
**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 JUNE 30, 2024.

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: 001-33807

EchoStar Corporation

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

26-1232727
(I.R.S. Employer Identification No.)

9601 South Meridian Boulevard
Englewood, Colorado
(Address of principal executive offices)

80112
(Zip code)

(303) 723-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.001 par value	SATS	The Nasdaq Stock Market L.L.C.

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 (§232.405 of this chapter) 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth 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 July 31, 2024, the registrant's outstanding common stock consisted of 140,332,352 shares of Class A common stock and 131,348,468 shares of Class B common stock.

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PART I — FINANCIAL INFORMATION

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Unless otherwise required by the context, in this report, the words “EchoStar,” the “Company,” “we,” “our” and “us” refer to EchoStar Corporation and its subsidiaries, “DISH Network” refers to DISH Network Corporation, our wholly owned subsidiary, and its subsidiaries, and “DISH DBS” refers to DISH DBS Corporation, a wholly - owned, indirect subsidiary of DISH Network, and its subsidiaries.

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including, in particular, statements about our plans, objectives and strategies, growth opportunities in our industries and businesses, our expectations regarding future results, financial condition, liquidity and capital requirements, our estimates regarding the impact of regulatory developments and legal proceedings, and other trends and projections. Forward-looking statements are not historical facts and may be identified by words such as “future,” “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “estimate,” “expect,” “predict,” “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 Quarterly Report on Form 10-Q and represent management’s current views and assumptions. Forward-looking statements are not guarantees of future performance, events or results and involve known and unknown risks, uncertainties and other factors, which may be beyond our control. 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, those summarized below:

SUMMARY OF RISK FACTORS

Risks Related to the Integration

- Although we expect that the Merger will result in synergies and other benefits, those synergies and benefits may not be realized in the amounts anticipated, or may not be realized within the expected timeframe, or at all, and risks associated with the foregoing may also result from any extended delay in the Integration.
- The market price for shares of our common stock may be affected by factors different from, or in addition to, those that historically affected the market prices of shares of DISH Network Class A Common Stock and EchoStar Class A Common Stock.

Competition and Economic Risks

- We face intense and increasing competition from providers of video, broadband and/or wireless services. Changing consumer behavior and new technologies in our Pay-TV and/or Wireless business may reduce our subscriber activations and may cause our subscribers to purchase fewer services from us or to cancel our services altogether, resulting in less revenue to us.
- We face certain risks competing in the wireless services industry and operating a facilities-based wireless services business.
- Our pay-TV competitors may be able to leverage their relationships with programmers to reduce their programming costs and/or offer exclusive content that will place them at a competitive advantage to us.

- Through the MNSA and the NSA, we depend on T-Mobile and AT&T to provide network services to our Wireless subscribers. Our failure to effectively manage these relationships, including without limitation, our minimum commitments, any system failure in their wireless networks, interruption in the services provided to us, and/or the termination of the MNSA or the NSA could have a material adverse effect on our business, financial condition and results of operations.
- We compete with the MNOs whose networks we rely on to provide wireless services to our customers, and they may seek to limit, reduce or terminate our network access to the extent that it becomes competitively advantageous to do so.
- If we are unable to take advantage of technological developments on a timely basis, or at all, we may experience a decline in demand for our services or face challenges in implementing or evolving our business strategy.

Operational and Service Delivery Risks

- Any deterioration in our operational performance, subscriber activations and churn rate and subscriber satisfaction could adversely affect our business, financial condition and results of operations.
- We depend on others to provide the programming that we offer to our Pay-TV subscribers and, if we fail to obtain or lose access to certain programming, our Pay-TV subscriber activations and our subscriber churn rate may be negatively impacted.
- We have limited satellite capacity and any failures or reduced capacity, caused by, among other things, operational and environmental risks, could adversely affect our business, financial condition and results of operations.
- Extreme weather may result in risk of damage to our infrastructure and therefore our ability to provide services, and may lead to changes in federal, state and foreign government regulation, all of which could materially and adversely affect our business, results of operations and financial condition.
- We rely on a single vendor or a limited number of vendors to provide certain key products or services to us, and the inability of these key vendors to meet our needs could have a material adverse effect on our business.
- We depend on independent third parties to solicit orders for our services that represent a meaningful percentage of our total gross new subscriber activations.

Risks Related to our Human Capital

- We rely on highly skilled personnel for our business, and any inability to hire and retain key personnel or to hire qualified personnel may negatively affect our business, financial condition and results of operations.
- Our business growth and customer retention strategies rely in part on the work of technically skilled employees.

Risks Related to our Products and Technology

- Our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others.

- We are, and may become, party to various lawsuits which, if adversely decided, could have a significant adverse impact on our business, particularly lawsuits regarding intellectual property.
- If our products contain defects, we could be subject to significant costs to correct such defects and our product and network service contracts could be delayed or cancelled, which could adversely affect our revenue.

Risks Related to Cybersecurity

- We have experienced and may experience in the future consistent cyber-attacks and attempts to gain unauthorized access to our systems and any failure or inadequacy of our information technology infrastructure and communications systems or those of third parties that we use in our operations could disrupt or harm our business.
- The confidentiality, integrity, and availability of our services and products depends on the continuing operation of our information technology and other enabling systems.

Acquisition and Capital Structure Risks

- We have substantial debt outstanding and may incur additional debt and covenants in our Indentures could limit our ability to undertake certain types of activities and adversely affect our liquidity.
- We may pursue acquisitions, dispositions, capital expenditures, the development, acquisition and launch of new satellites and other strategic initiatives to complement or expand our business, which may not be successful and we may lose a portion or all of our investment in these acquisitions and transactions.
- We have made substantial investments to acquire certain wireless spectrum licenses and other related assets, and may be unable to realize a return on these assets.
- We will need additional capital, which may not be available on favorable terms, to fund current obligations, to continue investing in our business and to finance acquisitions and other strategic transactions.
- We are controlled by one principal stockholder who is our Chairman.

Risks Related to the Regulation of Our Business

- Our services depend on FCC licenses that can expire or be revoked or modified and applications for FCC licenses that may not be granted.

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 (the “10-K”) filed with the SEC, those discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” herein and in the 10-K and those discussed in other documents we file with the SEC. All cautionary statements made or referred to herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks and uncertainties described or referred to herein and should not place undue reliance on any forward-looking statements. The forward-looking statements speak only as of the date made, and we expressly disclaim any obligation to update these forward-looking statements.

Item 1. FINANCIAL STATEMENTS

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share amounts)
(Unaudited)

	As of	
	June 30, 2024	December 31, 2023
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 419,246	\$ 1,821,376
Marketable investment securities	101,331	623,044
Trade accounts receivable, net of allowance for credit losses of \$107,498 and \$74,390, respectively	1,052,855	1,122,139
Inventory	557,257	665,169
Prepays and other assets	642,158	644,005
Other current assets	15,019	16,081
Total current assets	2,787,866	4,891,814
<i>Noncurrent Assets:</i>		
Restricted cash, cash equivalents and marketable investment securities	143,429	118,065
Property and equipment, net	9,427,192	9,561,834
Regulatory authorizations, net	39,053,041	38,572,980
Other investments, net	243,191	314,370
Operating lease assets	3,137,306	3,065,448
Intangible assets, net	86,992	172,892
Other noncurrent assets, net	376,176	411,491
Total noncurrent assets	52,467,327	52,217,080
Total assets	\$ 55,255,193	\$ 57,108,894
Liabilities and Stockholders' Equity (Deficit)		
<i>Current Liabilities:</i>		
Trade accounts payable	\$ 655,455	\$ 774,011
Deferred revenue and other	670,439	754,658
Accrued programming	1,546,377	1,427,762
Accrued interest	289,302	297,678
Other accrued expenses and liabilities	1,732,389	1,717,826
Current portion of long-term debt and finance lease obligations (Note 9)	2,082,919	3,046,654
Total current liabilities	6,976,881	8,018,589
<i>Long-Term Obligations, Net of Current Portion:</i>		
Long-term debt and finance lease obligations, net of current portion (Note 9)	19,678,708	19,717,266
Deferred tax liabilities, net	4,975,164	5,014,309
Operating lease liabilities	3,115,265	3,121,307
Long-term deferred revenue and other long-term liabilities	877,224	849,131
Total long-term obligations, net of current portion	28,646,361	28,702,013
Total liabilities	35,623,242	36,720,602
Commitments and Contingencies (Note 10)		
Redeemable noncontrolling interests (Note 2)	—	438,382
<i>Stockholders' Equity (Deficit):</i>		
Class A common stock, \$0.001 par value, 1,600,000,000 shares authorized, 140,318,473 and 140,153,020 shares issued and outstanding, respectively	140	140
Class B common stock, \$0.001 par value, 800,000,000 shares authorized, 131,348,468 shares issued and outstanding	131	131
Additional paid-in capital	8,326,880	8,301,979
Accumulated other comprehensive income (loss)	(179,126)	(160,056)
Accumulated earnings (deficit)	11,425,016	11,737,983
Total EchoStar stockholders' equity (deficit)	19,573,041	19,880,177
Noncontrolling interests	58,910	69,733
Total stockholders' equity (deficit)	19,631,951	19,949,910
Total liabilities and stockholders' equity (deficit)	\$ 55,255,193	\$ 57,108,894

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue:				
Service revenue	\$ 3,742,086	\$ 4,088,513	\$ 7,561,755	\$ 8,269,234
Equipment sales and other revenue	210,665	267,949	405,839	474,894
Total revenue	<u>3,952,751</u>	<u>4,356,462</u>	<u>7,967,594</u>	<u>8,744,128</u>
Costs and Expenses (exclusive of depreciation and amortization):				
Cost of services	2,507,478	2,391,540	5,064,660	4,854,140
Cost of sales - equipment and other	408,093	583,498	771,176	1,103,558
Selling, general and administrative expenses	595,024	758,562	1,219,446	1,459,334
Depreciation and amortization	507,525	370,633	992,925	718,387
Impairment of long-lived assets and goodwill	—	—	—	3,142
Total costs and expenses	<u>4,018,120</u>	<u>4,104,233</u>	<u>8,048,207</u>	<u>8,138,561</u>
Operating income (loss)	<u>(65,369)</u>	<u>252,229</u>	<u>(80,613)</u>	<u>605,567</u>
Other Income (Expense):				
Interest income, net	13,929	54,308	44,391	122,494
Interest expense, net of amounts capitalized (Note 2)	(81,166)	(21,648)	(180,574)	(41,681)
Other, net (Note 5)	(91,498)	34,068	(117,608)	(693)
Total other income (expense)	<u>(158,735)</u>	<u>66,728</u>	<u>(253,791)</u>	<u>80,120</u>
Income (loss) before income taxes	<u>(224,104)</u>	<u>318,957</u>	<u>(334,404)</u>	<u>685,687</u>
Income tax (provision) benefit, net	16,646	(86,265)	18,571	(180,150)
Net income (loss)	<u>(207,458)</u>	<u>232,692</u>	<u>(315,833)</u>	<u>505,537</u>
Less: Net income (loss) attributable to noncontrolling interests, net of tax	(1,867)	20,030	(2,866)	39,341
Net income (loss) attributable to EchoStar	<u>\$ (205,591)</u>	<u>\$ 212,662</u>	<u>\$ (312,967)</u>	<u>\$ 466,196</u>
Weighted-average common shares outstanding - Class A and B common stock:				
Basic	<u>271,592</u>	<u>270,818</u>	<u>271,555</u>	<u>270,328</u>
Diluted	<u>271,592</u>	<u>308,375</u>	<u>271,555</u>	<u>307,948</u>
Earnings per share - Class A and B common stock:				
Basic net income (loss) per share attributable to EchoStar	<u>\$ (0.76)</u>	<u>\$ 0.79</u>	<u>\$ (1.15)</u>	<u>\$ 1.72</u>
Diluted net income (loss) per share attributable to EchoStar	<u>\$ (0.76)</u>	<u>\$ 0.69</u>	<u>\$ (1.15)</u>	<u>\$ 1.51</u>
Comprehensive Income (Loss):				
Net income (loss)	<u>\$ (207,458)</u>	<u>\$ 232,692</u>	<u>\$ (315,833)</u>	<u>\$ 505,537</u>
Other comprehensive income (loss):				
Foreign currency translation adjustments	(17,695)	12,917	(23,286)	21,041
Unrealized holding gains (losses) on available-for-sale debt securities	(20)	2,776	1,432	2,536
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	—	2	(1,528)	1
Deferred income tax (expense) benefit, net	(29)	(624)	(29)	(750)
Total other comprehensive income (loss), net of tax	<u>(17,744)</u>	<u>15,071</u>	<u>(23,411)</u>	<u>22,828</u>
Comprehensive income (loss)	<u>(225,202)</u>	<u>247,763</u>	<u>(339,244)</u>	<u>528,365</u>
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of tax	(5,089)	21,923	(7,207)	43,203
Comprehensive income (loss) attributable to EchoStar	<u>\$ (220,113)</u>	<u>\$ 225,840</u>	<u>\$ (332,037)</u>	<u>\$ 485,162</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands)
(Unaudited)

	Class A and B Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Noncontrolling Interests	Total	Redeemable Noncontrolling Interests
Balance, December 31, 2022	\$ 269	\$ 8,222,599	\$ (175,267)	\$ 13,440,040	\$ 98,192	\$ 21,585,833	\$ 464,359
Issuance of Class A common stock	1	9,387	—	—	—	9,388	—
Non-cash, stock-based compensation	—	14,628	—	—	—	14,628	—
Other comprehensive income (loss)	—	—	5,788	—	1,969	7,757	—
Net income (loss) attributable to noncontrolling interests	—	—	—	—	(1,094)	(1,094)	20,405
Net income (loss) attributable to EchoStar	—	—	—	253,534	—	253,534	—
Balance, March 31, 2023	\$ 270	\$ 8,246,614	\$ (169,479)	\$ 13,693,574	\$ 99,067	\$ 21,870,046	\$ 484,764
Issuance of Class A common stock	1	19,000	—	—	—	19,001	—
Non-cash, stock-based compensation	—	12,678	—	—	—	12,678	—
Other comprehensive income (loss)	—	—	13,178	—	1,893	15,071	—
Net income (loss) attributable to noncontrolling interests	—	—	—	—	(1,993)	(1,993)	22,023
Net income (loss) attributable to EchoStar	—	—	—	212,662	—	212,662	—
Balance, June 30, 2023	\$ 271	\$ 8,278,292	\$ (156,301)	\$ 13,906,236	\$ 98,967	\$ 22,127,465	\$ 506,787

	Class A and B Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Noncontrolling Interests	Total	Redeemable Noncontrolling Interests
Balance, December 31, 2023	\$ 271	\$ 8,301,979	\$ (160,056)	\$ 11,737,983	\$ 69,733	\$ 19,949,910	\$ 438,382
Issuance of Class A common stock	—	(160)	—	—	—	(160)	—
Non-cash, stock-based compensation	—	9,058	—	—	—	9,058	—
Other comprehensive income (loss)	—	—	(4,548)	—	(1,119)	(5,667)	—
Purchase of SNR Management's ownership interest in SNR HoldCo	—	—	—	—	—	—	(441,998)
Net income (loss) attributable to noncontrolling interests	—	—	—	—	(4,615)	(4,615)	3,616
Net income (loss) attributable to EchoStar	—	—	—	(107,376)	—	(107,376)	—
Balance, March 31, 2024	\$ 271	\$ 8,310,877	\$ (164,604)	\$ 11,630,607	\$ 63,999	\$ 19,841,150	\$ —
Issuance of Class A common stock	—	1,992	—	—	—	1,992	—
Sale of Assets to CONX, net of deferred taxes	—	3,376	—	—	—	3,376	—
Non-cash, stock-based compensation	—	10,635	—	—	—	10,635	—
Other comprehensive income (loss)	—	—	(14,522)	—	(3,222)	(17,744)	—
Net income (loss) attributable to noncontrolling interests	—	—	—	—	(1,867)	(1,867)	—
Net income (loss) attributable to EchoStar	—	—	—	(205,591)	—	(205,591)	—
Balance, June 30, 2024	\$ 271	\$ 8,326,880	\$ (179,126)	\$ 11,425,016	\$ 58,910	\$ 19,631,951	\$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	For the Six Months Ended June 30,	
	2024	2023
Cash Flows From Operating Activities:		
Net income (loss)	\$ (315,833)	\$ 505,537
<i>Adjustments to reconcile net income (loss) to net cash flows from operating activities:</i>		
Depreciation and amortization	992,925	718,387
Impairment of long-lived assets and goodwill	—	3,142
Realized and unrealized losses (gains) on investments, impairments and other	49,312	(31,109)
Realized and unrealized losses (gains) on derivatives	—	36,974
Non-cash, stock-based compensation	19,693	27,306
Deferred tax expense (benefit)	(35,300)	143,754
Changes in allowance for credit losses	33,108	1,531
Change in long-term deferred revenue and other long-term liabilities	8,139	(3,356)
Other, net	192,710	67,120
Changes in current assets and current liabilities, net	(13,770)	69,820
Net cash flows from operating activities	930,984	1,539,106
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(21,847)	(2,051,128)
Sales and maturities of marketable investment securities	501,512	1,917,860
Purchases of property and equipment	(866,922)	(1,700,818)
Refunds and other receipts of purchases of property and equipment	—	31,371
Capitalized interest related to regulatory authorizations (Note 2)	(481,807)	(581,766)
Proceeds from other debt investments	—	148,448
Purchases of regulatory authorizations, including deposits	(1,104)	(1,771)
Sale of assets to CONX (Note 13)	26,719	—
Other, net	(4,716)	(13,286)
Net cash flows from investing activities	(848,165)	(2,251,090)
Cash Flows From Financing Activities:		
Repayment of long-term debt and finance lease obligations	(52,758)	(53,514)
Redemption and repurchases of convertible and senior notes	(951,170)	(1,582,181)
Proceeds from issuance of senior notes	—	1,500,000
Early debt extinguishment gains (losses) of convertible and senior notes	—	68,086
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	1,832	8,297
Purchase of SNR Management's ownership interest in SNR HoldCo	(441,998)	—
Debt issuance costs and debt (discount) premium	—	21,635
Other, net	2	(4,710)
Net cash flows from financing activities	(1,444,092)	(42,387)
Effect of exchange rates on cash and cash equivalents	(3,701)	3,483
Net increase (decrease) in cash, cash equivalents, restricted cash and cash equivalents	(1,364,974)	(750,888)
Cash, cash equivalents, restricted cash and cash equivalents, beginning of period (Note 5)	1,911,601	2,561,803
Cash, cash equivalents, restricted cash and cash equivalents, end of period (Note 5)	<u>\$ 546,627</u>	<u>\$ 1,810,915</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Business Activities

Principal Business

EchoStar Corporation is a holding company that was organized in October 2007 as a corporation under the laws of the State of Nevada. Its subsidiaries (which together with EchoStar Corporation are referred to as “EchoStar,” the “Company,” “we,” “us” and/or “our,” unless otherwise required by the context) operate four primary business segments.

Recent Developments

Merger with DISH Network

On December 31, 2023, we completed the acquisition of DISH Network pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of October 2, 2023 (the “Amended Merger Agreement”), by and among us, EAV Corp., a Nevada corporation and our wholly owned subsidiary (“Merger Sub”), and DISH Network, pursuant to which we acquired DISH Network by means of the merger of Merger Sub with and into DISH Network (the “Merger”), with DISH Network surviving the Merger as our wholly owned subsidiary. For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

With the Merger complete, we are currently focused on the process of integrating our and DISH Network’s business in a manner that facilitates synergies, cost savings, growth opportunities and achieves other anticipated benefits (the “Integration”).

Future Capital Requirements

The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Our cash and cash equivalents and marketable investment securities totaled \$521 million as of June 30, 2024 (“Cash on Hand”). As reflected in the condensed consolidated financial statements as of June 30, 2024, we have \$1.983 billion of debt maturing in November 2024, and we are forecasting negative cash flows for the remainder of the calendar year 2024.

Because we do not currently have committed financing to fund our operations for at least twelve months from the issuance of these condensed consolidated financial statements, substantial doubt exists about our ability to continue as a going concern. Based on our cash forecast, we do not currently have the necessary Cash on Hand and/or projected future cash flows to fund fourth quarter 2024 operations or the November 2024 debt maturity. Additionally, our cash forecast contains estimates and assumptions, and we cannot predict the timing of all cash receipts and expenditures with certainty. Variances in timing from our estimates and assumptions may adversely impact our liquidity prior to the fourth quarter. To address our capital needs, we are in active discussions with funding sources to raise additional capital. We cannot provide assurances that we will be successful in obtaining such new financing necessary for us to have sufficient liquidity. Further, if we are not successful in these endeavors, our ability to fund the expenditures necessary to meet some of our future FCC build-out requirements and wireless customer growth initiatives will be adversely affected.

The condensed consolidated financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should we not continue as a going concern.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Segments

We currently operate four primary business segments: (1) Pay-TV; (2) Retail Wireless; (3) 5G Network Deployment; and (4) Broadband and Satellite Services.

Pay-TV

We offer pay-TV services under the DISH® brand and the SLING® brand (collectively “Pay-TV” services). The DISH branded pay-TV service consists of, among other things, Federal Communications Commission (“FCC”) licenses authorizing us to use direct broadcast satellite (“DBS”) and Fixed Satellite Service (“FSS”) spectrum, our owned and leased satellites, receiver systems, broadcast operations, a leased fiber optic network, in-home service and call center operations and certain other assets utilized in our operations (“DISH TV”). We also design, develop and distribute receiver systems and provide digital broadcast operations, including satellite uplinking/downlinking, transmission and other services to third-party pay-TV providers. The SLING branded pay-TV services consist of, among other things, multichannel, live-linear and on-demand streaming over-the-top (“OTT”) Internet-based domestic, international, Latino and Freestream video programming services (“SLING TV”). As of June 30, 2024, we had 8.074 million Pay-TV subscribers in the United States, including 6.076 million DISH TV subscribers and 1.998 million SLING TV subscribers.

Retail Wireless

We offer nationwide prepaid and postpaid retail wireless services to subscribers primarily under our Boost Mobile® and Gen Mobile® brands (“Retail Wireless” services), as well as a competitive portfolio of wireless devices. Prepaid wireless subscribers generally pay in advance for monthly access to wireless talk, text and data services. Postpaid wireless subscribers are qualified to pay after receiving wireless talk, text and data services, and may also qualify for device financing arrangements.

We are currently operating our Retail Wireless segment primarily as a mobile virtual network operator (“MVNO”) as we continue our 5G Network Deployment and commercialize and grow customer traffic on our 5G Network, as defined below. We are transitioning our Retail Wireless segment to a mobile network operator (“MNO”) as our 5G Network has become commercially available and we grow customer traffic on our 5G Network. We are currently activating Boost Mobile subscribers with compatible devices onto our 5G Network in markets where we have reached voice over new radio (“VoNR”). We have deployed 5G VoNR covering over 200 million Americans. Within our MVNO operations, today we depend on T-Mobile and AT&T to provide us with network services under the amended Master Network Services Agreement (“MNSA”) and Network Services Agreement (the “NSA”), respectively. Under the NSA, we expect AT&T will become our primary network services provider. As of June 30, 2024, we had 7.281 million Wireless subscribers.

5G Network Deployment

We have invested a total of over \$30 billion in Wireless spectrum licenses. The \$30 billion of investments related to Wireless spectrum licenses does not include \$9 billion of capitalized interest related to the carrying value of such licenses. See Note 2 and Note 10 for further information. We plan to commercialize our Wireless spectrum licenses through the completion of the nation’s first cloud-native, Open Radio Access Network (“O-RAN”) based 5G network (our “5G Network Deployment”). We have committed to deploy a facilities-based 5G broadband network (our “5G Network”) capable of serving increasingly larger portions of the U.S. population at different deadlines.

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We will need to raise additional capital in the future, which may not be available on favorable terms, to fund the efforts described below, as well as, among other things, make any potential Northstar Re-Auction Payment and SNR Re-Auction Payment for the AWS-3 licenses retained by the FCC. There can be no assurance that we will be able to complete all build-out requirements or profitably deploy our Wireless spectrum licenses, which may affect the carrying amount of these assets and our future financial condition or results of operations. See Note 10 for further information.

Our Wireless spectrum licenses are subject to certain interim and final build-out requirements, as well as certain renewal requirements. On September 29, 2023, the FCC confirmed we have met all of our June 14, 2023 band-specific 5G deployment commitments, and two of our three nationwide 5G commitments. The single remaining 5G commitment, that at least 70% of the U.S. population has access to average download speeds equal to 35 Mbps, was achieved in March 2024 using the drive test methodology previously agreed upon by us and the FCC and overseen by an independent monitor. We now have the largest commercial deployment of 5G VoNR in the world covering over 200 million Americans and 5G broadband service covering over 250 million Americans. Our fully constructed facilities along with our construction in process will be sufficient to meet many of our build-out requirements over the next year, including our June 14, 2025 milestones. These facilities are for licenses comprising approximately 90% of the aggregate carrying value, including capitalized interest, for our 600 MHz, 700 MHz, H Block and AWS-4 licenses. However, for the remaining licenses that we have not yet constructed facilities sufficient to meet our June 14, 2025 final build-out requirements, we will need to raise additional capital to, among other things, continue our 5G Network Deployment. If we are unable to address our capital needs or encounter unanticipated construction delays, we may be unable to retain such spectrum licenses, which would result in an impairment of those licenses.

We may need to make significant additional investments or partner with others to, among other things, continue our 5G Network Deployment and further commercialize, build-out and integrate these licenses and related assets and any additional acquired licenses and related assets, as well as to comply with regulations applicable to such licenses. Depending on the nature and scope of such activities, any such investments or partnerships could vary significantly. In addition, as we continue our 5G Network Deployment, we have and may continue to incur significant additional expenses related to, among other things, research and development, wireless testing and ongoing upgrades to the wireless network infrastructure, software and third-party integration. As a result of these investments, among other factors, we plan to raise additional capital, which may not be available on favorable terms. We may also determine that additional wireless spectrum licenses may be required for our 5G Network Deployment and to compete effectively with other wireless service providers. See Note 10 for further information.

Broadband and Satellite Services

We offer broadband satellite technologies and broadband internet products and services to consumer customers. We provide broadband network technologies, managed services, equipment, hardware, satellite services and communications solutions to government and enterprise customers. We also design, provide and install gateway and terminal equipment to customers for other satellite systems. In addition, we design, develop, construct and provide telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers. We also offer a robust suite of integrated, multi-transport solutions to enable airline and airline service providers to deliver reliable in-flight network connectivity serving both commercial and business aviation. As of June 30, 2024, we had 955,000 Broadband subscribers.

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Our EchoStar XXIV satellite began service in December 2023, bringing additional broadband capacity across North and South America and is expected to be an integral part of our satellite service business. Revenue in our satellite services business depends largely on our ability to make continuous use of our available satellite capacity on behalf of existing customers and our ability to enter into commercial relationships with new customers.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and notes required for complete financial statements prepared under GAAP. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Our results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023. Certain prior period amounts have been reclassified to conform to the current period presentation.

Merger with DISH Network. Prior to the Merger, Charles W. Ergen and Cantey M. Ergen were the controlling stockholders of each of EchoStar and DISH Network and they continue to be the controlling stockholders of EchoStar after the Merger. Therefore, the Merger has been accounted for as a transaction between entities under common control in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 805, *Business Combinations*, Subtopic 50, *Related Issues*, with EchoStar considered as the receiving entity because EchoStar issued equity in connection with the Merger. Accordingly, upon the completion of the Merger, on December 31, 2023, EchoStar recorded DISH Network’s net assets at their carrying value, with no additional goodwill or other intangible assets recognized.

Upon the completion of the Merger, the net assets of DISH Network have been combined with those of EchoStar at their historical carrying amounts and DISH Network and EchoStar are presented on a combined basis for all historical periods that the companies were under common control. As defined and detailed in our Annual Report on Form 10-K for the year ended December 31, 2023, shares of EchoStar Common Stock issued to holders of DISH Network Common Stock in exchange for the outstanding shares of DISH Network Common Stock were recorded at par value and historical weighted average basic and diluted shares of DISH Network have been adjusted by the Exchange Ratio and included in the weighted average shares outstanding on our condensed consolidated statements of operations. Intercompany transactions between EchoStar and DISH Network have been eliminated from all historical periods.

“Cost of services.” Historically, as we built-out our 5G Network, certain direct costs related to our 5G Network Deployment, including lease expense on communication towers, transport, cloud services and other costs, were presented within “Cost of sales – equipment and other” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) as our 5G Network service had not commenced. As we have commenced utilizing our 5G Network for commercial traffic, such amounts now represent costs of operating our 5G Network and are, beginning on January 1, 2024, presented within the “Cost of services” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The change has no impact on net income. For the three and six months ended June 30, 2023, the direct costs related to our 5G Network Deployment included within the “Cost of sales – equipment and other” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) were \$225 million and \$410 million, respectively.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Principles of Consolidation

We consolidate all majority owned subsidiaries, investments in entities in which we have controlling influence and VIEs where we have been determined to be the primary beneficiary. Minority interests are recorded as noncontrolling interests or redeemable noncontrolling interests. See below for further information. Non-consolidated investments are accounted for using the equity method when we have the ability to significantly influence the operating decisions of the investee. When we do not have the ability to significantly influence the operating decisions of an investee, these equity securities are classified as either marketable investment securities or other investments, which will be initially recorded at cost, and based on observable market prices, will be adjusted to their fair value. We record fair value adjustments in "Other, net" within "Other Income (Expense)" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the current period presentation.

Redeemable Noncontrolling Interests

Northstar Wireless. Northstar Wireless, L.L.C. ("Northstar Wireless") is a wholly-owned subsidiary of Northstar Spectrum, LLC ("Northstar Spectrum"), which is an entity owned by us and, prior to October 12, 2023, by us and Northstar Manager, LLC ("NorthStar Manager"). On October 12, 2023, the FCC consented to the sale of Northstar Manager's ownership interests in Northstar Spectrum, which we purchased for a total of approximately \$109 million. This purchase resulted in the elimination of all of our redeemable noncontrolling interest as it related to Northstar Spectrum as of the purchase date and we continue to consolidate the Northstar Entities as wholly-owned subsidiaries.

SNR Wireless. SNR Wireless LicenseCo, LLC ("SNR Wireless") is a wholly-owned subsidiary of SNR Wireless HoldCo, LLC ("SNR HoldCo"), which is an entity owned by us and, prior to February 16, 2024, by us and SNR Wireless Management, LLC ("SNR Management"). On February 16, 2024, the FCC consented to the sale of SNR Management's ownership interests in SNR HoldCo, which was purchased by our direct wholly-owned subsidiary EchoStar SNR HoldCo L.L.C. for a total of approximately \$442 million. This purchase resulted in the elimination of all of our redeemable noncontrolling interest as it related to SNR HoldCo as of the purchase date and we continue to consolidate the SNR Entities as wholly-owned subsidiaries.

