, solutions and services offered by our commercial networks segment are comprised of:

- Mobile broadband satellite communication systems, designed for use in aircraft and seagoing vessels.
- Fixed broadband satellite communication systems, including next-generation satellite network infrastructure and ground terminals.

- Antenna systems, including state-of-the-art ground and airborne terminals, antennas and gateways for terrestrial and satellite customer applications, mobile satellite communication, Ka-band earth stations and other multi-band antennas.
- Satellite networking development, including specialized design and technology services covering all aspects of satellite communication system architecture and technology.
- Space systems, including the design and development of high-capacity Ka-band satellites and associated payload technologies for our own satellite fleet as well as for third parties.

Government Systems

Our government systems segment offers a broad array of products and services designed to enable the collection and transmission of secure real-time digital information and communications between fixed and mobile command centers, intelligence and defense platforms and individuals in the field. The primary products and services of our government systems segment include:

- Government mobile broadband products and services, which provide military and government users with high-speed, real-time, broadband and multimedia connectivity in key regions of the world, as well as line-of-sight and beyond-line-of-sight Intelligence, Surveillance and Reconnaissance missions.
- Government satellite communication systems, which offer an array of portable, mobile and fixed broadband modems, terminals, network access control systems and antenna systems, and include products designed for manpacks, aircraft, unmanned aerial vehicles, seagoing vessels, ground-mobile vehicles and fixed applications.
- Secure networking, cybersecurity and information assurance products and services, which provide advanced, high-speed IP-based “Type 1” and High Assurance Internet Protocol Encryption (HAIPE®)-compliant encryption solutions that enable military and government users to communicate information securely over networks, and that protect the integrity of data stored on computers and storage devices.
- Tactical data links, including our Battlefield Awareness and Targeting System — Dismounted handheld Link 16 radios, our Battlefield Awareness and Targeting System — Embedded handheld Link 16 radios, our Small Tactical Terminal 2-channel radios for manned and unmanned applications, “disposable” defense data links, and our Multifunctional Information Distribution System and MIDS Joint Tactical Radio System terminals for military fighter jets.

Factors and Trends Affecting our Results of Operations

We believe that the performance of our business and our results of operations in a given period are driven by various factors, including:

- the timing and impact of acquisitions, including our acquisitions of RigNet and EBI in fiscal year 2022 and the Inmarsat Transaction, as well as the payment of transaction consideration and the incurrence of transaction and integration costs or additional indebtedness in connection therewith (see the discussion below under “Inmarsat Acquisition”);
- the extent and stage of our satellite design, construction and launch activities (as discussed further below), the associated level of investment required, the impact of any construction or launch delays or operational or launch failures, and the impact of bringing newly launched satellites into commercial service and associated ramp-up activities and costs (see the discussion below under “Satellite-Related Activities”);
- our ability to manage available bandwidth ahead of the ViaSat-3 global constellation entering service;
- our ability to maintain the health, capacity, control and level of service of our satellite fleet, or the existence or occurrence of any malfunctions or anomalies in or other disruptions to our satellites;
- changes in the levels of our research and development (R&D) spending, including the effects of associated tax credits;
- seasonal effects related to the timing of contract awards, the timing and availability of U.S. Government funding, and the timing of product deliveries and customer acceptance in our government systems segment, as well as subscriber activity for our fixed broadband services related to traditional retail selling periods and increased demand for IFC services from airline passengers during peak holiday travel periods in our satellite services segment;

- the rate of growth in worldwide demand for mobile and fixed broadband connectivity, including growth in number internet users, applications and connected devices;
- the rate of technological innovation and change in the industries in which we operate, and the introduction of new competing technologies, products and services by new and existing competitors;
- the marketing and pricing strategies of our competitors with respect to competing technologies, products and services;
- our ability to implement (on a timely basis) our technology roadmap and the associated investments and costs, as well as market acceptance and the timing of availability of our new products and services;
- the timing, quantity and mix of products and services sold in each of our segments;
- the uptake of our in-flight services by commercial airlines and number of aircraft retrofitted or installed with our IFC systems, and the rate of revenue growth in our IFC-related businesses in our satellite services and commercial networks segments resulting from the normalization of or growth in global air traffic;
- varying subscriber addition, churn and average revenue per user (ARPU) rates for our fixed broadband businesses and mix of wholesale and retail subscribers;
- the complex and lengthy procurement process for most of our commercial networks and government systems customers and potential customers, and the impact of a failure to receive an expected order or a deferral of an order to a later period, and the timing of return to normalization of government acquisition processes that were disrupted by COVID-19;
- the difficulty in estimating costs over the life of a contract, which may require adjustment in future periods, and the impact of cost overruns on fixed-price development contracts;
- the timing of customer payments under significant contracts;
- our reliance on a few significant customers, particularly agencies of the U.S. Government, for a significant percentage of our revenues, as a result of which the loss or decline in business with any of these customers may negatively impact our revenue and collectability of related accounts receivable;
- our reliance on a global supply chain, including contract manufacturers and single-source or limited groups of suppliers;
- one-time charges to operating income arising from items such as acquisition costs and expenses, impairment of assets and write-offs of assets related to customer non-payments or obsolescence;
- changes in laws, regulations and interpretations affecting our business, including changes affecting spectrum availability or permitted uses;
- our ability to generate sufficient cash flows to repay our indebtedness; and
- the impact of public health crises, such as the COVID-19 pandemic, general economic and political conditions, and other trends that affect the industries in which we operate.

See also “Business–Segments” in our most recent Annual Report on Form 10-K for a discussion of what we believe to be key drivers for future growth in each of our segments.

COVID-19

In March 2020, the global outbreak of COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. Government. The COVID-19 pandemic and attempts to contain it, such as mandatory closures, “shelter-in-place” orders and travel restrictions, have caused significant disruptions and adverse effects on U.S. and global economies, including impacts to supply chains, customer demand and financial markets. We have taken measures to protect the health and safety of our employees and to work with our customers, employees, suppliers, subcontractors, distributors, resellers and communities to address the disruptions from the pandemic. Although our financial results for fiscal years 2021 and 2022 were impacted by the pandemic, the impact was not material to our financial position, results of operations or cash flows in such periods, with continued negative impacts particularly in our commercial aviation business offset by strong demand in our fixed broadband services business and other parts of our business. We continue to expect our diversified businesses to provide resiliency in fiscal year 2023.

The extent of the impact of the COVID-19 pandemic on our business in fiscal year 2023 and beyond will depend on many factors, including the duration and scope of the public health emergency, the extent, duration and effectiveness of containment actions taken, the extent of disruption to important global, regional and local supply chains and economic markets, and the impact of the pandemic on overall supply and demand, global air travel, consumer confidence, discretionary spending levels and levels of economic activity.

Inmarsat Acquisition

On November 8, 2021, we entered into a Purchase Agreement with the shareholders of Connect Topco Limited, a private company limited by shares and incorporated in Guernsey (Inmarsat), and certain management and employees who hold options and shares of a subsidiary of Inmarsat whose options and shares will be exchanged for shares of Inmarsat prior to closing (collectively, the Sellers), to combine Viasat with Inmarsat. Pursuant to the Purchase Agreement, we will purchase all of the issued and outstanding shares of Inmarsat from the Sellers upon the terms and subject to the conditions set forth therein (the Inmarsat Transaction). The total consideration payable by us under the Purchase Agreement consists of $850.0 million in cash, subject to adjustments (including for certain dividends, see below), and approximately 46.36 million unregistered shares of our common stock. In April 2022, Inmarsat paid a dividend of $299.3 million to the Sellers, resulting in a $299.3 million reduction in the cash consideration payable by us at the closing of the Inmarsat Transaction. Our board of directors has unanimously approved the Purchase Agreement and the proposed Inmarsat Transaction.

The closing of the Inmarsat Transaction is subject to customary closing conditions, including receipt of regulatory approvals and clearances, and approval by our stockholders of the issuance of shares in the Inmarsat Transaction and an amendment to our certificate of incorporation to increase the number of shares of our common stock authorized for issuance. The Purchase Agreement contains certain termination rights for both us and certain of the Sellers and further provides that, upon termination of the Purchase Agreement under certain circumstances, we may be obligated to pay a termination fee of up to $200.0 million or to reimburse certain out-of-pocket expenses of certain Sellers up to $40.0 million.

We have obtained financing commitments for an additional $1.6 billion of new debt facilities in connection with the Inmarsat Transaction (which may be secured and/or unsecured), which amount excludes the commitments that were obtained with respect to the $700.0 million term loan facility that we entered into on March 4, 2022 to fund our standalone growth expenditures (the Term Loan Facility). In light of the $299.3 million reduction in the cash purchase price payable in the Inmarsat Transaction due to the dividend paid by Inmarsat to the Sellers in April 2022, we currently expect to incur $1.3 billion of additional indebtedness under these commitments. However, the total amount of indebtedness incurred under these commitments may change, including in the event available cash from other sources is higher than expected. We also plan to assume $2.1 billion in principal amount of Inmarsat senior secured bonds and the outstanding indebtedness under Inmarsat's $2.4 billion senior secured credit facilities. In addition, we obtained commitments of $3.2 billion to backstop certain amendments required under our revolving credit facility (the Revolving Credit Facility) and our direct loan facility with the Export-Import Bank of the United States (the Ex-Im Credit Facility and, together with the Term Loan Facility and the Revolving Credit Facility, the Credit Facilities) and Inmarsat's $2.4 billion senior secured credit facilities, which amendments had been obtained under the Revolving Credit Facility and Inmarsat's $2.4 billion senior secured credit facilities as of the date of this report.

We have incurred and expect to incur non-recurring costs associated with the Inmarsat Transaction and combining the operations of the two companies, as well as transaction fees and other costs related to the Inmarsat Transaction. Based on information available as of the date of this report, we currently estimate that Viasat may incur approximately $250 million in Transaction costs (including financing costs) through the closing of the Inmarsat Transaction, including (but not limited to) fees paid to investment banking, legal and accounting advisors, regulatory and public relations advisors, rating agency fees, filing fees, printing costs and other costs and expenses, although actual amounts could vary materially from these estimates if future developments differ from the underlying assumptions used by management in determining the current estimate of these costs. A significant portion of these transaction-related costs is contingent upon the closing of the Inmarsat Transaction occurring, although some have been and will be incurred regardless of whether the Inmarsat Transaction is consummated. In addition, the combined company will also incur significant restructuring and integration costs in connection with the Inmarsat Transaction. The costs related to restructuring will be expensed as a cost of the ongoing results of operations of either us or the combined company. There are processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the Inmarsat Transaction and the integration of Inmarsat's business. Based on information available as of the date of this report, we currently estimate that we will incur approximately $50 million in integration costs and investments to realize synergies and efficiencies during each of the first two years following the closing of the Inmarsat Transaction. While we have assumed a certain level of expenses would be incurred to integrate the two companies and achieve synergies and efficiencies and we continue to assess the magnitude of these costs, many of these expenses are, by their nature, difficult to estimate accurately and there are many factors beyond our control that could affect the total amount or timing of these costs. Although we expect that the elimination of duplicative costs, as well as the realization of strategic benefits, additional income, synergies and other efficiencies, should allow the combined company to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all.

Other Acquisitions

On April 30, 2021, we completed our acquisition of the remaining 51% interest in EBI, a satellite broadband internet service provider in Europe, Middle East, and Africa (EMEA), from Eutelsat. We paid approximately $167.0 million in cash, net of what is currently estimated to be an immaterial amount of estimated purchase price consideration (resulting in a cash outlay of approximately $51.0 million, net of approximately $121.7 million of EBI's cash on hand).

On April 30, 2021, we completed our acquisition of RigNet, a leading provider of ultra-secure, intelligent networking solutions and specialized applications. In connection with the acquisition, we issued approximately 4.0 million shares of our common stock to RigNet former shareholders, paid down $107.3 million of outstanding borrowings of RigNet's revolving credit facility, paid a de minimis amount of cash in respect of fractional shares and paid an insignificant amount of other consideration. We retained approximately $20.6 million of RigNet's cash on hand.

Satellite-Related Activities

We expect to continue to invest in internal research and development (IR&D) as we continue our focus on leadership and innovation in satellite and space technologies, including for the development of any new generation satellite designs and next-generation satellite network solutions. The level of our investment in a given fiscal year will depend on a variety of factors, including the stage of development of our satellite projects, new market opportunities and our overall operating performance.

As we continue to build and expand our global network and satellite fleet, from time to time we enter into satellite construction agreements for the construction and purchase of additional satellites and (depending on the satellite design) the integration of our payload and technologies into the satellites. See Note 12 — Commitments to our consolidated financial statements for information as of March 31, 2022 regarding our future minimum payments under our satellite construction contracts and other satellite-related purchase commitments (including satellite performance incentive obligations relating to the ViaSat-1 and ViaSat-2 satellites) for the next five fiscal years and thereafter. The total project cost to bring a new satellite into service will depend, among other things, on the scope and timing of the earth station infrastructure roll-out and the method used to procure fiber or other access to the earth station infrastructure. Our total cash funding of a satellite project may be reduced through third-party agreements, such as potential joint service offerings and other strategic partnering arrangements.

In connection with the launch of any new satellite and the commencement of commercial service on the satellite, we expect to incur additional operating costs that negatively impact our financial results. For example, when ViaSat-2 was placed in service in the fourth quarter of fiscal year 2018, this resulted in additional operating costs in our satellite services segment during the ramp-up period prior to service launch and in the fiscal year following service launch. These increased operating costs included depreciation, amortization of capitalized software development, earth station connectivity, marketing and advertising costs, logistics, customer care and various support systems. In addition, interest expense increased during fiscal year 2019 as we no longer capitalized the interest expense relating to the debt incurred for the construction of ViaSat-2 and the related gateway and networking equipment once the satellite was in service. As services using the new satellite scaled, however, our revenue base for broadband services expanded and we gained operating cost efficiencies, which together yielded incremental segment earnings contributions. In addition, we may experience bandwidth supply constraints in the lead-up to the commencement of commercial service on new satellites. We anticipate that we will incur a similar cycle of increased operating costs and constrained bandwidth supply as we prepare for and launch commercial services on future satellites, including our ViaSat-3 constellation, followed by increases in revenue base and in scale. However, there can be no assurance that we will be successful in significantly increasing revenues or achieving or maintaining operating profit in our satellite services segment, and any such gains may also be offset by investments in our global business.

Russia and Ukraine

The invasion of Ukraine and the resulting sanctions imposed by the United States and other countries on Russia have not had a material impact on our business, and are not expected to have a material impact on our cash flows, financial position or results of operations. We do not have material assets, operations, investments or human capital resources in Russia, Ukraine or Belarus and our business does not rely on goods or services sourced in Russia, Ukraine or Belarus. Prior to the invasion, we provided fixed broadband services through a wholesale distributor to a very small number of subscribers in Russia through our KA-SAT satellite. In response to the invasion, we terminated these services. We have no active fixed broadband customers in Russia, are not supplying new products or services to customers located in Russia and have no planned infrastructure projects in the country. Although we continue to provide fixed broadband services to users in Ukraine through our KA-SAT satellite, these services are provided by third party wholesale distributors and we have limited exposure to revenue generation in Ukraine. Revenues derived from Ukraine and Russia were *de minimis* in amount for the year ended March 31, 2022.

However, the invasion of Ukraine has exacerbated inflationary and supply chain issues, and may also worsen the current semiconductor chip shortage (since Russia and Ukraine are both critical suppliers of neon gas and palladium used in chip production) and increase cybersecurity threats. While we do not currently anticipate material delays or material increased costs due to these factors, we cannot assure you that our business will not be materially impaired by any of these factors in the future. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain and will depend on future developments, and we continue to monitor the evolving situation.

See “Risk Factors—Our Reputation and Business Could Be Materially Harmed as a Result of Data Breaches, Data Theft, Unauthorized Access or Hacking” in our most recent Annual Report on Form 10-K for a discussion of a cyberattack that occurred on February 24, 2022 involving our KA-SAT network. The cyberattack and resulting loss of service to certain fixed broadband customers in Europe and North Africa had a *de minimis* impact on our revenues and results of operations for affected periods and has not had a material impact on our business. Based on our comprehensive investigation efforts to date, there is no evidence that any end-user data or customer personal equipment was accessed, nor is there any evidence that the KA-SAT satellite itself or its supporting satellite ground infrastructure was directly involved, impaired or compromised. Since the incident, we have worked with the operator of the affected partition of the KA-SAT network to implement mitigation and recovery actions to restore network stability, preserve continuing service for unaffected end-users and mitigate or prevent similar attacks.

Sources of Revenues

Our satellite services segment revenues are primarily derived from our fixed broadband services, in-flight services and energy services (acquired through the RigNet acquisition).

Revenues in our commercial networks and government systems segments are primarily derived from three types of contracts: fixed-price, cost-reimbursement and time-and-materials contracts. Fixed-price contracts (which require us to provide products and services under a contract at a specified price) comprised approximately 90%, 89% and 88% of our total revenues for these segments for fiscal years 2022, 2021 and 2020, respectively. The remainder of our revenues in these segments for such periods was derived primarily from cost-reimbursement contracts (under which we are reimbursed for all actual costs incurred in performing the contract to the extent such costs are within the contract ceiling and allowable under the terms of the contract, plus a fee or profit) and from time-and-materials contracts (which reimburse us for the number of labor hours expended at an established hourly rate negotiated in the contract, plus the cost of materials utilized in providing such products or services).

Our ability to grow and maintain our revenues in our commercial networks and government systems segments has to date depended on our ability to identify and target markets where the customer places a high priority on the technology solution, and our ability to obtain additional sizable contract awards. Due to the nature of this process, it is difficult to predict the probability and timing of obtaining awards in these markets.

Historically, a significant portion of our revenues in our commercial networks and government systems segments has been derived from customer contracts that include the development of products. The development efforts are conducted in direct response to the customer's specific requirements and, accordingly, expenditures related to such efforts are included in cost of sales when incurred and the related funding (which includes a profit component) is included in revenues. Revenues for our funded development from our customer contracts were approximately 23%, 23% and 24% of our total revenues during fiscal years 2022, 2021 and 2020, respectively.

Approximately 15%, 9% and 11% of our total revenues in fiscal years 2022, 2021 and 2020, respectively, were derived from international sales. Doing business internationally creates additional risks related to global political and economic conditions and other factors identified under the heading "Risk Factors" in our most recent Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We consider the policies discussed below to be critical to an understanding of our financial statements because their application places the most significant demands on management's judgment, with financial reporting results relying on estimation about the effect of matters that are inherently uncertain. We describe the specific risks for these critical accounting policies in the following paragraphs. For all of these policies, we caution that future events rarely develop exactly as forecast, and even the best estimates routinely require adjustment.

Revenue recognition

We apply the five-step revenue recognition model under Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (commonly referred to as Accounting Standards Codification (ASC) 606) to our contracts with our customers. Under this model, we (1) identify the contract with the customer, (2) identify our performance obligations in the contract, (3) determine the transaction price for the contract, (4) allocate the transaction price to our performance obligations and (5) recognize revenue when or as we satisfy our performance obligations. These performance obligations generally include the purchase of services (including broadband capacity and the leasing of broadband equipment), the purchase of products, and the development and delivery of complex equipment built to customer specifications under long-term contracts.

The timing of satisfaction of performance obligations may require judgment. We derive a substantial portion of our revenues from contracts with customers for services, primarily consisting of connectivity services. These contracts typically require advance or recurring monthly payments by the customer. Our obligation to provide connectivity services is satisfied over time as the customer simultaneously receives and consumes the benefits provided. The measure of progress over time is based upon either a period of time (e.g., over the estimated contractual term) or usage (e.g., bandwidth used/bytes of data processed). We evaluate whether broadband equipment provided to our customer as part of the delivery of connectivity services represents a lease in accordance with ASC 842. As discussed in Note 1 – The Company and a Summary of Its Significant Accounting Policies – Leases to our consolidated financial statements, for broadband equipment leased to fixed broadband customers in conjunction with the delivery of connectivity services, we account for the lease and non-lease components of connectivity services arrangement as a single performance obligation as the connectivity services represent the predominant component.

We also derive a portion of our revenues from contracts with customers to provide products. Performance obligations to provide products are satisfied at the point in time when control is transferred to the customer. These contracts typically require payment by the customer upon passage of control and determining the point at which control is transferred may require judgment. To identify the point at which control is transferred to the customer, we consider indicators that include, but are not limited to, whether (1) we have the present right to payment for the asset, (2) the customer has legal title to the asset, (3) physical possession of the asset has been transferred to the customer, (4) the customer has the significant risks and rewards of ownership of the asset, and (5) the customer has accepted the asset. For product revenues, control generally passes to the customer upon delivery of goods to the customer.

The vast majority of our revenues from long-term contracts to develop and deliver complex equipment built to customer specifications are derived from contracts with the U.S. Government (including foreign military sales contracted through the U.S. Government). Our contracts with the U.S. Government typically are subject to the Federal Acquisition Regulation (FAR) and are priced based on estimated or actual costs of producing goods or providing services. The FAR provides guidance on the types of costs that are allowable in establishing prices for goods and services provided under U.S. Government contracts. The pricing for non-U.S. Government contracts is based on the specific negotiations with each customer. Under the typical payment terms of our U.S. Government fixed-price contracts, the customer pays us either performance-based payments (PBPs) or progress payments. PBPs are interim payments based on quantifiable measures of performance or on the achievement of specified events or milestones. Progress payments are interim payments based on a percentage of the costs incurred as the work progresses. Because the customer can often retain a portion of the contract price until completion of the contract, our U.S. Government fixed-price contracts generally result in revenue recognized in excess of billings which we present as unbilled accounts receivable on the balance sheet. Amounts billed and due from our customers are classified as receivables on the balance sheet. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer. For our U.S. Government cost-type contracts, the customer generally pays us for our actual costs incurred within a short period of time. For non-U.S. Government contracts, we typically receive interim payments as work progresses, although for some contracts, we may be entitled to receive an advance payment. We recognize a liability for these advance payments in excess of revenue recognized and present it as collections in excess of revenues and deferred revenues on the balance sheet. An advance payment is not typically considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect us from the other party failing to adequately complete some or all of its obligations under the contract.

Performance obligations related to developing and delivering complex equipment built to customer specifications under long-term contracts are recognized over time as these performance obligations do not create assets with an alternative use to us and we have an enforceable right to payment for performance to date. To measure the transfer of control, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. We generally use the cost-to-cost measure of progress for our contracts because that best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Estimating the total costs at completion of a performance obligation requires management to make estimates related to items such as subcontractor performance, material costs and availability, labor costs and productivity and the costs of overhead. When estimates of total costs to be incurred on a contract exceed total estimates of revenue to be earned, a provision for the entire loss on the contract is recognized in the period the loss is determined. A one percent variance in our future cost estimates on open fixed-price contracts as of March 31, 2022 would change our income (loss) before income taxes by an insignificant amount.

The evaluation of transaction price, including the amounts allocated to performance obligations, may require significant judgments. Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue, and where applicable the cost at completion, is complex, subject to many variables and requires significant judgment. Our contracts may contain award fees, incentive fees, or other provisions, including the potential for significant financing components, that can either increase or decrease the transaction price. These amounts, which are sometimes variable, can be dictated by performance metrics, program milestones or cost targets, the timing of payments, and customer discretion. We estimate variable consideration at the amount to which we expect to be entitled. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us. In the event an agreement includes embedded financing components, we recognize interest expense or interest income on the embedded financing components using the effective interest method. This methodology uses an implied interest rate which reflects the incremental borrowing rate which would be expected to be obtained in a separate financing transaction. We have elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component if we expect, at contract inception, that the period between when we transfer a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. Estimating standalone selling prices may require judgment. When available, we utilize the observable price of a good or service when we sell that good or service separately in similar circumstances and to similar customers. If a standalone selling price is not directly observable, we estimate the standalone selling price by considering all information (including market conditions, specific factors, and information about the customer or class of customer) that is reasonably available.

Deferred costs to obtain or fulfill contract

Under ASC 340-40, Other Assets and Deferred Costs – Contracts with Customers, we recognize an asset from the incremental costs of obtaining a contract with a customer if we expect to recover those costs. The incremental costs of obtaining a contract are those costs that we incur to obtain a contract with a customer that we would not have incurred if the contract had not been obtained. ASC 340-40 also requires the recognition of an asset from the costs incurred to fulfill a contract when (1) the costs relate directly to a contract or to an anticipated contract that we can specifically identify, (2) the costs generate or enhance our resources that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and (3) the costs are expected to be recovered. We recognize an asset related to commission costs incurred primarily in our satellite services segment and recognize an asset related to costs incurred to fulfill contracts. Costs to acquire customer contracts are amortized over the estimated customer contract life. Costs to fulfill customer contracts are amortized in proportion to the revenue to which the costs relate. For contracts with an estimated amortization period of less than one year, we expense incremental costs immediately.

