UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2021.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM _______ TO _______

Commission File Number: 333-179121

An EchoStar Company

Hughes Satellite Systems Corporation

(Exact name of registrant as specified in its charter)

Colorado	**45-0897865**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 Inverness Terrace East, Englewood, Colorado	**80112-5308**
(Address of principal executive offices)	(Zip Code)
(303) 706-4000	**Not Applicable**
(Registrant's telephone number, including area code)	(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☒	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 2, 2021, the registrant's outstanding common stock consisted of 1,078 shares of common stock, $0.01 par value per share.

The Registrant meets the conditions set forth in General Instructions (H)(1)(a) and (b) of Form 10-Q and is therefore filing this Quarterly Report on Form 10-Q with the reduced disclosure format.

* The Registrant currently is not subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 and is filing this Quarterly Report on Form 10-Q on a voluntary basis. The Registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months as if it were subject to such filing requirements during such period.

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* This item has been omitted pursuant to the reduced disclosure format as set forth in General Instructions (H)(2) of Form 10-Q.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Form 10-Q") contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including but not limited to statements about our estimates, expectations, future developments, plans, objectives, strategies, financial condition, expected impact of regulatory developments and legal proceedings, opportunities in our industries and businesses and other trends and projections for the next fiscal quarter and beyond. All statements, other than statements of historical facts, may be forward-looking statements. Forward-looking statements may also be identified by words such as "anticipate," "intend," "plan," "goal," "seek," "believe," "estimate," "expect," "predict," "project," "continue," "future," "will," "would," "could," "can," "may" and similar terms. These forward-looking statements are based on information available to us as of the date of this Form 10-Q and represent management's current views and assumptions based on past experience and trends, current economic and industry conditions, expected future developments and other relevant factors. Forward-looking statements are not guarantees of future performance, events or results and involve potential known and unknown risks, uncertainties, including the impact of the coronavirus pandemic (COVID-19), and other factors, many of which may be beyond our control and may pose a risk to our operating and financial condition both the near- and long-term. Accordingly, actual performance, events or results could differ materially from those expressed or implied in the forward-looking statements due to a number of factors including, but not limited to:

- significant risks related to our ability to operate and control our satellites, operational and environmental risks related to our owned and leased satellites, and risks related to our satellites under construction;
- our ability and the ability of third parties with whom we engage to operate our business as a result of the COVID-19 pandemic, including regulatory and competitive considerations;
- our ability to implement and/or realize benefits of our investments and other strategic initiatives;
- legal proceedings relating to the BSS Transaction or other matters that could result in substantial costs and material adverse effects to our business;
- risks related to our foreign operations and other uncertainties associated with doing business internationally;
- risks related to our dependency upon third-party providers; and
- risks related to our human capital resources.

Other factors that could cause or contribute to such differences include, but are not limited to, those discussed under the caption Risk Factors in Part I, Item 1A of our most recent Annual Report on Form 10-K ("Form 10-K") filed with the Securities and Exchange Commission ("SEC"), those discussed in Management's Narrative Analysis of Results of Operations in Part I, Item 2 of this Form 10-Q and in Part II, Item 7 of our Form 10-K and those discussed in other documents we file with the SEC.

All cautionary statements made herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks and uncertainties described herein and should not place undue reliance on any forward-looking statements. We do not undertake, and specifically disclaim, any obligation to publicly release the results of any revisions that may be made to any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Although we believe that the expectations reflected in any forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievements. We do not assume responsibility for the accuracy and completeness of any forward-looking statements. We assume no responsibility for updating forward-looking information contained or incorporated by reference herein or in any documents we file with the SEC, except as required by law.

Should one or more of the risks or uncertainties described herein or in any documents we file with the SEC occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)
(Unaudited)

	As of	
	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 393,636	$ 740,490
Marketable investment securities	912,009	1,203,296
Trade accounts receivable and contract assets, net	201,751	183,988
Other current assets, net	287,733	291,815
Total current assets	1,795,129	2,419,589
Non-current assets:		
Property and equipment, net	1,568,629	1,691,523
Operating lease right-of-use assets	140,606	128,266
Goodwill	511,266	511,597
Regulatory authorizations, net	409,206	410,451
Other intangible assets, net	14,355	18,340
Other investments, net	92,376	103,924
Other non-current assets, net	310,246	307,677
Total non-current assets	3,046,684	3,171,778
Total assets	$ 4,841,813	$ 5,591,367
Liabilities and Shareholder's Equity		
Current liabilities:		
Trade accounts payable	$ 104,794	$ 118,568
Current portion of long-term debt, net	—	898,237
Contract liabilities	134,635	104,569
Accrued expenses and other current liabilities	268,925	325,587
Total current liabilities	508,354	1,446,961
Non-current liabilities:		
Long-term debt, net	1,495,805	1,495,256
Deferred tax liabilities, net	403,610	369,940
Operating lease liabilities	127,323	114,877
Other non-current liabilities	152,697	87,957
Total non-current liabilities	2,179,435	2,068,030
Total liabilities	2,687,789	3,514,991
Commitments and contingencies		

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)
(Unaudited)

Shareholder's equity:		
Preferred stock, $0.001 par value,1,000,000 shares authorized, none issued and outstanding at both September 30, 2021 and December 31, 2020	—	—
Common stock, $0.01 par value, 1,000,000 shares authorized, 1,078 shares issued and outstanding at both September 30, 2021 and December 31, 2020	—	—
Additional paid-in capital	1,489,059	1,486,730
Accumulated other comprehensive income (loss)	(166,208)	(146,840)
Accumulated earnings (losses)	765,634	671,570
Total Hughes Satellite Systems Corporation shareholder's equity	2,088,485	2,011,460
Non-controlling interests	65,539	64,916
Total shareholder's equity	2,154,024	2,076,376
Total liabilities and shareholder's equity	$ 4,841,813	$ 5,591,367

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands)
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Revenue:				
Services and other revenue	$ 434,648	$ 428,890	$ 1,300,956	$ 1,258,350
Equipment revenue	71,920	46,970	192,715	146,702
Total revenue	506,568	475,860	1,493,671	1,405,052
Costs and expenses:				
Cost of sales - services and other (exclusive of depreciation and amortization)	136,176	145,408	405,138	429,246
Cost of sales - equipment (exclusive of depreciation and amortization)	62,326	37,074	161,968	115,524
Selling, general and administrative expenses	103,455	105,309	311,841	324,400
Research and development expenses	7,974	7,676	22,960	21,378
Depreciation and amortization	113,722	123,145	348,689	372,588
Impairment of long-lived assets	—	—	210	—
Total costs and expenses	423,653	418,612	1,250,806	1,263,136
Operating income (loss)	82,915	57,248	242,865	141,916
Other income (expense):				
Interest income, net	2,032	2,839	6,108	16,935
Interest expense, net of amounts capitalized	(23,943)	(44,177)	(102,948)	(130,644)
Gains (losses) on investments, net	8	(74)	2,102	(222)
Equity in earnings (losses) of unconsolidated affiliates, net	(1,167)	(2,422)	(4,197)	(4,878)
Foreign currency transaction gains (losses), net	(6,297)	3,072	(9,122)	(4,596)
Other, net	664	195	1,680	(470)
Total other income (expense), net	(28,703)	(40,567)	(106,377)	(123,875)
Income (loss) before income taxes	54,212	16,681	136,488	18,041
Income tax benefit (provision), net	(19,857)	(5,199)	(48,843)	(24,098)
Net income (loss)	34,355	11,482	87,645	(6,057)
Less: Net loss (income) attributable to non-controlling interests	3,192	2,167	6,419	9,040
Net income (loss) attributable to HSSC	$ 37,547	$ 13,649	$ 94,064	$ 2,983

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Amounts in thousands)
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Net income (loss)	$ 34,355	$ 11,482	$ 87,645	$ (6,057)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(30,215)	(10,170)	(21,897)	(103,351)
Unrealized gains (losses) on available-for-sale securities	(235)	20	(205)	(189)
Other	(99)	500	(99)	380
Amounts reclassified to net income (loss):				
Realized losses (gains) on available-for-sale debt securities	(5)	—	(5)	—
Total other comprehensive income (loss), net of tax	(30,554)	(9,650)	(22,206)	(103,160)
Comprehensive income (loss)	3,801	1,832	65,439	(109,217)
Less: Comprehensive loss (income) attributable to non-controlling interests	8,760	4,098	9,257	29,667
Comprehensive income (loss) attributable to HSSC	$ 12,561	$ 5,930	$ 74,696	$ (79,550)

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Amounts in thousands)
(Unaudited)

	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Losses)	Non-controlling Interests	Total
Balance, June 30, 2020	$ 1,484,359	$ (159,450)	$ 651,580	$ 58,425	$ 2,034,914
Stock-based compensation	983	—	—	—	983
Contribution by non-controlling interest holder	—	—	—	4,268	4,268
Other comprehensive income (loss)	—	(7,719)	—	(1,931)	(9,650)
Net income (loss)	—	—	13,649	(2,167)	11,482
Other, net	(117)	—	—	(21)	(138)
Balance, September 30, 2020	$ 1,485,225	$ (167,169)	$ 665,229	$ 58,574	$ 2,041,859
Balance, June 30, 2021	$ 1,488,314	$ (141,222)	$ 728,087	$ 74,299	$ 2,149,478
Stock-based compensation	745	—	—	—	745
Other comprehensive income (loss)	—	(24,986)	—	(5,568)	(30,554)
Net income (loss)	—	—	37,547	(3,192)	34,355
Balance, September 30, 2021	$ 1,489,059	$ (166,208)	$ 765,634	$ 65,539	$ 2,154,024

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Amounts in thousands)
(Unaudited)

	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Losses)	Non-controlling Interests	Total
Balance, December 31, 2019	$ 1,478,636	$ (84,636)	$ 664,415	$ 75,748	$ 2,134,163
Cumulative effect of accounting changes	—	—	(2,169)	(240)	(2,409)
Balance, January 1, 2020	1,478,636	(84,636)	662,246	75,508	2,131,754
Stock-based compensation	2,919	—	—	—	2,919
Issuance of equity and contribution of assets pursuant to the Yahsat JV formation	4,338	—	—	(1,514)	2,824
Contribution by non-controlling interest holder	—	—	—	14,268	14,268
Other comprehensive income (loss)	—	(82,533)	—	(20,627)	(103,160)
Net income (loss)	—	—	2,983	(9,040)	(6,057)
Other, net	(668)	—	—	(21)	(689)
Balance, September 30, 2020	$ 1,485,225	$ (167,169)	$ 665,229	$ 58,574	$ 2,041,859
Balance, December 31, 2020	$ 1,486,730	$ (146,840)	$ 671,570	$ 64,916	$ 2,076,376
Stock-based compensation	2,329	—	—	—	2,329
Contribution by non-controlling interest holder	—	—	—	9,880	9,880
Other comprehensive income (loss)	—	(19,368)	—	(2,838)	(22,206)
Net income (loss)	—	—	94,064	(6,419)	87,645
Balance, September 30, 2021	$ 1,489,059	$ (166,208)	$ 765,634	$ 65,539	$ 2,154,024

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Cash flows from operating activities:		
Net income (loss)	$ 87,645	$ (6,057)
Adjustments to reconcile net income (loss) to cash flows provided by (used for) operating activities:		
Depreciation and amortization	348,689	372,588
Impairment of long-lived assets	210	—
Losses (gains) on investments, net	(2,102)	222
Equity in losses (earnings) of unconsolidated affiliates, net	4,197	4,878
Foreign currency transaction losses (gains), net	9,122	4,596
Deferred tax provision (benefit), net	32,667	16,608
Stock-based compensation	2,329	4,203
Amortization of debt issuance costs	2,192	3,212
Other, net	17,548	376
Changes in assets and liabilities, net:		
Trade accounts receivable and contract assets, net	(20,888)	(14,097)
Other current assets, net	(276)	(363)
Trade accounts payable	(13,452)	(11,557)
Contract liabilities	30,066	(11,438)
Accrued expenses and other current liabilities	(106,604)	25,300
Non-current assets and non-current liabilities, net	65,177	(33,652)
Net cash provided by (used for) operating activities	456,520	354,819
Cash flows from investing activities:		
Purchases of marketable investment securities	(1,329,862)	(1,611,870)
Sales and maturities of marketable investment securities	1,669,757	843,294
Expenditures for property and equipment	(228,641)	(263,884)
Expenditures for externally marketed software	(25,634)	(27,824)
Sales of other investments	9,451	—
Net cash provided by (used for) investing activities	95,071	(1,060,284)
Cash flows from financing activities:		
Repurchase and maturity of the 2021 Senior Unsecured Notes	(901,818)	—
Contribution by non-controlling interest holder	9,880	14,268
Payment of in-orbit incentive obligations	(1,800)	(1,268)
Payment of finance lease obligations	(578)	(606)
Other, net	(966)	998
Net cash provided by (used for) financing activities	(895,282)	13,392
Effect of exchange rates on cash and cash equivalents	(2,986)	(3,727)
Net increase (decrease) in cash and cash equivalents	(346,677)	(695,800)
Cash and cash equivalents, including restricted amounts, beginning of period	741,297	1,140,322
Cash and cash equivalents, including restricted amounts, end of period	$ 394,620	$ 444,522

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTE 1. ORGANIZATION AND BUSINESS ACTIVITIES

Principal Business

Hughes Satellite Systems Corporation (which, together with its subsidiaries, is referred to as “HSSC,” the “Company,” “we,” “us” and “our”) is a holding company and a subsidiary of EchoStar Corporation (“EchoStar”). We are a global provider of broadband satellite technologies, broadband internet services for consumer customers, which include home and small to medium-sized businesses, and satellite services. We also deliver innovative network technologies, managed services and communications solutions for enterprise customers, which include aeronautical and government enterprises. We operate in the following two business segments:

- ***Hughes*** — which provides broadband satellite technologies and broadband internet services to domestic and international consumer customers and broadband network technologies, managed services, equipment, hardware, satellite services and communication solutions to service providers and enterprise customers. The Hughes segment also designs, provides and installs gateway and terminal equipment to customers for other satellite systems. In addition, our Hughes segment designs, develops, constructs and provides telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers.
- ***ESS*** — which uses certain of our owned and leased in-orbit satellites and related licenses to provide satellite services on a full-time and/or occasional-use basis to United States (“U.S.”) government service providers, internet service providers, broadcast news organizations, content providers and private enterprise customers.

Our operations also include various corporate departments (primarily Executive, Treasury, Strategic Development, Human Resources, Information Technology, Finance, Accounting, Real Estate and Legal) and other activities, such as costs incurred in certain satellite development programs and other business development activities, and gains or losses from certain of our investments, that have not been assigned to our business segments. These activities, costs and income, as well as eliminations of intersegment transactions, are accounted for in *Corporate and Other* in our segment reporting. We also divide our operations by primary geographic market as follows: (i) North America (the U.S. and its territories, Mexico, and Canada); (ii) South and Central America and (iii) Other (Asia, Africa, Australia, Europe, India, and the Middle East). Refer *to Note 14. Segment Reporting* for further detail.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These unaudited Consolidated Financial Statements and the accompanying notes (collectively, the “Consolidated Financial Statements”) are prepared in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) and the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, they do not include all of the information and notes required for complete financial statements prepared in conformity with U.S. GAAP. In our opinion, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. However, our results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

All amounts presented in these Consolidated Financial Statements are expressed in thousands of U.S. dollars, except share and per share amounts and unless otherwise noted.

Refer to *Note 2. Summary of Significant Accounting Policies* to the consolidated financial statements in our Form 10-K for a summary and discussion of our significant accounting policies, except as updated below.

Use of Estimates

We are required to make certain estimates and assumptions that affect the amounts reported in these Consolidated Financial Statements. The most significant estimates and assumptions are used in determining: (i) inputs used to recognize revenue over time, including amortization periods for deferred contract acquisition costs; (ii) allowances for doubtful accounts; (iii) deferred taxes and related valuation allowances, including uncertain tax positions; (iv) loss contingencies; (v) fair value of financial instruments; (vi) fair value of assets and liabilities acquired in business combinations; and (vii) asset impairment testing.

We base our estimates and assumptions on historical experience, observable market inputs and on various other factors that we believe to be relevant under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results may differ from previously estimated amounts and such differences may be material to our financial statements. Additionally, changing economic conditions may increase the inherent uncertainty in the estimates and assumptions indicated above. We review our estimates and assumptions periodically and the effects of revisions thereto are reflected in the period they occur or prospectively if the revised estimate affects future periods.

Principles of Consolidation

We consolidate all entities in which we have a controlling financial interest. We are deemed to have a controlling financial interest in variable interest entities in which we are the primary beneficiary and in other entities in which we own more than 50% of the outstanding voting shares and other shareholders do not have substantive rights to participate in management. For entities we control but do not wholly own, we record a non-controlling interest within shareholder’s equity for the portion of the entity’s equity attributed to the non-controlling ownership interests. All significant intercompany balances and transactions have been eliminated in consolidation.

Recently Adopted Accounting Pronouncements

On January 1, 2021, we adopted Accounting Standard Update (“ASU”) No. 2019-12 - *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (“ASU 2019-12”). ASU 2019-12 is part of the Financial Accounting Standards Board (“FASB”) overall simplification initiative and seeks to simplify the accounting for income taxes by updating certain guidance and removing certain exceptions. Our adoption of this ASU did not have a material impact on our Consolidated Financial Statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU No. 2020-04 - *Reference Rate Reform (Topic 848),* codified as ASC 848 (“ASC 848”). The purpose of ASC 848 is to provide optional guidance to ease the potential effects on financial reporting of the market-wide migration away from Interbank Offered Rates to alternative reference rates. ASC 848 applies only to contracts, hedging relationships, and other transactions that reference a reference rate expected to be discontinued because of reference rate reform. The guidance may be applied upon issuance of ASC 848 through December 31, 2022. We expect to utilize the optional expedients provided by the guidance for contracts amended solely to use an alternative reference rate. We have evaluated the impact of adopting this new guidance and do not expect it to have a material impact on our Consolidated Financial Statements.

NOTE 3. REVENUE RECOGNITION

Contract Balances

The following table presents the components of our contract balances:

	As of	
	September 30, 2021	December 31, 2020
Trade accounts receivable and contract assets, net:		
Sales and services	$ 167,048	$ 149,513
Leasing	5,662	4,553
Total trade accounts receivable	172,710	154,066
Contract assets	42,839	45,308
Allowance for doubtful accounts	(13,798)	(15,386)
Total trade accounts receivable and contract assets, net	$ 201,751	$ 183,988
Contract liabilities:		
Current	$ 134,635	$ 104,569
Non-current	9,746	10,519
Total contract liabilities	$ 144,381	$ 115,088

The following table presents the revenue recognized in the Consolidated Statements of Operations that was previously included within contract liabilities:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Revenue	$ 16,521	$ 3,794	$ 81,543	$ 63,581

Contract Acquisition Costs

The following table presents the activity in our contract acquisition costs, net:

	For the nine months ended September 30,	
	2021	2020
Balance at beginning of period	$ 99,837	$ 113,592
Additions	54,701	68,589
Amortization expense	(66,815)	(75,429)
Foreign currency translation	(828)	(2,984)
Balance at end of period	$ 86,895	$ 103,768

We recognized amortization expenses related to contract acquisition costs of $21.6 million and $25.7 million for the three months ended September 30, 2021 and 2020, respectively.

