



EchoStar Announces Financial Results for the Three and Twelve Months Ended December 31, 2023

February 29, 2024

ENGLEWOOD, Colo., Feb. 29, 2024 /PRNewswire/ -- EchoStar Corporation (NASDAQ: SATS) announced its financial results for the three and twelve months ended December 31, 2023.



Twelve Months Ended December 31, 2023:

- EchoStar reported 2023 total revenue of \$17.02 billion, compared to \$18.63 billion in 2022. The net decrease in revenue primarily resulted from subscriber declines, most significantly in its Pay-TV segment.
- Net loss attributable to EchoStar in 2023 was \$1.70 billion, compared to net income of \$2.48 billion in 2022. The net loss in 2023 was primarily attributable to a noncash impairment to goodwill totaling approximately \$758 million, and an adjustment to the carrying value of the 800 MHz purchase option totaling approximately \$1.8 billion. Diluted loss per share was \$6.28 in 2023, compared to earnings per share of \$8.05 in 2022. Excluding the tax affected impact of the goodwill impairment and the 800 MHz adjustment, 2023 net income attributable to EchoStar would have been approximately \$361 million.
- Consolidated OIBDA totaled \$1.32 billion, compared to \$3.41 billion in 2022. (See OIBDA definition and non-GAAP reconciliation below.) The decrease in OIBDA was primarily attributable to the noncash impairment to goodwill and the subscriber declines previously discussed.

"We closed the year with the completion of the merger with DISH Network. The transaction combined DISH Network's satellite technology, streaming services, engineering expertise, retail wireless business, and nationwide 5G network with EchoStar's premier satellite communications solutions, enterprise go-to-market capabilities, and U.S.-based manufacturing. Collectively, it creates a global leader in terrestrial and non-terrestrial wireless connectivity, and entertainment services," said Hamid Akhavan, president and CEO, EchoStar Corporation. "With the close of the merger, we will continue to integrate our business and realize savings and operational efficiencies. We also will increase our focus on identifying and targeting the best, most profitable customers in each of our addressable market segments – Pay-TV, Retail Wireless, and Broadband and Satellite Services."

Three Months Ended December 31, 2023:

- Consolidated revenue totaled \$4.16 billion for the fourth quarter, compared to \$4.53 billion in the year-ago quarter. The net decrease in revenue primarily resulted from subscriber declines, most significantly in the Pay-TV segment.
- Net loss attributable to EchoStar totaled \$2.03 billion for the fourth quarter, compared to net income attributable to EchoStar of \$984 million in the year-ago quarter. The net loss in the fourth quarter of 2023 was primarily attributable to a noncash impairment to goodwill totaling approximately \$758 million, and an adjustment to the carrying value of the 800 MHz purchase option totaling approximately \$1.6 billion. Diluted loss per share was \$7.48 for the quarter, compared to earnings of \$3.21 per share in the year-ago quarter.
- Consolidated OIBDA totaled negative \$370 million for the fourth quarter, compared to \$735 million in the year-ago quarter. The decrease in OIBDA was primarily attributable to the noncash impairment to goodwill and the subscriber declines previously discussed.
- Net Pay-TV subscribers decreased approximately 314,000 in the fourth quarter, compared to a decrease of approximately 268,000 in the year-ago quarter. The company closed the quarter with 8.53 million Pay-TV subscribers including 6.47 million DISH TV subscribers and 2.06 million SLING TV subscribers. This increase in net Pay-TV losses resulted from the increase in net DISH TV subscriber losses due to lower gross new DISH TV subscriber activations and a higher DISH TV churn rate, offset by the decrease in net SLING TV subscriber losses due to lower subscriber disconnects in 2023 as a result of our emphasis on acquiring higher-quality subscribers.
- Retail Wireless net subscribers decreased by approximately 123,000 in the fourth quarter, compared to a net decrease of 25,000 in the year-ago quarter. The company closed the quarter with 7.38 million Retail Wireless subscribers. This increase in net Retail Wireless subscriber losses primarily resulted from lower gross new Retail Wireless subscriber

activations, partially offset by a lower Retail Wireless churn rate due to our emphasis on acquiring and retaining higher-quality subscribers.

