

EchoStar Announces Financial Results for the Three and Six Months Ended June 30, 2024

August 9, 2024

ENGLEWOOD, Colo., Aug. 9, 2024 /PRNewswire/ -- EchoStar Corporation (NASDAQ: SATS) announced its financial results for the three and six months ended June 30, 2024.



Six Months Ended June 30, 2024:

- EchoStar reported total revenue of \$7.97 billion for the six months ending June 30, 2024, compared to \$8.74 billion in the year ago period.
- Net loss attributable to EchoStar in the first two quarters of 2024 was \$312.97 million, compared to net income of \$466.20 million in the year ago period. Diluted loss per share was \$1.15, compared to earnings per share of \$1.51 in the year ago period.
- Consolidated OIBDA totaled \$912.31 million for the six months ending June 30, 2024, compared to \$1.32 billion in the year ago period. (See OIBDA definition and non-GAAP reconciliation below.)

"The EchoStar team continued to perform as planned in the second quarter of 2024. We directed efforts on aligning key business synergies and objectives, focusing on profitable customer acquisition and retention efforts, and making improvements in our go-to-market approach for Retail Wireless," said Hamid Akhavan, president and CEO, EchoStar Corporation. "In addition, we are in constructive discussions to address necessary financing, working to strengthen our consumer offerings and value propositions, enhancing our state-of-the-art Open RAN network, and driving profitability across the enterprise."

Three Months Ended June 30, 2024:

- Net Pay-TV subscribers decreased approximately 104,000 in the second quarter, compared to 294,000 in the year ago quarter. The company closed the quarter with 8.07 million Pay-TV subscribers including 6.07 million DISH TV subscribers and 2.00 million SLING TV subscribers. This change in net Pay-TV subscriber losses resulted from SLING TV subscriber additions in the second quarter compared to losses in the year ago quarter and a decrease in net DISH TV subscriber losses due to a lower DISH TV churn rate, offset by lower gross new DISH TV subscriber activations.
- Retail Wireless net subscribers decreased by approximately 16,000 in the second quarter, compared to 188,000 in the year ago quarter. The company closed the quarter with 7.28 million Retail Wireless subscribers. The decrease in net retail wireless subscriber losses resulted from a lower retail wireless churn rate, offset by lower gross new retail wireless subscriber activations. The second quarter was negatively impacted by net losses of government subsidized subscribers, including Affordable Connectivity Program ("ACP") subscribers, compared to net additions in the year ago quarter, primarily due to the ACP program funding concluding on June 1, 2024. Excluding the impact of net losses of government subsidized subscribers EchoStar added approximately 32,000 Retail Wireless subscribers in the second quarter.
- Broadband net subscribers decreased by approximately 23,000 in the second quarter, compared to 55,000 in the year ago quarter. The company closed the quarter with 955,000 Broadband subscribers. The net broadband subscriber loss improvement was primarily due to the new EchoStar XXIV satellite service launch and increased subscriber demand for our new satellite service plans.

Set forth below is a table highlighting certain of EchoStar's segment results for the three and six months ended June 30, 2024 and 2023 (all U.S. GAAP amounts reference results from operations):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Revenue				
Pay-TV	\$ 2,676,284	\$ 2,975,140	\$ 5,402,862	\$ 5,947,271
Retail Wireless	891,531	928,241	1,797,381	1,903,107
5G Network Deployment	35,514	19,079	65,018	37,986
Broadband and Satellite Services	394,011	453,110	776,597	892,706
All Other & Eliminations	(44,589)	(19,108)	(74,264)	(36,942)
Total	<u>\$ 3,952,751</u>	<u>\$ 4,356,462</u>	<u>\$ 7,967,594</u>	<u>\$ 8,744,128</u>
Net Income (loss) attributable to EchoStar	<u>\$ (205,591)</u>	<u>\$ 212,662</u>	<u>\$ (312,967)</u>	<u>\$ 466,196</u>
OIBDA				
Pay-TV	\$ 753,001	\$ 818,265	\$ 1,508,511	\$ 1,596,073
Retail Wireless	(65,995)	(59,296)	(83,513)	(24,658)
5G Network Deployment	(313,018)	(278,475)	(646,582)	(514,451)
Broadband and Satellite Services	82,392	149,559	161,679	280,382
All Other & Eliminations	(14,224)	(7,191)	(27,783)	(13,392)

Total	\$ 442,156	\$ 622,862	\$ 912,312	\$ 1,323,954
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Purchases of property and equipment, net of refunds (including capitalized interest related to regulatory authorizations)