Performance Obligations

As of September 30, 2021, the remaining performance obligations for our customer contracts with original expected durations of more than one year was $890.0 million. Performance obligations expected to be satisfied within one year and greater than one year are 46% and 54%, respectively. This amount and percentages exclude agreements with consumer customers in our Hughes segment, our leasing arrangements and agreements with certain customers under which collectability of all amounts due through the term of contracts is uncertain.

Disaggregation of Revenue

Geographic Information

The following table presents our revenue from customer contracts disaggregated by primary geographic market and by segment:

	Hughes	ESS	Corporate and Other	Consolidated Total
For the three months ended September 30, 2021				
North America	$ 412,805	$ 4,436	$ (89)	$ 417,152
South and Central America	44,898	—	—	44,898
Other	39,234	—	5,284	44,518
Total revenue	$ 496,937	$ 4,436	$ 5,195	$ 506,568
For the three months ended September 30, 2020				
North America	$ 392,950	$ 4,402	$ (281)	$ 397,071
South and Central America	38,578	—	—	38,578
Other	35,234	—	4,977	40,211
Total revenue	$ 466,762	$ 4,402	$ 4,696	$ 475,860
For the nine months ended September 30, 2021				
North America	$ 1,216,665	$ 12,808	$ (265)	$ 1,229,208
South and Central America	134,924	—	—	134,924
Other	113,484	—	16,055	129,539
Total revenue	$ 1,465,073	$ 12,808	$ 15,790	$ 1,493,671
For the nine months ended September 30, 2020				
North America	$ 1,160,288	$ 13,233	$ (959)	$ 1,172,562
South and Central America	106,495	—	—	106,495
Other	111,633	—	14,362	125,995
Total revenue	$ 1,378,416	$ 13,233	$ 13,403	$ 1,405,052

Nature of Products and Services

The following tables present our revenue disaggregated by the nature of products and services and by segment:

	Hughes	ESS	Corporate and Other	Consolidated Total
For the three months ended September 30, 2021				
Services and other revenue:				
Services	$ 415,287	$ 2,976	$ —	$ 418,263
Lease revenue	9,730	1,460	5,195	16,385
Total services and other revenue	425,017	4,436	5,195	434,648
Equipment revenue:				
Equipment	24,504	—	—	24,504
Design, development and construction services	45,025	—	—	45,025
Lease revenue	2,391	—	—	2,391
Total equipment revenue	71,920	—	—	71,920
Total revenue	$ 496,937	$ 4,436	$ 5,195	$ 506,568
For the three months ended September 30, 2020				
Services and other revenue:				
Services	$ 409,119	$ 2,804	$ —	$ 411,923
Lease revenue	10,673	1,598	4,696	16,967
Total services and other revenue	419,792	4,402	4,696	428,890
Equipment revenue:				
Equipment	29,387	—	—	29,387
Design, development and construction services	16,375	—	—	16,375
Lease revenue	1,208	—	—	1,208
Total equipment revenue	46,970	—	—	46,970
Total revenue	$ 466,762	$ 4,402	$ 4,696	$ 475,860

	Hughes	ESS	Corporate and Other	Consolidated Total
For the nine months ended September 30, 2021				
Services and other revenue:				
Services	$ 1,242,804	$ 8,550	$ —	$ 1,251,354
Lease revenue	29,554	4,258	15,790	49,602
Total services and other revenue	1,272,358	12,808	15,790	1,300,956
Equipment revenue:				
Equipment	84,054	—	—	84,054
Design, development and construction services	101,718	—	—	101,718
Lease revenue	6,943	—	—	6,943
Total equipment revenue	192,715	—	—	192,715
Total revenue	$ 1,465,073	$ 12,808	$ 15,790	$ 1,493,671
For the nine months ended September 30, 2020				
Services and other revenue:				
Services	$ 1,198,816	$ 8,133	$ —	$ 1,206,949
Lease revenue	32,898	5,100	13,403	51,401
Total services and other revenue	1,231,714	13,233	13,403	1,258,350
Equipment revenue:				
Equipment	72,744	—	—	72,744
Design, development and construction services	70,600	—	—	70,600
Lease revenue	3,358	—	—	3,358
Total equipment revenue	146,702	—	—	146,702
Total revenue	$ 1,378,416	$ 13,233	$ 13,403	$ 1,405,052

Lease Revenue

The following table presents our lease revenue by type of lease:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Sales-type lease revenue:				
Revenue at lease commencement	$ 2,220	$ 1,208	$ 6,597	$ 3,358
Interest income	171	14	346	178
Total sales-type lease revenue	2,391	1,222	6,943	3,536
Operating lease revenue	16,385	16,953	49,602	51,223
Total lease revenue	$ 18,776	$ 18,175	$ 56,545	$ 54,759

NOTE 4. MARKETABLE INVESTMENT SECURITIES

The following table presents our *Marketable investment securities*:

	As of	
	September 30, 2021	December 31, 2020
Marketable investment securities:		
Available-for-sale debt securities:		
Corporate bonds	$ 334,045	$ 276,361
Commercial paper	499,956	823,173
Other debt securities	78,008	103,756
Total available-for-sale debt securities	912,009	1,203,290
Equity securities	—	6
Total marketable investment securities	$ 912,009	$ 1,203,296

Debt Securities

Available-for-Sale

The following table presents the components of our available-for-sale debt securities:

	Amortized	Unrealized		Estimated
	Cost	Gains	Losses	Fair Value
As of September 30, 2021				
Corporate bonds	$ 334,145	$ 17	$ (117)	$ 334,045
Commercial paper	499,956	—	—	499,956
Other debt securities	78,086	—	(78)	78,008
Total available-for-sale debt securities	$ 912,187	$ 17	$ (195)	$ 912,009
As of December 31, 2020				
Corporate bonds	$ 276,327	$ 59	$ (25)	$ 276,361
Commercial paper	823,173	—	—	823,173
Other debt securities	103,758	3	(5)	103,756
Total available-for-sale debt securities	$ 1,203,258	$ 62	$ (30)	$ 1,203,290

The following table presents the activity on our available-for-sale debt securities:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Proceeds from sales	$ 125,923	$ —	$ 277,188	$ 10,000

As of September 30, 2021, we have $745.3 million of available-for-sale debt securities with contractual maturities of one year or less and $166.8 million with contractual maturities greater than one year.

Equity Securities

The following table presents the activity of our equity securities:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Gains (losses) on investments, net	$ —	$ (75)	$ (6)	$ (224)

Fair Value Measurements

The following table presents our marketable investment securities categorized by the fair value hierarchy, certain of which have historically experienced volatility:

	Level 1	Level 2	Total
As of September 30, 2021			
Cash equivalents (including restricted)	$ 162	$ 292,997	$ 293,159
Available-for-sale debt securities:			
Corporate bonds	$ —	$ 334,045	$ 334,045
Commercial paper	—	499,956	499,956
Other debt securities	—	78,008	78,008
Total available-for-sale debt securities	—	912,009	912,009
Equity securities	—	—	—
Total marketable investment securities	$ —	$ 912,009	$ 912,009
As of December 31, 2020			
Cash equivalents (including restricted)	$ 128	$ 654,853	$ 654,981
Available-for-sale debt securities:			
Corporate bonds	$ —	$ 276,361	$ 276,361
Commercial paper	—	823,173	823,173
Other debt securities	95,497	8,259	103,756
Total available-for-sale debt securities	95,497	1,107,793	1,203,290
Equity securities	6	—	6
Total marketable investment securities	$ 95,503	$ 1,107,793	$ 1,203,296

As of September 30, 2021 and December 31, 2020, we did not have any investments that were categorized within Level 3 of the fair value hierarchy.

NOTE 5. PROPERTY AND EQUIPMENT

The following table presents the components of *Property and equipment, net*:

	As of	
	September 30, 2021	December 31, 2020
Property and equipment, net:		
Satellites, net	$ 874,699	$ 954,559
Other property and equipment, net	693,930	736,964
Total property and equipment, net	$ 1,568,629	$ 1,691,523

Satellites

As of September 30, 2021, our satellite fleet consisted of eight geosynchronous ("GEO") satellites, five of which are owned and three of which are leased. Our GEO satellite fleet operates at approximately 22,300 miles above the equator.

The following table presents our GEO satellite fleet as of September 30, 2021:

GEO Satellite	Segment	Launch Date	Nominal Degree Orbital Location (Longitude)	Depreciable Life (In Years)
Owned:				
SPACEWAY 3 (1)	Hughes	August 2007	95 W	10
EchoStar XVII	Hughes	July 2012	107 W	15
EchoStar XIX	Hughes	December 2016	97.1 W	15
Al Yah 3 (2)	Hughes	January 2018	20 W	7
EchoStar IX (3)	ESS	August 2003	121 W	12
Finance leases:				
Eutelsat 65 West A	Hughes	March 2016	65 W	15
Telesat T19V	Hughes	July 2018	63 W	15
EchoStar 105/SES-11	ESS	October 2017	105 W	15

(1) Depreciable life represents the remaining useful life as of June 8, 2011, the date EchoStar completed its acquisition of Hughes Communications, Inc. and its subsidiaries (the "Hughes Acquisition").
(2) Upon consummation of our joint venture with Yahsat in Brazil in November 2019, we acquired the Brazilian Ka-band payload on this satellite. Depreciable life represents the remaining useful life as of November 2019.
(3) We own the Ka-band and Ku-band payloads on this satellite.

The following table presents the components of our satellites, net:

	Depreciable Life (In Years)	As of September 30, 2021	As of December 31, 2020
Satellites, net:			
Satellites - owned	7 to 15	$ 1,501,806	$ 1,503,596
Satellites - acquired under finance leases	15	356,584	352,245
Total satellites		1,858,390	1,855,841
Accumulated depreciation:			
Satellites - owned		(893,152)	(827,274)
Satellites - acquired under finance leases		(90,539)	(74,008)
Total accumulated depreciation		(983,691)	(901,282)
Total satellites, net		$ 874,699	$ 954,559

The following table presents the depreciation expense associated with our satellites, net:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Depreciation expense:				
Satellites - owned	$ 17,490	$ 27,068	$ 62,048	$ 81,205
Satellites - acquired under finance leases	7,434	7,203	22,031	20,421
Total depreciation expense	$ 24,924	$ 34,271	$ 84,079	$ 101,626

The following table presents capitalized interest associated with our satellites and satellite-related ground infrastructure:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Capitalized interest	$ 1,523	$ 977	$ 4,236	$ 2,401

Satellite-Related Commitments

As of September 30, 2021 and December 31, 2020 our satellite-related commitments were $185.9 million and $224.4 million, respectively. These primarily include payments pursuant to regulatory authorizations, non-lease costs associated with our finance lease satellites, in-orbit incentives relating to certain satellites and commitments for satellite service arrangements.

In certain circumstances, the dates on which we are obligated to pay our contractual obligations could change.

Satellite Anomalies and Impairments

We are not aware of any anomalies with respect to our owned or leased satellites or payloads that have had any significant adverse effect on their remaining useful lives, the commercial operation of the satellites or payloads or our operating results or financial position as of and for the three and nine months ended September 30, 2021.

Fair Value of In-Orbit Incentives

As of September 30, 2021 and December 31, 2020, the fair values of our in-orbit incentive obligations approximated their carrying amounts of $53.6 million and $55.4 million, respectively.

NOTE 6. REGULATORY AUTHORIZATIONS

The following table presents our *Regulatory authorizations, net*:

	Finite lived				
	Cost	Accumulated Amortization	Total	Indefinite lived	Total
Balance, December 31, 2019	$ 12,524	$ (161)	$ 12,363	$ 400,000	$ 412,363
Amortization expense	—	(536)	(536)	—	(536)
Currency translation adjustments	(1,303)	34	(1,269)	—	(1,269)
Balance, September 30, 2020	$ 11,221	$ (663)	$ 10,558	$ 400,000	$ 410,558
Balance, December 31, 2020	$ 11,505	$ (1,054)	$ 10,451	$ 400,000	$ 410,451
Amortization expense	—	(610)	(610)	—	(610)
Currency translation adjustments	(711)	76	(635)	—	(635)
Balance, September 30, 2021	$ 10,794	$ (1,588)	$ 9,206	$ 400,000	$ 409,206
Weighted-average useful life (in years)		14			

NOTE 7. OTHER INVESTMENTS

The following table presents our *Other investments, net*:

	As of	
	September 30, 2021	December 31, 2020
Other investments, net:		
Equity method investments	$ 92,376	$ 96,573
Other equity investments	—	7,351
Total other investments, net	$ 92,376	$ 103,924

Equity Method Investments

Deluxe/EchoStar LLC

We own 50% of Deluxe/EchoStar LLC (“Deluxe”), a joint venture that we entered into in 2010 to build an advanced digital cinema satellite distribution network targeting delivery to digitally equipped theaters in the U.S. and Canada.

Broadband Connectivity Solutions (Restricted) Limited

We own 20% of Broadband Connectivity Solutions (Restricted) Limited (together with its subsidiaries, “BCS”), a joint venture that we entered into in 2018 to provide commercial Ka-band satellite broadband services across Africa, the Middle East and southwest Asia operating over Yahsat's Al Yah 2 and Al Yah 3 Ka-band satellites.

Financial Information for Our Equity Method Investments

The following table presents revenue recognized:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Deluxe	$ 1,315	$ 1,067	$ 4,175	$ 3,340
BCS	$ 1,838	$ 2,190	$ 5,952	$ 6,643

The following table presents trade accounts receivable:

	As of	
	September 30, 2021	December 31, 2020
Deluxe	$ 873	$ 716
BCS	$ 8,082	$ 9,347

NOTE 8. LONG-TERM DEBT

The following table presents the carrying amount and fair values of our *Current portion of long-term debt, net* and *Long-term debt, net:*

		As of			
		September 30, 2021		December 31, 2020	
	Effective Interest Rate	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Secured Notes:					
5 1/4% Senior Secured Notes due 2026	5.320%	$ 750,000	$ 849,128	$ 750,000	$ 834,045
Senior Unsecured Notes:					
7 5/8% Senior Unsecured Notes due 2021	—%	—	—	900,000	924,003
6 5/8% Senior Unsecured Notes due 2026	6.688%	750,000	855,195	750,000	852,810
Less: Unamortized debt issuance costs		(4,195)	—	(6,507)	—
Total long-term debt		1,495,805	1,704,323	2,393,493	2,610,858
Less: Current portion, net		—	—	(898,237)	(924,003)
Long-term debt, net		$ 1,495,805	$ 1,704,323	$ 1,495,256	$ 1,686,855

NOTE 9. INCOME TAXES

Our income tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment.
Our interim income tax provision and our interim estimate of our annual effective tax rate are influenced by several factors, including foreign losses and capital gains and losses for which related deferred tax assets are partially offset by a valuation allowance, changes in tax laws and relative changes in unrecognized tax benefits. Additionally, our effective tax rate can be affected by the amount of pre-tax income or loss. For example, the impact of discrete items and non-deductible expenses on our effective tax rate is greater when our pre-tax income or loss is lower.

Our income tax provision was $19.9 million for the three months ended September 30, 2021 compared to our income tax provision of $5.2 million for the three months ended September 30, 2020. Our estimated effective income tax rate was 36.6% and 31.2% for the three months ended September 30, 2021 and 2020, respectively. The variations in our effective tax rate from the U.S. federal statutory rate for the three months ended September 30, 2021 were primarily due to excluded foreign losses where the Company carries a full valuation allowance and the impact of state and local taxes. The variations in our effective tax rate from the U.S. federal statutory rate for the three months ended September 30, 2020 were primarily due to the increase in our valuation allowance associated with certain foreign losses and the impact of state and local taxes, partially offset by research and experimentation credits.

Our income tax provision was $48.8 million for the nine months ended September 30, 2021 compared to our income tax provision of $24.1 million for the nine months ended September 30, 2020. Our estimated effective income tax rate was 35.8% and 133.6% for the nine months ended September 30, 2021 and 2020, respectively. The variations in our effective tax rate from the U.S. federal statutory rate for the nine months ended September 30, 2021 were primarily due to excluded foreign losses where the Company carries a full valuation allowance and the impact of state and local taxes. The variations in our effective tax rate from the U.S. federal statutory rate for the nine months ended September 30, 2020 were primarily due to the increase in our valuation allowance associated with certain foreign losses, permanent book tax differences, and the impact of state and local taxes, partially offset by research and experimentation credits.

NOTE 10. RELATED PARTY TRANSACTIONS - ECHOSTAR

The following is a summary of the transactions and the terms of the underlying principal agreements that have had or may have an impact on our consolidated financial condition and results of operations.

Services and Other Revenue — EchoStar

The following table presents our *Services and other revenue* from EchoStar:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Services and other revenue - EchoStar	$ 5,283	$ 4,974	$ 16,055	$ 14,361

The following table presents the corresponding related party receivables:

	As of	
	September 30, 2021	December 31, 2020
Related party receivables - EchoStar - current	$ 125,071	$ 116,220
Related party receivables - EchoStar - non-current	57,100	57,136
Total related party receivables - EchoStar	$ 182,171	$ 173,356

Receivables. EchoStar and its other subsidiaries reimburse us from time to time for amounts paid by us for costs and expenses attributable to EchoStar and its other subsidiaries. We report receivables under these arrangements within Related party receivables - EchoStar - current. No repayment schedule for these receivables has been determined.

EchoStar Mobile Limited Service Agreements. We provide services and lease equipment to support the business of EchoStar Mobile Limited, a subsidiary of EchoStar that is licensed by the European Union and its member states ("EU") to provide mobile satellite services and complementary ground component services covering the entire EU using S-band spectrum. Generally, the amounts EchoStar's other subsidiaries pay for these services are based on cost plus a fixed margin. We recorded revenue in *Services and other revenue* of $5.3 million and $5.0 million for the three months ended September 30, 2021 and 2020, respectively, and $16.1 million and $14.4 million for the nine months ended September 30, 2021 and 2020, respectively, related to these services. Additionally, we have converted the receivables for certain of these services into loans, bearing an annual interest rate of 5%, that mature in 2023. We report these loans within Related party receivables - EchoStar - non-current.

Operating Expenses — EchoStar

The following table presents our operating expenses from EchoStar:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Operating expenses - EchoStar	$ 12,381	$ 15,163	$ 43,566	$ 41,665

The following table presents the corresponding related party payables:

	As of	
	September 30, 2021	December 31, 2020
Related party payables - EchoStar - current	$ 51,491	$ 51,420
Related party payables - EchoStar - non-current	24,384	25,114
Total related party payables - EchoStar	$ 75,875	$ 76,534

Payables. We reimburse EchoStar and its other subsidiaries from time to time for amounts paid by EchoStar and its other subsidiaries for costs and expenses attributable to us. We report payables under these arrangements within Related party payables - EchoStar - current. No repayment schedule for these payables has been determined.