Warranty reserves

We provide limited warranties on our products for periods of up to five years. We record a liability for our warranty obligations when we ship the products or they are included in long-term construction contracts based upon an estimate of expected warranty costs. Amounts expected to be incurred within 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 months are classified as other liabilities in the consolidated financial statements. For mature products, we estimate the warranty costs based on historical experience with the particular product. For newer products that do not have a history of warranty costs, we base our estimates on our experience with the technology involved and the types of failures that may occur. It is possible that our underlying assumptions will not reflect the actual experience, and, in that case, we will make future adjustments to the recorded warranty obligation.

Property, equipment and satellites

Property, equipment and satellites, net includes our owned and leased satellites and the associated earth stations and networking equipment, as well as the customer premise equipment units which are leased to subscribers under a retail leasing program as part of our satellite services segment.

Satellites and other property and equipment are recorded at cost or in the case of certain satellites and other property acquired, the fair value at the date of acquisition, net of accumulated depreciation. Capitalized satellite costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentive payments expected to be payable to the satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction. We also construct earth stations, network operations systems and other assets to support our satellites, and those construction costs, including interest, are capitalized as incurred. At the time satellites are placed in service, we estimate the useful life of our satellites for depreciation purposes based upon an analysis of each satellite's performance against the original manufacturer's orbital design life, estimated fuel levels and related consumption rates, as well as historical satellite operating trends. We periodically review the remaining estimated useful life of our satellites to determine if revisions to the estimated useful lives are necessary.

Leases

For contracts entered into on or after April 1, 2019, we assess at contract inception whether the contract is, or contains, a lease. Generally, we determine that a lease exists when (1) the contract involves the use of a distinct identified asset, (2) we obtain the right to substantially all economic benefits from use of the asset, and (3) we have the right to direct the use of the asset. A lease is classified as a finance lease when one or more of the following criteria are met: (1) the lease transfers ownership of the asset by the end of the lease term, (2) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (3) the lease term is for a major part of the remaining useful life of the asset, (4) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset or (5) the asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease is classified as an operating lease if it does not meet any of these criteria.

At the lease commencement date, we recognize a right-of-use asset and a lease liability for all leases, except short-term leases with an original term of 12 months or less. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease. The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, less any lease incentives received. All right-of-use assets are periodically reviewed for impairment in accordance with standards that apply to long-lived assets. The lease liability is initially measured at the present value of the lease payments, discounted using an estimate of our incremental borrowing rate for a collateralized loan with the same term as the underlying leases.

Lease payments included in the measurement of lease liabilities consist of (1) fixed lease payments for the noncancelable lease term, (2) fixed lease payments for optional renewal periods where it is reasonably certain the renewal option will be exercised, and (3) variable lease payments that depend on an underlying index or rate, based on the index or rate in effect at lease commencement. Certain of our real estate lease agreements require variable lease payments that do not depend on an underlying index or rate established at lease commencement. Such payments and changes in payments based on a rate or index are recognized in operating expenses when incurred.

Lease expense for operating leases consists of the fixed lease payments recognized on a straight-line basis over the lease term plus variable lease payments as incurred. Lease expense for finance leases consists of the depreciation of assets obtained under finance leases on a straight-line basis over the lease term and interest expense on the lease liability based on the discount rate at lease commencement. For both operating and finance leases, lease payments are allocated between a reduction of the lease liability and interest expense.

For broadband equipment leased to fixed broadband customers in conjunction with the delivery of connectivity services, we have made an accounting policy election not to separate the broadband equipment from the related connectivity services. The connectivity services are the predominant component of these arrangements. The connectivity services are accounted for in accordance ASC 606. We are also a lessor for certain insignificant communications equipment. These leases meet the criteria for operating lease classification. Lease income associated with these leases is not material.

Business combinations

The purchase price for business combinations is allocated to the estimated fair values of acquired tangible and intangible assets, including goodwill, and assumed liabilities, where applicable. Additionally, we recognize technology, contracts and customer relationships, satellite co-location rights, trade names and other as identifiable intangible assets, which are recorded at fair value as of the transaction date. Goodwill is recorded when consideration transferred exceeds the fair value of identifiable assets and liabilities. Measurement-period adjustments to assets acquired and liabilities assumed with a corresponding offset to goodwill are recorded in the period they occur, which may include up to one year from the acquisition date. Contingent consideration is recorded at fair value at the acquisition date.

Impairment of long-lived and other long-term assets (property, equipment and satellites, and other assets, including goodwill)

In accordance with the authoritative guidance for impairment or disposal of long-lived assets (ASC 360), we assess potential impairments to our long-lived assets, including property, equipment and satellites and other assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. We recognize an impairment loss when the undiscounted cash flows expected to be generated by an asset (or group of assets) are less than the asset’s carrying value. Any required impairment loss would be measured as the amount by which the asset’s carrying value exceeds its fair value, and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. No material impairments were recorded by us for fiscal years 2022, 2021 and 2020.

We account for our goodwill under the authoritative guidance for goodwill and other intangible assets (ASC 350) and the provisions of ASU 2017-04, Simplifying the Test for Goodwill Impairment, which we early adopted in fiscal year 2020. Current authoritative guidance allows us to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If, after completing the qualitative assessment, we determine that it is more likely than not that the estimated fair value is greater than the carrying value, we conclude that no impairment exists. Alternatively, if we determine in the qualitative assessment that it is more likely than not that the fair value is less than its carrying value, then we perform a quantitative goodwill impairment test to identify both the existence of an impairment and the amount of impairment loss, by comparing the fair value of the reporting unit with its carrying amount, including goodwill. If the estimated fair value of the reporting unit is less than the carrying value, then a goodwill impairment charge will be recognized in the amount by which the carrying amount exceeds the fair value, limited to the total amount of goodwill allocated to that reporting unit. We test goodwill for impairment during the fourth quarter every fiscal year and when an event occurs or circumstances change such that it is reasonably possible that an impairment may exist.

In accordance with ASC 350, we assess qualitative factors to determine whether goodwill is impaired. The qualitative analysis includes assessing the impact of changes in certain factors including: (1) changes in forecasted operating results and comparing actual results to projections, (2) changes in the industry or our competitive environment since the acquisition date, (3) changes in the overall economy, our market share and market interest rates since the acquisition date, (4) trends in the stock price and related market capitalization and enterprise values, (5) trends in peer companies' total enterprise value metrics, and (6) additional factors such as management turnover, changes in regulation and changes in litigation matters.

Based on our qualitative assessment performed during the fourth quarter of fiscal year 2022, we concluded that it was more likely than not that the estimated fair value of our reporting units exceeded their carrying value as of March 31, 2022, and therefore, determined it was not necessary to perform a quantitative goodwill impairment test.

Income taxes and valuation allowance on deferred tax assets

Management evaluates the realizability of our deferred tax assets and assesses the need for a valuation allowance on a quarterly basis to determine if the weight of available evidence suggests that an additional valuation allowance is needed. In accordance with the authoritative guidance for income taxes (ASC 740), net deferred tax assets are reduced by a valuation allowance if, based on all the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the event that our estimate of taxable income is less than that required to utilize the full amount of any deferred tax asset, a valuation allowance is established, which would cause a decrease to income in the period such determination is made. Our valuation allowance against deferred tax assets increased from $47.1 million at March 31, 2021 to $78.1 million at March 31, 2022. The valuation allowance relates to state and foreign net operating loss carryforwards, state R&D tax credit carryforwards and foreign tax credit carryforwards.

Our analysis of the need for a valuation allowance on deferred tax assets considered historical as well as forecasted future operating results. In addition, our evaluation considered other factors, including our contractual backlog, our history of positive earnings, current earnings trends assuming our satellite services segment continues to grow, taxable income adjusted for certain items, and forecasted income by jurisdiction. We also considered the period over which these net deferred tax assets can be realized and our history of not having federal tax loss carryforwards expire unused.

Accruals for uncertain tax positions are provided for in accordance with the authoritative guidance for accounting for uncertainty in income taxes (ASC 740). Under the authoritative guidance, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance addresses the derecognition of income tax assets and liabilities, classification of deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures.

We are subject to income taxes in the United States and numerous foreign jurisdictions. In the ordinary course of business, there are calculations and transactions where the ultimate tax determination is uncertain. In addition, changes in tax laws and regulations as well as adverse judicial rulings could adversely affect the income tax provision. We believe we have adequately provided for income tax issues not yet resolved with federal, state and foreign tax authorities. However, if these provided amounts prove to be more than what is necessary, the reversal of the reserves would result in tax benefits being recognized in the period in which we determine that provision for the liabilities is no longer necessary. If an ultimate tax assessment exceeds our estimate of tax liabilities, an additional charge to expense would result.

Results of Operations

The following table presents, as a percentage of total revenues, income statement data for the periods indicated:

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Revenues:	100.0%	100.0%	100.0%
Product revenues	43	46	51
Service revenues	57	54	49
Operating expenses:			
Cost of product revenues	33	34	37
Cost of service revenues	37	35	33
Selling, general and administrative	24	23	23
Independent research and development	5	5	6
Amortization of acquired intangible assets	1	—	—
Income from operations	—	3	2
Interest expense, net	(1)	(1)	(2)
(Loss) income before income taxes	(1)	1	—
Benefit from (provision for) income taxes	1	(—)	—
Net (loss) income	(—)	1	1
Net (loss) income attributable to Viasat, Inc.	(1)	—	—

Fiscal Year 2022 Compared to Fiscal Year 2021

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Product revenues	$ 1,210.4	$ 1,044.5	$ 166.0	16%
Service revenues	1,577.2	1,211.7	365.6	30%
Total revenues	$ 2,787.6	$ 2,256.1	$ 531.5	24%

Our total revenues increased by $531.5 million as a result of a $365.6 million increase in service revenues and a $166.0 million increase in product revenues. The service revenue increase was due to increases of $319.9 million in our satellite services segment, $29.1 million in our government systems segment and $16.6 million in our commercial networks segment. The product revenue increase was driven primarily by an increase of $174.6 million in our commercial networks segment, partially offset by an $8.6 million decrease in our government systems segment.

Cost of revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Cost of product revenues	$ 914.3	$ 774.9	$ 139.4	18%
Cost of service revenues	1,025.8	789.4	236.4	30%
Total cost of revenues	$ 1,940.1	$ 1,564.3	$ 375.8	24%

Cost of revenues increased by $375.8 million due to an increase of $236.4 million in cost of service revenues and $139.4 million in cost of product revenues. The cost of service revenue increase was primarily due to increased service revenues, mainly from our satellite services segment, causing a $238.2 million increase in cost of service revenues on a constant margin basis. The cost of product revenue increase was mainly due to increased product revenues, causing a $123.1 million increase in cost of product revenues on a constant margin basis, mainly from our commercial networks segment. The remainder of the increase in cost of product revenues was due to lower margins, primarily driven by cybersecurity and information assurance products in our government systems segment.

Selling, general and administrative expenses

(In millions, except percentages)	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Selling, general and administrative	$ 657.3	$ 512.3	$ 144.9	28%

The $144.9 million increase in selling, general and administrative (SG&A) expenses reflected an increase in support costs of $97.7 million, driven primarily by support costs related to RigNet, as well as acquisition-related expenses of approximately $34.0 million primarily related to the Inmarsat Transaction. The increase in SG&A expenses was also driven by $43.7 million of higher selling costs, reflected primarily in our satellite services segment, but was also reflected across our two other segments. SG&A expenses consisted primarily of personnel costs and expenses for business development, marketing and sales, bid and proposal, facilities, finance, contract administration and general management.

Independent research and development

(In millions, except percentages)	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Independent research and development	$ 153.2	$ 115.8	$ 37.4	32%

The $37.4 million increase in IR&D expenses was mainly the result of an increase of $24.3 million in IR&D efforts in our commercial networks segment (primarily related to next-generation satellite payload technologies and mobile broadband satellite communication systems) and a $14.1 million increase in our government systems segment (primarily related to the development of next-generation dual band mobility solutions and the advancement of integrated government satellite communications platforms).

Amortization of acquired intangible assets

We amortize our acquired intangible assets from prior acquisitions over their estimated useful lives, which range from two to 20 years. The $23.2 million increase in amortization of acquired intangible assets in fiscal year 2022 compared to fiscal year 2021 was primarily related to the amortization of new intangibles acquired as a result of the acquisition of RigNet and of the remaining 51% interest in EBI in April 2021. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

	Amortization (In thousands)
Expected for fiscal year 2023	$ 31,383
Expected for fiscal year 2024	30,002
Expected for fiscal year 2025	27,880
Expected for fiscal year 2026	26,366
Expected for fiscal year 2027	25,805
Thereafter	94,607
	$ 236,043

Interest income

Interest income for fiscal year 2022 was relatively flat compared to fiscal year 2021.

Interest expense

The $3.3 million decrease in interest expense in fiscal year 2022 compared to fiscal year 2021 was primarily due to an increase in the amount of interest capitalized compared to the prior year period. This decrease in interest expense was partially offset by the addition of interest expense related to the 6.500% Senior Notes due 2028 (the 2028 Notes), which were issued in the first quarter of fiscal year 2021, and interest expense related to the Term Loan Facility which was entered into on March 4, 2022.

Income taxes

The income tax benefit in fiscal year 2022 primarily reflected the benefit of federal and state R&D tax credits, the reversal of a deferred tax liability recorded for EBI's outside basis difference upon assertion made during the first quarter of fiscal year 2022 to indefinitely reinvest future earnings offset by tax expense for non-deductible compensation and the tax expense for tax deficiencies upon settlement of stock-based compensation during the period. The income tax provision in fiscal year 2021 primarily reflected the tax expense from our income before income taxes, the tax expense for tax deficiencies upon settlement of stock-based compensation during the period, and non-deductible compensation, partially offset by benefit from federal and state R&D tax credits.

Segment Results for Fiscal Year 2022 Compared to Fiscal Year 2021

Satellite services segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ —	$ —	$ —	—%
Segment service revenues	1,188.8	868.9	319.9	37%
Total segment revenues	$ 1,188.8	$ 868.9	$ 319.9	37%

Our satellite services segment revenues increased by $319.9 million due to an increase in service revenues. The increase in service revenues was primarily attributable to the acquisition of RigNet in the first quarter of fiscal year 2022, as well as increases in our in-flight services and fixed broadband businesses. The acquisition of RigNet contributed approximately $154.5 million of service revenues in fiscal year 2022. The increase in in-flight service revenue of $106.0 million was driven primarily by an increase in the number of commercial aircraft receiving our in-flight services through our IFC systems, as the number of aircraft in service increased, passenger air traffic continued to increase and aircraft that were previously inactive as a result of the COVID-19 pandemic continued to return to service. The increase in fixed broadband service revenues was primarily attributable to the acquisition of the remaining 51% interest in EBI, which also closed during the first quarter of fiscal year 2022, with EBI contributing approximately $38.5 million of service revenues in fiscal year 2022.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 42.9	$ 35.9	$ 7.0	20%
Percentage of segment revenues	4%	4%		

The $7.0 million increase in our satellite services segment operating profit was driven primarily by higher earnings contributions of $100.3 million, primarily due to an increase in revenues and improved margins from our in-flight services as the business continued to scale. The increase in our satellite services segment operating profit was partially offset by higher SG&A costs of $94.3 million (mainly attributable to RigNet, which was acquired during the first quarter of fiscal year 2022, as well as acquisition-related expenses related to the Inmarsat Transaction).

Commercial networks segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 443.4	$ 268.8	$ 174.6	65%
Segment service revenues	68.7	52.0	16.6	32%
Total segment revenues	$ 512.1	$ 320.9	$ 191.2	60%

Our commercial networks segment revenues increased by $191.2 million, due to a $174.6 million increase in product revenues and a $16.6 million increase in service revenues. The increase in product revenues was primarily due to increases of

$112.1 million in mobile broadband satellite communication systems products due to increased IFC terminal deliveries as passenger air traffic continued to increase compared to the severe decline in passenger traffic in the prior year period as a result of the COVID-19 pandemic. There was also an increase of $52.5 million in antenna systems products and $25.7 million in RigNet products, partially offset by a $14.8 million decrease in fixed satellite networks products. The increase in service revenues was primarily driven by an increase in mobile broadband satellite communication services.

Segment operating loss

(In millions, except percentages)	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Dollar (Increase) Decrease	Percentage (Increase) Decrease
Segment operating loss	$ (180.3)	$ (180.7)	$ 0.5	0%
Percentage of segment revenues	(35)%	(56)%		

Our commercial networks segment operating loss decreased by an insignificant amount year-over-year. The decrease in operating loss was driven primarily by higher earnings contributions of $38.0 million, driven by increased revenues and improved margins from our mobile broadband satellite communication systems products. The decrease in commercial networks segment operating loss was offset by a $24.3 million increase in IR&D expenses (primarily related to next-generation satellite payload technologies and mobile broadband satellite communication systems) and a $13.3 million increase in SG&A expenses (primarily related to higher support costs).

Government systems segment

Revenues

(In millions, except percentages)	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment product revenues	$ 767.0	$ 775.6	$ (8.6)	(1)%
Segment service revenues	319.7	290.7	29.1	10%
Total segment revenues	$ 1,086.7	$ 1,066.3	$ 20.4	2%

Our government systems segment revenues increased by $20.4 million due to an increase of $29.1 million in service revenues, partially offset by a decrease of $8.6 million in product revenues. The service revenue increase was primarily due to a $18.3 million increase in government mobile broadband services, a $14.8 million increase in government satellite communication systems services, a $6.7 million increase in cybersecurity and information assurance services, partially offset by a $11.0 million decrease in tactical data link services. The product revenue decrease was primarily driven by a $24.5 million decrease in government satellite communication systems products and a $17.8 million decrease in government mobile broadband products. The decrease in product revenues was partially offset by a $24.3 million increase in tactical data link products, a $6.8 million increase in cybersecurity and information assurance products and a $2.6 million increase in tactical satcom radio products. As a result of the COVID-19 pandemic, our government systems segment continued to experience complications in product manufacturing and shipments and some administrative delays on certain contractual vehicles reflecting inherent challenges in the remote work environment. In addition, product revenues in the segment were negatively impacted in fiscal year 2022 by anticipated delays in certification of certain information security and tactical data link products, as well as certain unanticipated supply chain issues that affected certain product shipments. Despite these obstacles, new government systems segment awards remained strong through the end of fiscal year 2022.

Segment operating profit

(In millions, except percentages)	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Dollar Increase (Decrease)	Percentage Increase (Decrease)
Segment operating profit	$ 174.5	$ 208.6	$ (34.1)	(16)%
Percentage of segment revenues	16%	20%		

The $34.1 million decrease in our government systems segment operating profit was driven by a $37.3 million increase in SG&A costs (including $10.5 million of acquisition-related expenses related to the Inmarsat Transaction) and a $14.1 million increase in IR&D expenses (primarily related to the development of next-generation dual band mobility solutions and the advancement of integrated government satellite communications platforms). The decrease in operating profit was partially offset by higher earnings contributions of $17.4 million, primarily due to an increase in revenues.

Fiscal Year 2021 Compared to Fiscal Year 2020

For a discussion of our results of operations for fiscal year 2021 as compared to fiscal year 2020, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2021.

Backlog

As reflected in the table below, our overall firm and funded backlog decreased during fiscal year 2022.

	As of March 31, 2022	As of March 31, 2021
	(In millions)	
Firm backlog		
Satellite services segment	$ 554.5	$ 633.7
Commercial networks segment	632.2	733.2
Government systems segment	846.0	939.4
Total	$ 2,032.7	$ 2,306.3
Funded backlog		
Satellite services segment	$ 554.5	$ 633.7
Commercial networks segment	583.1	639.6
Government systems segment	803.4	846.9
Total	$ 1,941.0	$ 2,120.2

The firm backlog does not include contract options. Of the $2.0 billion in firm backlog, a little over half is expected to be delivered during the next 12 months, with the balance delivered thereafter. We include in our backlog only those orders for which we have accepted purchase orders, and not anticipated purchase orders and requests. In our satellite services segment, our backlog includes fixed broadband service revenues under our subscriber agreements, but does not include future recurring IFC service revenues under our agreements with commercial airlines. As of March 31, 2022, our IFC systems were installed and in service on approximately 1,910 commercial aircraft, of which, due to impacts of the COVID-19 pandemic, approximately 80 were inactive at fiscal year end. While domestic airline traffic increased during fiscal year 2022 (with increased planes in service and higher passenger volumes), global airline traffic has not yet recovered to pre-pandemic levels. We expect to continue to see some negative impacts on revenues and operating cash flows from our IFC businesses in fiscal year 2023 and potentially beyond, but for the effects to continue to lessen over time with increases in passenger air traffic and the return to service of additional currently inactive aircraft. We anticipate that approximately 970 additional commercial aircraft under existing customer agreements with commercial airlines will be put into service with our IFC systems. However, the timing of installation and entry into service of IFC systems on additional aircraft under existing customer agreements may be delayed as a result of the impact of the COVID-19 pandemic on the global airline industry. Accordingly, there can be no assurance that all anticipated purchase orders and requests will be placed or that anticipated IFC services will be activated.

Our total new awards exclude future revenue under recurring consumer commitment arrangements and were approximately $2.6 billion, $2.7 billion and $2.3 billion for fiscal years 2022, 2021 and 2020, respectively.

Backlog is not necessarily indicative of future sales. A majority of our contracts can be terminated at the convenience of the customer. Orders are often made substantially in advance of delivery, and our contracts typically provide that orders may be terminated with limited or no penalties. In addition, purchase orders may present product specifications that would require us to complete additional product development. A failure to develop products meeting such specifications could lead to a termination of the related contract.

Firm backlog amounts are comprised of funded and unfunded components. Funded backlog represents the sum of contract amounts for which funds have been specifically obligated by customers to contracts. Unfunded backlog represents future amounts that customers may obligate over the specified contract performance periods. Our customers allocate funds for expenditures on long-term contracts on a periodic basis. Our ability to realize revenues from contracts in backlog is dependent upon adequate funding for such contracts. Although we do not control the funding of our contracts, our experience indicates that actual contract funding has ultimately been approximately equal to the aggregate amounts of the contracts.

Liquidity and Capital Resources

Overview

We have financed our operations to date primarily with cash flows from operations, bank line of credit financing, debt financing, export credit agency financing and equity financing. At March 31, 2022, we had $310.5 million in cash and cash equivalents, $389.1 million in working capital, and no outstanding borrowings and borrowing availability of $637.0 million under our Revolving Credit Facility. At March 31, 2021, we had $295.9 million in cash and cash equivalents, $282.8 million in working capital, and no outstanding borrowings and borrowing availability of $673.7 million under our Revolving Credit Facility. We invest our cash in excess of current operating requirements in short-term, highly liquid bank money market accounts. During the second quarter of fiscal year 2021, we issued and sold an aggregate of 4,474,559 shares of our common stock at a purchase price of $39.11 per share to certain accredited investors in a private placement transaction exempt from registration under the Securities Act of 1933, as amended, resulting in net proceeds of approximately $174.7 million after deducting offering expenses.

We currently expect to incur $1.3 billion of additional indebtedness under the financing commitments we obtained in connection with the Inmarsat Transaction (see the discussion above under “Inmarsat Acquisition”). However, the total amount of indebtedness incurred under these commitments may change, including in the event that available cash from other sources is higher than expected. We also plan to assume $2.1 billion in principal amount of Inmarsat senior secured bonds and the outstanding indebtedness under Inmarsat’s $2.4 billion senior secured credit facilities. We had also obtained commitments of $3.2 billion to backstop certain amendments required under the Revolving Credit Facility and Ex-Im Credit Facility and Inmarsat’s $2.4 billion senior secured credit facilities, which amendments had been obtained under the Revolving Credit Facility and Inmarsat’s $2.4 billion senior secured credit facilities as of the date of this report.

The general cash needs of our satellite services, commercial networks and government systems segments can vary significantly and our future capital requirements will depend upon many factors, including the timing and amount of cash required to consummate the Inmarsat Transaction (including the cash portion of the purchase price, transaction-related costs and integration-related costs, see the discussion above under "Inmarsat Acquisition"), as well as cash required for our satellite projects and any future broadband satellite projects we may engage in, expansion of our R&D and marketing efforts, and the nature and timing of orders. In particular:

- The cash needs of our satellite services segment tend to be driven by the timing and amount of capital expenditures (e.g., payments under satellite construction and launch contracts and investments in ground infrastructure roll-out), investments in joint ventures, strategic partnering arrangements and network expansion activities, as well as the quality of customer, type of contract and payment terms.
- In our commercial networks segment, cash needs tend to be driven primarily by the type and mix of contracts in backlog, the nature and quality of customers, the timing and amount of investments in IR&D activities (including with respect to next-generation satellite payload technologies) and the payment terms of customers (including whether advance payments are made or customer financing is required).
- In our government systems segment, the primary factors determining cash needs tend to be the type and mix of contracts in backlog (e.g., product or service, development or production) and timing of payments (including restrictions on the timing of cash payments under U.S. Government procurement regulations). Other factors affecting the cash needs of our commercial networks and government systems segments include contract duration and program performance. For example, if a program is performing well and meeting its contractual requirements, then its cash flow requirements are usually lower.

