

**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, 2025.**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM TO .  
Commission File Number: 333-179121**



**Hughes Satellite Systems Corporation**

(Exact name of registrant as specified in its charter)

**Colorado**

(State or other jurisdiction of incorporation or organization)

**45-0897865**

(I.R.S. Employer Identification No.)

**9601 South Meridian Boulevard  
Englewood, Colorado**

(Address of principal executive offices)

**80112-5308**

(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: None

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

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

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

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

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

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

As of July 31, 2025, the registrant's outstanding common stock consisted of 1,078 shares of common stock, \$0.01 par value per share.

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

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

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

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## **PART I — FINANCIAL INFORMATION**

### **DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

Unless otherwise required by the context, in this report, the words “HSSC,” the “Company,” “we,” “our” and “us” refer to Hughes Satellite Systems Corporation and its subsidiaries, “EchoStar” refers to EchoStar Corporation, our parent company, “DISH Network” refers to DISH Network Corporation, a wholly owned, indirect subsidiary of EchoStar, 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 Relating to the Pending FCC Review**

- In response to the uncertainty created by the FCC inquiries, our parent, EchoStar may take one or more significant actions in order to protect their interest in their Wireless Licenses and other assets, which actions may also directly impact us and could negatively impact your investment.
- The FCC’s review of our parent, EchoStar’s compliance with network build-out requirements could lead to the loss or impairment of certain of their existing spectrum licenses.

#### **Competition and Economic Risks**

- We face intense and increasing competition from providers of broadband services. Changing consumer behavior and new technologies in our industry 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.
- 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.
- Our business is partially dependent on enterprise revenue and any decline or reduction of that revenue could negatively impact our business, financial condition and results of operations.

#### **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 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.
- Our foreign operations and investments expose us to risks and restrictions not present in our domestic 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.
- Changes in trade policies, including, but not limited to, tariffs and other restrictions, could increase, among other things, our costs, disrupt our supply chain and negatively affect our business, operations and financial condition.
- 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 Satellites**

- Our owned and leased satellites in orbit are subject to significant operational and environmental risks that could limit our ability to utilize these satellites.
- Our satellites under construction are subject to risks related to, among other things, construction, technology, regulations and launch that could limit our ability to utilize these satellites, increase costs and adversely affect our business.
- Our use of certain satellites is often dependent on satellite coordination agreements, which may be difficult to obtain.

**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**

- Our parent, EchoStar, has experienced and we 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 currently do not have the necessary cash on hand, projected future cash flows or committed financing to fund our obligations over the next twelve months, which raises substantial doubt about our ability to continue as a going concern.
- 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 will need additional capital, which may not be available on favorable terms or at all, to fund current obligations, to continue investing in our business and to finance acquisitions and other strategic transactions.
- Our parent, EchoStar may voluntarily file for protection under the U.S. Bankruptcy Code to protect their Wireless Licenses and other assets.
- Our parent, EchoStar is controlled by one principal stockholder who is also 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 II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of our most recent Annual Report on Form 10-K (the “10-K”) filed with the Securities and Exchange Commission (“SEC”), those discussed in “Management’s Narrative Analysis of 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**

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share amounts)  
(Unaudited)

	As of	
	June 30, 2025	December 31, 2024
<b>Assets</b>		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 122,901	\$ 204,198
Marketable investment securities	17,774	—
Trade accounts receivable and contract assets, net of allowance for credit losses of \$12,094 and \$11,314, respectively	289,331	275,247
Prepays and other assets	71,860	63,684
Inventory	178,358	151,043
Other current assets	55,312	48,034
<b>Total current assets</b>	<b>735,536</b>	<b>742,206</b>
<i>Noncurrent Assets:</i>		
Property and equipment, net	1,021,337	1,097,190
Operating lease assets	887,604	939,896
Regulatory authorizations, net	404,916	404,698
Other intangible assets, net	9,953	11,082
Other investments	22,015	23,516
Other noncurrent assets, net	265,777	252,789
<b>Total noncurrent assets</b>	<b>2,611,602</b>	<b>2,729,171</b>
<b>Total assets</b>	<b>\$ 3,347,138</b>	<b>\$ 3,471,377</b>
<b>Liabilities and Stockholder's Equity (Deficit)</b>		
<i>Current Liabilities:</i>		
Trade accounts payable	\$ 94,439	\$ 99,519
Contract liabilities	87,523	81,558
Accrued interest	37,914	38,845
Accrued compensation	32,971	34,904
Accrued expenses	59,028	55,019
Operating lease liabilities	122,053	72,393
Other current liabilities	57,258	48,242
Current portion of long-term debt and other notes payable (Note 8)	11,218	9,548
<b>Total current liabilities</b>	<b>502,404</b>	<b>440,028</b>
<i>Long-Term Obligations, Net of Current Portion:</i>		
Long-term debt and other notes payable, net of current portion (Note 8)	1,529,532	1,533,717
Deferred tax liabilities, net	145,309	191,559
Operating lease liabilities, noncurrent	772,505	830,629
Other noncurrent liabilities	78,907	85,385
<b>Total long-term obligations, net of current portion</b>	<b>2,526,253</b>	<b>2,641,290</b>
<b>Total liabilities</b>	<b>3,028,657</b>	<b>3,081,318</b>
Commitments and Contingencies (Note 9)		
<i>Stockholder's Equity (Deficit):</i>		
Common stock, \$0.01 par value, 1,000,000 shares authorized, 1,078 shares issued and outstanding at both June 30, 2025 and December 31, 2024	—	—
Additional paid-in capital	1,496,780	1,487,758
Accumulated other comprehensive income (loss)	(167,506)	(190,810)
Accumulated earnings (deficit)	(1,063,999)	(958,518)
<b>Total HSSC stockholder's equity (deficit)</b>	<b>265,275</b>	<b>338,430</b>
Noncontrolling interests	53,206	51,629
<b>Total stockholder's equity (deficit)</b>	<b>318,481</b>	<b>390,059</b>
<b>Total liabilities and stockholder's equity (deficit)</b>	<b>\$ 3,347,138</b>	<b>\$ 3,471,377</b>

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

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND COMPREHENSIVE INCOME (LOSS)**