Shared Corporate Services. We and EchoStar, including EchoStar's other subsidiaries, have agreed that we shall each have the right, but not the obligation, to receive from the other certain shared corporate services, including among other things: treasury, tax, accounting and reporting, risk management, cybersecurity, legal, internal audit, human resources, and information technology. These shared corporate services are generally provided at cost. Effective March 2017, and as a result of the Share Exchange (as defined below), we implemented a new methodology for determining the cost of these shared corporate services. We and EchoStar, including EchoStar's other subsidiaries, may each terminate a particular shared corporate service for any reason upon at least 30 days' notice. We recorded these net expenses within Operating expenses - EchoStar for shared corporate services received from EchoStar and its other subsidiaries of $1.7 million and $0.9 million for the three months ended September 30, 2021 and 2020, respectively, and $1.5 million and $7.6 million for the nine months ended September 30, 2021 and 2020, respectively.

Real Estate. We occupy certain office space in buildings owned or leased by EchoStar and its other subsidiaries and pay a portion of the taxes, insurance, utilities and maintenance of the premises in accordance with the percentage of the space we occupy.

Cash Advances. EchoStar and certain of its other subsidiaries have also provided cash advances to certain of our foreign subsidiaries to fund certain expenditures pursuant to loan agreements that mature in 2022. Advances under these agreements bear interest at annual rates ranging from one to three percent, subject to periodic adjustment based on the one-year U.S. LIBOR rate. We report amounts payable under these agreements within Related party payables - EchoStar - non-current.

Construction Management Services for EchoStar XXIV satellite. In August 2017, a subsidiary of EchoStar entered into a contract with Maxar Space, LLC (formerly Space Systems/Loral, LLC), for the design and construction of the EchoStar XXIV satellite, a new, next-generation, high throughput geostationary satellite, with an expected launch in the second half of 2022. We provide construction management services to EchoStar's subsidiary for the construction of the EchoStar XXIV satellite. We charged EchoStar's subsidiary and reduced our operating expenses by the costs of such services of $0.4 million and $0.4 million for the three months ended September 30, 2021 and 2020, respectively, and $1.3 million and $1.2 million for the nine months ended September 30, 2021 and 2020, respectively.

Other Agreements

BSS Transaction. Pursuant to the pre-closing restructuring contemplated by the Master Transaction Agreement (as defined below), and as part of the BSS Transaction (as defined below), we and our subsidiaries transferred certain of the BSS Business (as defined below) to BSS Corp. (as defined below), and we distributed all of the shares of BSS Corp. to EchoStar as a dividend.

Share Exchange Agreement. Prior to consummation of the Share Exchange, EchoStar was required to complete steps necessary for the transferring of certain assets and liabilities to DISH Network Corporation ("DISH") and certain of its subsidiaries. As part of these steps, subsidiaries of EchoStar that, prior to the consummation of the Share Exchange, owned EchoStar's business of providing online video delivery and satellite video delivery for broadcasters and pay-TV operators, including satellite uplinking/downlinking, transmission services, signal processing and conditional access management, and other services and related assets and liabilities were contributed to one of our subsidiaries in consideration for additional shares of HSSC's common stock that were then issued to a subsidiary of EchoStar.

NOTE 11. RELATED PARTY TRANSACTIONS - DISH NETWORK

Overview

EchoStar Corporation and DISH have operated as separate publicly-traded companies since 2008 (the "Spin-off"). A substantial majority of the voting power of the shares of each of EchoStar Corporation and DISH is owned beneficially by Charles W. Ergen, our Chairman, and by certain entities established for the benefit of his family.

In January 2017, EchoStar and certain of its subsidiaries entered into a share exchange agreement (the "Share Exchange Agreement") with DISH and certain of its subsidiaries pursuant to which, in February 2017, we received all of the shares of preferred tracking stock previously issued by us and one of our subsidiaries (the "Tracking Stock"), representing an 80% economic interest in the residential retail satellite broadband business of our Hughes segment, in exchange for 100% of the equity interests of certain EchoStar subsidiaries that held substantially all of our EchoStar Technologies businesses and certain other assets (collectively, the "Share Exchange"). The Tracking Stock was retired in March 2017.

In September 2019, pursuant to a master transaction agreement (the "Master Transaction Agreement") with DISH and a wholly-owned subsidiary of DISH ("Merger Sub"), (i) we transferred certain real property and the various businesses, products, licenses, technology, revenues, billings, operating activities, assets and liabilities primarily related to the former portion of our ESS segment that managed, marketed and provided (1) broadcast satellite services primarily to DISH and its subsidiaries ("DISH Network") and our joint venture Dish Mexico, and (2) telemetry, tracking and control ("TT&C") services for satellites owned by DISH Network and a portion of our other businesses (collectively, the "BSS Business") to one of our former subsidiaries, EchoStar BSS Corporation ("BSS Corp."), (ii) we distributed to each holder of shares of our Class A or Class B common stock entitled to receive consideration in the transaction an amount of shares of common stock of BSS Corp., par value $0.001 per share ("BSS Common Stock"), equal to one share of BSS Common Stock for each share of our Class A or Class B common stock owned by such stockholder (the "Distribution"); and (iii) immediately after the Distribution, (1) Merger Sub merged with and into BSS Corp. (the "Merger"), such that BSS Corp. became a wholly-owned subsidiary of DISH and with DISH then owning and operating the BSS Business, and (2) each issued and outstanding share of BSS Common Stock owned by EchoStar stockholders was converted into the right to receive 0.23523769 shares of DISH Class A common stock, par value $0.001 per share ("DISH Common Stock") ((i) - (iii) collectively, the "BSS Transaction").

In connection with and following the Spin-off, the Share Exchange and the BSS Transaction, EchoStar, we and certain other of EchoStar's subsidiaries and DISH Network entered into certain agreements pursuant to which we, EchoStar and certain of its other subsidiaries, on the one hand, obtain certain products, services and rights from DISH Network, on the other hand; DISH Network, on the one hand, obtains certain products, services and rights from us, EchoStar and certain of its other subsidiaries, on the other hand; and such entities indemnify each other against certain liabilities arising from their respective businesses. Generally, the amounts we and/or EchoStar and its other subsidiaries or DISH Network pay for products and services provided under the agreements are based on cost plus a fixed margin (unless noted differently below), which varies depending on the nature of the products and services provided. We and/or EchoStar and its other subsidiaries may also enter into additional agreements with DISH Network in the future.

The following is a summary of the transactions and the terms of the underlying principal agreements that have had or may have an impact on our consolidated financial condition and results of operations.

Services and Other Revenue — DISH Network

The following table presents our *Services and other revenue - DISH Network*:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Services and other revenue - DISH Network	$ 5,357	$ 6,115	$ 16,751	$ 20,322

The following table presents the related trade accounts receivable:

	As of	
	September 30, 2021	December 31, 2020
Trade accounts receivable - DISH Network	$ 5,183	$ 4,706

Satellite Capacity Leased to DISH Network. Effective January 2008, DISH Network began leasing satellite capacity from us on the EchoStar IX satellite. Subject to availability, DISH Network generally has the right to continue leasing satellite capacity from us on the EchoStar IX satellite on a month-to-month basis.

Telesat Obligation Agreement. In September 2009, we entered into an agreement with Telesat Canada to lease satellite capacity from Telesat Canada on all 32 direct broadcast satellite (“DBS”) transponders on the Nimiq 5 satellite at the 72.7 degree west longitude orbital location (the “Telesat Transponder Agreement”). In September 2009, we entered into an agreement with DISH Network, pursuant to which DISH Network leased satellite capacity from us on all 32 of the DBS transponders covered by the Telesat Transponder Agreement (the “DISH Nimiq 5 Agreement”). Under the terms of the DISH Nimiq 5 Agreement, DISH Network made certain monthly payments to us that commenced in September 2009, when the Nimiq 5 satellite was placed into service. We transferred the Telesat Transponder Agreement to DISH Network in September 2019 as part of the BSS Transaction; however, we retained certain obligations related to DISH Network’s performance under that agreement and we entered into an agreement with DISH Network whereby DISH Network compensates us for retaining such obligations.

TerreStar Agreement. In March 2012, DISH Network completed its acquisition of substantially all the assets of TerreStar Networks Inc. ("TerreStar"). Prior to DISH Network's acquisition of substantially all the assets of TerreStar and EchoStar's completion of the Hughes Acquisition, TerreStar and HNS entered into various agreements pursuant to which we provide, among other things, warranty, operations and maintenance and hosting services for TerreStar's ground-based communications equipment (the "TerreStar Agreements"). In December 2017, we and DISH Network amended these agreements, effective as of January 1, 2018, to reduce certain pricing terms through December 31, 2023 and to modify certain termination provisions. DISH Network generally has the right to continue to receive warranty services from us for our products on a month-to-month basis unless terminated by DISH Network upon at least 21 days' written notice to us. DISH Network generally has the right to continue to receive operations and maintenance services from us on a quarter-to-quarter basis unless these services are terminated by DISH Network upon at least 90 days' written notice to us. The provision of hosting services will continue until May 2022. In addition, DISH Network generally may terminate any and all services for convenience subject to providing us with prior notice and/or payment of termination charges. In March 2020, we entered into an agreement with DISH Network pursuant to which we perform certain work and provide certain credits to amounts owed to us under the TerreStar Agreements in exchange for DISH Network's granting us rights to use certain satellite capacity under the Amended and Restated Professional Services Agreement (as defined below). As a result, we and DISH Network amended the TerreStar Agreements to suspend our provision of warranty services to DISH Network from April 2020 through December 2020. Following the expiration of this suspension, we have recommenced providing warranty services to DISH Network.

Hughes Broadband Distribution Agreement. Effective October 2012, we and DISH Network entered into a distribution agreement (the "Distribution Agreement") pursuant to which DISH Network has the right, but not the obligation, to market, sell and distribute our Gen 4 HughesNet service. DISH Network pays us a monthly per subscriber wholesale service fee for our Gen 4 HughesNet service based upon a subscriber's service level and based upon certain volume subscription thresholds. The Distribution Agreement also provides that DISH Network has the right, but not the obligation, to purchase certain broadband equipment from us to support the sale of the Gen 4 HughesNet service. The Distribution Agreement had an initial term of five years with automatic renewal for successive one-year terms unless terminated by either party with a written notice at least 180 days' before the expiration of the then-current term. In February 2014, we and DISH Network entered into an amendment to the Distribution Agreement which, among other things, extended the initial term of the Distribution Agreement until March 2024. Upon expiration or termination of the Distribution Agreement, we and DISH Network will continue to provide our Gen 4 HughesNet service to the then-current DISH Network subscribers pursuant to the terms and conditions of the Distribution Agreement.

DBSD North America Agreement. In March 2012, DISH Network completed its acquisition of all of the equity of DBSD North America, Inc. ("DBSD North America"). Prior to DISH Network's acquisition of DBSD North America and EchoStar's completion of the Hughes Acquisition, DBSD North America and HNS entered into various agreements pursuant to which we provide, among other things, warranty, operations and maintenance and hosting services of DBSD North America's gateway and ground-based communications equipment. In December 2017, we and DBSD North America amended these agreements, effective as of January 1, 2018, to reduce certain pricing terms through December 31, 2023 and to modify certain termination provisions. DBSD North America has the right to continue to receive operations and maintenance services from us on a quarter-to-quarter basis, unless terminated by DBSD North America upon at least 120 days' written notice to us. In February 2019, we further amended these agreements to provide DBSD North America with the right to continue to receive warranty services from us on a month-to-month basis until December 2023, unless terminated by DBSD North America upon at least 21 days' written notice to us. The provision of hosting services will continue until February 2022 and will automatically renew for an additional five-year period until February 2027 unless terminated by DBSD North America upon at least 180 days' written notice to us. In addition, DBSD North America generally may terminate any and all such services for convenience, subject to providing us with prior notice and/or payment of termination charges.

Hughes Equipment and Services Agreement. In February 2019, we and DISH Network entered into an agreement pursuant to which we will sell to DISH Network our HughesNet Service and HughesNet equipment that has been modified to meet DISH Network's internet-of-things specifications for the transfer of data to DISH Network's network operations centers. This agreement has an initial term of five years expiring February 2024 with automatic renewal for successive one-year terms unless terminated by DISH Network with at least 180 days' written notice to us or by us with at least 365 days' written notice to DISH Network.

Operating Expenses — DISH Network

The following table presents our operating expenses related to DISH Network:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Operating expenses - DISH Network	$ 1,310	$ 1,172	$ 3,876	$ 3,532

The following table presents the related trade accounts payable:

	As of	
	September 30, 2021	December 31, 2020
Trade accounts payable - DISH Network	$ 722	$ 477

Amended and Restated Professional Services Agreement. In connection with the Spin-off, EchoStar entered into various agreements with DISH Network including a transition services agreement, satellite procurement agreement and services agreement, all of which expired in January 2010 and were replaced by a professional services agreement (the "Professional Services Agreement"). In January 2010, EchoStar and DISH Network agreed that EchoStar and its subsidiaries shall continue to have the right, but not the obligation, to receive the following services from DISH Network, among others, certain of which were previously provided under a transition services agreement: information technology, travel and event coordination, internal audit, legal, accounting and tax, benefits administration, program acquisition services and other support services. Additionally, EchoStar and DISH Network agreed that DISH Network would continue to have the right, but not the obligation, to engage EchoStar and its subsidiaries to manage the process of procuring new satellite capacity for DISH Network (previously provided under a satellite procurement agreement), receive logistics, procurement and quality assurance services from EchoStar and its subsidiaries (previously provided under a services agreement) and provide other support services. In connection with the consummation of the Share Exchange, EchoStar and DISH amended and restated the Professional Services Agreement to provide that EchoStar and its subsidiaries and DISH Network shall have the right to receive additional services that either EchoStar and its subsidiaries or DISH Network may require as a result of the Share Exchange, including access to antennas owned by DISH Network for our use in performing TT&C services and maintenance and support services for our antennas (collectively, the "TT&C Antennas"). In September 2019, in connection with the BSS Transaction, EchoStar and DISH further amended the Professional Services Agreement (the "Amended and Restated Professional Services Agreement") to provide that EchoStar and its subsidiaries and DISH Network shall have the right to receive additional services that either EchoStar and its subsidiaries or DISH Network may require as a result of the BSS Transaction and to remove our access to and the maintenance and support services for the TT&C Antennas. A portion of these costs and expenses have been allocated to us in the manner described in Note 10. Related Party Transactions - EchoStar. The term of the Amended and Restated Professional Services Agreement is through January 1, 2022 and renews automatically for successive one-year periods thereafter, unless the agreement is terminated earlier by either party upon at least 60 days' notice. However, either party may generally terminate the Amended and Restated Professional Services Agreement in part with respect to any particular service it receives for any reason upon at least 30 days' notice, unless the statement of work for particular services states otherwise. Certain services provided under the Amended and Restated Professional Services Agreement may survive the termination of the agreement.

Collocation and Antenna Space Agreements. We and DISH Network have entered into an agreement pursuant to which DISH Network provided us with collocation space in El Paso, Texas. This agreement was for an initial period ending in July 2015, and provided us with renewal options for four consecutive three-year terms. We exercised our first renewal option for a period commencing in August 2015 and ending in July 2018, in April 2018 we exercised our second renewal option for a period ending in July 2021, and in May 2021 we exercised our third renewal option for a period ending in July 2024. In connection with the Share Exchange, effective March 2017, we also entered into certain agreements pursuant to which DISH Network provides collocation and antenna space to EchoStar through February 2022 at the following locations: Cheyenne, Wyoming; Gilbert, Arizona; New Braunfels, Texas; Monee, Illinois; Spokane, Washington; and Englewood, Colorado. In October 2019, we provided a termination notice for our New Braunfels, Texas agreement to be effective May 2020. In November 2020, we provided a termination notice for one of our Englewood, Colorado agreements to be effective May 2021. In August 2017, we and DISH Network also entered into certain other agreements pursuant to which DISH Network provides additional collocation and antenna space to us in Monee, Illinois and Spokane, Washington through August 2022. In November 2021, we exercised our right to renew the collocation agreements at Gilbert, Arizona, Cheyenne, Wyoming, Spokane, Washington, Englewood, Colorado and Monee, Illinois for a period ending in February 2025. Generally, we may renew our collocation and antenna space agreements for three-year periods by providing DISH Network with prior written notice no more than 120 days but no less than 90 days prior to the end of the then-current term. We may terminate certain of these agreements with 180 days' prior written notice. In September 2019, in connection with the BSS Transaction, we entered into an agreement pursuant to which DISH Network provided us with certain additional collocation space in Cheyenne, Wyoming for a period that ended in September 2020. The fees for the services provided under these agreements depend on the number of racks located at the location.

Also in connection with the BSS Transaction, in September 2019, we entered into an agreement pursuant to which DISH Network provides us with antenna space and power in Cheyenne, Wyoming for a period of five years commencing in August 2020, with four three-year renewal terms, with prior written notice of renewal required no more than 120 days but no less than 90 days prior to the end of the then-current term. In March 2021, we entered into additional agreements pursuant to which DISH Network provides us with antenna space and power in Cheyenne, Wyoming, and the right to use an antenna and certain space in Gilbert, Arizona. Both agreements are for a period of five years with four three-year renewal terms, with prior written notice of renewal required no more than 120 days but no less than 90 days prior to the end of the then-current term.

Hughes Broadband Master Services Agreement. In conjunction with the launch of our EchoStar XIX satellite, in March 2017, we and DISH Network entered into a master service agreement (the "Hughes Broadband MSA") pursuant to which DISH Network, among other things: (i) has the right, but not the obligation, to market, promote and solicit orders and upgrades for our Gen 5 HughesNet service and related equipment and other telecommunication services and (ii) installs Gen 5 HughesNet service equipment with respect to activations generated by DISH Network. Under the Hughes Broadband MSA, we and DISH Network make certain payments to each other relating to sales, upgrades, purchases and installation services. The Hughes Broadband MSA has an initial term of five years through March 2022 with automatic renewal for successive one-year terms. Either party has the ability to terminate the Hughes Broadband MSA, in whole or in part, for any reason upon at least 90 days' notice to the other party. Upon expiration or termination of the Hughes Broadband MSA, we will continue to provide our Gen 5 HughesNet service to subscribers and make certain payments to DISH Network pursuant to the terms and conditions of the Hughes Broadband MSA. We incurred sales incentives and other costs under the Hughes Broadband MSA totaling $2.1 million and $5.2 million for the three months ended September 30, 2021 and 2020, respectively, and $5.9 million and $14.2 million for the nine months ended September 30, 2021 and 2020, respectively.

2019 TT&C Agreement. In September 2019, in connection with the BSS Transaction, we and a subsidiary of EchoStar entered into an agreement pursuant to which DISH Network provides TT&C services to us and EchoStar and its other subsidiaries for a period ending in September 2021, with the option for a subsidiary of EchoStar to renew for a one-year period upon written notice at least 90 days prior to the initial expiration (the "2019 TT&C Agreement"). The fees for services provided under the 2019 TT&C Agreement are calculated at either: (i) a fixed fee or (ii) cost plus a fixed margin, which will vary depending on the nature of the services provided. Any party is able to terminate the 2019 TT&C Agreement for any reason upon 12 months' notice. In June 2021, we amended the 2019 TT&C Agreement to extend the term until September 2022 and added the option for us to renew the 2019 TT&C Agreement up to an additional three years.

Referral Marketing Agreement. In June 2021, we and DISH Network entered into an agreement pursuant to which we will pre-qualify prospects contacting Hughes call centers and transfer those prospects to DISH Network for introduction to DISH Network's video services, for prospects that convert Hughes will receive a commission. This agreement has an initial term of one year, after which time either party can provide 90 days' written notice of its decision to terminate.