Pay-TV	\$ 54,006	\$ 67,630	\$ 111,918	\$ 103,193
Retail Wireless	—	—	—	—
5G Network Deployment	560,468	1,183,891	1,109,641	2,054,933
Broadband and Satellite Services	56,559	49,016	127,170	93,087
All Other & Eliminations	—	—	—	—
Total	\$ 671,033	\$ 1,300,537	\$ 1,348,729	\$ 2,251,213

Reconciliation of GAAP to Non-GAAP Measurement:

For the Three Months Ended June 30, 2024	Pay-TV	Retail Wireless	5G Network Deployment	Broadband and Satellite Services	Eliminations	Consolidated
(In thousands)						
Segment operating income (loss)	\$ 667,752	\$ (121,362)	\$ (578,940)	\$ (34,586)	\$ 1,767	\$ (65,369)
Depreciation and amortization	85,249	55,367	265,922	116,978	(15,991)	507,525
OIBDA	\$ 753,001	\$ (65,995)	\$ (313,018)	\$ 82,392	\$ (14,224)	\$ 442,156

For the Three Months Ended June 30, 2023	Pay-TV	Retail Wireless	5G Network Deployment	Broadband and Satellite Services	Eliminations	Consolidated
Segment operating income (loss)	\$ 720,792	\$ (112,499)	\$ (401,959)	\$ 43,847	\$ 2,048	\$ 252,229
Depreciation and amortization	97,473	53,203	123,484	105,712	(9,239)	370,633
OIBDA	\$ 818,265	\$ (59,296)	\$ (278,475)	\$ 149,559	\$ (7,191)	\$ 622,862

For the Six Months Ended June 30, 2024	Pay-TV	Retail Wireless	5G Network Deployment	Broadband and Satellite Services	Eliminations	Consolidated
Segment operating income (loss)	\$ 1,337,860	\$ (195,779)	\$ (1,149,691)	\$ (74,140)	\$ 1,137	\$ (80,613)
Depreciation and amortization	170,651	112,266	503,109	235,819	(28,920)	992,925
OIBDA	\$ 1,508,511	\$ (83,513)	\$ (646,582)	\$ 161,679	\$ (27,783)	\$ 912,312

For the Six Months Ended June 30, 2023	Pay-TV	Retail Wireless	5G Network Deployment	Broadband and Satellite Services	Eliminations	Consolidated
Segment operating income (loss)	\$ 1,396,025	\$ (130,706)	\$ (735,562)	\$ 71,552	\$ 4,258	\$ 605,567
Depreciation and amortization	200,048	106,048	221,111	208,830	(17,650)	718,387
OIBDA	\$ 1,596,073	\$ (24,658)	\$ (514,451)	\$ 280,382	\$ (13,392)	\$ 1,323,954

Note on Use of Non-GAAP Financial Measures

OIBDA is defined as "Operating income (loss)" plus "Depreciation and amortization."

OIBDA, which is presented by segment above, is a non-GAAP measure reconciled to "Operating income (loss)" and does not purport to be an alternative to operating income (loss) as a measure of operating performance. We believe this measure is useful to management, investors and other users of our financial information in evaluating operating profitability of our business segments on a more variable cost basis as it excludes the depreciation and amortization expenses related primarily to capital expenditures and acquisitions for those business segments, as well as in evaluating operating performance in relation to our competitors.

The condensed consolidated financial statements of EchoStar for the period ended June 30, 2024, are attached to this press release. Detailed financial data and other information are available in EchoStar's Form 10-Q for the period ended June 30, 2024, filed today with the Securities and Exchange Commission.

EchoStar will host a conference call to discuss its earnings on Friday, August 9, 2024, at noon Eastern Time. The conference call will be broadcast live in listen-only mode on EchoStar's investor relations website at ir.echostar.com. To attend the call, please dial: (877) 484-6065 (U.S.) or (201) 689-8846. When prompted on dial-in, please utilize the conference ID (13748126) or ask for the "EchoStar Corporation Q2 2024 Earnings Conference Call." Please dial in at least 10 minutes before the call to ensure timely participation.

About EchoStar Corporation

EchoStar Corporation (Nasdaq: SATS) is a premier provider of technology, networking services, television entertainment and connectivity, offering consumer, enterprise, operator and government solutions worldwide under its EchoStar®, Boost Mobile®, Sling TV, DISH TV, Hughes®, HughesNet®, HughesON™, and JUPITER™ brands. In Europe, EchoStar operates under its EchoStar Mobile Limited subsidiary and in Australia, the company operates as EchoStar Global Australia. For more information, visit www.echostar.com and follow EchoStar on X (Twitter) and LinkedIn.