- Broadband net subscribers decreased by approximately 59,000 in the fourth quarter, compared to a decrease of 57,000 in the year-ago quarter. The company closed the quarter with 1.00 million Broadband subscribers. This increase in net Broadband subscriber losses primarily resulted from our capacity limitations, competitive pressure from satellite-based competitors and other technologies, and a more selective customer screening. The EchoStar XXIV satellite, also known as Jupiter 3, began service in December 2023, bringing additional broadband capacity and is expected to be an integral part of the Broadband and Satellite Services segment business.

Set forth below is a table highlighting certain of EchoStar's segment results for the three and twelve months ended December 31, 2023 and 2022 (all U.S. GAAP amounts reference results from operations):

	For the three months ended December 31,		For the years ended December 31,	
	2023	2022	2023	2022
	(in thousands)			
Revenue				
Pay-TV	\$ 2,816,787	\$ 3,106,149	\$ 11,571,159	\$ 12,505,392
Retail Wireless	898,284	928,095	3,692,372	4,135,129
5G Network Deployment	24,027	17,406	91,928	65,768
Broadband and Satellite Services	449,779	499,857	1,755,559	1,998,093
All Other & Eliminations	(26,281)	(18,490)	(95,420)	(70,136)
Total	<u>\$ 4,162,596</u>	<u>\$ 4,533,017</u>	<u>\$ 17,015,598</u>	<u>\$ 18,634,246</u>
Net Income (loss) attributable to EchoStar	<u>\$ (2,029,882)</u>	<u>\$ 984,264</u>	<u>\$ (1,702,057)</u>	<u>\$ 2,477,720</u>
Purchases of property and equipment, net of refunds and other receipts (including capitalized interest related to regulatory authorizations)				
Pay-TV	\$ 75,212	\$ 39,835	\$ 242,736	\$ 131,093
Retail Wireless	\$ -	-	\$ -	\$ -
5G Network Deployment	\$ 841,522	1,084,441	\$ 3,748,624	\$ 3,580,518
Broadband and Satellite Services	\$ 61,172	76,517	\$ 233,423	\$ 325,891
All Other & Eliminations	\$ -	(560)	\$ -	\$ (2,721)
Total	<u>\$ 977,906</u>	<u>\$ 1,200,233</u>	<u>\$ 4,224,783</u>	<u>\$ 4,034,781</u>

Reconciliation of GAAP to Non-GAAP Measurement:

For the Year Ended December 31, 2023	Pay-TV	Retail Wireless	5G Network Deployment	Broadband and Satellite Services	Eliminations	Consolidated
Segment operating income (loss)	\$ 2,699,810	\$ (643,184)	\$ (1,881,369)	\$ (458,609)	\$ 5,443	\$ (277,909)
Depreciation and amortization	381,292	221,968	620,685	419,262	(45,284)	1,597,923
OIBDA	<u>\$ 3,081,102</u>	<u>\$ (421,216)</u>	<u>\$ (1,260,684)</u>	<u>\$ (39,347)</u>	<u>\$ (39,841)</u>	<u>\$ 1,320,014</u>

For the Year Ended December 31, 2022	Pay-TV	Retail Wireless	5G Network Deployment	Broadband and Satellite Services	Eliminations	Consolidated
Segment operating income (loss)	\$ 2,933,898	\$ (77,264)	\$ (810,968)	\$ 181,615	\$ 5,557	\$ 2,232,838
Depreciation and amortization	428,471	177,914	131,566	462,748	(25,804)	1,174,895
OIBDA	<u>\$ 3,362,369</u>	<u>\$ 100,650</u>	<u>\$ (679,402)</u>	<u>\$ 644,363</u>	<u>\$ (20,247)</u>	<u>\$ 3,407,733</u>