Other Receivables - DISH Network

Tax Sharing Agreement. Effective December 2007, EchoStar and DISH Network entered into a tax sharing agreement (the "Tax Sharing Agreement") in connection with the Spin-off. This agreement governs EchoStar and DISH and their respective subsidiaries' respective rights, responsibilities and obligations after the Spin-off with respect to taxes for the periods ending on or before the Spin-off. Generally, all pre-Spin-off taxes, including any taxes that are incurred as a result of restructuring activities undertaken to implement the Spin-off, are borne by DISH Network and DISH Network indemnifies EchoStar and its subsidiaries for such taxes. However, DISH Network is not liable for and does not indemnify EchoStar or its subsidiaries for any taxes that are incurred as a result of the Spin-off or certain related transactions failing to qualify as tax-free distributions pursuant to any provision of Section 355 or Section 361 of the Code, because of: (i) a direct or indirect acquisition of any of EchoStar's stock, stock options or assets; (ii) any action that EchoStar or its subsidiaries take or fail to take or (iii) any action that EchoStar or its subsidiaries take that is inconsistent with the information and representations furnished to the IRS in connection with the request for the private letter ruling, or to counsel in connection with any opinion being delivered by counsel with respect to the Spin-off or certain related transactions. In such case, EchoStar and its subsidiaries will be solely liable for, and will indemnify DISH Network for any resulting taxes, as well as any losses, claims and expenses. The Tax Sharing Agreement will terminate after the later of the full period of all applicable statutes of limitations, including extensions, or once all rights and obligations are fully effectuated or performed.

In light of the Tax Sharing Agreement, among other things, and in connection with EchoStar's consolidated federal income tax returns for certain tax years prior to and for the year of the Spin-off, in September 2013, EchoStar and DISH Network agreed upon a supplemental allocation of the tax benefits arising from certain tax items resolved in the course of the IRS's examination of EchoStar's consolidated tax returns. As a result, DISH Network agreed to pay EchoStar an amount of that includes the federal tax benefit DISH received as a result of our operations.

In August 2018, EchoStar and DISH Network amended the Tax Sharing Agreement and the 2013 agreements (the "Tax Sharing Amendment"). Under the Tax Sharing Amendment, DISH Network is required to compensate EchoStar for certain past and future excess California research and development tax credits generated by EchoStar and its subsidiaries and used by DISH Network.

Other Agreements

Master Transaction Agreement. In May 2019, EchoStar and BSS Corp. entered into the Master Transaction Agreement with DISH and Merger Sub with respect to the BSS Transaction. Pursuant to the terms of the Master Transaction Agreement, on September 10, 2019: (i) EchoStar and its subsidiaries and we and our subsidiaries transferred the BSS Business to BSS Corp.; (ii) EchoStar completed the Distribution; and (iii) immediately after the Distribution, (1) BSS Corp. became a wholly-owned subsidiary of DISH such that DISH owns and operates the BSS Business and (2) each issued and outstanding share of BSS Common Stock owned by EchoStar stockholders was converted into the right to receive 0.23523769 shares of DISH Common Stock. Following the consummation of the BSS Transaction, we no longer operate the BSS Business, which was a substantial portion of our ESS segment. The Master Transaction Agreement contained customary representations and warranties by the parties, including EchoStar's representations relating to the assets, liabilities and financial condition of the BSS Business, and representations by DISH Network relating to its financial condition and liabilities. EchoStar and DISH Network have agreed to indemnify each other against certain losses with respect to breaches of certain representations and covenants and certain retained and assumed liabilities, respectively.

BSS Transaction Intellectual Property and Technology License Agreement. Effective September 2019, in connection with the BSS Transaction, we, EchoStar and DISH Network entered into an intellectual property and technology license agreement (the “BSS IPTLA”) pursuant to which we, EchoStar and its other subsidiaries and DISH Network license to each other certain intellectual property and technology. The BSS IPTLA will continue in perpetuity, unless mutually terminated by the parties. Pursuant to the BSS IPTLA, we, EchoStar and its other subsidiaries granted to DISH Network a license to our and their intellectual property and technology for use by DISH Network, among other things, in connection with its continued operation of the BSS Business acquired pursuant to the BSS Transaction, including a limited license to use the “ESS” and “ECHOSTAR SATELLITE SERVICES” trademarks during a transition period. EchoStar retains full ownership of the “ESS” and “ECHOSTAR SATELLITE SERVICES” trademarks. In addition, DISH Network granted a license back to us, EchoStar and its other subsidiaries, among other things, for the continued use of all intellectual property and technology that is used in our, EchoStar and its other subsidiaries’ retained businesses but the ownership of which was transferred to DISH Network pursuant to the BSS Transaction.

BSS Transaction Tax Matters Agreement. Effective September 2019, in connection with the BSS Transaction, EchoStar, BSS Corp. and DISH entered into a tax matters agreement. This agreement governs certain rights, responsibilities and obligations of EchoStar and its subsidiaries’ with respect to taxes of the BSS Business transferred pursuant to the BSS Transaction. Generally, EchoStar is responsible for all tax returns and tax liabilities for the BSS Business for periods prior to the BSS Transaction and DISH is responsible for all tax returns and tax liabilities for the BSS Business from and after the BSS Transaction.

Both EchoStar and DISH made certain tax-related representations and are subject to various tax-related covenants after the consummation of the BSS Transaction. Both EchoStar and DISH Network have agreed to indemnify each other for certain losses if there is a breach of any the tax representations or violation of any of the tax covenants in the tax matters agreement and that breach or violation results in the failure of the BSS Transaction being treated as a transaction that is tax-free for EchoStar or its stockholders for U.S. federal income tax purposes. In addition, DISH Network has agreed to indemnify EchoStar if the BSS Business is acquired, either directly or indirectly (e.g., via an acquisition of DISH Network), by one or more persons, where either it took an action, or knowingly facilitated, consented to or assisted with an action by its stockholders, that resulted in the failure of the BSS Transaction being treated as a transaction that is tax-free for EchoStar and its stockholders for U.S. federal income tax purposes. This tax matters agreement supplements the Tax Sharing Agreement outlined above and the Share Exchange Tax Matters Agreement outlined below, both of which continue in full force and effect.

BSS Transaction Employee Matters Agreement. Effective September 2019, in connection with the BSS Transaction, EchoStar and DISH Network entered into an employee matters agreement that addressed the transfer of employees from us to DISH Network, including certain benefit and compensation matters and the allocation of responsibility for employee related liabilities relating to current and past employees of the BSS Business. DISH Network assumed employee-related liabilities relating to the BSS Business as part of the BSS Transaction, except that EchoStar is responsible for certain pre-BSS Transaction compensation and benefits for employees who transferred to DISH Network in connection with the BSS Transaction.

Share Exchange Agreement. In February 2017 EchoStar consummated the Share Exchange, following which EchoStar and certain of its and our subsidiaries no longer operate the transferred EchoStar Technologies businesses and the Tracking Stock was retired and is no longer outstanding and all agreements, arrangements and policy statements with respect to such Tracking Stock terminated and are of no further effect. Pursuant to the Share Exchange Agreement, EchoStar and certain of its and our subsidiaries transferred certain assets, investments in joint ventures, spectrum licenses and real estate properties and DISH Network assumed certain liabilities relating to the transferred assets and businesses. The Share Exchange Agreement contained customary representations and warranties by the parties, including representations by EchoStar related to the transferred assets, assumed liabilities and the financial condition of the transferred businesses. EchoStar and DISH Network also agreed to customary indemnification provisions whereby each party indemnifies the other against certain losses with respect to breaches of representations, warranties or covenants and certain liabilities and if certain actions undertaken by EchoStar or DISH causes the transaction to be taxable to the other party after closing.

Share Exchange Intellectual Property and Technology License Agreement. Effective March 2017, in connection with the Share Exchange, EchoStar and one of its other subsidiaries and DISH Network entered into an intellectual property and technology license agreement ("IPTLA") pursuant to which we, EchoStar and its other subsidiaries and DISH Network license to each other certain intellectual property and technology. The IPTLA will continue in perpetuity, unless mutually terminated by the parties. Pursuant to the IPTLA, we, EchoStar and its other subsidiaries granted to DISH Network a license to our and their intellectual property and technology for use by DISH Network, among other things, in connection with its continued operation of the businesses acquired pursuant to the Share Exchange, including a limited license to use the "ECHOSTAR" trademark during a transition period. EchoStar retains full ownership of the "ECHOSTAR" trademark. In addition, DISH Network granted a license back to us, EchoStar and its other subsidiaries, among other things, for the continued use of all intellectual property and technology that is used in our, EchoStar and its other subsidiaries' retained businesses but the ownership of which was transferred to DISH Network pursuant to the Share Exchange.

Share Exchange Tax Matters Agreement. Effective March 2017, in connection with the Share Exchange, EchoStar and DISH entered into a tax matters agreement. This agreement governs certain rights, responsibilities and obligations of EchoStar and its subsidiaries with respect to taxes of the transferred businesses pursuant to the Share Exchange. Generally, EchoStar is responsible for all tax returns and tax liabilities for the transferred businesses and assets for periods prior to the Share Exchange and DISH Network is responsible for all tax returns and tax liabilities for the transferred businesses and assets from and after the Share Exchange. Both EchoStar and DISH Network made certain tax-related representations and are subject to various tax-related covenants after the consummation of the Share Exchange. Both EchoStar and DISH Network have agreed to indemnify each other if there is a breach of any such tax representation or violation of any such tax covenant and that breach or violation results in the Share Exchange not qualifying for tax free treatment for the other party. In addition, DISH Network has agreed to indemnify EchoStar if the transferred businesses are acquired, either directly or indirectly (e.g., via an acquisition of DISH Network), by one or more persons and such acquisition results in the Share Exchange not qualifying for tax free treatment. The tax matters agreement supplements the Tax Sharing Agreement outlined above which continues in full force and effect.

NOTE 12. RELATED PARTY TRANSACTIONS - OTHER

Hughes Systique Corporation

We contract with Hughes Systique Corporation ("Hughes Systique") for software development services. In addition to our approximately 43% ownership in Hughes Systique, Mr. Pradman Kaul, the President of our subsidiary Hughes Communications, Inc. and a member of our board of directors, and his brother, who is the Chief Executive Officer and President of Hughes Systique, own in the aggregate approximately 25%, on an undiluted basis, of Hughes Systique's outstanding shares as of September 30, 2021. Furthermore, Mr. Pradman Kaul serves on the board of directors of Hughes Systique. Hughes Systique is a variable interest entity and we are considered the primary beneficiary of Hughes Systique due to, among other factors, our ability to direct the activities that most significantly impact the economic performance of Hughes Systique. As a result, we consolidate Hughes Systique's financial statements in these Consolidated Financial Statements.

TerreStar Solutions

DISH Network owns more than 15% of TerreStar Solutions, Inc. ("TSI"). In May 2018, we and TSI entered into an equipment and services agreement pursuant to which we design, manufacture and install upgraded ground communications network equipment for TSI's network and provide, among other things, warranty and support services. We recognized revenue of $0.5 million and $0.7 million, for the three months ended September 30, 2021 and 2020, respectively, and $1.4 million and $3.8 million for the nine months ended September 30, 2021 and 2020, respectively. As of December 31, 2020, we had $0.4 million of trade accounts receivable from TSI.

NOTE 13. CONTINGENCIES

Patents and Intellectual Property

Many entities, including some of our competitors, have, or may have in the future, patents and other intellectual property rights that cover or affect products or services directly or indirectly related to those that we offer. We may not be aware of all patents and other intellectual property rights that our products and services may potentially infringe. Damages in patent infringement cases can be substantial, and in certain circumstances can be tripled. Further, we cannot estimate the extent to which we may be required in the future to obtain licenses with respect to intellectual property rights held by others and the availability and cost of any such licenses. Various parties have asserted patent and other intellectual property rights with respect to our products and services. We cannot be certain that these parties do not own the rights they claim, that these rights are not valid or that our products and services do not infringe on these rights. Further, we cannot be certain that we would be able to obtain licenses from these parties on commercially reasonable terms or, if we were unable to obtain such licenses, that we would be able to redesign our products and services to avoid infringement.

Certain Arrangements with DISH Network

In connection with EchoStar's spin-off from DISH in 2008, EchoStar entered into a separation agreement with DISH Network that provides, among other things, for the division of certain liabilities, including liabilities resulting from litigation. Under the terms of the separation agreement, EchoStar assumed certain liabilities that relate to its and our business, including certain designated liabilities for acts or omissions that occurred prior to the Spin-off. Certain specific provisions govern intellectual property related claims under which EchoStar will generally only be liable for its and its subsidiaries' acts or omissions following the Spin-off and DISH Network will indemnify EchoStar for any liabilities or damages resulting from intellectual property claims relating to the period prior to the Spin-off as well as DISH Network's acts or omissions following the Spin-off. In connection with the Share Exchange and BSS Transaction, EchoStar and certain of its and our subsidiaries entered into the Share Exchange Agreement and the Master Transaction Agreement, respectively, and other agreements which provide, among other things, for the division of certain liabilities, including liabilities relating to taxes, intellectual property and employees and liabilities resulting from litigation and the assumption of certain liabilities that relate to the transferred businesses and assets. These agreements also contain additional indemnification provisions between EchoStar and us and DISH Network for, in the case of the Share Exchange, certain pre-existing liabilities and legal proceedings and, in the case of the BSS Transaction, certain losses with respect to breaches of certain representations and covenants and certain liabilities.

Litigation

We are involved in a number of legal proceedings concerning matters arising in connection with the conduct of our business activities. Many of these proceedings are at preliminary stages and/or seek an indeterminate amount of damages. We regularly evaluate the status of the legal proceedings in which we are involved to assess whether a loss is probable and to determine if accruals are appropriate. We record an accrual for litigation and other loss contingencies when we determine that a loss is probable, and the amount of the loss can be reasonably estimated. If accruals are not appropriate, we further evaluate each legal proceeding to assess whether an estimate of possible loss or range of loss can be made. There can be no assurance that legal proceedings against us will be resolved in amounts that will not differ from the amounts of our recorded accruals. Legal fees and other costs of defending legal proceedings are charged to expense as incurred.

For certain proceedings, management is unable to predict with any degree of certainty the outcome or provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons: (i) the proceedings are in various stages; (ii) damages have not been sought or specified; (iii) damages are unsupported, indeterminate and/or exaggerated in management's opinion; (iv) there is uncertainty as to the outcome of pending trials, appeals, motions or other proceedings; (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories to be presented or a large number of parties are involved (as with many patent-related cases). Except as described below, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material effect on our financial condition, operating results or cash flows, though there is no assurance that the resolution and outcomes of these proceedings, individually or in the aggregate, will not be material to our financial condition, operating results or cash flows for any particular period, depending, in part, upon the operating results for such period.

We intend to vigorously defend the proceedings against us. In the event that a court, tribunal, other body or jury ultimately rules against us, we may be subject to adverse consequences, including, without limitation, substantial damages, which may include treble damages, fines, penalties, compensatory damages and/or other equitable or injunctive relief that could require us to materially modify our business operations or certain products or services that we offer to our consumers.

Shareholder Litigation

On July 2, 2019, the City of Hallandale Beach Police Officers' and Firefighters' Personnel Retirement Trust, purporting to sue on behalf of a class of EchoStar Corporation's stockholders, filed a complaint in the District Court of Clark County, Nevada against EchoStar's directors, Charles W. Ergen, R. Stanton Dodge, Anthony M. Federico, Pradman P. Kaul, C. Michael Schroeder, Jeffrey R. Tarr, William D. Wade, and Michael T. Dugan; our chief financial officer, David J. Rayner; EchoStar ; HSSC; our former subsidiary BSS Corp.; and DISH and its subsidiary Merger Sub. On September 5, 2019, the defendants filed motions to dismiss. On October 11, 2019, the plaintiffs filed an amended complaint removing Messrs. Dodge, Federico, Kaul, Schroeder, Tarr and Wade as defendants. The amended complaint alleges that Mr. Ergen, as our controlling stockholder, breached fiduciary duties to EchoStar's minority stockholders by structuring the BSS Transaction with inadequate consideration and improperly influencing our and EchoStar's boards of directors to approve the BSS Transaction. The amended complaint also alleges that the other defendants aided and abetted such alleged breaches. The plaintiffs seek equitable and monetary relief, including the issuance of additional DISH Common Stock, and other costs and disbursements, including attorneys' fees on behalf of the purported class. On November 11, 2019, we and the other defendants filed separate motions to dismiss plaintiff's amended complaint and during a hearing on January 13, 2020 the court denied these motions. On February 10, 2020, we and the other defendants filed answers to the amended complaint. The Court certified plaintiff's class on January 11, 2021. On June 18, 2021, the parties executed a settlement agreement to resolve all claims in this case. On the same day, the parties filed a joint motion for preliminary approval of the settlement agreement. The motion was granted by an order dated July 30, 2021. A settlement hearing has been scheduled for December 9, 2021.

License Fee Dispute with Government of India, Department of Telecommunications

In 1994, the Government of India promulgated a “National Telecommunications Policy” under which the government liberalized the telecommunications sector and required telecommunications service providers to pay fixed license fees. Pursuant to this policy, our subsidiary Hughes Communications India Private Limited (“HCIPL”), formerly known as Hughes Escorts Communications Limited, obtained a license to operate a data network over satellite using VSAT systems. In 2002, HCIPL’s license was amended pursuant to a new government policy that was first established in 1999. The new policy eliminated the fixed license fees and instead required each telecommunications service provider to pay license fees based on its adjusted gross revenue (“AGR”). In March 2005, the Indian Department of Telecommunications (“DOT”) notified HCIPL that, based on its review of HCIPL’s audited accounts and AGR statements, HCIPL must pay additional license fees and penalties and interest on such fees and penalties. HCIPL responded that the DOT had improperly calculated its AGR by including revenue from licensed and unlicensed activities. The DOT rejected this explanation and in 2006, HCIPL filed a petition with an administrative tribunal (the “Tribunal”), challenging the DOT’s calculation of its AGR. The DOT also issued license fee assessments to other telecommunications service providers and a number of similar petitions were filed by several other such providers with the Tribunal. These petitions were amended, consolidated, remanded and re-appealed several times. On April 23, 2015, the Tribunal issued a judgment affirming the DOT’s calculation of AGR for the telecommunications service providers but reversing the DOT’s imposition of interest, penalties and interest on such penalties as excessive. Over subsequent years, the DOT and HCIPL and other telecommunications service providers, respectively, filed several appeals of the Tribunal’s ruling. On October 24, 2019, the Supreme Court of India (“Supreme Court”) issued an order (the “October 2019 Order”) affirming the license fee assessments imposed by the DOT, including its imposition of interest, penalties and interest on the penalties, but without indicating the amount HCIPL is required to pay the DOT, and ordering payment by January 23, 2020. On November 23, 2019, HCIPL and other telecommunication service providers filed a petition asking the Supreme Court to reconsider the October 2019 Order. The petition was denied on January 20, 2020. On January 22, 2020, HCIPL and other telecommunication service providers filed an application requesting that the Supreme Court modify the October 2019 Order to permit the DOT to calculate the final amount due and extend HCIPL’s and the other telecommunication service providers’ payment deadline. On February 14, 2020, the Supreme Court directed HCIPL and the other telecommunication service providers to explain why the Supreme Court should not initiate contempt proceedings for failure to pay the amounts due. During a hearing on March 18, 2020, the Supreme Court ordered that all amounts that were due before the October 2019 Order must be paid, including interest, penalties and interest on the penalties. The Supreme Court also ordered that the parties appear for a further hearing addressing, potentially among other things, a proposal by the DOT to allow for extended or deferred payments of amounts due. On June 11, 2020, the Supreme Court ordered HCIPL and the other telecommunication service providers to submit affidavits addressing the proposal made by the DOT to extend the time frame for payment of the amounts owed and for HCIPL and the other telecommunication providers to provide security for such payments. On September 1, 2020, the Supreme Court issued a judgment permitting a 10-year payment schedule. Under this payment schedule, HCIPL is required to make an annual payment every March 31, through 2031. Following the Supreme Court of India’s October 2019 judgment, HCIPL made payments during the first quarter of 2020, and an additional payment on March 31, 2021.