For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense for each reporting period. Estimates are based on historical experience, observable market inputs, and other reasonable assumptions in accounting for, among other things, allowances for credit losses (including those related to our installment billing programs), self-insurance obligations, deferred taxes and related valuation allowances, uncertain tax positions, loss contingencies, fair value of financial instruments, fair value of options granted under our stock-based compensation plans, fair value of assets and liabilities acquired in business combinations, inputs used to recognize revenue over time, including the relative standalone selling prices of performance obligations, finance leases, asset impairments, estimates of future cash flows used to evaluate and recognize impairments, useful lives of property, equipment and intangible assets, incremental borrowing rate ("IBR") on lease right of use assets, nonrefundable upfront fees, independent third-party retailer incentives, programming expenses and subscriber lives.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Economic conditions may increase the inherent uncertainty in the estimates and assumptions indicated above. Actual results may differ from previously estimated amounts, and such differences may be material to our condensed consolidated financial statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected prospectively in the period they occur.

Capitalized Interest

We capitalize interest associated with the acquisition or construction of certain assets, including, among other things, our Wireless spectrum licenses, build-out costs associated with our 5G Network Deployment and satellites. Capitalization of interest begins when, among other things, steps are taken to prepare the asset for its intended use and ceases when the asset is ready for its intended use or when these activities are substantially suspended.

We are currently commercializing our 5G Network Deployment. As a result, the interest expense related to the carrying amount of the 5G Network Deployment qualifying assets is being capitalized. Historically, the qualifying assets exceeded the carrying value of our long-term debt and finance lease obligations, therefore substantially all of our interest expense was being capitalized. As the qualifying assets, including certain bands of wireless spectrum licenses, have been placed into service with the deployment of our 5G Network, we no longer capitalize substantially all interest on those assets and as a result, during the three and six months ended June 30, 2024, we incurred \$69 million and \$157 million, respectively, of "Interest expense, net of amounts capitalized" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), which would have previously been capitalized. We expect this trend to continue.

Fair Value Measurements

We determine fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Market or observable inputs are the preferred source of values, followed by unobservable inputs or assumptions based on hypothetical transactions in the absence of market inputs. We apply the following hierarchy in determining fair value:

- Level 1, defined as observable inputs being quoted prices in active markets for identical assets;
- Level 2, defined as observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets and liabilities in active markets; and quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3, defined as unobservable inputs for which little or no market data exists, consistent with reasonably available assumptions made by other participants therefore requiring assumptions based on the best information available.

As of June 30, 2024 and December 31, 2023, the carrying amount for cash and cash equivalents, trade accounts receivable (net of allowance for credit losses) and current liabilities (excluding the "Current portion of long-term debt and finance lease obligations") was equal to or approximated fair value due to their short-term nature or proximity to current market rates.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Fair values of our marketable investment securities are measured on a recurring basis based on a variety of observable market inputs. For our investments in publicly traded equity securities and U.S. government securities, fair value ordinarily is determined based on Level 1 measurements that reflect quoted prices for identical securities in active markets. Fair values of our investments in other marketable debt securities are generally based on Level 2 measurements as the markets for such debt securities are less active. We consider trades of identical debt securities on or near the measurement date as a strong indication of fair value and matrix pricing techniques that consider par value, coupon rate, credit quality, maturity and other relevant features may also be used to determine fair value of our investments in marketable debt securities. Additionally, we use fair value measurements from time to time in connection with other investments, asset impairment testing and the assignment of purchase consideration to assets and liabilities of acquired companies. Those fair value measurements typically include significant unobservable inputs and are categorized within Level 3 of the fair value hierarchy. Transfers between levels in the fair value hierarchy are considered to occur at the beginning of the quarterly accounting period. See Note 5 for the fair value of our marketable investment securities and derivative instruments.

Fair values for our publicly traded debt securities are based on quoted market prices, when available. The fair values of private debt are based on, among other things, available trade information, and/or an analysis in which we evaluate market conditions, related securities, various public and private offerings, and other publicly available information. In performing this analysis, we make various assumptions regarding, among other things, credit spreads, and the impact of these factors on the value of the debt securities. See Note 9 for the fair value of our long-term debt.

Assets Recognized Related to the Costs to Obtain a Contract with a Customer

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales incentive programs in our Pay-TV, Broadband and Satellite Services, and Retail Wireless segments, including those with our independent third-party retailers, meet the requirements to be capitalized, and payments made under these programs are capitalized and amortized to expense over the estimated customer life or the contract term. These amounts are capitalized in "Prepays and other assets" and "Other noncurrent assets, net" on our Condensed Consolidated Balance Sheets, and then amortized in "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Advertising Costs

We recognize advertising expense when incurred as a component of "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Advertising expenses totaled \$164 million and \$207 million for the three months ended June 30, 2024 and 2023, respectively. Advertising expenses totaled \$328 million and \$380 million for the six months ended June 30, 2024 and 2023, respectively.

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Research and Development

Research and development costs, not incurred in connection with customer requirements, are expensed as incurred and are included as a component of “Selling, general and administrative expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Additionally, customer-related research and development costs are incurred in connection with the specific requirements of a customer’s order; in such instances, the amounts for these customer funded development efforts are also included in “Cost of sales—equipment and other” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Research and development costs totaled \$29 million and \$27 million for the three months ended June 30, 2024 and 2023, respectively. Research and development costs totaled \$54 million and \$55 million for the six months ended June 30, 2024 and 2023, respectively.

New Accounting Pronouncements

Joint Ventures. On August 23, 2023, the FASB issued ASU 2023-05, *Business Combinations — Joint Venture Formations (Subtopic 805-60)* (“ASU 2023-05”), which requires an entity that qualifies as either a joint venture or a corporate joint venture as defined in the FASB Accounting Standards Codification (ASC) master glossary to apply a new basis of accounting upon the formation of the joint venture. This standard will be effective for all joint venture formations with a formation date on or after January 1, 2025. A joint venture that was formed before January 1, 2025 may elect to apply the amendments retrospectively if it has sufficient information. Early adoption is permitted in any interim or annual period in which financial statements have not yet been issued or made available for issuance. We are evaluating the impact the adoption of ASU 2023-05 will have on our Condensed Consolidated Financial Statements and related disclosures.

Segment Reporting. On November 27, 2023, the FASB issued ASU 2023-07 *Segment Reporting (Topic 280): Improvements to Reporting Segment Disclosures* (“ASU 2023-07”), which will enhance financial reporting by providing additional information about a public company’s significant segment expenses and more timely and detailed segment information reporting throughout the fiscal period. This standard will be effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We are evaluating the impact the adoption of ASU 2023-07 will have on our Condensed Consolidated Financial Statements and related disclosures.

Income Taxes. On December 14, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”), which will enhance income tax disclosures. ASU 2023-09 requires among other items disaggregated information in a reporting entity’s rate reconciliation table, clarification on uncertain tax positions and the related financial statement impact as well as information on income taxes paid on a disaggregated basis. This standard will be effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. We are evaluating the impact the adoption of ASU 2023-09 will have on our Condensed Consolidated Financial Statements and related disclosures.

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3. Basic and Diluted Net Income (Loss) Per Share

We present both basic earnings per share (“EPS”) and diluted EPS. Basic EPS excludes potential dilution and is computed by dividing “Net income (loss) attributable to EchoStar” by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if stock awards were exercised and if our Convertible Notes were converted. The potential dilution from stock awards is accounted for using the treasury stock method based on the average market value of our Class A common stock for the reporting period. The potential dilution from conversion of the Convertible Notes is accounted for using the if-converted method, which requires that all of the shares of our Class A common stock issuable upon conversion of the Convertible Notes will be included in the calculation of diluted EPS assuming conversion of the Convertible Notes at the beginning of the reporting period (or at time of issuance, if later).

The following table presents EPS amounts for all periods and the basic and diluted weighted-average shares outstanding used in the calculation.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands, except per share amounts)			
Net income (loss)	\$ (207,458)	\$ 232,692	\$ (315,833)	\$ 505,537
Less: Net income (loss) attributable to noncontrolling interests, net of tax	(1,867)	20,030	(2,866)	39,341
Net income (loss) attributable to EchoStar - Basic	(205,591)	212,662	(312,967)	466,196
Interest on dilutive Convertible Notes, net of tax (1) (3)	—	—	—	—
Net income (loss) attributable to EchoStar - Diluted	\$ (205,591)	\$ 212,662	\$ (312,967)	\$ 466,196
Weighted-average common shares outstanding - Class A and B common stock:				
Basic	271,592	270,818	271,555	270,328
Dilutive impact of Convertible Notes (2)(3)	—	37,550	—	37,550
Dilutive impact of stock awards outstanding (3)	—	7	—	70
Diluted	271,592	308,375	271,555	307,948
Earnings per share - Class A and B common stock:				
Basic net income (loss) per share attributable to EchoStar	\$ (0.76)	\$ 0.79	\$ (1.15)	\$ 1.72
Diluted net income (loss) per share attributable to EchoStar	\$ (0.76)	\$ 0.69	\$ (1.15)	\$ 1.51

- (1) For both the three and six months ended June 30, 2023, substantially all of our interest expense was capitalized. See Note 2 for further information.
- (2) We repurchased or redeemed the principal balance of our 2 3/8% Convertible Notes due 2024 as of March 15, 2024, the instrument’s maturity date.
- (3) For the three and six months ended June 30, 2024, the dilutive impact of 33 million and 35 million weighted-average shares of Class A common stock, respectively, were excluded from the computation of “Diluted net income (loss) per share attributable to EchoStar” because the effect would have been anti-dilutive as a result of the net loss attributable to EchoStar in the period.

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Certain stock awards to acquire our Class A common stock are not included in the weighted-average common shares outstanding above, as their effect is anti-dilutive. In addition, vesting of performance/market based options and rights to acquire shares of our Class A common stock granted pursuant to our performance based stock incentive plans (“Restricted Performance Units”) are both contingent upon meeting certain goals, some of which are not yet probable of being achieved. Furthermore, the warrants that we issued to certain option counterparties in connection with the Convertible Notes due 2026 are only exercisable at their expiration if the market price per share of our Class A common stock is greater than the strike price of the warrants, which is at price ranges of approximately \$185.75 to \$245.33 per share, subject to certain adjustments. As a consequence, the following are not included in the diluted EPS calculation.

	As of June 30,	
	2024	2023
	(In thousands)	
Anti-dilutive stock awards	9,762	11,241
Performance/market based options	4,421	4,861
Restricted Performance Units/Awards	—	—
Common stock warrants	16,151	16,151
Total	30,334	32,253

Exchange Offer

On March 4, 2024, we commenced a tender offer to eligible employees (which excludes our co-founders and the non-executive/non-employee members of our Board of Directors) to exchange eligible stock options (which excludes the Ergen 2020 Performance Award) for new options as detailed in our Schedule TO filed March 4, 2024 with the Securities and Exchange Commission (the “Exchange Offer”), to, among other things, further align employee incentives with the current market. The Exchange Offer expired on April 1, 2024 and we accepted for exchange approximately 7 million stock options. As a result of the Exchange Offer, during the second quarter of 2024, the exercise price of approximately 6 million new stock options, affecting approximately 1,000 eligible employees, was adjusted to \$14.04. The total incremental non-cash stock-based compensation expense resulting from the Exchange Offer is \$15 million, which will be recognized over the remaining vesting period of the applicable options.

4. Supplemental Data - Statements of Cash Flows

The following table presents certain supplemental cash flow and other non-cash data. See Note 8 for supplemental cash flow and non-cash data related to leases.

	For the Six Months Ended	
	June 30,	
	2024	2023
	(In thousands)	
Cash paid for interest (including capitalized interest)	\$ 681,737	\$ 721,438
Cash received for interest	36,951	97,125
Cash paid for income taxes, net of (refunds)	(22,843)	5,029
Capitalized interest (1)	524,696	671,862
Employee benefits paid in Class A common stock	—	20,092
Vendor financing	—	57,930
Accrued capital expenditures	147,464	488,455
Asset retirement obligation	8,959	54,351

(1) See Note 2 for further information.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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5. Marketable Investment Securities, Restricted Cash and Cash Equivalents, and Other Investments

Our marketable investment securities, restricted cash and cash equivalents, and other investments consisted of the following:

	As of	
	June 30, 2024	December 31, 2023
(In thousands)		
Marketable investment securities:		
Current marketable investment securities:		
Strategic - available-for-sale	\$ 149	\$ 144
Strategic - trading/equity	100,222	176,205
Other	960	446,695
Total current marketable investment securities	101,331	623,044
Restricted marketable investment securities (1)	16,048	27,840
Total marketable investment securities	117,379	650,884
Restricted cash and cash equivalents (1)	127,381	90,225
Other investments, net:		
Equity method investments	94,483	169,038
Cost method investments	109,509	106,134
Fair value method and other debt investments	39,199	39,198
Total other investments, net	243,191	314,370
Total marketable investment securities, restricted cash and cash equivalents, and other investments, net	\$ 487,951	\$ 1,055,479

(1) Restricted marketable investment securities and restricted cash and cash equivalents are included in "Restricted cash, cash equivalents and marketable investment securities" on our Condensed Consolidated Balance Sheets.

Marketable Investment Securities

Our marketable investment securities portfolio may consist of debt and equity instruments. All equity securities are carried at fair value, with changes in fair value recognized in "Other, net" within "Other Income (Expense)" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). All debt securities are classified as available-for-sale and are recorded at fair value. We report the temporary unrealized gains and losses related to changes in market conditions of marketable debt securities as a separate component of "Accumulated other comprehensive income (loss)" within "Stockholders' Equity (Deficit)," net of related deferred income tax on our Condensed Consolidated Balance Sheets. The corresponding changes in the fair value of marketable debt securities, which are determined to be company specific credit losses are recorded in "Other, net" within "Other Income (Expense)" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 2 for further information.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Current Marketable Investment Securities – Strategic

Our current strategic marketable investment securities portfolio includes and may include strategic and financial debt and/or equity investments in private and public companies that are highly speculative and have experienced and continue to experience volatility. As of June 30, 2024, this portfolio consisted of securities of a small number of issuers, and as a result the value of that portfolio depends, among other things, on the performance of those issuers. The fair value of certain of the debt and equity securities in this portfolio can be adversely impacted by, among other things, the issuers' respective performance and ability to obtain any necessary additional financing on acceptable terms, or at all.

Current Marketable Investment Securities – Other

Our current other marketable investment securities portfolio includes investments in various debt instruments including, among others, commercial paper, corporate securities and United States treasury and/or agency securities. Commercial paper consists mainly of unsecured short-term, promissory notes issued primarily by corporations with maturities ranging up to 365 days. Corporate securities consist of debt instruments issued by corporations with various maturities normally less than 18 months. U.S. Treasury and agency securities consist of debt instruments issued by the federal government and other government agencies.

Restricted Cash, Cash Equivalents and Marketable Investment Securities

As of June 30, 2024 and December 31, 2023, our restricted marketable investment securities, together with our restricted cash and cash equivalents, included amounts required as collateral for our letters of credit, surety bonds and trusts.

Other Investments, net

We have strategic investments in certain debt and/or equity securities that are included in noncurrent "Other investments, net" on our Condensed Consolidated Balance Sheets. Our debt securities are classified as available-for-sale and are recorded at fair value. Generally, our debt investments in non-publicly traded debt instruments without a readily determinable fair value are recorded at amortized cost. Our equity investments where we have the ability to exercise significant influence over the investee are accounted for using the equity method of accounting. Certain of our equity method investments are detailed below.

NagraStar L.L.C. We own a 50% interest in NagraStar L.L.C. ("NagraStar"), a joint venture that is our primary provider of encryption and related security systems intended to assure that only authorized customers have access to our programming. The three main technologies NagraStar provides to its customers are microchips, set-top box software and uplink computer systems. NagraStar also provides end-to-end platform security testing services.

Invidi Technologies Corporation. We own a 35% interest in Invidi Technologies Corporation ("Invidi"), an entity that provides proprietary software for the addressable advertising market. Invidi contracts with multichannel video programming distributors to include its software in their respective set-top boxes and DVRs in order to deliver targeted advertisements based on a variety of demographic attributes selected by the advertisers. Invidi has also developed a cloud-based solution for internet protocol-based platforms. During the three months ended June 30, 2024, Invidi impaired the goodwill on their financial statements and our portion of this impairment resulted in a \$63 million loss in "Equity in earnings (losses) of affiliates" recorded in "Other, net" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) during the three months ended June 30, 2024.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

TerreStar Solutions, Inc. We own a 40% interest in TerreStar Solutions, Inc. (“TSI”), an entity that provides wireless mobile communication coverage in Canada using a satellite user terminal. TSI’s wireless communications system is based on a satellite and ground-based technology, which provides communication services in hard-to-reach areas and provides a nationwide interoperable, survivable and critical communications infrastructure. TSI also holds and leases certain 2 GHz wireless spectrum licenses in Canada.

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.

We also hold investments that are not accounted for using the equity method of accounting, which are measured at fair value. Investments in equity securities without readily determinable fair values are accounted for at cost, less impairment and adjusted for observable price changes for identical or similar investments of the same issuer.

Our ability to realize value from our strategic investments in securities that are not publicly traded depends on, among other things, the success of the issuers’ businesses and their ability to obtain sufficient capital, on acceptable terms or at all, and to execute their business plans. Because private markets are not as liquid as public markets, there is also increased risk that we will not be able to sell these investments, or that when we desire to sell them we will not be able to obtain fair value for them.

Fair Value Measurements

Our investments measured at fair value on a recurring basis were as follows:

	As of							
	June 30, 2024				December 31, 2023			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(In thousands)							
Cash equivalents (including restricted)	\$ 320,984	\$ 192,935	\$ 128,049	\$ —	\$ 1,692,849	\$ 573,504	\$ 1,119,345	\$ —
Debt securities (including restricted):								
U.S. Treasury and agency securities	\$ 17,007	\$ 17,007	\$ —	\$ —	\$ 65,172	\$ 65,172	\$ —	\$ —
Commercial paper	—	—	—	—	290,398	—	290,398	—
Corporate securities	—	—	—	—	114,265	—	114,265	—
Other	150	—	1	149	4,844	—	4,700	144
Equity securities	100,222	92,156	8,066	—	176,205	166,481	9,724	—
Total	\$ 117,379	\$ 109,163	\$ 8,067	\$ 149	\$ 650,884	\$ 231,653	\$ 419,087	\$ 144

As of June 30, 2024, restricted and non-restricted marketable investment securities included debt securities of \$17 million with contractual maturities within one year. Actual maturities may differ from contractual maturities as a result of our ability to sell these securities prior to maturity.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Derivative Instruments

We had the option to purchase certain of T-Mobile's 800 MHz spectrum licenses from T-Mobile at a fixed price pursuant to the License Purchase Agreement, as defined and detailed in our Annual Report on Form 10-K for the year ended December 31, 2023. This instrument met the definition of a derivative and was valued based upon, among other things, our estimate of the underlying asset price, the expected term, volatility, the risk free rate of return and the probability of us exercising the option. As of June 30, 2024 and December 31, 2023, the derivative's fair value was zero on our Condensed Consolidated Balance Sheets. All changes in the derivative's fair value were recorded in "Other, net" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See the table below. We did not exercise the option to purchase the 800 MHz spectrum licenses pursuant to the License Purchase Agreement, which expired on its own terms on April 1, 2024. As a result, the Amended Final Judgment, as defined and detailed in our Annual Report on Form 10-K for the year ended December 31, 2023, requires T-Mobile to auction the spectrum licenses.

We accounted for our option to purchase certain T-Mobile's 800 MHz spectrum licenses under the License Purchase Agreement as a Level 3 instrument within the fair value hierarchy.

Gains and Losses on Sales and Changes in Carrying Amounts of Investments and Other

"Other, net" within "Other Income (Expense)" included on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Other, net:				
	(In thousands)			
Marketable and non-marketable investment securities - realized and unrealized gains (losses)	\$ (25,417)	\$ 3,840	\$ (49,312)	\$ (3,577)
Derivative instruments - net realized and/or unrealized gains (losses)	—	(8,013)	—	(36,974)
Other investment securities - other-than-temporary impairments	—	(33,400)	—	(33,400)
Gains (losses) related to early redemption of debt	—	68,037	—	68,086
Foreign currency transaction gains (losses)	(2,702)	3,125	(3,329)	6,297
Equity in earnings (losses) of affiliates	(66,397)	(1,475)	(69,183)	(3,478)
Other	3,018	1,954	4,216	2,353
Total	\$ (91,498)	\$ 34,068	\$ (117,608)	\$ (693)

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

6. Inventory

Inventory consisted of the following:

	As of	
	June 30, 2024	December 31, 2023
	(In thousands)	
Finished goods	\$ 419,685	\$ 512,894
Work-in-process and service repairs	62,188	68,463
Consignment	27,431	56,360
Raw materials	47,953	27,452
Total inventory	\$ 557,257	\$ 665,169

7. Property and Equipment and Intangible Assets

Property and Equipment

Property and equipment consisted of the following:

	Depreciable Life (In Years)	As of	
		June 30, 2024	December 31, 2023
		(In thousands)	
Equipment leased to customers	2 - 5	\$ 1,845,064	\$ 1,977,450
Satellites (1)	5 - 15	3,876,501	4,168,766
Satellites acquired under finance lease agreements	15	698,978	712,832
Furniture, fixtures, equipment and other	1 - 20	1,689,817	1,691,389
5G Network Deployment equipment (2)	3 - 15	4,650,124	4,263,327
Software and computer equipment	2 - 6	2,693,648	2,503,597
Buildings and improvements (3)	1 - 40	511,861	538,815
Land (3)	-	42,891	46,675
Construction in progress	-	1,874,303	1,844,338
Total property and equipment		17,883,187	17,747,189
Accumulated depreciation		(8,455,995)	(8,185,355)
Property and equipment, net		\$ 9,427,192	\$ 9,561,834

(1) The Spaceway 3 satellite was deorbited in January 2024.

(2) Includes 5G Network Deployment assets acquired under finance lease agreements.

(3) This decrease resulted from the sale of certain assets to CONX Corp., which closed May 1, 2024. See Note 13 for further information.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Depreciation and amortization expense consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Equipment leased to customers	\$ 59,178	\$ 87,210	\$ 130,945	\$ 176,100
Satellites	75,323	64,863	150,901	131,067
Buildings, furniture, fixtures, equipment and other	47,707	26,231	75,420	50,478
5G Network Deployment equipment	179,473	75,730	346,294	136,881
Software and computer equipment	95,866	62,221	184,553	114,979
Intangible assets and other amortization expense	49,978	54,378	104,812	108,882
Total depreciation and amortization	\$ 507,525	\$ 370,633	\$ 992,925	\$ 718,387

Cost of sales and operating expense categories included in our accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) do not include depreciation and amortization expense related to satellites, equipment leased to customers, or our 5G Network Deployment equipment and software, and amortization of development costs of externally marketed software.

Activity relating to our asset retirement obligations was as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Balance at beginning of period	\$ 289,059	\$ 218,795	\$ 278,287	\$ 183,135
Liabilities incurred	4,651	22,797	8,959	54,351
Accretion expense	6,765	5,064	13,229	9,170
Revision to estimated cash flows	—	—	—	—
Balance at end of period	\$ 300,475	\$ 246,656	\$ 300,475	\$ 246,656
Total included in Other long-term liabilities	\$ 300,475	\$ 246,656	\$ 300,475	\$ 246,656

The corresponding assets, net of accumulated depreciation, related to asset retirement obligations were \$215 million and \$217 million as of June 30, 2024 and December 31, 2023, respectively.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Satellites Pay-TV Segment

Our Pay-TV segment currently utilizes nine satellites in geostationary orbit approximately 22,300 miles above the equator, seven of which we own and depreciate over their estimated useful life. We also lease two satellites from third parties: Anik F3, which is accounted for as an operating lease, and Nimiq 5, which is accounted for as a finance lease and is depreciated over its economic life.

As of June 30, 2024, our Pay-TV segment satellite fleet in service consisted of the following:

Satellites	Launch Date	Degree Orbital Location	Lease Termination Date
Owned:			
EchoStar X	February 2006	110	N/A
EchoStar XI	July 2008	110	N/A
EchoStar XIV	March 2010	119	N/A
EchoStar XV	July 2010	61.5	N/A
EchoStar XVI	November 2012	61.5	N/A
EchoStar XVIII	June 2016	61.5	N/A
EchoStar XXIII	March 2017	110	N/A
Under Construction:			
EchoStar XXV	2026	110	N/A
Leased from Other Third-Party:			
Anik F3	April 2007	118.7	April 2025
Nimiq 5	September 2009	72.7	September 2024

Satellite Under Construction

EchoStar XXV. On March 20, 2023, we entered into a contract with Maxar Space LLC for the construction of EchoStar XXV, a DBS satellite that is capable of providing service to the continental United States ("CONUS") and is intended to be used at the 110 degree orbital location. During the fourth quarter of 2023, we entered into an agreement with Space Exploration Technologies Corp ("SpaceX") for launch services for this satellite, which is expected to be launched during 2026.

Satellites - Broadband and Satellite Services Segment

Our Broadband and Satellite Services segment currently utilizes nine satellites in geostationary orbit approximately 22,300 miles above the equator, six of which we own and depreciate over their estimated useful life. We also lease three satellites from third parties, which are accounted for as finance leases and are depreciated over their economic life.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

As of June 30, 2024, our Broadband and Satellite Services segment satellite fleet in service consisted of the following:

<u>Satellites</u>	<u>Launch Date</u>	<u>Degree Orbital Location</u>	<u>Lease Termination Date</u>
Owned:			
EchoStar IX	August 2003	121	N/A
EchoStar XVII	July 2012	107	N/A
EchoStar XIX	December 2016	97.1	N/A
EchoStar XXI	June 2017	10.25	N/A
Al Yah 3	January 2018	20	N/A
EchoStar XXIV	July 2023	95.2	N/A
Leased from Other Third-Party:			
Eutelsat 65 West A	March 2016	65	July 2031
Telesat T19V	July 2018	63	August 2033
EchoStar 105/SES-11	October 2017	105	November 2028

8. Leases

Lessee Accounting

We enter into non-cancelable operating and finance leases for, among other things, communication towers, satellites, satellite-related ground infrastructure, data centers, office space, dark fiber and transport equipment, warehouses and distribution centers, vehicles and other equipment. Substantially all of our leases have remaining lease terms from one to 13 years, some of which include renewal options, and some of which include options to terminate the leases within one year. For certain arrangements (generally communication towers), the lease term includes the non-cancelable period plus the renewal period that we are reasonably certain to exercise.

Our Eutelsat 65 West A, Telesat T19V and EchoStar 105/SES-11 satellites are accounted for as finance leases within our Broadband and Satellite Services segment. Our Nimiq 5 satellite is accounted for as finance lease within our Pay-TV segment. Substantially all of our remaining leases are accounted for as operating leases, including our Anik F3 satellite lease.

The components of lease expense were as follows:

	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(In thousands)			
Operating lease cost (1)	\$ 155,484	\$ 129,027	\$ 322,490	\$ 246,583
Short-term lease cost (2)	1,028	1,264	2,051	2,543
Finance lease cost:				
Amortization of right-of-use assets	14,210	21,607	32,678	55,804
Interest on lease liabilities	2,397	3,824	5,189	7,394
Total finance lease cost	16,607	25,431	37,867	63,198
Total lease costs	<u>\$ 173,119</u>	<u>\$ 155,722</u>	<u>\$ 362,408</u>	<u>\$ 312,324</u>

(1) The increase in operating lease cost is primarily related to communication tower leases.

(2) Leases that have terms of 12 months or less.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Supplemental cash flow information related to leases was as follows:

	For the Six Months Ended	
	June 30,	
	2024	2023
	(In thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 238,574	\$ 155,136
Operating cash flows from finance leases	\$ 5,299	\$ 6,796
Financing cash flows from finance leases	\$ 29,627	\$ 24,617
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 313,628	\$ 407,195
Finance leases	\$ —	\$ 51,110

Supplemental balance sheet information related to leases was as follows:

	As of	
	June 30,	December 31,
	2024	2023
	(In thousands)	
Operating Leases:		
Operating lease assets	\$ 3,137,306	\$ 3,065,448
Other current liabilities	\$ 462,036	\$ 317,395
Operating lease liabilities	3,115,265	3,121,307
Total operating lease liabilities	\$ 3,577,301	\$ 3,438,702
Finance Leases:		
Property and equipment, gross	\$ 820,081	\$ 833,933
Accumulated depreciation	(552,509)	(520,344)
Property and equipment, net	\$ 267,572	\$ 313,589
Other current liabilities	\$ 41,571	\$ 56,459
Other long-term liabilities	52,460	67,199
Total finance lease liabilities	\$ 94,031	\$ 123,658
Weighted Average Remaining Lease Term:		
Operating leases	10.2 years	10.6 years
Finance leases	2.0 years	2.2 years
Weighted Average Discount Rate:		
Operating leases	10.2%	9.5%
Finance leases	9.6%	9.7%

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Maturities of lease liabilities as of June 30, 2024 were as follows:

For the Years Ending December 31,	Maturities of Lease Liabilities		
	Operating Leases	Finance Leases	Total
	(In thousands)		
2024 (remaining six months)	\$ 225,509	\$ 31,569	\$ 257,078
2025	514,992	35,392	550,384
2026	548,110	36,588	584,698
2027	550,876	2,574	553,450
2028	508,250	—	508,250
Thereafter	3,394,953	—	3,394,953
Total lease payments	5,742,690	106,123	5,848,813
Less: Imputed interest	(2,165,389)	(12,092)	(2,177,481)
Total	3,577,301	94,031	3,671,332
Less: Current portion	(462,036)	(41,571)	(503,607)
Long-term portion of lease obligations	<u>\$ 3,115,265</u>	<u>\$ 52,460</u>	<u>\$ 3,167,725</u>

Lessor Accounting

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Lease revenue:				
Sales-type lease revenue	\$ 1,539	\$ 3,440	\$ 2,623	\$ 7,641
Operating lease revenue	3,830	11,066	9,484	22,253
Total lease revenue	<u>\$ 5,369</u>	<u>\$ 14,506</u>	<u>\$ 12,107</u>	<u>\$ 29,894</u>

Substantially all of our net investment in sales-type leases consisted of lease receivables totaling \$25 million and \$30 million as of June 30, 2024 and December 31, 2023, respectively.