For the three months Ended December 31, 2023	Pay-TV	Retail Wireless	5G Network Deployment	Broadband and Satellite Services	Eliminations	Consolidated
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	2023	2022
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 1,821,376	\$ 2,497,536
Marketable investment securities	623,044	1,809,898
Trade accounts receivable, net of allowance for credit losses of \$74,390 and \$59,790, respectively	1,122,139	1,182,597
Inventory	665,169	625,979
Prepays and other assets	644,005	617,819
Other current assets	16,081	23,884
Total current assets	4,891,814	6,757,713
<i>Noncurrent Assets:</i>		
Restricted cash, cash equivalents and marketable investment securities	118,065	117,011
Property and equipment, net	9,561,834	7,904,957
Regulatory authorizations, net	38,572,980	37,395,604
Other investments, net	314,370	524,905
Operating lease assets	3,065,448	2,823,834
Intangible assets, net	172,892	1,113,298
Other noncurrent assets, net	411,491	2,110,959
Total noncurrent assets	52,217,080	51,990,568
Total assets	\$ 57,108,894	\$ 58,748,281
Liabilities and Stockholders' Equity (Deficit)		
<i>Current Liabilities:</i>		
Trade accounts payable	\$ 774,011	\$ 1,023,537
Deferred revenue and other	754,658	833,213
Accrued programming	1,427,762	1,298,777
Accrued interest	297,678	298,043
Other accrued expenses and liabilities	1,717,826	1,436,485
Current portion of long-term debt and finance lease obligations	3,046,654	1,552,559
Total current liabilities	8,018,589	6,442,614
<i>Long-Term Obligations, Net of Current Portion:</i>		
Long-term debt and finance lease obligations, net of current portion	19,717,266	21,343,561
Deferred tax liabilities, net	5,014,309	5,354,756
Operating lease liabilities	3,121,307	2,808,774
Long-term deferred revenue and other long-term liabilities	849,131	748,384
Total long-term obligations, net of current portion	28,702,013	30,255,475
Total liabilities	36,720,602	36,698,089
Commitments and Contingencies		
Redeemable noncontrolling interests	438,382	464,359
<i>Stockholders' Equity (Deficit):</i>		
Class A common stock, \$0.001 par value, 1,600,000,000 shares authorized, 140,153,020 and 138,128,368 shares issued and outstanding, respectively	140	138
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	8,301,979	8,222,599
Accumulated other comprehensive income (loss)	(160,056)	(175,267)
Accumulated earnings (deficit)	11,737,983	13,440,040
Total EchoStar stockholders' equity (deficit)	19,880,177	21,487,641
Noncontrolling interests	69,733	98,192
Total stockholders' equity (deficit)	19,949,910	21,585,833
Total liabilities and stockholders' equity (deficit)	\$ 57,108,894	\$ 58,748,281

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

	For the Years Ended December 31,		
	2023	2022	2021
Revenue:			
Service and other revenue	\$ 16,145,763	\$ 17,596,265	\$ 18,598,313
Equipment sales and other revenue	869,835	1,037,981	1,220,365
Total revenue	17,015,598	18,634,246	19,818,678
Costs and Expenses (exclusive of depreciation and amortization):			
Cost of services	9,510,427	10,111,341	10,717,333
Cost of sales - equipment and other	2,434,904	2,099,136	1,778,471
Selling, general and administrative expenses	2,989,154	3,015,325	2,686,279
Depreciation and amortization	1,597,923	1,174,895	1,213,946
Impairment of long-lived assets and goodwill	761,099	711	245
Total costs and expenses	17,293,507	16,401,408	16,396,274
Operating income (loss)	(277,909)	2,232,838	3,422,404
Other Income (Expense):			
Interest income, net	207,374	93,240	33,903
Interest expense, net of amounts capitalized	(90,357)	(79,217)	(111,151)
Other, net	(1,770,792)	1,088,441	4,716
Total other income (expense)	(1,653,775)	1,102,464	(72,532)
Income (loss) before income taxes	(1,931,684)	3,335,302	3,349,872
Income tax (provision) benefit, net	296,860	(798,410)	(828,437)
Net income (loss)	(1,634,824)	2,536,892	2,521,435
Less: Net income (loss) attributable to noncontrolling interests, net of tax	67,233	59,172	35,150
Net income (loss) attributable to EchoStar	\$ (1,702,057)	\$ 2,477,720	\$ 2,486,285
Weighted-average common shares outstanding - Class A and B common stock:			
Basic	270,842	270,102	275,117
Diluted	270,842	307,733	313,122
Earnings per share - Class A and B common stock:			
Basic net income (loss) per share attributable to EchoStar	\$ (6.28)	\$ 9.17	\$ 9.04
Diluted net income (loss) per share attributable to EchoStar	\$ (6.28)	\$ 8.05	\$ 7.94