The following table presents the components of the accrual:

	As of	
	September 30, 2021	December 31, 2020
Additional license fees	$ 3,820	$ 3,890
Penalties	3,920	3,992
Interest and interest on penalties	80,030	76,871
Less: Payments	(8,468)	(2,975)
Total accrual	$ 79,302	$ 81,778

Any eventual payments made with respect to the ultimate outcome of this matter may be different from our accrual and such differences could be significant.

Other

In addition to the above actions, we are subject to various other legal proceedings and claims, which arise in the ordinary course of business. As part of our ongoing operations, we are subject to various inspections, audits, inquiries, investigations and similar actions by third parties, as well as by governmental/regulatory authorities responsible for enforcing the laws and regulations to which we may be subject. Further, under the federal False Claims Act, private parties have the right to bring qui tam, or “whistleblower,” suits against companies that submit false claims for payments to, or improperly retain overpayments from, the federal government. Some states have adopted similar state whistleblower and false claims provisions. In addition, we from time to time receive inquiries from federal, state and foreign agencies regarding compliance with various laws and regulations.

In our opinion, the amount of ultimate liability with respect to any of these other actions is unlikely to materially affect our financial position, results of operations or cash flows, though the resolutions and outcomes, individually or in the aggregate, could be material to our financial position, operating results or cash flows for any particular period, depending, in part, upon the operating results for such period.

We also indemnify our directors, officers and employees for certain liabilities that might arise from the performance of their responsibilities for us. Additionally, in the normal course of its business, we enter into contracts pursuant to which we may make a variety of representations and warranties and indemnify the counterparty for certain losses. Our possible exposure under these arrangements cannot be reasonably estimated as this involves the resolution of claims made, or future claims that may be made, against us or our officers, directors or employees, the outcomes of which are unknown and not currently predictable or estimable.

NOTE 14. SEGMENT REPORTING

Business segments are components of an enterprise for which separate financial information is available and regularly evaluated by our chief operating decision maker (“CODM”), who is our Chief Executive Officer. We operate in two business segments, Hughes and ESS.

The primary measure of segment profitability that is reported regularly to our CODM is earnings before interest, taxes, depreciation and amortization, and net income (loss) attributable to non-controlling interests (“EBITDA”).

Total assets by segment have not been reported herein because the information is not provided to our CODM on a regular basis.

The following table presents total revenue, capital expenditures and EBITDA for each of our business segments:

	Hughes	ESS	Corporate and Other	Consolidated Total
For the three months ended September 30, 2021				
External revenue	$ 496,937	$ 4,347	$ 5,284	$ 506,568
Intersegment revenue	—	89	(89)	—
Total revenue	$ 496,937	$ 4,436	$ 5,195	$ 506,568
Capital expenditures	$ 74,259	$ —	$ —	$ 74,259
EBITDA	$ 196,970	$ 2,319	$ (6,252)	$ 193,037
For the three months ended September 30, 2020				
External revenue	$ 466,762	$ 4,121	$ 4,977	$ 475,860
Intersegment revenue	—	281	(281)	—
Total revenue	$ 466,762	$ 4,402	$ 4,696	$ 475,860
Capital expenditures	$ 88,848	$ 41	$ —	$ 88,889
EBITDA	$ 190,016	$ 2,274	$ (8,959)	$ 183,331

	Hughes	ESS	Corporate and Other	Consolidated Total
For the nine months ended September 30, 2021				
External revenue	$ 1,465,073	$ 12,543	$ 16,055	$ 1,493,671
Intersegment revenue	—	265	(265)	—
Total revenue	$ 1,465,073	$ 12,808	$ 15,790	$ 1,493,671
Capital expenditures	$ 228,641	$ —	$ —	$ 228,641
EBITDA	$ 605,742	$ 6,481	$ (23,787)	$ 588,436
For the nine months ended September 30, 2020				
External revenue	$ 1,378,416	$ 12,274	$ 14,362	$ 1,405,052
Intersegment revenue	—	959	(959)	—
Total revenue	$ 1,378,416	$ 13,233	$ 13,403	$ 1,405,052
Capital expenditures	$ 263,844	$ 41	$ —	$ 263,885
EBITDA	$ 531,276	$ 5,847	$ (23,745)	$ 513,378

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The following table reconciles *Income (loss) before income taxes* in the Consolidated Statements of Operations to EBITDA:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Income (loss) before income taxes	$ 54,212	$ 16,681	$ 136,488	$ 18,041
Interest income, net	(2,032)	(2,839)	(6,108)	(16,935)
Interest expense, net of amounts capitalized	23,943	44,177	102,948	130,644
Depreciation and amortization	113,722	123,145	348,689	372,588
Net loss (income) attributable to non-controlling interests	3,192	2,167	6,419	9,040
EBITDA	$ 193,037	$ 183,331	$ 588,436	$ 513,378

NOTE 15. SUPPLEMENTAL FINANCIAL INFORMATION

Other Current Assets, Net and Other Non-current Assets, Net

The following table presents the components of *Other current assets, net* and *Other non-current assets, net*:

	As of	
	September 30, 2021	December 31, 2020
Other current assets, net:		
Trade accounts receivable - DISH Network	$ 5,183	$ 4,706
Inventory	103,052	97,831
Prepaids and deposits	32,156	42,243
Related party receivables - EchoStar	125,071	116,220
Other, net	22,271	30,815
Total other current assets	$ 287,733	$ 291,815
Other non-current assets, net:		
Restricted cash	$ 984	$ 807
Deferred tax assets, net	2,682	1,679
Capitalized software, net	125,273	116,661
Contract acquisition costs, net	86,895	99,837
Contract fulfillment costs, net	1,787	2,580
Related party receivables - EchoStar	57,100	57,136
Other, net	35,525	28,977
Total other non-current assets, net	$ 310,246	$ 307,677

Accrued Expenses and Other Current Liabilities and Other Non-Current Liabilities

The following table presents the components of *Accrued expenses and other current liabilities* and *Other non-current liabilities*:

	As of	
	September 30, 2021	December 31, 2020
Accrued expenses and other current liabilities:		
Related party payables - EchoStar	$ 51,491	$ 51,421
Trade accounts payable - DISH Network	722	477
Accrued interest	16,573	42,388
Accrued compensation	54,475	52,231
Accrued taxes	11,731	11,780
Operating lease obligation	15,879	14,670
Other	118,054	152,620
Total accrued expenses and other current liabilities	$ 268,925	$ 325,587
Other non-current liabilities:		
Related party payables - EchoStar	$ 24,384	$ 25,114
Other	128,313	62,843
Total other non-current liabilities	$ 152,697	$ 87,957

Inventory

The following table presents the components of inventory:

	As of	
	September 30, 2021	December 31, 2020
Raw materials	$ 11,178	$ 4,564
Work-in-process	8,713	8,280
Finished goods	83,161	84,987
Total inventory	$ 103,052	$ 97,831

Supplemental and Non-cash Investing and Financing Activities

The following table presents the supplemental and non-cash investing and financing activities:

	For the nine months ended September 30,	
	2021	2020
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 119,662	$ 128,399
Cash paid for income taxes	$ 6,835	$ 3,550
Non-cash investing and financing activities:		
Increase (decrease) in capital expenditures included in accounts payable, net	$ (1,066)	$ (1,418)

NOTE 16. SUPPLEMENTAL GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

Certain of our wholly-owned subsidiaries (together, the "Guarantor Subsidiaries") have fully and unconditionally guaranteed, on a joint and several basis, the obligations of our 5 1/4% Senior Secured Notes due August 1, 2026 and 6 5/8% Senior Unsecured Notes due August 1, 2026 (collectively, the "Notes").

The indentures governing the Notes contain restrictive covenants that, among other things, impose limitations on our ability and the ability of certain of our subsidiaries to pay dividends or make distributions, incur additional debt, make certain investments, create liens or enter into sale and leaseback transactions, merge or consolidate with another company, transfer and sell assets, enter into transactions with affiliates or allow to exist certain restrictions on the ability of certain of our subsidiaries to pay dividends, make distributions, make other payments, or transfer assets to us.

In lieu of separate financial statements of the Guarantor Subsidiaries, we have prepared the accompanying consolidating financial information in accordance with Rule 3-10(f) of Regulation S-X. This includes:

- the accompanying balance sheet;
- the accompanying statement of operations and comprehensive income (loss); and
- the accompanying statement of cash flows.

This also includes consolidating financial information as follows:

- the Guarantor Subsidiaries on a combined basis;
- the non-guarantor subsidiaries of HSSC on a combined basis; and
- the eliminations necessary to arrive at the corresponding information of HSSC on a consolidated basis.

This accompanying consolidating financial information should be read in conjunction with these Consolidated Financial Statements.

Consolidating Balance Sheet as of September 30, 2021

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 289,159	$ 43,578	$ 60,899	$ —	$ 393,636
Marketable investment securities	912,009	—	—	—	912,009
Trade accounts receivable and contract assets, net	—	149,359	52,392	—	201,751
Other current assets, net	148,198	1,176,438	94,973	(1,131,876)	287,733
Total current assets	1,349,366	1,369,375	208,264	(1,131,876)	1,795,129
Non-current assets:					
Property and equipment, net	—	1,224,890	343,739	—	1,568,629
Operating lease right-of-use assets	—	109,540	31,066	—	140,606
Goodwill	—	504,173	7,093	—	511,266
Regulatory authorizations, net	—	400,000	9,206	—	409,206
Other intangible assets, net	—	14,355	—	—	14,355
Other investments, net	—	8,899	83,477	—	92,376
Investment in subsidiaries	3,094,866	314,160	—	(3,409,026)	—
Other non-current assets, net	13,178	302,787	101,565	(107,284)	310,246
Total non-current assets	3,108,044	2,878,804	576,146	(3,516,310)	3,046,684
Total assets	$ 4,457,410	$ 4,248,179	$ 784,410	$ (4,648,186)	$ 4,841,813
Liabilities and Shareholder's Equity					
Current liabilities:					
Trade accounts payable	$ —	$ 92,083	$ 12,711	$ —	$ 104,794
Current portion of long-term debt, net	—	—	—	—	—
Contract liabilities	—	129,516	5,119	—	134,635
Accrued expenses and other current liabilities	873,120	357,139	170,542	(1,131,876)	268,925
Total current liabilities	873,120	578,738	188,372	(1,131,876)	508,354
Non-current liabilities:					
Long-term debt, net	1,495,805	—	—	—	1,495,805
Deferred tax liabilities, net	—	413,553	2,536	(12,479)	403,610
Operating lease liabilities	—	101,094	26,229	—	127,323
Other non-current liabilities	—	60,491	187,011	(94,805)	152,697
Total non-current liabilities	1,495,805	575,138	215,776	(107,284)	2,179,435
Total liabilities	2,368,925	1,153,876	404,148	(1,239,160)	2,687,789
Shareholder's equity:					
Total Hughes Satellite Systems Corporation shareholder's equity	2,088,485	3,094,303	314,723	(3,409,026)	2,088,485
Non-controlling interests	—	—	65,539	—	65,539
Total shareholder's equity	2,088,485	3,094,303	380,262	(3,409,026)	2,154,024
Total liabilities and shareholder's equity	$ 4,457,410	$ 4,248,179	$ 784,410	$ (4,648,186)	$ 4,841,813

Consolidating Balance Sheet as of December 31, 2020

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 649,851	$ 46,055	$ 44,584	$ —	$ 740,490
Marketable investment securities	1,203,296	—	—	—	1,203,296
Trade accounts receivable and contract assets, net	—	129,572	54,416	—	183,988
Other current assets, net	148,158	830,912	171,676	(858,931)	291,815
Total current assets	2,001,305	1,006,539	270,676	(858,931)	2,419,589
Non-current assets:					
Property and equipment, net	—	1,312,673	378,850	—	1,691,523
Operating lease right-of-use assets	—	99,578	28,688	—	128,266
Goodwill	—	504,173	7,424	—	511,597
Regulatory authorizations, net	—	400,000	10,451	—	410,451
Other intangible assets, net	—	18,340	—	—	18,340
Other investments, net	—	103,924	—	—	103,924
Investment in subsidiaries	2,942,178	251,394	—	(3,193,572)	—
Other non-current assets, net	700	307,661	94,031	(94,715)	307,677
Total non-current assets	2,942,878	2,997,743	519,444	(3,288,287)	3,171,778
Total assets	$ 4,944,183	$ 4,004,282	$ 790,120	$ (4,147,218)	$ 5,591,367
Liabilities and Shareholder's Equity					
Current liabilities:					
Trade accounts payable	$ —	$ 98,914	$ 19,654	$ —	$ 118,568
Current portion of long-term debt, net	898,237	—	—	—	898,237
Contract liabilities	—	99,838	4,731	—	104,569
Accrued expenses and other current liabilities	529,661	352,121	302,736	(858,931)	325,587
Total current liabilities	1,427,898	550,873	327,121	(858,931)	1,446,961
Non-current liabilities:					
Long-term debt, net	1,495,256	—	—	—	1,495,256
Deferred tax liabilities, net	9,569	357,835	2,536	—	369,940
Operating lease liabilities	—	91,241	23,636	—	114,877
Other non-current liabilities	—	62,717	119,955	(94,715)	87,957
Total non-current liabilities	1,504,825	511,793	146,127	(94,715)	2,068,030
Total liabilities	2,932,723	1,062,666	473,248	(953,646)	3,514,991
Shareholder's equity:					
Total Hughes Satellite Systems Corporation shareholder's equity	2,011,460	2,941,616	251,956	(3,193,572)	2,011,460
Non-controlling interests	—	—	64,916	—	64,916
Total shareholder's equity	2,011,460	2,941,616	316,872	(3,193,572)	2,076,376
Total liabilities and shareholder's equity	$ 4,944,183	$ 4,004,282	$ 790,120	$ (4,147,218)	$ 5,591,367

Consolidating Statement of Operations and Comprehensive Income (Loss)
For the Three Months Ended September 30, 2021

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenue:					
Services and other revenue	$ —	$ 362,584	$ 81,430	$ (9,366)	$ 434,648
Equipment revenue	—	70,025	5,047	(3,152)	71,920
Total revenue	—	432,609	86,477	(12,518)	506,568
Costs and expenses:					
Cost of sales - services and other (exclusive of depreciation and amortization)	—	103,310	41,973	(9,107)	136,176
Cost of sales - equipment (exclusive of depreciation and amortization)	—	61,692	3,713	(3,079)	62,326
Selling, general and administrative expenses	—	81,624	22,163	(332)	103,455
Research and development expenses	—	7,810	164	—	7,974
Depreciation and amortization	—	78,445	35,277	—	113,722
Total costs and expenses	—	332,881	103,290	(12,518)	423,653
Operating income (loss)	—	99,728	(16,813)	—	82,915
Other income (expense):					
Interest income, net	702	1,342	1,241	(1,253)	2,032
Interest expense, net of amounts capitalized	(22,452)	315	(3,059)	1,253	(23,943)
Gains (losses) on investments, net	8	—	—	—	8
Equity in earnings (losses) of unconsolidated affiliates, net	—	389	(1,556)	—	(1,167)
Equity in earnings (losses) of subsidiaries, net	54,371	(23,636)	—	(30,735)	—
Foreign currency transaction gains (losses), net	—	(46)	(6,251)	—	(6,297)
Other, net	1	—	663	—	664
Total other income (expense), net	32,630	(21,636)	(8,962)	(30,735)	(28,703)
Income (loss) before income taxes	32,630	78,092	(25,775)	(30,735)	54,212
Income tax benefit (provision), net	4,917	(23,721)	(1,053)	—	(19,857)
Net income (loss)	37,547	54,371	(26,828)	(30,735)	34,355
Less: Net loss (income) attributable to non-controlling interests	—	—	3,192	—	3,192
Net income (loss) attributable to HSSC	$ 37,547	$ 54,371	$ (23,636)	$ (30,735)	$ 37,547
Comprehensive income (loss):					
Net income (loss)	$ 37,547	$ 54,371	$ (26,828)	$ (30,735)	$ 34,355
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments	—	—	(30,215)	—	(30,215)
Unrealized gains (losses) on available-for-sale securities	(235)	—	—	—	(235)
Other	—	—	(99)	—	(99)
Amounts reclassified to net income (loss):					
Realized losses (gains) on available-for-sale securities	(5)	—	—	—	(5)
Equity in other comprehensive income (loss) of subsidiaries, net	(24,747)	(24,747)	—	49,494	—
Total other comprehensive income (loss), net of tax	(24,987)	(24,747)	(30,314)	49,494	(30,554)
Comprehensive income (loss)	12,560	29,624	(57,142)	18,759	3,801
Less: Comprehensive loss (income) attributable to non-controlling interests	—	—	8,760	—	8,760
Comprehensive income (loss) attributable to HSSC	$ 12,560	$ 29,624	$ (48,382)	$ 18,759	$ 12,561

Consolidating Statement of Operations and Comprehensive Income (Loss)
For the Three Months Ended September 30, 2020

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenue:					
Services and other revenue	$ —	$ 367,007	$ 70,686	$ (8,803)	$ 428,890
Equipment revenue	—	62,643	4,887	(20,560)	46,970
Total revenue	—	429,650	75,573	(29,363)	475,860
Costs and expenses:					
Cost of sales - services and other (exclusive of depreciation and amortization)	—	112,074	41,988	(8,654)	145,408
Cost of sales - equipment (exclusive of depreciation and amortization)	—	56,311	1,323	(20,560)	37,074
Selling, general and administrative expenses	—	90,020	15,438	(149)	105,309
Research and development expenses	—	7,509	167	—	7,676
Depreciation and amortization	—	97,213	25,932	—	123,145
Total costs and expenses	—	363,127	84,848	(29,363)	418,612
Operating income (loss)	—	66,523	(9,275)	—	57,248
Other income (expense):					
Interest income, net	1,398	1,025	1,375	(959)	2,839
Interest expense, net of amounts capitalized	(40,512)	(286)	(4,338)	959	(44,177)
Gains (losses) on investments, net	(75)	1	—	—	(74)
Equity in earnings (losses) of unconsolidated affiliates, net	—	(2,422)	—	—	(2,422)
Equity in earnings (losses) of subsidiaries, net	43,893	(7,079)	—	(36,814)	—
Foreign currency transaction gains (losses), net	—	5	3,067	—	3,072
Other, net	—	(82)	277	—	195
Total other income (expense), net	4,704	(8,838)	381	(36,814)	(40,567)
Income (loss) before income taxes	4,704	57,685	(8,894)	(36,814)	16,681
Income tax benefit (provision), net	8,945	(13,760)	(384)	—	(5,199)
Net income (loss)	13,649	43,925	(9,278)	(36,814)	11,482
Less: Net loss (income) attributable to non-controlling interests	—	—	2,167	—	2,167
Net income (loss) attributable to HSSC	$ 13,649	$ 43,925	$ (7,111)	$ (36,814)	$ 13,649
Comprehensive income (loss):					
Net income (loss)	$ 13,649	$ 43,925	$ (9,278)	$ (36,814)	$ 11,482
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments	—	—	(10,170)	—	(10,170)
Unrealized gains (losses) on available-for-sale securities	20	—	—	—	20
Other	—	—	500	—	500
Equity in other comprehensive income (loss) of subsidiaries, net	(7,739)	(7,739)	—	15,478	—
Total other comprehensive income (loss), net of tax	(7,719)	(7,739)	(9,670)	15,478	(9,650)
Comprehensive income (loss)	5,930	36,186	(18,948)	(21,336)	1,832
Less: Comprehensive loss (income) attributable to non-controlling interests	—	—	4,098	—	4,098
Comprehensive income (loss) attributable to HSSC	$ 5,930	$ 36,186	$ (14,850)	$ (21,336)	$ 5,930