The following table presents future operating lease payments to be received as of June 30, 2024:

For the Years Ending December 31,	Total
	(In thousands)
2024 (remaining six months)	\$ 8,497
2025	8,291
2026	5,383
2027	3,058
2028	761
Thereafter	402
Total lease payments to be received	<u>\$ 26,392</u>

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

9. Long-Term Debt and Finance Lease Obligations

Fair Value of our Long-Term Debt

The following table summarizes the carrying amount and fair value of our debt facilities as of June 30, 2024 and December 31, 2023:

	Issuer	As of			
		June 30, 2024		December 31, 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(In thousands)			
2 3/8% Convertible Notes due 2024 (1)	DISH	\$ —	\$ —	\$ 951,168	\$ 944,034
5 7/8% Senior Notes due 2024	DDBS	1,982,544	1,885,796	1,982,544	1,872,275
0% Convertible Notes due 2025	DISH	1,957,197	1,416,091	1,957,197	1,228,141
7 3/4% Senior Notes due 2026	DDBS	2,000,000	1,248,620	2,000,000	1,388,060
5 1/4% Senior Secured Notes due 2026	HSSC	750,000	580,208	750,000	665,678
6 5/8% Senior Notes due 2026	HSSC	750,000	331,920	750,000	591,525
3 3/8% Convertible Notes due 2026	DISH	2,908,799	1,827,540	2,908,801	1,570,753
5 1/4% Senior Secured Notes due 2026	DDBS	2,750,000	2,179,375	2,750,000	2,366,073
11 3/4% Senior Secured Notes due 2027	DISH	3,500,000	3,444,700	3,500,000	3,668,980
7 3/8% Senior Notes due 2028	DDBS	1,000,000	427,500	1,000,000	600,160
5 3/4% Senior Secured Notes due 2028	DDBS	2,500,000	1,742,525	2,500,000	2,013,125
5 1/8% Senior Notes due 2029	DDBS	1,500,000	594,375	1,500,000	774,600
Other notes payable		134,753	134,753	160,158	160,158
Subtotal		<u>21,733,293</u>	<u>\$ 15,813,403</u>	<u>22,709,868</u>	<u>\$ 17,843,562</u>
Unamortized deferred financing costs and other debt discounts, net		(65,697)		(69,606)	
Finance lease obligations (2)		94,031		123,658	
Total long-term debt and finance lease obligations (including current portion)		<u>\$ 21,761,627</u>		<u>\$ 22,763,920</u>	

- (1) We repurchased or redeemed the principal balance of our 2 3/8% Convertible Notes due 2024 as of March 15, 2024, the instrument's maturity date.
- (2) Disclosure regarding fair value of finance leases is not required.

We estimated the fair value of our publicly traded long-term debt using market prices in less active markets (Level 2).

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Convertible Notes

0% Convertible Notes due 2025

On December 21, 2020, we issued \$2.0 billion aggregate principal amount of the Convertible Notes due December 15, 2025 in a private placement. These notes will not bear interest, and the principal amount of the Notes will not accrete.

The Convertible Notes due 2025 are:

- our general unsecured obligations;
- ranked senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Notes due 2025;
- ranked equally in right of payment with all of our existing and future unsecured senior indebtedness;
- ranked effectively junior to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness;
- ranked structurally junior to all indebtedness and other liabilities of our subsidiaries; and
- not guaranteed by our subsidiaries.

We may not redeem the Convertible Notes due 2025 prior to the maturity date. If a “fundamental change” (as defined in the related indenture) occurs prior to the maturity date of the Convertible Notes due 2025, holders may require us to repurchase for cash all or part of their Convertible Notes due 2025 at a repurchase price equal to 100% of the principal amount of such Convertible Notes due 2025, plus accrued and unpaid interest to, but not including, the fundamental change repurchase date.

The indenture related to the Convertible Notes due 2025 does not contain any financial covenants and does not restrict us from paying dividends, issuing or repurchasing our other securities, issuing new debt (including secured debt) or repaying or repurchasing our debt.

Subject to the terms of the related indenture, the Convertible Notes due 2025 may be converted at an initial conversion rate of 8.566 shares of our Class A common stock per \$1,000 principal amount of the Convertible Notes due 2025 (equivalent to an initial conversion price of approximately \$116.74 per share of our Class A common stock) (the “Initial Conversion Rate”), at any time on or after July 15, 2025 through the second scheduled trading day preceding the maturity date. Holders of the Convertible Notes due 2025 will also have the right to convert the Convertible Notes due 2025 at the Initial Conversion Rate prior to July 15, 2025, but only upon the occurrence of specified events described in the related indenture. The conversion rate is subject to anti-dilution adjustments if certain events occur. Upon any conversion, we will settle our conversion obligation in cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock, at our election.

3 3/8% Convertible Notes due 2026

On August 8, 2016, we issued \$3.0 billion aggregate principal amount of the Convertible Notes due August 15, 2026 in a private offering. Interest accrues at an annual rate of 3 3/8% and is payable semi-annually in cash, in arrears on February 15 and August 15 of each year.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

The Convertible Notes due 2026 are:

- our general unsecured obligations;
- ranked senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Notes due 2026;
- ranked equally in right of payment with all of our existing and future unsecured senior indebtedness;
- ranked effectively junior to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness;
- ranked structurally junior to all indebtedness and other liabilities of our subsidiaries; and
- not guaranteed by our subsidiaries.

We may not redeem the Convertible Notes due 2026 prior to the maturity date. If a “fundamental change” (as defined in the related indenture) occurs prior to the maturity date of the Convertible Notes due 2026, holders may require us to repurchase for cash all or part of their Convertible Notes due 2026 at a specified make-whole price equal to 100% of the principal amount of such Convertible Notes due 2026, plus accrued and unpaid interest to, but not including, the fundamental change repurchase date.

The indenture related to the Convertible Notes due 2026 does not contain any financial covenants and does not restrict us from paying dividends, issuing or repurchasing our other securities, issuing new debt (including secured debt) or repaying or repurchasing our debt.

Subject to the terms of the related indenture, the Convertible Notes due 2026 may be converted at an initial conversion rate of 5.383 shares of our Class A common stock per \$1,000 principal amount of Convertible Notes due 2026 (equivalent to an initial conversion price of approximately \$185.76 per share of our Class A common stock) (the “Initial Conversion Rate”), at any time on or after March 15, 2026 through the second scheduled trading day preceding the maturity date. Holders of the Convertible Notes due 2026 will also have the right to convert the Convertible Notes due 2026 at the Initial Conversion Rate prior to March 15, 2026, but only upon the occurrence of specified events described in the related indenture. The conversion rate is subject to anti-dilution adjustments if certain events occur. Upon any conversion, we will settle our conversion obligation in cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock, at our election.

Convertible Note Hedge and Warrant Transactions

Merger with DISH Network. As defined and detailed in our Annual Report on Form 10-K for the year ended December 31, 2023, in connection with the completion of the Merger, on December 31, 2023, we and DISH Network entered into a note hedge amendment letter agreement with each option counterparty pursuant to which, at the Effective Time, DISH Network’s right to purchase shares of DISH Class A Common Stock pursuant to the terms of the applicable convertible note hedge transactions was changed into a right to purchase shares of EchoStar Class A Common Stock.

In addition, in connection with the completion of the Merger, on December 31, 2023, we and DISH Network entered into a warrant amendment letter agreement and warrant guarantee with each option counterparty, pursuant to which, at the Effective Time, each counterparty’s right to purchase shares of DISH Network Class A Common Stock pursuant to the applicable warrant transactions was changed into a right to purchase shares of EchoStar Class A Common Stock, and we guaranteed all of DISH Network’s obligations under the applicable warrant transactions.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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In connection with the offering of the Convertible Notes due 2026, we entered into convertible note hedge transactions with certain option counterparties. The convertible note hedge transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the Convertible Notes due 2026, the number of shares of DISH Network Class A Common Stock underlying the Convertible Notes due 2026, which initially gives us the option to purchase approximately 46 million shares of DISH Network Class A Common Stock at a price of approximately \$65.18 per share, which in connection with the completion of the Merger converted into approximately 16 million shares of EchoStar Class A Common Stock at a price of approximately \$185.76 per share. The total cost of the original convertible note hedge transactions was \$635 million.

Concurrently with entering into the convertible note hedge transactions, we also entered into warrant transactions with each option counterparty whereby we sold to such option counterparty warrants to purchase, subject to customary anti-dilution adjustments, up to the same number of shares of DISH Network Class A common stock, which initially gives the option counterparties the option to purchase approximately 46 million shares of DISH Network Class A common stock at a price of approximately \$86.08 per share, which in connection with the completion of the Merger converted into approximately 16 million shares of EchoStar Class A Common Stock at price ranges of approximately \$185.75 to \$245.33 per share. We received \$376 million in cash proceeds from the original sale of these warrants. In accordance with accounting guidance on hedge and warrant transactions, the net cost incurred in connection with the convertible note hedge and warrant transactions are recorded as a reduction in "Additional paid-in capital" within "Stockholders' Equity (Deficit)" on our Condensed Consolidated Balance Sheets as of December 31, 2016.

We will not be required to make any cash payments to each option counterparty or its affiliates upon the exercise of the options that are a part of the convertible note hedge transactions, but will be entitled to receive from them a number of shares of Class A common stock, an amount of cash or a combination thereof. This consideration is generally based on the amount by which the market price per share of Class A common stock, as measured under the terms of the convertible note hedge transactions, is greater than the strike price of the convertible note hedge transactions during the relevant valuation period under the convertible note hedge transactions. Additionally, if the market price per share of Class A common stock, as measured under the terms of the warrant transactions, exceeds the strike price of the warrants during the measurement period at the maturity of the warrants, we will owe each option counterparty a number of shares of Class A common stock in an amount based on the excess of such market price per share of Class A common stock over the strike price of the warrants. However, as specified under the terms of the warrant transactions, we may elect to settle the warrants in cash.

Intercompany Loan

The net proceeds from the offering of our 5 1/4% Senior Secured Notes due 2026 and our 5 3/4% Senior Secured Notes due 2028 (the "Senior Notes") issued on November 26, 2021 were used by DISH DBS to make an intercompany loan to DISH Network pursuant to a Loan and Security Agreement dated November 26, 2021 (together with potential future advances to DISH Network, the "Intercompany Loan") between DISH DBS and DISH Network in order to finance the purchase of wireless spectrum licenses and for general corporate purposes, including our 5G Network Deployment. The Intercompany Loan will mature in two tranches, with the first tranche maturing on December 1, 2026 (the "2026 Tranche") and the second tranche maturing on December 1, 2028 (the "2028 Tranche"). DISH DBS may make additional advances to DISH Network under the Intercompany Loan, and on February 11, 2022, DISH DBS advanced an additional \$1.5 billion to DISH Network under the Intercompany Loan 2026 Tranche. In January 2024, we completed a series of assignments resulting in the transfer of the receivable in respect to the 2026 Tranche of \$4.7 billion from DISH DBS to EchoStar Intercompany Receivable Company L.L.C., our direct wholly-owned subsidiary, such that amounts owed in respect of the 2026 Tranche will now be paid by DISH Network to EchoStar Intercompany Receivable Company L.L.C.

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Interest accrues and is payable semiannually, and interest payments with respect to the Intercompany Loan are, at our option, payable in kind for the first two years from the issuance date of November 2021. After two years post issuance date, a minimum of 50% of each interest payment due with respect to each tranche of the Intercompany Loan must be paid in cash. Thereafter, interest payments must be paid in cash. Interest will accrue: (a) when paid in cash, at a fixed rate of 0.25% per annum in excess of the interest rate applicable to, in the case of the 2026 Tranche, the 5 1/4% Senior Secured Notes due 2026, and in the case of the 2028 Tranche, the 5 3/4% Senior Secured Notes due 2028 (each, the "Cash Accrual Rate" with respect to the applicable tranche); and (b) when paid in kind, at a rate of 0.75% per annum in excess of the Cash Accrual Rate for the applicable tranche.

As of June 30, 2024, the total Intercompany Loan amount outstanding plus interest paid in kind was \$7.612 billion. During the three and six months ended June 30, 2024, interest payments for the Intercompany Loan paid in cash totaled \$107 million.

The Intercompany Loan is secured by Weminuche's interest in the wireless spectrum licenses for the 3.45-3.55 GHz Licenses with such cash proceeds up to the total loan amount outstanding including interest paid in kind. Under certain circumstances, DISH Network wireless spectrum licenses (valued based upon a third-party valuation) may be substituted for the collateral. The Intercompany Loan is not included as collateral for the Senior Secured Notes, and the Senior Secured Notes are subordinated to DISH DBS's existing and certain future unsecured notes with respect to certain realizations under the Intercompany Loan and any collateral pledged as security for the Intercompany Loan.

10. Commitments and Contingencies

Commitments

5G Network Deployment

We have invested a total of over \$30 billion in Wireless spectrum licenses. The \$30 billion of investments related to Wireless spectrum licenses does not include \$9 billion of capitalized interest related to the carrying value of such licenses. See Note 2 for further information. We plan to commercialize our Wireless spectrum licenses through our 5G Network Deployment. We have committed to deploy our 5G Network capable of serving increasingly larger portions of the U.S. population at different deadlines.

We will need to raise additional capital in the future, which may not be available on favorable terms, to fund the efforts described below, as well as, among other things, make any potential Northstar Re-Auction Payment and SNR Re-Auction Payment for the AWS-3 licenses retained by the FCC. There can be no assurance that we will be able to complete all build-out requirements or profitably deploy our Wireless spectrum licenses, which may affect the carrying amount of these assets and our future financial condition or results of operations.

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Wireless Spectrum Licenses

Our Wireless spectrum licenses are subject to certain build-out requirements, as well as certain renewal requirements that are summarized in the table below:

	Carrying Amount	Build-Out Deadlines		Expiration Date
		Interim	Final	
(In thousands)				
Owned:				
DBS Licenses (1)	\$ 677,409			
700 MHz Licenses (2)	711,871		June 14, 2025 (3)	June 2033
AWS-4 Licenses (2)	1,940,000		June 14, 2025 (3)	June 2033
H Block Licenses (2)	1,671,506		June 14, 2025 (4)	June 2033
600 MHz Licenses	6,213,335		June 14, 2025 (5)	June 2029
MVDDS Licenses (1)	24,000			July 2024 (6)
LMDS Licenses (1)	—			September 2028
28 GHz Licenses	2,883		October 2, 2029 (7)	October 2029
24 GHz Licenses	11,772		December 11, 2029 (7)	December 2029
37 GHz, 39 GHz and 47 GHz Licenses	202,533		June 4, 2030 (7)	June 2030
3550-3650 MHz Licenses	912,939		March 12, 2031 (7)	March 2031
3.7-3.98 GHz Licenses	2,969	July 23, 2029 (7)	July 23, 2033 (7)	July 2036
3.45-3.55 GHz Licenses	7,329,093	May 4, 2026 (8)	May 4, 2030 (8)	May 2037
1695-1710 MHz, 1755-1780 MHz, and 2155-2180 MHz (2)	972			March 2026
AWS-3	9,890,389		October 2025 (9)	October 2025 (9)
Subtotal	29,591,671			
Capitalized Interest (10)	9,006,267			
Total as of June 30, 2024	\$ 38,597,938			

- (1) The build-out deadlines for these licenses have been met.
- (2) The interim build-out deadlines for these licenses are in the past.
- (3) For these licenses, we must offer 5G broadband service to at least 70% of the population in each Economic Area (which is a service area established by the FCC). On September 29, 2023, the FCC confirmed we have met all of our June 14, 2023 band-specific 5G deployment commitments, and two of our three nationwide 5G commitments. The single remaining 5G commitment, that at least 70% of the U.S. population has access to average download speeds equal to 35 Mbps, was achieved in March 2024 using the drive test methodology previously agreed upon by us and the FCC and overseen by an independent monitor.
- (4) For these licenses, we must offer 5G broadband service to at least 75% of the population in each Economic Area (which is a service area established by the FCC). On September 29, 2023, the FCC confirmed we have met all of our June 14, 2023 band-specific 5G deployment commitments, and two of our three nationwide 5G commitments. The single remaining 5G commitment, that at least 70% of the U.S. population has access to average download speeds equal to 35 Mbps, was achieved in March 2024 using the drive test methodology previously agreed upon by us and the FCC and overseen by an independent monitor.
- (5) For these licenses, we must offer 5G broadband service to at least 75% of the population in each Partial Economic Area (which is a service area established by the FCC) by this date. We have also acquired certain additional 600 MHz licenses through private transactions. These licenses are currently subject to their original FCC buildout deadlines.
- (6) We have timely filed renewal applications for all these licenses.
- (7) There are a variety of build-out options and associated build-out metrics associated with these licenses.

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- (8) There are a variety of build-out options and associated build-out metrics associated with these licenses. If the interim build-out requirement is not met, the final build-out requirement may be accelerated by one year from May 2030 to May 2029.
- (9) For these licenses, we must provide reliable signal coverage and offer service to at least 75% of the population of each license area by this date.
- (10) See Note 2 for further information.

Commercialization of Our Wireless Spectrum Licenses and Related Assets. On September 29, 2023, the FCC confirmed we have met all of our June 14, 2023 band-specific 5G deployment commitments, and two of our three nationwide 5G commitments. The single remaining 5G commitment, that at least 70% of the U.S. population has access to average download speeds equal to 35 Mbps, was achieved in March 2024 using the drive test methodology previously agreed upon by us and the FCC and overseen by an independent monitor. We now have the largest commercial deployment of 5G VoNR in the world covering over 200 million Americans and 5G broadband service covering over 250 million Americans. We currently expect capital expenditures, excluding capitalized interest, for our 5G Network Deployment to be approximately \$10 billion, including amounts incurred in 2021, 2022, 2023 and the first six months of 2024. See Note 2 for further information. Our fully constructed facilities along with our construction in process will be sufficient to meet many of our build-out requirements over the next year, including our June 14, 2025 milestones. These facilities are for licenses comprising approximately 90% of the aggregate carrying value, including capitalized interest, for our 600 MHz, 700 MHz, H Block and AWS-4 licenses. However, for the remaining licenses that we have not yet constructed facilities sufficient to meet our June 14, 2025 final build-out requirements, we will need to raise additional capital to, among other things, continue our 5G Network Deployment. If we are unable to address our capital needs or encounter unanticipated construction delays, we may be unable to retain such spectrum licenses, which would result in an impairment of those licenses.

We may need to make significant additional investments or partner with others to, among other things, continue our 5G Network Deployment and further commercialize, build-out and integrate these licenses and related assets and any additional acquired licenses and related assets, as well as to comply with regulations applicable to such licenses. Depending on the nature and scope of such activities, any such investments or partnerships could vary significantly. In addition, as we continue our 5G Network Deployment, we have and may continue to incur significant additional expenses related to, among other things, research and development, wireless testing and ongoing upgrades to the wireless network infrastructure, software and third-party integration. As a result of these investments, among other factors, we plan to raise additional capital, which may not be available on favorable terms. We may also determine that additional wireless spectrum licenses may be required for our 5G Network Deployment and to compete effectively with other wireless service providers.

AWS-3 Auction

Northstar Wireless is a wholly-owned subsidiary of Northstar Spectrum, which is an entity owned by us and, prior to October 12, 2023, by us and Northstar Manager. SNR Wireless is a wholly-owned subsidiary of SNR HoldCo, which is an entity owned by us and, prior to February 16, 2024, by us and SNR Management. See Note 2 for further information.

Northstar Wireless and SNR Wireless each filed applications with the FCC to participate in Auction 97 (the "AWS-3 Auction") for the purpose of acquiring certain AWS-3 Licenses. Each of Northstar Wireless and SNR Wireless applied to receive bidding credits of 25% as designated entities under applicable FCC rules.

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FCC Order and October 2015 Arrangements. On August 18, 2015, the FCC released a Memorandum Opinion and Order, FCC 15-104 (the "Order") in which the FCC determined, among other things, that DISH Network has a controlling interest in, and is an affiliate of, Northstar Wireless and SNR Wireless, and therefore DISH Network's revenues should be attributed to them, which in turn makes Northstar Wireless and SNR Wireless ineligible to receive the 25% bidding credits (approximately \$1.961 billion for Northstar Wireless and \$1.370 billion for SNR Wireless). On November 23, 2020, the FCC released a Memorandum Opinion and Order on Remand, FCC 20-160, that found that Northstar Wireless and SNR Wireless are not eligible for bidding credits based on the FCC's determination that they remain under DISH Network's de facto control. Northstar Wireless and SNR Wireless appealed the FCC's order to the D.C. Circuit Court of Appeals. On June 21, 2022, the United States Court of Appeals for the District of Columbia issued an Opinion rejecting this challenge. On January 17, 2023, Northstar Wireless filed a petition for a writ of certiorari asking the United States Supreme Court to hear a further appeal, but that petition was denied on June 30, 2023.

Letters Exchanged between Northstar Wireless and the FCC Wireless Bureau. As outlined in letters exchanged between Northstar Wireless and the Wireless Telecommunications Bureau of the FCC (the "FCC Wireless Bureau"), Northstar Wireless paid the gross winning bid amounts for 261 AWS-3 Licenses and notified the FCC that it would not be paying the gross winning bid amounts for 84 AWS-3 Licenses. As a result of the nonpayment of those gross winning bid amounts, the FCC retained those licenses.

If the winning bids from re-auction or other award of the AWS-3 licenses retained by the FCC are greater than or equal to the winning bids of Northstar Wireless, no additional amounts will be owed to the FCC by Northstar Wireless. However, if those winning bids are less than the winning bids of Northstar Wireless, then we will be responsible for the difference less any overpayment of the Northstar interim payment, detailed below, (which will be recalculated as 15% of the winning bids from re-auction or other award) (the "Northstar Re-Auction Payment"). For example, if the winning bids in a re-auction are \$1, the Northstar Re-Auction Payment would be approximately \$1.892 billion, which is calculated as the difference between \$2.226 billion (the Northstar winning bid amounts) and \$1 (the winning bids from re-auction) less the resulting \$334 million overpayment of the Northstar interim payment. We cannot predict with any degree of certainty the timing or outcome of any re-auction or the amount of any Northstar Re-Auction Payment.

Letters Exchanged between SNR Wireless and the FCC Wireless Bureau. As outlined in letters exchanged between SNR Wireless and the FCC Wireless Bureau, SNR Wireless paid the gross winning bid amounts for 244 AWS-3 Licenses and notified the FCC that it would not be paying the gross winning bid amounts for 113 AWS-3 Licenses. As a result of the nonpayment of those gross winning bid amounts, the FCC retained those licenses. If the winning bids from re-auction or other award of the AWS-3 licenses retained by the FCC are greater than or equal to the winning bids of SNR Wireless, no additional amounts will be owed to the FCC by SNR Wireless. However, if those winning bids are less than the winning bids of SNR Wireless, then we will be responsible for the difference less any overpayment of the SNR interim payment, detailed below, (which will be recalculated as 15% of the winning bids from re-auction or other award) (the "SNR Re-Auction Payment"). For example, if the winning bids in a re-auction are \$1, the SNR Re-Auction Payment would be approximately \$1.029 billion, which is calculated as the difference between \$1.211 billion (the SNR winning bid amounts) and \$1 (the winning bids from re-auction) less the resulting \$182 million overpayment of the SNR interim payment. We cannot predict with any degree of certainty the timing or outcome of any re-auction or the amount of any SNR Re-Auction Payment.

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D.C. Circuit Court Opinion. On August 29, 2017, the United States Court of Appeals for the District of Columbia Circuit (the “D.C. Circuit”) in *SNR Wireless LicenseCo, LLC, et al. v. Federal Communications Commission*, 868 F.3d 1021 (D.C. Cir. 2017) (the “Appellate Decision”) affirmed the Order in part, and remanded the matter to the FCC to give Northstar Wireless and SNR Wireless an opportunity to seek to negotiate a cure of the issues identified by the FCC in the Order (a “Cure”). On January 26, 2018, SNR Wireless and Northstar Wireless filed a petition for a writ of certiorari, asking the United States Supreme Court to hear an appeal from the Appellate Decision, which the United States Supreme Court denied on June 25, 2018.

Order on Remand. On January 24, 2018, the FCC released an Order on Remand, DA 18-70 (the “Order on Remand”) purporting to establish a procedure to afford Northstar Wireless and SNR Wireless the opportunity to implement a Cure pursuant to the Appellate Decision. On June 8, 2018, Northstar Wireless and SNR Wireless each filed amended agreements to demonstrate that, in light of such changes, each of Northstar Wireless and SNR Wireless qualified for the very small business bidding credit that it sought in the AWS-3 Auction. Northstar Wireless and SNR Wireless filed a Joint Application for Review of the Order on Remand requesting, among other things, an iterative negotiation process with the FCC regarding a Cure, which was denied on July 12, 2018. The pleading cycle established in the Order on Remand concluded in October 2018. On November 23, 2020, the FCC issued a Memorandum Opinion and Order that concluded, among other things, that DISH Network retained de facto control over Northstar Wireless and SNR Wireless and denied the very small business bidding credit sought by Northstar Wireless and SNR Wireless, even though the parties had eliminated or significantly modified every provision previously deemed to have been disqualifying by the FCC. Northstar Wireless and SNR Wireless timely filed an appeal of the FCC’s 2020 decision. On June 21, 2022, the United States Court of Appeals for the District of Columbia issued an Opinion rejecting this challenge. On January 17, 2023, Northstar Wireless filed a petition for a writ of certiorari asking the United States Supreme Court to hear a further appeal, but that petition was denied on June 30, 2023.

For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Contingencies

Litigation

We are involved in a number of legal proceedings (including those described below) concerning matters arising in connection with the conduct of our business activities. Many of these proceedings are at preliminary stages, and many of these proceedings 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 or there is a reasonable possibility that a loss or an additional loss may have been incurred and to determine if accruals are appropriate. If accruals are not appropriate, we further evaluate each legal proceeding to assess whether an estimate of the possible loss or range of possible loss can be made.

For certain cases described on the following pages, management is unable to 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; (iii) damages are unsupported and/or exaggerated; (iv) there is uncertainty as to the outcome of pending appeals or motions; (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. For these cases, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material adverse effect on our financial condition, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

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ClearPlay, Inc.

On March 13, 2014, ClearPlay, Inc. (“ClearPlay”) filed a complaint against us and our wholly-owned subsidiaries DISH Network and DISH Network L.L.C., and our then wholly-owned subsidiary EchoStar Technologies L.L.C., in the United States District Court for the District of Utah. The complaint alleges willful infringement of United States Patent Nos. 6,898,799 (the “799 patent”), entitled “Multimedia Content Navigation and Playback”; 7,526,784 (the “784 patent”), entitled “Delivery of Navigation Data for Playback of Audio and Video Content”; 7,543,318 (the “318 patent”), entitled “Delivery of Navigation Data for Playback of Audio and Video Content”; 7,577,970 (the “970 patent”), entitled “Multimedia Content Navigation and Playback”; and 8,117,282 (the “282 patent”), entitled “Media Player Configured to Receive Playback Filters From Alternative Storage Mediums.” ClearPlay alleges that the AutoHop™ feature of our Hopper® set-top box infringes the asserted patents. On February 11, 2015, the case was stayed pending various third-party challenges before the United States Patent and Trademark Office regarding the validity of certain of the patents asserted in the action.

In those third-party challenges, the United States Patent and Trademark Office found that all claims of the 282 patent are unpatentable, and that certain claims of the 784 patent and 318 patent are unpatentable. ClearPlay appealed as to the 784 patent and the 318 patent, and on August 23, 2016, the United States Court of Appeals for the Federal Circuit affirmed the findings of the United States Patent and Trademark Office. On October 31, 2016, the stay was lifted, and in May 2017, ClearPlay agreed to dismiss us and DISH Network as defendants, leaving DISH Network L.L.C. and DISH Technologies L.L.C. as the sole defendants.

On October 16, October 21, November 2, 2020 and November 9, 2020, DISH Network L.L.C. filed petitions with the United States Patent and Trademark Office requesting ex parte reexamination of the validity of the asserted claims of, respectively, the 784 patent, the 799 patent, the 318 patent and the 970 patent; and on November 2, November 20, December 14 and December 15, 2020, the United States Patent and Trademark Office granted each request for reexamination. On May 7, 2021, May 25, 2021, June 25, 2021 and July 7, 2021, the United States Patent and Trademark Office issued Ex Parte Reexamination Certificates confirming the patentability of the challenged claims of, respectively, the 799 patent, the 784 patent, the 318 patent and the 970 patent.

In October and November 2021, DISH Network L.L.C. filed petitions with the United States Patent and Trademark Office requesting ex parte reexamination of the validity of certain asserted claims of the 784 patent, the 799 patent and the 970 patent. In November and December, 2021, the United States Patent and Trademark Office granted review of the challenged claims of the 799 patent and the 970 patent, but denied review of the challenged claims of the 784 patent. On January 24, 2022, an examiner of the United States Patent and Trademark Office affirmed the challenged claims of the 799 patent, and on January 19, 2023, an examiner of the United States Patent and Trademark Office affirmed the challenged claims of the 970 patent.

In an order dated January 31, 2023, the Court granted in part and denied in part DISH Network L.L.C.’s and DISH Technologies L.L.C.’s motion for summary judgment. Thereafter, ClearPlay narrowed its case to three asserted claims: one under the 799 patent and two under the 970 patent. Following a two-week trial, on March 10, 2023, the jury returned a verdict that DISH Network L.L.C. and DISH Technologies L.L.C. infringed each of the asserted patent claims (though not willfully), and awarded damages of \$469 million. That verdict became moot on March 21, 2023, when the trial court indicated that it would grant DISH Network L.L.C.’s and DISH Technologies L.L.C.’s motion for judgment as a matter of law, thus effectively vacating the jury award. On June 2, 2023, the Court entered its formal order granting judgment as a matter of law. On December 12, 2023, the Court denied ClearPlay’s motion to alter or amend the judgment. ClearPlay has filed a notice of appeal to the United States Court of Appeals for the Federal Circuit, and briefing is underway.

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We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Data Breach Class Actions

On May 9, 2023, Susan Owen-Brooks, an alleged customer, filed a putative class action complaint against our wholly-owned subsidiary DISH Network in the United States District Court for the District of Colorado. She purports to represent a nationwide class of all individuals in the United States who allegedly had private information stolen as a result of the February 23, 2023 Cyber-security Incident (and a North Carolina statewide subclass of the same individuals). On behalf of the nationwide class, she alleges claims for contractual breaches, negligence and unjust enrichment (and, on behalf of the North Carolina subclass only, violation of the North Carolina Deceptive Trade Practices Act), and seeks monetary damages, injunctive relief and a declaratory judgment. Since that filing, ten additional putative class action complaints have been filed in the United States District Court for the District of Colorado, purporting to represent the same nationwide class of people, and Owen-Brooks has filed an amended complaint. On August 2, 2023, the Court issued an order consolidating the first ten cases (the eleventh was dismissed) and, on November 16, 2023 and January 16, 2024, the plaintiffs filed consolidated amended class action complaints.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Digital Broadcasting Solutions, LLC

On August 29, 2022, Digital Broadcasting Solutions, LLC filed a complaint against our wholly-owned subsidiaries DISH Network L.L.C. and DISH Technologies L.L.C. in the United States District Court for the Eastern District of Texas. The complaint alleges infringement of U.S. Patent No. 8,929,710 (the “710 patent”) and U.S. Patent No. 9,538,122 (the “122 patent”), each entitled “System and method for time shifting at least a portion of a video program.” Generally, the plaintiff contends that the AutoHop feature of our Hopper® set-top boxes infringes the asserted patents. On June 21, 2023, the Court granted the motion of DISH Network L.L.C. and DISH Technologies L.L.C. to have the case transferred to the United States District Court for the District of Colorado.