(In thousands)  
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Revenue:</b>				
Service revenue	\$ 274,254	\$ 303,905	\$ 551,955	\$ 623,409
Equipment sales and other revenue	60,770	85,714	149,133	146,214
Total revenue	<u>335,024</u>	<u>389,619</u>	<u>701,088</u>	<u>769,623</u>
<b>Costs and Expenses (exclusive of depreciation and amortization):</b>				
Cost of services	161,017	172,114	320,086	342,564
Cost of sales - equipment and other	63,409	78,283	144,995	134,663
Selling, general and administrative expenses	81,426	93,056	163,221	196,708
Depreciation and amortization	84,014	93,093	167,815	186,875
Total costs and expenses	<u>389,866</u>	<u>436,546</u>	<u>796,117</u>	<u>860,810</u>
Operating income (loss)	<u>(54,842)</u>	<u>(46,927)</u>	<u>(95,029)</u>	<u>(91,187)</u>
<b>Other Income (Expense):</b>				
Interest income	2,247	3,555	4,747	20,570
Interest expense, net of amounts capitalized	(24,652)	(22,095)	(50,311)	(49,444)
Other, net (Note 4)	2,949	(3,682)	4,699	(5,106)
Total other income (expense), net	<u>(19,456)</u>	<u>(22,222)</u>	<u>(40,865)</u>	<u>(33,980)</u>
Income (loss) before income taxes	(74,298)	(69,149)	(135,894)	(125,167)
Income tax benefit (provision), net	16,475	11,274	29,031	17,026
Net income (loss)	<u>(57,823)</u>	<u>(57,875)</u>	<u>(106,863)</u>	<u>(108,141)</u>
Less: Net income (loss) attributable to noncontrolling interests	(737)	(1,893)	(1,382)	(6,540)
Net income (loss) attributable to HSSC	<u>\$ (57,086)</u>	<u>\$ (55,982)</u>	<u>\$ (105,481)</u>	<u>\$ (101,601)</u>
<b>Comprehensive Income (Loss):</b>				
Net income (loss)	<u>\$ (57,823)</u>	<u>\$ (57,875)</u>	<u>\$ (106,863)</u>	<u>\$ (108,141)</u>
<i>Other comprehensive income (loss):</i>				
Foreign currency translation adjustments	13,824	(17,473)	26,263	(25,711)
Unrealized gains (losses) on available-for-sale debt securities	(7)	(5)	(11)	(267)
Recognition of previously unrealized (gains) losses on available-for-sale debt securities included in net income (loss)	8	—	11	204
Total other comprehensive income (loss), net of tax	<u>13,825</u>	<u>(17,478)</u>	<u>26,263</u>	<u>(25,774)</u>
Comprehensive income (loss):	<u>(43,998)</u>	<u>(75,353)</u>	<u>(80,600)</u>	<u>(133,915)</u>
Less: Comprehensive income (loss) attributable to noncontrolling interests	421	(5,115)	1,577	(10,880)
Comprehensive income (loss) attributable to HSSC	<u>\$ (44,419)</u>	<u>\$ (70,238)</u>	<u>\$ (82,177)</u>	<u>\$ (123,035)</u>

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

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)**  
(In thousands)  
(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Losses)	Noncontrolling Interests	Total
<b>Balance, December 31, 2023</b>	\$ —	\$ 1,484,064	\$ (152,491)	\$ 279,885	\$ 67,631	\$ 1,679,089
Non-cash, stock-based compensation	—	993	—	—	—	993
Dividends to EchoStar Corporation	—	—	—	(1,029,000)	—	(1,029,000)
Other comprehensive income (loss)	—	—	(7,178)	—	(1,118)	(8,296)
Net income (loss)	—	—	—	(45,619)	(4,647)	(50,266)
<b>Balance, March 31, 2024</b>	\$ —	\$ 1,485,057	\$ (159,669)	\$ (794,734)	\$ 61,866	\$ 592,520
Non-cash, stock-based compensation	—	1,544	—	—	—	1,544
Other comprehensive income (loss)	—	—	(14,256)	—	(3,222)	(17,478)
Net income (loss)	—	—	—	(55,982)	(1,893)	(57,875)
<b>Balance, June 30, 2024</b>	\$ —	\$ 1,486,601	\$ (173,925)	\$ (850,716)	\$ 56,751	\$ 518,711

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Losses)	Noncontrolling Interests	Total
<b>Balance, December 31, 2024</b>	\$ —	\$ 1,487,758	\$ (190,810)	\$ (958,518)	\$ 51,629	\$ 390,059
Non-cash, stock-based compensation	—	2,961	—	—	—	2,961
Other comprehensive income (loss)	—	—	10,637	—	1,801	12,438
Net income (loss)	—	—	—	(48,395)	(645)	(49,040)
<b>Balance, March 31, 2025</b>	\$ —	\$ 1,490,719	\$ (180,173)	\$ (1,006,913)	\$ 52,785	\$ 356,418
Non-cash, stock-based compensation	—	6,061	—	—	—	6,061
Other comprehensive income (loss)	—	—	12,667	—	1,158	13,825
Net income (loss)	—	—	—	(57,086)	(737)	(57,823)
<b>Balance, June 30, 2025</b>	\$ —	\$ 1,496,780	\$ (167,506)	\$ (1,063,999)	\$ 53,206	\$ 318,481

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

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	For the Six Months Ended June 30,	
	2025	2024
<b>Cash Flows From Operating Activities:</b>		
Net income (loss)	\$ (106,863)	\$ (108,141)
<i>Adjustments to reconcile net income (loss) to net cash flows from operating activities:</i>		
Depreciation and amortization	167,815	186,875
Realized and unrealized losses (gains) on investments, impairments and other	(11)	(200)
Non-cash, stock-based compensation	9,022	2,537
Deferred tax provision (benefit), net	(43,977)	(40,888)
Equity in (earnings) losses of affiliates	(498)	2,523
Changes in allowance for credit losses	780	3,564
Foreign currency transaction losses (gains), net	(4,216)	2,796
Amortization of debt issuance costs	461	435
Noncurrent assets and noncurrent liabilities, net	(22,428)	12,868
Other, net	(304)	(942)
Changes in operating assets and operating liabilities, net:		
Trade accounts receivable and contract assets, net	(10,485)	1,548
Other current assets	(21,709)	(33,974)
Trade accounts payable	(4,248)	(5,799)
Contract liabilities	5,965	(35,335)
Accrued expenses and other liabilities	41,872	(344,382)
<b>Net cash flows from operating activities</b>	<b>11,176</b>	<b>(356,515)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of marketable investment securities	(30,261)	—
Sales and maturities of marketable investment securities	12,800	414,323
Purchases of property and equipment (Note 6)	(61,341)	(123,649)
Expenditures for externally marketed software	(11,499)	(13,245)
Dividend received from unconsolidated affiliate	2,000	3,000
Other, net	(184)	—
<b>Net cash flows from investing activities</b>	<b>(88,485)</b>	<b>280,429</b>
<b>Cash Flows From Financing Activities:</b>		
Payment of in-orbit incentive obligations	(3,824)	(1,480)
Dividends to EchoStar Corporation	—	(1,029,000)
Other, net	806	437
<b>Net cash flows from financing activities</b>	<b>(3,018)</b>	<b>(1,030,043)</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>2,954</b>	<b>(3,646)</b>
<b>Net increase (decrease) in cash, cash equivalents, restricted cash and cash equivalents</b>	<b>(77,373)</b>	<b>(1,109,775)</b>
Cash and cash equivalents, including restricted amounts, beginning of period (Note 4)	205,813	1,277,741
Cash and cash equivalents, including restricted amounts, end of period (Note 4)	<u>\$ 128,440</u>	<u>\$ 167,966</u>