Safe Harbor Statement under the US Private Securities Litigation Reform Act of 1995

This press release may contain statements that are forward looking, as that term is defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. When used in this release, the

words "believe," "anticipate," "goal," "seek," "estimate," "expect," "intend," "project," "continue," "future," "will," "would," "can," "may," "plans," and similar expressions and the use of future dates are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. We assume no responsibility for the accuracy of forward-looking statements or information or for updating forward-looking information or statements. These statements are subject to certain risks, uncertainties, and assumptions. See "Risk Factors" in EchoStar's Annual Report on Form 10-K for the period ended December 31, 2023, and subsequent quarterly reports on Form 10-Q as filed with the Securities and Exchange Commission and in the other documents EchoStar files with the Securities and Exchange Commission from time to time.

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share amounts)

(Unaudited)

As of

Assets

Current Assets:

	June 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 419,246	\$ 1,821,376
Marketable investment securities	101,331	623,044
Trade accounts receivable, net of allowance for credit losses of \$107,498 and \$74,390, respectively	1,052,855	1,122,139
Inventory	557,257	665,169
Prepays and other assets	642,158	644,005
Other current assets	15,019	16,081
Total current assets	2,787,866	4,891,814

Noncurrent Assets:

Restricted cash, cash equivalents and marketable investment securities	143,429	118,065
Property and equipment, net	9,427,192	9,561,834
Regulatory authorizations, net	39,053,041	38,572,980
Other investments, net	243,191	314,370
Operating lease assets	3,137,306	3,065,448
Intangible assets, net	86,992	172,892
Other noncurrent assets, net	376,176	411,491
Total noncurrent assets	52,467,327	52,217,080
Total assets	\$ 55,255,193	\$ 57,108,894

Liabilities and Stockholders' Equity (Deficit)

Current Liabilities:

Trade accounts payable	\$ 655,455	\$ 774,011
Deferred revenue and other	670,439	754,658
Accrued programming	1,546,377	1,427,762
Accrued interest	289,302	297,678
Other accrued expenses and liabilities	1,732,389	1,717,826
Current portion of long-term debt and finance lease obligations	2,082,919	3,046,654
Total current liabilities	6,976,881	8,018,589

Long-Term Obligations, Net of Current Portion:

Long-term debt and finance lease obligations, net of current portion	19,678,708	19,717,266
Deferred tax liabilities, net	4,975,164	5,014,309
Operating lease liabilities	3,115,265	3,121,307
Long-term deferred revenue and other long-term liabilities	877,224	849,131
Total long-term obligations, net of current portion	28,646,361	28,702,013
Total liabilities	35,623,242	36,720,602

Commitments and Contingencies

Redeemable noncontrolling interests	—	438,382
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Stockholders' Equity (Deficit):

Class A common stock, \$0.001 par value, 1,600,000,000 shares authorized, 140,318,473 and 140,153,020 shares issued and outstanding, respectively	140	140
Class B common stock, \$0.001 par value, 800,000,000 shares authorized, 131,348,468 shares issued and outstanding	131	131
Additional paid-in capital	8,326,880	8,301,979
Accumulated other comprehensive income (loss)	(179,126)	(160,056)
Accumulated earnings (deficit)	11,425,016	11,737,983
Total EchoStar stockholders' equity (deficit)	19,573,041	19,880,177

Noncontrolling interests	58,910	69,733
Total stockholders' equity (deficit)	19,631,951	19,949,910
Total liabilities and stockholders' equity (deficit)	<u>\$ 55,255,193</u>	<u>\$ 57,108,894</u>

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)
(Unaudited)