Consolidating Statement of Operations and Comprehensive Income (Loss)
For the nine months ended September 30, 2021

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenue:					
Services and other revenue	$ —	$ 1,087,981	$ 239,052	$ (26,077)	$ 1,300,956
Equipment revenue	—	209,681	19,241	(36,207)	192,715
Total revenue	—	1,297,662	258,293	(62,284)	1,493,671
Costs and expenses:					
Cost of sales - services and other (exclusive of depreciation and amortization)	—	312,353	119,480	(26,695)	405,138
Cost of sales - equipment (exclusive of depreciation and amortization)	—	182,464	13,776	(34,272)	161,968
Selling, general and administrative expenses	—	246,679	66,479	(1,317)	311,841
Research and development expenses	—	22,444	516	—	22,960
Depreciation and amortization	—	255,140	93,549	—	348,689
Impairment of long-lived assets	—	210	—	—	210
Total costs and expenses	—	1,019,290	293,800	(62,284)	1,250,806
Operating income (loss)	—	278,372	(35,507)	—	242,865
Other income (expense):					
Interest income	2,614	3,935	3,251	(3,692)	6,108
Interest expense, net of amounts capitalized	(98,180)	621	(9,081)	3,692	(102,948)
Gains (losses) on investments, net	2	2,100	—	—	2,102
Equity in earnings (losses) of unconsolidated affiliates, net	—	1,014	(5,211)	—	(4,197)
Equity in earnings (losses) of subsidiaries, net	169,518	(51,000)	—	(118,518)	—
Foreign currency transaction gains (losses), net	—	(65)	(9,057)	—	(9,122)
Other, net	(1,938)	3,154	464	—	1,680
Total other income (expense), net	72,016	(40,241)	(19,634)	(118,518)	(106,377)
Income (loss) before income taxes	72,016	238,131	(55,141)	(118,518)	136,488
Income tax benefit (provision), net	22,048	(68,613)	(2,278)	—	(48,843)
Net income (loss)	94,064	169,518	(57,419)	(118,518)	87,645
Less: Net loss (income) attributable to non-controlling interests	—	—	6,419	—	6,419
Net income (loss) attributable to HSSC	$ 94,064	$ 169,518	$ (51,000)	$ (118,518)	$ 94,064
Comprehensive income (loss):					
Net income (loss)	$ 94,064	$ 169,518	$ (57,419)	$ (118,518)	$ 87,645
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments	—	—	(21,897)	—	(21,897)
Unrealized gains (losses) on available-for-sale securities	(205)	—	—	—	(205)
Other	—	—	(99)	—	(99)
Amounts reclassified to net income (loss):					
Realized losses (gains) on available-for-sale securities	(5)	—	—	—	(5)
Equity in other comprehensive income (loss) of subsidiaries, net	(19,159)	(19,159)	—	38,318	—
Total other comprehensive income (loss), net of tax	(19,369)	(19,159)	(21,996)	38,318	(22,206)
Comprehensive income (loss)	74,695	150,359	(79,415)	(80,200)	65,439
Less: Comprehensive loss (income) attributable to non-controlling interests	—	—	9,257	—	9,257
Comprehensive income (loss) attributable to HSSC	$ 74,695	$ 150,359	$ (70,158)	$ (80,200)	$ 74,696

Consolidating Statement of Operations and Comprehensive Income (Loss)
For the nine months ended September 30, 2020

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenue:					
Services and other revenue	$ —	$ 1,087,252	$ 197,827	$ (26,729)	$ 1,258,350
Equipment revenue	—	186,814	16,563	(56,675)	146,702
Total revenue	—	1,274,066	214,390	(83,404)	1,405,052
Costs and expenses:					
Cost of sales - services and other (exclusive of depreciation and amortization)	—	333,195	121,582	(25,531)	429,246
Cost of sales - equipment (exclusive of depreciation and amortization)	—	158,800	13,399	(56,675)	115,524
Selling, general and administrative expenses	—	269,090	56,508	(1,198)	324,400
Research and development expenses	—	20,924	454	—	21,378
Depreciation and amortization	—	295,236	77,352	—	372,588
Total costs and expenses	—	1,077,245	269,295	(83,404)	1,263,136
Operating income (loss)	—	196,821	(54,905)	—	141,916
Other income (expense):					
Interest income, net	13,603	2,999	3,163	(2,830)	16,935
Interest expense, net of amounts capitalized	(121,477)	(1,367)	(10,630)	2,830	(130,644)
Gains (losses) on investments, net	(73)	(149)	—	—	(222)
Equity in earnings (losses) of unconsolidated affiliates, net	—	(4,878)	—	—	(4,878)
Equity in earnings (losses) of subsidiaries, net	86,290	(59,399)	—	(26,891)	—
Foreign currency transaction gains (losses), net	—	(241)	(4,355)	—	(4,596)
Other, net	—	(632)	162	—	(470)
Total other income (expense), net	(21,657)	(63,667)	(11,660)	(26,891)	(123,875)
Income (loss) before income taxes	(21,657)	133,154	(66,565)	(26,891)	18,041
Income tax benefit (provision), net	24,640	(46,660)	(2,078)	—	(24,098)
Net income (loss)	2,983	86,494	(68,643)	(26,891)	(6,057)
Less: Net loss (income) attributable to non-controlling interests	—	—	9,040	—	9,040
Net income (loss) attributable to HSSC	$ 2,983	$ 86,494	$ (59,603)	$ (26,891)	$ 2,983
Comprehensive income (loss):					
Net income (loss)	$ 2,983	$ 86,494	$ (68,643)	$ (26,891)	$ (6,057)
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments	—	—	(103,351)	—	(103,351)
Unrealized gains (losses) on available-for-sale securities	(189)	—	—	—	(189)
Other	—	—	380	—	380
Equity in other comprehensive income (loss) of subsidiaries, net	(82,344)	(82,344)	—	164,688	—
Total other comprehensive income (loss), net of tax	(82,533)	(82,344)	(102,971)	164,688	(103,160)
Comprehensive income (loss)	(79,550)	4,150	(171,614)	137,797	(109,217)
Less: Comprehensive loss (income) attributable to non-controlling interests	—	—	29,667	—	29,667
Comprehensive income (loss) attributable to HSSC	$ (79,550)	$ 4,150	$ (141,947)	$ 137,797	$ (79,550)

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Consolidating Statement of Cash Flows
For the nine months ended September 30, 2021

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash flows from operating activities:					
Net income (loss)	$ 94,064	$ 169,518	$ (57,419)	$ (118,518)	$ 87,645
Adjustments to reconcile net income (loss) to net cash flows from operating activities	(210,681)	352,453	108,585	118,518	368,875
Net cash provided by (used for) operating activities	(116,617)	521,971	51,166	—	456,520
Cash flows from investing activities:					
Purchases of marketable investment securities	(1,329,862)	—	—	—	(1,329,862)
Sales and maturities of marketable investment securities	1,669,757	—	—	—	1,669,757
Expenditures for property and equipment	—	(143,726)	(84,915)	—	(228,641)
Expenditures for externally marketed software	—	(25,634)	—	—	(25,634)
Distributions (contributions) and advances from (to) subsidiaries, net	317,848	(44,891)	—	(272,957)	—
Sales of other investments	—	9,451	—	—	9,451
Net cash provided by (used for) investing activities	657,743	(204,800)	(84,915)	(272,957)	95,071
Cash flows from financing activities:					
Repurchase and maturity of the 2021 Senior Unsecured Notes	(901,818)	—	—	—	(901,818)
Payment of finance lease obligations	—	—	(578)	—	(578)
Payment of in-orbit incentive obligations	—	(1,800)	—	—	(1,800)
Contribution by non-controlling interest holder	—	—	9,880	—	9,880
Other, net	—	—	(966)	—	(966)
Contribution (distributions) and advances (to) from parent, net	—	(317,848)	44,891	272,957	—
Net cash provided by (used for) financing activities	(901,818)	(319,648)	53,227	272,957	(895,282)
Effect of exchange rates on cash and cash equivalents	—	—	(2,986)	—	(2,986)
Net increase (decrease) in cash and cash equivalents	(360,692)	(2,477)	16,492	—	(346,677)
Cash and cash equivalents, including restricted amounts, beginning of period	649,851	46,055	45,391	—	741,297
Cash and cash equivalents, including restricted amounts, end of period	$ 289,159	$ 43,578	$ 61,883	$ —	$ 394,620

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Consolidating Statement of Cash Flows
For the nine months ended September 30, 2020

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash flows from operating activities:					
Net income (loss)	$ 2,983	$ 86,494	$ (68,643)	$ (26,891)	$ (6,057)
Adjustments to reconcile net income (loss) to net cash flows from operating activities	(37,046)	261,104	109,927	26,891	360,876
Net cash provided by (used for) operating activities	(34,063)	347,598	41,284	—	354,819
Cash flows from investing activities:					
Purchases of marketable investment securities	(1,611,870)	—	—	—	(1,611,870)
Sales and maturities of marketable investment securities	843,294	—	—	—	843,294
Expenditures for property and equipment	—	(152,660)	(111,224)	—	(263,884)
Expenditures for externally marketed software	—	(27,824)	—	—	(27,824)
Distributions (contributions) and advances from (to) subsidiaries, net	107,963	(49,274)	—	(58,689)	—
Net cash provided by (used for) investing activities	(660,613)	(229,758)	(111,224)	(58,689)	(1,060,284)
Cash flows from financing activities:					
Payment of finance lease obligations	—	—	(606)	—	(606)
Payment of in-orbit incentive obligations	—	(1,268)	—	—	(1,268)
Contribution by non-controlling interest holder	—	—	14,268	—	14,268
Other, net	—	—	998	—	998
Contribution (distributions) and advances (to) from parent, net	—	(107,963)	49,274	58,689	—
Net cash provided by (used for) financing activities	—	(109,231)	63,934	58,689	13,392
Effect of exchange rates on cash and cash equivalents	—	—	(3,727)	—	(3,727)
Net increase (decrease) in cash and cash equivalents	(694,676)	8,609	(9,733)	—	(695,800)
Cash and cash equivalents, including restricted amounts, beginning of period	1,057,903	32,338	50,081	—	1,140,322
Cash and cash equivalents, including restricted amounts, end of period	$ 363,227	$ 40,947	$ 40,348	$ —	$ 444,522

ITEM 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS

Unless the context indicates otherwise, the terms "we," "us," "HSSC," the "Company" and "our" refer to Hughes Satellite Systems Corporation and its subsidiaries. The following Management's Narrative Analysis of Results of Operations ("Management's Narrative Analysis") should be read in conjunction with our accompanying Consolidated Financial Statements and notes thereto ("Accompanying Consolidated Financial Statements") in Item 1 of this Quarterly Report on Form 10-Q ("Form 10-Q"). This Management's Narrative Analysis is intended to help provide an understanding of our financial condition, changes in our financial condition and our results of operations. Many of the statements in this Management's Narrative Analysis are forward-looking statements that involve assumptions and are subject to risks and uncertainties that are often difficult to predict and beyond our control. Actual results could differ materially from those expressed or implied by such forward-looking statements. Refer to the Disclosure Regarding Forward-Looking Statements in this Form 10-Q for further discussion. For a discussion of additional risks, uncertainties and other factors that could impact our results of operations or financial condition, refer to the Risk Factors in Part II, Item 1A of this Form 10-Q and in Part I, Item 1A of our most recent Annual Report on Form 10-K ("Form 10-K") filed with the Securities and Exchange Commission ("SEC"). Further, such forward-looking statements speak only as of the date of this Form 10-Q and we undertake no obligation to update them.

EXECUTIVE SUMMARY

We are a holding company and a subsidiary of EchoStar. We were formed as a Colorado corporation in March 2011. We are a global provider of broadband satellite technologies, broadband internet services for consumer customers, which include home and small to medium-sized businesses, and satellite services. We also deliver innovative network technologies, managed services and communications solutions for enterprise customers, which include aeronautical and government enterprises.

We currently operate in two business segments: Hughes and ESS. These segments are consistent with the way we make decisions regarding the allocation of resources, as well as how operating results are reviewed by our chief operating decision maker, who is the Company's Chief Executive Officer.

Our operations also include various corporate departments (primarily Executive, Treasury, Strategic Development, Human Resources, Information Technology, Finance, Accounting, Real Estate and Legal) and other activities, such as costs incurred in certain satellite development programs and other business development activities, and gains or losses from certain of our investments, that have not been assigned to our business segments. These activities, costs and income, as well as eliminations of intersegment transactions, are accounted for in *Corporate and Other* in our segment reporting.

All amounts presented in this Management's Narrative Analysis, unless otherwise noted, are expressed in thousands of United States ("U.S.") dollars, except share and per share amounts and unless otherwise noted.

Highlights from our financial results are as follows:

Consolidated Results of Operations for the Nine Months Ended September 30, 2021:

- Revenue of $1.5 billion
- Operating income of $242.9 million
- Net income of $87.6 million
- Net income attributable to HSSC of $94.1 million
- Earnings before interest, taxes, depreciation and amortization, and net income attributable to non-controlling interests ("EBITDA") of $588.4 million (see reconciliation of this non-GAAP measure in Results of Operations)

Consolidated Financial Condition as of September 30, 2021:

- Total assets of $4.8 billion
- Total liabilities of $2.7 billion
- Total shareholder's equity of $2.2 billion
- Cash and cash equivalents and marketable investment securities of $1.3 billion

Hughes Segment

Our Hughes segment is a global provider of broadband satellite technologies and broadband internet services to consumer customers and broadband network technologies, managed services, equipment, hardware, satellite services and communications solutions to consumer and enterprise customers. The Hughes segment also designs, provides and installs gateway and terminal equipment to customers for other satellite systems. In addition, our Hughes segment designs, develops, constructs and provides telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers.

We incorporate advances in technology to reduce costs and to increase the functionality and reliability of our products and services. Through advanced and proprietary methodologies, technologies, software and techniques, we continue to improve the efficiency of our networks. We invest in technologies to enhance our system and network management capabilities, specifically our managed services for enterprises. We also continue to invest in next generation technologies that can be applied to our future products and services.

We continue to focus our efforts on growing our consumer revenue by maximizing utilization of our existing satellites while planning for new satellite capacity to be launched or acquired. Our consumer revenue growth depends on our success in adding new and retaining existing subscribers, as well as increasing our Average Revenue Per User/subscriber ("ARPU"). Service and acquisition costs related to ongoing support for our direct and indirect customers and partners are typically impacted most significantly by our growth. The growth of our enterprise businesses relies heavily on global economic conditions and the competitive landscape for pricing relative to competitors and alternative technologies. We have seen a limited number of our enterprise customers file for bankruptcy protection. We have reserved an amount related to pre-petition receivables and are working closely with these customers on providing post-petition services and products, as well as working with the customer regarding collection of pre-petition amounts.

Our Hughes segment currently uses capacity from our owned and leased satellites, including additional satellite capacity acquired from third-party providers, to provide services to our customers. Growth of our consumer subscriber base in the U.S. continues to be constrained where we are nearing or have reached maximum capacity in most areas. Our Latin America consumer subscriber base in certain areas has also become capacity constrained in the current quarter. While these constraints are not expected to be resolved until we launch new satellites, we continue to focus on revenue growth in all areas and consumer subscriber growth in the areas where we have available capacity.

In May 2019, we entered into an agreement with Bharti Airtel Limited ("BAL") and its subsidiary, Bharti Airtel Services Limited (together with BAL, "Bharti"), pursuant to which Bharti will contribute its very small aperture terminal ("VSAT") telecommunications services and hardware business in India to our two existing Indian subsidiaries that conduct our VSAT services and hardware business. The combined entities will provide broadband satellite and hybrid solutions for enterprise networks. Upon consummation of the transaction, Bharti will have a 33% ownership interest in the combined business. The completion of the transaction is subject to customary regulatory approvals and closing conditions. No assurance can be given that the transaction will be consummated on the terms agreed to or at all.

In August 2017, a subsidiary of EchoStar entered into a long-term contract for the design and construction of the EchoStar XXIV satellite, a new, next-generation, high throughput geostationary satellite. The EchoStar XXIV satellite is primarily intended to provide additional capacity for our HughesNet satellite internet service ("HughesNet service") in North, Central and South America as well as enterprise broadband services. The EchoStar XXIV satellite is expected to be launched in the second half of 2022. Further delays or impediments could have a material adverse impact on our business operations, future revenues, financial position and prospects, the completion of manufacture of the EchoStar XXIV satellite and our planned expansion of satellite broadband services throughout North, South and Central America. In December 2020, we entered into an agreement with a launch provider for the launch of EchoStar XXIV. Capital expenditures associated with the construction and launch of the EchoStar XXIV satellite are included in EchoStar's *Corporate and Other* in its segment reporting.

We continue our efforts to expand our consumer satellite services business outside of the U.S. We have been delivering high-speed consumer satellite broadband services in Brazil since July 2016 and are also providing satellite broadband internet service in several other Latin American countries. In September 2015, we entered into 15-year agreements with affiliates of Telesat Canada for Ka-band capacity on the Telesat T19V satellite located at the 63 degree west longitude orbital location, which was launched in July 2018. Telesat T19V was placed in service during the fourth quarter of 2018 and augmented the capacity being provided by the EUTELSAT 65 West A satellite and the EchoStar XIX satellite in South America. In March 2021, we entered into an agreement for additional capacity on the Telesat T19V satellite over Puerto Rico.

Our broadband subscribers include customers that subscribe to our HughesNet services in the U.S. and Latin America through retail, wholesale and small/medium enterprise service channels.

The following table presents our approximate number of broadband subscribers:

	As of	
	September 30, 2021	**June 30, 2021**
United States	1,120,000	1,144,000
Latin America	390,000	398,000
Total broadband subscribers	1,510,000	1,542,000

The following table presents the approximate number of net subscriber additions:

	For the three months ended	
	September 30, 2021	**June 30, 2021**
United States	(24,000)	(20,000)
Latin America	(8,000)	9,000
Total net subscriber additions	(32,000)	(11,000)

Our U.S. consumer subscriber base in certain areas continues to be capacity constrained and we are managing the available capacity to maintain service quality to our existing subscribers. While the balancing of total subscribers relative to capacity utilization in the third quarter resulted in lower total subscribers, ARPU increased from the second quarter. During the third quarter, the lower net subscribers were due to both lower gross additions and higher churn as compared to the second quarter.