Additionally, we will continue to evaluate other possible acquisitions of, or investments in complementary businesses, products and technologies which may require the use of cash or additional financing. We believe we have adequate sources of funding for the ViaSat-3 constellation and consummation of the Inmarsat Transaction, which include, but are not limited to, our cash on hand, borrowing capacity, financing commitments obtained in connection with the Inmarsat Transaction and the cash we expect to generate from operations. Although a significant portion of transaction-related costs relating to the

Inmarsat Transaction is contingent upon the closing of the Inmarsat Transaction occurring, some have been and will be incurred regardless of whether the Inmarsat Transaction is consummated.

To further enhance our liquidity position or to finance the construction and launch of any future satellites, acquisitions, strategic partnering arrangements, joint ventures or other business investment initiatives, we may obtain additional financing, which could consist of debt, convertible debt or equity financing from public and/or private credit and capital markets. From time to time, we file universal shelf registration statements with the Securities and Exchange Commission (SEC) for the future sale of an unlimited amount of common stock, preferred stock, debt securities, depositary shares, warrants and rights, which securities may be offered from time to time, separately or together, directly by us, by selling security holders, or through underwriters, dealers or agents at amounts, prices, interest rates and other terms to be determined at the time of the offering. Although we can give no assurances concerning our future liquidity, we believe that our current cash balances and net cash expected to be provided by operating activities along with availability under our Revolving Credit Facility will be sufficient to meet our anticipated operating requirements for at least the next 12 months.

Cash flows

Cash provided by operating activities for fiscal year 2022 was $505.6 million compared to $727.2 million for fiscal year 2021. This $221.6 million decrease was primarily driven by a $290.1 million year-over-year increase in cash used to fund net operating assets, partially offset by our operating results (net loss adjusted for depreciation, amortization and other non-cash changes) which resulted in $68.5 million of higher cash provided by operating activities year-over-year. The increase in cash used to fund net operating assets during fiscal year 2022 when compared to fiscal year 2021 was primarily due to a decrease in cash inflows year-over-year from combined billed and unbilled accounts receivable, net, primarily attributable to increased billings for IFC terminals in our commercial networks segment and a decrease in cash inflows year-over-year from our collections in excess of revenues and deferred revenues included in accrued liabilities primarily due to the timing of milestone billings for certain larger development projects in our commercial networks segment.

Cash used in investing activities for fiscal year 2022 was $1,129.8 million compared to $885.3 million for fiscal year 2021. This $244.6 million increase in cash used in investing activities year-over year reflects $138.7 million in cash used for the RigNet and EBI acquisitions in the first quarter of fiscal year 2022, an increase of approximately $78.4 million primarily related to cash used for the construction of earth stations and network operation systems and an increase of approximately $22.9 million in cash used for construction of satellites.

Cash provided by financing activities for fiscal year 2022 was $643.6 million compared to $149.7 million for fiscal year 2021. This $493.9 million increase in cash provided by financing activities year-over-year primarily reflects $686.0 million of proceeds received (net of issue discount) from borrowings under the Term Loan Facility, which was entered into in March 2022, partially offset by the repayment of outstanding borrowings under the Revolving Credit Facility in March 2022 with the net proceeds of the Term Loan Facility and $174.7 million in net proceeds from a private placement of common stock in the second quarter of fiscal year 2021 (after deducting offering expenses). Cash provided by financing activities for both periods included cash received from employee stock purchase plan purchases and the repurchase of common stock related to net share settlement of certain employee tax liabilities in connection with the vesting of restricted stock unit awards.

Capital Expenditures and IR&D Investments

Our total capital expenditures in fiscal year 2023 are expected to be higher than fiscal year 2022, as we continue to invest in building and expanding our global network and satellite fleet, as well as costs related to the roll-out of related earth station infrastructure and increased ground network investments related to international expansion and other growth opportunities. See Note 12 — Commitments to our consolidated financial statements for information as of March 31, 2022 regarding our future minimum payments under our satellite construction contracts and other satellite-related purchase commitments (including satellite performance incentive obligations relating to the ViaSat-1 and ViaSat-2 satellites) for the next five fiscal years and thereafter.

We also incur IR&D expenses, which are not directly funded by a third party. IR&D expenses consist primarily of salaries and other personnel-related expenses, supplies, prototype materials, testing and certification related to R&D projects. Our IR&D investments are expected to continue through fiscal year 2023 and beyond and support our government and commercial air mobility businesses. Additionally, we expect to continue to invest in building and expanding our global network and satellite fleet. IR&D expenses were approximately 5%, 5% and 6% of total revenues in fiscal years 2022, 2021 and 2020, respectively. As a government contractor, we are able to recover a portion of our IR&D expenses pursuant to our government contracts.

Long-Term Debt

As of March 31, 2022, the aggregate principal amount of our total outstanding indebtedness was $2.5 billion, which was comprised of $700.0 million in principal amount of 5.625% Senior Notes due 2025 (the 2025 Notes), $600.0 million in principal amount of 5.625% Senior Secured Notes due 2027 (the 2027 Notes), $400.0 million in principal amount of 2028 Notes (together with the 2025 Notes and the 2027 Notes, the Notes), $700.0 million in principal amount of outstanding borrowings under our Term Loan Facility, no outstanding borrowings under our $700.0 million Revolving Credit Facility, $78.6 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility and $45.8 million of finance lease obligations. For information regarding our Credit Facilities and Notes, refer to Note 6 – Senior Notes and Other Long-Term Debt to our consolidated financial statements.

Contractual Obligations

The following table sets forth a summary of certain material cash requirements for known contractual obligations and commitments at March 31, 2022:

	For the Periods Ending	
(In thousands, including interest where applicable)	**Next 12 months**	**Thereafter**
Operating leases	$ 78,476	$ 435,234
Senior Notes and Other Long-Term Debt (1)	172,658	3,091,341
Purchase commitments including satellite-related agreements	1,516,336	1,062,513
Total	$ 1,767,470	$ 4,589,088

(1) To the extent that the interest rate on any long-term debt is variable, amounts reflected represent estimated interest payments on the applicable current outstanding balance based on the interest rate at March 31, 2022 until the applicable maturity date.

We purchase components from a variety of suppliers and use several subcontractors and contract manufacturers to provide design and manufacturing services for our products. During the normal course of business, we enter into agreements with subcontractors, contract manufacturers and suppliers that either allow them to procure inventory based upon criteria defined by us or that establish the parameters defining our requirements. We also enter into agreements and purchase commitments with suppliers for the construction, launch, and operation of our satellites. In certain instances, these agreements allow us the option to cancel, reschedule and adjust our requirements based on our business needs prior to firm orders being placed. Consequently, only a portion of our reported purchase commitments arising from these agreements are firm, non-cancelable and unconditional commitments.

Our consolidated balance sheets included $157.5 million and $137.4 million of "other liabilities" as of March 31, 2022 and March 31, 2021, respectively, which primarily consisted of the long-term portion of deferred revenues, the long-term portion of our satellite performance incentive obligations relating to the ViaSat-1 and ViaSat-2 satellites, deferred income taxes and our long-term warranty obligations. With the exception of the long-term portion of our satellite performance incentive obligations relating to the ViaSat-1 and ViaSat-2 satellites (which is included under "Purchase commitments including satellite-related agreements"), these remaining liabilities have been excluded from the above table as the timing and/or the amount of any cash payment is uncertain. See Note 12 — Commitments to our consolidated financial statements for additional information regarding satellite performance incentive obligations relating to the ViaSat-1 and ViaSat-2 satellites. See Note 14 — Product Warranty to our consolidated financial statements for a discussion of our product warranties. Also excluded from the above table are amounts payable to the Sellers under the Purchase Agreement in the Inmarsat Transaction.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at March 31, 2022 as defined in Regulation S-K Item 303(b) other than as discussed under "Contractual Obligations" above or disclosed in the notes to our consolidated financial statements included in this report.

Recent Authoritative Guidance

For information regarding recently adopted and issued accounting pronouncements, see Note 1 — The Company and a Summary of Its Significant Accounting Policies to the consolidated financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and short-term and long-term obligations (including the Credit Facilities and the Notes). We consider investments in highly liquid instruments purchased with a remaining maturity of three months or less at the date of purchase to be cash equivalents. As of March 31, 2022, we had $700.0 million in principal amount of outstanding borrowings under our Term Loan Facility, no outstanding borrowings under our Revolving Credit Facility, $78.6 million in principal amount of outstanding borrowings under our Ex-Im Credit Facility, $700.0 million in aggregate principal amount outstanding of the 2025 Notes, $600.0 million in aggregate principal amount outstanding of the 2027 Notes and $400.0 million in aggregate principal amount outstanding of the 2028 Notes, and we held no short-term investments. The Notes and borrowings under our Ex-Im Credit Facility bear interest at a fixed rate and therefore our exposure to market risk for changes in interest rates relates primarily to borrowings under our Term Loan Facility and Revolving Credit Facility, cash equivalents, short-term investments and short-term obligations.

The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our investments without significantly increasing risk. To minimize this risk, we maintain a significant amount of our cash balance in money market accounts. In general, money market accounts are not subject to interest rate risk because the interest paid on such funds fluctuates with the prevailing interest rate. Our cash and cash equivalents earn interest at variable rates. Our interest income has been and may continue to be negatively impacted by low market interest rates. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. If the underlying weighted average interest rate on our cash and cash equivalents, assuming balances remain constant over a year, changed by 50 basis points, interest income would have increased or decreased by an insignificant amount for the fiscal years ended March 31, 2022 and 2021. Because our investment policy restricts us to invest in conservative, interest-bearing investments and because our business strategy does not rely on generating material returns from our investment portfolio, we do not expect our market risk exposure on our investment portfolio to be material.

Our primary interest rate under the Term Loan Facility is the SOFR rate plus 4.50%. Our primary interest rate under the Revolving Credit Facility is the Eurodollar rate plus an applicable margin that is based on our total leverage ratio. As of March 31, 2022, the effective interest rate on our outstanding borrowings under the Term Loan Facility was 5.51%. Under the Revolving Credit Facility, the effective interest rate as of March 31, 2022 that would have been applied to any new Eurodollar-based borrowings under the Revolving Credit Facility was approximately 3.85%. As of March 31, 2022, we had no outstanding borrowings under our Revolving Credit Facility. Accordingly, assuming the outstanding balance under the Term Loan Facility remained constant and we continued to have no outstanding borrowings under the Revolving Credit Facility over a year, a 50 basis point increase in the interest rates would increase interest incurred, prior to effects of capitalized interest, by approximately $3.5 million over a 12-month period.

Foreign Exchange Risk

We generally conduct our business in U.S. dollars. However, as our international business is conducted in a variety of foreign currencies, we are exposed to fluctuations in foreign currency exchange rates. A five percent variance in foreign currencies in which our international business is conducted would change our (loss) income before income taxes by $1.3 million and $1.1 million for the fiscal years ended March 31, 2022 and 2021, respectively. Our objective in managing our exposure to foreign currency risk is to reduce earnings and cash flow volatility associated with foreign exchange rate fluctuations. Accordingly, from time to time, we may enter into foreign currency forward contracts to mitigate risks associated with foreign currency denominated assets, liabilities, commitments and anticipated foreign currency transactions.

As of March 31, 2022 and March 31, 2021, we had no foreign currency forward contracts outstanding.

SUMMARIZED QUARTERLY DATA (UNAUDITED)

The following financial information reflects all normal recurring adjustments which are, in the opinion of management, necessary for the fair statement of the results for the interim periods. Summarized quarterly data for fiscal years 2022 and 2021 are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		(In thousands, except per share data)		
2022				
Total revenues	$ 664,860	$ 701,354	$ 719,717	$ 701,704
Income (loss) from operations	16,292	8,298	4,527	(20,787)
Net income (loss)	18,012	5,150	(3,990)	(21,655)
Net income (loss) attributable to Viasat, Inc.	16,968	3,291	(6,613)	(29,180)
Basic net income (loss) per share attributable to Viasat, Inc.	$ 0.24	$ 0.04	$ (0.09)	$ (0.39)
Diluted net income (loss) per share attributable to Viasat, Inc.	$ 0.23	$ 0.04	$ (0.09)	$ (0.39)
2021				
Total revenues	$ 530,488	$ 554,278	$ 575,559	$ 595,782
(Loss) income from operations	(5,314)	12,683	21,760	29,104
Net (loss) income	(8,527)	3,391	7,760	14,477
Net (loss) income attributable to Viasat, Inc.	(12,389)	1,963	6,760	7,357
Basic net (loss) income per share attributable to Viasat, Inc.	$ (0.20)	$ 0.03	$ 0.10	$ 0.11
Diluted net (loss) income per share attributable to Viasat, Inc.	$ (0.20)	$ 0.03	$ 0.10	$ 0.11

The summarized quarterly data above includes the operating results of RigNet and EBI from the date of acquisition on April 30, 2021. Therefore the first quarter of fiscal year 2022 only includes two months of operating results, whereas the remaining quarters of fiscal year 2022 include a full quarter of operating results.

Basic and diluted net income (loss) per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted net income per share.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance of achieving the objective that information in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified and pursuant to the requirements of the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of March 31, 2022, the end of the period covered by this report. Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2022.

Management's Report on Internal Control Over Financial Reporting

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of the company's management, including our Chief Executive Officer and Chief Financial Officer, the company conducted an evaluation of the effectiveness of its internal control over financial reporting based on criteria established in the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the company's management concluded that its internal control over financial reporting was effective as of March 31, 2022.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We excluded RigNet and EBI from our assessment of internal control over financial reporting as of March 31, 2022 because we acquired RigNet and EBI in purchase business combinations during fiscal year 2022. RigNet and EBI are wholly-owned subsidiaries whose total assets and total revenues represent approximately 6% and 3% of total assets, respectively, and approximately 6% and 1% of total revenues, respectively, as of and for the year ended March 31, 2022.

The company's independent registered public accounting firm has audited the effectiveness of the company's internal control over financial reporting as of March 31, 2022, as stated in their report which appears on page 47.

Changes in Internal Control Over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes. During the quarter ended March 31, 2022, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Viasat, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Viasat, Inc. and its subsidiaries (the “Company”) as of March 31, 2022 and 2021, and the related consolidated statements of operations and comprehensive income (loss), of equity, and of cash flows for each of the three years in the period ended March 31, 2022, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of March 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in fiscal year 2020.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded RigNet, Inc. and Euro Broadband Infrastructure Sàrl from its assessment of internal control over financial reporting as of March 31, 2022, because they were acquired by the Company in purchase business combinations during fiscal year 2022. We have also excluded RigNet, Inc. and Euro Broadband Infrastructure Sàrl from our audit of internal control over financial reporting. RigNet, Inc. and Euro Broadband Infrastructure Sàrl are wholly-owned subsidiaries whose total assets and total revenues excluded from management’s assessment and our audit of internal control over financial reporting represent approximately 6% and 3% of total assets, respectively, and approximately 6% and 1% of total revenues, respectively, of the related consolidated financial statement amounts as of and for the year ended March 31, 2022.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition – Estimated Costs at Completion

As described in Note 1 to the consolidated financial statements, the vast majority of the Company's revenues from long-term contracts to develop and deliver complex equipment built to customer specifications are derived from contracts with the U.S. government. A portion of the Company's total revenues of $2.8 billion for the year ended March 31, 2022 are from long-term contracts. Performance obligations related to developing and delivering complex equipment built to customer specifications under long-term contracts are recognized over time as these performance obligations do not create assets with an alternative use to the Company and the Company has an enforceable right to payment for performance to date. To measure the transfer of control, revenue is recognized based on the extent of progress towards completion of the performance obligation. The Company generally uses the cost-to-cost measure of progress for its contracts because that best depicts the transfer of control to the customer which occurs as the Company incurs costs on its contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Estimating the total costs at completion of a performance obligation requires management to make estimates related to items such as subcontractor performance, material costs and availability, labor costs and productivity, and the costs of overhead.

The principal considerations for our determination that performing procedures relating to revenue recognition – estimated costs at completion is a critical audit matter are the significant judgment by management when developing the estimated costs at completion on individual fixed-price contracts, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating the estimated costs at completion related to the assessment of management's judgment as it relates to the subcontractor performance, material costs and availability, labor costs and productivity, and the costs of overhead.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the completeness and accuracy of estimated costs at completion. The procedures also included, among others, (i) evaluating and testing management’s process for developing estimates of total estimated costs at completion for long-term contracts for a sample of contracts; (ii) testing the completeness and accuracy of costs incurred to date and (iii) evaluating the reasonableness of significant estimates used by management related to subcontractor performance, material costs, labor costs, and overhead costs, and considering factors that could affect the accuracy of those estimates. Evaluating the reasonableness of the significant assumptions used involved assessing management’s ability to reasonably estimate costs at completion by (i) testing samples of third-party quotes or bids for materials and subcontractor services; (ii) assessing the reasonableness of estimates of total costs at completion in comparison to actual total costs incurred to date; (iii) recalculating estimated labor and overhead, and (iv) evaluating the timely identification of circumstances that may warrant a modification to estimated costs to complete, including actual costs in excess of estimates.

Valuation of the customer relationships intangible asset - Acquisition of RigNet, Inc.

As described in Note 16 to the consolidated financial statements, on April 30, 2021, the Company completed the acquisition of all outstanding shares of RigNet, Inc. for consideration of approximately $317.9 million, which resulted in recording of a customer relationships intangible asset valued at $101.9 million. Management determined the fair value of the acquired customer relationships intangible asset by applying the multi-period excess earnings method, which involved the use of significant estimates and assumptions related to forecasted revenue growth rate, gross margin, contributory asset charges, customer attrition rate and discount rate.

The principal considerations for our determination that performing procedures relating to the valuation of the customer relationships intangible asset from the acquisition of RigNet, Inc. is a critical audit matter are the significant judgment by management when determining the fair value of the customer relationships intangible asset, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management’s significant assumptions related to the forecasted revenue growth rate, gross margin, customer attrition rate, and discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management’s valuation of the customer relationships intangible asset and controls over the development of significant assumptions related to the forecasted revenue growth rate, gross margin, customer attrition rate, and discount rate. These procedures also included, among others (i) reading the purchase agreement; (ii) testing management’s process for estimating the fair value of the customer relationships intangible asset; (iii) evaluating the appropriateness of the multi-period excess earnings method; (iv) testing the completeness and accuracy of underlying data provided by management; and (v) evaluating the reasonableness of significant assumptions related to the forecasted revenue growth rate, gross margin, customer attrition rate, and discount rate. Evaluating management’s significant assumptions related to the forecasted revenue growth rate and gross margin involved evaluating whether the significant assumptions used were reasonable considering (i) the current and past performance of RigNet, Inc.; (ii) consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the multi-period excess earnings method and the reasonableness of the significant assumptions related to the customer attrition rate and discount rate.

PricewaterhouseCoopers LLP

San Diego, California
May 27, 2022

We have served as the Company’s auditor since 1992.

VIASAT, INC.
CONSOLIDATED BALANCE SHEETS

	As of March 31, 2022	As of March 31, 2021
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 310,459	$ 295,949
Accounts receivable, net	359,269	238,652
Inventories	341,890	336,672
Prepaid expenses and other current assets	147,854	119,960
Total current assets	1,159,472	991,233
Property, equipment and satellites, net	3,741,912	3,050,483
Operating lease right-of-use assets	356,176	340,456
Other acquired intangible assets, net	236,043	9,568
Goodwill	190,113	122,300
Other assets	705,630	835,427
Total assets	$ 6,389,346	$ 5,349,467
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 219,088	$ 145,134
Accrued and other liabilities	516,422	532,831
Current portion of long-term debt	34,911	30,472
Total current liabilities	770,421	708,437
Senior notes	1,686,225	1,683,264
Other long-term debt	764,991	119,420
Non-current operating lease liabilities	327,664	313,762
Other liabilities	157,451	137,350
Total liabilities	3,706,752	2,962,233
Commitments and contingencies (Notes 12 and 13)		
Equity:		
Viasat, Inc. stockholders' equity		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized; no shares issued and outstanding at March 31, 2022 and 2021, respectively	—	—
Common stock, $0.0001 par value, 100,000,000 shares authorized; 74,428,816 and 68,529,133 shares outstanding at March 31, 2022 and 2021, respectively	7	7
Paid-in capital	2,421,950	2,092,595
Retained earnings	233,530	249,064
Accumulated other comprehensive (loss) income	(21,621)	9,803
Total Viasat, Inc. stockholders' equity	2,633,866	2,351,469
Noncontrolling interest in subsidiary	48,728	35,765
Total equity	2,682,594	2,387,234
Total liabilities and equity	$ 6,389,346	$ 5,349,467

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Fiscal Years Ended March 31, 2020
	(In thousands, except per share data)		
Revenues:			
Product revenues	$ 1,210,411	$ 1,044,450	$ 1,172,541
Service revenues	1,577,224	1,211,657	1,136,697
Total revenues	2,787,635	2,256,107	2,309,238
Operating expenses:			
Cost of product revenues	914,323	774,893	845,757
Cost of service revenues	1,025,799	789,391	763,930
Selling, general and administrative	657,251	512,316	523,085
Independent research and development	153,203	115,792	130,434
Amortization of acquired intangible assets	28,729	5,482	7,611
Income from operations	8,330	58,233	38,421
Other income (expense):			
Interest income	504	440	1,648
Interest expense	(29,391)	(32,687)	(38,641)
Other income, net	4,118	—	—
(Loss) income before income taxes	(16,439)	25,986	1,428
Benefit from (provision for) income taxes	14,237	(9,441)	7,915
Equity in (loss) income of unconsolidated affiliates, net	(281)	556	4,470
Net (loss) income	(2,483)	17,101	13,813
Less: net income attributable to noncontrolling interest, net of tax	13,051	13,410	14,025
Net (loss) income attributable to Viasat, Inc.	$ (15,534)	$ 3,691	$ (212)
Net (loss) income per share attributable to Viasat, Inc. common stockholders:			
Basic net (loss) income per share attributable to Viasat, Inc. common stockholders	$ (0.21)	$ 0.06	$ (0.00)
Diluted net (loss) income per share attributable to Viasat, Inc. common stockholders	$ (0.21)	$ 0.06	$ (0.00)
Shares used in computing basic net (loss) income per share	73,397	66,444	61,632
Shares used in computing diluted net (loss) income per share	73,397	67,020	61,632
Comprehensive income (loss):			
Net (loss) income	$ (2,483)	$ 17,101	$ 13,813
Other comprehensive (loss) income, net of tax:			
Unrealized gain on hedging, net of tax	—	—	235
Foreign currency translation adjustments, net of tax	(31,424)	15,851	(11,621)
Other comprehensive (loss) income, net of tax	(31,424)	15,851	(11,386)
Comprehensive (loss) income	(33,907)	32,952	2,427
Less: comprehensive income attributable to noncontrolling interest, net of tax	13,051	13,410	14,025
Comprehensive (loss) income attributable to Viasat, Inc.	$ (46,958)	$ 19,542	$ (11,598)

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
		(In thousands)	
Cash flows from operating activities:			
Net (loss) income	$ (2,483)	$ 17,101	$ 13,813
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation	407,376	330,861	279,733
Amortization of intangible assets	88,071	66,241	62,445
Stock-based compensation expense	86,808	84,879	86,553
Loss on disposition of fixed assets	46,793	39,442	45,622
Other non-cash adjustments	(11,772)	7,773	(3,154)
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effect of acquisitions:			
Accounts receivable	(60,488)	84,411	(44,807)
Inventories	(2,300)	(42,460)	(58,997)
Other assets	26,854	36,431	(3,313)
Accounts payable	25,444	(24,363)	28,175
Accrued liabilities	(48,827)	154,898	55,126
Other liabilities	(49,835)	(27,999)	(24,260)
Net cash provided by operating activities	505,641	727,215	436,936
Cash flows from investing activities:			
Purchase of property, equipment and satellites	(938,280)	(827,241)	(693,966)
Cash paid for patents, licenses and other assets	(52,030)	(58,030)	(67,112)
Payments related to acquisition of businesses, net of cash acquired	(139,533)	—	—
Proceeds from insurance claims on ViaSat-2 satellite	—	—	2,277
Net cash used in investing activities	(1,129,843)	(885,271)	(758,801)
Cash flows from financing activities:			
Proceeds from debt borrowings, net of discount	1,266,000	400,000	420,000
Payments on debt borrowings	(610,401)	(420,552)	(59,691)
Payment of debt issuance costs	(6,261)	(5,060)	(2,479)
Proceeds from issuance of common stock under equity plans	20,549	19,101	38,410
Purchase of common stock in treasury (immediately retired) related to tax withholdings for stock-based compensation	(22,969)	(13,676)	(28,802)
Proceeds from common stock issued in private placement, net of issuance costs	—	174,749	—
Other financing activities	(3,288)	(4,871)	(2,253)
Net cash provided by financing activities	643,630	149,691	365,185
Effect of exchange rate changes on cash	(4,918)	5	(712)
Net increase (decrease) in cash and cash equivalents	14,510	(8,360)	42,608
Cash and cash equivalents at beginning of fiscal year	295,949	304,309	261,701
Cash and cash equivalents at end of fiscal year	$ 310,459	$ 295,949	$ 304,309
Supplemental information:			
Cash paid for interest (net of amounts capitalized)	$ 14,627	$ 23,526	$ 27,805
Cash paid for income taxes, net	$ 17,144	$ 6,670	$ 10,950
Non-cash investing and financing activities:			
Issuance of common stock in connection with acquisition	$ 207,169	$ —	$ —
Issuance of common stock in satisfaction of certain accrued employee compensation liabilities	$ 24,488	$ 25,406	$ 22,829
Capital expenditures not paid for	$ 67,931	$ 32,616	$ 43,606