	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue:				
Service revenue	\$ 3,742,086	\$ 4,088,513	\$ 7,561,755	\$ 8,269,234
Equipment sales and other revenue	210,665	267,949	405,839	474,894
Total revenue	<u>3,952,751</u>	<u>4,356,462</u>	<u>7,967,594</u>	<u>8,744,128</u>
Costs and Expenses (exclusive of depreciation and amortization):				
Cost of services	2,507,478	2,391,540	5,064,660	4,854,140
Cost of sales - equipment and other	408,093	583,498	771,176	1,103,558
Selling, general and administrative expenses	595,024	758,562	1,219,446	1,459,334
Depreciation and amortization	507,525	370,633	992,925	718,387
Impairment of long-lived assets and goodwill	—	—	—	3,142
Total costs and expenses	<u>4,018,120</u>	<u>4,104,233</u>	<u>8,048,207</u>	<u>8,138,561</u>
Operating income (loss)	<u>(65,369)</u>	<u>252,229</u>	<u>(80,613)</u>	<u>605,567</u>
Other Income (Expense):				
Interest income, net	13,929	54,308	44,391	122,494
Interest expense, net of amounts capitalized	(81,166)	(21,648)	(180,574)	(41,681)
Other, net	(91,498)	34,068	(117,608)	(693)
Total other income (expense)	<u>(158,735)</u>	<u>66,728</u>	<u>(253,791)</u>	<u>80,120</u>
Income (loss) before income taxes	(224,104)	318,957	(334,404)	685,687
Income tax (provision) benefit, net	16,646	(86,265)	18,571	(180,150)
Net income (loss)	(207,458)	232,692	(315,833)	505,537
Less: Net income (loss) attributable to noncontrolling interests, net of tax	(1,867)	20,030	(2,866)	39,341
Net income (loss) attributable to EchoStar	<u>\$ (205,591)</u>	<u>\$ 212,662</u>	<u>\$ (312,967)</u>	<u>\$ 466,196</u>
Weighted-average common shares outstanding - Class A and B common stock:				
Basic	<u>271,592</u>	<u>270,818</u>	<u>271,555</u>	<u>270,328</u>
Diluted	<u>271,592</u>	<u>308,375</u>	<u>271,555</u>	<u>307,948</u>
Earnings per share - Class A and B common stock:				
Basic net income (loss) per share attributable to EchoStar	<u>\$ (0.76)</u>	<u>\$ 0.79</u>	<u>\$ (1.15)</u>	<u>\$ 1.72</u>
Diluted net income (loss) per share attributable to EchoStar	<u>\$ (0.76)</u>	<u>\$ 0.69</u>	<u>\$ (1.15)</u>	<u>\$ 1.51</u>

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF
CASH FLOWS
(In thousands)
(Unaudited)

	<u>For the Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Net income (loss)	\$ (315,833)	\$ 505,537
<i>Adjustments to reconcile net income (loss) to net cash flows from operating activities:</i>		
Depreciation and amortization	992,925	718,387
Impairment of long-lived assets and goodwill	—	3,142
Realized and unrealized losses (gains) on investments, impairments and other	49,312	(31,109)
Realized and unrealized losses (gains) on derivatives	—	36,974
Non-cash, stock-based compensation	19,693	27,306
Deferred tax expense (benefit)	(35,300)	143,754
Changes in allowance for credit losses	33,108	1,531
Change in long-term deferred revenue and other long-term liabilities	8,139	(3,356)
Other, net	192,710	67,120

Changes in current assets and current liabilities, net	(13,770)	69,820
Net cash flows from operating activities	930,984	1,539,106
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(21,847)	(2,051,128)
Sales and maturities of marketable investment securities	501,512	1,917,860
Purchases of property and equipment	(866,922)	(1,700,818)
Refunds and other receipts of purchases of property and equipment	—	31,371
Capitalized interest related to regulatory authorizations	(481,807)	(581,766)
Proceeds from other debt investments	—	148,448
Purchases of regulatory authorizations, including deposits	(1,104)	(1,771)
Sale of assets to CONX	26,719	—
Other, net	(4,716)	(13,286)
Net cash flows from investing activities	(848,165)	(2,251,090)
Cash Flows From Financing Activities:		
Repayment of long-term debt and finance lease obligations	(52,758)	(53,514)
Redemption and repurchases of convertible and senior notes	(951,170)	(1,582,181)
Proceeds from issuance of senior notes	—	1,500,000
Early debt extinguishment gains (losses) of convertible and senior notes	—	68,086
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	1,832	8,297
Purchase of SNR Management's ownership interest in SNR HoldCo	(441,998)	—
Debt issuance costs and debt (discount) premium	—	21,635
Other, net	2	(4,710)
Net cash flows from financing activities	(1,444,092)	(42,387)
Effect of exchange rates on cash and cash equivalents	(3,701)	3,483
Net increase (decrease) in cash, cash equivalents, restricted cash and cash equivalents	(1,364,974)	(750,888)
Cash, cash equivalents, restricted cash and cash equivalents, beginning of period	1,911,601	2,561,803
Cash, cash equivalents, restricted cash and cash equivalents, end of period	<u>\$ 546,627</u>	<u>\$ 1,810,915</u>

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