Our Latin America consumer subscriber base in certain areas has also become capacity constrained in the current quarter. Continued high bandwidth demand in certain areas has resulted in managing subscriber growth and similar to the U.S., we are balancing capacity utilization with subscriber levels in the impacted areas which resulted in lower total subscribers. Although subscribers decreased in the third quarter of 2021, ARPU increased from the second quarter. During the third quarter, the lower net subscribers were due to both lower gross additions and higher churn as compared to the second quarter.

As of September 30, 2021 and December 31, 2020, our Hughes segment had $1.3 billion of contracted revenue backlog. We define Hughes contracted revenue backlog as our expected future revenue under enterprise customer contracts that are non-cancelable, including lease revenue.

ESS Segment

Our ESS segment provides satellite services on a full-time and/or occasional-use basis to U.S. government service providers, internet service providers, broadcast news organizations, content providers and private enterprise customers. We operate our ESS business using primarily the EchoStar IX satellite and the EchoStar 105/SES-11 satellite and related infrastructure. Revenue in our ESS segment depends largely on our ability to continuously make use of our available satellite capacity with existing customers and our ability to enter into commercial relationships with new customers. Our ESS segment, like others in the fixed satellite services industry, has encountered, and may continue to encounter, negative pressure on transponder rates and demand.

As of September 30, 2021 and December 31, 2020, our ESS segment had contracted revenue backlog of $8.3 million and $6.7 million, respectively. We define contracted revenue backlog for our ESS segment as contracted future satellite lease revenue.

Other Business Opportunities

Our industry continues to evolve with the increasing worldwide demand for broadband internet access for information, entertainment and commerce. The current COVID-19 pandemic has made even more evident the worldwide need and demand for connectivity and communications to facilitate an ever-increasing virtual global community and workplace. In addition to fiber and wireless systems, technologies such as geostationary high throughput satellites, low-earth orbit ("LEO") networks and medium-earth orbit ("MEO") systems are expected to continue to play significant roles in enabling global broadband access, networks and services. We intend to use our expertise, technologies, capital, investments, global presence, relationships and other capabilities to continue to provide broadband internet systems, equipment, networks and services for information, the internet-of-things, entertainment, education, remote-connectivity and commerce across industries and communities globally for consumer and enterprise customers. We are closely tracking the developments in next-generation satellite businesses, and we are seeking to utilize our services, technologies, licenses and expertise to find new commercial opportunities for our business.

We intend to continue to selectively explore opportunities to pursue investments, commercial alliances, partnerships, joint ventures, acquisitions, dispositions and other strategic initiatives and transactions, domestically and internationally, that we believe may allow us to increase our existing market share, increase our satellite capacity, expand into new satellite and other technologies, markets and customers, broaden our portfolio of services, products and intellectual property, make our business more valuable, align us for future growth and expansion, maximize the return on our investments and strengthen our business and relationships with our customers. We may allocate or dispose of significant resources for long-term value that may not have a short or medium-term or any positive impact on our revenue, results of operations, or cash flow.

Cybersecurity

We and third parties with whom we work face a constantly evolving landscape of cybersecurity threats in which hackers and other parties use a complex assortment of techniques and methods to execute cyberattacks. Cybersecurity incidents have increased significantly in quantity and severity and are expected to continue to increase. In addition to our efforts to mitigate cyber-attacks, we are making investments to alleviate the potential impact to our products. As a result of these efforts, we could discover new vulnerabilities within our products and systems. We may not discover all such vulnerabilities due to the scale of activities on our platforms, or due to other factors, including but not limited to issues outside of our control. In addition, our IT systems and infrastructure are vulnerable to damage from a variety of sources, including telecommunications or network failures, malicious acts, human errors and natural disasters. Moreover, despite network security and backup measures, some of our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems.

We are not aware of any cyber-incidents with respect to our owned or leased satellites or other networks, equipment or systems that have had a material adverse effect on our business, costs, operations, prospects, results of operation or financial position during the three and nine months ended September 30, 2021. There can be no assurance, however, that any such incident can be detected or thwarted or will not have such a material adverse effect in the future.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2021 Compared to the Nine Months Ended September 30, 2020

The following table presents our consolidated results of operations for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020:

Statements of Operations Data	For the nine months ended September 30, 2021	2020	Variance Amount	%
Revenue:				
Services and other revenue	$ 1,300,956	$ 1,258,350	$ 42,606	3.4
Equipment revenue	192,715	146,702	46,013	31.4
Total revenue	1,493,671	1,405,052	88,619	6.3
Costs and expenses:				
Cost of sales - services and other	405,138	429,246	(24,108)	(5.6)
% of total services and other revenue	**31.1 %**	**34.1 %**		
Cost of sales - equipment	161,968	115,524	46,444	40.2
% of total equipment revenue	**84.0 %**	**78.7 %**		
Selling, general and administrative expenses	311,841	324,400	(12,559)	(3.9)
% of total revenue	**20.9 %**	**23.1 %**		
Research and development expenses	22,960	21,378	1,582	7.4
% of total revenue	**1.5 %**	**1.5 %**		
Depreciation and amortization	348,689	372,588	(23,899)	(6.4)
Impairment of long-lived assets	210	—	210	*
Total costs and expenses	1,250,806	1,263,136	(12,330)	(1.0)
Operating income (loss)	242,865	141,916	100,949	71.1
Other income (expense):				
Interest income, net	6,108	16,935	(10,827)	(63.9)
Interest expense, net of amounts capitalized	(102,948)	(130,644)	27,696	(21.2)
Gains (losses) on investments, net	2,102	(222)	2,324	*
Equity in earnings (losses) of unconsolidated affiliates, net	(4,197)	(4,878)	681	(14.0)
Foreign currency transaction gains (losses), net	(9,122)	(4,596)	(4,526)	98.5
Other, net	1,680	(470)	2,150	*
Total other income (expense), net	(106,377)	(123,875)	17,498	(14.1)
Income (loss) before income taxes	136,488	18,041	118,447	*
Income tax benefit (provision), net	(48,843)	(24,098)	(24,745)	*
Net income (loss)	87,645	(6,057)	93,702	*
Less: Net loss (income) attributable to non-controlling interests	6,419	9,040	(2,621)	(29.0)
Net income (loss) attributable to HSSC	$ 94,064	$ 2,983	$ 91,081	*
Other data:				
EBITDA [(1)]	$ 588,436	$ 513,378	$ 75,058	14.6
Subscribers, end of period	1,510,000	1,580,000	(70,000)	(4.4)

* Percentage is not meaningful.

(1) A reconciliation of EBITDA to Net income (loss), the most directly comparable U.S. GAAP measure in our Accompanying Consolidated Financial Statements, is included in Results of Operations. For further information on our use of EBITDA, see Explanation of Key Metrics and Other Items.

The following discussion relates to our results of operations for the nine months ended September 30, 2021 and 2020.

Services and other revenue. Services and other revenue totaled $1.3 billion for the nine months ended September 30, 2021, an increase of $42.6 million, or 3.4%, as compared to 2020. The increase was primarily attributable to increases related to sales of broadband services to our consumer customers of $41.2 million, partially offset by decreases in sales of broadband services to our enterprise customers of $1.6 million. Our Corporate and Other segment increased by $2.2 million. These variances reflect the negative impact of exchange rate fluctuations of $2.4 million, primarily attributable to our consumer customers.

Equipment revenue. Equipment revenue totaled $192.7 million for the nine months ended September 30, 2021, an increase of $46.0 million, or 31.4%, as compared to 2020. The increase was primarily attributable to increases in hardware sales of $53.9 million to our enterprise customers, partially offset by decreases in hardware sales of $5.5 million to our mobile satellite systems customers.

Cost of sales - services and other. Cost of sales - services and other totaled $405.1 million for the nine months ended September 30, 2021, a decrease of $24.1 million, or 5.6%, as compared to 2020. The decrease was primarily attributable to lower costs of services provided to our consumer customers associated with customer care and field services as well as a non-recurring decrease in a certain international regulatory fee of $4.5 million.

Cost of sales - equipment. Cost of sales - equipment totaled $162.0 million for the nine months ended September 30, 2021, an increase of $46.4 million, or 40.2%, as compared to 2020. The increase was primarily attributable to the corresponding increase in equipment revenue.

Selling, general and administrative expenses. Selling, general and administrative expenses totaled $311.8 million for the nine months ended September 30, 2021, a decrease of $12.6 million, or 3.9%, as compared to 2020. The decrease was primarily attributable to decreased sales and marketing expenses of $5.2 million mainly associated with our consumer customers and decreases in bad debt expense of $9.1 million.

Depreciation and amortization. Depreciation and amortization expenses totaled $348.7 million for the nine months ended September 30, 2021, a decrease of $23.9 million, or 6.4%, as compared to 2020. The decrease was primarily attributable to (i) our SPACEWAY 3 satellite which was fully depreciated at the end of the first quarter of 2021, (ii) decreases in other property and equipment depreciation expense of $1.2 million, and (iii) decreases in amortization of intangibles of $4.7 million.

Interest income, net. Interest income, net totaled $6.1 million for the nine months ended September 30, 2021, a decrease of $10.8 million, or 63.9%, as compared to 2020, primarily attributable to decreases in the yield on our marketable investment securities and a decrease in our marketable investment securities average balance.

Foreign currency transaction gains (losses), net. Foreign currency transaction gains (losses), net totaled $9.1 million in losses for the nine months ended September 30, 2021, as compared to $4.6 million in losses for the nine months ended September 30, 2020, a negative change of $4.5 million. The change was due to the net impact of foreign exchange fluctuations of certain currencies during the quarter.

Income tax benefit (provision), net. Income tax benefit (provision), net was $(48.8) million in provision for the nine months ended September 30, 2021, as compared to $(24.1) million for the nine months ended September 30, 2020. Our effective income tax rate was 35.8% for the nine months ended September 30, 2021, compared to 133.6% for the same period in 2020. The variations in our effective tax rate from the U.S. federal statutory rate for the nine months ended September 30, 2021 were primarily due to excluded foreign losses where the Company carries a full valuation allowance and the impact of state and local taxes. For the nine months ended September 30, 2020, the variations in our effective tax rate from the U.S. federal statutory rate were primarily due to the increase in our valuation allowance associated with certain foreign losses, permanent book tax differences, and the impact of state and local taxes, partially offset by research and experimentation credits.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED

Net income (loss) attributable to HSSC. The following table reconciles the change in Net income (loss) attributable to HSSC:

		Amounts
Net income (loss) attributable to HSSC for the nine months ended September 30, 2020	$	2,983
Increase (decrease) in operating income (loss), including depreciation and amortization		100,949
Decrease (increase) in interest expense, net of amounts capitalized		27,696
Increase (decrease) in gains (losses) on investments, net		2,324
Increase (decrease) in other, net		2,150
Decrease (increase) in equity in earnings (losses) of unconsolidated affiliates, net		681
Decrease (increase) in net income (loss) attributable to non-controlling interests		(2,621)
Increase (decrease) in foreign currency transaction gains (losses), net		(4,526)
Increase (decrease) in interest income, net		(10,827)
Decrease (increase) in income tax benefit (provision), net		(24,745)
Net income (loss) attributable to HSSC for the nine months ended September 30, 2021	$	94,064

EBITDA. EBITDA is a non-GAAP financial measure and is described under Explanation of Key Metrics and Other Items below. The following table reconciles EBITDA to Net income (loss), the most directly comparable U.S. GAAP measure in our Accompanying Consolidated Financial Statements:

	For the nine months ended September 30,				Variance		
	2021		2020		Amount		%
Net income (loss)	$	87,645	$	(6,057)	$	93,702	*
Interest income, net		(6,108)		(16,935)		10,827	(63.9)
Interest expense, net of amounts capitalized		102,948		130,644		(27,696)	(21.2)
Income tax provision (benefit), net		48,843		24,098		24,745	*
Depreciation and amortization		348,689		372,588		(23,899)	(6.4)
Net loss (income) attributable to non-controlling interests		6,419		9,040		(2,621)	(29.0)
EBITDA	$	588,436	$	513,378	$	75,058	14.6

* Percentage is not meaningful

The following table reconciles the change in EBITDA:

		Amounts
EBITDA for the nine months ended September 30, 2020	$	513,378
Increase (decrease) in operating income (loss), excluding depreciation and amortization		77,050
Increase (decrease) in gains (losses) on investments, net		2,324
Increase (decrease) in other, net		2,150
Decrease (increase) in equity in earnings (losses) of unconsolidated affiliates, net		681
Decrease (increase) in net loss (income) attributable to non-controlling interests		(2,621)
Increase (decrease) in foreign currency transaction gains (losses), net		(4,526)
EBITDA for the nine months ended September 30, 2021	$	588,436

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED

Segment Operating Results and Capital Expenditures

The following tables present our total revenue, capital expenditures and EBITDA by segment for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020:

	Hughes	ESS	Corporate and Other	Consolidated Total
For the nine months ended September 30, 2021				
Total revenue	$ 1,465,073	$ 12,808	$ 15,790	$ 1,493,671
Capital expenditures	228,641	—	—	228,641
EBITDA	605,742	6,481	(23,787)	588,436
For the nine months ended September 30, 2020				
Total revenue	$ 1,378,416	$ 13,233	$ 13,403	$ 1,405,052
Capital expenditures	263,844	41	—	263,885
EBITDA	531,276	5,847	(23,745)	513,378

Hughes Segment

	For the nine months ended September 30,		Variance	
	2021	2020	Amount	%
Total revenue	$ 1,465,073	$ 1,378,416	$ 86,657	6.3
Capital expenditures	228,641	263,844	(35,203)	(13.3)
EBITDA	605,742	531,276	74,466	14.0

Total revenue was $1.5 billion for the nine months ended September 30, 2021, an increase of $86.7 million, or 6.3%, as compared to 2020. Services and other revenue increased primarily due to an increase of $41.2 million in sales of broadband services to our consumer customers, partially offset by decreases in sales of broadband services to our enterprise customers of $1.6 million. Equipment revenue increased primarily due to increases in hardware sales of $53.9 million to our enterprise customers, partially offset by decreases in hardware sales of $5.5 million to our mobile satellite systems customers. These variances reflect the negative impact of exchange rate fluctuations of $2.5 million.

Capital expenditures were $228.6 million for the nine months ended September 30, 2021, a decrease of $35.2 million, or 13.3%, as compared to 2020, primarily due to decreases in expenditures associated with our consumer business, partially offset by increased expenditures related to our enterprise business and construction of our satellite-related ground infrastructure in preparation the our launch of EchoStar XXIV.

The following table reconciles the change in the Hughes Segment EBITDA:

	Amounts
EBITDA for the nine months ended September 30, 2020	$ 531,276
Increase (decrease) in operating income (loss), excluding depreciation and amortization	75,288
Increase (decrease) in other, net	4,089
Increase (decrease) in gains (losses) on investments, net	2,249
Decrease (increase) in equity in earnings (losses) of unconsolidated affiliates, net	(4)
Decrease (increase) in net loss (income) attributable to non-controlling interests	(2,621)
Increase (decrease) in foreign currency transaction gains (losses), net	(4,535)
EBITDA for the nine months ended September 30, 2021	$ 605,742

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED

ESS Segment

	For the nine months ended September 30,		Variance	
	2021	2020	Amount	%
Total revenue	$ 12,808	$ 13,233	$ (425)	(3.2)
Capital expenditures	—	41	(41)	(100.0)
EBITDA	6,481	5,847	634	10.8

Total revenue was $12.8 million for the nine months ended September 30, 2021, a decrease of $0.4 million, or 3.2%, as compared to 2020, primarily due to a decrease in transponder services provided to third parties.

EBITDA was $6.5 million for the nine months ended September 30, 2021, an increase of $0.6 million, or 10.8%, as compared to 2020, primarily due to the recovery of a bad debt reserve.

Corporate and Other

	For the nine months ended September 30,		Variance	
	2021	2020	Amount	%
Total revenue	$ 15,790	$ 13,403	$ 2,387	17.8
EBITDA	(23,787)	(23,745)	(42)	0.2

The following table reconciles the change in the Corporate and Other Segment EBITDA:

	Amounts
EBITDA for the nine months ended September 30, 2020	$ (23,745)
Increase (decrease) in operating income (loss), excluding depreciation and amortization	1,128
Decrease (increase) in equity in earnings (losses) of unconsolidated affiliates, net	686
Increase (decrease) in gains (losses) on investments, net	75
Increase (decrease) in foreign currency transaction gains (losses), net	9
Increase (decrease) in other, net	(1,940)
EBITDA for the nine months ended September 30, 2021	$ (23,787)

EXPLANATION OF KEY METRICS AND OTHER ITEMS

Services and other revenue. Services and other revenue primarily includes the sales of consumer and enterprise broadband services, maintenance and other contracted services, revenue associated with satellite and transponder leases and services, satellite uplinking/downlinking, subscriber wholesale service fees for the HughesNet service professional services and facilities rental revenue.

Equipment revenue. Equipment revenue primarily includes broadband equipment and networks sold to customers in our consumer and enterprise markets.

Cost of sales - services and other. Cost of sales - services and other primarily includes the cost of broadband services provided to our consumer and enterprise customers, maintenance and other contracted services, costs associated with satellite and transponder leases and services, professional services and facilities rental.

Cost of sales - equipment. Cost of sales - equipment consists primarily of the cost of broadband equipment and networks provided to customers in our consumer and enterprise markets. It also includes certain other costs associated with the deployment of equipment to our customers.

Selling, general and administrative expenses. Selling, general and administrative expenses primarily include selling and marketing costs and employee-related costs associated with administrative services (e.g., information systems, human resources and other services), including stock-based compensation expense. It also includes professional fees (e.g. legal, information systems and accounting services) and other expenses associated with facilities and administrative services.

Research and development expenses. Research and development expenses primarily include costs associated with the design and development of products to support future growth and provide new technology and innovation to our customers.

Impairment of long-lived assets. Impairment of long-lived assets includes our impairment losses related to our property and equipment, goodwill, regulatory authorizations and other intangible assets.

Interest income, net. Interest income, net primarily includes interest earned on our cash, cash equivalents and marketable investment securities, and other investments including premium amortization and discount accretion on debt securities.

Interest expense, net of amounts capitalized. Interest expense, net of amounts capitalized primarily includes interest expense associated with our debt and finance lease obligations (net of capitalized interest), amortization of debt issuance costs and interest expense related to certain legal proceedings.

Gains (losses) on investments, net. Gains (losses) on investments, net primarily includes changes in fair value of our marketable equity securities and other investments for which we have elected the fair value option. It may also include realized gains and losses on the sale or exchange of our available-for-sale debt securities, other-than-temporary impairment losses on our available-for-sale securities, realized gains and losses on the sale or exchange of equity securities and debt securities without readily determinable fair value and adjustments to the carrying amount of investments in unconsolidated affiliates and marketable equity securities resulting from impairments and observable price changes.

Equity in earnings (losses) of unconsolidated affiliates, net. Equity in earnings (losses) of unconsolidated affiliates, net includes earnings or losses from our investments accounted for using the equity method.