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
CONSOLIDATED STATEMENTS OF EQUITY

	Viasat, Inc. Stockholders						
	Common Stock						
	Number of Shares Issued	Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiary	Total
	(In thousands, except share data)						
Balance at March 31, 2019	60,550,093	$ 6	$ 1,656,819	$ 245,585	$ 5,338	$ 8,330	$ 1,916,078
Exercise of stock options	340,373	—	21,060	—	—	—	21,060
Issuance of stock under Employee Stock Purchase Plan	311,137	—	17,350	—	—	—	17,350
Stock-based compensation	—	—	99,200	—	—	—	99,200
Shares issued in settlement of certain accrued employee compensation liabilities	255,615	—	22,829	—	—	—	22,829
RSU awards vesting, net of shares withheld for taxes which have been retired	689,922	—	(28,802)	—	—	—	(28,802)
Net (loss) income	—	—	—	(212)	—	14,025	13,813
Other comprehensive loss, net of tax	—	—	—	—	(11,386)	—	(11,386)
Balance at March 31, 2020	62,147,140	$ 6	$ 1,788,456	$ 245,373	$ (6,048)	$ 22,355	$ 2,050,142
Issuance of stock under Employee Stock Purchase Plan	638,792	—	19,101	—	—	—	19,101
Common stock issued in private placement, net of issuance costs	4,474,559	1	174,748	—	—	—	174,749
Stock-based compensation	—	—	98,560	—	—	—	98,560
Shares issued in settlement of certain accrued employee compensation liabilities	580,846	—	25,406	—	—	—	25,406
RSU awards vesting, net of shares withheld for taxes which have been retired	687,796	—	(13,676)	—	—	—	(13,676)
Net income	—	—	—	3,691	—	13,410	17,101
Other comprehensive income, net of tax	—	—	—	—	15,851	—	15,851
Balance at March 31, 2021	68,529,133	$ 7	$ 2,092,595	$ 249,064	$ 9,803	$ 35,765	$ 2,387,234
Exercise of stock options	27,107	—	1,526	—	—	—	1,526
Issuance of stock under Employee Stock Purchase Plan	586,203	—	19,023	—	—	—	19,023
Stock-based compensation	—	—	100,118	—	—	—	100,118
Shares issued in settlement of certain accrued employee compensation liabilities	457,130	—	24,488	—	—	—	24,488
RSU awards vesting, net of shares withheld for taxes which have been retired	829,054	—	(22,969)	—	—	—	(22,969)
Shares issued in connection with acquisition of business	4,000,189	—	207,169	—	—	—	207,169
Other	—	—	—	—	—	(88)	(88)
Net income	—	—	—	(15,534)	—	13,051	(2,483)
Other comprehensive income, net of tax	—	—	—	—	(31,424)	—	(31,424)
Balance at March 31, 2022	74,428,816	$ 7	$ 2,421,950	$ 233,530	$ (21,621)	$ 48,728	$ 2,682,594

See accompanying notes to the consolidated financial statements.

VIASAT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — The Company and a Summary of Its Significant Accounting Policies

The Company

Viasat, Inc. (also referred to hereafter as the "Company" or "Viasat") is an innovator in communications technologies and services, including high-speed and cost-effective broadband and advanced communications products and services.

Principles of consolidation

The Company's consolidated financial statements include the assets, liabilities and results of operations of Viasat, its wholly owned subsidiaries and its majority-owned subsidiary, TrellisWare Technologies, Inc. (TrellisWare). During the first quarter of fiscal year 2022, the Company completed the acquisitions of the remaining 51% interest in Euro Broadband Infrastructure Sàrl (EBI) and RigNet, Inc. (RigNet) (see Note 16 — Acquisitions for more information). The acquisitions were accounted for as purchases and accordingly, the consolidated financial statements include the operating results of EBI and RigNet from the dates of acquisition.

All significant intercompany amounts have been eliminated. Investments in entities in which the Company can exercise significant influence, but does not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investment in unconsolidated affiliate in other assets (long-term) on the consolidated balance sheets.

Certain prior period amounts have been reclassified to conform to the current period presentation.

Management estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Estimates have been prepared on the basis of the most current and best available information and actual results could differ from those estimates. Significant estimates made by management include revenue recognition, stock-based compensation, allowance for doubtful accounts, valuation of goodwill and other intangible assets, patents, orbital slots and other licenses, software development, property, equipment and satellites, long-lived assets, contingencies and income taxes including the valuation allowance on deferred tax assets.

Cash equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less at the date of purchase.

Accounts receivable and allowance for doubtful accounts

The Company records any unconditional rights to consideration as receivables at net realizable value including an allowance for estimated uncollectible accounts. The allowance for doubtful accounts is based on the Company's assessment of the collectability of customer accounts. The Company regularly reviews the allowance by considering factors such as historical experience, credit quality, the age of accounts receivable balances and current economic conditions that may affect a customer's ability to pay. Amounts determined to be uncollectible are charged or written off against the reserve. Historically, the Company's allowance for doubtful accounts has been minimal primarily because a significant portion of its sales has been to the U.S. Government or with respect to its satellite services commercial business, the Company bills and collects in advance.

Concentration of risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash equivalents and accounts receivable which are generally not collateralized. The Company limits its exposure to credit loss by placing its cash equivalents with high credit quality financial institutions and investing in high quality short-term debt instruments. The Company establishes customer credit policies related to its accounts receivable based on historical collection experiences within the various markets in which the Company operates, historical past due amounts and any specific information that the Company becomes aware of such as bankruptcy or liquidity issues of customers.

Revenues from the U.S. Government as an individual customer comprised approximately 25%, 30% and 30% of total revenues for fiscal years 2022, 2021 and 2020, respectively. Billed accounts receivable to the U.S. Government as of March 31, 2022 and 2021 were approximately 18% and 27%, respectively, of total billed receivables. In addition, none of the Company's commercial customers comprised 10% or more of total revenues for fiscal years 2022, 2021 and 2020. The Company's five largest contracts generated approximately 20%, 16% and 18% of the Company's total revenues for the fiscal years ended March 31, 2022, 2021 and 2020, respectively.

The Company relies on a limited number of contract manufacturers to produce its products.

Inventory

Inventory is valued at the lower of cost and net realizable value, cost being determined by the weighted average cost method.

Property, equipment and satellites

Satellites and other property and equipment, including internally developed software, are recorded at cost or, in the case of certain satellites and other property acquired, the fair value at the date of acquisition, net of accumulated depreciation. Capitalized satellite costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentives expected to be payable to satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction. The Company also constructs earth stations, network operations systems and other assets to support its satellites, and those construction costs, including interest, are capitalized as incurred. At the time satellites are placed in service, the Company estimates the useful life of its satellites for depreciation purposes based upon an analysis of each satellite's performance against the original manufacturer's orbital design life, estimated fuel levels and related consumption rates, as well as historical satellite operating trends. The Company periodically reviews the remaining estimated useful life of its satellites to determine if revisions to estimated useful lives are necessary. Costs incurred for additions to property, equipment and satellites, together with major renewals and betterments, are capitalized and depreciated over the remaining life of the underlying asset. Costs incurred for maintenance, repairs and minor renewals and betterments are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is recognized in operations, which for the periods presented, primarily related to losses incurred for unreturned customer premise equipment (CPE). The Company computes depreciation using the straight-line method over the estimated useful lives of the assets ranging from two to 38 years. Leasehold improvements are capitalized and amortized using the straight-line method over the shorter of the lease term or the life of the improvement.

Costs related to internally developed software for internal uses are capitalized after the preliminary project stage is complete and are amortized over the estimated useful lives of the assets, which are approximately three to seven years. Capitalized costs for internal-use software are included in property, equipment and satellites, net in the Company's consolidated balance sheets.

Interest expense is capitalized on the carrying value of assets under construction, in accordance with the authoritative guidance for the capitalization of interest (Accounting Standards Codification (ASC) 835-20). With respect to the construction of satellites, gateway and networking equipment and other assets under construction, the Company capitalized $102.1 million, $81.0 million and $54.1 million of interest expense for the fiscal years ended March 31, 2022, 2021 and 2020, respectively.

The Company owns four satellites in service — three over North America (ViaSat-2, ViaSat-1 and WildBlue-1) and, the KA-SAT satellite over Europe, Middle East, and Africa (EMEA). In addition, the Company has lifetime leases of Ka-band capacity on two satellites. The Company is also planning to launch a global constellation of three third-generation ViaSat-3 class satellites under construction. In addition, the Company owns related earth stations and networking equipment for all of its satellites. The Company procures indoor and outdoor CPE units leased to subscribers under a retail leasing program as part of the Company's satellite services segment, which are reflected in investing activities and property, equipment and satellites, net in the accompanying consolidated financial statements. The Company depreciates the satellites, earth stations and networking equipment, CPE units and related installation costs over their estimated useful lives. The total cost and accumulated depreciation of CPE units included in property, equipment and satellites, net, as of March 31, 2022 were $395.5 million and $210.6 million, respectively. The total cost and accumulated depreciation of CPE units included in property, equipment and satellites, net, as of March 31, 2021 were $409.9 million and $193.7 million, respectively.

Occasionally, the Company may enter into finance lease arrangements for various machinery, equipment, computer-related equipment, software, furniture, fixtures, or satellites. The Company records amortization of assets leased under finance lease arrangements within depreciation expense (see Note 1 — The Company and a Summary of Its Significant Accounting Policies – Leases and Note 5 — Leases for more information).

Leases

Lessee accounting

The Company adopted Accounting Standards Update (ASU) 2016-02, Leases, as amended, commonly referred to as ASC 842, on April 1, 2019 using the optional transition method. Under the optional transition method, the Company applied the new guidance to all leases that commenced before and were existing as of April 1, 2019. For contracts entered into on or after April 1, 2019, the Company assesses at contract inception whether the contract is, or contains, a lease. Generally, the Company determines that a lease exists when (1) the contract involves the use of a distinct identified asset, (2) the Company obtains the right to substantially all economic benefits from use of the asset, and (3) the Company has the right to direct the use of the asset. A lease is classified as a finance lease when one or more of the following criteria are met: (1) the lease transfers ownership of the asset by the end of the lease term, (2) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (3) the lease term is for a major part of the remaining useful life of the asset, (4) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset or (5) the asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease is classified as an operating lease if it does not meet any of these criteria.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability for all leases, except short-term leases with an original term of 12 months or less. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease. The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, less any lease incentives received. All right-of-use assets are periodically reviewed for impairment in accordance with standards that apply to long-lived assets. The lease liability is initially measured at the present value of the lease payments, discounted using an estimate of the Company's incremental borrowing rate for a collateralized loan with the same term as the underlying leases.

Lease payments included in the measurement of lease liabilities consist of (1) fixed lease payments for the noncancelable lease term, (2) fixed lease payments for optional renewal periods where it is reasonably certain the renewal option will be exercised, and (3) variable lease payments that depend on an underlying index or rate, based on the index or rate in effect at lease commencement. Certain of the Company's real estate lease agreements require variable lease payments that do not depend on an underlying index or rate established at lease commencement. Such payments and changes in payments based on a rate or index are recognized in operating expenses when incurred.

Lease expense for operating leases consists of the fixed lease payments recognized on a straight-line basis over the lease term plus variable lease payments as incurred. Lease expense for finance leases consists of the depreciation of assets obtained under finance leases on a straight-line basis over the lease term and interest expense on the lease liability based on the discount rate at lease commencement. For both operating and finance leases, lease payments are allocated between a reduction of the lease liability and interest expense.

Lessor accounting

For broadband equipment leased to fixed broadband customers in conjunction with the delivery of connectivity services, the Company has made an accounting policy election not to separate the broadband equipment from the related connectivity services. The connectivity services are the predominant component of these arrangements. The connectivity services are accounted for in accordance with ASC 606. The Company is also a lessor for certain insignificant communications equipment. These leases meet the criteria for operating lease classification. Lease income associated with these leases is not material.

Business combinations

The authoritative guidance for business combinations (ASC 805) requires that all business combinations be accounted for using the purchase method. The purchase price for business combinations is allocated to the estimated fair values of acquired tangible and intangible assets, including goodwill, and assumed liabilities, where applicable. The Company recognizes technology, contracts and customer relationships, satellite co-location rights, trade names and other as identifiable intangible assets, which are recorded at fair value as of the transaction date. Goodwill is recorded when consideration transferred exceeds the fair value of identifiable assets and liabilities. Measurement-period adjustments to assets acquired and liabilities assumed with a corresponding offset to goodwill are recorded in the period they occur, which may include up to one year from the acquisition date. Contingent consideration is recorded at fair value at the acquisition date.

Goodwill and intangible assets

The authoritative guidance for business combinations (ASC 805) specifies criteria for recognizing and reporting intangible assets apart from goodwill; however, acquired workforce must be recognized and reported in goodwill. The authoritative guidance for goodwill and other intangible assets (ASC 350) requires that intangible assets with an indefinite life should not be amortized until their life is determined to be finite. All other intangible assets must be amortized over their useful life. The authoritative guidance for goodwill and other intangible assets prohibits the amortization of goodwill and indefinite-lived intangible assets, but instead requires these assets to be tested for impairment at least annually and more frequently upon the occurrence of specified events. In addition, all goodwill must be assigned to reporting units for purposes of impairment testing.

Patents, orbital slots and other licenses

The Company capitalizes the costs of obtaining or acquiring patents, orbital slots and other licenses. Amortization of intangible assets that have finite lives is provided for by the straight-line method over the shorter of the legal or estimated economic life. Total capitalized costs of $3.5 million related to patents were included in other assets as of both March 31, 2022 and March 31, 2021. The Company capitalized costs of $64.1 million and $53.8 million related to acquiring and obtaining orbital slots and other licenses included in other assets as of March 31, 2022 and 2021, respectively. Accumulated amortization related to these assets was $5.4 million and $4.4 million as of March 31, 2022 and 2021, respectively. Amortization expense related to these assets was $1.1 million for the fiscal year ended March 31, 2022 and an insignificant amount for the fiscal years ended March 31, 2021 and 2020. If a patent, orbital slot or other license is rejected, abandoned or otherwise invalidated, the unamortized cost is expensed in that period. During fiscal years 2022, 2021 and 2020, the Company did not write off any significant costs due to abandonment or impairment.

Debt issuance costs

Debt issuance costs are amortized and recognized as interest expense using the effective interest rate method, or, when the results are not materially different, on a straight-line basis over the expected term of the related debt. The Company capitalized $7.8 million and $5.1 million of debt issuance costs during fiscal years 2022 and 2021, respectively. During fiscal year 2020, no debt issuance costs were capitalized. Unamortized debt issuance costs related to extinguished debt are expensed at the time the debt is extinguished and recorded in loss on extinguishment of debt in the consolidated statements of operations and comprehensive income (loss). Debt issuance costs related to the Company’s revolving credit facility (the Revolving Credit Facility) are recorded in prepaid expenses and other current assets and in other long-term assets in the consolidated balance sheets in accordance with the authoritative guidance for imputation of interest (ASC 835-30). Debt issuance costs related to the Company’s term loan facility (the Term Loan Facility), 5.625% Senior Notes due 2025 (the 2025 Notes), the Company’s 5.625% Senior Secured Notes due 2027 (the 2027 Notes), the Company’s 6.500% Senior Notes due 2028 (the 2028 Notes and, together with the 2025 Notes and the 2027 Notes, the Notes) and the Ex-Im Credit Facility are recorded as a direct deduction from the carrying amount of the related debt, consistent with debt discounts, in accordance with the authoritative guidance for imputation of interest (ASC 835-30).

Software development

Costs of developing software for sale are charged to independent research and development expense when incurred, until technological feasibility has been established. Software development costs incurred from the time technological feasibility is reached until the product is available for general release to customers are capitalized and reported at the lower of unamortized cost or net realizable value. Once the product is available for general release, the software development costs are amortized based on the ratio of current to future revenue for each product with an annual minimum equal to straight-line amortization over the remaining estimated economic life of the product, generally within five years. Capitalized costs, net, of $221.6 million and $237.1 million related to software developed for resale were included in other assets as of March 31, 2022 and 2021, respectively. The Company capitalized $42.6 million and $54.0 million of costs related to software developed for resale for the fiscal years ended March 31, 2022 and 2021, respectively. Amortization expense for capitalized software development costs was $58.1 million, $59.6 million and $53.0 million during fiscal years 2022, 2021 and 2020, respectively.

Impairment of long-lived and other long-term assets (property, equipment, and satellites, and other assets, including goodwill)

In accordance with the authoritative guidance for impairment or disposal of long-lived assets (ASC 360), the Company assesses potential impairments to long-lived assets, including property, equipment and satellites, and other assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized when the undiscounted cash flows expected to be generated by an asset (or group of assets) are less than the asset's carrying value. Any required impairment loss would be measured as the amount by which the asset's carrying value exceeds its fair value, and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. No material impairments were recorded by the Company for fiscal years 2022, 2021 and 2020.

The Company accounts for its goodwill under the authoritative guidance for goodwill and other intangible assets (ASC 350) and the provisions of ASU 2017-04, Simplifying the Test for Goodwill Impairment, which the Company early adopted in the third quarter of fiscal year 2020. The Company first assesses qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If, after completing the qualitative assessment, the Company determines that it is more likely than not that the estimated fair value is greater than the carrying value, the Company concludes that no impairment exists. Alternatively, if the Company determines in the qualitative assessment that it is more likely than not that the fair value is less than its carrying value, then the Company performs a quantitative goodwill impairment test to identify both the existence of an impairment and the amount of impairment loss, by comparing the fair value of the reporting unit with its carrying amount, including goodwill. If the estimated fair value of the reporting unit is less than the carrying value, then a goodwill impairment charge will be recognized in the amount by which the carrying amount exceeds the fair value, limited to the total amount of goodwill allocated to that reporting unit. The Company tests goodwill for impairment during the fourth quarter every fiscal year and when an event occurs or circumstances change such that it is reasonably possible that an impairment may exist.

In accordance with ASC 350, the Company assesses qualitative factors to determine whether goodwill is impaired. The qualitative analysis includes assessing the impact of changes in certain factors including (1) changes in forecasted operating results and comparing actual results to projections, (2) changes in the industry or its competitive environment since the acquisition date, (3) changes in the overall economy, its market share and market interest rates since the acquisition date, (4) trends in the stock price and related market capitalization and enterprise values, (5) trends in peer companies total enterprise value metrics, and (6) additional factors such as management turnover, changes in regulation and changes in litigation matters.

Based on the Company's qualitative assessment performed during the fourth quarter of fiscal year 2022, the Company concluded that it was more likely than not that the estimated fair value of the Company's reporting units exceeded their carrying values as of March 31, 2022, and therefore, determined it was not necessary to perform a quantitative impairment analysis. No impairments were recorded by the Company related to goodwill and other intangible assets for fiscal years 2022, 2021 and 2020.

Warranty reserves

The Company provides limited warranties on its products for periods of up to five years. The Company records a liability for its warranty obligations when the Company ships the products or they are included in long-term construction contracts based upon an estimate of expected warranty costs. Amounts expected to be incurred within 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 months are classified as other liabilities in the consolidated financial statements. For mature products, the Company estimates the warranty costs based on historical experience with the particular product. For newer products that do not have a history of warranty costs, the Company bases its estimates on its experience with the technology involved and the types of failures that may occur. It is possible that the Company's underlying assumptions will not reflect the actual experience, and in that case, the Company will make future adjustments to the recorded warranty obligation (see Note 14 — Product Warranty).

Fair value of financial instruments

The carrying amounts of the Company's financial instruments, including cash equivalents, receivables, accounts payable and accrued liabilities, approximate their fair values due to their short-term maturities. The estimated fair value of the Company's long-term borrowings and other long-term interest bearing liabilities is determined by using available market information for those securities or similar financial instruments (see Note 3 – Fair Value Measurements).

Self-insurance liabilities

The Company has self-insurance plans to retain a portion of the exposure for losses related to employee medical benefits and workers' compensation. The self-insurance plans include policies which provide for both specific and aggregate stop-loss limits. The Company utilizes internal actuarial methods as well as other historical information for the purpose of estimating ultimate costs for a particular plan year. Based on these actuarial methods, along with currently available information and insurance industry statistics, the Company has recorded self-insurance liability for its plans of $6.5 million and $6.9 million in accrued and other liabilities in the consolidated balance sheets as of March 31, 2022 and 2021, respectively. The Company's estimate, which is subject to inherent variability, is based on average claims experience in the Company's industry and its own experience in terms of frequency and severity of claims, including asserted and unasserted claims incurred but not reported, with no explicit provision for adverse fluctuation from year to year. This variability may lead to ultimate payments being either greater or less than the amounts presented above. Self-insurance liabilities have been classified as a current liability in accrued and other liabilities in accordance with the estimated timing of the projected payments.

Indemnification provisions

In the ordinary course of business, the Company includes indemnification provisions in certain of its contracts, generally relating to parties with which the Company has commercial relations. Pursuant to these agreements, the Company will indemnify, hold harmless and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party, including but not limited to losses relating to third-party intellectual property claims. To date, there have not been any material costs incurred in connection with such indemnification clauses. The Company's insurance policies do not necessarily cover the cost of defending indemnification claims or providing indemnification, so if a claim was filed against the Company by any party that the Company has agreed to indemnify, the Company could incur substantial legal costs and damages. A claim would be accrued when a loss is considered probable and the amount can be reasonably estimated. At March 31, 2022 and 2021, no such amounts were accrued related to the aforementioned provisions.

Noncontrolling interests

A noncontrolling interest represents the equity interest in a subsidiary that is not attributable, either directly or indirectly, to the Company and is reported as equity of the Company, separately from the Company's controlling interest. Revenues, expenses, gains, losses, net income (loss) and other comprehensive income (loss) are reported in the consolidated financial statements at the consolidated amounts, which include the amounts attributable to both the controlling and noncontrolling interest.

Investments in unconsolidated affiliate — equity method

Investments in entities in which the Company can exercise significant influence, but does not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investment in unconsolidated affiliate in other assets (long-term) on the consolidated balance sheets. The Company records its share of the results of such entities within equity in income (loss) of unconsolidated affiliate, net on the consolidated statements of operations and comprehensive income (loss). The Company monitors such investments for other-than-temporary impairment by considering factors including the current economic and market conditions and the operating performance of the entities and records reductions in carrying values when necessary. The fair value of privately held investments is estimated using the best available information as of the valuation date, including current earnings trends, undiscounted cash flows, quoted stock prices of comparable public companies, and other company specific information, including recent financing rounds.

Common stock held in treasury

As of March 31, 2022 and 2021, the Company had no shares of common stock held in treasury.

During fiscal years 2022, 2021 and 2020, the Company issued 1,274,311, 1,064,680 and 1,075,526 shares of common stock, respectively, based on the vesting terms of certain restricted stock unit agreements. In order for employees to satisfy minimum statutory employee tax withholding requirements related to the issuance of common stock underlying these restricted stock unit agreements, the Company repurchased 445,257, 376,884 and 385,604 shares of common stock at cost and with a total value of $23.0 million, $13.7 million and $28.8 million during fiscal years 2022, 2021 and 2020, respectively. Although shares withheld for employee withholding taxes are technically not issued, they are treated as common stock repurchases for accounting purposes (with such shares deemed to be repurchased and then immediately retired), as they reduce the number of shares that otherwise would have been issued upon vesting of the restricted stock units. These retired shares remain as authorized stock and are considered to be unissued. The retirement of treasury stock had no impact on the Company's total consolidated stockholders' equity.

Foreign currency

In general, the functional currency of a foreign operation is deemed to be the local country's currency. Consequently, assets and liabilities of operations outside the United States are generally translated into U.S. dollars, and the effects of foreign currency translation adjustments are included as a component of accumulated other comprehensive income (loss) within Viasat, Inc. stockholders' equity.