ECHOSTAR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the Years Ended December 31,		
	2023	2022	2021
Cash Flows From Operating Activities:			
Net income (loss)	\$ (1,634,824)	\$ 2,536,892	\$ 2,521,435
<i>Adjustments to reconcile net income (loss) to net cash flows from operating activities:</i>			
Depreciation and amortization	1,597,923	1,174,895	1,213,946

Impairment of long-lived assets and goodwill	761,099	711	245
Realized and unrealized losses (gains) on investments, impairments and other	(46,888)	(72,371)	(7,541)
Realized and unrealized losses (gains) on derivatives	1,693,387	(1,015,387)	13,000
Non-cash, stock-based compensation	51,514	82,994	59,379
Deferred tax expense (benefit)	(337,222)	729,587	639,708
Changes in allowance for credit losses	14,600	6,590	(34,635)
Change in long-term deferred revenue and other long-term liabilities	15,825	83,453	65,943
Other, net	166,383	253,784	135,871
Changes in current assets and current liabilities, net			
Trade accounts receivable	20,622	(74,812)	206,995
Prepaid and accrued income taxes	15,836	(36,115)	81,197
Inventory	(37,981)	16,200	(175,918)
Other current assets	(40,290)	21,737	(47,144)
Trade accounts payable	4,108	90,721	86,219
Deferred revenue and other	(78,555)	(71,709)	(62,034)
Accrued programming and other accrued expenses	267,110	(105,980)	(41,293)
Net cash flows from operating activities	2,432,647	3,621,190	4,655,373
Cash Flows From Investing Activities:			
Purchases of marketable investment securities	(2,407,546)	(1,965,859)	(6,338,641)
Sales and maturities of marketable investment securities	3,710,544	4,159,830	4,390,903
Purchases of property and equipment	(3,100,921)	(3,050,472)	(1,619,312)
Refunds and other receipts of purchases of property and equipment	38,611	—	—
Capitalized interest related to regulatory authorizations	(1,162,473)	(984,309)	(777,885)
Proceeds from other debt investments	148,448	—	—
Refund of regulatory authorizations deposit	—	—	337,490
Purchases of regulatory authorizations, including deposits	(2,009)	(7,206,865)	(122,657)
Other, net	(33,386)	(11,900)	(116,621)
Net cash flows from investing activities	(2,808,732)	(9,059,575)	(4,246,723)
Cash Flows From Financing Activities:			
Repayment of long-term debt and finance lease obligations	(121,981)	(86,229)	(89,958)
Redemption and repurchases of senior notes	(1,460,635)	(2,056,821)	(2,901,818)
Proceeds from issuance of senior notes	1,500,000	2,000,000	6,750,000
Repurchases of convertible notes	(182,834)	—	—
Early debt extinguishment gains (losses)	73,024	—	—
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	10,598	27,438	68,182
Purchase of Northstar Manager, LLC's ownership interest in Northstar Spectrum	(109,432)	—	—
Treasury share repurchase	—	(89,303)	(261,436)
Debt issuance costs and debt (discount) premium	21,635	(51,121)	(34,459)
Other, net	(7,496)	(18,413)	(15,507)
Net cash flows from financing activities	(277,121)	(274,449)	3,515,004
Effect of exchange rates on cash and cash equivalents	3,004	(2,306)	(3,749)
Net increase (decrease) in cash, cash equivalents, restricted cash and cash equivalents	(650,202)	(5,715,140)	3,919,905
Cash, cash equivalents, restricted cash and cash equivalents, beginning of period	2,561,803	8,276,943	4,357,038
Cash, cash equivalents, restricted cash and cash equivalents, end of period	\$ 1,911,601	\$ 2,561,803	\$ 8,276,943

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