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

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Organization and Business Activities**

**Principal Business**

Hughes Satellite Systems Corporation (which, together with its subsidiaries, is referred to as “HSSC,” the “Company,” “we,” “us” and “our”) is a holding company and a subsidiary of EchoStar Corporation (“EchoStar” and “parent”). We were formed as a Colorado corporation in March 2011 to facilitate the acquisition by EchoStar (the “Hughes Acquisition”) of Hughes Communications, Inc. and its subsidiaries and related financing transactions. In connection with our formation, EchoStar contributed the assets and liabilities of its satellite services business to us, including the principal operating subsidiary of its satellite services business, EchoStar Satellite Services L.L.C. Substantially all of the voting power of the shares of EchoStar is owned beneficially by Charles W. Ergen, our Chairman, and by certain entities established for the benefit of his family.

We manage our business activities on a consolidated basis and operate as a single operating segment: Hughes. See Note 10 for information regarding our segment reporting.

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 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. We currently lease all of the capacity of EchoStar XXIV from EchoStar, effective December 31, 2023. As of June 30, 2025, we had 819,000 Broadband subscribers.

**Recent Developments**

Our parent, EchoStar received a letter from the Federal Communications Commission (the “FCC”) on May 9, 2025, indicating that the FCC was beginning a review of their compliance with certain obligations to provide 5G broadband service and raising certain questions regarding the September 2024 buildout extension granted by the FCC and mobile-satellite service (“MSS”) utilization in the 2 GHz band (the “Letter”). EchoStar responded to the FCC’s subsequent public notices with filings on May 27, 2025 and June 6, 2025. On June 11, 2025, EchoStar’s Chairman met with the FCC; during this meeting EchoStar explained that any reconsideration of the September 2024 grant of their construction deadline extensions, any after-the-fact change to the criteria upon which their build-out is judged, or any decision to upend the 2 GHz band’s sharing rules would threaten the viability of their current operations and future plans. While no resolution has been achieved yet, and it is possible that no such resolution will ultimately be achieved, EchoStar continues to explore an acceptable resolution of the FCC’s stated concerns in a manner that minimizes disruption to their businesses and lifts the regulatory uncertainty created by the inquiries. The FCC review has introduced the possibility of reversing prior FCC grants of authority to EchoStar. This uncertainty over EchoStar’s spectrum rights has effectively frozen their ability to make decisions regarding their 5G network buildout, has materially adversely impacted their ability to implement and adjust their overall business plan and has required them to re-evaluate the deployment of their resources. In light of the continued uncertainty related to the FCC inquiries, EchoStar elected not to make interest payments on a certain portion of their long-term senior notes on their respective scheduled due dates. EchoStar subsequently made such payments, including interest on the defaulted interest, within the applicable 30-day

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

grace periods to make such interest payments. EchoStar remains focused on resolving the FCC's stated concerns. EchoStar continues to progress wide-ranging efforts to explore alternative or complementary pathways that could, if successfully implemented, resolve the FCC's stated concerns in a manner acceptable to them.

**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 \$141 million as of June 30, 2025 ("Cash on Hand"). As reflected in the condensed consolidated financial statements as of June 30, 2025, we have \$1.5 billion of debt maturing in August 2026.

Because we do not currently have the necessary Cash on Hand and/or projected future cash flows or committed financing to fund our obligations 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. To address our capital needs, we are in active discussions with funding sources to raise additional capital and/or restructure our outstanding debt. We cannot provide assurances that we will be successful in obtaining such new financing and/or restructuring the existing debt obligations necessary for us to have sufficient liquidity. In addition, our parent, EchoStar, may not be able to provide additional liquidity in the future as substantial doubt exists about their ability to continue as a going concern. 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.

**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, 2024. Certain prior period amounts have been reclassified to conform to the current period presentation.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**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 variable interest entities, ("VIEs") where we have been determined to be the primary beneficiary. The portion of equity in a subsidiary not attributable, directly or indirectly, to us are recorded as noncontrolling interests or redeemable noncontrolling interests. 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.

***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, 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 EchoStar's stock based compensation plans, fair value of assets and liabilities acquired in business combinations, inputs or outputs used to recognize revenue over time, including amortization periods for deferred contract acquisition costs and 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 and subscriber lives and likelihood of certain contingent events. 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.

***Concentration of Credit Risk***

Cash and cash equivalents are maintained with several financial institutions domestically and internationally. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with investment-grade credit ratings. We routinely assess the financial strength of significant customers, and this assessment, combined with the large number and geographical diversity of its customers, limits our concentration of risk with respect to receivables from contracts with customers. As of June 30, 2025, our concentration of credit risk is approximately evenly spread across our portfolio of customers.

***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,

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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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, 2025 and December 31, 2024, 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 other notes payable”) was equal to or approximated fair value due to their short-term nature or proximity to current market rates.

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 4 for the fair value of our marketable investment securities.

Fair values for our publicly traded debt securities are based on quoted market prices, when available. The fair values of non-publicly traded debt are based on, among other things, available trade information, valuations performed by a third party, 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. The non-publicly traded debt is categorized within Level 3 of the fair value hierarchy. See Note 8 for the fair value of our 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, 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).

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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**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 \$9 million and \$11 million for the three months ended June 30, 2025 and 2024, respectively. Advertising expenses totaled \$19 million and \$24 million for the six months ended June 30, 2025 and 2024, respectively.

**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 \$10 million and \$20 million for the three months ended June 30, 2025 and 2024, respectively. Research and development costs totaled \$21 million and \$36 million for the six months ended June 30, 2025 and 2024, respectively.

**New Accounting Pronouncements**

*Not Yet Adopted*

*Income Taxes.* On December 14, 2023, the FASB issued ASU 2023-9, *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 is effective for fiscal years beginning after December 15, 2024. We plan to adopt the standard when it becomes effective for us beginning in our fiscal year 2025 annual financial statements, and the adoption of the standard will impact certain of our income tax disclosures.

*Disaggregation of Income Statement Expenses.* On November 5, 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)* (“ASU 2024-03”), which will enhance financial statement reporting by providing additional information about specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization. This standard will be effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. We are evaluating the impact the adoption of ASU 2024-03 will have on our condensed consolidated financial statements, related disclosures and control environment.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

**3. Supplemental Data - Statements of Cash Flows**

The following table presents certain supplemental cash flow and other non-cash data. See Note 7 for supplemental cash flow and non-cash data related to leases.