Other comprehensive loss related to the effects of foreign currency translation adjustments attributable to Viasat, Inc. during fiscal year 2022 was $37.3 million, or $31.4 million net of tax. Other comprehensive income related to the effects of foreign currency translation adjustments attributable to Viasat, Inc. during fiscal year 2021 was $20.4 million, or $15.9 million net of tax. Other comprehensive loss related to the effects of foreign currency translation adjustments attributed to Viasat, Inc. during fiscal year 2020 was $12.8 million, or $11.6 million net of tax.

Revenue recognition

In accordance with the authoritative guidance for revenue from contracts with customers (ASC 606), the Company applies the five-step model to its contracts with its customers. Under this model the Company (1) identifies the contract with the customer, (2) identifies its performance obligations in the contract, (3) determines the transaction price for the contract, (4) allocates the transaction price to its performance obligations and (5) recognizes revenue when or as it satisfies its performance obligations. These performance obligations generally include the purchase of services (including broadband capacity and the leasing of broadband equipment), the purchase of products, and the development and delivery of complex equipment built to customer specifications under long-term contracts.

Performance obligations

The timing of satisfaction of performance obligations may require judgment. The Company derives a substantial portion of its revenues from contracts with customers for services, primarily consisting of connectivity services. These contracts typically require advance or recurring monthly payments by the customer. The Company's obligation to provide connectivity services is satisfied over time as the customer simultaneously receives and consumes the benefits provided. The measure of progress over time is based upon either a period of time (e.g., over the estimated contractual term) or usage (e.g., bandwidth used/bytes of data processed). The Company evaluates whether broadband equipment provided to its customers as part of the delivery of connectivity services represents a lease in accordance with ASC 842. As discussed further above under "Leases - Lessor accounting", for broadband equipment leased to consumer broadband customers in conjunction with the delivery of connectivity services, the Company accounts for the lease and non-lease components of connectivity service arrangements as a single performance obligation as the connectivity services represent the predominant component.

The Company also derives a portion of its revenues from contracts with customers to provide products. Performance obligations to provide products are satisfied at the point in time when control is transferred to the customer. These contracts typically require payment by the customer upon passage of control and determining the point at which control is transferred may require judgment. To identify the point at which control is transferred to the customer, the Company considers indicators that include, but are not limited to, whether (1) the Company has the present right to payment for the asset, (2) the customer has legal title to the asset, (3) physical possession of the asset has been transferred to the customer, (4) the customer has the significant risks and rewards of ownership of the asset, and (5) the customer has accepted the asset. For product revenues, control generally passes to the customer upon delivery of goods to the customer.

The vast majority of the Company's revenues from long-term contracts to develop and deliver complex equipment built to customer specifications are derived from contracts with the U.S. Government (including foreign military sales contracted through the U.S. Government). The Company's contracts with the U.S. Government typically are subject to the Federal Acquisition Regulation (FAR) and are priced based on estimated or actual costs of producing goods or providing services. The FAR provides guidance on the types of costs that are allowable in establishing prices for goods and services provided under U.S. Government contracts. The pricing for non-U.S. Government contracts is based on the specific negotiations with each customer. Under the typical payment terms of the Company's U.S. Government fixed-price contracts, the customer pays the Company either performance-based payments (PBPs) or progress payments. PBPs are interim payments based on quantifiable measures of performance or on the achievement of specified events or milestones. Progress payments are interim payments based on a percentage of the costs incurred as the work progresses. Because the customer can often retain a portion of the contract price until completion of the contract, the Company's U.S. Government fixed-price contracts generally result in revenue recognized in excess of billings which the Company presents as unbilled accounts receivable on the balance sheet. Amounts billed and due from the Company's customers are classified as receivables on the balance sheet. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer. For the Company's U.S. Government cost-type contracts, the customer generally pays the Company for its actual costs incurred within a short period of time. For non-U.S. Government contracts, the Company typically receives interim payments as work progresses, although for some contracts, the Company may be entitled to receive an advance payment. The Company recognizes a liability for these advance payments in excess of revenue recognized and presents it as collections in excess of revenues and deferred revenues on the balance sheet. An advance payment is not typically considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect the Company from the other party failing to adequately complete some or all of its obligations under the contract.

Performance obligations related to developing and delivering complex equipment built to customer specifications under long-term contracts are recognized over time as these performance obligations do not create assets with an alternative use to the Company and the Company has an enforceable right to payment for performance to date. To measure the transfer of control, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. The Company generally uses the cost-to-cost measure of progress for its contracts because that best depicts the transfer of control to the customer which occurs as the Company incurs costs on its contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Estimating the total costs at completion of a performance obligation requires management to make estimates related to items such as subcontractor performance, material costs and availability, labor costs and productivity and the costs of overhead. When estimates of total costs to be incurred on a contract exceed total estimates of revenue to be earned, a provision for the entire loss on the contract is recognized in the period the loss is determined.

Contract costs on U.S. Government contracts are subject to audit and review by the Defense Contracting Management Agency (DCMA), the Defense Contract Audit Agency (DCAA), and other U.S. Government agencies, as well as negotiations with U.S. Government representatives. The Company's incurred cost audits by the DCAA has not been concluded for fiscal year 2021. As of March 31, 2022, the DCAA had completed its incurred cost audit for fiscal years 2004, 2016, 2019, and 2020 and approved the Company's incurred costs for those fiscal years, as well as approved the Company's incurred costs for fiscal years 2005 through 2015, 2017 and 2018 without further audit based on the determination of low risk. Although the Company has recorded contract revenues subsequent to fiscal year 2020 based upon an estimate of costs that the Company believes will be approved upon final audit or review, the Company does not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed the Company's estimates, its profitability would be adversely affected. As of March 31, 2022 and March 31, 2021, the Company had $12.1 million and $10.3 million, respectively, in contract-related reserves for its estimate of potential refunds to customers for potential cost adjustments on several multi-year U.S. Government cost reimbursable contracts (see Note 13 — Contingencies for more information).

Evaluation of transaction price

The evaluation of transaction price, including the amounts allocated to performance obligations, may require significant judgments. Due to the nature of the work required to be performed on many of the Company's performance obligations, the estimation of total revenue, and, where applicable, the cost at completion, is complex, subject to many variables and requires significant judgment. The Company's contracts may contain award fees, incentive fees, or other provisions, including the potential for significant financing components, that can either increase or decrease the transaction price. These amounts, which are sometimes variable, can be dictated by performance metrics, program milestones or cost targets, the timing of payments, and customer discretion. The Company estimates variable consideration at the amount to which it expects to be entitled. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Company's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information (historical, current and forecasted) that is reasonably available to the Company. In the event an agreement includes embedded financing components, the Company recognizes interest expense or interest income on the embedded financing components using the effective interest method. This methodology uses an implied interest rate which reflects the incremental borrowing rate which would be expected to be obtained in a separate financing transaction. The Company has elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. Estimating standalone selling prices may require judgment. When available, the Company utilizes the observable price of a good or service when the Company sells that good or service separately in similar circumstances and to similar customers. If a standalone selling price is not directly observable, the Company estimates the standalone selling price by considering all information (including market conditions, specific factors, and information about the customer or class of customer) that is reasonably available.

Transaction price allocated to remaining performance obligations

The Company's remaining performance obligations represent the transaction price of firm contracts and orders for which work has not been performed. The Company includes in its remaining performance obligations only those contracts and orders for which it has accepted purchase orders. Remaining performance obligations associated with the Company's subscribers for fixed consumer and business broadband services in its satellite services segment exclude month-to-month service contracts in accordance with a practical expedient and are estimated using a portfolio approach in which the Company reviews all relevant promotional activities and calculates the remaining performance obligation using the average service component for the portfolio and the average time remaining under the contract. The Company's future recurring in-flight connectivity service contracts in its satellite services segment do not have minimum service purchase requirements and therefore are not included in the Company's remaining performance obligations. As of March 31, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations was $2.0 billion, of which the Company expects to recognize a little over half over the next 12 months, with the balance recognized thereafter.

Disaggregation of revenue

The Company operates and manages its business in three reportable segments: satellite services, commercial networks and government systems. Revenue is disaggregated by products and services, customer type, contract type, and geographic area, respectively, as the Company believes this approach best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors.

The following sets forth disaggregated reported revenue by segment and product and services for the fiscal years ended March 31, 2022, 2021 and 2020:

	Fiscal Year Ended March 31, 2022			
	Satellite Services	Commercial Networks	Government Systems	Total Revenues
	(In thousands)			
Product revenues	$ —	$ 443,435	$ 766,976	$ 1,210,411
Service revenues	1,188,816	68,664	319,744	1,577,224
Total revenues	$ 1,188,816	$ 512,099	$ 1,086,720	$ 2,787,635

	Fiscal Year Ended March 31, 2021			
	Satellite Services	Commercial Networks	Government Systems	Total Revenues
	(In thousands)			
Product revenues	$ —	$ 268,830	$ 775,620	$ 1,044,450
Service revenues	868,943	52,026	290,688	1,211,657
Total revenues	$ 868,943	$ 320,856	$ 1,066,308	$ 2,256,107

	Fiscal Year Ended March 31, 2020			
	Satellite Services	Commercial Networks	Government Systems	Total Revenues
	(In thousands)			
Product revenues	$ —	$ 289,959	$ 882,582	$ 1,172,541
Service revenues	826,583	54,598	255,516	1,136,697
Total revenues	$ 826,583	$ 344,557	$ 1,138,098	$ 2,309,238

Revenues from the U.S. Government as an individual customer comprised approximately, 25%, 30% and 30% of total revenues for the fiscal years ended March 31, 2022, 2021 and 2020, respectively, mainly reported within the government systems segment. Revenues from the Company's other customers, mainly reported within the commercial networks and satellite services segments, comprised approximately 75%, 70% and 70% of total revenues for the fiscal years ended March 31, 2022, 2021 and 2020, respectively.

The Company's satellite services segment revenues are primarily derived from the Company's fixed broadband services, in-flight services and energy services (acquired through the RigNet acquisition).

Revenues in the Company's commercial networks and government systems segments are primarily derived from three types of contracts: fixed-price, cost-reimbursement and time-and-materials contracts. Fixed-price contracts (which require the Company to provide products and services under a contract at a specified price) comprised approximately 90%, 89% and 88% of the Company's total revenues for these segments for the fiscal years ended March 31, 2022, 2021 and 2020, respectively. The remainder of the Company's revenues in these segments for such periods was derived primarily from cost-reimbursement contracts (under which the Company is reimbursed for all actual costs incurred in performing the contract to the extent such costs are within the contract ceiling and allowable under the terms of the contract, plus a fee or profit) and from time-and-materials contracts (under which the Company is reimbursed for the number of labor hours expended at an established hourly rate negotiated in the contract, plus the cost of materials utilized in providing such products or services).

Historically, a significant portion of the Company's revenues in its commercial networks and government systems segments has been derived from customer contracts that include the development of products. The development efforts are conducted in direct response to the customer's specific requirements and, accordingly, expenditures related to such efforts are included in cost of sales when incurred and the related funding (which includes a profit component) is included in revenues. Revenues for the Company's funded development from its customer contracts were approximately 23%, 23% and 24% of its total revenues for the fiscal years ended March 31, 2022, 2021 and 2020, respectively.

Contract balances

Contract balances consist of contract assets and contract liabilities. A contract asset, or with respect to the Company, an unbilled accounts receivable, is recorded when revenue is recognized in advance of the Company's right to bill and receive consideration, typically resulting from sales under long-term contracts. Unbilled accounts receivable are generally expected to be billed and collected within one year. The unbilled accounts receivable will decrease as provided services or delivered products are billed. The Company receives payments from customers based on a billing schedule established in the Company's contracts.

When consideration is received in advance of the delivery of goods or services, a contract liability, or with respect to the Company, collections in excess of revenues or deferred revenues, is recorded. Reductions in the collections in excess of revenues or deferred revenues will be recorded as the Company satisfies the performance obligations.

The following table presents contract assets and liabilities as of March 31, 2022 and March 31, 2021:

	As of March 31, 2022	As of March 31, 2021
	(In thousands)	
Unbilled accounts receivable	$ 103,045	$ 70,785
Collections in excess of revenues and deferred revenues	148,906	216,594
Deferred revenues, long-term portion	90,151	84,654

Unbilled accounts receivable increased $32.3 million during fiscal year 2022, primarily driven by revenue recognized in the Company's satellite services and commercial networks segments. The acquisition of RigNet contributed $17.5 million of unbilled accounts receivable.

Collections in excess of revenues and deferred revenues decreased $67.7 million during fiscal year 2022, primarily driven by revenue recognized in excess of advances received on goods or services in the Company's commercial networks and government systems segments.

During the fiscal year ended March 31, 2022, the Company recognized revenue of $193.2 million that was previously included in the Company's collections in excess of revenues and deferred revenues at March 31, 2021. During the fiscal year ended March 31, 2021, the Company recognized revenue of $98.6 million that was previously included in the Company's collections in excess of revenues and deferred revenues at March 31, 2020.

Other assets and deferred costs – contracts with customers

Per ASC 340-40, Other Assets and Deferred Costs – Contracts with Customers, the Company recognizes an asset from the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. ASC 340-40 also requires the recognition of an asset from the costs incurred to fulfill a contract when (1) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify, (2) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and (3) the costs are expected to be recovered. Adoption of the standard has resulted in the recognition of an asset related to commission costs incurred primarily in the Company's satellite services segment, and recognition of an asset related to costs incurred to fulfill contracts. Costs to acquire customer contracts are amortized over the estimated customer contract life. Costs to fulfill customer contracts are amortized in proportion to the revenue to which the costs relate. For contracts with an estimated amortization period of less than one year, the Company elected the practical expedient and expenses incremental costs immediately. The Company's deferred customer contract acquisition costs and costs to fulfill contract balances were $49.7 million and $35.0 million, respectively as of March 31, 2022. Of the Company's total deferred customer contract acquisition costs and costs to fulfill contracts, $24.6 million was included in prepaid expenses and other current assets and $60.1 million was included in other assets on the Company's consolidated balance sheet as of March 31, 2022. The Company's deferred customer contract acquisition costs and costs to fulfill contract balances were $60.4 million and $24.2 million, respectively, as of March 31, 2021. Of the Company's total deferred customer contract acquisition costs and costs to fulfill contracts, $26.8 million was included in prepaid expenses and other current assets and $57.8 million was included in other assets on the Company's consolidated balance sheet as of March 31, 2021. For total deferred customer contract acquisition costs and contract fulfillment costs, the Company's amortization and reduction of carrying value associated with contract termination was $56.9 million, $50.5 million and $46.4 million for the fiscal years ended March 31, 2022, 2021 and 2020, respectively.

Advertising costs

In accordance with the authoritative guidance for advertising costs (ASC 720-35), advertising costs are expensed as incurred and included in selling, general and administrative expenses. Advertising expenses for fiscal years 2022, 2021 and 2020 were $23.1 million, $12.0 million and $25.8 million, respectively.

Stock-based compensation

In accordance with the authoritative guidance for share-based payments (ASC 718), the Company measures stock-based compensation cost at the grant date, based on the estimated fair value of the award. Expense for restricted stock units and stock options is recognized on a straight-line basis over the employee's requisite service period. Expense for total shareholder return (TSR) performance stock options that vest is recognized regardless of the actual TSR outcome achieved and is recognized on a graded-vesting basis. The Company accounts for forfeitures as they occur. The Company recognizes excess tax benefits or deficiencies on vesting or settlement of awards as discrete items within income tax benefit or provision within net income (loss) and the related cash flows are classified within operating activities.

Independent research and development

Independent research and development (IR&D), which is not directly funded by a third party, is expensed as incurred. IR&D expenses consist primarily of salaries and other personnel-related expenses, supplies, prototype materials and other expenses related to research and development programs.

Income taxes

Accruals for uncertain tax positions are provided for in accordance with the authoritative guidance for accounting for uncertainty in income taxes (ASC 740). The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance for accounting for uncertainty in income taxes also provides guidance on derecognition of income tax assets and liabilities, classification of deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense.

A deferred income tax asset or liability is established for the expected future tax consequences resulting from differences in the financial reporting and tax bases of assets and liabilities and for the expected future tax benefit to be derived from tax credit and loss carryforwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company's analysis of the need for a valuation allowance on deferred tax assets considered historical as well as forecasted future operating results. In addition, the Company's evaluation considered other factors, including the Company's contractual backlog, history of positive earnings, current earnings trends assuming the Company's satellite services segment continues to grow, taxable income adjusted for certain items, and forecasted income by jurisdiction. The Company also considered the period over which these net deferred tax assets can be realized and the Company's history of not having federal tax loss carryforwards expire unused.

Earnings per share

Basic earnings per share is computed based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share is based upon the weighted average number of common shares outstanding and potential common stock, if dilutive during the period. Potential common stock includes options granted (including TSR performance stock options) and restricted stock units awarded under the Company's equity compensation plan which are included in the earnings per share calculations using the treasury stock method, common shares expected to be issued under the Company's employee stock purchase plan, and shares potentially issuable under the Viasat 401(k) Profit Sharing Plan in connection with the Company's decision to pay a discretionary match in common stock or cash.

Segment reporting

The Company’s reporting segments, namely its satellite services, commercial networks and government systems segments, are primarily distinguished by the type of customer and the related contractual requirements. The Company’s satellite services segment provides satellite-based broadband services to customers, enterprises, commercial airlines and mobile broadband customers. The Company’s commercial networks segment develops and offers advanced satellite and wireless broadband platforms, ground networking equipment, radio frequency and advanced microwave solutions, Application-Specific Integrated Circuit (ASIC) chip design, satellite payload development and space-to-earth connectivity systems, some of which are ultimately used by the Company’s satellite services segment. The Company’s government systems segment develops and offers network-centric, Internet Protocol (IP)-based fixed and mobile secure government communications systems, products, services and solutions and provides global mobile broadband service and product offerings. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company’s segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance (see Note 15 — Segment Information).

Recent authoritative guidance

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-12, Income Taxes (ASC 740): Simplifying the Accounting for Income Taxes, which is intended to simplify various areas related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. The Company adopted the new guidance in the first quarter of fiscal year 2022 on a prospective basis and as a result upon purchase of the remaining 51% interest in EBI from Eutelsat (see Note 16 — Acquisitions for more information), and assertion to permanently reinvest future earnings, the deferred tax liability recorded for EBI’s outside basis difference of $8.1 million was reversed and recorded in the first quarter of fiscal year 2022 as an income tax benefit in the consolidated statements of operations and comprehensive income (loss).

In January 2020, the FASB issued ASU 2020-01, Investments – Equity Securities (ASC 321), Investments – Equity Method and Joint Ventures (ASC 323) and Derivatives and Hedging (ASC 815). ASU 2020-01 clarifies the interaction of the accounting for equity securities under ASC 321 and investments accounted for under the equity method of accounting under ASC 323, and the accounting for certain forward contracts and purchased options accounted for under ASC 815. The Company adopted the new guidance in the first quarter of fiscal year 2022 on a prospective basis and the guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In August 2020, the FASB issued ASU 2020-06, Debt – Debt with Conversion and Other Options (ASC 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40). ASU 2020-06 simplifies the accounting for convertible instruments by removing the beneficial conversion and cash conversion accounting models for convertible instruments and removes certain settlement conditions that are required for contracts to qualify for equity classification. This new standard also simplifies the diluted earnings per share calculations by requiring that an entity use the if-converted method for convertible instruments and requires that the effect of potential share settlement be included in diluted earnings per share calculations when an instrument may be settled in cash or shares. The new standard requires entities to provide expanded disclosures about the terms and features of convertible instruments, how the instruments have been reported in the entity’s financial statements, and information about events, conditions, and circumstances that can affect how to assess the amount or timing of an entity’s future cash flows related to those instruments. The new standard will become effective for the Company beginning in fiscal year 2023, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In October 2020, the FASB issued ASU 2020-08, Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs. ASU 2020-08 clarifies that a company should reevaluate whether a callable debt security is within the scope of ASC paragraph 310-20-35-33 for each reporting period. The Company adopted the new guidance in the first quarter of fiscal year 2022 on a prospective basis and the guidance did not have a material impact on the Company's consolidated financial statements and disclosures.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (ASC 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. ASU 2021-08 requires contract assets and contract liabilities acquired in a business combination to be recognized in accordance with ASC 606 as if the acquirer had originated the contracts. The new standard will become effective for the Company beginning in fiscal year 2024, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In November 2021, the FASB issued ASU 2021-10, Government Assistance (ASC 832): Disclosures by Business Entities about Government Assistance. ASU 2021-10 requires annual disclosures when an entity accounts for a transaction with a government by applying a grant or contribution accounting model by analogy to other accounting guidance. The new standard will become effective for the Company in fiscal year 2023. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In March 2022, the FASB issued ASU 2022-01, Derivatives and Hedging (ASC 815): Targeted Improvements to Accounting for Hedging Activities. ASU 2022-01 made targeted improvements to the optional hedge accounting model with the objective of improving hedge accounting to better portray the economic results of an entity's risk management activities in its financial statements. The new standard will become effective for the Company beginning in fiscal year 2024. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

In March 2022, the FASB issued ASU 2022-02, Financial Instruments – Credit Losses (ASC 326): Troubled Debt Restructurings and Vintage Disclosures. ASU 2022-02 eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, Receivables – Troubled Debt Restructurings by Creditors, while enhancing certain disclosure requirements for loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. Furthermore, it requires that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of Subtopic 326-20, Financial Instruments – Credit Losses – Measured at Amortized Cost. The new standard will become effective for the Company beginning in fiscal year 2024. The Company is currently evaluating the impact of this standard on its consolidated financial statements and disclosures.

Note 2 — Composition of Certain Balance Sheet Captions

	As of March 31, 2022	As of March 31, 2021
	(In thousands)	
Accounts receivable, net:		
Billed	$ 263,383	$ 172,559
Unbilled	103,045	70,785
Allowance for doubtful accounts	(7,159)	(4,692)
	$ 359,269	$ 238,652
Inventories:		
Raw materials	$ 92,650	$ 98,338
Work in process	64,371	71,875
Finished goods	184,869	166,459
	$ 341,890	$ 336,672
Prepaid expenses and other current assets:		
Prepaid expenses	$ 107,885	$ 94,405
Other	39,969	25,555
	$ 147,854	$ 119,960
Property, equipment and satellites, net:		
Equipment and software (estimated useful life of 3-7 years)	$ 1,750,855	$ 1,505,697
CPE leased equipment (estimated useful life of 4-5 years)	395,539	409,942
Furniture and fixtures (estimated useful life of 7 years)	58,602	57,433
Leasehold improvements (estimated useful life of 2-17 years)	151,508	149,324
Buildings (estimated useful life of 12-38 years)	12,440	8,923
Land	3,944	2,291
Construction in progress	387,668	219,482
Satellites (estimated useful life of 7-17 years)	1,059,182	969,952
Satellite Ka-band capacity obtained under finance leases (estimated useful life of 7-11 years)	173,480	173,467
Satellites under construction	1,808,474	1,338,408
	5,801,692	4,834,919
Less: accumulated depreciation and amortization	(2,059,780)	(1,784,436)
	$ 3,741,912	$ 3,050,483
Other assets:		
Deferred income taxes	$ 304,642	$ 273,288
Capitalized software costs, net	221,647	237,100
Patents, orbital slots and other licenses, net	62,200	52,889
Investment in unconsolidated affiliate	840	176,938
Other	116,301	95,212
	$ 705,630	$ 835,427
Accrued and other liabilities:		
Collections in excess of revenues and deferred revenues	$ 148,906	$ 216,594
Accrued employee compensation	113,554	87,153
Accrued vacation	51,675	59,509
Warranty reserve, current portion	5,043	6,693
Operating lease liabilities	52,122	48,896
Other	145,122	113,986
	$ 516,422	$ 532,831
Other liabilities:		
Deferred revenues, long-term portion	$ 90,151	$ 84,654
Warranty reserve, long-term portion	5,675	5,193
Satellite performance incentive obligations, long-term portion	18,651	22,191
Deferred income taxes	16,869	—
Other	26,105	25,312
	$ 157,451	$ 137,350

Note 3 — Fair Value Measurements

In accordance with the authoritative guidance for financial assets and liabilities measured at fair value on a recurring basis (ASC 820), the Company determines fair value based on the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants, and prioritizes the inputs used to measure fair value from market-based assumptions to entity specific assumptions:

- Level 1 — Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Inputs which reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

The Company had $5.0 million in cash equivalents (Level 1) and no liabilities measured at fair value on a recurring basis as of both March 31, 2022 and March 31, 2021.

The following section describes the valuation methodologies the Company uses to measure financial instruments at fair value:

Cash equivalents — The Company's cash equivalents consist of money market funds. Money market funds are valued using quoted prices for identical assets in an active market with sufficient volume and frequency of transactions (Level 1).