In May 2023, DISH Network L.L.C. and DISH Technologies L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of all claims of the 710 patent and the 122 patent and, on December 11, 2023, the United States Patent and Trademark Office entered decisions instituting each petition. On May 9, 2024, a magistrate judge issued an order granting the defendants’ motion to stay the case pending the petitions before the United States Patent and Trademark Office and any related appeals.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

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Entropic Communications, LLC (first action)

On March 9, 2022, Entropic Communications, LLC (“Entropic”) filed a complaint against our wholly-owned subsidiaries DISH Network, DISH Network L.L.C. and Dish Network Service L.L.C. in the United States District Court for the Eastern District of Texas. The complaint alleges infringement of U.S. Patent No. 7,130,576 (the “576 patent”), entitled “Signal Selector and Combiner for Broadband Content Distribution”; U.S. Patent No. 7,542,715 (the “715 Patent”), entitled “Signal Selector and Combiner for Broadband Content Distribution”; and U.S. Patent No. 8,792,008 (the “008 Patent”), entitled “Method and Apparatus for Spectrum Monitoring.” On March 30, 2022, Entropic filed an amended complaint alleging infringement of the same patents. Generally, the plaintiff accuses satellite antennas, low-noise block converters, signal selector and combiners, and set-top boxes and the manner in which they process signals for satellite television customers of infringing the asserted patents. The plaintiff is an entity that seeks to license a patent portfolio without itself practicing any of the claims recited therein.

On October 24, 2022, this case was ordered to be transferred to the United States District Court for the Central District of California. A companion case against DirecTV was also ordered transferred to the United States District Court for the Central District of California. In January and February of 2023, DISH Network L.L.C. and Dish Network Service L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of all claims of the 715 patent, all claims of the 008 patent, and 25 claims of the 576 patent, which includes all of its asserted claims. In August and September 2023, the Patent Office denied institution on the petitions challenging the 715 patent and the 576 patent. In September 2023, at the parties’ joint request, the Patent Office dismissed the petition challenging the 008 patent, as Entropic agreed to drop its claims against DISH Network on that patent. On July 12, 2024, the United States Patent and Trademark Office granted a request for reexamination of the 715 patent.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Entropic Communications, LLC (second action)

On February 10, 2023, Entropic filed a second lawsuit against our wholly-owned subsidiaries DISH Network, DISH Network L.L.C., Dish Network Service L.L.C. and Dish Network California Service Corporation in the United States District Court for the Central District of California. The complaint alleges infringement of U.S. Patent No. 7,295,518 (the “518 patent”), entitled “Broadband network for coaxial cable using multi-carrier modulation”; U.S. Patent No. 7,594,249 (the “249 patent”), entitled “Network interface device and broadband local area network using coaxial cable”; U.S. Patent Nos. 7,889,759 (the “759 patent”), entitled “Broadband cable network utilizing common bit-loading”; U.S. Patent No. 8,085,802 (the “802 Patent”), entitled “Multimedia over coaxial cable access protocol”; U.S. Patent No. 9,838,213 (the “213 patent”), entitled “Parameterized quality of service architecture in a network”; U.S. Patent No. 10,432,422 (the “422 patent”), entitled “Parameterized quality of service architecture in a network”; U.S. Patent No. 8,631,450 (the “450 patent”), entitled “Broadband local area network”; U.S. Patent No. 8,621,539 (the “539 patent”), entitled “Physical layer transmitter for use in a broadband local area network”; U.S. Patent No. 8,320,566 (the “0,566 patent”), entitled “Method and apparatus for performing constellation scrambling in a multimedia home network”; U.S. Patent No. 10,257,566 (the “7,566 patent”), entitled “Broadband local area network”; U.S. Patent No. 8,228,910 (the “910 Patent”), entitled “Aggregating network packets for transmission to a destination mode”; and U.S. Patent No. 8,363,681 (the “681 patent”), entitled “Method and apparatus for using ranging measurements in a multimedia home network.”

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Generally, the patents relate to Multimedia over Coax Alliance standards and the manner in which we provide a whole-home DVR network over an on-premises coaxial cable network.

Entropic has asserted the same patents in the same court against Comcast, Cox and DirecTV. On September 7, 2023, the Court granted the motion of DISH Network L.L.C., Dish Network Service L.L.C. and Dish Network California Service Corporation to dismiss the claims arising from the 7,566 patent and the 910 patent on the grounds that they claimed in eligible subject matter. In January and February 2024, DISH Network L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of the 249 patent, the 518 patent, the 759 patent, the 450 patent, the 539 patent, the 0,566 patent, and the 681 patent. In July 2024, the United States Patent and Trademark Office agreed to institute proceedings on the petitions challenging the 249 patent and the 518 patent, but denied institution on the petition challenging the 539 patent.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Freedom Patents

On April 7, 2023, Freedom Patents LLC filed a complaint against our wholly-owned subsidiaries DISH Network, DISH Network L.L.C. and Dish Network Service L.L.C. in the United States District Court for the Eastern District of Texas. The complaint alleges infringement of U.S. Patent No. 8,284,686 (the "686 Patent"), entitled "Antenna/Beam Selection Training in MIMO Wireless LANS with Different Sounding Frames"; U.S. Patent No. 8,374,096 (the "096 Patent"), entitled "Method for Selecting Antennas and Beams in MIMO Wireless LANS"; and U.S. Patent No. 8,514,815 (the "815 Patent"), entitled "Training Signals for Selecting Antennas and Beams in MIMO Wireless LANS." Similar complaints were also filed against Acer, Altice, Charter, Comcast and Verizon. In general, the asserted patents relate to the 802.11 wireless standard, and the products accused of infringement are the Wireless Joey, its access point, and certain Ring, Nest and Linksys products that we sell. On March 15, 2024, the Court denied the defendants' motion to transfer the case to the United States District Court for the District of Colorado. On May 24, 2024, the case was dismissed pursuant to a settlement under which DISH Network, DISH Network L.L.C. and Dish Network Service L.L.C. paid an immaterial amount. This matter is now concluded.

Hughes Telecomunicacoes do Brasil v. State of São Paulo Treasury Department

On December 12, 2019, Hughes Telecomunicacoes do Brasil ("HTB") filed a tax annulment claim in the Judicial Court of São Paulo, claiming that a tax assessment from the State Treasury of São Paulo, for the period from January 2013 to December 2014, was based on an erroneous interpretation of an exemption to the ICMS (a state tax on, among other things, communications).

In June 2022, a judicial expert determined that HTB's interpretation of the exemption was correct. Nonetheless, in July 2023, the Court entered judgment against HTB, and in October 2023, rejected HTB's request for clarification. In November 2023, HTB filed an appeal to the Court of Justice.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit.

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Jones 401(k) Litigation

On December 20, 2021, four former employees filed a class action complaint in the United States District Court for the District of Colorado against our wholly-owned subsidiary DISH Network, its Board of Directors, and its Retirement Plan Committee alleging fiduciary breaches arising from the management of our 401(k) Plan. The putative class, comprised of all participants in the Plan on or after January 20, 2016, alleges that the Plan had excessive recordkeeping and administrative expenses and that it maintained underperforming funds. On February 1, 2023, a Magistrate Judge issued a recommendation that the defendants' motion to dismiss the complaint be granted, and on March 27, 2023, the district court judge granted the motion. As permitted by the Court's order, the plaintiffs filed an amended complaint on April 10, 2023, which is limited to allegations regarding the alleged underperformance of the Fidelity Freedom Funds. On November 7, 2023, a Magistrate Judge issued a recommendation that the defendants' motion to dismiss the amended complaint be denied as to the duty to prudently monitor fund performance, but be granted as to the duty of loyalty and, on November 27, 2023, the district court judge entered an order adopting the recommendation. On April 30, 2024, the parties filed a stipulation to certification of the proposed plaintiff class.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

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 1999 government policy that eliminated fixed license fees and replaced them with license fees based on service providers' 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 both 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 those other providers filed similar petitions 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 was 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.

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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, 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 additional payments on each March 31 thereafter. As of June 30, 2024, the gross amount of fees, penalties and interest owed was approximately \$92 million with \$54 million remaining outstanding as a result of historical payments.

Pursuant to the Contribution and Membership Interest Purchase Agreement (the "Purchase Agreement") dated December 3, 2004 between The DirecTV Group, Inc. ("DirecTV") and certain other entities relating to DirecTV's spinoff of certain of its subsidiaries, including HCIPL, DirecTV undertook to indemnify HCIPL for certain pre-closing tax liabilities. On March 27, 2020, HCIPL filed an indemnification complaint against DirecTV in the United States District Court for the Southern District of New York, seeking to recover certain license fees, penalties and interest owed to the Indian government as a result of the aforementioned proceedings. On November 16, 2021, the New York court granted summary judgment in favor of DirecTV, but on June 22, 2023, the United States Court of Appeals for the Second Circuit reversed, holding that, under the Purchase Agreement, HCIPL is entitled to indemnification from DirecTV. The Second Circuit remanded the case back to the trial court to determine the amount of indemnification owed.

Lingam Securities Class Action (formerly Jaramillo)

On March 23, 2023, a securities fraud class action complaint was filed against our wholly-owned subsidiary DISH Network and Messrs. Ergen, Carlson and Orban in the United States District Court for the District of Colorado. The complaint is brought on behalf of a putative class of purchasers of our securities during the February 22, 2021 to February 27, 2023 class period. In general, the complaint alleges that DISH Network's public statements during that period were false and misleading and contained material omissions, because they did not disclose that DISH Network allegedly maintained a deficient cyber-security and information technology infrastructure, were unable to properly secure customer data and DISH Network's operations were susceptible to widespread service outages.

In August 2023, the Court appointed a new lead plaintiff and lead plaintiff's counsel, and, on October 20, 2023, they filed an amended complaint that abandoned the original allegations. In their amended complaint, plaintiffs allege that, during the class period, the defendants concealed problems concerning the 5G network buildout that prevented scaling and commercializing the network to obtain enterprise customers.

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The amended complaint added as individual defendants James S. Allen, DISH Network's Senior Vice President and Chief Accounting Officer; John Swieringa, our President, Technology and Chief Operating Officer; Dave Mayo, DISH Network's former Executive Vice President of Network Development; Marc Rouanne, DISH Network's former Executive Vice President and Chief Network Officer; and Stephen Bye, DISH Network's former Executive Vice President and Chief Commercial Officer. After the defendants filed a motion to dismiss, the plaintiffs filed a further amended complaint, asserting the same theory, on February 23, 2024. The new complaint drops Erik Carlson, John Swieringa, Paul Orban and James Allen as individual defendants.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Quantum Technology Innovations LLC

On June 5, 2024, Quantum Technology Innovations, LLC filed a complaint in the United States District Court for the Eastern District of Texas against our wholly-owned subsidiary DISH Network alleging infringement of United States Patent No. 7,650,376, entitled "Content Distribution System for Distributing Content Over a Network, with Particular Applicability to Distributing High-Bandwidth Content." The plaintiff is an entity that seeks to license a patent portfolio without itself practicing any of the claims recited therein. On August 8, 2024, Quantum Technology Innovations dismissed its complaint without prejudice. This matter is now concluded.

Realtime Data LLC and Realtime Adaptive Streaming LLC

On June 6, 2017, Realtime Data LLC d/b/a IXO ("Realtime") filed an amended complaint in the United States District Court for the Eastern District of Texas (the "Original Texas Action") against us and our wholly-owned subsidiaries DISH Network, DISH Network L.L.C., DISH Technologies L.L.C. (then known as EchoStar Technologies L.L.C.), Sling TV L.L.C., Sling Media L.L.C. and Hughes Network Systems, L.L.C. ("HNS"); and Arris Group, Inc. Realtime's initial complaint in the Original Texas Action, filed on February 14, 2017, had named only us and our wholly-owned subsidiary HNS as defendants.

The amended complaint in the Original Texas Action alleges infringement of United States Patent No. 8,717,204 (the "204 patent"), entitled "Methods for encoding and decoding data"; United States Patent No. 9,054,728 (the "728 patent"), entitled "Data compression systems and methods"; United States Patent No. 7,358,867 (the "867 patent"), entitled "Content independent data compression method and system"; United States Patent No. 8,502,707 (the "707 patent"), entitled "Data compression systems and methods"; United States Patent No. 8,275,897 (the "897 patent"), entitled "System and methods for accelerated data storage and retrieval"; United States Patent No. 8,867,610 (the "610 patent"), entitled "System and methods for video and audio data distribution"; United States Patent No. 8,934,535 (the "535 patent"), entitled "Systems and methods for video and audio data storage and distribution"; and United States Patent No. 8,553,759 (the "759 patent"), entitled "Bandwidth sensitive data compression and decompression."

Realtime alleges that our, Sling TV L.L.C.'s, Sling Media L.L.C.'s and Arris Group, Inc.'s streaming video products and services compliant with various versions of the H.264 video compression standard infringe the 897 patent, the 610 patent and the 535 patent, and that the data compression system in HNS' products and services infringes the 204 patent, the 728 patent, the 867 patent, the 707 patent and the 759 patent.

On July 19, 2017, the Court severed Realtime's claims against DISH Network, DISH Network L.L.C., Sling TV L.L.C., Sling Media L.L.C. and Arris Group, Inc. (alleging infringement of the 897 patent, the 610 patent and the 535 patent) from the Original Texas Action into a separate action in the United States District Court for the Eastern District of Texas (the "Second Texas Action"). On August 31, 2017, Realtime dismissed the claims against DISH Network, Sling TV L.L.C., Sling Media Inc., and Sling Media L.L.C. from the Second Texas

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Action and refiled these claims (alleging infringement of the 897 patent, the 610 patent and the 535 patent) against Sling TV L.L.C., Sling Media Inc., and Sling Media L.L.C. in a new action in the United States District Court for the District of Colorado (the "Colorado Action"). Also on August 31, 2017, Realtime dismissed DISH Technologies L.L.C. from the Original Texas Action, and on September 12, 2017, added it as a defendant in an amended complaint in the Second Texas Action. On November 6, 2017, Realtime filed a joint motion to dismiss the Second Texas Action without prejudice, which the Court entered on November 8, 2017.

On October 10, 2017, Realtime Adaptive Streaming LLC ("Realtime Adaptive Streaming") filed suit against our wholly-owned subsidiaries DISH Network L.L.C. and DISH Technologies L.L.C., as well as Arris Group, Inc., in a new action in the United States District Court for the Eastern District of Texas (the "Third Texas Action"), alleging infringement of the 610 patent and the 535 patent. Also on October 10, 2017, an amended complaint was filed in the Colorado Action, substituting Realtime Adaptive Streaming as the plaintiff instead of Realtime, and alleging infringement of only the 610 patent and the 535 patent, but not the 897 patent. On November 6, 2017, Realtime Adaptive Streaming filed a joint motion to dismiss the Third Texas Action without prejudice, which the court entered on November 8, 2017. Also on November 6, 2017, Realtime Adaptive Streaming filed a second amended complaint in the Colorado Action, adding our wholly-owned subsidiaries DISH Network L.L.C. and DISH Technologies L.L.C., as well as Arris Group, Inc., as defendants.

As a result, neither DISH Network nor any of its subsidiaries is a defendant in the Original Texas Action; the Court has dismissed without prejudice the Second Texas Action and the Third Texas Action; and our wholly-owned subsidiaries DISH Network L.L.C., DISH Technologies L.L.C., Sling TV L.L.C. and Sling Media L.L.C. as well as Arris Group, Inc., are defendants in the Colorado Action, which now has Realtime Adaptive Streaming as the named plaintiff. Following settlements with the plaintiff, we and HNS were dismissed from the Original Texas Action in February 2019, and Arris Group, Inc. was dismissed from the Colorado Action in March 2021.

On July 3, 2018, Sling TV L.L.C., Sling Media L.L.C., DISH Network L.L.C., and DISH Technologies L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of each of the asserted patents. On January 31, 2019, the United States Patent and Trademark Office agreed to institute proceedings on DISH Network's petitions, and it held trial on the petitions on December 5, 2019. On January 17, 2020, the United States Patent and Trademark Office terminated the petitions as time-barred, but issued a final written decision invalidating the 535 patent to third parties that had timely joined in DISH Network's petition (and, on January 10, 2020, issued a final written decision invalidating the 535 patent in connection with a third party's independent petition). On March 16, 2020, Sling TV L.L.C., Sling Media L.L.C., DISH Network L.L.C., and DISH Technologies L.L.C. filed a notice of appeal from the terminated petitions to the United States Court of Appeals for the Federal Circuit. On June 29, 2020, the United States Patent and Trademark Office filed a notice of intervention in the appeal. On March 16, 2021, the Court of Appeals dismissed the appeal for lack of jurisdiction. On April 29, 2021, Sling TV L.L.C., Sling Media L.L.C., DISH Network L.L.C., and DISH Technologies L.L.C. filed a petition for rehearing, which was denied on June 28, 2021. On January 12, 2021, Realtime Adaptive Streaming filed a notice of dismissal of its claims on the 535 patent.

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On July 30, 2021, the District Court granted summary judgment in favor of DISH Network L.L.C., DISH Technologies L.L.C., Sling TV L.L.C. and Sling Media L.L.C., holding that the remaining asserted patent, the 610 patent, is invalid because it claims patent-ineligible abstract subject matter. Realtime Adaptive Streaming appealed that ruling to the United States Court of Appeals for the Federal Circuit, and on May 11, 2023, that Court affirmed the District Court's summary judgment order. Independently, on September 21, 2021, in connection with an ex parte reexamination of the validity of the 610 patent, an examiner at the United States Patent and Trademark Office issued a final office action rejecting each asserted claim of the 610 patent as invalid over the cited prior art. On April 19, 2023, the Patent Trial and Appeal Board rejected Realtime Adaptive Streaming's appeal and affirmed the examiner's rejection of the asserted claims of the 610 patent. Realtime did not further appeal the Patent Trial and Appeal Board's determination and, thus, the asserted claims of the 610 patent were canceled. As a result, DISH Network L.L.C., DISH Technologies L.L.C., Sling TV L.L.C. and Sling Media L.L.C. no longer face any possible exposure from this matter, and the liability phase of this case is concluded.

On January 21, 2022, the District Court granted the motion by DISH Network L.L.C., DISH Technologies L.L.C., Sling TV L.L.C. and Sling Media L.L.C. to have the case declared "exceptional," and on September 20, 2022, awarded them \$3.9 million in attorneys' fees. Realtime Adaptive Streaming filed a notice of appeal to the United States Court of Appeals for the Federal Circuit from the exceptionality and fee award orders, and that court heard oral argument on April 2, 2024 and has not yet ruled.

SafeCast Limited

On June 27, 2022, SafeCast Limited filed a complaint against our wholly-owned subsidiary DISH Network in the United States District Court for the Western District of Texas. The complaint alleges that DISH Network infringe U.S. Patent No. 9,392,302, entitled "System for providing improved facilities in time-shifted broadcasts" (the "302 patent"). On the same day, it brought complaints in the same court asserting infringement of the same patent against AT&T, Google, HBO, NBCUniversal, Paramount and Verizon. On October 24, 2022, in response to the parties' joint motion, the Court ordered the case against DISH Network transferred to the United States District Court for the District of Colorado. On December 1, 2022, SafeCast filed an amended complaint naming our wholly-owned subsidiaries DISH Network L.L.C. and DISH Technologies L.L.C. as defendants and withdrawing the allegations as to DISH Network. The plaintiff is an entity that seeks to license a patent portfolio without itself practicing any of the claims recited therein.

On June 22, 2023, DISH Network L.L.C. and DISH Technologies L.L.C. filed a petition with the United States Patent and Trademark Office challenging the validity of the asserted claims of the 302 patent, and on June 26, 2024, the United States Patent and Trademark Office agreed to institute proceedings on that petition. On August 28, 2023, the Court stayed the case pending resolution of the petition.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

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Sound View Innovations, LLC

On December 30, 2019, Sound View Innovations, LLC filed one complaint against our wholly-owned subsidiaries DISH Network L.L.C. and DISH Technologies L.L.C. and a second complaint against our wholly-owned subsidiary Sling TV L.L.C. in the United States District Court for the District of Colorado. The complaint against DISH Network L.L.C. and DISH Technologies L.L.C. alleges infringement of United States Patent No. 6,502,133 (the "133 patent"), entitled "Real-Time Event Processing System with Analysis Engine Using Recovery Information" and both complaints allege infringement of United States Patent No. 6,708,213 (the "213 patent"), entitled "Method for Streaming Multimedia Information Over Public Networks"; United States Patent No. 6,757,796 (the "796 patent"), entitled "Method and System for Caching Streaming Live Broadcasts transmitted Over a Network"; and United States Patent No. 6,725,456 (the "456 patent"), entitled "Methods and Apparatus for Ensuring Quality of Service in an Operating System." All but the 133 patent are also asserted in the complaint against Sling TV L.L.C. The plaintiff is an entity that seeks to license a patent portfolio without itself practicing any of the claims recited therein.

On May 21, 2020, June 3, 2020, June 5, 2020 and July 10, 2020, DISH Network L.L.C., DISH Technologies L.L.C. and Sling TV L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of, respectively, the 213 patent, the 133 patent, the 456 patent and the 796 patent. On November 25, 2020, the United States Patent and Trademark Office declined to review the validity of the 213 patent, and on September 29, 2021, denied a request for rehearing of that decision. On January 19, 2021, the United States Patent and Trademark Office agreed to institute proceedings on the 456 patent but declined to review the 133 patent. On February 24, 2021, the United States Patent and Trademark Office agreed to institute proceedings on the 796 patent.

On January 18, 2022, the United States Patent and Trademark Office issued a final written decision holding that the challenged claim of the 456 patent is patentable, and on February 8, 2022, it issued a final written decision holding that the challenged claims of the 796 patent are patentable. On March 22, 2022, DISH Network L.L.C., DISH Technologies L.L.C. and Sling TV L.L.C. filed a notice of appeal to the United States Court of Appeals for the Federal Circuit from the adverse final written decision regarding the 456 patent, and on April 8, 2022, they filed a notice of appeal to the same court from the adverse final written decision regarding the 796 patent. The appeal on the 456 patent was voluntarily dismissed on December 6, 2022. The Federal Circuit heard oral argument on the 796 patent appeal on October 3, 2023, and affirmed the United States Patent and Trademark Office's adverse final written decision on October 5, 2023.

On April 20, 2022, DISH Network L.L.C., DISH Technologies L.L.C. and Sling TV L.L.C. filed a petition with the United States Patent and Trademark Office requesting ex parte reexamination of the validity of one of the asserted claims of the 213 patent, and reexamination was ordered on June 16, 2022. On January 18, 2023, they filed another petition requesting ex parte reexamination of the validity of the four additional asserted claims of the 213 patent, and reexamination was ordered on April 17, 2023. On November 13, 2023, the United States Patent and Trademark Office confirmed the patentability of the claim challenged in our first petition.

We intend to vigorously defend these cases. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

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State of Illinois ex rel. Rodriguez

In March 2020, two private “relators” filed this case in the Circuit Court of Cook County Illinois, County Department, Law Division, under the Illinois False Claims Act against DISH Wireless, Sprint and more than 60 Boost Mobile retailers in Illinois. The defendants only became aware of the lawsuit after it was unsealed in March 2022. The operative Second Amended Complaint alleges that the retailer defendants should have collected sales tax under the Retailers’ Occupation Tax Act on any amounts that Sprint or DISH Network rebated them to facilitate handset price discounts to Illinois consumers (“Prepaid Phone Rebates”) and on any phone activation fees the retailers charged to customers (“Device Setup Charges”). It further alleges that DISH Wireless and Sprint are liable for the alleged violations arising from the Device Setup Charges because of the way they allegedly managed the point-of-sale system that the retailer defendants used. The Plaintiffs seek to recover triple the amount of allegedly unpaid taxes, fines for each alleged violation, and attorneys’ fees and costs. On June 13, 2023, the Court denied the defendants’ motions to dismiss the complaint, but on January 2, 2024, it granted reconsideration and dismissed the complaint as to DISH Wireless and Sprint, with leave to amend. The Plaintiffs filed a Third Amended Complaint on February 2, 2024.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

TQ Delta, LLC

On July 17, 2015, TQ Delta, LLC (“TQ Delta”) filed a complaint against our wholly-owned subsidiaries DISH Network, DISH DBS Corporation and DISH Network L.L.C. in the United States District Court for the District of Delaware. The Complaint alleges infringement of United States Patent No. 6,961,369 (the “369 patent”), which is entitled “System and Method for Scrambling the Phase of the Carriers in a Multicarrier Communications System”; United States Patent No. 8,718,158 (the “158 patent”), which is entitled “System and Method for Scrambling the Phase of the Carriers in a Multicarrier Communications System”; United States Patent No. 9,014,243 (the “243 patent”), which is entitled “System and Method for Scrambling Using a Bit Scrambler and a Phase Scrambler”; United States Patent No. 7,835,430 (the “430 patent”), which is entitled “Multicarrier Modulation Messaging for Frequency Domain Received Idle Channel Noise Information”; United States Patent No. 8,238,412 (the “412 patent”), which is entitled “Multicarrier Modulation Messaging for Power Level per Subchannel Information”; United States Patent No. 8,432,956 (the “956 patent”), which is entitled “Multicarrier Modulation Messaging for Power Level per Subchannel Information”; and United States Patent No. 8,611,404 (the “404 patent”), which is entitled “Multicarrier Transmission System with Low Power Sleep Mode and Rapid-On Capability.”

On September 9, 2015, TQ Delta filed a first amended complaint that added allegations of infringement of United States Patent No. 9,094,268 (the “268 patent”), which is entitled “Multicarrier Transmission System With Low Power Sleep Mode and Rapid-On Capability.” On May 16, 2016, TQ Delta filed a second amended complaint that added us Corporation and our then wholly-owned subsidiary EchoStar Technologies L.L.C. as defendants. TQ Delta alleges that our satellite TV service, Internet service, set-top boxes, gateways, routers, modems, adapters and networks that operate in accordance with one or more Multimedia over Coax Alliance Standards infringe the asserted patents. TQ Delta has filed actions in the same court alleging infringement of the same patents against Comcast Corp., Cox Communications, Inc., DirecTV, Time Warner Cable Inc. and Verizon Communications, Inc. TQ Delta is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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(Unaudited)

On July 14, 2016, TQ Delta stipulated to dismiss with prejudice all claims related to the 369 patent and the 956 patent. On July 20, 2016, DISH Network filed petitions with the United States Patent and Trademark Office challenging the validity of all of the patent claims of the 404 patent and the 268 patent that have been asserted against DISH Network. Third parties filed petitions with the United States Patent and Trademark Office challenging the validity of all of the patent claims that have been asserted against us in the action. On November 4, 2016, the United States Patent and Trademark Office agreed to institute proceedings on the third-party petitions related to the 158 patent, the 243 patent, the 412 patent and the 430 patent. On December 20, 2016, pursuant to a stipulation of the parties, the Court stayed the case until the resolution of all petitions to the United States Patent and Trademark Office challenging the validity of all of the patent claims at issue. On January 19, 2017, the United States Patent and Trademark Office granted DISH Network's motions to join the instituted petitions on the 430 and 158 patents.

On February 9, 2017, the United States Patent and Trademark Office agreed to institute proceedings on DISH Network's petition related to the 404 patent, and on February 13, 2017, the United States Patent and Trademark Office agreed to institute proceedings on our petition related to the 268 patent. On February 27, 2017, the United States Patent and Trademark Office granted DISH Network's motions to join the instituted petitions on the 243 and 412 patents. On October 26, 2017, the United States Patent and Trademark Office issued final written decisions on the petitions challenging the 158 patent, the 243 patent, the 412 patent and the 430 patent, and it invalidated all of the asserted claims of those patents.

On February 7, 2018, the United States Patent and Trademark Office issued final written decisions on the petitions challenging the 404 patent, and it invalidated all of the asserted claims of that patent on the basis of DISH Network's petition. On February 10, 2018, the United States Patent and Trademark Office issued a final written decision on DISH Network's petition challenging the 268 patent, and it invalidated all of the asserted claims.

On March 12, 2018, the United States Patent and Trademark Office issued a final written decision on a third-party petition challenging the 268 patent, and it invalidated all of the asserted claims. All asserted claims have now been invalidated by the United States Patent and Trademark Office. TQ Delta filed notices of appeal from the final written decisions adverse to it. On May 9, 2019, the United States Court of Appeals for the Federal Circuit affirmed the invalidity of the 430 patent and the 412 patent. On July 10, 2019, the United States Court of Appeals for the Federal Circuit affirmed the invalidity of the asserted claims of the 404 patent. On July 15, 2019, the United States Court of Appeals for the Federal Circuit affirmed the invalidity of the asserted claims of the 268 patent. On November 22, 2019, the United States Court of Appeals for the Federal Circuit reversed the invalidity finding on the 243 patent and the 158 patent, and then, on March 29, 2020, denied a petition for panel rehearing as to those findings. On April 13, 2021, the Court lifted the stay, and the case is proceeding on the 243 patent and the 158 patent. On April 23 and April 26, 2021, the United States Patent and Trademark Office issued orders granting requests for ex parte reexamination of, respectively, the 243 patent and the 158 patent, but on July 27, 2023, the United States Patent and Trademark Office confirmed the challenged claims of the 243 patent. In a proposed supplemental report, TQ Delta's damages expert contends that TQ Delta is entitled to \$251 million in damages.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Uniloc 2017 LLC

On January 31, 2019, Uniloc 2017 LLC (“Uniloc”) filed a complaint against our wholly-owned subsidiary Sling TV L.L.C. in the United States District Court for the District of Colorado. The Complaint alleges infringement of United States Patent No. 6,519,005 (the “005 patent”), which is entitled “Method of Concurrent Multiple-Mode Motion Estimation for Digital Video”; United States Patent No. 6,895,118 (the “118 patent”), which is entitled “Method of Coding Digital Image Based on Error Concealment”; United States Patent No. 9,721,273 (the “273 patent”), which is entitled “System and Method for Aggregating and Providing Audio and Visual Presentations Via a Computer Network”; and United States Patent No. 8,407,609 (the “609 patent”), which is entitled “System and Method for Providing and Tracking the Provision of Audio and Visual Presentations Via a Computer Network.” Uniloc is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

On June 25, 2019, Sling TV L.L.C. filed a petition with the United States Patent and Trademark Office challenging the validity of all of the asserted claims of the 005 patent. On July 19, 2019 and July 22, 2019, respectively, Sling TV L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of all asserted claims of the 273 patent and the 609 patent. On August 12, 2019, Sling TV L.L.C. filed a petition with the United States Patent and Trademark Office challenging the validity of all of the asserted claims of the 118 patent. On October 18, 2019, pursuant to a stipulation of the parties, the Court entered a stay of the trial proceedings.