	<b>For the Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
	(In thousands)	
Cash paid for interest (including capitalized interest)	\$ 51,023	\$ 51,790
Cash paid for income taxes to EchoStar Corporation, net of refunds	1,343	200,346
Accrued capital expenditures	3,433	4,896

**4. 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:

	<b>As of</b>	
	<b>June 30,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	(In thousands)	
<b>Marketable investment securities:</b>		
Current marketable investment securities:		
Corporate bonds	\$ 12,501	\$ —
Commercial paper	5,000	—
Other debt securities	273	—
<b>Total current marketable investment securities</b>	<b>17,774</b>	<b>—</b>
<b>Restricted cash and cash equivalents (1)</b>	<b>5,539</b>	<b>1,615</b>
<b>Other investments</b>		
Equity method investments	10,737	12,238
Cost method investments	11,278	11,278
<b>Total other investments</b>	<b>22,015</b>	<b>23,516</b>
<b>Total marketable investment securities, restricted cash and cash equivalents, and other investments</b>	<b>\$ 45,328</b>	<b>\$ 25,131</b>

(1) Restricted cash and cash equivalents are included in "Other noncurrent assets, net" on our Condensed Consolidated Balance Sheets.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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**Equity Method Investments**

*Deluxe/EchoStar LLC*

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

*Broadband Connectivity Solutions (Restricted) Limited*

We own 20% of Broadband Connectivity Solutions (Restricted) Limited (together with its subsidiaries, “BCS”), a joint venture that we entered into in 2018 to provide commercial Ka-band satellite broadband services across Africa, the Middle East and southwest Asia operating over Yahsat’s Al Yah 2 and Al Yah 3 Ka-band satellites. The Al Yah 3 Ka-band satellite is no longer in service.

**Fair Value Measurements**

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

	As of					
	June 30, 2025			December 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	(In thousands)					
<b>Cash and cash equivalents (including restricted):</b>						
Cash	\$ 100,484	\$ —	\$ 100,484	\$ 115,409	\$ —	\$ 115,409
Cash equivalents	6,812	21,144	27,956	1,819	88,585	90,404
<b>Total</b>	<b>\$ 107,296</b>	<b>\$ 21,144</b>	<b>\$ 128,440</b>	<b>\$ 117,228</b>	<b>\$ 88,585</b>	<b>\$ 205,813</b>
<b>Available-for-sale debt securities:</b>						
Corporate bonds	\$ —	\$ 12,501	\$ 12,501	\$ —	\$ —	\$ —
Commercial paper	—	5,000	5,000	—	—	—
Other debt securities	—	273	273	—	—	—
<b>Total</b>	<b>\$ —</b>	<b>\$ 17,774</b>	<b>\$ 17,774</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

As of June 30, 2025, marketable investment securities included debt securities of \$7 million with contractual maturities within one year and \$11 million with contractual maturities extending longer than one year through and including five years.

As of June 30, 2025 and December 31, 2024, we did not have any investments that were categorized within, or transferred into or out of, Level 3 of the fair value hierarchy.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

***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:

<b>Other, net:</b>	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	(In thousands)			
Marketable and non-marketable investment securities - realized and unrealized gains (losses)	\$ 8	\$ —	\$ 11	\$ 200
Equity in earnings (losses) of unconsolidated affiliates	901	(1,190)	498	(2,523)
Foreign currency transaction gains (losses)	2,081	(2,510)	4,216	(2,796)
Other	(41)	18	(26)	13
<b>Total</b>	<b>\$ 2,949</b>	<b>\$ (3,682)</b>	<b>\$ 4,699</b>	<b>\$ (5,106)</b>

**5. Inventory**

Inventory consisted of the following:

	<b>As of</b>	
	<b>June 30,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	(In thousands)	
Finished goods	\$ 105,042	\$ 90,147
Work-in-process	37,084	30,302
Raw materials	36,232	30,594
<b>Total inventory</b>	<b>\$ 178,358</b>	<b>\$ 151,043</b>

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
(Unaudited)

**6. Property and Equipment and Intangible Assets**

***Property and Equipment***

Property and equipment consisted of the following:

	Depreciable Life (In Years)			As of	
				June 30, 2025	December 31, 2024
				(In thousands)	
Equipment leased to customers	2	-	4	\$ 855,631	\$ 865,003
Satellites	5	-	15	1,214,974	1,210,437
Satellites acquired under finance lease agreements		15		356,275	344,972
Furniture, fixtures, equipment and other	1	-	12	693,494	682,614
Software and computer equipment	1	-	5	314,962	300,255
Buildings and improvements	1	-	30	131,316	129,779
Land		-		13,618	13,460
Construction in progress		-		6,976	7,980
<b>Total property and equipment</b>				<b>3,587,246</b>	<b>3,554,500</b>
Accumulated depreciation				(2,565,909)	(2,457,310)
<b>Property and equipment, net (1)</b>				<b>\$ 1,021,337</b>	<b>\$ 1,097,190</b>

(1) As of June 30, 2025 and December 31, 2024, there were no refunds and other receipts of purchases of property and equipment.

Depreciation and amortization expense consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Equipment leased to customers	\$ 27,983	\$ 43,631	\$ 55,131	\$ 71,700
Satellites	23,370	26,646	46,692	53,545
Buildings, furniture, fixtures, equipment and other	15,917	7,192	32,773	30,077
Software and computer equipment	7,171	6,601	14,091	13,203
Intangible assets and other amortization expense	9,573	9,023	19,128	18,350
<b>Total depreciation and amortization</b>	<b>\$ 84,014</b>	<b>\$ 93,093</b>	<b>\$ 167,815</b>	<b>\$ 186,875</b>

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, and amortization of development costs of externally marketed software.

***Satellites***

As of June 30, 2025, our satellite fleet consisted of six satellites in geosynchronous orbit, approximately 22,300 miles above the equator, two of which we own and depreciate over their estimated useful life. We also

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

lease four satellites, three of which are accounted for as finance leases and are depreciated over their economic life and one of which we lease from EchoStar which is accounted for as an operating lease.

As of June 30, 2025, our satellite fleet consisted of the following:

<b>Satellites</b>	<b>Launch Date</b>	<b>Degree Orbital Location</b>	<b>Lease Termination Date</b>
<b>Owned:</b>			
EchoStar XVII	July 2012	107	N/A
EchoStar XIX	December 2016	97.1	N/A
<b>Finance leases:</b>			
Eutelsat 65 West A	March 2016	65	July 2031
Telesat T19V	July 2018	63	August 2033
EchoStar 105/SES-11	October 2017	105	November 2030
<b>Operating leases:</b>			
EchoStar XXIV	July 2023	95.2	December 2030

As of June 2025, all commercial traffic on the Al Yah 3 satellite had been transferred to other satellites in our fleet and the Al Yah 3 satellite is no longer operational and is no longer in service.

