EchoStar Announces Financial Results for the Three and Six Months Ended June 30, 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 endingJune 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 endedune 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 tho	usan	ds)			
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	\$	3,952,751	\$	4,356,462	\$	7,967,594	\$	8,744,128	
Net Income (loss) attributable to EchoStar	\$	(205,591)	\$	212,662	\$	(312,967)	\$	466,196	
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		
Purchases of property and equipment, net of refunds (including capitalized interest related to regulatory authorizations)										
Pay-TV		\$ 54, 00 6	\$	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	Ret	ail Wireless		G Network eployment	Broadband and Satellite Services		Eliminations		Со	nsolidated
					(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 5G Network Wireless Deployment				Satellite		minations	Со	nsolidated	
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		195,712		(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	179,651		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			G Network eployment	Broadband and Satellite Services		tellite		Со	nsolidated
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 endedJune 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 <u>ir.echostar.com</u>. 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 inAustralia, 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			
	June 30, 2024		De	ecember 31,
				2023
Assets				
Current Assets:				
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
Prepaids 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		38,572,98 0
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
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)	\$	55,255,193	\$ 57,108,894

ECHOSTAR CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)
(Unaudited)

For the Three Months Ended June 30, For the Six Months Ended June 30,

2024	2023	2024	2023

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	 3,952,751	 4,356,462		7,967,594	 8,744,128
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	1,193,558
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	4,018,120	 4,104,233		8,048,207	8,138,561
Operating income (loss)	(65,369)	252,229		(80,613)	605,567
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)	(158,735)	66,728		(253,791)	80,120
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	\$ (205,591)	\$ 212,662	\$	(312,967)	\$ 466,196
Weighted-average common shares outstanding - Class A and B common stock:					
Basic	271,592	279,818		271,555	270,328
Diluted	 271,592	308,375		271,555	307,948
Earnings per share - Class A and B common stock:	 				
Basic net income (loss) per share attributable to EchoStar	\$ (0.76)	\$ 0.79	\$	(1.15)	\$ 1.72
Diluted net income (loss) per share attributable to EchoStar	\$ (0.76)	\$ 0.69	\$	(1.15)	\$ 1.51

ECHOSTAR CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

For the Six Months Ended June 30,

	2024			2023		
Cash Flows From Operating Activities:	-					
Net income (loss)	\$	(315,833)	\$	5 0 5,537		
Adjustments to reconcile net income (loss) to net cash flows from operating activities:						
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	\$ 546,627	\$	1,810,915
		-	

SOURCE EchoStar Corporation

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