



# Pro Forma Free Cash Flow\* *(updated for upsized TLB balance 7/30/24)*

(\$ Millions, Except per Share)	2022 Pro Forma Results	2023 Pro Forma Results	2024 Pro Forma Outlook
Operational EBITDA <sup>(1)</sup>	\$424	\$463	\$465
Hosted Payload Cash Timing <sup>(2)</sup>	(\$6)	(\$3)	\$4
Working Capital <sup>(3)</sup>	(\$8)	(\$10)	(\$10)
Iridium CapEx <sup>(4)</sup>	(\$68)	(\$69)	(\$69)
Net Interest <sup>(5)</sup>	(\$62)	(\$78)	(\$92)
Cash Taxes <sup>(6)</sup>	\$0	\$0	(\$5)
<b>Free Cash Flow (FCF)</b>	<b>\$280</b>	<b>\$303</b>	<b>\$293</b>
FCF/Share <sup>(7)</sup>	\$2.16	\$2.40	\$2.38
FCF Yield <sup>(8)</sup>	~4.4%	~6.1%	~9.7%
FCF Conversion (FCF as % of OEBITDA)	~66%	~65%	~63%

\* Footnotes on following slide

# FOOTNOTES

- (1) See below for the definition of Operational EBITDA, and a reconciliation of GAAP net income to OEBITDA for 2022 and 2023 is on the following page; for illustrative purposes, 2024 OEBITDA is presented as approximately \$465 million, consistent with the midpoint of the Company's full-year 2024 guidance as of February 2024
- (2) Hosted Payload adjusts OEBITDA for revenue recognition from Aireon and Harris hosting revenue recognition in excess of cash received in 2022 and 2023, and cash in excess of revenue in 2024
- (3) Working Capital timing will vary from year to year. We have historically expected this to result in a net cash use averaging \$5M-\$10M annually and for illustrative purposes presented this as an \$8M annual use of cash. We had a significant investment in inventory in 2023 and expect inventory balances to decline from 2024 through 2027, which will be a source of cash in those years. For illustrative purposes, we are reflecting this as a \$2M increase in average annual use of working capital cash to \$10M annually starting in 2023.
- (4) Capitalized interest is excluded from Cash CapEx for all years because it is included with Pro Forma Net Interest
- (5) Pro Forma Net Interest for 2022 reflects the average TLB balance at ~4.1% (including cap fees) plus ~\$4M interest income; 2023 reflects the average TLB balance at ~5.5% (including cap fees) plus ~\$5M interest income; and 2024 reflects the projected average TLB balance at ~5.55% (including cap fees, drawn amounts on revolver and the \$200M upsizing in July) plus ~\$4M interest income; Refinancing costs are excluded from all applicable years
- (6) For illustrative purposes, Cash Taxes are assumed at \$0 through 2023, consistent with historical guidance of negligible cash taxes (less than 1% of OEBITDA). Cash taxes for 2024 estimated at \$5 million, consistent with guidance of cash taxes of less than \$10 million per year from 2024 through 2026.
- (7) Per share data for each year assumes Fully-Diluted Common Shares Outstanding (pro forma for year-end conversions of outstanding Options and RSUs) of ~130M shares for 2022, ~126M shares for 2023, and ~123M shares for 2024
- (8) Yields are based on Iridium (IRDM) share prices of \$51.40 at 12/31/22; \$41.16 at 12/31/23; and \$26.62 as of 6/28/24 for FY24; less ~\$2 value per share value from Aireon for all periods

## **\*Non-GAAP Financial Measures**

**Pro forma free cash flow:** The Company uses pro forma free cash flow to evaluate the Company's capacity for deleveraging and other shareholder-friendly actions. Notes 1-8 above detail the elements of the calculation of pro forma free cash flow from OEBITDA. Pro forma free cash flow also excludes costs associated with refinancing. Because pro forma free cash flow includes these and other significant adjustments, its utility as a measure of the Company's capacity for deleveraging and other shareholder-friendly actions has material limitations. Due to these limitations, the Company's management does not view pro forma free cash flow in isolation, but also uses other measurements, such as net cash provided by operating activities, to measure the Company's capacity for deleveraging and other shareholder-friendly actions.

**OEBITDA:** Operational EBITDA represents earnings before interest, income taxes, depreciation and amortization, income/loss from equity method investments, net, acquisition and related costs, and share-based compensation expenses. The Company considers the loss on early extinguishment of debt to be financing-related costs associated with interest expense or amortization of financing fees, which by definition are excluded from Operational EBITDA. Such charges are incidental to, but not reflective of, the Company's day-to-day operating performance. Operational EBITDA does not represent, and should not be considered, an alternative to U.S. GAAP measurements such as net income. In addition, there is no standardized measurement of Operational EBITDA, and the Company's calculations thereof may not be comparable to similarly titled measures reported by other companies. A reconciliation of consolidated GAAP net income to Operational EBITDA is on the following page. The Company believes Operational EBITDA is a useful measure across time in evaluating its fundamental core operating performance. Management also uses Operational EBITDA to manage the business, including in preparing its annual operating budget, debt covenant compliance, financial projections and compensation plans. The Company believes that Operational EBITDA is also useful to investors because similar measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies in similar industries. As indicated, Operational EBITDA does not include interest expense on borrowed money, the payment of income taxes, amortization of the Company's definite-lived intangible assets, or depreciation expense on the Company's capital assets, which are necessary elements of the Company's operations. Since Operational EBITDA does not account for these and other expenses, its utility as a measure of the Company's operating performance has material limitations. Due to these limitations, the Company's management does not view Operational EBITDA in isolation, but also uses other measurements, such as net income, revenues and operating profit, to measure operating performance.



# Reconciliation of GAAP Net Income to OEBITDA

(\$ Millions)	2022	2023
GAAP Net Income	\$9	\$6
Interest Expense, Net	\$65	\$90
Income Tax Benefit	\$0	(\$16)
Depreciation & Amortization	\$303	\$320
Iridium NEXT Expenses, net	\$0	\$0
Share-based Compensation	\$44	\$57
Loss on Extinguishment of Debt	\$1	\$0
Loss on Equity Investments	\$1	\$6
<b>Operational EBITDA (OEBITDA)</b>	<b>\$424</b>	<b>\$463</b>