In addition, all commercial traffic on the EchoStar IX satellite has been transferred to other satellites in our fleet and the EchoStar IX satellite is no longer in service. During the second quarter of 2025, we began the disposal process for the EchoStar IX satellite and the disposal process is expected to be completed in the third quarter of 2025.

#### *Satellite-Related Commitments*

As of June 30, 2025 and December 31, 2024 our satellite-related commitments, excluding in-orbit incentives, were \$36 million and \$43 million, respectively. These include payments pursuant to regulatory authorizations, non-lease costs associated with our finance lease satellites, and commitments for satellite service arrangements.

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

#### *Satellite Anomalies and Impairments*

Our satellites may experience anomalies from time to time, some of which may have a significant adverse effect on their remaining useful lives, the commercial operation of the satellites or our operating results or financial position.

There can be no assurance that future anomalies will not impact the remaining useful life and/or commercial operation of any of the owned and leased satellites in our fleet. There can be no assurance that we can recover critical transmission capacity in the event one or more of our owned or leased in-orbit satellites were to fail. We are not aware of any anomalies with respect to our owned or leased satellites that have had any such significant adverse effect during the three and six months ended June 30, 2025.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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We generally do not carry commercial in-orbit insurance on any of the satellites that we own and therefore, we will bear the risk associated with any uninsured in-orbit satellite failures. However, pursuant to the terms of our joint venture agreement with Al Yah Satellite Communications Company PrJSC (“Yahsat”) in Brazil in 2019, we are required to maintain insurance for the Al Yah 3 Brazilian payload during the commercial in-orbit service of such payload, subject to certain limitations on coverage. The insurance policies were procured by Yahsat, under which we and Yahsat are the beneficiaries of any claims in proportion to their shareholdings. An insurance claim was submitted in the second quarter of 2023 for compensation with respect to the reduction in estimated useful life of the Al Yah 3 satellite. During the six months ended June 30, 2025, we received a commitment from the insurance carrier for \$5 million, of which we received \$4 million in proceeds.

*Fair Value of In-Orbit Incentives*

As of June 30, 2025 and December 31, 2024, the fair values of our in-orbit incentive obligations approximated their carrying amounts of \$38 million and \$41 million, respectively.

**7. Leases**

***Lessee Accounting***

We enter into non-cancelable operating and finance leases for, among other things, satellites, satellite-related ground infrastructure, data centers, office space, warehouses and distribution centers. Substantially all of our leases have remaining lease terms from one to 13 years, with a weighted average remaining lease term of 6.0 years, some of which include renewal options, and some of which include options to terminate the leases within one year. For certain arrangements, 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. Substantially all of our remaining leases are accounted for as operating leases, including our EchoStar XXIV satellite lease. Refer to Note 12 for further details on the EchoStar XXIV operating lease.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

The following table presents the amounts for ROU assets, lease liabilities, weighted-average lease terms and discount rates for operating and finance leases:

	As of	
	June 30, 2025	December 31, 2024
(In thousands)		
<b>Right-of-use assets:</b>		
Operating	\$ 887,604	\$ 939,896
Finance	176,754	183,391
Total right-of-use assets	\$ 1,064,358	\$ 1,123,287
<b>Lease liabilities:</b>		
<b>Current:</b>		
Operating	\$ 122,053	\$ 72,393
Finance	—	—
Total current	122,053	72,393
<b>Noncurrent:</b>		
Operating	772,505	830,629
Finance	—	—
Total noncurrent	772,505	830,629
Total lease liabilities	\$ 894,558	\$ 903,022
<b>Weighted Average Remaining Lease Term:</b>		
Finance leases	0.0 years	0.0 years
Operating leases	6.0 years	6.6 years
<b>Weighted Average Discount Rate:</b>		
Finance leases	— %	— %
Operating leases	12.0 %	12.0 %

As of June 30, 2025 and December 31, 2024, we have prepaid our obligations regarding all of our finance ROU assets. Finance lease assets are reported net of accumulated amortization of \$180 million and \$162 million as of June 30, 2025 and December 31, 2024, respectively. Certain of our finance leases are subject to fluctuations in exchange rates.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

The following table presents the components of lease expense:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
<b>Lease cost:</b>				
Operating lease cost	\$ 6,653	\$ 5,548	\$ 13,225	\$ 12,195
Operating lease cost - EchoStar XXIV	47,675	47,593	95,350	95,350
Total operating lease cost	54,328	53,141	108,575	107,545
<b>Finance lease cost:</b>				
Amortization of right-of-use assets	5,880	790	11,712	5,313
Interest on lease liabilities	—	—	—	—
Total finance lease cost	5,880	790	11,712	5,313
Short-term lease cost	—	—	—	—
Variable lease cost	—	—	—	—
Total lease cost	<u>\$ 60,208</u>	<u>\$ 53,931</u>	<u>\$ 120,287</u>	<u>\$ 112,858</u>

Supplemental cash flow information related to leases was as follows:

	For the Six Months Ended June 30,	
	2025	2024
	(In thousands)	
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>		
Operating cash flows from operating leases	\$ 58,055	\$ 260,546
Operating cash flows from finance leases	—	—
Financing cash flows from finance leases	—	—
<b>Right-of-use assets obtained in exchange for lease obligations:</b>		
Operating leases	1,006	—
Finance leases	—	—

Refer to Note 12 for further details on EchoStar XXIV operating lease.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

Maturities of lease liabilities as of June 30, 2025 were as follows:

<b>For the Years Ending December 31,</b>	<b>Total</b>
	(In thousands)
2025 (remaining six months)	\$ 108,972
2026	216,874
2027	215,341
2028	213,089
2029	212,131
Thereafter	272,247
Total lease payments	1,238,654
Less: Imputed interest	(344,096)
Total	894,558
Less: Current portion	122,053
Long-term portion of lease obligations	<u>\$ 772,505</u>

**Lessor Accounting**

We lease satellite capacity, communications equipment and real estate to certain of our customers. The following table presents our lease revenue by type of lease:

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Sales-type lease revenue:</b>	(In thousands)			
Revenue at lease commencement	\$ 1,376	\$ 995	\$ 3,159	\$ 1,544
Interest income	411	544	825	1,079
Total sales-type lease revenue	1,787	1,539	3,984	2,623
<b>Operating lease revenue</b>	<b>2,105</b>	<b>4,305</b>	<b>4,592</b>	<b>10,860</b>
Total lease revenue (1)	<u>\$ 3,892</u>	<u>\$ 5,844</u>	<u>\$ 8,576</u>	<u>\$ 13,483</u>

(1) The reduction in total lease revenue relates to the loss of a single significant customer.

Substantially all of our net investment in sales-type leases consisted of lease receivables totaling \$23 million and \$26 million as of June 30, 2025 and December 31, 2024, respectively.