Foreign currency transaction gains (losses), net. Foreign currency transaction gains (losses), net include gains and losses resulting from the re-measurement of transactions denominated in foreign currencies.

Other, net. Other, net primarily includes dividends received from our marketable investment securities and other non-operating income and expense items that are not appropriately classified elsewhere in the Consolidated Statements of Operations in our Accompanying Consolidated Financial Statements.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is defined as Net income (loss) excluding Interest income and expense, net, Income tax benefit (provision), net, Depreciation and amortization, and Net income (loss) attributable to non-controlling interests. EBITDA is not a measure determined in accordance with U.S. GAAP. This non-GAAP measure is reconciled to Net income (loss) in our discussion of Results of Operations above. EBITDA should not be considered in isolation or as a substitute for operating income, net income or any other measure determined in accordance with U.S. GAAP. EBITDA is used by our management as a measure of operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes EBITDA provides meaningful supplemental information regarding the underlying operating performance of our business and is appropriate to enhance an overall understanding of our financial performance. Management also believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate the performance of companies in our industry.

Subscribers. Subscribers include customers that subscribe to our HughesNet service, through retail, wholesale and small/medium enterprise service channels.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Form 10-Q such that the information required to be disclosed in our Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 15d-15(f) under the Exchange Act) that occurred during the three months ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We continue to review our internal control over financial reporting and may from time to time make changes aimed at enhancing its effectiveness and to ensure that our systems evolve with our business.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, refer to Part I, Item 1. Financial Statements - *Note 13. Contingencies* - Litigation in this Form 10-Q.

ITEM 1A. RISK FACTORS

Item 1A, Risk Factors, of our Form 10-K for the year ended December 31, 2020 includes a detailed discussion of our risk factors.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Financial Results

On November 9, 2021, EchoStar issued a press release (the “Press Release”) announcing its financial results for the quarter ended September 30, 2021. A copy of the Press Release is furnished herewith as Exhibit 99.1. The foregoing information, including the exhibit related thereto, is furnished in response to Item 2.02 of Form 8-K and shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act, or otherwise, and shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as otherwise expressly stated in any such filing.

ITEM 6. EXHIBITS

Exhibit No.	Description
31.1 (H)	Section 302 Certification of Chief Executive Officer.
31.2 (H)	Section 302 Certification of Chief Financial Officer.
32.1 (H)	Section 906 Certifications of Chief Executive Officer and Chief Financial Officer.
99.1 (I)	Press release dated November 9, 2021 issued by EchoStar Corporation regarding financial results for the period ended September 30, 2021.
101.INS	XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

(H) Filed herewith.
(I) Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

HUGHES SATELLITE SYSTEMS CORPORATION

Date: November 9, 2021	By:	/s/ *Michael T. Dugan*
		Michael T. Dugan
		Chief Executive Officer, President and Director
		(Principal Executive Officer)
Date: November 9, 2021	By:	/s/ *David J. Rayner*
		David J. Rayner
		Executive Vice President, Chief Financial Officer, Chief Operating Officer and Treasurer
		(Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Michael T. Dugan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hughes Satellite Systems Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2021

By:	*/s/ Michael T. Dugan*
Name:	Michael T. Dugan
Title:	Chief Executive Officer, President and Director
	(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, David J. Rayner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hughes Satellite Systems Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2021

By:	*/s/ David J. Rayner*
Name:	David J. Rayner
Title:	Executive Vice President, Chief Financial Officer, Chief Operating Officer and Treasurer *(Principal Financial and Accounting Officer)*

EXHIBIT 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
Section 906 Certifications

In connection with the quarterly report for the quarter ended September 30, 2021 on Form 10-Q (the "Report"), of Hughes Satellite Systems Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof, we, Michael T. Dugan and David J. Rayner, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2021

By: *[/s/ Michael T. Dugan]*
Name: Michael T. Dugan
Title: Chief Executive Officer, President and Director
(Principal Executive Officer)

By: */s/ David J. Rayner*
Name: David J. Rayner
Title: Executive Vice President, Chief Financial Officer, Chief Operating Officer and Treasurer
(Principal Financial and Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO THE COMPANY AND WILL BE RETAINED BY THE COMPANY AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

Exhibit 99.1

EchoStar Announces Financial Results for the Three and Nine Months Ended September 30, 2021

Englewood, CO, November 9, 2021—EchoStar Corporation (NASDAQ: SATS) today announced its financial results for the three and nine months ended September 30, 2021.

Three Months Ended September 30, 2021 Financial Highlights:

- Consolidated revenue of $504.7 million.
- Net income of $30.2 million, consolidated net income attributable to EchoStar common stock of $33.4 million, and basic and diluted earnings per share of $0.38.
- Consolidated Adjusted EBITDA of $187.0 million (see discussion and the reconciliation of GAAP to this non-GAAP measure below).

Nine Months Ended September 30, 2021 Financial Highlights:

- Consolidated revenue of $1,487.1 million.
- Net income of $142.8 million, consolidated net income attributable to EchoStar common stock of $149.2 million, and basic and diluted earnings per share of $1.64.
- Consolidated Adjusted EBITDA of $559.4 million (see discussion and the reconciliation of GAAP to this non-GAPP measure below).

“I am pleased with our financial performance in the third quarter of 2021,” commented Michael Dugan, CEO and President of EchoStar. “We grew revenue, net income, and Adjusted EBITDA from the same period last year by managing all areas of the business prudently. Laying a strategic foundation for the multi-orbit future, we announced agreements with OneWeb to provide satellite connectivity solutions in the US and India and fulfilled the remaining ITU requirements to bring our Sirion-1 filing into use which is a key milestone in the development of our global S-band capabilities.”

Three Months Ended September 30, 2021 - Additional Information:

- Consolidated revenue increased 6.6% or $31.2 million year over year primarily driven by higher equipment sales of $25.0 million to our domestic and international enterprise customers.
- Adjusted EBITDA increased 12.2% or $20.3 million year over year.
  - Hughes segment Adjusted EBITDA increased $16.5 million year over year. The increase was driven primarily by higher revenue and lower cost of services provided to our consumer customers.
  - ESS segment Adjusted EBITDA was flat year over year.
  - Corporate and Other segment Adjusted EBITDA increased $3.7 million year over year.
- Net income increased $6.9 million year over year. The increase was primarily due to higher operating income of $25.6 million and lower net interest expense of $20.0 million, partially offset by higher income tax expense, net, of $16.8 million, unfavorable changes in foreign currency exchange rates of $13.3 million, and lower gains on investments, net, of $11.3 million.
- Total Hughes broadband subscribers were approximately 1,510,000, declining 32,000 from June 30, 2021. Subscribers in the US decreased by 24,000 as compared to June 30, 2021 to approximately 1,120,000. In the same period, subscribers in Latin America decreased by 8,000 to approximately 390,000. Similar to the US, our Latin American subscriber base has become capacity constrained in certain areas. While the balancing of total subscribers relative to capacity utilization resulted in lower subscribers, average revenue per user increased in both regions from the second quarter of 2021.

- For the three months ended September 30, 2021, approximately 66% of Hughes segment revenue was attributable to our consumer customers with approximately 34% attributable to our enterprise customers.

- Cash, cash equivalents and current marketable investment securities were $1.6 billion as of September 30, 2021.

- During the three months ended September 30, 2021, we repurchased 2,592,885 shares of our Class A common stock in open market trades.

Set forth below is a table highlighting certain of EchoStar's segment results for the three and nine months ended September 30, 2021 and 2020 (amounts in thousands) (all US GAAP amounts reference results from operations):

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Revenue				
Hughes	$ 496,937	$ 466,762	$ 1,465,073	$ 1,378,416
EchoStar Satellite Services	4,436	4,402	12,808	13,233
Corporate and Other	3,287	2,338	9,195	6,985
Total revenue	$ 504,660	$ 473,502	$ 1,487,076	$ 1,398,634
Adjusted EBITDA				
Hughes	$ 202,997	$ 186,458	$ 612,251	$ 534,955
EchoStar Satellite Services	2,319	2,274	6,481	5,847
Corporate & Other:				
Corporate overhead, operating and other	(19,974)	(21,572)	(61,940)	(63,948)
Equity in earnings (losses) of unconsolidated affiliates, net	1,630	(504)	2,615	(660)
Total Corporate & Other	(18,344)	(22,076)	(59,325)	(64,608)
Total Adjusted EBITDA	$ 186,972	$ 166,656	$ 559,407	$ 476,194
Net income (loss)	$ 30,217	$ 23,273	$ 142,804	$ (49,307)
Expenditures for property and equipment	$ 89,537	$ 98,137	$ 352,003	$ 295,041

Reconciliation of GAAP to Non-GAAP Measurement (amounts in thousands):

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Net income (loss)	$ 30,217	$ 23,273	$ 142,804	$ (49,307)
Interest income, net	(5,725)	(7,364)	(16,914)	(33,707)
Interest expense, net of amounts capitalized	16,313	37,967	79,848	112,458
Income tax provision (benefit), net	19,748	2,950	63,047	6,309
Depreciation and amortization	120,596	129,822	368,864	392,077
Net loss (income) attributable to non-controlling interests	3,192	2,167	6,419	9,040
EBITDA	184,341	188,815	644,068	436,870
(Gains) losses on investments, net	(3,748)	(14,998)	(112,981)	37,764
Impairment of long-lived assets	—	—	245	—
Litigation Expense	—	—	16,800	—
License fee dispute - India, net of non-controlling interests	(262)	(480)	(708)	(1,043)
Loss on Debt Repurchase	—	—	1,938	—
Foreign currency transaction (gains) losses, net	6,641	(6,681)	10,045	2,603
Adjusted EBITDA	$ 186,972	$ 166,656	$ 559,407	$ 476,194

Note on Use of Non-GAAP Financial Measures

EBITDA is defined as “Net income (loss)” excluding “Interest income, net,” Interest expense, net of amounts capitalized,” “Income tax benefit (provision), net,” “Depreciation and amortization,” and “Net income (loss) attributable to non-controlling interests.”

Adjusted EBITDA is defined as EBITDA excluding Gains and losses on investments, net, Foreign currency transaction gains (losses), net, and other non-recurring or non-operational items. EBITDA and Adjusted EBITDA are not measures determined in accordance with US GAAP. EBITDA and Adjusted EBITDA are reconciled to Net income (loss) in the table above and should not be considered in isolation or as a substitute for operating income, net income or any other measure determined in accordance with US GAAP. Our management uses EBITDA and Adjusted EBITDA as measures of our operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes that these non-GAAP measures provide meaningful supplemental information regarding the underlying operating performance of our business and are appropriate to enhance an overall understanding of our financial performance. Management also believes that EBITDA and Adjusted EBITDA are useful to investors because they are frequently used by securities analysts, investors, and other interested parties to evaluate the performance of companies in our industry.

The consolidated financial statements of EchoStar for the periods ended September 30, 2021 and 2020 are attached to this press release. Detailed financial data and other information are available in EchoStar’s Quarterly Report on Form 10-Q for the period ended September 30, 2021 filed today with the Securities and Exchange Commission.

EchoStar will host a conference call to discuss its earnings on Tuesday, November 9, 2021 at 11:00 a.m. Eastern Time. The conference call will be broadcast live in listen-only mode on EchoStar’s investor relations website at ir.echostar.com. To ask a question, the dial in numbers are (833) 562-0124 (toll-free) and (661) 567-1102 (international), Conference ID 1061358.

About EchoStar Corporation

EchoStar Corporation (NASDAQ: SATS) is a premier global provider of satellite communications solutions. Headquartered in Englewood, Colo., and conducting business around the globe, EchoStar is a pioneer in secure communications technologies through its Hughes Network Systems and EchoStar Satellite Services business segments.

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, 2020 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.

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Contact Information

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ECHOSTAR CORPORATION
Consolidated Balance Sheets
(Amounts in thousands, except share and per share amounts)

	As of	
	September 30, 2021	**December 31, 2020**
Assets		
Current assets:		
Cash and cash equivalents	$ 429,656	$ 896,005
Marketable investment securities	1,127,048	1,638,271
Trade accounts receivable and contract assets, net	201,751	183,989
Other current assets, net	195,993	189,821
Total current assets	1,954,448	2,908,086
Non-current assets:		
Property and equipment, net	2,374,080	2,390,313
Operating lease right-of-use assets	140,739	128,303
Goodwill	511,266	511,597
Regulatory authorizations, net	471,010	478,762
Other intangible assets, net	14,378	18,433
Other investments, net	351,884	284,937
Other non-current assets, net	364,553	352,921
Total non-current assets	4,227,910	4,165,266
Total assets	$ 6,182,358	$ 7,073,352
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	$ 111,047	$ 122,366
Current portion of long-term debt, net	—	898,237
Contract liabilities	134,635	104,569
Accrued expenses and other current liabilities	241,615	299,999
Total current liabilities	487,297	1,425,171
Non-current liabilities:		
Long-term debt, net	1,495,805	1,495,256
Deferred tax liabilities, net	407,650	359,896
Operating lease liabilities	127,424	114,886
Other non-current liabilities	135,737	70,893
Total non-current liabilities	2,166,616	2,040,931
Total liabilities	2,653,913	3,466,102
Commitments and contingencies		

ECHOSTAR CORPORATION
Consolidated Balance Sheets
(Amounts in thousands, except share and per share amounts)

Stockholders' equity:		
Preferred stock, $0.001 par value, 20,000,000 shares authorized, none issued and outstanding at both September 30, 2021 and December 31, 2020	—	—
Common stock, $0.001 par value, 4,000,000,000 shares authorized:		
Class A common stock, $0.001 par value, 1,600,000,000 shares authorized, 57,939,820 shares issued and 39,810,942 shares outstanding at September 30, 2021 and 57,254,201 shares issued and 48,863,374 shares outstanding at December 31, 2020	58	57
Class B convertible common stock, $0.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding at both September 30, 2021 and December 31, 2020	48	48
Class C convertible common stock, $0.001 par value, 800,000,000 shares authorized, none issued and outstanding at both September 30, 2021 and December 31, 2020	—	—
Class D common stock, $0.001 par value, 800,000,000 shares authorized, none issued and outstanding at both September 30, 2021 and December 31, 2020	—	—
Additional paid-in capital	3,341,751	3,321,426
Accumulated other comprehensive income (loss)	(205,470)	(187,876)
Accumulated earnings (losses)	732,814	583,591
Treasury shares, at cost	(406,295)	(174,912)
Total EchoStar Corporation stockholders' equity	3,462,906	3,542,334
Non-controlling interests	65,539	64,916
Total stockholders' equity	3,528,445	3,607,250
Total liabilities and stockholders' equity	$ 6,182,358	$ 7,073,352

ECHOSTAR CORPORATION
Consolidated Statements of Operations
(Amounts in thousands, except per share amounts)

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Revenue:				
Services and other revenue	$ 432,739	$ 426,532	$ 1,294,355	$ 1,251,932
Equipment revenue	71,921	46,970	192,721	146,702
Total revenue	504,660	473,502	1,487,076	1,398,634
Costs and expenses:				
Cost of sales - services and other (exclusive of depreciation and amortization)	138,179	146,577	410,515	432,848
Cost of sales - equipment (exclusive of depreciation and amortization)	62,328	37,079	161,982	115,529
Selling, general and administrative expenses	112,986	115,358	341,143	354,437
Research and development expenses	7,974	7,676	22,960	21,378
Depreciation and amortization	120,596	129,822	368,864	392,077
Impairment of long-lived assets	—	—	245	—
Total costs and expenses	442,063	436,512	1,305,709	1,316,269
Operating income (loss)	62,597	36,990	181,367	82,365
Other income (expense):				
Interest income, net	5,725	7,364	16,914	33,707
Interest expense, net of amounts capitalized	(16,313)	(37,967)	(79,848)	(112,458)
Gains (losses) on investments, net	3,748	14,998	112,981	(37,764)
Equity in earnings (losses) of unconsolidated affiliates, net	74	(2,134)	(2,596)	(5,866)
Foreign currency transaction gains (losses), net	(6,641)	6,681	(10,045)	(2,603)
Other, net	775	291	(12,922)	(379)
Total other income (expense), net	(12,632)	(10,767)	24,484	(125,363)
Income (loss) before income taxes	49,965	26,223	205,851	(42,998)
Income tax benefit (provision), net	(19,748)	(2,950)	(63,047)	(6,309)
Net income (loss)	30,217	23,273	142,804	(49,307)
Less: Net loss (income) attributable to non-controlling interests	3,192	2,167	6,419	9,040
Net income (loss) attributable to EchoStar Corporation common stock	$ 33,409	$ 25,440	$ 149,223	$ (40,267)
Earnings (losses) per share - Class A and B common stock:				
Basic and diluted earnings (losses) per share	$ 0.38	$ 0.26	$ 1.64	$ (0.41)

ECHOSTAR CORPORATION
Consolidated Statements of Cash Flows
(Amounts in thousands)

	For the nine months ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net income (loss)	$ 142,804	$ (49,307)
Adjustments to reconcile net income (loss) to cash flows provided by (used for) operating activities:		
Depreciation and amortization	368,864	392,077
Impairment of long-lived assets	245	—
Losses (gains) on investments, net	(112,981)	37,764
Equity in losses (earnings) of unconsolidated affiliates, net	2,596	5,866
Foreign currency transaction losses (gains), net	10,045	2,603
Deferred tax provision (benefit), net	45,950	4,474
Stock-based compensation	5,913	6,887
Amortization of debt issuance costs	2,192	3,212
Other, net	16,691	(9,145)
Changes in assets and liabilities, net:		
Trade accounts receivable and contract assets, net	(20,894)	(9,157)
Other current assets, net	(7,841)	(21,090)
Trade accounts payable	(15,386)	(17,824)
Contract liabilities	30,066	(11,438)
Accrued expenses and other current liabilities	(103,457)	29,155
Non-current assets and non-current liabilities, net	63,055	1,325
Net cash provided by (used for) operating activities	427,862	365,402
Cash flows from investing activities:		
Purchases of marketable investment securities	(1,452,982)	(2,234,671)
Sales and maturities of marketable investment securities	2,099,815	1,231,790
Expenditures for property and equipment	(352,003)	(295,041)
Expenditures for externally marketed software	(25,634)	(27,824)
Purchase of other investments	(50,000)	(5,500)
Sales of other investments	10,951	—
Net cash provided by (used for) investing activities	230,147	(1,331,246)
Cash flows from financing activities:		
Repurchase and maturity of the 2021 Senior Unsecured Notes	(901,818)	—
Payment of finance lease obligations	(578)	(606)
Payment of in-orbit incentive obligations	(1,800)	(1,268)
Proceeds from Class A common stock options exercised	—	983
Proceeds from Class A common stock issued under the Employee Stock Purchase Plan	7,288	8,066
Treasury share repurchase	(229,383)	(5,893)
Contribution by non-controlling interest holder	9,880	14,268
Other, net	(966)	998
Net cash provided by (used for) financing activities	(1,117,377)	16,548
Effect of exchange rates on cash and cash equivalents	(3,114)	(8,348)
Net increase (decrease) in cash and cash equivalents	(462,482)	(957,644)
Cash and cash equivalents, including restricted amounts, beginning of period	896,812	1,521,889
Cash and cash equivalents, including restricted amounts, end of period	$ 434,330	$ 564,245