On January 9, 2020, the United States Patent and Trademark Office agreed to institute proceedings on the petition challenging the 005 patent. On January 15, 2020, the United States Patent and Trademark Office agreed to institute proceedings on the petition challenging the 273 patent. On February 4, 2020, the United States Patent and Trademark Office agreed to institute proceedings on the petition challenging the 609 patent. On February 25, 2020, the United States Patent and Trademark Office declined to institute proceedings on the petition challenging the 118 patent.

On December 28, 2020, the United States Patent and Trademark Office issued a final written decision upholding the validity of the challenged claims of the 273 patent. Sling TV L.L.C. appealed that decision to the United States Court of Appeals for the Federal Circuit, and on February 2, 2022, the Federal Circuit vacated the final written decision and remanded to the United States Patent and Trademark Office to reconsider its ruling. On remand, on September 7, 2022, the United States Patent and Trademark Office issued a revised final written decision finding all challenged claims of the 273 patent invalid. Uniloc filed a notice of appeal of that revised final written decision to the United States Court of Appeals for the Federal Circuit, the appeal has been fully briefed, and it heard oral argument on August 8, 2024.

On January 5, 2021, the United States Patent and Trademark Office issued a final written decision invalidating all challenged claims of the 005 patent. On January 19, 2021, the United States Patent and Trademark Office issued a final written decision invalidating all challenged claims of the 609 patent (and a second final written decision invalidating all challenged claims of the 609 patent based on a third party’s petition).

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

U.S. Bank Trust Company

On April 26, 2024, U.S. Bank Trust Company, in its capacity as Trustee under the Indentures for DISH DBS Corporation's 5.75% Senior Secured Notes due 2028 and 7.75% Senior Notes due 2026, filed an action in state court in New York City against DISH DBS Corporation, DISH Network L.L.C., EchoStar Intercompany Receivable Company L.L.C., DISH DBS Issuer LLC, and DBS Intercompany Receivable L.L.C. In its complaint, the Trustee contends that certain intracompany asset transfers in January 2024 breached the Indentures for those Notes, and that the transfers were intentional and constructive fraudulent transfers under the Colorado Uniform Fraudulent Transfer Act. The Trustee seeks a declaratory judgment that DISH DBS Corporation breached the Indentures and that an Event of Default occurred under the DBS Indentures. It further asks the Court to unwind certain intracompany asset transfers and to award damages. On May 13, 2024, the defendants removed the case to the United States District Court for the Southern District of New York and, on June 28, 2024, filed a motion to dismiss the complaint. Rather than opposing the motion, on July 18, 2024, the Trustee filed a first amended complaint, which adds a new declaratory judgment claim challenging certain intercompany advances and new factual allegations challenging a certification of compliance with the DBS Indentures.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Vermont National Telephone Company

On September 23, 2016, the United States District Court for the District of Columbia unsealed a qui tam complaint that, on May 13, 2015, Vermont National filed against our wholly-owned subsidiaries, DISH Network, American AWS-3 Wireless I L.L.C., American II, American III, and DISH Wireless Holding L.L.C.; Charles W. Ergen (our Chairman) and Cantey M. Ergen (a member of our Board of Directors); Northstar Wireless; Northstar Spectrum; Northstar Manager; SNR Wireless; SNR HoldCo; SNR Management; and certain other parties. The complaint alleges violations of the federal civil False Claims Act (the "FCA") based on, among other things, allegations that Northstar Wireless and SNR Wireless falsely claimed bidding credits of 25% in the AWS-3 Auction when they were allegedly under the de facto control of DISH Network and, therefore, were not entitled to the bidding credits as designated entities under applicable FCC rules. Vermont National participated in the AWS-3 Auction through its wholly-owned subsidiary, VTel Wireless. The complaint was unsealed after the United States Department of Justice notified the District Court that it had declined to intervene in the action. Vermont National seeks to recover on behalf of the United States government approximately \$10 billion, which reflects the \$3.3 billion in bidding credits that Northstar Wireless and SNR Wireless claimed in the AWS-3 Auction, trebled under the FCA. Vermont National also seeks civil penalties of not less than \$5,500 and not more than \$11,000 for each violation of the FCA. On March 2, 2017, the United States District Court for the District of Columbia entered a stay of the litigation until such time as the United States Court of Appeals for the District of Columbia (the "D.C. Circuit") issued its opinion in *SNR Wireless LicenseCo, LLC, et al. v. F.C.C.* The D.C. Circuit issued its opinion on August 29, 2017 and remanded the matter to the FCC for further proceedings.

Thereafter, the District Court maintained the stay until October 26, 2018. On February 11, 2019, the District Court granted Vermont National's unopposed motion for leave to file an amended complaint. On March 28, 2019, the defendants filed a motion to dismiss Vermont National's amended complaint, and on March 23, 2021, the District Court granted the motion to dismiss. On April 21, 2021, Vermont National filed a notice of appeal to the United States Court of Appeals for the DC Circuit and, on May 17, 2022, that court reversed the District Court's dismissal of the complaint. On June 16, 2022, the Defendants-Appellees filed a petition for rehearing or rehearing en banc, but on August 17, 2022, that petition was denied.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

On August 25, 2023, the FCC provided a sworn declaration stating that “the FCC considers ... SNR and Northstar to have fully and timely satisfied their obligations to pay money to the Government arising from the AWS-3 Auction.” On that basis, on September 22, 2023, the Defendants filed a motion seeking partial summary judgment of no damages. On September 26, 2023, the Court denied the motion as premature. On March 8, 2024, the United States filed a motion to exercise its statutory prerogative to intervene in the case for the purpose of moving to dismiss it with prejudice, stating that the case is “unlikely to vindicate the United States’ interests and would needlessly expend the Government’s and this Court’s resources.”

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of this proceeding or determine the extent of any potential liability or damages.

Other

In addition to the above actions, we are subject to various other legal proceedings and claims that arise in the ordinary course of business, including, among other things, disputes with programmers regarding fees. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial condition, results of operations or liquidity, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

11. Segment Reporting

Operating segments are components of an enterprise for which separate financial information is available and regularly evaluated by the chief operating decision maker(s) of an enterprise. Operating income is the primary measure used by our chief operating decision maker to evaluate segment operating performance. We currently operate four primary business segments: (1) Pay-TV; (2) Retail Wireless; (3) 5G Network Deployment; and (4) Broadband and Satellite Services. See Note 1 for further information.

All other and eliminations primarily include intersegment eliminations related to intercompany debt and the related interest income and interest expense, which are eliminated in consolidation.

The total assets, revenue and operating income, and purchases of property and equipment, net of refunds, (including capitalized interest related to Regulatory authorizations) by segment were as follows:

	As of	
	June 30, 2024	December 31, 2023
	(In thousands)	
Total assets:		
Pay-TV	\$ 50,242,951	\$ 49,437,958
Retail Wireless	652,011	777,957
5G Network Deployment (1)	47,483,776	46,793,378
Broadband and Satellite Services	3,965,559	5,811,553
Eliminations (1)	(47,089,104)	(45,711,952)
Total assets	\$ 55,255,193	\$ 57,108,894

(1) The increase primarily resulted from intercompany advances for capital expenditures related to our 5G Network Deployment.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Revenue:				
Pay-TV	\$ 2,676,284	\$ 2,975,140	\$ 5,402,862	\$ 5,947,271
Retail Wireless	891,531	928,241	1,797,381	1,903,107
5G Network Deployment	35,514	19,079	65,018	37,986
Broadband and Satellite Services	394,011	453,110	776,597	892,706
Eliminations	(44,589)	(19,108)	(74,264)	(36,942)
Total revenue	\$ 3,952,751	\$ 4,356,462	\$ 7,967,594	\$ 8,744,128
Operating income (loss):				
Pay-TV	\$ 667,752	\$ 720,792	\$ 1,337,860	\$ 1,396,025
Retail Wireless	(121,362)	(112,499)	(195,779)	(130,706)
5G Network Deployment	(578,940)	(401,959)	(1,149,691)	(735,562)
Broadband and Satellite Services	(34,586)	43,847	(74,140)	71,552
Eliminations	1,767	2,048	1,137	4,258
Total operating income (loss)	\$ (65,369)	\$ 252,229	\$ (80,613)	\$ 605,567
Purchases of property and equipment, net of refunds, (including capitalized interest related to regulatory authorizations)				
Pay-TV	\$ 54,006	\$ 67,630	\$ 111,918	\$ 103,193
Retail Wireless	—	—	—	—
5G Network Deployment	560,468	1,183,891	1,109,641	2,054,933
Broadband and Satellite Services	56,559	49,016	127,170	93,087
Eliminations	—	—	—	—
Total purchases of property and equipment, net of refunds, (including capitalized interest related to regulatory authorizations)	\$ 671,033	\$ 1,300,537	\$ 1,348,729	\$ 2,251,213

The revenue from external customers disaggregated by major revenue source was as follows:

Category:	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Pay-TV subscriber and related revenue	\$ 2,658,381	\$ 2,870,694	\$ 5,359,560	\$ 5,815,176
Retail wireless services and related revenue	785,136	853,918	1,589,401	1,721,029
5G network deployment services and related revenue	—	—	—	—
Broadband and satellite services and other revenue	302,527	368,228	619,647	742,750
Pay-TV equipment sales and other revenue	17,903	104,446	43,302	132,095
Retail wireless equipment sales and other revenue	106,395	74,323	207,980	182,078
5G network deployment equipment sales and other revenue	35,514	19,079	65,018	37,986
Broadband equipment and other revenue	91,484	84,882	156,950	149,956
Eliminations	(44,589)	(19,108)	(74,264)	(36,942)
Total	\$ 3,952,751	\$ 4,356,462	\$ 7,967,594	\$ 8,744,128

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

12. Revenue Recognition

Contract Balances

Our valuation and qualifying accounts as of June 30, 2024 were as follows:

	For the Six Months Ended	
	June 30,	
	2024	
	(In thousands)	
Balance at beginning of period	\$	74,390
Current period provision for expected credit losses		55,860
Write-offs charged against allowance		(22,511)
Acquisitions		—
Foreign currency translation		(241)
Balance at end of period	\$	107,498

Contract assets arise when we recognize revenue for providing a service in advance of billing our customers. Our contract assets typically relate to our long-term contracts where we recognize revenue using the cost-based input method and the revenue recognized exceeds the amount billed to the customer.

Our contract assets also include receivables related to sales-type leases recognized over the lease term as the customer is billed. Contract assets are amortized as the customer is billed for services. Contract assets are recorded in "Trade accounts receivable, net" on our Condensed Consolidated Balance Sheets.

The following table summarizes our contract asset balances:

	As of	
	June 30,	December 31,
	2024	2023
	(In thousands)	
Contract assets	\$ 91,885	\$ 66,103

Contract liabilities arise when we bill our customers and receive consideration in advance of providing the service. Contract liabilities are recognized as revenue when the service has been provided to the customer. Contract liabilities are recorded in "Deferred revenue and other" and "Long-term deferred revenue and other long-term liabilities" on our Condensed Consolidated Balance Sheets.

The following table summarizes our contract liability balances:

	As of	
	June 30,	December 31,
	2024	2023
	(In thousands)	
Contract liabilities	\$ 643,150	\$ 710,456

Our beginning of period contract liability recorded as customer contract revenue during 2024 was \$651 million.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Performance Obligations

Pay-TV and Retail Wireless Segments

We apply a practical expedient and do not disclose the value of the remaining performance obligations for contracts that are less than one year in duration, which represent a substantial majority of our revenue. As such, the amount of revenue related to unsatisfied performance obligations is not necessarily indicative of our future revenue.

Broadband and Satellite Services Segment

As of June 30, 2024, the remaining performance obligations for our customer contracts was approximately \$1.424 billion, compared to \$1.740 billion as of December 31, 2023, a decrease of \$316 million. This decrease primarily resulted from the evaluation of the credit worthiness of the portfolio. Performance obligations expected to be satisfied within one year and greater than one year are 30% and 70%, respectively. This amount and percentages exclude leasing arrangements and agreements with consumer customers.

Contract Acquisition Costs

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Balance at beginning of period	\$ 322,813	\$ 444,104	\$ 352,114	\$ 460,876
Additions	70,138	93,879	135,242	189,538
Amortization expense	(84,837)	(110,403)	(179,103)	(223,286)
Foreign currency translation	(769)	554	(908)	1,006
Balance at end of period	<u>\$ 307,345</u>	<u>\$ 428,134</u>	<u>\$ 307,345</u>	<u>\$ 428,134</u>

13. Related Party Transactions

Sale of Assets to CONX

On March 10, 2024, CONX Corp. (an entity partially owned by Charles W. Ergen, our Chairman) ("CONX"), a special purpose acquisition company, and EchoStar Real Estate Holding L.L.C. ("Seller"), our subsidiary, entered into a definitive purchase and sale agreement (the "Purchase Agreement"), which provides for CONX's purchase from the Seller of the commercial real estate property in Littleton, Colorado, comprising the corporate headquarters of DISH Wireless, for a purchase price of \$26.75 million, net of deferred tax. The transaction closed May 1, 2024. The difference between our net carrying value of the assets sold and the purchase price was \$3 million recorded in "Additional paid-in capital" on our Condensed Consolidated Balance Sheets as of June 30, 2024.

Concurrently with the transaction closing on May 1, 2024 we entered into an agreement to lease back the property from CONX for an initial 10 year term. During both the three and six months ended June 30, 2024, we recorded \$1 million for this lease in "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Hughes Systique Corporation (“Hughes Systique”)

We own 42% of Hughes Systique via preferred shares and contract with Hughes Systique for software development services. Prior to December 31, 2023, we consolidated Hughes Systique’s financial statements into our Condensed Consolidated Financial Statements. As of December 31, 2023, we have deconsolidated the Hughes Systique results from our Condensed Consolidated Financial Statements and recorded the investment as a cost method investment in “Other investments, net” on our Condensed Consolidated Balance Sheets.

The table below summarizes our transactions with Hughes Systique:

	<u>For the Three Months Ended</u>	<u>For the Six Months Ended</u>
	<u>June 30, 2024</u>	
	(In thousands)	
Purchases:		
Purchases from Hughes Systique	\$ 4,380	\$ 8,976
	As of	
	<u>June 30,</u>	<u>December 31,</u>
	<u>2024</u>	<u>2023</u>
	(In thousands)	
Amounts Payable:		
Amounts payable to Hughes Systique	\$ 1,505	\$ 1,704

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

NagraStar L.L.C.

We own a 50% interest in NagraStar, a joint venture that is our primary provider of encryption and related security systems intended to assure that only authorized customers have access to our programming. Certain payments related to NagraStar are recorded in “Cost of services” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). In addition, certain other payments are initially included in “Inventory” and are subsequently capitalized as “Property and equipment, net” on our Condensed Consolidated Balance Sheets or expensed as “Selling, general and administrative expenses” or “Cost of services” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) when the equipment is deployed. We record all payables in “Trade accounts payable” or “Other accrued expenses” on our Condensed Consolidated Balance Sheets. Our investment in NagraStar is accounted for using the equity method.

The table below summarizes our transactions with NagraStar:

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	(In thousands)			
Purchases (including fees):				
Purchases from NagraStar	\$ 8,526	\$ 9,495	\$ 17,127	\$ 19,040
	As of			
	June 30,		December 31,	
	2024		2023	
	(In thousands)			
Amounts Payable and Commitments:				
Amounts payable to NagraStar	\$ 5,912	\$ 9,821		
Commitments to NagraStar	\$ 1,414	\$ 1,727		

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following management's discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and notes to our financial statements included elsewhere in this Quarterly Report on Form 10-Q. This management's discussion and analysis is intended to help provide an understanding of our financial condition, changes in financial condition and results of our operations and contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2023 under the caption "Item 1A. Risk Factors." Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q, and we expressly disclaim any obligation to update any forward-looking statements.

Overview

Recent Developments

On December 31, 2023, we completed the acquisition of DISH Network pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of October 2, 2023 (the "Amended Merger Agreement"), by and among us, EAV Corp., a Nevada corporation and our wholly owned subsidiary ("Merger Sub"), and DISH Network, pursuant to which we acquired DISH Network by means of the merger of Merger Sub with and into DISH Network (the "Merger"), with DISH Network surviving the Merger as our wholly owned subsidiary. For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

With the Merger complete, we are currently focused on the process of integrating our and DISH Network's business in a manner that facilitates synergies, cost savings, growth opportunities and achieves other anticipated benefits (the "Integration").

Segments

We currently operate four primary business segments: (1) Pay-TV; (2) Retail Wireless; (3) 5G Network Deployment; and (4) Broadband and Satellite Services.

Our Pay-TV segment business strategy is to be the best provider of video services in the United States by providing products with the best technology, outstanding customer service and great value. We offer pay-TV services under the DISH® brand and the SLING® brand (collectively "Pay-TV" services). We promote our Pay-TV services by providing our subscribers with a better "price-to-value" relationship and experience than those available from other subscription television service providers. The DISH branded pay-TV service consists of, among other things, FCC licenses authorizing us to use direct broadcast satellite ("DBS") and Fixed Satellite Service ("FSS") spectrum, our owned and leased satellites, receiver systems, broadcast operations, a leased fiber optic network, in-home service and call center operations and certain other assets utilized in our operations ("DISH TV"). We also design, develop and distribute receiver systems and provide digital broadcast operations, including satellite uplinking/downlinking, transmission and other services to third-party pay-TV providers. The SLING branded pay-TV services consist of, among other things, multichannel, live-linear and on-demand streaming over-the-top ("OTT") Internet-based domestic, international, Latino and Freestream video programming services ("SLING TV"). We market our SLING TV services to consumers who do not subscribe to traditional satellite and cable pay-TV services, as well as to current and recent traditional pay-TV subscribers who desire a lower cost alternative.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

We offer nationwide prepaid and postpaid retail wireless services to subscribers primarily under our Boost Mobile® and Gen Mobile® brands (“Retail Wireless” services), as well as a competitive portfolio of wireless devices. We offer customers value by providing choice and flexibility in our Retail Wireless services. We offer competitive consumer plans with no annual service contracts. Our Retail Wireless business strategy is to expand our current target segments and profitably grow our subscriber base by acquiring and retaining high quality subscribers while we continue our 5G Network Deployment. We intend to acquire high quality subscribers by providing competitive offers, choice and outstanding customer service that better meet those subscribers’ needs and budget.

We are currently operating our Retail Wireless segment primarily as a mobile virtual network operator (“MVNO”) as we continue our 5G Network Deployment and commercialize and grow customer traffic on our 5G Network, as defined below. We are transitioning our Retail Wireless segment to a mobile network operator (“MNO”) as our 5G Network has become commercially available and we grow customer traffic on our 5G Network. We are currently activating Boost Mobile subscribers with compatible devices onto our 5G Network in markets where we have reached voice over new radio (“VoNR”). We have deployed 5G VoNR covering over 200 million Americans. Within our MVNO operations, today we depend on T-Mobile and AT&T to provide us with network services under the amended Master Network Services Agreement (“MNSA”) and Network Services Agreement (the “NSA”), respectively. Under the NSA, we expect AT&T will become our primary network services provider.

Our 5G Network Deployment segment strategy is to commercialize our Wireless spectrum licenses through the completion of the nation’s first cloud-native, Open Radio Access Network (“O-RAN”) based 5G network (our “5G Network Deployment”). We have committed to deploy a facilities-based 5G broadband network (our “5G Network”) capable of serving increasingly larger portions of the U.S. population at different deadlines.

On September 29, 2023, the FCC confirmed we have met all of our June 14, 2023 band-specific 5G deployment commitments, and two of our three nationwide 5G commitments. The single remaining 5G commitment, that at least 70% of the U.S. population has access to average download speeds equal to 35 Mbps, was achieved in March 2024 using the drive test methodology previously agreed upon by us and the FCC and overseen by an independent monitor. We now have the largest commercial deployment of 5G VoNR in the world covering over 200 million Americans and 5G broadband service covering over 250 million Americans. Our fully constructed facilities along with our construction in process will be sufficient to meet many of our build-out requirements over the next year, including our June 14, 2025 milestones. These facilities are for licenses comprising approximately 90% of the aggregate carrying value, including capitalized interest, for our 600 MHz, 700 MHz, H Block and AWS-4 licenses. However, for the remaining licenses that we have not yet constructed facilities sufficient to meet our June 14, 2025 final build-out requirements, we will need to raise additional capital to, among other things, continue our 5G Network Deployment. If we are unable to address our capital needs or encounter unanticipated construction delays, we may be unable to retain such spectrum licenses, which would result in an impairment of those licenses.

Our Broadband and Satellite Services segment business strategy is to maintain and improve our leadership position and competitive advantage through development of leading-edge technologies and services marketed to selected sectors within the consumer, enterprise and government markets globally. Within our Broadband and Satellite Services segment we are an industry leader in both networking technologies and services, innovating to deliver the global solutions that power a connected future for people, enterprises and things everywhere.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

We provide broadband services to consumer customers, which include home and small to medium-sized businesses, and satellite, multi-transport technologies and managed network services to enterprise customers, telecommunications providers, aeronautical service providers and government entities, including civilian and defense. Our EchoStar XXIV satellite began service in December 2023, bringing additional broadband capacity across North and South America and is expected to be an integral part of our satellite service business. We will leverage EchoStar XXIV to deliver satellite services to unserved and underserved consumer markets in the Americas as well as enterprise and government markets.

Economic Environment

During 2023 and the first six months of 2024, we experienced inflationary pressures in our commodity and labor costs resulting from the macroeconomic environment in the United States, which has significantly impacted our overall operating results.

EXPLANATION OF KEY METRICS AND OTHER ITEMS

Service revenue. "Service revenue" consists principally of Pay-TV and Wireless subscriber revenue, broadband services, maintenance and other contracted revenue and satellite and transponder leases and services revenue. Certain of the amounts included in "Service revenue" are not recurring on a monthly basis.

Equipment sales and other revenue. "Equipment sales and other revenue" principally includes the sale of wireless devices, the non-subsidized sales of Pay-TV equipment, the licensing of certain intellectual property and sales of broadband equipment and networks sold both in our consumer and enterprise markets.

Cost of services. "Cost of services" principally includes Pay-TV programming expenses and other operating costs related to our Pay-TV segment, costs of Wireless services (including costs incurred under the MNSA and NSA), costs of broadband services, maintenance and other contracted services, and costs associated with satellite and transponder leases and services. Beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, cost of Wireless services includes certain direct costs related to our 5G Network Deployment, including lease expense on communication towers, transport, cloud services and other costs.

Cost of sales - equipment and other. "Cost of sales – equipment and other" principally includes the cost of wireless devices and other related items, the cost of broadband equipment and networks, as well as costs related to the non-subsidized sales of Pay-TV equipment. Costs are generally recognized as products are delivered to customers and the related revenue is recognized. In addition, prior to January 1, 2024, "Cost of sales – equipment and other" included certain direct costs related to our 5G Network Deployment, including lease expense on communication towers, transport, cloud services and other costs, which is now included in "Cost of services" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Selling, general and administrative expenses. "Selling, general and administrative expenses" consists primarily of direct sales costs, advertising and selling costs, third-party commissions related to the acquisition of subscribers and employee-related costs associated with administrative services such as legal, information systems and accounting and finance. In addition, "Selling, general and administrative expenses" includes costs related to the installation of equipment for our new Pay-TV subscribers and the cost of subsidized sales of Pay-TV equipment for new subscribers.

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

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" primarily includes interest expense associated with our long-term debt (net of capitalized interest), prepayment premiums, amortization of debt discounts and debt issuance costs associated with our long-term debt and interest expense associated with our finance lease obligations.

Other, net. The main components of "Other, net" are gains and losses realized on the sale and/or conversion of marketable and non-marketable investment securities and derivative instruments, impairment of marketable and non-marketable investment securities, unrealized gains and losses from changes in fair value of certain marketable and non-marketable investment securities and derivative instruments, foreign currency transaction gains and losses and equity in earnings and losses of our affiliates.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is defined as "Net income (loss) attributable to EchoStar" plus "Interest expense, net of amounts capitalized" and net of "Interest income," "Income tax (provision) benefit, net" and "Depreciation and amortization." This "non-GAAP measure" is reconciled to "Net income (loss) attributable to EchoStar" in our discussion of "Results of Operations" below.

Operating income before depreciation and amortization ("OIBDA"). OIBDA is defined as "Operating income (loss)" plus "Depreciation and amortization." This "non-GAAP measure" is reconciled to "Operating income (loss)" in our discussion of "Results of Operations" below.

DISH TV subscribers. We include customers obtained through direct sales, independent third-party retailers and other independent third-party distribution relationships in our DISH TV subscriber count. We also provide DISH TV services to hotels, motels and other commercial accounts. For certain of these commercial accounts, we divide our total revenue for these commercial accounts by \$34.99, and include the resulting number, which is substantially smaller than the actual number of commercial units served, in our DISH TV subscriber count.

SLING TV subscribers. We include customers obtained through direct sales and third-party marketing agreements in our SLING TV subscriber count. SLING TV subscriber additions are recorded net of disconnects. SLING TV customers receiving SLING TV Freestream service, or service for no charge, under certain new subscriber promotions, are excluded from our SLING TV subscriber count. For customers who subscribe to multiple SLING TV packages, each customer is only counted as one SLING TV subscriber.

Pay-TV subscribers. Our Pay-TV subscriber count includes all DISH TV and SLING TV subscribers discussed above. For customers who subscribe to both our DISH TV services and our SLING TV services, each subscription is counted as a separate Pay-TV subscriber.

Pay-TV average monthly revenue per subscriber ("Pay-TV ARPU"). We are not aware of any uniform standards for calculating ARPU and believe presentations of ARPU may not be calculated consistently by other companies in the same or similar businesses. We calculate Pay-TV average monthly revenue per Pay-TV subscriber, or Pay-TV ARPU, by dividing average monthly Pay-TV segment "Service revenue," excluding revenue from broadband services, for the period by our average number of Pay-TV subscribers for the period. The average number of Pay-TV subscribers is calculated for the period by adding the average number of Pay-TV subscribers for each month and dividing by the number of months in the period. The average number of Pay-TV subscribers for each month is calculated by adding the beginning and ending Pay-TV subscribers for the month and dividing by two. SLING TV subscribers on average purchase lower priced programming services than DISH TV subscribers, and therefore, as SLING TV subscribers increase as a percentage of total Pay-TV subscribers, it has had a negative impact on Pay-TV ARPU.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

DISH TV average monthly subscriber churn rate (“DISH TV churn rate”). We are not aware of any uniform standards for calculating subscriber churn rate and believe presentations of subscriber churn rates may not be calculated consistently by different companies in the same or similar businesses. We calculate our DISH TV churn rate for any period by dividing the number of DISH TV subscribers who terminated service during the period by the average number of DISH TV subscribers for the same period, and further dividing by the number of months in the period. The average number of DISH TV subscribers is calculated for the period by adding the average number of DISH TV subscribers for each month and dividing by the number of months in the period. The average number of DISH TV subscribers for each month is calculated by adding the beginning and ending DISH TV subscribers for the month and dividing by two.

DISH TV SAC. Subscriber acquisition cost measures are commonly used by those evaluating traditional companies in the pay-TV industry. We are not aware of any uniform standards for calculating the “average subscriber acquisition costs per new DISH TV subscriber activation,” or DISH TV SAC, and we believe presentations of pay-TV SAC may not be calculated consistently by different companies in the same or similar businesses. Our DISH TV SAC is calculated using all costs of acquiring DISH TV subscribers (e.g., subsidized equipment, advertising, installation, commissions and direct sales, etc.) which are included in “Selling, general and administrative expenses,” plus capitalized payments made under certain sales incentive programs and the value of equipment capitalized under our lease program for new DISH TV subscribers, divided by gross new DISH TV subscriber activations. We include all new DISH TV subscribers in our calculation, including DISH TV subscribers added with little or no subscriber acquisition costs.

Wireless subscribers. We include prepaid and postpaid customers obtained through direct sales, independent third-party retailers and other independent third-party distribution relationships in our Wireless subscriber count. Our Wireless subscriber count includes all Government subsidized subscribers discussed below. Our gross new Wireless subscriber activations exclude all Government subsidized subscribers as we record these subscribers net of disconnects, as discussed below.

Government subsidized wireless subscribers and other wireless subscribers (“Government subsidized subscribers”). Our Government subsidized subscribers have different subscriber economics than our core Wireless subscribers, including a significantly higher churn rate and lower subscriber acquisition costs. Therefore, our Government subsidized subscriber additions are recorded net of disconnects. Our Government subsidized subscriber count includes Wireless subscribers that participate in government subsidized programs, including the ACP program and Lifeline program, defined below, and other subscribers acquired under the Gen Mobile brand. The Affordable Connectivity Program (“ACP”) is a federal program offering broadband services and devices discounts to help low-income individuals that meet certain eligibility criteria. The ACP program funding concluded on June 1, 2024. The Lifeline Program is a federal program offering broadband services discounts to help low-income individuals that meet certain eligibility criteria. Certain states also offer a separate Lifeline program.

Wireless average monthly revenue per subscriber (“Wireless ARPU”). We are not aware of any uniform standards for calculating ARPU and believe presentations of ARPU may not be calculated consistently by other companies in the same or similar businesses. We calculate average monthly revenue per Wireless subscriber, or Wireless ARPU, by dividing average monthly Retail Wireless segment “Service revenue” for the period by our average number of Wireless subscribers for the period. The average number of Wireless subscribers is calculated for the period by adding the average number of Wireless subscribers for each month and dividing by the number of months in the period. The average number of Wireless subscribers for each month is calculated by adding the beginning and ending Wireless subscribers for the month and dividing by two.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Wireless average monthly subscriber churn rate (“Wireless churn rate”). We are not aware of any uniform standards for calculating subscriber churn rate and believe presentations of subscriber churn rates may not be calculated consistently by different companies in the same or similar businesses. We calculate our “Wireless churn rate” for any period by dividing the number of Wireless subscribers who terminated service during the period by the average number of Wireless subscribers for the same period, and further dividing by the number of months in the period. The average number of Wireless subscribers is calculated for the period by adding the average number of Wireless subscribers for each month and dividing by the number of months in the period. The average number of Wireless subscribers for each month is calculated by adding the beginning and ending Wireless subscribers for the month and dividing by two. Government subsidized subscriber additions are recorded net of disconnects and therefore excluded from our calculation of our Wireless churn rate.