The following table presents future operating lease payments to be received as of June 30, 2025:

<b>For the Years Ending December 31,</b>	<b>Total</b>
	(In thousands)
2025 (remaining six months)	\$ 5,515
2026	7,271
2027	5,839
2028	3,669
2029	3,128
Thereafter	2,028
Total lease payments to be received	<u>\$ 27,450</u>

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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**8. Long-Term Debt and Other Notes Payable**

***Fair Value of our Debt***

The following table summarizes the carrying amount and fair value of our debt facilities as of June 30, 2025 and December 31, 2024:

	As of			
	June 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
5 1/4% Senior Secured Notes due 2026 (1)	\$ 750,000	\$ 669,630	\$ 750,000	\$ 686,475
6 5/8% Senior Notes due 2026	750,000	548,625	750,000	595,725
Other notes payable	41,798	41,798	44,774	44,774
<b>Subtotal</b>	<b>1,541,798</b>	<b>\$ 1,260,053</b>	<b>1,544,774</b>	<b>\$ 1,326,974</b>
Unamortized deferred financing costs and other debt discounts, net	(1,048)		(1,509)	
<b>Total</b>	<b>1,540,750</b>		<b>1,543,265</b>	
Less: current portion	(11,218)		(9,548)	
<b>Long-term debt and other notes payable, net of current portion</b>	<b>\$ 1,529,532</b>		<b>\$ 1,533,717</b>	

(1) During the six months ended June 30, 2025, our parent, EchoStar, purchased approximately \$123 million of our 5 1/4% Senior Secured Notes due 2026 in open market trades. The repurchase is held at EchoStar.

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

**9. Commitments and 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

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

*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.

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, 2025, the gross

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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amount of fees, penalties and interest owed was approximately \$93 million with \$46 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. The parties reached a conditional agreement to settle the matter, but the conditions were not met, so the stay entered on October 3, 2024 was lifted on November 22, 2024. On July 8, 2025, a magistrate judge issued a report and recommendation that DirecTV should have to indemnify HCIPL only for license fees, penalties and interest that would have been owing to the DOT as of the April 22, 2005 closing date of the spinoff, but not the penalties and interest that compounded on such pre-closing amounts during the course of the litigation in India.

The following table presents the components of the accrual:

	<b>As of</b>	
	<b>June 30, 2025</b>	<b>December 31, 2024</b>
	(In thousands)	
Additional license fees	\$ 3,311	\$ 3,314
Penalties	3,399	3,402
Interest on license fees and penalties	86,484	84,643
Less: Payments	(46,745)	(36,929)
Total accrual	46,449	54,430
Less: Current portion (1)	9,851	9,860
Total long-term accrual (2)(3)	<u>\$ 36,598</u>	<u>\$ 44,570</u>

- (1) The current portion of the accrual is included in “Accrued expenses” on our Condensed Consolidated Balance Sheets.
- (2) The long-term portion of the accrual is included in “Other noncurrent liabilities” on our Condensed Consolidated Balance Sheets.
- (3) The amount owed must be paid in Indian Rupees.

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

*Hughes Telecomunicações do Brasil v. State of São Paulo Treasury Department*

On December 12, 2019, Hughes Telecomunicações 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).

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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, but on February 25, 2025, the Court of Justice ruled against HTB. On March 14, 2025, HTB filed a motion seeking clarification.

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

*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. 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.

**10. Segment Reporting**

Our chief operating decision maker ("CODM") is our President and Chief Executive Officer. "OIBDA," defined as "Operating income (loss)" plus "Depreciation and amortization," is the primary measure used by our CODM to evaluate segment operating performance. The CODM regularly reviews budget-to-actual variances of OIBDA when evaluating segment performance and allocating resources to each segment. The CODM is not regularly provided assets in evaluating the results of our Hughes segment; therefore, such information is not presented.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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We manage our business activities on a consolidated basis and operate as a single operating segment, Hughes.

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

<b>Hughes</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
		(In thousands)		
<b>Revenue</b>				
<i>Revenue from external customers:</i>				
Service revenue	\$ 274,254	\$ 303,905	\$ 551,955	\$ 623,409
Equipment sales and other revenue	60,770	85,714	149,133	146,214
<b>Total Revenue</b>	<b>335,024</b>	<b>389,619</b>	<b>701,088</b>	<b>769,623</b>
<b>Operating Expenses</b>				
<i>Cost of services:</i>				
Connectivity services (1)	97,768	100,251	194,520	198,631
Other (2)	63,249	71,863	125,566	143,933
<b>Total cost of services</b>	<b>161,017</b>	<b>172,114</b>	<b>320,086</b>	<b>342,564</b>
Cost of sales - equipment and other	63,409	78,283	144,995	134,663
<i>Selling, general and administrative expenses:</i>				
Subscriber acquisition costs	43,477	45,155	87,996	94,449
Selling, general and administrative expenses	37,949	47,901	75,225	102,259
<b>Total selling, general and administrative expenses</b>	<b>81,426</b>	<b>93,056</b>	<b>163,221</b>	<b>196,708</b>
<b>OIBDA (3)</b>	<b>29,172</b>	<b>46,166</b>	<b>72,786</b>	<b>95,688</b>
Depreciation and amortization	84,014	93,093	167,815	186,875
<b>Total costs and expenses</b>	<b>389,866</b>	<b>436,546</b>	<b>796,117</b>	<b>860,810</b>
<b>Operating income (loss)</b>	<b>\$ (54,842)</b>	<b>\$ (46,927)</b>	<b>\$ (95,029)</b>	<b>\$ (91,187)</b>
Interest income	2,247	3,555	4,747	20,570
Interest expense, net of amounts capitalized	(24,652)	(22,095)	(50,311)	(49,444)
Other, net	2,949	(3,682)	4,699	(5,106)
<b>Total other income (expense)</b>	<b>(19,456)</b>	<b>(22,222)</b>	<b>(40,865)</b>	<b>(33,980)</b>
<b>Income (loss) before income taxes</b>	<b>(74,298)</b>	<b>(69,149)</b>	<b>(135,894)</b>	<b>(125,167)</b>
Income tax (provision) benefit, net	16,475	11,274	29,031	17,026
<b>Net income (loss)</b>	<b>\$ (57,823)</b>	<b>\$ (57,875)</b>	<b>\$ (106,863)</b>	<b>\$ (108,141)</b>
<b>Purchases of property and equipment</b>	<b>\$ (29,693)</b>	<b>\$ (55,123)</b>	<b>\$ (61,341)</b>	<b>\$ (123,649)</b>

- (1) "Connectivity services" is the cost to deliver our services and products to customers, which includes, among other things, satellite and transmission and other related costs.
- (2) "Other" primarily consists of variable costs including call center, manufacturing, dealer incentive, bad debt, billing and other variable costs, as well as costs to retain our subscribers.
- (3) OIBDA 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 on a more variable

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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cost basis as it excludes depreciation and amortization expenses related primarily to capital expenditures and acquisitions, as well as in evaluating operating performance in relation to our competitors.