Contingencies — In connection with the acquisition of the remaining 51% interest in EBI on April 30, 2021 (see Note 16 — Acquisitions for more information), part of the purchase price consideration will not be determined until two years after the closing date, when the Company may pay or receive up to €20.0 million, or approximately $22.3 million, in cash. The consideration to be paid in the future is contingent based on certain outcomes as defined in the acquisition agreement. Each reporting period, the Company estimates the fair value of the contingent consideration based on unobservable inputs and probability weightings using standard valuation techniques (Level 3). The fair value amount is currently recorded in other assets on the consolidated balance sheets and any change to fair value is recorded in the Company's consolidated statements of operations each reporting period. As of and for the fiscal year ended March 31, 2022, the Company's fair value estimate, and change in fair value of the contingent consideration since the acquisition date, were immaterial.

Long-term debt — The Company's long-term debt consists of borrowings under its Term Loan Facility, Revolving Credit Facility and Ex-Im Credit Facility (collectively, the Credit Facilities), $700.0 million in aggregate principal amount of 2025 Notes, $600.0 million in aggregate principal amount of 2027 Notes, $400.0 million in aggregate principal amount of 2028 Notes and finance lease obligations reported at the present value of future minimum lease payments with current accrued interest. Long-term debt related to the Revolving Credit Facility is reported at the outstanding principal amount of borrowings, while long-term debt related to the Term Loan Facility, the Ex-Im Credit Facility, the 2025 Notes, the 2027 Notes and the 2028 Notes is reported at amortized cost. However, for disclosure purposes, the Company is required to measure the fair value of outstanding debt on a recurring basis. The fair value of the Company's long-term debt related to the Term Loan Facility and the Revolving Credit Facility approximates its carrying amount due to its variable interest rate, which approximates a market interest rate. As of March 31, 2022 and 2021, the fair value of the Company's long-term debt related to the Ex-Im Credit Facility was determined based on a discounted cash flow analysis using observable market interest rates for instruments with similar terms (Level 2) and was approximately $78.0 million and $100.1 million, respectively. As of March 31, 2022 and 2021, the estimated fair value of the Company's outstanding long-term debt related to each series of Notes was determined based on actual or estimated bids and offers for such series of Notes in an over-the-counter market (Level 2) and was $682.5 million and $709.6 million, respectively, for the 2025 Notes, $588.8 million and $629.2 million, respectively, for the 2027 Notes, and $382.7 million and $420.5 million, respectively, for the 2028 Notes.

Satellite performance incentive obligations — The Company's contracts with satellite manufacturers require the Company to make monthly in-orbit satellite performance incentive payments with respect to certain satellites in service, including interest, through fiscal year 2028, subject to the continued satisfactory performance of the applicable satellites. The Company records the net present value of these expected future payments as a liability and as a component of the cost of the satellites. However, for disclosure purposes, the Company is required to measure the fair value of outstanding satellite performance incentive obligations on a recurring basis. The fair value of the Company's outstanding satellite performance incentive obligations is estimated to approximate their carrying value based on current rates (Level 2). As of March 31, 2022 and 2021, the Company's estimated satellite performance incentive obligations relating to certain satellites in service, including accrued interest, were $23.7 million and $27.1 million, respectively.

Note 4 — Goodwill and Acquired Intangible Assets

During fiscal year 2022, the increase in the Company's goodwill primarily related to the acquisitions of the remaining 51% interest in EBI and of RigNet on April 30, 2021 (see Note 16 — Acquisitions for more information), partially offset by foreign currency translation effects recorded within all three of the Company's segments. During fiscal year 2021, the increase in the Company's goodwill related to the insignificant amount of the effects of foreign currency translation recorded within all three of the Company's segments.

Other acquired intangible assets are amortized using the straight-line method over their estimated useful lives of two to 20 years (which approximates the economic pattern of benefit). Amortization expense related to other acquired intangible assets was $28.7 million, $5.5 million and $7.6 million for the fiscal years ended March 31, 2022, 2021 and 2020, respectively.

The expected amortization expense of amortizable acquired intangible assets may change due to the effects of foreign currency fluctuations as a result of international businesses acquired. Expected amortization expense for acquired intangible assets for each of the following periods is as follows:

	Amortization (In thousands)
Expected for fiscal year 2023	$ 31,383
Expected for fiscal year 2024	30,002
Expected for fiscal year 2025	27,880
Expected for fiscal year 2026	26,366
Expected for fiscal year 2027	25,805
Thereafter	94,607
	$ 236,043

Other acquired intangible assets and the related accumulated amortization as of March 31, 2022 and 2021 is as follows:

	Weighted Average Useful Life	As of March 31, 2022			As of March 31, 2021		
		Total	Accumulated Amortization	Net Book Value	Total	Accumulated Amortization	Net Book Value
	(In years)	(In thousands)					
Technology	7	$ 154,624	$ (71,582)	$ 83,042	$ 78,185	$ (71,549)	$ 6,636
Contracts and customer relationships	10	164,635	(53,250)	111,385	55,161	(52,229)	2,932
Satellite co-location rights	9	8,600	(8,600)	—	8,600	(8,600)	—
Trade name	7	32,463	(9,097)	23,366	5,940	(5,940)	—
Other	11	22,263	(4,013)	18,250	3,663	(3,663)	—
Total other acquired intangible assets	9	$ 382,585	$ (146,542)	$ 236,043	$ 151,549	$ (141,981)	$ 9,568

In fiscal years 2022 and 2021, the gross amount and accumulated amortization for acquired identifiable intangible assets were reduced by the retirement of fully amortized assets that were no longer in use.

Note 5 — Leases

The Company's operating leases consist primarily of leases for office space, data centers and satellite ground facilities and have remaining terms from less than one year to 11 years, some of which include renewal options, and some of which include options to terminate the leases within one year. Certain earth station leases have renewal terms that have been deemed to be reasonably certain to be exercised and as such have been recognized as part of the Company's right-of-use assets and lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company recognized right-of-use assets and lease liabilities for such leases in connection with its adoption of ASC 842 as of April 1, 2019 (see Note 1 — The Company and a Summary of Its Significant Accounting Policies — Leases for more information). The Company reports operating lease right-of-use assets in operating lease right-of-use assets and the current and non-current portions of its operating lease liabilities in accrued and other liabilities and non-current operating lease liabilities, respectively.

The Company's finance leases consist primarily of satellite lifetime Ka-band capacity leases and have remaining terms from less than one year to four years. The Company reports assets obtained under finance leases in property, equipment and satellites, net and the current and non-current portions of its finance lease liabilities in current portion of long-term debt and other long-term debt, respectively.

The components of the Company's lease costs, weighted average lease terms and discount rates are presented in the tables below:

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
		(In thousands)	
Lease cost:			
Operating lease cost	$ 71,499	$ 65,732	$ 60,861
Finance lease cost:			
Depreciation of assets obtained under finance leases	11,961	13,656	11,328
Interest on lease liabilities	2,749	3,314	2,144
Short-term lease cost	10,514	5,618	4,750
Variable lease cost	8,752	7,176	8,608
Net lease cost	$ 105,475	$ 95,496	$ 87,691

	As of March 31, 2022	As of March 31, 2021	As of March 31, 2020
Lease term and discount rate:			
Weighted average remaining lease term (in years):			
Operating leases	7.0	7.4	7.0
Finance leases	4.4	5.3	6.3
Weighted average discount rate:			
Operating leases	5.4%	5.4%	5.4%
Finance leases	5.4%	5.4%	5.4%

The following table details components of the consolidated statements of cash flows for operating and finance leases:

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
	(In thousands)		
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 71,335	$ 64,676	$ 58,987
Operating cash flows from finance leases	3,024	3,108	1,856
Financing cash flows from finance leases	10,749	10,900	8,044
Right-of-use assets obtained in exchange for lease liabilities:			
Operating leases	$ 61,599	$ 78,393	$ 25,420
Finance leases	—	2,076	72,711

The following table presents maturities of the Company's lease liabilities as of March 31, 2022:

	Operating Leases	Finance Leases
	(In thousands)	
Expected for fiscal year 2023	$ 71,235	$ 12,220
Expected for fiscal year 2024	70,286	12,030
Expected for fiscal year 2025	64,609	12,000
Expected for fiscal year 2026	62,296	12,000
Expected for fiscal year 2027	59,699	3,000
Thereafter	130,109	—
Total future lease payments required	458,234	51,250
Less: interest	78,448	5,498
Total	$ 379,786	$ 45,752

As of March 31, 2022, the Company had $55.5 million of additional lease commitments that will commence in fiscal year 2023 with lease terms of five to sixteen years.

Note 6 — Senior Notes and Other Long-Term Debt

Total long-term debt consisted of the following as of March 31, 2022 and 2021:

	As of March 31, 2022	As of March 31, 2021
	(In thousands)	
2028 Notes	$ 400,000	$ 400,000
2027 Notes	600,000	600,000
2025 Notes	700,000	700,000
Term Loan Facility	700,000	—
Revolving Credit Facility	—	—
Ex-Im Credit Facility	78,609	98,261
Finance lease obligations (see Note 5)	45,752	56,336
Total debt	2,524,361	1,854,597
Unamortized discount and debt issuance costs	(38,234)	(21,441)
Less: current portion of long-term debt	34,911	30,472
Total long-term debt	$ 2,451,216	$ 1,802,684

The estimated aggregate amounts and timing of payments on the Company's long-term debt obligations as of March 31, 2022 for the next five fiscal years and thereafter were as follows (excluding the effects of discount accretion under the 2025 Notes, the 2027 Notes, the 2028 Notes, the Term Loan Facility and the Ex-Im Credit Facility):

For the Fiscal Years Ending	(In thousands)
2023	$ 34,911
2024	37,017
2025	37,555
2026	738,155
2027	9,973
Thereafter	1,666,750
	2,524,361
Plus: unamortized discount and debt issuance costs	(38,234)
Total	$ 2,486,127

Term Loan Facility

On March 4, 2022, the Company entered into a $700.0 million Term Loan Facility, which was fully drawn at closing and matures on March 4, 2029. The Company received $686.0 million in proceeds, net of issue discount, from the borrowings under the Term Loan Facility. The Company used a portion of the net proceeds to repay all outstanding borrowings under the Revolving Credit Facility. At March 31, 2022, the Company had $700.0 million in principal amount of outstanding borrowings under the Term Loan Facility.

Borrowings under the Term Loan Facility are required to be repaid in quarterly installments of $1.75 million each, which commence on September 30, 2022, followed by a final installment of $654.5 million at maturity. Borrowings under the Term Loan Facility bear interest, at the Company's option, at either (1) a base rate equal to the greater of the administrative agent's prime rate as announced from time to time, the federal funds effective rate plus 0.50%, and the forward-looking SOFR term rate administered by CME for a one-month interest period plus 1.00%, subject to a floor of 1.50% for the initial term loans, plus an applicable margin of 3.50%, or (2) the forward-looking SOFR term rate administered by CME for the applicable interest period, subject to a floor of 0.50% for the initial term loans, plus an applicable margin of 4.50%. As of March 31, 2022, the effective interest rate on the Company's outstanding borrowings under the Term Loan Facility was 5.51%. The Term Loan Facility is required to be guaranteed by certain significant domestic subsidiaries of the Company (as defined in the Term Loan Facility) and secured by substantially all of the Company's and any such subsidiaries' assets. As of March 31, 2022, none of the Company's subsidiaries guaranteed the Term Loan Facility.

The Term Loan Facility contains covenants that restrict, among other things, the ability of Company and its restricted subsidiaries to incur additional debt, grant liens, sell assets, make investments, pay dividends and make certain other restricted payments.

Borrowings under the Term Loan Facility are recorded as current portion of long-term debt and as other long-term debt, net of unamortized discount and debt issuance costs, in the Company's consolidated financial statements. The Term Loan Facility was issued with an original issue discount of 2.00%, or $14.0 million. The original issue discount and deferred financing cost associated with the issuance of the borrowings under the Term Loan Facility are amortized to interest expense on a straight-line basis over the term of the Term Loan Facility, the results of which are not materially different from the effective interest rate basis.

Revolving Credit Facility

As of March 31, 2022, the Revolving Credit Facility provided a $700.0 million revolving line of credit (including up to $150.0 million of letters of credit), with a maturity date of January 18, 2024. At March 31, 2022, the Company had no outstanding borrowings under the Revolving Credit Facility and $63.0 million outstanding under standby letters of credit, leaving borrowing availability under the Revolving Credit Facility as of March 31, 2022 of $637.0 million.

Borrowings under the Revolving Credit Facility bear interest, at the Company's option, at either (1) the highest of the Federal Funds rate plus 0.50%, the Eurodollar rate plus 1.00%, or the administrative agent's prime rate as announced from time to time, or (2) the Eurodollar rate, plus, in the case of each of (1) and (2), an applicable margin that is based on the Company's total leverage ratio. The Company has capitalized certain amounts of interest expense on the Revolving Credit Facility in connection with the construction of various assets during the construction period. The Revolving Credit Facility is required to be guaranteed by certain significant domestic subsidiaries of the Company (as defined in the Revolving Credit Facility) and secured by substantially all of the Company's and any such subsidiaries' assets. As of March 31, 2022, none of the Company's subsidiaries guaranteed the Revolving Credit Facility.

The Revolving Credit Facility contains financial covenants regarding a maximum total leverage ratio and a minimum interest coverage ratio. In addition, the Revolving Credit Facility contains covenants that restrict, among other things, the Company's ability to sell assets, make investments and acquisitions, make capital expenditures, grant liens, pay dividends and make certain other restricted payments. The Company was in compliance with its financial covenants under the Revolving Credit Facility as of March 31, 2022.

In November 2021, the Company amended the Revolving Credit Facility to, among other matters, permit the consummation of the Inmarsat Transaction and provide additional covenant flexibility following the completion of the Inmarsat Transaction. These amendments will become effective at and are conditional upon the closing of the Inmarsat Transaction. In March 2022, the Company further amended the Revolving Credit Facility to provide additional covenant flexibility and permit the incurrence of the Term Loan Facility.

Ex-Im Credit Facility

The Ex-Im Credit Facility originally provided a $362.4 million senior secured direct loan facility, which was fully drawn. Of the $362.4 million in principal amount of borrowings made under the Ex-Im Credit Facility, $321.2 million was used to finance up to 85% of the costs of construction, launch and insurance of the ViaSat-2 satellite and related goods and services (including costs incurred on or after September 18, 2012), with the remaining $41.2 million used to finance the total exposure fees incurred under the Ex-Im Credit Facility (which included all previously accrued completion exposure fees). As of March 31, 2022, the Company had $78.6 million in principal amount of outstanding borrowings under the Ex-Im Credit Facility.

Borrowings under the Ex-Im Credit Facility bear interest at a fixed rate of 2.38%, payable semi-annually in arrears. The effective interest rate on the Company's outstanding borrowings under the Ex-Im Credit Facility, which takes into account timing and amount of borrowings and payments, exposure fees, debt issuance costs and other fees, is 4.54%. Borrowings under the Ex-Im Credit Facility are required to be repaid in 16 semi-annual principal installments, which commenced on April 15, 2018, with a maturity date of October 15, 2025. Pursuant to the terms of the Ex-Im Credit Facility, certain insurance proceeds related to the ViaSat-2 satellite must be used to pay down outstanding borrowings under the Ex-Im Credit Facility upon receipt. The Ex-Im Credit Facility is guaranteed by Viasat and is secured by first-priority liens on the ViaSat-2 satellite and related assets, as well as a pledge of the capital stock of the borrower under the facility.

The Ex-Im Credit Facility contains financial covenants regarding Viasat's maximum total leverage ratio and minimum interest coverage ratio. In addition, the Ex-Im Credit Facility contains covenants that restrict, among other things, the Company's ability to sell assets, make investments and acquisitions, make capital expenditures, grant liens, pay dividends and make certain other restricted payments. The Company was in compliance with its financial covenants under the Ex-Im Credit Facility as of March 31, 2022.

Borrowings under the Ex-Im Credit Facility are recorded as current portion of long-term debt and as other long-term debt, net of unamortized discount and debt issuance costs, in the Company's consolidated financial statements. The discount of $42.3 million (consisting of the initial $6.0 million pre-exposure fee, $35.3 million of completion exposure fees, and other customary fees) and deferred financing cost associated with the issuance of the borrowings under the Ex-Im Credit Facility are amortized to interest expense on an effective interest rate basis over the weighted average term of the Ex-Im Credit Facility and in accordance with the related payment obligations.

Senior Notes

Senior Notes due 2028

In June 2020, the Company issued $400.0 million in principal amount of 2028 Notes in a private placement to institutional buyers. The 2028 Notes were issued at face value and are recorded as long-term debt, net of debt issuance costs, in the Company's consolidated financial statements. The 2028 Notes bear interest at the rate of 6.500% per year, payable semi-annually in cash in arrears, which interest payments commenced in January 2021. Debt issuance costs associated with the issuance of the 2028 Notes are amortized to interest expense on a straight-line basis over the term of the 2028 Notes, the results of which are not materially different from the effective interest rate basis.

The 2028 Notes are required to be guaranteed on an unsecured senior basis by each of the Company's existing and future subsidiaries that guarantees the Revolving Credit Facility. As of March 31, 2022, none of the Company's subsidiaries guaranteed the 2028 Notes. The 2028 Notes are the Company's general senior unsecured obligations and rank equally in right of payment with all of the Company's existing and future unsecured unsubordinated debt. The 2028 Notes are effectively junior in right of payment to the Company's existing and future secured debt, including under the Credit Facilities and the 2027 Notes (to the extent of the value of the assets securing such debt), are structurally subordinated to all existing and future liabilities (including trade payables) of the Company's subsidiaries that do not guarantee the 2028 Notes, and are senior in right of payment to all of the Company's existing and future subordinated indebtedness.

The indenture governing the 2028 Notes limits, among other things, the Company's and its restricted subsidiaries' ability to: incur, assume or guarantee additional debt; issue redeemable stock and preferred stock; pay dividends, make distributions or redeem or repurchase capital stock; prepay, redeem or repurchase subordinated debt; make loans and investments; grant or incur liens; restrict dividends, loans or asset transfers from restricted subsidiaries; sell or otherwise dispose of assets; enter into transactions with affiliates; reduce the Company's satellite insurance; and consolidate or merge with, or sell substantially all of their assets to, another person.

Prior to July 15, 2023, the Company may redeem up to 40% of the 2028 Notes at a redemption price of 106.500% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the redemption date, from the net cash proceeds of specified equity offerings. The Company may also redeem the 2028 Notes prior to July 15, 2023, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus the applicable premium and any accrued and unpaid interest, if any, thereon to the redemption date. The applicable premium is calculated as the greater of: (i) 1.0% of the principal amount of such 2028 Notes and (ii) the excess, if any, of (a) the present value at such date of redemption of (1) the redemption price of such 2028 Notes on July 15, 2023 plus (2) all required interest payments due on such 2028 Notes through July 15, 2023 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the treasury rate (as defined under the indenture governing the 2028 Notes) plus 50 basis points, over (b) the then-outstanding principal amount of such 2028 Notes. The 2028 Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on July 15, 2023 at a redemption price of 103.250%, during the 12 months beginning on July 15, 2024 at a redemption price of 101.625%, and at any time on or after July 15, 2025 at a redemption price of 100%, in each case plus accrued and unpaid interest, if any, thereon to the redemption date.

In the event a change of control triggering event occurs (as defined in the indenture governing the 2028 Notes), each holder will have the right to require the Company to repurchase all or any part of such holder's 2028 Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 2028 Notes repurchased, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Senior Secured Notes due 2027

In March 2019, the Company issued $600.0 million in principal amount of 2027 Notes in a private placement to institutional buyers. The 2027 Notes were issued at face value and are recorded as long-term debt, net of debt issuance costs, in the Company's consolidated financial statements. The 2027 Notes bear interest at the rate of 5.625% per year, payable semi-annually in cash in arrears, which interest payments commenced in October 2019. Debt issuance costs associated with the issuance of the 2027 Notes are amortized to interest expense on a straight-line basis over the term of the 2027 Notes, the results of which are not materially different from the effective interest rate basis.

The 2027 Notes are required to be guaranteed on a senior secured basis by each of the Company's existing and future subsidiaries that guarantees the Revolving Credit Facility. As of March 31, 2022, none of the Company's subsidiaries guaranteed the 2027 Notes. The 2027 Notes are secured, equally and ratably with the Revolving Credit Facility and any future parity lien debt, by liens on substantially all of the Company's assets.

The 2027 Notes are the Company's general senior secured obligations and rank equally in right of payment with all of its existing and future unsubordinated debt. The 2027 Notes are effectively senior to all of the Company's existing and future unsecured debt (including the 2025 Notes and the 2028 Notes) as well as to all of any permitted junior lien debt that may be incurred in the future, in each case to the extent of the value of the assets securing the 2027 Notes. The 2027 Notes are effectively subordinated to any obligations that are secured by liens on assets that do not constitute a part of the collateral securing the 2027 Notes, are structurally subordinated to all existing and future liabilities (including trade payables) of the Company's subsidiaries that do not guarantee the 2027 Notes, and are senior in right of payment to all of the Company's existing and future subordinated indebtedness.

The indenture governing the 2027 Notes limits, among other things, the Company's and its restricted subsidiaries' ability to: incur, assume or guarantee additional debt; issue redeemable stock and preferred stock; pay dividends, make distributions or redeem or repurchase capital stock; prepay, redeem or repurchase subordinated debt; make loans and investments; grant or incur liens; restrict dividends, loans or asset transfers from restricted subsidiaries; sell or otherwise dispose of assets; enter into transactions with affiliates; reduce the Company's satellite insurance; and consolidate or merge with, or sell substantially all of their assets to, another person.

The 2027 Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on April 15, 2022 at a redemption price of 102.813%, during the 12 months beginning on April 15, 2023 at a redemption price of 101.406%, and at any time on or after April 15, 2024 at a redemption price of 100%, in each case plus accrued and unpaid interest, if any, thereon to the redemption date.

In the event a change of control triggering event occurs (as defined in the indenture governing the 2027 Notes), each holder will have the right to require the Company to repurchase all or any part of such holder's 2027 Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 2027 Notes repurchased, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Senior Notes due 2025

In September 2017, the Company issued $700.0 million in principal amount of 2025 Notes in a private placement to institutional buyers. The 2025 Notes were issued at face value and are recorded as long-term debt, net of debt issuance costs, in the Company's consolidated financial statements. The 2025 Notes bear interest at the rate of 5.625% per year, payable semi-annually in cash in arrears, which interest payments commenced in March 2018. Debt issuance costs associated with the issuance of the 2025 Notes are amortized to interest expense on a straight-line basis over the term of the 2025 Notes, the results of which are not materially different from the effective interest rate basis.

The 2025 Notes are required to be guaranteed on an unsecured senior basis by each of the Company's existing and future subsidiaries that guarantees the Revolving Credit Facility. As of March 31, 2022, none of the Company's subsidiaries guaranteed the 2025 Notes. The 2025 Notes are the Company's general senior unsecured obligations and rank equally in right of payment with all of the Company's existing and future unsecured unsubordinated debt. The 2025 Notes are effectively junior in right of payment to the Company's existing and future secured debt, including under the Credit Facilities and the 2027 Notes (to the extent of the value of the assets securing such debt), are structurally subordinated to all existing and future liabilities (including trade payables) of the Company's subsidiaries that do not guarantee the 2025 Notes, and are senior in right of payment to all of the Company's existing and future subordinated indebtedness.

The indenture governing the 2025 Notes limits, among other things, the Company's and its restricted subsidiaries' ability to: incur, assume or guarantee additional debt; issue redeemable stock and preferred stock; pay dividends, make distributions or redeem or repurchase capital stock; prepay, redeem or repurchase subordinated debt; make loans and investments; grant or incur liens; restrict dividends, loans or asset transfers from restricted subsidiaries; sell or otherwise dispose of assets; enter into transactions with affiliates; reduce the Company's satellite insurance; and consolidate or merge with, or sell substantially all of their assets to, another person.

The 2025 Notes may be redeemed, in whole or in part, at any time prior to September 15, 2022 at a redemption price of 101.406%, and at any time thereafter at a redemption price of 100%, in each case plus accrued and unpaid interest, if any, thereon to the redemption date.

In the event a change of control triggering event occurs (as defined in the indenture governing the 2025 Notes), each holder will have the right to require the Company to repurchase all or any part of such holder's 2025 Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 2025 Notes repurchased, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Note 7 — Common Stock and Stock Plans

From time to time, the Company files universal shelf registration statements with the SEC for the future sale of an unlimited amount of common stock, preferred stock, debt securities, depositary shares, warrants and rights, which securities may be offered from time to time, separately or together, directly by the Company, by selling security holders, or through underwriters, dealers or agents at amounts, prices, interest rates and other terms to be determined at the time of the offering.