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

Free cash flow. We define free cash flow as “Net cash flows from operating activities” less: (i) “Purchases of property and equipment” net of “Refunds and other receipts of purchases of property and equipment,” and (ii) “Capitalized interest related to Regulatory authorizations,” as shown on our Condensed Consolidated Statements of Cash Flows.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

RESULTS OF OPERATIONS – Segments

Business Segments

We currently operate four primary business segments: (1) Pay-TV; (2) Retail Wireless; (3) 5G Network Deployment; and (4) Broadband and Satellite Services.

Revenue and operating income (loss) by segment are shown in the table below:

Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023.

	For the Three Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Pay-TV	\$ 2,676,284	\$ 2,975,140	\$ (298,856)	(10.0)
Retail Wireless	891,531	928,241	(36,710)	(4.0)
5G Network Deployment	35,514	19,079	16,435	86.1
Broadband and Satellite Services	394,011	453,110	(59,099)	(13.0)
Eliminations	(44,589)	(19,108)	(25,481)	*
Total revenue	\$ 3,952,751	\$ 4,356,462	\$ (403,711)	(9.3)
Operating income (loss):				
Pay-TV	\$ 667,752	\$ 720,792	\$ (53,040)	(7.4)
Retail Wireless	(121,362)	(112,499)	(8,863)	(7.9)
5G Network Deployment	(578,940)	(401,959)	(176,981)	(44.0)
Broadband and Satellite Services	(34,586)	43,847	(78,433)	*
Eliminations	1,767	2,048	(281)	(13.7)
Total operating income (loss)	\$ (65,369)	\$ 252,229	\$ (317,598)	*

* Percentage is not meaningful

Total revenue. Our consolidated revenue totaled \$3.953 billion for the three months ended June 30, 2024, a decrease of \$404 million or 9.3% compared to the same period in 2023. The net decrease primarily resulted from the decrease in revenue from our Pay-TV, Broadband and Satellite Services and Retail Wireless segments.

Total operating income (loss). Our consolidated operating loss totaled \$65 million for the three months ended June 30, 2024, compared to operating income of \$252 million during the same period in 2023. This change primarily resulted from an increase in operating loss from our 5G Network Deployment and Retail Wireless segments, a decrease in operating income from our Pay-TV segment, and an operating loss for the three months ended June 30, 2024 compared to operating income during the same period in 2023 from our Broadband and Satellite Services segment.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023.

	For the Six Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Pay-TV	\$ 5,402,862	\$ 5,947,271	\$ (544,409)	(9.2)
Retail wireless	1,797,381	1,903,107	(105,726)	(5.6)
5G network deployment	65,018	37,986	27,032	71.2
Broadband and satellite services	776,597	892,706	(116,109)	(13.0)
Eliminations	(74,264)	(36,942)	(37,322)	*
Total revenue	<u>\$ 7,967,594</u>	<u>\$ 8,744,128</u>	<u>\$ (776,534)</u>	<u>(8.9)</u>
Operating income (loss):				
Pay-TV	\$ 1,337,860	\$ 1,396,025	\$ (58,165)	(4.2)
Retail wireless	(195,779)	(130,706)	(65,073)	(49.8)
5G network deployment	(1,149,691)	(735,562)	(414,129)	(56.3)
Broadband and satellite services	(74,140)	71,552	(145,692)	*
Eliminations	1,137	4,258	(3,121)	(73.3)
Total operating income (loss)	<u>\$ (80,613)</u>	<u>\$ 605,567</u>	<u>\$ (686,180)</u>	<u>*</u>

*Percentage not meaningful.

Total revenue. Our consolidated revenue totaled \$7.968 billion for the six months ended June 30, 2024, a decrease of \$777 million or 8.9% compared to the same period in 2023. The net decrease primarily resulted from the decrease in revenue from our Pay-TV, Broadband and Satellite Services and Retail Wireless segments.

Total operating income (loss). Our consolidated operating loss totaled \$81 million for the six months ended June 30, 2024, compared to operating income of \$606 million during the same period in 2023. This change primarily resulted from an increase in operating loss from our 5G Network Deployment and Retail Wireless segments, a decrease in operating income from our Pay-TV segment, and an operating loss for the six months ended June 30, 2024 compared to operating income during the same period in 2023 from our Broadband and Satellite Services segment.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Pay-TV Segment

We offer Pay-TV services under the DISH brand and the SLING brand. As of June 30, 2024, we had 8.074 million Pay-TV subscribers in the United States, including 6.076 million DISH TV subscribers and 1.998 million SLING TV subscribers.

We promote our Pay-TV services by providing our subscribers with better service, technology and value than those available from other subscription television service providers. We offer a wide selection of video services under the DISH TV brand, with access to hundreds of channels depending on the level of subscription. Our standard programming packages generally include programming provided by national cable networks. We also offer programming packages that include local broadcast networks, specialty sports channels, premium movie channels and Latino and international programming. We market our SLING TV services to consumers who do not subscribe to traditional satellite and cable pay-TV services, as well as to current and recent traditional pay-TV subscribers who desire a lower cost alternative. Our SLING TV services require an Internet connection and are available on multiple streaming-capable devices including, among others, streaming media devices, TVs, tablets, computers, game consoles and phones. We offer SLING domestic, SLING International, SLING Latino and SLING Freestream video programming services.

Trends in our Pay-TV Segment

Competition

Competition has intensified in recent years as the pay-TV industry has matured. We and our competitors increasingly must seek to attract a greater proportion of new subscribers from each other's existing subscriber bases rather than from first-time purchasers of pay-TV services. We face substantial competition from established pay-TV providers and broadband service providers and increasing competition from companies providing/facilitating the delivery of video content via the Internet to computers, televisions, and other streaming and mobile devices, including wireless service providers. In recent years, industry consolidation and convergence has created competitors with greater scale and multiple product/service offerings. These developments, among others, have contributed to intense and increasing competition, and we expect such competition to continue.

We incur significant costs to retain our existing DISH TV subscribers, generally as a result of upgrading their equipment to next generation receivers, primarily including our Hopper® receivers, and by providing retention credits. Our DISH TV subscriber retention costs may vary significantly from period to period.

Many of our competitors have been especially aggressive by offering discounted programming and services for both new and existing subscribers, including, but not limited to, bundled offers combining broadband, video and/or wireless services and other promotional offers. Certain competitors have been able to subsidize the price of video services with the price of broadband and/or wireless services.

Our Pay-TV services also face increased competition from programmers and other companies who distribute video directly to consumers over the Internet, as well as traditional satellite television providers, cable companies and large telecommunications companies that are rapidly increasing their Internet-based video offerings and direct-to-consumer exclusive and non-exclusive content. We also face competition from providers of video content, many of which are providers of programming content to us, that distribute content over the Internet including services with live-linear television programming, as well as single programmer offerings and offerings of large libraries of on-demand content, including in certain cases original content. These product offerings include, but are not limited to, Netflix, Hulu, Apple+, Prime Video, YouTube TV, Disney+, ESPN+, Paramount+, Max, STARZ, Peacock, Fubo, Philo, Tubi and Venu Sports and certain bundles of these offerings.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Significant changes in consumer behavior regarding the means by which consumers obtain video entertainment and information in response to digital media competition could have a material adverse effect on our business, results of operations and financial condition or otherwise disrupt our business.

In particular, consumers have shown increased interest in viewing certain video programming in any place, at any time and/or on any broadband or Internet-connected device they choose. Online content providers may cause our subscribers to disconnect our DISH TV services (“cord cutting”), downgrade to smaller, less expensive programming packages (“cord shaving”) or elect to purchase through these online content providers a certain portion of the services that they would have historically purchased from us.

Mergers and acquisitions, joint ventures and alliances among cable television providers, telecommunications companies, programming providers and others may result in, among other things, greater scale and financial leverage and increase the availability of offerings from providers capable of bundling video, broadband and/or wireless services in competition with our services and may exacerbate the risks described under the caption “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2023 and elsewhere in our public filings. These transactions may affect us adversely by, among other things, making it more difficult for us to obtain access to certain programming networks on nondiscriminatory and fair terms, or at all.

Our Pay-TV subscriber base has been declining due to, among other things, the factors described above. There can be no assurance that our Pay-TV subscriber base will not continue to decline and that the pace of such decline will not accelerate. As our Pay-TV subscriber base continues to decline, it could have a material adverse long-term effect on our business, results of operations, financial condition and cash flow.

Programming

Our ability to compete successfully will depend, among other things, on our ability to continue to obtain desirable programming and deliver it to our subscribers at competitive prices. Programming costs represent a large percentage of our “Cost of services” and the largest component of our total expense. We expect these costs to continue to increase due to contractual price increases and the renewal of long-term programming contracts on less favorable pricing terms and certain programming costs are rising at a much faster rate than wages or inflation. In particular, the rates we are charged for retransmitting local broadcast channels have been increasing substantially and may exceed our ability to increase our prices to our subscribers. Our ability to provide services under these agreements and negotiate acceptable terms depends on, among other things, the number of subscribers we have, our actual, perceived or anticipated financial condition and our negotiating power against each programmer, which can vary depending on the size and scale of such programmer. Going forward, our margins may face pressure if we are unable to renew our long-term programming contracts on acceptable pricing and other economic terms or if we are unable to pass these increased programming costs on to our subscribers.

Increases in programming costs have caused us to increase the rates that we charge to our subscribers, which could in turn cause our existing Pay-TV subscribers to disconnect our services or cause potential new Pay-TV subscribers to choose not to subscribe to our services. Additionally, even if our subscribers do not disconnect our services, they may purchase through new and existing online content providers a certain portion of the services that they would have historically purchased from us.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Furthermore, our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV churn rate may be negatively impacted if we are unable to renew our long-term programming carriage contracts. In the past, our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV churn rate have been negatively impacted as a result of programming interruptions and threatened programming interruptions in connection with the scheduled expiration of programming carriage contracts with content providers. There can be no assurance that the removal of any channels will not have a material adverse effect on our business, results of operations and financial condition or otherwise disrupt our business. We cannot predict with any certainty the impact to our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV churn rate resulting from programming interruptions or threatened programming interruptions that may occur in the future. As a result, we may at times suffer from periods of lower net Pay-TV subscriber additions or higher net Pay-TV subscriber losses.

Other Developments

Adaptive Bitrate Streaming Patents

Through our subsidiaries, we hold dozens of issued United States and foreign patents that relate to Adaptive Bitrate Streaming. On September 9, 2022, the chief administrative law judge at the United States International Trade Commission (“ITC”) issued an Initial Determination holding that the video streaming in certain Peloton, NordicTrack and Mirror exercise equipment infringes four of those patents, and recommended that the ITC prevent the importation of the infringing products. On March 8, 2023, the ITC issued its Final Determination, which affirmed the Initial Determination for three of the four patents in all material aspects, and issued the recommended exclusion and cease and desist orders, which will become effective after a Presidential review period. On February 9, 2023, we entered into a confidential license agreement covering Mirror exercise equipment that resolves our litigation involving those products. On May 1, 2023, we entered into a \$75 million license agreement covering Peloton exercise equipment that resolves our litigation involving those products. During the second quarter of 2023, we recorded the \$75 million license agreement in “Equipment sales and other revenue” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). On March 6, 2024, we entered into a license agreement covering NordicTrack exercise equipment that resolves our litigation involving those products and received the initial payment.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

RESULTS OF OPERATIONS – Pay-TV Segment

Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023.

Statements of Operations Data	For the Three Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Service revenue	\$ 2,658,381	\$ 2,870,694	\$ (212,313)	(7.4)
Equipment sales and other revenue	17,903	104,446	(86,543)	(82.9)
Total revenue	<u>2,676,284</u>	<u>2,975,140</u>	<u>(298,856)</u>	<u>(10.0)</u>
Costs and expenses:				
Cost of services	1,638,683	1,749,024	(110,341)	(6.3)
% of Service revenue	61.6 %	60.9 %		
Cost of sales - equipment and other	17,837	24,708	(6,871)	(27.8)
Selling, general and administrative expenses	266,763	383,143	(116,380)	(30.4)
% of Total revenue	10.0 %	12.9 %		
Depreciation and amortization	85,249	97,473	(12,224)	(12.5)
Total costs and expenses	<u>2,008,532</u>	<u>2,254,348</u>	<u>(245,816)</u>	<u>(10.9)</u>
Operating income (loss)	<u>\$ 667,752</u>	<u>\$ 720,792</u>	<u>\$ (53,040)</u>	<u>(7.4)</u>
Other data:				
Pay-TV subscribers, as of period end (in millions)	8.074	8.904	(0.830)	(9.3)
DISH TV subscribers, as of period end (in millions)	6.076	6.901	(0.825)	(12.0)
SLING TV subscribers, as of period end (in millions)	1.998	2.003	(0.005)	(0.2)
Pay-TV subscriber additions (losses), net (in millions)	(0.104)	(0.294)	0.190	64.6
DISH TV subscriber additions (losses), net (in millions)	(0.182)	(0.197)	0.015	7.6
SLING TV subscriber additions (losses), net (in millions)	0.078	(0.097)	0.175	*
Pay-TV ARPU	\$ 108.42	\$ 104.07	\$ 4.35	4.2
DISH TV subscriber additions, gross (in millions)	0.076	0.120	(0.044)	(36.7)
DISH TV churn rate	1.39 %	1.51 %	(0.12)%	(7.9)
DISH TV SAC	\$ 938	\$ 1,169	\$ (231)	(19.8)
Purchases of property and equipment, net of refunds (1)	\$ 54,006	\$ 67,630	\$ (13,624)	(20.1)
OIBDA	\$ 753,001	\$ 818,265	\$ (65,264)	(8.0)

* Percentage is not meaningful.

(1) Purchases of property and equipment, net of refunds includes satellite purchases during both the three months ended June 30, 2024 and 2023 of \$36 million.

Pay-TV Subscribers

DISH TV subscribers. We lost approximately 182,000 net DISH TV subscribers during the three months ended June 30, 2024 compared to the loss of approximately 197,000 net DISH TV subscribers during the same period in 2023. This decrease in net DISH TV subscriber losses primarily resulted from a lower DISH TV churn rate, partially offset by lower gross new DISH TV subscriber activations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

SLING TV subscribers. We added approximately 78,000 net SLING TV subscribers during the three months ended June 30, 2024 compared to the loss of approximately 97,000 net SLING TV subscribers during the same period in 2023. The change in net SLING TV subscribers was primarily related to lower SLING TV subscriber disconnects in 2024 due to our emphasis on acquiring higher quality subscribers, partially offset by lower SLING TV subscriber activations. We continue to experience increased competition, including competition from other subscription video on-demand and live-linear OTT service providers, many of which are providers of our content and offer football and other seasonal sports programming direct to subscribers on an a la carte basis.

DISH TV subscribers, gross. During the three months ended June 30, 2024, we activated approximately 76,000 gross new DISH TV subscribers compared to approximately 120,000 gross new DISH TV subscribers during the same period in 2023, a decrease of 36.7%. This decrease in our gross new DISH TV subscriber activations was primarily related to the lack of demand, shifting consumer behavior and lower marketing expenditures, as well as increased competitive pressures, including, but not limited to, live-linear OTT service providers, aggressive short term introductory pricing and bundled offers combining broadband, video and/or wireless services and other discounted promotional offers, and direct-to-consumer offerings by certain of our programmers. Our gross new DISH TV subscriber activations continue to be negatively impacted by an emphasis on acquiring higher quality subscribers.

DISH TV churn rate. Our DISH TV churn rate for the three months ended June 30, 2024 was 1.39% compared to 1.51% for the same period in 2023. Our DISH TV churn rate for the three months ended June 30, 2024 was positively impacted by our emphasis on acquiring and retaining higher quality subscribers. Our DISH TV churn rate continues to be adversely impacted by external factors, such as, among other things, cord cutting, shifting consumer behavior and increased competitive pressures, including, but not limited to, live-linear OTT service providers, aggressive marketing, bundled discount offers combining broadband, video and/or wireless services and other discounted promotional offers. Our DISH TV churn rate is also impacted by internal factors, such as, among other things, our ability to consistently provide outstanding customer service, price increases, our ability to control piracy and other forms of fraud and the level of our retention efforts.

Our net Pay-TV subscriber additions, gross new DISH TV subscriber activations and DISH TV churn rate have been negatively impacted as a result of programming interruptions and threatened programming interruptions in connection with the scheduled expiration of programming carriage contracts with content providers. We cannot predict with any certainty the impact to our net Pay-TV subscriber additions, gross new DISH TV subscriber activations and DISH TV subscriber churn rate resulting from programming interruptions or threatened programming interruptions that may occur in the future. As a result, we may at times suffer from periods of lower net Pay-TV subscriber additions or higher net Pay-TV subscriber losses.

We have not always met our own standards for performing high-quality installations, effectively resolving subscriber issues when they arise, answering subscriber calls in an acceptable timeframe, effectively communicating with our subscriber base, reducing calls driven by the complexity of our business, improving the reliability of certain systems and subscriber equipment and aligning the interests of certain independent third-party retailers and installers to provide high-quality service. Most of these factors have affected both gross new DISH TV subscriber activations as well as DISH TV subscriber churn rate. Our future gross new DISH TV subscriber activations and our DISH TV subscriber churn rate may be negatively impacted by these factors, which could in turn adversely affect our revenue.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Service revenue. "Service revenue" totaled \$2.658 billion for the three months ended June 30, 2024, a decrease of \$212 million or 7.4% compared to the same period in 2023. The decrease in "Service revenue" compared to the same period in 2023 was primarily related to lower average Pay-TV subscriber base, partially offset by an increase in Pay-TV ARPU, discussed below.

Equipment sales and other revenue. "Equipment sales and other revenue" totaled \$18 million for the three months ended June 30, 2024, a decrease of \$87 million compared to the same period in 2023. The decrease in "Equipment sales and other revenue" compared to the same period in 2023 was primarily related to a non-recurring \$75 million license of our Adaptive Bitrate Streaming patents to Peloton covering certain Peloton products that resolves our litigation involving those products during the three months ended June 30, 2023.

Pay-TV ARPU. Pay-TV ARPU was \$108.42 during the three months ended June 30, 2024 versus \$104.07 during the same period in 2023. The \$4.35 or 4.2% increase in Pay-TV ARPU was primarily attributable to the DISH TV and SLING TV programming price increases and higher Pay-TV ad sales revenue. The DISH TV and SLING TV programming package price increases were effective in the fourth quarter of 2023.

Cost of services. "Cost of services" totaled \$1.639 billion during the three months ended June 30, 2024, a decrease of \$110 million or 6.3% compared to the same period in 2023. The decrease in "Cost of services" was primarily attributable to a lower average Pay-TV subscriber base, partially offset by higher programming costs per subscriber. Programming costs per subscriber increased during the three months ended June 30, 2024 due to rate increases in certain of our programming contracts, including the renewal of certain contracts at higher rates, particularly for local broadcast channels. "Cost of services" represented 61.6% and 60.9% of "Service revenue" during the three months ended June 30, 2024 and 2023, respectively.

In the normal course of business, we enter into contracts to purchase programming content in which our payment obligations are generally contingent on the number of Pay-TV subscribers to whom we provide the respective content. Our "Cost of services" have and will continue to face further upward pressure from price increases and the renewal of long-term programming contracts on less favorable pricing terms. In addition, our programming expenses will increase to the extent we are successful in growing our Pay-TV subscriber base.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled \$267 million during the three months ended June 30, 2024, a \$116 million or 30.4% decrease compared to the same period in 2023. This change was primarily driven by a decrease in subscriber acquisition costs resulting from lower marketing expenditures and lower gross new DISH TV subscriber activations and a decrease in personnel costs.

Depreciation and amortization. "Depreciation and amortization" expense totaled \$85 million during the three months ended June 30, 2024, a \$12 million or 12.5% decrease compared to the same period in 2023. This change was primarily driven by a decrease in depreciation expense from equipment leased to new and existing DISH TV subscribers.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

DISH TV SAC. DISH TV SAC was \$938 during the three months ended June 30, 2024 compared to \$1,169 during the same period in 2023, a decrease of \$231 or 19.8%. This change was primarily attributable to a decrease in advertising costs per subscriber, partially offset by higher commission costs due to our emphasis on acquiring higher quality subscribers.

During the three months ended June 30, 2024 and 2023, the amount of equipment capitalized under our lease program for new DISH TV subscribers totaled \$6 million and \$12 million, respectively. This decrease in capital expenditures primarily resulted from a decrease in gross new DISH TV subscriber activations.

To remain competitive, we upgrade or replace subscriber equipment periodically as technology changes, and the costs associated with these upgrades may be substantial. To the extent technological changes render a portion of our existing equipment obsolete, we would be unable to redeploy all returned equipment and consequently would realize less benefit from the DISH TV SAC reduction associated with redeployment of that returned lease equipment.

Our "DISH TV SAC" may materially increase in the future to the extent that we, among other things, transition to newer technologies, introduce more aggressive promotions, or provide greater equipment subsidies. See further information under "*Liquidity and Capital Resources – Subscriber Acquisition and Retention Costs.*"

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023.

Statements of Operations Data	For the Six Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Service revenue	\$ 5,359,560	\$ 5,815,176	\$ (455,616)	(7.8)
Equipment sales and other revenue	43,302	132,095	(88,793)	(67.2)
Total revenue	<u>5,402,862</u>	<u>5,947,271</u>	<u>(544,409)</u>	<u>(9.2)</u>
Costs and expenses:				
Cost of services	3,303,128	3,582,323	(279,195)	(7.8)
% of Service revenue	61.6 %	61.6 %		
Cost of sales - equipment and other	34,829	45,773	(10,944)	(23.9)
Selling, general and administrative expenses	556,394	723,102	(166,708)	(23.1)
% of Total revenue	10.3 %	12.2 %		
Depreciation and amortization	170,651	200,048	(29,397)	(14.7)
Total costs and expenses	<u>4,065,002</u>	<u>4,551,246</u>	<u>(486,244)</u>	<u>(10.7)</u>
Operating income (loss)	<u>\$ 1,337,860</u>	<u>\$ 1,396,025</u>	<u>\$ (58,165)</u>	<u>(4.2)</u>
Other data:				
Pay-TV subscribers, as of period end (in millions)	8.074	8.904	(0.830)	(9.3)
DISH TV subscribers, as of period end (in millions)	6.076	6.901	(0.825)	(12.0)
SLING TV subscribers, as of period end (in millions)	1.998	2.003	(0.005)	(0.2)
Pay-TV subscriber additions (losses), net (in millions)	(0.452)	(0.846)	0.394	46.6
DISH TV subscriber additions (losses), net (in millions)	(0.395)	(0.515)	0.120	23.3
SLING TV subscriber additions (losses), net (in millions)	(0.057)	(0.331)	0.274	82.8
Pay-TV ARPU	\$ 107.89	\$ 103.38	\$ 4.51	4.4
DISH TV subscriber additions, gross (in millions)	0.155	0.233	(0.078)	(33.5)
DISH TV churn rate	1.46 %	1.74 %	(0.28)%	(16.1)
DISH TV SAC	\$ 997	\$ 1,114	\$ (117)	(10.5)
Purchases of property and equipment, net of refunds	\$ 111,918	\$ 103,193	\$ 8,725	8.5
OIBDA	\$ 1,508,511	\$ 1,596,073	\$ (87,562)	(5.5)

* Percentage is not meaningful.

(1) Purchases of property and equipment, net of refunds includes satellite purchases during the six months ended June 30, 2024 and 2023 of \$66 million and \$41 million, respectively.

Pay-TV Subscribers

DISH TV subscribers. We lost approximately 395,000 net DISH TV subscribers during the six months ended June 30, 2024 compared to the loss of approximately 515,000 net DISH TV subscribers during the same period in 2023. This decrease in net DISH TV subscriber losses primarily resulted from a lower DISH TV churn rate, partially offset by lower gross new DISH TV subscriber activations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

SLING TV subscribers. We lost approximately 57,000 net SLING TV subscribers during the six months ended June 30, 2024 compared to the loss of approximately 331,000 net SLING TV subscribers during the same period in 2023. The decrease in net SLING TV subscriber losses was primarily related to lower SLING TV subscriber disconnects in 2024 due to our emphasis on acquiring higher quality subscribers, partially offset by lower SLING TV subscriber activations. We continue to experience increased competition, including competition from other subscription video on-demand and live-linear OTT service providers, many of which are providers of our content and offer football and other seasonal sports programming direct to subscribers on an a la carte basis.

DISH TV subscribers, gross. During the six months ended June 30, 2024, we activated approximately 155,000 gross new DISH TV subscribers compared to approximately 233,000 gross new DISH TV subscribers during the same period in 2023, a decrease of 33.5%. This decrease in our gross new DISH TV subscriber activations was primarily related to the lack of demand, shifting consumer behavior and lower marketing expenditures, as well as increased competitive pressures, including, but not limited to, live-linear OTT service providers, aggressive short term introductory pricing and bundled offers combining broadband, video and/or wireless services and other discounted promotional offers, and direct-to-consumer offerings by certain of our programmers. Our gross new DISH TV subscriber activations continue to be negatively impacted by an emphasis on acquiring higher quality subscribers.

DISH TV churn rate. Our DISH TV churn rate for the six months ended June 30, 2024 was 1.46% compared to 1.74% for the same period in 2023. Our DISH TV churn rate for the six months ended June 30, 2024 was positively impacted by our emphasis on acquiring and retaining higher quality subscribers. Our DISH TV churn rate continues to be adversely impacted by external factors, such as, among other things, cord cutting, shifting consumer behavior and increased competitive pressures, including, but not limited to, live-linear OTT service providers, aggressive marketing, bundled discount offers combining broadband, video and/or wireless services and other discounted promotional offers. Our DISH TV churn rate is also impacted by internal factors, such as, among other things, our ability to consistently provide outstanding customer service, price increases, our ability to control piracy and other forms of fraud and the level of our retention efforts. In addition, our DISH TV churn rate for the six months ended June 30, 2023 was briefly elevated due to the cyber-security incident in the first quarter of 2023.

Our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV churn rate have been negatively impacted as a result of programming interruptions and threatened programming interruptions in connection with the scheduled expiration of programming carriage contracts with content providers. We cannot predict with any certainty the impact to our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV subscriber churn rate resulting from programming interruptions or threatened programming interruptions that may occur in the future. As a result, we may at times suffer from periods of lower net Pay-TV subscriber additions or higher net Pay-TV subscriber losses.

Service revenue. "Service revenue" totaled \$5.360 billion for the six months ended June 30, 2024, a decrease of \$456 million or 7.8% compared to the same period in 2023. The decrease in "Service revenue" compared to the same period in 2023 was primarily related to lower average Pay-TV subscriber base, partially offset by an increase in Pay-TV ARPU, discussed below.

Equipment sales and other revenue. "Equipment sales and other revenue" totaled \$43 million for the six months ended June 30, 2024, a decrease of \$89 million compared to the same period in 2023. The decrease in "Equipment sales and other revenue" compared to the same period in 2023 was primarily related to a non-recurring \$75 million license of our Adaptive Bitrate Streaming patents to Peloton covering certain Peloton products that resolves our litigation involving those products during the three months ended June 30, 2023.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Pay-TV ARPU. Pay-TV ARPU was \$107.89 during the six months ended June 30, 2024 versus \$103.38 during the same period in 2023. The \$4.51 or 4.4% increase in Pay-TV ARPU was primarily attributable to the DISH TV and SLING TV programming price increases and higher Pay-TV ad sales revenue. The DISH TV and SLING TV programming package price increases were effective in the fourth quarter of 2023.

Cost of services. "Cost of services" totaled \$3.303 billion during the six months ended June 30, 2024, a decrease of \$279 million or 7.8% compared to the same period in 2023. The decrease in "Cost of services" was primarily attributable to a lower average Pay-TV subscriber base and lower variable and retention costs per subscriber, partially offset by higher programming costs per subscriber. Programming costs per subscriber increased during the six months ended June 30, 2024 due to rate increases in certain of our programming contracts, including the renewal of certain contracts at higher rates, particularly for local broadcast channels. Variable and retention costs per subscriber during the six months ended June 30, 2023 were negatively impacted by approximately \$30 million in cyber-security-related expenses to remediate the incident and provide additional customer support. "Cost of services" represented 61.6% of "Service revenue" during both the six months ended June 30, 2024 and 2023, respectively.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled \$556 million during the six months ended June 30, 2024, a \$167 million or 23.1% decrease compared to the same period in 2023. This change was primarily driven by a decrease in subscriber acquisition costs resulting from lower marketing expenditures and lower gross new DISH TV subscriber activations and a decrease in personnel costs.

Depreciation and amortization. "Depreciation and amortization" expense totaled \$171 million during the six months ended June 30, 2024, a \$29 million or 14.7% decrease compared to the same period in 2023. This change was primarily driven by a decrease in depreciation expense from equipment leased to new and existing DISH TV subscribers and the EchoStar XI satellite which became fully depreciated during the second quarter of 2023.

DISH TV SAC. DISH TV SAC was \$997 during the six months ended June 30, 2024 compared to \$1,114 during the same period in 2023, a decrease of \$117 or 10.5%. This change was primarily attributable to a decrease in advertising costs per subscriber, partially offset by higher installation costs due to an increase in labor and other installation costs and higher commission costs due to our emphasis on acquiring higher quality subscribers.

During the six months ended June 30, 2024 and 2023, the amount of equipment capitalized under our lease program for new DISH TV subscribers totaled \$13 million and \$27 million, respectively. This decrease in capital expenditures primarily resulted from a decrease in gross new DISH TV subscriber activations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Retail Wireless Segment

We offer nationwide prepaid and postpaid Retail Wireless services to subscribers primarily under our Boost Mobile and Gen Mobile brands, as well as a competitive portfolio of wireless devices. Prepaid wireless subscribers generally pay in advance for monthly access to wireless talk, text and data services. Postpaid wireless subscribers are qualified to pay after receiving wireless talk, text and data services, and may also qualify for device financing arrangements.

Boost Mobile postpaid. During 2023, we launched our nationwide expansion of our Boost Mobile postpaid wireless service. At the end of the third quarter of 2023, we began offering the iPhone 15 on our 5G Network and expanded our Boost Mobile postpaid offering through a distribution partnership with Amazon. We currently offer a broad range of premium wireless devices on our 5G Network.

We are currently operating our Retail Wireless segment primarily as an MVNO as we continue our 5G Network Deployment and commercialize and grow customer traffic on our 5G Network. We are transitioning our Retail Wireless segment to an MNO as our 5G Network has become commercially available and we grow customer traffic on our 5G Network. We are currently activating Boost Mobile subscribers with compatible devices onto our 5G Network in markets where we have reached VoNR. We have deployed 5G VoNR covering over 200 million Americans. Within our MVNO operations, today we depend on T-Mobile and AT&T to provide us with network services under MNSA and NSA, respectively. Under the NSA, we expect AT&T will become our primary network services provider.