**11. Revenue Recognition**

**Contract Balances**

The following table presents the activity in our allowance for credit losses:

	<b>For the Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
	(In thousands)	
<b>Balance at beginning of period</b>	\$ 11,314	\$ 20,399
Current period provision for expected credit losses	8,485	16,784
Write-offs charged against allowance	(7,929)	(12,979)
Foreign currency translation	224	(241)
<b>Balance at end of period</b>	<b>\$ 12,094</b>	<b>\$ 23,963</b>

As of June 30, 2025, we have accounts receivable balances of \$18 million for certain customers in Mexico and Brazil, a portion of which have been fully reserved in "Other noncurrent assets, net" on our Condensed Consolidated Balance Sheets.

Contract assets arise when we recognize revenue for providing goods or services 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 and contract assets, net" on our Condensed Consolidated Balance Sheets.

Contract liabilities arise when we bill our customers and receive consideration in advance of providing the goods or service. Contract liabilities are recognized as revenue when the service or equipment has been provided to the customer. Contract liabilities are recorded in "Contract liabilities" or "Other noncurrent liabilities" on our Condensed Consolidated Balance Sheets.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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The following table summarizes our contract asset and liability balances:

	<b>As of</b>	
	<b>June 30, 2025</b>	<b>December 31, 2024</b>
	(In thousands)	
<b>Contract assets</b>	\$ 149,165	\$ 108,007
<b>Contract liabilities:</b>		
Current	\$ 87,523	\$ 81,558
Noncurrent	550	1,068
Total contract liabilities	\$ 88,073	\$ 82,626

Our beginning of period contract liability recorded as customer contract revenue during 2025 was \$51 million.

***Performance Obligations***

As of June 30, 2025, the remaining performance obligations for our customer contracts was approximately \$1.6 billion. Performance obligations expected to be satisfied within one year and greater than one year are 28% and 72%, 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:

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	(In thousands)			
<b>Balance, beginning of period</b>	\$ 57,095	\$ 52,502	\$ 57,337	\$ 49,343
Additions	8,941	12,880	18,126	25,920
Amortization expense	(10,063)	(9,101)	(19,896)	(18,843)
Foreign currency translation	367	(762)	773	(901)
<b>Balance, end of period</b>	\$ 56,340	\$ 55,519	\$ 56,340	\$ 55,519

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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**Disaggregation of Revenue**

*Geographic Information*

Revenue is attributed to geographic markets based upon the billing location of the customer. The following tables present our revenue from customer contracts disaggregated by primary geographic market:

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	(In thousands)			
North America	\$ 272,359	\$ 311,705	\$ 570,413	\$ 619,553
South and Central America	31,976	35,361	63,553	71,316
Other	30,689	42,553	67,122	78,754
Total revenue	<u>\$ 335,024</u>	<u>\$ 389,619</u>	<u>\$ 701,088</u>	<u>\$ 769,623</u>

*Nature of Products and Services*

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

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	(In thousands)			
<b>Service revenue:</b>				
Services	\$ 272,077	\$ 299,600	\$ 547,363	\$ 612,549
Lease revenue	2,177	4,305	4,592	10,860
Total service revenue	<u>274,254</u>	<u>303,905</u>	<u>551,955</u>	<u>623,409</u>
<b>Equipment sales and other revenue:</b>				
Equipment sales	29,406	48,457	62,815	83,589
Design, development and construction services	29,505	35,718	82,190	60,002
Lease revenue	1,859	1,539	4,128	2,623
Total equipment and other revenue	<u>60,770</u>	<u>85,714</u>	<u>149,133</u>	<u>146,214</u>
Total revenue	<u>\$ 335,024</u>	<u>\$ 389,619</u>	<u>\$ 701,088</u>	<u>\$ 769,623</u>

**12. Related Party Transactions**

**Related Party Transactions with EchoStar, our Parent, and its subsidiaries.**

The following is a summary of the terms of our principal agreements with EchoStar, our parent, and its subsidiaries, that may have an impact on our financial condition and results of operations.

**“Trade accounts receivable”**

As of June 30, 2025 and December 31, 2024, trade accounts receivable from EchoStar was \$37 million and \$23 million, respectively. These amounts are recorded in “Other current assets” on our Condensed Consolidated Balance Sheets.

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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***“Noncurrent receivables”***

As of June 30, 2025 and December 31, 2024, noncurrent receivables from EchoStar was \$92 million and \$83 million, respectively. These amounts are recorded in “Other noncurrent assets, net” on our Condensed Consolidated Balance Sheets.

***“Trade accounts payable”***

As of June 30, 2025 and December 31, 2024, trade accounts payable to EchoStar was \$32 million and \$41 million, respectively. These amounts are recorded in “Trade accounts payable” and “Other current liabilities” on our Condensed Consolidated Balance Sheets.

***“Noncurrent payables”***

As of June 30, 2025 and December 31, 2024, noncurrent payables to EchoStar was \$28 million and \$26 million, respectively. These amounts are recorded in “Other noncurrent liabilities” on our Condensed Consolidated Balance Sheets.

***“Current operating lease liabilities”***

As of June 30, 2025 and December 31, 2024, current operating lease liabilities to EchoStar was \$105 million and \$56 million, respectively. These amounts are recorded in “Operating lease liabilities” on our Condensed Consolidated Balance Sheets.

***“Noncurrent operating lease liabilities”***

As of June 30, 2025 and December 31, 2024, noncurrent operating lease liabilities to EchoStar was \$643 million and \$695 million, respectively. These amounts are recorded in “Operating lease liabilities, noncurrent” on our Condensed Consolidated Balance Sheets.

***“Service revenue”***

During each of the three months ended June 30, 2025 and 2024, we received \$3 million for services provided to EchoStar. During the six months ended June 30, 2025 and 2024, we received \$6 million and \$7 million, respectively, for the services provided to EchoStar. These amounts are recorded in “Service revenue” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these revenues are discussed below.

*TerreStar Agreement.* In March 2012, DISH Network completed its acquisition of substantially all the assets of TerreStar Networks Inc. (“TerreStar”). Prior to DISH Network’s acquisition of substantially all the assets of TerreStar and EchoStar’s completion of the Hughes Acquisition, TerreStar and Hughes Network Systems L.L.C. (“HNS”) entered into various agreements pursuant to which we provide, among other things, warranty, operations and maintenance and hosting services for TerreStar’s ground-based communications equipment (the “TerreStar Agreements”).