In November 1996, the Company adopted the 1996 Equity Participation Plan (the Equity Participation Plan). The Equity Participation Plan provides for the grant to executive officers, other key employees, consultants and non-employee directors of the Company a broad variety of stock-based compensation alternatives such as nonqualified stock options, incentive stock options, restricted stock units and performance awards. From November 1996 to September 2021 through various amendments of the Equity Participation Plan, the Company increased the maximum number of shares reserved for issuance under this plan to 41,315,000 shares. The Company believes that such awards align the interests of its executive officers, employees, consultants and non-employee directors with those of its stockholders. Shares of the Company's common stock granted under the Equity Participation Plan in the form of stock options or stock appreciation right are counted against the Equity Participation Plan share reserve on a one for one basis and performance-based stock options are calculated assuming "maximum" performance. Shares of the Company's common stock granted under the Equity Participation Plan as an award other than as an option or as a stock appreciation right with a per share purchase price lower than 100% of fair market value on the date of grant are counted against the Equity Participation Plan share reserve as two shares for each share of common stock subject to such awards. Restricted stock units are granted to eligible employees and directors and represent rights to receive shares of common stock at a future date.

In November 1996, the Company adopted the Viasat, Inc. Employee Stock Purchase Plan (the Employee Stock Purchase Plan) to assist employees in acquiring a stock ownership interest in the Company and to encourage them to remain in the employment of the Company. The Employee Stock Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code. From November 1996 to September 2021 through various amendments of the Employee Stock Purchase Plan, the Company increased the maximum number of shares reserved for issuance under the Employee Stock Purchase Plan to 6,950,000 shares. To facilitate participation for employees located outside of the United States in light of non-U.S. law and other considerations, the amended Employee Stock Purchase Plan also provides for the grant of purchase rights that are not intended to be tax-qualified. The Employee Stock Purchase Plan permits eligible employees to purchase common stock at a discount through payroll deductions during specified six-month offering periods. No employee may purchase more than $25,000 worth of stock in any calendar year. The price of shares purchased under the Employee Stock Purchase Plan is equal to 85% of the fair market value of the common stock on the first or last day of the offering period, whichever is lower.

Total stock-based compensation expense recognized in accordance with the authoritative guidance for share-based payments was as follows:

	Fiscal Years Ended		
	March 31, 2022	**March 31, 2021**	**March 31, 2020**
		(In thousands)	
Stock-based compensation expense before taxes	$ 86,808	$ 84,879	$ 86,553
Related income tax benefits	(20,228)	(19,485)	(20,388)
Stock-based compensation expense, net of taxes	$ 66,580	$ 65,394	$ 66,165

In accordance with the authoritative guidance for share-based payments (ASC 718), the Company recognizes excess tax benefits or deficiencies on vesting or settlement of awards as discrete items within income tax benefit or provision within net income (loss) and the related cash flows classified within operating activities.

The compensation cost that has been charged against income for the Equity Participation Plan under the authoritative guidance for share-based payments was $81.0 million, $77.9 million and $81.5 million, and for the Employee Stock Purchase Plan was $5.8 million, $6.9 million and $5.0 million, for the fiscal years ended March 31, 2022, 2021 and 2020, respectively. The Company capitalized $10.8 million, $13.7 million and $12.6 million of stock-based compensation expense as a part of the cost for software development for resale included in other assets and as a part of the equipment and software for internal use and satellites included in property, equipment and satellites, net for fiscal years 2022, 2021 and 2020, respectively.

As of March 31, 2022, total unrecognized compensation cost related to unvested stock-based compensation arrangements granted under the Equity Participation Plan (including stock options, TSR performance stock options and restricted stock units) and the Employee Stock Purchase Plan was $192.6 million and $1.6 million, respectively. These costs are expected to be recognized over a weighted average period of 0.7 years, 1.7 years and 2.8 years, for stock options, TSR performance stock options and restricted stock units, respectively, under the Equity Participation Plan and less than six months under the Employee Stock Purchase Plan.

Stock options, TSR performance stock options and employee stock purchase plan. The Company's stock options typically have a simple four-year vesting schedule (except for one- and three-year vesting schedules for options granted to the members of the Company's Board of Directors) and a six-year contractual term. The Company grants TSR performance stock options to executive officers under the Equity Participation Plan. The number of shares of TSR performance stock options that will become eligible to vest based on the time-based vesting schedule described below is based on a comparison over a four-year performance period of the Company's TSR to the TSR of the companies included in the S&P Mid Cap 400 Index. The number of options that may become vested and exercisable will range from 0% to 175% of the target number of options based on the Company's relative TSR ranking for the performance period. The Company's TSR performance stock options have a four-year time-based vesting schedule and a six-year contractual term. The TSR performance stock options must be vested under both the time-based vesting schedule and the performance-based vesting conditions in order to become exercisable. Expense for TSR performance stock options that time-vest is recognized regardless of the actual TSR outcome achieved and is recognized on a graded-vesting basis. The weighted average estimated fair value of TSR performance stock options granted during fiscal years 2022, 2021 and 2020 was $31.11, $19.25 and $30.41 per share, respectively, using the Monte Carlo simulation. The weighted average estimated fair value of stock options granted and employee stock purchase plan shares issued during fiscal year 2022 was $13.50 and $12.37 per share, respectively, during fiscal year 2021 was $12.81 and $11.60 per share, respectively, and during fiscal year 2020 was $20.15 and $17.15 per share, respectively, using the Black-Scholes model. The weighted average assumptions (annualized percentages) used in the Black-Scholes model and Monte Carlo simulation were as follows:

	Stock Options			TSR Performance Stock Options			Employee Stock Purchase Plan		
	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
Volatility	49.5%	39.1%	27.9%	42.5%	39.8%	27.7%	42.1%	64.8%	24.6%
Risk-free interest rate	0.4%	0.2%	1.3%	1.2%	0.4%	1.7%	0.1%	0.1%	1.8%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expected life	3.2 years	5.0 years	5.0 years	5.0 years	5.0 years	5.0 years	0.5 years	0.5 years	0.5 years

The Company's expected volatility is a measure of the amount by which its stock price is expected to fluctuate over the expected term of the stock-based award. The estimated volatilities for stock options and TSR performance options are based on the historical volatility calculated using the daily stock price of the Company's stock over a recent historical period equal to the expected term. The risk-free interest rate that the Company uses in determining the fair value of its stock-based awards is based on the implied yield on U.S. Treasury zero-coupon issues with remaining terms equivalent to the expected term of its stock-based awards. The expected terms or lives of stock options and TSR performance stock options represent the expected period of time from the date of grant to the estimated date that the stock options under the Company's Equity Participation Plan would be fully exercised. The expected term assumption is estimated based primarily on the options' vesting terms and remaining contractual life and employees' expected exercise and post-vesting employment termination behavior.

A summary of stock option activity for fiscal year 2022 is presented below:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (In thousands)
Outstanding at March 31, 2021	956,733	$ 65.18		
Options granted	99,222	79.41		
Options expired	(388,119)	62.61		
Options exercised	(27,107)	56.33		
Outstanding at March 31, 2022	640,729	$ 69.32	1.6	$ 483
Vested and exercisable at March 31, 2022	598,994	$ 70.58	1.3	$ 431

The total intrinsic value of stock options exercised during fiscal years 2022, 2021 and 2020 was an insignificant amount, zero and $7.9 million, respectively. All options issued under the Company's Equity Participation Plan have an exercise price equal to the fair market value of the Company's stock on the date of the grant. The Company recorded no excess tax benefits during fiscal years 2022 and 2021 and an insignificant amount of excess tax benefit during fiscal year 2020 related to stock option exercises.

A summary of TSR performance stock option activity for fiscal year 2022 is presented below:

	Number of Shares (1)	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (In thousands)
Outstanding at March 31, 2021	2,415,459	$ 59.87		
TSR performance options granted	599,292	53.43		
TSR performance options canceled	(578,764)	70.50		
TSR performance options exercised	—	—		
Outstanding at March 31, 2022	2,435,987	$ 55.76	4.2	$ 9,690
Vested and exercisable at March 31, 2022	—	$ —	—	$ —

(1) Number of shares is based on the target number of options under each TSR performance stock option.

Restricted stock units. Restricted stock units represent a right to receive shares of common stock at a future date determined in accordance with the participant's award agreement. There is no exercise price and no monetary payment required for receipt of restricted stock units or the shares issued in settlement of the award. Instead, consideration is furnished in the form of the participant's services to the Company. Restricted stock units generally vest over four years (except for one- and three-year vesting schedules for restricted stock units granted to the members of the Company's Board of Directors). Compensation cost for these awards is based on the fair value on the date of grant and recognized as compensation expense on a straight-line basis over the requisite service period. For fiscal years 2022, 2021 and 2020, the Company recognized $64.7 million, $59.4 million and $62.4 million, respectively, in stock-based compensation expense related to these restricted stock unit awards.

The per unit weighted average grant date fair value of restricted stock units granted during fiscal years 2022, 2021 and 2020 was $52.85, $36.57 and $71.59, respectively. A summary of restricted stock unit activity for fiscal year 2022 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value per Share
Outstanding at March 31, 2021	3,431,561	$ 53.44
Awarded	2,080,700	52.85
Forfeited	(217,024)	52.93
Vested	(1,274,311)	58.65
Outstanding at March 31, 2022	4,020,926	$ 51.51
Vested and deferred at March 31, 2022	194,641	$ 48.96

The total fair value of shares vested related to restricted stock units during the fiscal years 2022, 2021 and 2020 was $66.0 million, $38.8 million and $80.4 million, respectively.

Note 8 — Shares Used In Computing Diluted Net (Loss) Income Per Share

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
		(In thousands)	
Weighted average:			
Common shares outstanding used in calculating basic net (loss) income per share attributable to Viasat, Inc. common stockholders	73,397	66,444	61,632
Restricted stock units to acquire common stock as determined by application of the treasury stock method	—	170	—
Potentially issuable shares in connection with certain terms of the Viasat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan	—	406	—
Shares used in computing diluted net (loss) income per share attributable to Viasat, Inc. common stockholders	73,397	67,020	61,632

The weighted average number of shares used to calculate basic and diluted net loss per share attributable to Viasat, Inc. common stockholders is the same for the fiscal years ended March 31, 2022 and 2020, as the Company incurred a net loss attributable to Viasat, Inc. common stockholders for such periods and inclusion of potentially dilutive weighted average shares of common stock would be antidilutive. Potentially dilutive weighted average shares excluded from the calculation for fiscal years 2022 and 2020, respectively, consisted of 848,791 and 591,396 shares related to stock options (other than TSR performance stock options), 264,645 and 138,026 shares related to TSR performance stock options, 2,150,449 and 841,890 shares related to restricted stock units, and 417,308 and 446,603 shares related to certain terms of the Viasat 401(k) Profit Sharing Plan and Employee Stock Purchase Plan.

Antidilutive shares excluded from the calculation for the fiscal year ended March 31, 2021 consisted of 1,119,819 shares related to stock options (other than TSR performance stock options), 475,371 shares related to TSR performance stock options and 2,205,085 shares related to restricted stock units.

Note 9 — Income Taxes

The components of (loss) income before income taxes by jurisdiction are as follows:

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
		(In thousands)	
United States	$ 2,222	$ 48,443	$ 27,000
Foreign	(18,661)	(22,457)	(25,572)
	$ (16,439)	$ 25,986	$ 1,428

The benefit from (provision for) income taxes includes the following:

	Fiscal Years Ended March 31, 2022	Fiscal Years Ended March 31, 2021	Fiscal Years Ended March 31, 2020
	(In thousands)		
Current tax provision			
Federal	$ (7,097)	$ (8,573)	$ (5,935)
State	(2,041)	(3,386)	(1,465)
Foreign	(4,042)	449	(327)
	(13,180)	(11,510)	(7,727)
Deferred tax benefit			
Federal	12,961	708	9,889
State	11,865	823	5,797
Foreign	2,591	538	(44)
	27,417	2,069	15,642
Total benefit from (provision for) income taxes	$ 14,237	$ (9,441)	$ 7,915

Significant components of the Company's net deferred tax assets are as follows:

	As of March 31, 2022	As of March 31, 2021
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 251,276	$ 187,900
Tax credit carryforwards	299,165	272,126
Operating lease liabilities	93,580	88,259
Deferred revenue	21,546	21,345
Other	99,074	82,222
Valuation allowance	(78,071)	(47,076)
Total deferred tax assets	686,570	604,776
Deferred tax liabilities:		
Intangible assets	(119,299)	(71,335)
Property, equipment and satellites	(163,560)	(142,899)
Operating lease assets	(87,677)	(83,065)
Other	(28,261)	(34,208)
Total deferred tax liabilities	(398,797)	(331,507)
Net deferred tax assets	$ 287,773	$ 273,269

A reconciliation of the benefit from (provision for) income taxes to the amount computed by applying the statutory federal income tax rate to (loss) income before income taxes is as follows:

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
		(In thousands)	
Tax benefit (provision) at federal statutory rate	$ 3,455	$ (5,457)	$ (300)
State tax provision, net of federal benefit	(653)	(5,067)	(1,093)
Tax credits, net of valuation allowance	27,052	24,272	25,153
Non-deductible compensation	(5,771)	(5,728)	(7,150)
Non-deductible transaction costs	(1,361)	—	—
Non-deductible meals and entertainment	(337)	(386)	(1,075)
Stock-based compensation	(7,569)	(9,901)	780
Change in state effective tax rate	539	(2,360)	(14)
Foreign effective tax rate differential, net of valuation allowance	(6,201)	(3,046)	(5,707)
Unremitted subsidiary gains	(1,565)	(1,682)	(2,742)
Change to indefinite reinvestment assertion (EBI)	8,071	—	—
Change in federal tax rate due to 2020 CARES Act	—	—	567
Other	(1,423)	(86)	(504)
Total benefit from (provision for) income taxes	$ 14,237	$ (9,441)	$ 7,915

As of March 31, 2022, the Company had federal and state research & development (R&D) tax credit carryforwards of $242.9 million and $192.8 million, respectively, which begin to expire in fiscal year 2026 and fiscal year 2023, respectively. As of March 31, 2022, the Company had federal and state net operating loss carryforwards of $854.7 million and $546.5 million, respectively, both of which begin to expire in fiscal year 2023.

In accordance with the authoritative guidance for income taxes (ASC 740), net deferred tax assets are reduced by a valuation allowance if, based on all the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Future realization of existing deferred tax assets ultimately depends on future profitability and the existence of sufficient taxable income of appropriate character (for example, ordinary income versus capital gains) within the carryforward period available under tax law. In the event that the Company's estimate of taxable income is less than that required to utilize the full amount of any deferred tax asset, a valuation allowance is established, which would cause a decrease to income in the period such determination is made. A valuation allowance of $78.1 million at March 31, 2022 and $47.1 million at March 31, 2021 has been established relating to state and foreign net operating loss carryforwards, state R&D tax credit carryforwards, and foreign tax credit carryforwards that, based on management's estimate of future taxable income attributable to such jurisdictions and generation of additional research credits, are considered more likely than not to expire unused.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

	As of		
	March 31, 2022	March 31, 2021	March 31, 2020
		(In thousands)	
Balance, beginning of fiscal year	$ 92,962	$ 80,591	$ 68,156
Increase (decrease) related to prior year tax positions	7,486	(828)	(949)
Increases related to current year tax positions	12,358	13,199	13,384
Balance, end of fiscal year	$ 112,806	$ 92,962	$ 80,591

Of the total unrecognized tax benefits at March 31, 2022, $102.5 million would reduce the Company's annual effective tax rate if recognized, subject to valuation allowance consideration. The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. As of March 31, 2022, the Company has accrued interest and penalties of approximately $2.0 million. The Company recognized a tax benefit of $1.2 million for reductions of interest and penalties in income tax expense for the year ended March 31, 2022. No interest or penalties were accrued as of March 31, 2021.

In the next 12 months it is reasonably possible that the amount of unrecognized tax benefits will not change significantly.

The Company is subject to periodic audits by domestic and foreign tax authorities. By statute, the Company's U.S. federal and state income tax returns are subject to examination by the tax authorities for fiscal years 2019 and thereafter. Additionally, net operating loss and R&D tax credit carryovers that were generated in prior years may also be subject to examination. With few exceptions, fiscal years 2018 and thereafter remain open to examination by foreign tax authorities. The Company believes that it has appropriate support for the income tax positions taken on its tax returns and its accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations.

Note 10 — Equity Method Investments and Related-Party Transactions

Euro Broadband Infrastructure Sàrl

In March 2017, the Company acquired a 49% interest in EBI for $139.5 million as part of the consummation of the Company's strategic partnering arrangement with Eutelsat. On April 30, 2021, EBI became a consolidated subsidiary when the Company purchased the remaining 51% interest in EBI from Eutelsat (see Note 16 — Acquisitions — EBI for more information).

Prior to the purchase of the remaining 51% interest on April 30, 2021, the Company's investment in EBI was accounted for under the equity method and the total investment, including basis difference allocated to tangible assets, identifiable intangible assets, deferred income taxes and goodwill, was classified as a single line item, as an investment in unconsolidated affiliate, in the Company's consolidated balance sheets. Because the underlying net assets in EBI and the related excess carrying value of investment over the proportionate share of net assets was denominated in Euros, foreign currency translation gains or losses impacted the recorded value of the Company's investment. Prior to the purchase, the Company's investment in EBI was presented at cost of investment plus its accumulated proportional share of income or loss, including amortization of the difference in the historical basis of the Company's contribution, less any distributions it has received.

The difference between the Company's carrying value of its investment in EBI and its proportionate share of the net assets of EBI as of March 31, 2021 is summarized as follows:

	As of March 31, 2021
	(In thousands)
Carrying value of investment in EBI	$ 176,938
Less: proportionate share of net assets of EBI	159,394
Excess carrying value of investment over proportionate share of net assets	$ 17,544
The excess carrying value has been primarily assigned to:	
Goodwill	$ 23,978
Identifiable intangible assets	8,332
Tangible assets	(15,781)
Deferred income taxes	1,015
	$ 17,544

As of March 31, 2021, the identifiable intangible assets had useful lives of up to 11 years and a weighted average useful life of approximately ten years, and tangible assets had useful lives of up to 11 years and a weighted average useful life of approximately 11 years. Goodwill is not deductible for tax purposes.

The Company's share of earnings or losses on its investment in EBI was an insignificant amount of loss for the fiscal year ended March 31, 2022, and an insignificant amount of earnings and $4.5 million of earnings for the fiscal years ended March 31, 2021 and 2020, respectively, consisting of the Company's share of equity in EBI's income (loss), including amortization of the difference in the historical basis of the Company's contribution. Prior to the purchase of the remaining 51% interest on April 30, 2021, the Company recorded its proportionate share of the results of EBI, and any related basis difference amortization expense, within equity in income of unconsolidated affiliate, net, one quarter in arrears. Subsequent to April 30, 2021, the results of EBI have been included within the consolidated results of the Company and will no longer be recorded in arrears with no material impact.

Since acquiring its initial interest in EBI through the purchase date, the Company recorded $10.4 million in retained earnings of undistributed cumulative earnings in equity interests, net of tax, as of April 30, 2021.

Related-party transactions

Transactions with the equity method investee are considered related-party transactions. In the first quarter of fiscal year 2022, the Company acquired the remaining 51% interest in its former equity method investee, EBI. Refer to Note 16 — Acquisitions — EBI for further information. The following tables set forth the material related-party transactions entered into between EBI and its subsidiaries, on the one hand, and the Company and its subsidiaries, on the other hand, in the ordinary course of business for the time periods presented:

	Fiscal Years Ended	
	March 31, 2021	March 31, 2020
	(In thousands)	
Revenue – EBI	$ 10,619	$ 9,993
Expense – EBI	16,341	18,854
Cash received – EBI	10,800	12,848
Cash paid – EBI	27,079	13,463

	As of March 31, 2021
	(In thousands)
Collections in excess of revenues and deferred revenues – EBI	$ 6,013

Note 11 — Employee Benefits

The Company is a sponsor of a voluntary deferred compensation plan under Section 401(k) of the Internal Revenue Code. Under the plan, the Company may make discretionary contributions to the plan which vest over three years. The Company's discretionary matching contributions to the plan are based on the amount of employee contributions and can be made in cash or the Company's common stock at the Company's election. Subsequent to the 2022 fiscal year end, the Company elected to settle the discretionary contributions liability in shares of the Company's common stock, consistent with fiscal year 2021. Based on the closing price of the Company's common stock at the 2022 fiscal year end, the Company would issue approximately 571,721 shares of common stock at this time. Discretionary contributions accrued by the Company as of March 31, 2022 and 2021 amounted to $27.9 million and $24.5 million, respectively.

Note 12 — Commitments

From time to time, the Company enters into satellite construction agreements as well as various other satellite-related purchase commitments, including with respect to the provision of launch services, operation of its satellites and satellite insurance. As of March 31, 2022, future minimum payments under the Company's satellite construction contracts and other satellite-related purchase commitments for the next five fiscal years and thereafter were as follows:

Fiscal Years Ending	(In thousands)
2023	$ 481,694
2024	212,642
2025	56,892
2026	5,974
2027	1,714
Thereafter	7,401
	$ 766,317

The Company's contracts with satellite manufacturers require the Company to make monthly in-orbit satellite performance incentive payments with respect to certain satellites in service, including interest, through fiscal year 2028, subject to the continued satisfactory performance of the applicable satellite. The Company records the net present value of these expected future payments as a liability and as a component of the cost of the satellites. As of March 31, 2022, the Company's estimated satellite performance incentive obligations and accrued interest for the applicable satellites were approximately $23.7 million, of which $5.0 million and $18.7 million have been classified as current in accrued liabilities and non-current in other liabilities, respectively. Under these satellite construction contracts, the Company may incur up to $27.6 million in total costs for satellite performance incentive obligations and related interest earned with potential future minimum payments of $5.4 million, $5.3 million, $5.5 million, $5.8 million and $4.7 million in fiscal years 2023, 2024, 2025, 2026 and 2027, respectively, with an insignificant amount in commitments thereafter.

The Company has various other purchase commitments under satellite capacity agreements which are used to provide satellite networking services to its customers for future minimum payments of approximately $51.9 million, $19.3 million, $5.7 million, $9.7 million and $14.5 million in fiscal years 2023, 2024, 2025, 2026 and 2027, respectively, and $52.6 million of further minimum payments thereafter.

Note 13 — Contingencies

From time to time, the Company is involved in a variety of claims, suits, investigations and proceedings arising in the ordinary course of business, including government investigations and claims, and other claims and proceedings with respect to intellectual property, breach of contract, labor and employment, tax and other matters. Such matters could result in fines; penalties, compensatory, treble or other damages; or non-monetary relief. A violation of government contract laws and regulations could also result in the termination of its government contracts or debarment from bidding on future government contracts. Although claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, the Company believes that the resolution of its current pending matters will not have a material adverse effect on its business, financial condition, results of operations or liquidity.

The Company has contracts with various U.S. Government agencies. Accordingly, the Company is routinely subject to audit and review by the DCMA, the DCAA and other U.S. Government agencies of its performance on government contracts, indirect rates and pricing practices, accounting and management internal control business systems, and compliance with applicable contracting and procurement laws, regulations and standards. An adverse outcome to a review or audit or other failure to comply with applicable contracting and procurement laws, regulations and standards could result in material civil and criminal penalties and administrative sanctions being imposed on the Company, which may include termination of contracts, forfeiture of profits, triggering of price reduction clauses, suspension of payments, significant customer refunds, fines and suspension, or a prohibition on doing business with U.S. Government agencies. In addition, if the Company fails to obtain an "adequate" determination of its various accounting and management internal control business systems from applicable U.S. Government agencies or if allegations of impropriety are made against it, the Company could suffer serious harm to its business or its reputation, including its ability to bid on new contracts or receive contract renewals and its competitive position in the bidding process. The Company's incurred cost audits by the DCAA has not been concluded for fiscal year 2021. As of March 31, 2022, the DCAA had completed its incurred cost audit for fiscal years 2004, 2016, 2019 and, 2020 and approved the Company's incurred costs for those fiscal years, as well as approved the Company's incurred costs for fiscal years 2005 through 2015, 2017 and 2018 without further audit based on the determination of low risk. Although the Company has recorded contract revenues subsequent to fiscal year 2020 based upon an estimate of costs that the Company believes will be approved upon final audit or review, the Company does not know the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed the Company's estimates, its profitability would be adversely affected. As of March 31, 2022 and 2021, the Company had $12.1 million and $10.3 million, respectively, in contract-related reserves for its estimate of potential refunds to customers for potential cost adjustments on several multi-year U.S. Government cost reimbursable contracts. This reserve is classified as either an element of accrued liabilities or as a reduction of unbilled accounts receivable based on the status of the related contracts.