As of June 30, 2024 we had 7.281 million Wireless subscribers. Currently, we offer Wireless subscribers competitive consumer plans with no annual service contracts and monthly service plans including high-speed data and unlimited talk and text, and device financing arrangements for certain qualified subscribers.

During the second half of 2022, we began the process of migrating subscribers off the Transition Services Agreement (“TSA”) with T-Mobile, including the billing systems, and onto our own billing and operational support systems. The migration of subscribers to our new billing and operational support systems accelerated during the fourth quarter of 2022 and continued in the first and second quarters of 2023. The migration of subscribers during the first and second quarters of 2023 negatively impacted our Wireless churn rate and our results of operations. During the second quarter of 2023, we completed the migration of subscribers off the TSA with T-Mobile and onto our own billing and operational support systems.

ACP Subscribers. A portion of our subscriber base and revenue is comprised of subscribers who received benefits under ACP through May 2024. Households enrolled in the ACP program continued to receive the benefit on their service through April 2024. In May 2024, households received a partial benefit and on June 1, 2024 the ACP program funding concluded and households no longer received their benefit. We have implemented plans to retain and/or migrate these subscribers to lower priced service plans. As of June 30, 2024, we had approximately 387,000 ACP subscribers, representing 5.3% of our Wireless subscriber base. Although we only received partial payment for May and no payment for June services, these ACP subscribers were included in our Wireless subscriber count as of June 30, 2024. We are actively migrating these subscribers to lower priced service plans and, if we are unsuccessful in retaining and/or migrating these subscribers, they will deactivate in the second half of 2024, which could have an adverse impact to our Wireless subscriber base.

Generally, ACP subscribers have lower Wireless ARPU than other Wireless subscribers and as a result, any loss of ACP subscribers will have a nominal impact on pre-tax net income. We cannot predict with any certainty the impact of the loss of the ACP benefit to our Wireless subscriber base, net Wireless subscriber activations and results of operations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

If ACP funding is ultimately restored or replaced, there can be no assurance that the timing of the restoration or replacement will not lead to service interruptions and negatively impact, among other things, our net Wireless subscriber activations and results of operations. In addition, the restoration or replacement of ACP with one having different eligibility requirements and/or funding levels could negatively impact, among other things, our net Wireless subscriber activations and results of operations or impose additional costs on our business.

Competition

Retail wireless is a mature market with moderate year over year organic growth. Competitors include, among others, providers who offer similar wireless communication services, such as talk, text and data. Competitive factors within the wireless communication services industry include, but are not limited to, pricing, market saturation, service and product offerings, customer experience and service quality. We compete with a number of national wireless carriers, including Verizon, AT&T and T-Mobile, all of which are significantly larger than us, serve a significant percentage of all wireless subscribers and enjoy scale advantages compared to us. Verizon, AT&T, and T-Mobile are currently the only nationwide MNOs in the United States.

Additional primary competitors to our Retail Wireless segment include, but are not limited to, Metro PCS (owned by T-Mobile), Cricket Wireless (owned by AT&T), Visible (owned by Verizon), Tracfone Wireless (owned by Verizon), Total Wireless (owned by Verizon), and other MVNOs such as Consumer Cellular, Mint Mobile (owned by T-Mobile), Spectrum Mobile and Xfinity Mobile.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued
RESULTS OF OPERATIONS – Retail Wireless Segment
Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023.

Statements of Operations Data	For the Three Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Service revenue	\$ 785,136	\$ 853,918	\$ (68,782)	(8.1)
Equipment sales and other revenue	106,395	74,323	32,072	43.2
Total revenue	891,531	928,241	(36,710)	(4.0)
Costs and expenses:				
Cost of services	460,912	514,236	(53,324)	(10.4)
% of Service revenue	58.7 %	60.2 %		
Cost of sales - equipment and other	312,982	278,371	34,611	12.4
Selling, general and administrative expenses	183,632	194,930	(11,298)	(5.8)
% of Total revenue	20.6 %	21.0 %		
Depreciation and amortization	55,367	53,203	2,164	4.1
Total costs and expenses	1,012,893	1,040,740	(27,847)	(2.7)
Operating income (loss)	\$ (121,362)	\$ (112,499)	\$ (8,863)	(7.9)
Other data:				
Wireless subscribers, as of period end (in millions)	7.281	7.725	(0.444)	(5.7)
Wireless subscriber additions, gross (in millions)	0.606	0.711	(0.105)	(14.8)
Wireless subscriber additions (losses), net (in millions) **	(0.016)	(0.188)	0.172	91.5
Wireless ARPU	\$ 35.91	\$ 36.37	\$ (0.46)	(1.3)
Wireless churn rate	2.93 %	4.54 %	(1.61)%	(35.5)
OIBDA	\$ (65,995)	\$ (59,296)	\$ (6,699)	(11.3)

* Percentage is not meaningful.

** Includes Government subsidized subscribers.

Wireless subscribers. We lost approximately 16,000 net Wireless subscribers during the three months ended June 30, 2024 compared to the loss of approximately 188,000 net Wireless subscribers during the same period in 2023. This decrease in net Wireless subscriber losses primarily resulted from a lower Wireless churn rate, partially offset by lower gross new Wireless subscriber activations. In addition, the three months ended June 30, 2024 was negatively impacted by net losses of Government subsidized subscribers compared to net additions of Government subsidized subscribers during the same period in 2023, primarily due to the ACP program funding concluding on June 1, 2024. See “Retail Wireless Segment – ACP Subscribers” for further information. Excluding the impact of net losses of Government subsidized subscribers, we added approximately 32,000 net Wireless subscribers during the three months ended June 30, 2024.

Wireless subscribers, gross. During the three months ended June 30, 2024, we activated approximately 606,000 gross new Wireless subscribers compared to approximately 711,000 gross new Wireless subscribers during the same period in 2023, a decrease of 14.8%. Our gross new Wireless subscribers for the three months ended June 30, 2024 was negatively impacted by our emphasis on acquiring and retaining higher quality subscribers. In addition, this decrease in our gross new Wireless subscriber activations was primarily related to increased competitive pressures, including aggressive competitor marketing, discounted service plans and deeper wireless device subsidies.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Wireless churn rate. Our Wireless churn rate for the three months ended June 30, 2024 was 2.93% compared to 4.54% for the same period in 2023. Our Wireless churn rate for the three months ended June 30, 2024 was positively impacted by our emphasis on acquiring and retaining higher quality subscribers, partially offset by competitive pressures, including deeper wireless device subsidies. In addition, our Wireless churn rate for the three months ended June 30, 2023 was negatively impacted by migrating subscribers off the TSA with T-Mobile and onto our new billing and operational support systems.

Service revenue. "Service revenue" totaled \$785 million for the three months ended June 30, 2024, a decrease of \$69 million or 8.1% compared to the same period in 2023. The decrease in "Service revenue" compared to the same period in 2023 was primarily related to a lower average Wireless subscriber base and a decrease in Wireless ARPU, discussed below.

Wireless ARPU. Wireless ARPU was \$35.91 during the three months ended June 30, 2024 versus \$36.37 during the same period in 2023. The \$0.46 or 1.3% decrease in Wireless ARPU was primarily attributable to, among other things, providing ACP subscribers continued services for approximately half the charge in May 2024 and free of charge in June 2024 when the ACP program funding concluded, partially offset by a shift in subscriber plan mix to higher priced service plans and increased sales of value added services. Absent the adverse impact of ACP subscribers, Wireless ARPU would have increased during the three months ended June 30, 2024 compared to the same period in 2023.

Equipment sales and other revenue. "Equipment sales and other revenue" totaled \$106 million for the three months ended June 30, 2024, an increase of \$32 million or 43.2% compared to the same period in 2023. The increase in "Equipment sales and other revenue" compared to the same period in 2023 was primarily related to higher revenue per unit shipped due to unit mix, partially offset by a decrease in units shipped and higher promotional subsidies. During the three months ended June 30, 2024, we shipped a higher percentage of devices that are compatible with our 5G Network and other devices that have a higher revenue per unit.

Cost of services. "Cost of services" totaled \$461 million for the three months ended June 30, 2024, a decrease of \$53 million or 10.4% compared to the same period in 2023. The decrease in "Cost of services" compared to the same period in 2023 was primarily attributable to a lower average Wireless subscriber base, lower network services costs per subscriber and operational efficiencies, partially offset by higher monthly dealer incentive costs. In the third quarter of 2023, we realigned our commission structure with current business objectives to acquire higher quality, long-term subscribers, which resulted in higher monthly dealer incentive costs.

Cost of sales – equipment and other. "Cost of sales – equipment and other" totaled \$313 million for the three months ended June 30, 2024, an increase of \$35 million or 12.4% compared to the same period in 2023. The increase in "Cost of sales – equipment and other" compared to the same period in 2023 was primarily related to higher costs per unit shipped due to unit mix, partially offset by a decrease in units shipped and higher vendor rebates. During the three months ended June 30, 2024, we shipped a higher percentage of devices that are compatible with our 5G Network and other devices that have a higher cost per unit.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled \$184 million during the three months ended June 30, 2024, an \$11 million or 5.8% decrease compared to the same period in 2023. This change was primarily driven by a decrease in costs to support the Retail Wireless segment and lower sales commissions, partially offset by higher marketing expenditures. The three months ended June 30, 2023 was negatively impacted by costs of migrating subscribers off the TSA with T-Mobile and onto our new billing and operational support systems.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023.

Statements of Operations Data	For the Six Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Service revenue	\$ 1,589,401	\$ 1,721,029	\$ (131,628)	(7.6)
Equipment sales and other revenue	207,980	182,078	25,902	14.2
Total revenue	<u>1,797,381</u>	<u>1,903,107</u>	<u>(105,726)</u>	(5.6)
Costs and expenses:				
Cost of services	921,726	1,012,208	(90,482)	(8.9)
% of Service revenue	58.0 %	58.8 %		
Cost of sales - equipment and other	602,524	542,204	60,320	11.1
Selling, general and administrative expenses	356,644	373,353	(16,709)	(4.5)
% of Total revenue	19.8 %	19.6 %		
Depreciation and amortization	112,266	106,048	6,218	5.9
Total costs and expenses	<u>1,993,160</u>	<u>2,033,813</u>	<u>(40,653)</u>	(2.0)
Operating income (loss)	<u>\$ (195,779)</u>	<u>\$ (130,706)</u>	<u>\$ (65,073)</u>	(49.8)
Other data:				
Wireless subscribers, as of period end (in millions)	7.281	7.725	(0.444)	(5.7)
Wireless subscriber additions, gross (in millions)	1.186	1.496	(0.310)	(20.7)
Wireless subscriber additions (losses), net (in millions) **	(0.097)	(0.269)	0.172	63.9
Wireless ARPU	\$ 36.30	\$ 36.40	\$ (0.10)	(0.3)
Wireless churn rate	2.99 %	4.39 %	(1.40)%	(31.9)
OIBDA	\$ (83,513)	\$ (24,658)	\$ (58,855)	*

* Percentage is not meaningful.

** Includes Government subsidized subscribers.

Wireless subscribers. We lost approximately 97,000 net Wireless subscribers during the six months ended June 30, 2024 compared to the loss of approximately 269,000 net Wireless subscribers during the same period in 2023. This decrease in net Wireless subscriber losses primarily resulted from a lower Wireless churn rate, partially offset by lower gross new Wireless subscriber activations and lower net Government subsidized subscriber additions compared to the same period in 2023, primarily due to the ACP program funding concluding on June 1, 2024. The ACP program funding concluded on June 1, 2024. See “Retail Wireless Segment – ACP Subscribers” for further information.

Wireless subscribers, gross. During the six months ended June 30, 2024, we activated approximately 1.186 million gross new Wireless subscribers compared to approximately 1.496 million gross new Wireless subscribers during the same period in 2023, a decrease of 20.7%. Our gross new Wireless subscribers for the six months ended June 30, 2024 was negatively impacted by our emphasis on acquiring and retaining higher quality subscribers. In addition, this decrease in our gross new Wireless subscriber activations was primarily related to increased competitive pressures, including aggressive competitor marketing, discounted service plans and deeper wireless device subsidies.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Wireless churn rate. Our Wireless churn rate for the six months ended June 30, 2024 was 2.99% compared to 4.39% for the same period in 2023. Our Wireless churn rate for the six months ended June 30, 2024 was positively impacted by our emphasis on acquiring and retaining higher quality subscribers, partially offset by competitive pressures, including deeper wireless device subsidies. In addition, our Wireless churn rate for the six months ended June 30, 2023 was negatively impacted by migrating subscribers off the TSA with T-Mobile and onto our new billing and operational support systems.

Service revenue. "Service revenue" totaled \$1.589 billion for the six months ended June 30, 2024, a decrease of \$132 million or 7.6% compared to the same period in 2023. The decrease in "Service revenue" compared to the same period in 2023 was primarily related to a lower average Wireless subscriber base and a decrease in Wireless ARPU, discussed below.

Wireless ARPU. Wireless ARPU was \$36.30 during the six months ended June 30, 2024 versus \$36.40 during the same period in 2023. The \$0.10 or 0.3% decrease in Wireless ARPU was primarily attributable to, among other things, providing ACP subscribers continued services for approximately half the charge in May 2024 and free of charge in June 2024 when the ACP program funding concluded, partially offset by a shift in subscriber plan mix to higher priced service plans.

Equipment sales and other revenue. "Equipment sales and other revenue" totaled \$208 million for the six months ended June 30, 2024, an increase of \$26 million or 14.2% compared to the same period in 2023. The increase in "Equipment sales and other revenue" compared to the same period in 2023 was primarily related to higher revenue per unit shipped due to unit mix, partially offset by a decrease in units shipped and higher promotional subsidies. During the six months ended June 30, 2024, we shipped a higher percentage of devices that are compatible with our 5G Network and other devices that have a higher revenue per unit.

Cost of services. "Cost of services" totaled \$922 million for the six months ended June 30, 2024, a decrease of \$90 million or 8.9% compared to the same period in 2023. The decrease in "Cost of services" compared to the same period in 2023 was primarily attributable to a lower average Wireless subscriber base, lower network services costs per subscriber and operational efficiencies, partially offset by higher monthly dealer incentive costs. In the third quarter of 2023, we realigned our commission structure with current business objectives to acquire higher quality, long-term subscribers, which resulted in higher monthly dealer incentive costs. The six months ended June 30, 2023 was negatively impacted by the migration of subscribers off the TSA with T-Mobile and onto our new billing and operational support systems. We incurred duplicative costs related to our TSA with T-Mobile and our own billing and operational support systems as we migrated subscribers off the TSA with T-Mobile.

Cost of sales – equipment and other. "Cost of sales – equipment and other" totaled \$603 million for the six months ended June 30, 2024, an increase of \$60 million or 11.1% compared to the same period in 2023. The increase in "Cost of sales – equipment and other" compared to the same period in 2023 was primarily related to higher costs per unit shipped due to unit mix, partially offset by a decrease in units shipped and higher vendor rebates. During the six months ended June 30, 2024, we shipped a higher percentage of devices that are compatible with our 5G Network and other devices that have a higher cost per unit.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled \$357 million during the six months ended June 30, 2024, a \$17 million or 4.5% decrease compared to the same period in 2023. This change was primarily driven by a decrease in costs to support the Retail Wireless segment and lower sales commissions, partially offset by higher marketing expenditures. The six months ended June 30, 2023 was negatively impacted by costs of migrating subscribers off the TSA with T-Mobile and onto our new billing and operational support systems.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

5G Network Deployment Segment

We have invested a total of over \$30 billion in Wireless spectrum licenses. The \$30 billion of investments related to Wireless spectrum licenses does not include \$9 billion of capitalized interest related to the carrying value of such licenses. See Note 2 and Note 10 in the Notes to our Condensed Consolidated Financial Statements for further information. We plan to commercialize our Wireless spectrum licenses through our 5G Network Deployment. We have committed to deploy our 5G Network capable of serving increasingly larger portions of the U.S. population at different deadlines.

We will need to raise additional capital in the future, which may not be available on favorable terms, to fund the efforts described below, as well as, among other things, make any potential Northstar Re-Auction Payment and SNR Re-Auction Payment for the AWS-3 licenses retained by the FCC. There can be no assurance that we will be able to complete all build-out requirements or profitably deploy our Wireless spectrum licenses, which may affect the carrying amount of these assets and our future financial condition or results of operations. See Note 10 in the Notes to our Condensed Consolidated Financial Statements for further information.

Our Wireless spectrum licenses are subject to certain interim and final build-out requirements, as well as certain renewal requirements. On September 29, 2023, the FCC confirmed we have met all of our June 14, 2023 band-specific 5G deployment commitments, and two of our three nationwide 5G commitments. The single remaining 5G commitment, that at least 70% of the U.S. population has access to average download speeds equal to 35 Mbps, was achieved in March 2024 using the drive test methodology previously agreed upon by us and the FCC and overseen by an independent monitor. We now have the largest commercial deployment of 5G VoNR in the world covering over 200 million Americans and 5G broadband service covering over 250 million Americans. Our fully constructed facilities along with our construction in process will be sufficient to meet many of our build-out requirements over the next year, including our June 14, 2025 milestones. These facilities are for licenses comprising approximately 90% of the aggregate carrying value, including capitalized interest, for our 600 MHz, 700 MHz, H Block and AWS-4 licenses. However, for the remaining licenses that we have not yet constructed facilities sufficient to meet our June 14, 2025 final build-out requirements, we will need to raise additional capital to, among other things, continue our 5G Network Deployment. If we are unable to address our capital needs or encounter unanticipated construction delays, we may be unable to retain such spectrum licenses, which would result in an impairment of those licenses.

We may need to make significant additional investments or partner with others to, among other things, continue our 5G Network Deployment and further commercialize, build-out and integrate these licenses and related assets and any additional acquired licenses and related assets, as well as to comply with regulations applicable to such licenses. Depending on the nature and scope of such activities, any such investments or partnerships could vary significantly. In addition, as we continue our 5G Network Deployment, we have and may continue to incur significant additional expenses related to, among other things, research and development, wireless testing and ongoing upgrades to the wireless network infrastructure, software and third-party integration. As a result of these investments, among other factors, we plan to raise additional capital, which may not be available on favorable terms. We may also determine that additional wireless spectrum licenses may be required for our 5G Network Deployment and to compete effectively with other wireless service providers. See Note 10 in the Notes to our Condensed Consolidated Financial Statements for further information.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued
RESULTS OF OPERATIONS – 5G Network Deployment Segment
Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023.

Statements of Operations Data	For the Three Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Service revenue	\$ —	\$ —	\$ —	*
Equipment sales and other revenue	35,514	19,079	16,435	86.1
Total revenue	35,514	19,079	16,435	86.1
Costs and expenses:				
Cost of services	303,483	—	303,483	*
Cost of sales - equipment and other	—	225,497	(225,497)	*
Selling, general and administrative expenses	45,049	72,057	(27,008)	(37.5)
Depreciation and amortization	265,922	123,484	142,438	*
Total costs and expenses	614,454	421,038	193,416	45.9
Operating income (loss)	\$ (578,940)	\$ (401,959)	\$ (176,981)	(44.0)
Other data:				
Purchases of property and equipment, net of refunds	\$ 236,745	\$ 801,520	\$ (564,775)	(70.5)
OIBDA	\$ (313,018)	\$ (278,475)	\$ (34,543)	(12.4)

* Percentage is not meaningful.

Cost of services and Cost of sales – equipment and other. “Cost of services” and “Cost of sales – equipment and other” totaled \$303 million during the three months ended June 30, 2024, an increase of \$78 million compared to the same period in 2023. Beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, “Cost of services” includes certain direct costs related to our 5G Network Deployment, including lease expense on communication towers, transport, cloud services and other costs which were previously reported in “Cost of sales – equipment and other.” The increase primarily resulted from an increase in lease expense on communication towers and other costs related to our 5G Network. In addition, beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, “Cost of services” includes certain personal costs which were previously reported in “Selling, general and administrative expenses.” See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

Selling, general and administrative expenses. “Selling, general and administrative expenses” totaled \$45 million during the three months ended June 30, 2024, a \$27 million or 37.5% decrease compared to the same period in 2023. Beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, “Cost of services” includes certain personal costs which were previously reported in “Selling, general and administrative expenses” primarily driving this decrease.

Depreciation and amortization. “Depreciation and amortization” expense totaled \$266 million during the three months ended June 30, 2024, a \$142 million increase compared to the same period in 2023. This change was primarily driven by an increase in depreciation and amortization expense related to 5G Network Deployment assets being placed in service. We expect our depreciation and amortization expense to increase as we continue to place 5G Network Deployment assets into service.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023.

Statements of Operations Data	For the Six Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Service revenue	\$ —	\$ —	\$ —	*
Equipment sales and other revenue	65,018	37,986	\$ 27,032	71.2
Total revenue	65,018	37,986	27,032	71.2
Costs and expenses:				
Cost of services	615,712	—	615,712	*
Cost of sales - equipment and other	—	410,494	(410,494)	*
Selling, general and administrative expenses	95,888	141,943	(46,055)	(32.4)
Depreciation and amortization	503,109	221,111	281,998	*
Total costs and expenses	1,214,709	773,548	441,161	57.0
Operating income (loss)	\$ (1,149,691)	\$ (735,562)	\$ (414,129)	56.3
Other data:				
Purchases of property and equipment, net of refunds	\$ 627,834	\$ 1,473,167	\$ (845,333)	(57.4)
OIBDA	\$ (646,582)	\$ (514,451)	\$ (132,131)	(25.7)

* Percentage is not meaningful.

Cost of services and Cost of sales – equipment and other. “Cost of services” and “Cost of sales – equipment and other” totaled \$616 million during the six months ended June 30, 2024, an increase of \$205 million compared to the same period in 2023. Beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, “Cost of services” includes certain direct costs related to our 5G Network Deployment, including lease expense on communication towers, transport, cloud services and other costs which were previously reported in “Cost of sales – equipment and other.” The increase primarily resulted from an increase in lease expense on communication towers, transport, cloud services and other costs related to our 5G Network. In addition, beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, “Cost of services” includes certain personal costs which were previously reported in “Selling, general and administrative expenses.” See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

Selling, general and administrative expenses. “Selling, general and administrative expenses” totaled \$96 million during the six months ended June 30, 2024, a \$46 million or 32.4% decrease compared to the same period in 2023. Beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, “Cost of services” includes certain personal costs which were previously reported in “Selling, general and administrative expenses” primarily driving this decrease.

Depreciation and amortization. “Depreciation and amortization” expense totaled \$503 million during the six months ended June 30, 2024, a \$282 million increase compared to the same period in 2023. This change was primarily driven by an increase in depreciation and amortization expense related to 5G Network Deployment assets being placed in service. We expect our depreciation and amortization expense to increase as we continue to place 5G Network Deployment assets into service.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Broadband and Satellite Services Segment

We are an industry leader in both networking technologies and services, innovating to deliver the global solutions that power a connected future for people, enterprises and things everywhere. We provide broadband services to consumer customers, which include home and small to medium-sized businesses, and satellite, multi-transport technologies and managed network services to enterprise customers, telecommunications providers, aeronautical service providers and government entities, including civilian and defense.

Our EchoStar XXIV satellite began service in December 2023, bringing additional broadband capacity across North and South America and is expected to be an integral part of our satellite service business. We will leverage EchoStar XXIV to deliver satellite services to unserved and underserved consumer markets in the Americas as well as enterprise and government markets.

We also design, provide and install gateway and terminal equipment to customers for other satellite systems. In addition, we design, develop, construct and provide telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers. We also offer a robust suite of integrated, multi-transport solutions to enable airline and airline service providers to deliver reliable in-flight network connectivity serving both commercial and business aviation.

Backlog

As of June 30, 2024, our Broadband and Satellite services segment had approximately \$1.529 billion of contracted revenue backlog. We define the Broadband and Satellite services segment contracted revenue backlog as our expected future revenue under enterprise customer contracts that are non-cancelable, including lease revenue.

Competition

Our industry is highly competitive. As a global provider of network technologies, products and services, our Broadband and Satellite Services Segment competes with a large number of telecommunications service providers, which puts pressure on prices and margins. To compete effectively, we emphasize our network quality, customization capability, offering of networks as a turnkey managed service, position as a single point of contact for products and services and competitive prices.

In our consumer broadband satellite technologies and internet services markets, we compete against traditional telecommunications and wireless carriers, other satellite internet providers, as well as fiber optic, cable, and wireless internet service providers. Customers consider cost, speed and accessibility to be key determining factors in the selection of a service provider. In addition, government subsidies, such as the Federal Communications Commission's ("FCC") Rural Development Opportunity Fund, can have the effect of subsidizing the growth of our wired, wireless and satellite competitors. Our primary satellite competitors in the North American consumer market are ViaSat Communications, Inc., which is owned by ViaSat, Inc. ("ViaSat"), and Space Exploration Technologies Corp. ("SpaceX"). Both ViaSat and SpaceX have also entered the South and Central American consumer markets. We seek to differentiate ourselves based on the ubiquitous availability of our service, quality, proprietary technology and distribution channels.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

In our enterprise markets, we compete against multiple categories of providers. In the managed services area, we compete against providers of satellite-based and terrestrial-based networks, including fiber optic, cable, wireless internet service, multiprotocol label switching (MPLS) and internet protocol-based virtual private networks (VPN), which vary by region. In the in-flight connectivity market, we compete against direct and indirect providers of passenger WiFi services, such as ViaSat and SpaceX. To compete effectively, we emphasize our network quality, customization capability, ability to offer networks as a turnkey managed service, position as a single point of contact for products and services and competitive prices. Our principal competitors for the supply of satellite technology platforms are Gilat Satellite Networks Ltd, ViaSat and ST Engineering iDirect, Inc. To differentiate ourselves from our competitors, we emphasize particular technological features of our products and services, our ability to customize networks and perform desired development work and the quality of our customer service. We also face competition from resellers and numerous local companies who purchase equipment and sell services to local customers, including domestic and international telecommunications operators, cable companies and other major carriers.

In the emerging non-terrestrial network market, we expect to compete with several companies targeting this area, with technology approaches that may be similar to us or in some cases different. We will compete on, among other things, the basis of our strong spectrum position, expertise in satellite and 5G technologies and our global industry relationships.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued
RESULTS OF OPERATIONS – Broadband and Satellite Services Segment

Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023.

Statements of Operations Data	For the Three Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Service revenue	\$ 302,527	\$ 368,228	\$ (65,701)	(17.8)
Equipment sales and other revenue	91,484	84,882	6,602	7.8
Total revenue	394,011	453,110	(59,099)	(13.0)
Costs and expenses:				
Cost of services	126,250	132,107	(5,857)	(4.4)
% of Service revenue	41.7 %	35.9 %		
Cost of sales - equipment and other	78,409	56,729	21,680	38.2
Selling, general and administrative expenses	106,960	114,715	(7,755)	(6.8)
% of Total revenue	27.1 %	25.3 %		
Depreciation and amortization	116,978	105,712	11,266	10.7
Total costs and expenses	428,597	409,263	19,334	4.7
Operating income (loss)	\$ (34,586)	\$ 43,847	\$ (78,433)	*
Other data:				
Broadband subscribers, as of period end (in millions)	0.955	1.122	(0.167)	(14.9)
Broadband subscriber additions (losses), net (in millions)	(0.023)	(0.055)	0.032	58.2
Purchases of property and equipment, net of refunds (1)	\$ 56,559	\$ 49,016	\$ 7,543	15.4
OIBDA	\$ 82,392	\$ 149,559	\$ (67,167)	(44.9)

* Percentage is not meaningful.

(1) Purchases of property and equipment, net of refunds includes satellite purchases during the three months ended June 30, 2024 and 2023 of \$1 million and \$21 million, respectively.

Broadband subscribers. We lost approximately 23,000 net Broadband subscribers for the three months ended June 30, 2024 compared to the loss of approximately 55,000 net Broadband subscribers during the same period in 2023. The net Broadband subscriber loss improvement was primarily due to the new EchoStar XXIV satellite service launch and increased subscriber demand for our new satellite service plans. Churn of legacy subscribers has started to improve as prior churn and migrations have resulted in increased capacity availability and service satisfaction. We continue to operate in a highly competitive environment, with continued pressure from satellite-based competitors and other technologies.

Service revenue. "Service revenue" totaled \$303 million for the three months ended June 30, 2024, a decrease of \$66 million, or 17.8%, as compared to 2023. The decrease was primarily attributable to lower sales of broadband services to our North American consumer and enterprise customers and to our international consumer customers. The three months ended June 30, 2023 was positively impacted by revenue from Hughes Systique which was deconsolidated from our Condensed Consolidated Financial Statements as of December 31, 2023.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Equipment sales and other revenue. "Equipment sales and other revenue" totaled \$91 million for the three months ended June 30, 2024, an increase of \$7 million, or 7.8%, as compared to 2023. The change was primarily attributable to an increase in hardware sales to our international enterprise customers, partially offset by a decrease in hardware sales to our mobile satellite system customers.

Cost of services. "Cost of services" totaled \$126 million for the three months ended June 30, 2024, a decrease of \$6 million, or 4.4%, as compared to 2023. The decrease was primarily attributable to the corresponding decreases in services revenue, partially offset by higher costs incurred in providing services in North America.

Cost of sales – equipment and other. "Cost of sales – equipment and other" totaled \$78 million for the three months ended June 30, 2024, an increase of \$22 million, or 38.2%, as compared to 2023. The increase was primarily attributable to the corresponding increase in equipment revenue and higher costs incurred in providing equipment in North America.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled \$107 million for the three months ended June 30, 2024, a decrease of \$8 million, or 6.8%, as compared to 2023. The decrease was primarily attributable to decreases in sales and marketing expenses.

Depreciation and amortization. "Depreciation and amortization" expense totaled \$117 million for the three months ended June 30, 2024, an increase of \$11 million, or 10.7%, as compared to 2023. The increase was primarily attributable to an increase in satellite depreciation driven by our EchoStar XXIV satellite, which was placed into service in December 2023.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023.

Statements of Operations Data	For the Six Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Service revenue	\$ 619,647	\$ 742,750	\$ (123,103)	(16.6)
Equipment sales and other revenue	156,950	149,956	6,994	4.7
Total revenue	<u>776,597</u>	<u>892,706</u>	<u>(116,109)</u>	<u>(13.0)</u>
Costs and expenses:				
Cost of services	256,430	266,867	(10,437)	(3.9)
% of Service revenue	41.4 %	35.9 %		
Cost of sales - equipment and other	135,043	108,964	26,079	23.9
Selling, general and administrative expenses	223,445	233,351	(9,906)	(4.2)
% of Total revenue	28.8 %	26.1 %		
Depreciation and amortization	235,819	208,830	26,989	12.9
Impairment of long-lived assets and goodwill	—	3,142	(3,142)	*
Total costs and expenses	<u>850,737</u>	<u>821,154</u>	<u>29,583</u>	<u>3.6</u>
Operating income (loss)	<u>\$ (74,140)</u>	<u>\$ 71,552</u>	<u>\$ (145,692)</u>	<u>*</u>
Other data:				
Broadband subscribers, as of period end (in millions)	0.955	1.122	(0.167)	(14.9)
Broadband subscriber additions (losses), net (in millions)	(0.049)	(0.106)	0.057	53.8
Purchases of property and equipment, net of refunds (1)	\$ 127,170	\$ 93,087	\$ 34,083	36.6
OIBDA	\$ 161,679	\$ 280,382	\$ (118,703)	(42.3)

* Percentage is not meaningful.

(1) Purchases of property and equipment, net of refunds includes satellite purchases during the six months ended June 30, 2024 and 2023 of \$3 million and \$18 million, respectively.

Broadband subscribers. We lost approximately 49,000 net Broadband subscribers for the six months ended June 30, 2024 compared to the loss of approximately 106,000 net Broadband subscribers during the same period in 2023. The net Broadband subscriber loss improvement was primarily due to the new EchoStar XXIV satellite service launch and increased subscriber demand for our new satellite service plans. Churn of legacy subscribers has started to improve as prior churn and migrations have resulted in increased capacity availability and service satisfaction. We continue to operate in a highly competitive environment, with continued pressure from satellite-based competitors and other technologies.

Service revenue. "Service revenue" totaled \$620 million for the six months ended June 30, 2024, a decrease of \$123 million, or 16.6%, as compared to 2023. The decrease was primarily attributable to lower sales of broadband services to our North American consumer and enterprise customers and to our international consumer customers. The six months ended June 30, 2023 was positively impacted by revenue from Hughes Systique which was deconsolidated from our Condensed Consolidated Financial Statements as of December 31, 2023.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Equipment sales and other revenue. "Equipment sales and other revenue" totaled \$157 million for the six months ended June 30, 2024, an increase of \$7 million, or 4.7%, as compared to 2023. The change was primarily attributable to an increase in hardware sales to our international enterprise customers and to our North American enterprise customers, partially offset by a decrease in hardware sales to our mobile satellite system customers.

Cost of services. "Cost of services" totaled \$256 million for the six months ended June 30, 2024, a decrease of \$10 million, or 3.9%, as compared to 2023. The decrease was primarily attributable to the corresponding decreases in services revenue, partially offset by higher costs incurred in providing services in North America.

Cost of sales – equipment and other. "Cost of sales – equipment and other" totaled \$135 million for the six months ended June 30, 2024, an increase of \$26 million, or 23.9%, as compared to 2023. The increase was primarily attributable to the corresponding increase in equipment revenue and higher costs incurred in providing equipment in North America.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled \$223 million for the six months ended June 30, 2024, a decrease of \$10 million, or 4.2%, as compared to 2023. The decrease was primarily attributable to decreases in sales and marketing and research and development expenses partially offset by an increase in general and administrative expenses.

Depreciation and amortization. "Depreciation and amortization" expense totaled \$236 million for the six months ended June 30, 2024, an increase of \$27 million, or 12.9%, as compared to 2023. The increase was primarily attributable to an increase in satellite depreciation driven by our EchoStar XXIV satellite, which was placed into service in December 2023.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

OTHER CONSOLIDATED RESULTS

Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023.

Statements of Operations Data	For the Three Months Ended June 30,		Variance	
	2024	2023 (In thousands)	Amount	%
Operating income (loss)	\$ (65,369)	\$ 252,229	\$ (317,598)	*
Other income (expense):				
Interest income	13,929	54,308	(40,379)	(74.4)
Interest expense, net of amounts capitalized	(81,166)	(21,648)	(59,518)	*
Other, net	(91,498)	34,068	(125,566)	*
Total other income (expense)	(158,735)	66,728	(225,463)	*
Income (loss) before income taxes	(224,104)	318,957	(543,061)	*
Income tax (provision) benefit, net	16,646	(86,265)	102,911	*
Effective tax rate	7.4 %	27.0 %		
Net income (loss)	(207,458)	232,692	(440,150)	*
Less: Net income (loss) attributable to noncontrolling interests, net of tax	(1,867)	20,030	(21,897)	*
Net income (loss) attributable to EchoStar	\$ (205,591)	\$ 212,662	\$ (418,253)	*

* Percentage is not meaningful.

Interest income. “Interest income” totaled \$14 million during the three months ended June 30, 2024, a decrease of \$40 million compared to the same period in 2023. This decrease primarily resulted from lower average cash and marketable investment securities balances during the three months ended June 30, 2024.

Interest expense, net of amounts capitalized. “Interest expense, net of amounts capitalized” totaled \$81 million during the three months ended June 30, 2024, an increase of \$60 million compared to the same period in 2023. During the three months ended June 30, 2024, as the qualifying assets, including certain bands of wireless spectrum licenses, have been placed into service with the deployment of our 5G Network, we no longer capitalize interest on those assets and as a result, capitalized interest was reduced by \$68 million, and interest expense increased. See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

Other, net. “Other, net” expense totaled \$91 million during the three months ended June 30, 2024, compared to income of \$34 million during the same period in 2023. This change primarily resulted from a \$65 million loss in equity in earnings from our Invidi investment during the three months ended June 30, 2024 compared to \$68 million of early debt extinguishment gains from the repurchases of our convertible notes during the three months ended June 30, 2023, partially offset by a net decrease in losses and impairments on marketable and non-marketable investment securities. See Note 5 in the Notes to our Condensed Consolidated Financial Statements for further information.

Income tax (provision) benefit, net. Our income tax benefit was \$17 million during the three months ended June 30, 2024, compared to a provision of \$86 million during the same period in 2023. This change was primarily related to a decrease in “Income (loss) before income taxes” and the change in our effective tax rate. Our effective tax rate during the three months ended June 30, 2024 was impacted by federal, state and foreign valuation allowances.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023.

Statements of Operations Data	For the Six Months Ended June 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Operating income (loss)	\$ (80,613)	\$ 605,567	\$ (686,180)	*
Other income (expense):				
Interest income	44,391	122,494	(78,103)	(63.8)
Interest expense, net of amounts capitalized	(180,574)	(41,681)	(138,893)	*
Other, net	(117,608)	(693)	(116,915)	*
Total other income (expense)	(253,791)	80,120	(333,911)	*
Income (loss) before income taxes	(334,404)	685,687	(1,020,091)	*
Income tax (provision) benefit, net	18,571	(180,150)	198,721	*
Effective tax rate	5.6 %	26.3 %		
Net income (loss)	(315,833)	505,537	(821,370)	*
Less: Net income (loss) attributable to noncontrolling interests, net of tax	(2,866)	39,341	(42,207)	*
Net income (loss) attributable to EchoStar	\$ (312,967)	\$ 466,196	\$ (779,163)	*

* Percentage is not meaningful.

Interest income. “Interest income” totaled \$44 million during the six months ended June 30, 2024, a decrease of \$78 million compared to the same period in 2023. This decrease primarily resulted from lower average cash and marketable investment securities balances and lower percentage returns earned on our cash and marketable investment securities during the six months ended June 30, 2024.

Interest expense, net of amounts capitalized. “Interest expense, net of amounts capitalized” totaled \$181 million during the six months ended June 30, 2024, an increase of \$139 million compared to the same period in 2023. During the six months ended June 30, 2024, as the qualifying assets, including certain bands of wireless spectrum licenses, have been placed into service with the deployment of our 5G Network, we no longer capitalize interest on those assets and as a result, capitalized interest was reduced by \$147 million, and interest expense increased. See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

Other, net. “Other, net” expense totaled \$118 million during the six months ended June 30, 2024, a decrease of \$117 million compared to the same period in 2023. This change primarily resulted from a \$66 million loss in equity in earnings from our Invidi investment during the six months ended June 30, 2024 compared to \$68 million of early debt extinguishment gains from the repurchases of our convertible notes during the six months ended June 30, 2023. In addition, this change resulted from a \$37 million decrease in the fair value of our option to purchase certain of T-Mobile’s 800 MHz spectrum licenses during the six months ended June 30, 2023 compared to no change during the six months ended June 30, 2024. See Note 5 in the Notes to our Condensed Consolidated Financial Statements for further information.

Income tax (provision) benefit, net. Our income tax benefit was \$19 million during the six months ended June 30, 2024, compared to a provision of \$180 million during the same period in 2023. This change was primarily related to a decrease in “Income (loss) before income taxes” and the change in our effective tax rate. Our effective tax rate during the six months ended June 30, 2024 was impacted by federal, state and foreign valuation allowances.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued**Non-GAAP Performance Measures and Reconciliation**

It is management's intent to provide non-GAAP financial information to enhance the understanding of our GAAP financial information, and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. We believe that providing these non-GAAP measures in addition to the GAAP measures allows management, investors and other users of our financial information to more fully and accurately assess both consolidated and segment performance. The non-GAAP financial information presented may be determined or calculated differently by other companies and may not be directly comparable to that of other companies.

Consolidated EBITDA

Consolidated EBITDA is not a measure determined in accordance with GAAP and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. Consolidated EBITDA is used as a measurement of operating efficiency and overall financial performance and we believe it is a helpful measure for those evaluating operating performance in relation to our competitors. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Net income (loss) attributable to EchoStar	\$ (205,591)	\$ 212,662	\$ (312,967)	\$ 466,196
Interest, net	67,237	(32,660)	136,183	(80,813)
Income tax provision (benefit), net	(16,646)	86,265	(18,571)	180,150
Depreciation and amortization	507,525	370,633	992,925	718,387
Consolidated EBITDA	\$ 352,525	\$ 636,900	\$ 797,570	\$ 1,283,920

The changes in Consolidated EBITDA during the three and six months ended June 30, 2024, compared to the same periods in 2023, were primarily a result of the factors described in connection with operating revenues and operating expenses, as well as the impact from changes in "Other, net" during the three and six months ended June 30, 2023.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Segment OIBDA

Segment OIBDA, which is presented below, is a non-GAAP measure and does not purport to be an alternative to operating income (loss) as a measure of operating performance. We believe this measure is useful to management, investors and other users of our financial information in evaluating operating profitability of our business segments on a more variable cost basis as it excludes the depreciation and amortization expenses related primarily to capital expenditures and acquisitions for those business segments, as well as in evaluating operating performance in relation to our competitors. Segment OIBDA is calculated by adding back depreciation and amortization expense to business segments operating income (loss). See Note 11 to the Notes to our Condensed Consolidated Financial Statements for further information.

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

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

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

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

The changes in OIBDA during the three and six months ended June 30, 2024, compared to the same periods in 2023, were primarily a result of the factors described in connection with operating revenues and operating expenses.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

LIQUIDITY AND CAPITAL RESOURCES

Cash, Cash Equivalents and Current Marketable Investment Securities

We consider all liquid investments purchased with a remaining maturity of 90 days or less at the date of acquisition to be cash equivalents. See Note 5 in the Notes to our Condensed Consolidated Financial Statements for further information regarding our marketable investment securities. As of June 30, 2024 cash, cash equivalents and current marketable investment securities totaled \$521 million compared to \$2.444 billion as of December 31, 2023, a decrease of \$1.924 billion. This decrease in cash, cash equivalents and current marketable investment securities primarily resulted from capital expenditures, net of refunds, of \$1.349 billion (including capitalized interest related to Regulatory authorizations), the redemption of our 2 3/8% Convertible Notes due 2024 of \$951 million, the purchase of SNR Management's ownership interest in SNR HoldCo of \$442 million, partially offset by cash generated from operating activities of \$931 million.

Cash Flow

The following discussion highlights our cash flow activities during the six months ended June 30, 2024.

Cash flows from operating activities

For the six months ended June 30, 2024, we reported "Net cash flows from operating activities" of \$931 million primarily attributable to \$711 million of "Net income (loss)" adjusted to exclude the non-cash items for "Depreciation and amortization" expense, "Realized and unrealized losses (gains) on investments, impairments and other," "Non-cash, stock-based compensation" expense, and "Deferred tax expense (benefit)." In addition, "Net cash flows from operating activities" was impacted by the timing difference between book expense and cash payments, including income taxes.

Cash flows from investing activities

For the six months ended June 30, 2024, we reported outflows from "Net cash flows from investing activities" of \$848 million primarily related to capital expenditures, net of refunds, of \$1.349 billion (including capitalized interest related to Regulatory authorizations), partially offset by \$480 million in net sales of marketable investment securities.

Cash flows from financing activities

For the six months ended June 30, 2024, we reported outflows from "Net cash flows from financing activities" of \$1.444 billion primarily related the redemption of our 2 3/8% Convertible Notes due 2024 of \$951 million, and the purchase of SNR Management's ownership interest in SNR HoldCo of \$442 million.

Free Cash Flow

We define free cash flow as "Net cash flows from operating activities" less: (i) "Purchases of property and equipment" net of "Refunds and other receipts of purchases of property and equipment," and (ii) "Capitalized interest related to Regulatory authorizations," as shown on our Consolidated Statements of Cash Flows. We believe free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments (including strategic wireless investments), fund acquisitions and for certain other activities. Free cash flow is not a measure determined in accordance with GAAP and should not be considered a substitute for "Operating income," "Net income," "Net cash flows from operating activities" or any other measure determined in accordance with GAAP. Since free cash flow includes investments in operating assets, we believe this non-GAAP liquidity measure is useful in addition to the most directly comparable GAAP measure "Net cash flows from operating activities."

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Free cash flow can be significantly impacted from period to period by changes in “Net income (loss)” adjusted to exclude certain non-cash charges, operating assets and liabilities, “Purchases of property and equipment,” net of “Refunds and other receipts of purchases of property and equipment,” and “Capitalized interest related to Regulatory authorizations.” These items are shown in the “Net cash flows from operating activities” and “Net cash flows from investing activities” sections on our Condensed Consolidated Statements of Cash Flows included herein. Operating asset and liability balances can fluctuate significantly from period to period and there can be no assurance that free cash flow will not be negatively impacted by material changes in operating assets and liabilities in future periods, since these changes depend upon, among other things, management’s timing of payments and control of inventory levels, and cash receipts. In addition to fluctuations resulting from changes in operating assets and liabilities, free cash flow can vary significantly from period to period depending upon, among other things, subscriber additions (losses), service revenue, subscriber churn, subscriber acquisition and retention costs including amounts capitalized under our equipment lease programs for DISH TV subscribers, operating efficiencies, increases or decreases in purchases of property and equipment, expenditures related to our 5G Network Deployment and other factors.

The following table reconciles free cash flow to “Net cash flows from operating activities.”

	For the Six Months Ended June 30,	
	2024	2023
	(In thousands)	
Net cash flows from operating activities	\$ 930,984	\$ 1,539,106
Purchases of property and equipment, net of refunds (including capitalized interest related to Regulatory authorizations)	(1,348,729)	(2,251,213)
Free cash flow	<u>\$ (417,745)</u>	<u>\$ (712,107)</u>

Operational Liquidity

We make general investments in property such as, among others, satellites, wireless devices, set-top boxes, information technology and facilities that support our Pay-TV, Retail Wireless and Broadband and Satellite Services segments. We are also making significant additional investments and may partner with others to, among other things, continue our 5G Network Deployment and further commercialize, build-out and integrate our Wireless spectrum licenses and related assets. Moreover, since we are primarily a subscriber-based company, we also make subscriber-specific investments to acquire new subscribers and retain existing subscribers. While the general investments may be deferred without impacting the business in the short-term, the subscriber-specific investments are less discretionary. Our overall objective is to generate sufficient cash flow over the life of each subscriber to provide an adequate return against the upfront investment. Once the upfront investment has been made for each subscriber, the subsequent cash flow is generally positive, but there can be no assurance that over time we will recoup or earn a return on the upfront investment.

There are a number of factors that impact our future cash flow compared to the cash flow we generate at a given point in time. The first factor is our churn rate and how successful we are at retaining our current subscribers. To the extent we lose subscribers from our existing base, the positive cash flow from that base is correspondingly reduced. The second factor is how successful we are at maintaining our service margins. To the extent our “Cost of services” grow faster than our “Service revenue,” the amount of cash flow that is generated per existing subscriber is reduced. Our Pay-TV service margins have been reduced by, among other things, higher programming costs. Our Retail Wireless service margins are impacted by, among other things, our MNSA agreement with T-Mobile and our NSA agreement with AT&T and the speed with which we are able to migrate Wireless subscribers onto our 5G Network. The third factor is the rate at which we acquire new subscribers. The faster we acquire new subscribers, the more our positive ongoing cash flow from existing subscribers is offset by the negative upfront cash flow associated with acquiring new subscribers. Conversely, the slower we acquire subscribers, the more our operating cash flow is enhanced in that period.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Finally, our future cash flow is impacted by, among other things, the rate at which we complete our 5G Network Deployment, incur litigation expense, and any cash flow from financing activities. We anticipate operating expenditures for our 5G Network Deployment to increase for the remainder of 2024 as we continue to, among other things, deploy cell sites and communication towers to commercialize our 5G Network. Since we reached our 5G Network Deployment milestone of 70% of the U.S. population, we expect our capital expenditures will decline in the near term. However, as we prepare for our next build-out requirements in 2025, we expect our capital expenditures to increase as we approach this deadline. As a result, our historical cash flow is not necessarily indicative of our future cash flows. As of June 30, 2024, as a result of, among other things, capital expenditures for our 5G Network Deployment, we experienced negative free cash flow. We expect that this trend will continue in 2024 and in future periods. In addition, declines in our Pay-TV and Wireless subscriber base and any decrease in subscriber-related margins negatively impact our cash flow, and there can be no assurance that our subscriber declines will not continue.

Subscriber Base – Pay TV, Retail Wireless and Broadband and Satellite Services Segments

See “Results of Operations” above for further information.

Subscriber Acquisition and Retention Costs

We incur significant upfront costs to acquire Pay-TV, Wireless and Broadband subscribers, including, but not limited to, advertising, independent third-party retailer incentives, payments made to third parties, equipment and wireless device subsidies, installation services and/or new customer promotions. While we attempt to recoup these upfront costs over the lives of their subscription, there can be no assurance that we will be successful in achieving that objective. With respect to our DISH TV services and Boost Mobile postpaid, we employ business rules such as minimum credit requirements for prospective customers and contractual commitments. We strive to provide outstanding customer service to increase the likelihood of customers keeping their Pay-TV services and Boost Mobile postpaid service over longer periods of time. Subscriber acquisition costs for SLING TV subscribers are significantly lower than those for DISH TV subscribers. Our subscriber acquisition costs may vary significantly from period to period.

We incur significant costs to retain our existing DISH TV subscribers, generally as a result of upgrading their equipment to next generation receivers, primarily including our Hopper® receivers, and by providing retention credits. As with our subscriber acquisition costs, our retention upgrade spending includes the cost of equipment and installation services. In certain circumstances, we also offer programming at no additional charge and/or promotional pricing for limited periods to existing customers in exchange for a contractual commitment to receive service for a minimum term. A component of our retention efforts includes the installation of equipment for customers who move. Retention costs for Wireless subscribers are primarily related to promotional pricing on upgraded wireless devices for qualified existing subscribers. Our DISH TV and Wireless subscriber retention costs may vary significantly from period to period.

Seasonality

Historically, the first half of the year generally produces fewer gross new DISH TV subscriber activations than the second half of the year, as is typical in the pay-TV industry. In addition, the first and fourth quarters generally produce a lower DISH TV churn rate than the second and third quarters. However, in recent years, as the pay-TV industry has matured, we and our competitors increasingly must seek to attract a greater proportion of new subscribers from each other's existing subscriber bases rather than from first-time purchasers of pay-TV services. As a result, historical trends in seasonality described above may not be indicative of future trends.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Our net SLING TV subscriber additions are impacted by, among other things, certain major sporting events and other major television events. The first and third quarters generally produce higher gross new Wireless subscriber activations. The historical trends discussed above, for net DISH TV subscriber additions, net SLING TV subscriber additions and gross new Wireless subscriber activations, may not be indicative of future trends. There can be no assurance that these trends will not continue and/or accelerate.

Satellites

Pay-TV Segment. Operation of our DISH TV services requires that we have adequate satellite transmission capacity for the programming that we offer. Moreover, competitive conditions may require that we expand our offering of new programming. While we generally have had in-orbit satellite capacity sufficient to transmit our existing channels and some backup capacity to recover the transmission of certain critical programming, our backup capacity is limited. In the event of a failure or loss of any of our owned or leased satellites, we may need to acquire or lease additional satellite capacity or relocate one of our other satellites and use it as a replacement for the failed or lost satellite. Such a failure could result in a prolonged loss of critical programming or a significant delay in our plans to expand programming as necessary to remain competitive and cause us to expend a significant portion of our cash to acquire or lease additional satellite capacity.

Broadband and Satellite Services Segment. Operation of our Broadband and Satellite Services also requires adequate satellite transmission capacity for the services that we offer. Prior to the launch of EchoStar XXIV, we were nearing or had reached capacity in most areas of the U.S., which constrained growth within our consumer subscriber base. These constraints have been addressed by the EchoStar XXIV satellite. In the event of a failure or loss of any of our owned or leased satellites, we may need to acquire or lease additional satellite capacity or relocate one of our other satellites and use it as a replacement for the failed or lost satellite. Such a failure could result in a prolonged loss of services.

Covenants and Restrictions Related to our Long-Term Debt

We are subject to the covenants and restrictions set forth in the indentures related to our long-term debt.

DISH Network and DISH DBS Corporation

The indentures related to our outstanding senior notes issued by DISH DBS Corporation ("DISH DBS") contain restrictive covenants that, among other things, impose limitations on the ability of DISH DBS and its restricted subsidiaries to: (i) incur additional indebtedness; (ii) enter into sale and leaseback transactions; (iii) pay dividends or make distributions on DISH DBS' capital stock or repurchase DISH DBS' capital stock; (iv) make certain investments; (v) create liens; (vi) enter into certain transactions with affiliates; (vii) merge or consolidate with another company; and (viii) transfer or sell assets. The indentures related to our outstanding DISH Network and DISH DBS senior secured notes contain restrictive covenants that, among other things, impose limitations on our ability and certain of our subsidiaries to: (i) incur additional indebtedness; (ii) enter into sale and leaseback transactions; (iii) pay dividends or make distributions on our capital stock or repurchase our capital stock; (iv) make certain investments of spectrum collateral; (v) create liens; (vi) enter into certain transactions with affiliates; (vii) merge or consolidate with another company; and (viii) transfer or sell assets. Should we fail to comply with these covenants, all or a portion of the debt under the senior notes, senior secured notes and our other long-term debt could become immediately payable. The senior notes and senior secured notes also provide that the debt may be required to be prepaid if certain change-in-control events occur. In addition, the Convertible Notes provide that, if a "fundamental change" (as defined in the related indenture) occurs, holders may require us to repurchase for cash all or part of their Convertible Notes. As of the date of filing of this Quarterly Report on Form 10-Q, we, DISH Network and DISH DBS were in compliance with the covenants and restrictions related to our respective long-term debt.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

Hughes Satellite Systems Corporation

The indentures related to our outstanding senior notes issued by Hughes Satellite Systems Corporation ("HSSC") contain restrictive covenants that, among other things, impose limitations on the ability of HSSC and its restricted subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends or make distributions on HSSC's capital stock or repurchase HSSC's capital stock; (iii) allow to exist certain restrictions on such subsidiaries' ability to pay dividends, make distributions, make other payments, or transfer assets; (iv) make certain investments; (v) create liens; (vi) enter into certain transactions with affiliates; (vii) merge or consolidate with another company; and (viii) transfer or sell assets. As of the date of filing of this Quarterly Report on Form 10-Q, we and HSSC were in compliance with the covenants and restrictions related to our respective long-term debt.

Other

We are also vulnerable to fraud, particularly in the acquisition of new subscribers. While we are addressing the impact of subscriber fraud through a number of actions, there can be no assurance that we will not continue to experience fraud, which could impact our subscriber growth and churn. Economic weakness may create greater incentive for signal theft, piracy and subscriber fraud, which could lead to higher subscriber churn and reduced revenue.

Obligations and Future Capital Requirements

Contractual Obligations

See Note 10 in the Notes to our Condensed Consolidated Financial Statements for further information.

Future Capital Requirements

We expect to fund our future working capital, capital expenditures, other investments, and debt service requirements from cash generated from operations, existing cash, restricted cash, cash equivalents and marketable investment securities balances, and cash generated through raising additional capital. We may need to make significant additional investments to, among other things, continue our 5G Network Deployment and further commercialize, build-out and integrate our Wireless spectrum licenses and related assets. The amount of capital required to fund our future working capital, capital expenditure and other investment needs varies, depending on, among other things, the rate at which we complete our 5G Network Deployment, the potential purchase of additional wireless spectrum licenses and the rate at which we acquire new subscribers, and the cost of subscriber acquisition and retention. Certain of our capital expenditures for 2024 are expected to be driven by the rate of our 5G Network Deployment as well as costs associated with subscriber premises equipment. These expenditures are necessary for our 5G Network Deployment as well as to operate and maintain our DISH TV services. Consequently, we consider them to be non-discretionary.

We do not currently have the necessary cash, cash equivalents and marketable investment securities and/or projected future cash flows to fund fourth quarter operations or the November 2024 debt maturity. To address our capital needs, we are in active discussions with funding sources to raise additional capital.

Our capital expenditures vary depending on, among other things, the number of satellites leased or under construction at any point in time and could increase materially as a result of increased competition, significant satellite failures, or economic weakness and uncertainty. Our DISH TV subscriber base has been declining and there can be no assurance that our DISH TV subscriber base will not continue to decline and that the pace of such decline will not accelerate. In the event that our DISH TV subscriber base continues to decline, it will have a material adverse long-term effect on our cash flow.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Continued

We have and expect to continue to incur expenditures in 2024 related to our 5G Network Deployment, including, but not limited to, capital expenditures associated with our 5G Network Deployment and the potential purchase of additional wireless spectrum licenses. The amount of capital required will also depend on, among other things, our available liquidity, the growth of our Retail Wireless segment and the levels of investment necessary to support potential strategic initiatives that may arise from time to time. These factors, including, but not limited to, a reduction in our available future cash flows as a result of our 5G Network Deployment, will require us to raise additional capital in the future, which may not be available on favorable terms.

Volatility in the financial markets has made it more difficult at times for issuers of high-yield indebtedness, such as us, to access capital markets at favorable terms. These developments may have a significant effect on our cost of financing and our liquidity position.

Wireless – 5G Network Deployment

See Note 10 in the Notes to our Condensed Consolidated Financial Statements for further information.

Availability of Credit and Effect on Liquidity

The ability to raise capital has generally existed for us despite economic weakness and uncertainty. While modest fluctuations in the cost of capital will not likely impact our current operational plans, significant fluctuations could have a material adverse effect on our business, results of operations and financial condition.

Debt Issuances and Maturity

We repurchased or redeemed the principal balance of our 2 3/8% Convertible Notes due 2024 as of March 15, 2024, the instrument's maturity date.

Our 5 7/8% Senior Notes due 2024 with remaining balance of approximately \$1.983 billion mature on November 15, 2024. We do not currently have the necessary cash, cash equivalents and marketable investment securities and/or projected future cash flows to fund the November 2024 debt maturity. To address our capital needs, we are in active discussions with funding sources to raise additional capital.

New Accounting Pronouncements

See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk during the six months ended June 30, 2024. For additional information, see Item 7A. Quantitative and Qualitative Disclosures About Market Risk in Part II of our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. CONTROLS AND PROCEDURES

Conclusion regarding disclosure controls and procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in internal control over financial reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 10 “*Commitments and Contingencies – Contingencies – Litigation*” in the Notes to our Condensed Consolidated Financial Statements for information regarding certain legal proceedings in which we are involved.

Item 1A. RISK FACTORS

Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the year ended December 31, 2023 includes a detailed discussion of our risk factors.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Exchange Offer

On March 4, 2024, we commenced a tender offer to eligible employees (which excludes our co-founders and the non-executive/non-employee members of our Board of Directors) to exchange eligible stock options (which excludes the Ergen 2020 Performance Award) for new options as detailed in our Schedule TO filed March 4, 2024 with the Securities and Exchange Commission (the “Exchange Offer”), to, among other things, further align employee incentives with the current market. The Exchange Offer expired on April 1, 2024 and we accepted for exchange approximately 7 million stock options. As a result of the Exchange Offer, during the second quarter of 2024, the exercise price of approximately 6 million new stock options, affecting approximately 1,000 eligible employees, was adjusted to \$14.04.

The new stock options were offered in reliance of the exemption from registration under Section 3(a)(9) of the Securities Act of 1933, as amended. For details on the terms of the new options, see Item 4 of our Schedule TO Tender Offer Statement dated March 4, 2024 and filed with the SEC on March 4, 2024.

Stock Repurchase Program

Our stock repurchase program expired December 31, 2023.

Item 5. OTHER INFORMATION

10b5-1 Trading Arrangements

None of the Company's directors or Section 16 officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended June 30, 2024, as such terms are defined under Item 408(a) of Regulation S-K.

Item 6. EXHIBITS

(a) *Exhibits.*

31.1 [Section 302 Certification of Chief Executive Officer.](#)

31.2 [Section 302 Certification of Chief Financial Officer.](#)

32.1 [Section 906 Certification of Chief Executive Officer.](#)

32.2 [Section 906 Certification of Chief Financial Officer.](#)

101 The following materials from the Quarterly Report on Form 10-Q of EchoStar Corporation for the quarter ended June 30, 2024 filed on August 9, 2024 formatted in Inline eXtensible Business Reporting Language ("iXBRL"): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit), (iv) Condensed Consolidated Statements of Cash Flows and (v) related notes to these financial statements.

104 Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document).

Filed herewith.

SIGNATURES

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

ECHOSTAR CORPORATION

By: /s/ Hamid Akhavan
Hamid Akhavan
President and Chief Executive Officer and
Director (*Principal Executive Officer*)

By: /s/ Paul W. Orban
Paul W. Orban
Executive Vice President and Chief Financial
Officer, DISH (*Principal Financial Officer and
Principal Accounting Officer*)

Date: August 9, 2024

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Hamid Akhavan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EchoStar 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: August 9, 2024

/s/ Hamid Akhavan

President and Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Section 302 Certification

I, Paul W. Orban, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EchoStar 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: August 9, 2024

/s/ Paul W. Orban
Principal Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of EchoStar Corporation (the "Company") hereby certifies that to the best of his knowledge the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2024

Name: /s/ Hamid Akhavan

Title: President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 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, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of EchoStar Corporation (the "Company") hereby certifies that to the best of his knowledge the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2024

Name: /s/ Paul W. Orban

Title: Principal Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 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, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.