Note 14 — Product Warranty

The Company provides limited warranties on its products for periods of up to five years. The Company records a liability for its warranty obligations when products are shipped or they are included in long-term construction contracts based upon an estimate of expected warranty costs. Amounts expected to be incurred within 12 months are classified as accrued liabilities and amounts expected to be incurred beyond 12 months are classified as other liabilities in the consolidated financial statements. For mature products, the warranty cost estimates are based on historical experience with the particular product. For newer products that do not have a history of warranty costs, the Company bases its estimates on its experience with the technology involved and the types of failures that may occur. It is possible that the Company's underlying assumptions will not reflect the actual experience and, in that case, future adjustments will be made to the recorded warranty obligation. The following table reflects the change in the Company's warranty accrual in fiscal years 2022, 2021 and 2020.

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
		(In thousands)	
Balance, beginning of period	$ 11,886	$ 11,643	$ 7,584
Change in liability for warranties issued in period	5,140	5,328	9,107
Settlements made (in cash or in kind) during the period	(6,308)	(5,085)	(5,048)
Balance, end of period	$ 10,718	$ 11,886	$ 11,643

Note 15 — Segment Information

The Company's reporting segments, comprised of the satellite services, commercial networks and government systems segments, are primarily distinguished by the type of customer and the related contractual requirements. The Company's satellite services segment provides satellite-based broadband and related services to residential customers, Prepaid Internet hotspot users, enterprises, commercial airlines and other mobile broadband customers. The Company's commercial networks segment develops and offers advanced satellite and wireless broadband platforms, ground networking equipment, radio frequency and advanced microwave solutions, Application-Specific Integrated Circuit chip design, satellite payload development and space-to-earth connectivity systems, some of which are ultimately used by the Company's satellite services segment. The Company's government systems segment provides global mobile broadband services to military and government users and develops and offers network-centric, internet protocol-based fixed and mobile secure communications products and solutions. The more regulated government environment is subject to unique contractual requirements and possesses economic characteristics which differ from the satellite services and commercial networks segments. The Company's segments are determined consistent with the way management currently organizes and evaluates financial information internally for making operating decisions and assessing performance.

Segment revenues and operating profits (losses) for the fiscal years ended March 31, 2022, 2021 and 2020 were as follows:

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021 (In thousands)	March 31, 2020
Revenues:			
Satellite services			
Product	$ —	$ —	$ —
Service	1,188,816	868,943	826,583
Total	1,188,816	868,943	826,583
Commercial networks			
Product	443,435	268,830	289,959
Service	68,664	52,026	54,598
Total	512,099	320,856	344,557
Government systems			
Product	766,976	775,620	882,582
Service	319,744	290,688	255,516
Total	1,086,720	1,066,308	1,138,098
Elimination of intersegment revenues	—	—	—
Total revenues	$ 2,787,635	$ 2,256,107	$ 2,309,238
Operating profits (losses):			
Satellite services	$ 42,862	$ 35,853	$ 7,015
Commercial networks	(180,298)	(180,749)	(186,877)
Government systems	174,495	208,611	225,894
Elimination of intersegment operating profits	—	—	—
Segment operating profit before corporate and amortization of acquired intangible assets	37,059	63,715	46,032
Corporate	—	—	—
Amortization of acquired intangible assets	(28,729)	(5,482)	(7,611)
Income from operations	$ 8,330	$ 58,233	$ 38,421

Assets identifiable to segments include: accounts receivable, unbilled accounts receivable, inventory, acquired intangible assets and goodwill. The Company's property and equipment, including its satellites, earth stations and other networking equipment, are assigned to corporate assets as they are available for use by the various segments throughout their estimated useful lives. Segment assets as of March 31, 2022 and 2021 were as follows:

	As of March 31, 2022	As of March 31, 2021
	(In thousands)	
Segment assets:		
Satellite services	$ 444,976	$ 64,048
Commercial networks	202,941	168,334
Government systems	479,166	470,389
Total segment assets	1,127,083	702,771
Corporate assets	5,262,263	4,646,696
Total assets	$ 6,389,346	$ 5,349,467

Other acquired intangible assets, net and goodwill included in segment assets as of March 31, 2022 and 2021 were as follows:

	Other Acquired Intangible Assets, Net		Goodwill	
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022	As of March 31, 2021
	(In thousands)			
Satellite services	$ 233,740	$ 5,738	$ 81,972	$ 13,814
Commercial networks	—	—	44,050	44,044
Government systems	2,303	3,830	64,091	64,442
Total	$ 236,043	$ 9,568	$ 190,113	$ 122,300

Amortization of acquired intangible assets by segment for the fiscal years ended March 31, 2022, 2021 and 2020 was as follows:

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
	(In thousands)		
Satellite services	$ 27,220	$ 2,164	$ 2,897
Commercial networks	—	257	1,539
Government systems	1,509	3,061	3,175
Total amortization of acquired intangible assets	$ 28,729	$ 5,482	$ 7,611

Revenues by geographic area for the fiscal years ended March 31, 2022, 2021 and 2020 were as follows:

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
	(In thousands)		
U.S. customers	$ 2,376,252	$ 2,063,832	$ 2,057,458
Non U.S. customers (each country individually insignificant)	411,383	192,275	251,780
Total revenues	$ 2,787,635	$ 2,256,107	$ 2,309,238

The Company distinguishes revenues from external customers by geographic area based on customer location.

The net book value of long-lived assets located outside the United States was $148.4 million at March 31, 2022 and $74.6 million at March 31, 2021.

Note 16 — Acquisitions

Inmarsat Transaction

On November 8, 2021, the Company entered into a Share Purchase Agreement to combine Viasat with Connect Topco Limited, a private company limited by shares and incorporated in Guernsey (Inmarsat), with the shareholders of Inmarsat and certain management and employees who hold options and shares of a subsidiary of Inmarsat whose options and shares will be exchanged for shares of Inmarsat prior to closing (collectively, the Sellers). Pursuant to the Share Purchase Agreement, the Company will purchase all of the issued and outstanding shares of Inmarsat from the Sellers upon the terms and subject to the conditions set forth therein (the Inmarsat Transaction). The total consideration payable by the Company under the Share Purchase Agreement consists of $850.0 million in cash, subject to adjustments (including a reduction of $299.3 million as a result of the dividend paid by Inmarsat in April 2022), and approximately 46.36 million unregistered shares of the Company's common stock.

The closing of the Inmarsat Transaction is subject to customary closing conditions, including receipt of regulatory approvals and clearances, and approval by the stockholders of the Company of the issuance of shares in the transaction and an amendment to the Company's certificate of incorporation to increase the number of shares of common stock authorized for issuance. The Share Purchase Agreement contains certain termination rights for both the Company and certain of the Sellers and further provides that, upon termination of the Share Purchase Agreement under certain circumstances, the Company may be obligated to pay a termination fee of up to $200.0 million or to reimburse certain out-of-pocket expenses of certain Sellers up to $40.0 million.

The Company has obtained financing commitments for an additional $1.6 billion of new debt facilities in connection with the Inmarsat Transaction (which may be secured and/or unsecured), which amount excludes the commitments that were obtained with respect to the $700.0 million Term Loan Facility that the Company entered into on March 4, 2022 to fund the Company's standalone growth expenditures. In light of the $299.3 million reduction in the cash purchase price payable in the Inmarsat Transaction, the Company currently expects to incur $1.3 billion of additional indebtedness under these commitments. However, the total amount of indebtedness incurred under these commitments may change, including in the event that available cash from other sources is higher than expected. The Company also plans to assume $2.1 billion in principal amount of Inmarsat senior secured bonds and the outstanding indebtedness under Inmarsat's $2.4 billion senior secured credit facilities. The Company had also obtained commitments of $3.2 billion to backstop certain amendments required under the Revolving Credit Facility and Ex-Im Credit Facility and Inmarsat's $2.4 billion senior secured credit facilities, which amendments have been obtained under the Revolving Credit Facility and Inmarsat's $2.4 billion senior secured credit facilities.

Euro Broadband Infrastructure Sàrl

On April 30, 2021, the Company acquired the remaining 51% interest in EBI, a broadband services provider, from Eutelsat. By completing the acquisition, the Company gained 100% ownership and control of EBI and the KA-SAT satellite over EMEA and related ground infrastructure, which is expected to facilitate the diversification of the Company's business portfolio in Europe, while establishing operations, distribution and sales of satellite-based broadband services, ahead of the anticipated ViaSat-3 (EMEA) satellite launch. The benefits and additional opportunities of the acquisition were among the factors that contributed to a purchase price resulting in the recognition of goodwill, which was recorded within the Company's satellite services segment. The goodwill recognized is not deductible for U.S. and foreign income tax purposes.

Prior to the acquisition date, the Company owned a 49% interest in EBI and accounted for the investment using the equity method of accounting (see Note 10 — Equity Method Investments and Related-Party Transactions for more information). The acquisition of the remaining equity interest in EBI was accounted for as a step acquisition in accordance with the authoritative guidance for business combinations (ASC 805). Accordingly, the Company allocated the purchase price of the acquired company to the net tangible assets and intangible assets acquired based upon their estimated fair values. The Company remeasured the previously held equity method investment to its fair value based upon a valuation of the acquired business, as of the date of acquisition. The Company considered multiple factors in determining the fair value of the previously held equity method investment, including, (i) the price negotiated with the selling shareholder for the remaining 51% interest in EBI and (ii) an income valuation model (discounted cash flow). As a result of the equity method investment remeasurement, recognition of previously unrecognized foreign currency gain and settlement of insignificant preexisting relationships, the Company recognized an insignificant total net gain included in other income, net, in the consolidated statements of operations and comprehensive income (loss) in the first quarter of fiscal year 2022.

The purchase price of $327.4 million was primarily comprised of $167.0 million of cash, net of what is currently estimated to be an immaterial amount of estimated purchase price consideration to be settled among the parties over the next 24 months (up to plus or minus €20.0 million, or approximately $22.3 million, see Note 3 — Fair Value Measurements for more information) from the closing date (which after consideration of approximately $121.7 million of EBI's cash on hand, resulted in a net cash outlay of approximately $51.0 million) and the fair value of previously held equity method investment of approximately $160.4 million.

The purchase price allocation of the acquired assets and assumed liabilities based on the estimated fair values as of April 30, 2021, slightly adjusted since the close of the acquisition, primarily between goodwill, identifiable intangible assets and property, equipment and satellites, is as follows:

		(In thousands)
Current assets	$	154,207
Property, equipment and satellites		109,028
Identifiable intangible assets		26,574
Other assets		795
Total assets acquired	$	290,604
Total liabilities assumed	$	(5,914)
Goodwill		42,662
Total consideration transferred	$	327,352

Amounts assigned to identifiable intangible assets are being amortized on a straight-line basis over their determined useful lives (which approximates the economic pattern of benefit) and are as follows as of April 30, 2021:

		Fair Value (In thousands)	Weighted Average Useful Life (In years)
Customer relationships	$	17,877	8
Other		7,851	7
Trade name		846	2
Total identifiable intangible assets	$	26,574	8

At the closing of the acquisition, EBI became a wholly owned subsidiary of the Company and EBI's operations have been included in the Company's consolidated financial statements in the Company's satellite services segment (with an insignificant amount included in its commercial networks segment) commencing on the acquisition date.

As EBI's results of operations are not material to the Company's consolidated results of operations, pro forma results of operations for this acquisition have not been presented.

RigNet, Inc.

On April 30, 2021, the Company completed the acquisition of all outstanding shares of RigNet, a publicly held leading provider of ultra-secure, intelligent networking solutions and specialized applications. The acquisition of RigNet is beneficial to the Company as it enables the Company to expand into new and adjacent industries, including renewable energy, transportation, maritime, mining and other enterprise markets. These benefits and additional opportunities were among the factors that contributed to a purchase price resulting in the recognition of goodwill, which was recorded within the Company's satellite services segment. The goodwill recognized is not deductible for U.S. and foreign income tax purposes.

The consideration transferred of approximately $317.9 million was primarily comprised of $207.2 million of the fair value of approximately 4.0 million shares of the Company's common stock issued at the closing date, $107.3 million related to the pay down of outstanding borrowings of RigNet's revolving credit facility, a de minimis amount in cash consideration in respect of fractional shares to the former shareholders of RigNet and an insignificant amount of other consideration. In connection with the

RigNet acquisition, the Company recorded merger-related transaction costs of approximately $7.2 million, respectively, for the fiscal year ended March 31, 2022, included in selling, general and administrative expenses.

The purchase price allocation of the acquired assets and assumed liabilities based on the estimated fair values as of April 30, 2021 is as follows:

		(In thousands)
Current assets	$	88,166
Property, equipment and satellites		63,191
Identifiable intangible assets		221,540
Other assets		13,350
Total assets acquired	$	386,247
Current liabilities		(66,006)
Other long-term liabilities		(31,433)
Total liabilities assumed	$	(97,439)
Goodwill		29,132
Total consideration transferred	$	317,940

Amounts assigned to identifiable intangible assets are being amortized on a straight-line basis over their determined useful lives (which approximates the economic pattern of benefit) and are as follows as of April 30, 2021:

		Fair Value (In thousands)	Weighted Average Useful Life (In years)
Technology	$	85,440	8
Customer relationships		101,920	12
Trade name		25,540	8
Other		8,640	12
Total identifiable intangible assets	$	221,540	10

Management determined the fair value of acquired customer relationships intangible asset by applying the multi-period excess earnings method, which involved the use of significant estimates and assumptions related to forecasted revenue growth rate, gross margin, contributory asset charges, customer attrition rate and discount rate. In connection with the acquisition, the Company assumed a contingent liability associated with a RigNet predecessor subsidiary of approximately $13.8 million, which represented the maximum amount payable under the terms of the agreement. As of March 31, 2022, no amount remains payable as the maximum amount payable was paid during the first and second quarters of fiscal year 2022.

The consolidated financial statements include the operating results of RigNet from the date of acquisition. Since the acquisition date, the Company recorded approximately $180.2 million in revenue for the fiscal year ended March 31, 2022, and $31.2 million of net losses for the fiscal year ended March 31, 2022, with respect to the RigNet business primarily in the Company's satellite services segment (with a portion included in its commercial networks segment) in the consolidated statements of operations.

Unaudited Pro Forma Financial Information

The unaudited financial information in the table below summarizes the combined results of operations for the Company and RigNet on a pro forma basis, as though the companies had been combined as of the beginning of fiscal year 2021, April 1, 2020. The pro forma information is presented for informational purposes only and may not be indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the related fiscal periods. The pro forma financial information for the fiscal years ended March 31, 2022 and 2021 include the business combination accounting effects primarily related to the amortization and depreciation changes from acquired intangible and tangible assets, acquisition-related transaction costs and related tax effects.

	Fiscal Years Ended	
	March 31, 2022	March 31, 2021
	(In thousands)	
Total revenues	$ 2,799,252	$ 2,449,881
Net (loss) income attributable to Viasat, Inc.	$ (19,957)	$ (43,866)

VALUATION AND QUALIFYING ACCOUNTS

For the Three Fiscal Years Ended March 31, 2022

	Deferred Tax Asset Valuation Allowance
	(In thousands)
Balance, March 31, 2019	$ 33,499
Charged to costs and expenses	9,122
Deductions	—
Balance, March 31, 2020	$ 42,621
Charged to costs and expenses	4,455
Deductions	—
Balance, March 31, 2021	$ 47,076
Charged to costs and expenses	5,119
Charged to goodwill*	25,876
Deductions	—
Balance, March 31, 2022	$ 78,071

* Related to the acquisitions of RigNet and EBI

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the Nasdaq Global Select Market under the symbol "VSAT." As of May 13, 2022, there were approximately 442 holders of record of our common stock. A substantially greater number of holders of Viasat common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

To date, we have neither declared nor paid any dividends on our common stock. We currently intend to retain all future earnings, if any, for use in the operation and development of our business and, therefore, do not expect to declare or pay any cash dividends on our common stock in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements, general business condition and such other factors as the Board of Directors may deem relevant. In addition, as more fully described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" included elsewhere in this Annual Report, the existing terms of our Credit Facilities and the indentures governing the Notes restrict our ability to declare or pay dividends on our common stock.

USE OF NON-GAAP FINANCIAL INFORMATION

To supplement Viasat's consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), Viasat uses Adjusted EBITDA, a measure Viasat believes is appropriate to provide meaningful comparison with, and enhance an overall understanding of, Viasat's past financial performance and prospects for the future. We believe Adjusted EBITDA provides useful information to both management and investors by excluding specific expenses that we believe are not indicative of our core operating results. In addition, since we have historically reported non-GAAP results to the investment community, we believe the inclusion of non-GAAP numbers provides consistency in our financial reporting and facilitates comparisons to the company's historical operating results. Further, these non-GAAP results are among the primary indicators that management uses as a basis for evaluating the operating performance of our segments, allocating resources to such segments, planning and forecasting in future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for measures of financial performance prepared in accordance with GAAP. A reconciliation of specific adjustments to GAAP results is provided in the table below.

An itemized reconciliation between net income (loss) attributable to Viasat, Inc. and Adjusted EBITDA is as follows:

Fiscal Years Ended	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**	**March 30, 2012**
(In thousands)						
GAAP net (loss) income attributable to Viasat, Inc.	$ (15,534)	$ 3,691	$ (212)	$ (67,623)	$ (67,305)	$ 7,496
(Benefit from) provision for income taxes	(14,237)	9,441	(7,915)	(41,014)	(35,217)	(13,651)
Interest expense, net	28,887	32,247	36,993	49,861	3,066	8,247
Depreciation and amortization	495,447	397,102	342,178	318,613	255,652	125,511
Stock-based compensation expense	86,808	84,879	86,553	79,599	68,545	21,382
Loss on extinguishment of debt	—	—	—	—	10,217	—
Acquisition related expenses	33,965	3,328	—	—	—	—
Other income, net	(4,118)	—	—	—	—	—
Adjusted EBITDA	$ 611,218	$ 530,688	$ 457,597	$ 339,436	$ 234,958	$ 148,985

Forward-looking statements

This Annual Report, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 and the Securities Exchange Act of 1934. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management. We use words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "goal," "intend," "may," "plan," "project," "seek," "should," "target," "will," "would," variations of such words and similar expressions to identify forward-looking statements. In addition, statements that refer to the proposed acquisition of all issued and outstanding shares of Connect Topco Limited (the Inmarsat Transaction) and any statements regarding the expected timing, benefits, synergies, growth opportunities and other financial and operating benefits thereof, the closing of the Inmarsat Transaction and timing or satisfaction of regulatory and other closing conditions, or the anticipated operations, financial position, liquidity, performance, prospects or growth and scale opportunities of the combined company; the impact of the novel coronavirus (COVID-19) pandemic on our business; our expectations regarding an end to the pandemic and a lessening of its effects on our business, including expectations for increased airline passenger traffic and in-flight connectivity (IFC) growth; projections of earnings, revenue, costs or other financial items; anticipated growth and trends in our business or key markets; future economic conditions and performance; the total addressable global market for fixed and mobile satellite broadband; the anticipated benefits of our acquisitions of RigNet, Inc. (RigNet) and Euro Broadband Infrastructure Sàrl (EBI); the development, customer acceptance and anticipated performance of technologies, products or services; satellite construction and launch activities; the performance and anticipated benefits of our ViaSat-3 class satellites and any future satellite we may construct or acquire; the expected completion, capacity, service, coverage, service speeds and other features of our satellites, and the timing, cost, economics and other benefits associated therewith; anticipated subscriber growth; plans, objectives and strategies for future operations; international growth opportunities; the number of additional aircraft under existing contracts with commercial airlines anticipated to be put into service with our IFC systems; and other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Factors that could cause actual results to differ materially include: risks and uncertainties related to the Inmarsat Transaction, including the failure to obtain, or delays in obtaining, required regulatory approvals or clearances; the risk that any such approval may result in the imposition of conditions that could adversely affect Viasat, the combined company or the expected benefits of the Inmarsat Transaction; the failure to satisfy any of the closing conditions to the Inmarsat Transaction on a timely basis or at all; any adverse impact on the business of Viasat or Inmarsat as a result of uncertainty surrounding the Inmarsat Transaction; the nature, cost and outcome of any legal proceedings related to the Inmarsat Transaction; the occurrence of any event, change or other circumstances that could give rise to the termination of the definitive agreement for the Inmarsat Transaction, including in circumstances requiring Viasat to pay a termination fee; the risk that Viasat's stock price may decline significantly if the Inmarsat Transaction is not consummated; the failure to obtain the necessary debt financing arrangements set forth in the commitment letters received in connection with the Inmarsat Transaction; risks that the Inmarsat Transaction disrupts current plans and operations or diverts management's attention from its ongoing business; the effect of the announcement of the Inmarsat Transaction on the ability of Viasat to retain and hire key personnel and maintain relationships with its customers, suppliers and others with whom it does business; the ability of Viasat to successfully integrate Inmarsat operations, technologies and employees; the ability to realize anticipated benefits and synergies of the Inmarsat Transaction, including the expectation of enhancements to Viasat's products and services, greater revenue or growth opportunities, operating efficiencies and cost savings; the ability to ensure continued performance and market growth of the combined company's business; our ability to realize the anticipated benefits of the ViaSat-3 class satellites and any future satellite we may construct or acquire; unexpected expenses related to our satellite projects; our ability to successfully implement our business plan for our broadband services on our anticipated timeline or at all; capacity constraints in our business in the lead-up to the launch of services on our ViaSat-3 satellites; risks associated with the construction, launch and operation of satellites, including the effect of any anomaly, operational failure or degradation in satellite performance; the impact of the COVID-19 pandemic on our business, suppliers, consumers, customers, and employees or the overall economy; our ability to realize the anticipated benefits of our acquisitions or strategic partnering arrangements, including the RigNet and EBI acquisitions; our ability to successfully develop, introduce and sell new technologies, products and services; audits by the U.S. Government; changes in the global business environment and economic conditions; delays in approving U.S. Government budgets and cuts in government defense expenditures; our reliance on U.S. Government contracts, and on a small number of contracts which account for a significant percentage of our revenues; reduced demand for products and services as a result of continued constraints on capital spending by customers; changes in relationships with, or the financial condition of, key customers or suppliers; our reliance on a limited number of third parties to manufacture and supply our products; increased competition; introduction of new technologies and other factors affecting the communications and defense industries generally; the effect of adverse regulatory changes (including changes affecting spectrum availability or permitted uses) on our ability to sell or deploy our products and services; changes in the way others use spectrum; our inability to access additional spectrum, use spectrum for additional purposes, and/or operate satellites at additional orbital locations; competing uses of the same spectrum or orbital locations that we utilize or seek to utilize; the effect of recent changes to U.S. tax laws; our level of indebtedness and ability to comply with applicable debt covenants; our involvement in litigation, including intellectual property claims and litigation to protect our proprietary technology; our dependence on a limited number of key employees; and other factors identified in our most recent reports on Form 10-K, 10-Q and 8-K and our other filings with the Securities and Exchange Commission (the SEC). Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

CORPORATE INFORMATION

Board of directors

Mark Dankberg
Chairman of the Board, Chief Executive Officer and Co-founder

Richard Baldridge
Vice Chairman

James Bridenstine
Senior Advisor, Acorn Growth Companies

Robert Johnson
Venture Capital Investor

Sean Pak
Lead Independent Director
Partner, Quinn Emanuel Urquhart & Sullivan LLP

Varsha Rao
Head of Nurx at Thirty Madison

John Stenbit
Private Consultant

Theresa Wise
Chief Executive Officer, Utaza, LLC

Executive officers

Mark Dankberg
Chairman of the Board, Chief Executive Officer and Co-founder

Richard Baldridge
Vice Chairman

Doug Abts
Senior Vice President, Strategic Planning and Corporate Development

Robert Blair
Senior Vice President, General Counsel and Secretary

Girish Chandran
Vice President and Chief Technical Officer

Evan Dixon
President, Global Fixed Broadband

James Dodd
Senior Vice President and President, Global Enterprise & Mobility

Shawn Duffy
Senior Vice President and Chief Financial Officer

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Executive Vice President and Chief Operating Officer

Melinda Kimbro
Senior Vice President, People and Culture and Chief People Officer

Keven Lippert
Executive Vice President, Strategic Initiatives and Chief Commercial Officer

Craig Miller
President, Government Systems

Mark Miller
Executive Vice President, Chief Technical Officer and Co-founder

Krishna Nathan
Chief Information Officer

David Ryan
Senior Vice President and President, Space and Commercial Networks

Annual meeting

The 2022 Annual Meeting will be held on September 1 at 8:30 a.m. PT. This year's annual meeting will be completely virtual, and may be accessed at www.virtualshareholdermeeting.com/VSAT2022

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Investor relations

For investor information, financial information, SEC filings, and other useful information, visit our website at www.viasat.com. To obtain a printed copy of our Form 10-K without charge, or to receive additional copies of this Annual Report or other financial information, please contact our Investor Relations department at:

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