In May 2022, we and EchoStar amended the agreement for the provision of hosting services to extend the term until May 2027. We and EchoStar amended the agreements for warranty, operations, and maintenance services for TerreStar ground-based communications equipment, effective as of January 1, 2025, to extend the existing pricing and other terms through December 31, 2025. EchoStar generally has the right to continue to receive warranty services from us for our products on a month-to-month basis unless terminated by EchoStar

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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upon at least 21 days' written notice to us. EchoStar generally has the right to continue to receive operations and maintenance services from us on a quarter-to-quarter basis unless these services are terminated by EchoStar upon at least 90 days' written notice to us. In addition, EchoStar generally may terminate any and all services for convenience subject to providing us with prior notice and/or payment of termination charges.

*TerreStar Solutions.* EchoStar has an investment in TerreStar Solutions, Inc. ("TSI"), an entity that provides wireless mobile communication coverage in Canada using a satellite user terminal, that results in EchoStar having significant influence in the entity. In May 2018, we and TSI entered into an equipment and services agreement pursuant to which we design, manufacture and install upgraded ground communications network equipment for TSI's network and provide, among other things, warranty and support services.

*DBSD North America Agreement.* In March 2012, DISH Network completed its acquisition of all of the equity of DBSD North America, Inc. ("DBSD North America"). Following the Merger, DISH Network's ownership of DBSD North America was sold to our parent company, EchoStar, such that EchoStar now owns all of the equity of DBSD North America. Prior to DISH Network's acquisition of DBSD North America and EchoStar's completion of the Hughes Acquisition, DBSD North America and HNS entered into various agreements pursuant to which we provide, among other things, warranty, operations and maintenance and hosting services of DBSD North America's gateway and ground-based communications equipment. DBSD North America has the right to continue to receive operations and maintenance services from us on a quarter-to-quarter basis, unless terminated by DBSD North America upon at least 120 days' written notice to us. The provision of hosting services will continue until February 2027 unless terminated by DBSD North America upon at least 180 days' written notice to us. In addition, DBSD North America generally may terminate any and all such services for convenience, subject to providing us with prior notice and/or payment of termination charges. We and DBSD North America amended the agreements for warranty, operations, and maintenance services for DBSD's gateway and ground-based communications equipment, effective as of January 1, 2025, to extend the existing pricing and other terms through December 31, 2025.

*EchoStar Mobile Limited Service Agreements.* We provide services and lease equipment to support the business of EchoStar Mobile Limited, a subsidiary of EchoStar that is licensed by the EU to provide mobile satellite services and complementary ground component services covering the entire EU using S-Band spectrum. Additionally, we have converted the receivables for certain of these services into loans, bearing an annual interest rate of 5%. These loans are included within "Other noncurrent assets, net" on our Condensed Consolidated Balance Sheets.

*Hughes Broadband Distribution Agreement.* Effective October 2012, we and EchoStar entered into a Distribution Agreement (the "Distribution Agreement") pursuant to which EchoStar has the right, but not the obligation, to market, sell and distribute our satellite Internet service (the "Service") and to purchase certain broadband equipment from us to support the sale of the Service for an extended initial term that ended March 1, 2024. Thereafter, the Distribution Agreement automatically renews for successive one-year terms unless either party gives written notice of its intent not to renew to the other party at least 180 days before the expiration of the then-current term. Upon expiration or termination of the Distribution Agreement, the parties will continue to provide the Service pursuant to the terms and conditions of the Distribution Agreement.

*Hughes Equipment and Services Agreement.* In February 2019, we and EchoStar entered into an agreement pursuant to which we will provide EchoStar with satellite Internet service and equipment for the transmission of certain data related to EchoStar's 5G Network Deployment. This agreement had an initial term that ended February 2024 with automatic renewal for successive one-year terms unless terminated by EchoStar with at least 180 days' written notice to us or by us with at least 365 days' written notice to EchoStar.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

**“Cost of services”**

During the three months ended June 30, 2025 and 2024, we incurred \$49 million and \$48 million, respectively, of costs for services provided to us by EchoStar. During the six months ended June 30, 2025 and 2024, we incurred \$98 million and \$97 million, respectively, of costs for services provided to us by EchoStar. These amounts are recorded in “Cost of services” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these expenses are discussed below.

*EchoStar XXIV Satellite Lease.* Effective December 2023, we lease all of the capacity of the EchoStar XXIV satellite under an operating lease from EchoStar for a term of seven years for a monthly lease charge of approximately \$16 million. We prepaid \$185 million in lease obligations under the agreement during the year ended December 31, 2024. The prepayments resulted in the lease liability and associated asset being remeasured. The prepayment ended in March 2025 with regular payments continuing in April 2025.

*TT&C Agreement – Master Transaction Agreement.* In September 2019, we entered into an agreement pursuant to which EchoStar provides TT&C services to us for an initial term that ended in September 2021, (the “MTA TT&C Agreement”). In September 2021, we amended the MTA TT&C Agreement to extend the term until September 2022 and added the option for us to renew for three one-year renewal terms ending in September 2025. Either party is able to terminate the MTA TT&C Agreement for any reason upon 12 months’ notice.

**“Cost of sales – equipment and other”**

During the three months ended June 30, 2025 and 2024, we incurred \$1 million and \$1 million, respectively, for satellite hosting, operations and maintenance services as well as transmission of certain data to EchoStar. During the six months ended June 30, 2025 and 2024, we incurred \$2 million and \$1 million, respectively, for satellite hosting, operations and maintenance services as well as transmission of certain data to EchoStar. These amounts are recorded in “Cost of sales – equipment and other” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these expenses are discussed below.

*Professional Services Agreement.* Effective January 2010, we and EchoStar entered into the Professional Services Agreement, pursuant to which we have the right, but not the obligation, to receive the following services from EchoStar, among others: information technology, travel and event coordination, internal audit, legal, accounting and tax, benefits administration, program acquisition services and other support services, including uplink services. Additionally, we and EchoStar agreed that EchoStar shall continue to have the right, but not the obligation, to engage us to manage the process of procuring new satellite capacity for EchoStar and receive logistics, procurement and quality assurance services from us and other support services. In February 2017 and in September 2019, we and EchoStar amended the Professional Services Agreement to, among other things, provide certain transition services to each other. The Professional Services Agreement renews automatically for successive one-year periods, unless terminated earlier by either party upon at least 60 days’ notice. However, either party may terminate the Professional Services Agreement in part with respect to any particular service it receives for any reason upon at least 30 days’ notice.

*Whidbey Island 5G Network Test Bed Subcontract.* Effective June 2022, we entered into certain agreements pursuant to which EchoStar provides us access and use of a lab, technical support and integration, and testing support for the 5G network test bed. In addition, we lease certain wireless spectrum, and receive construction and related services. We may terminate this agreement at any time by providing written notice to EchoStar.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

***“Selling, general and administrative expenses”***

During each of the three months ended June 30, 2025 and 2024, we incurred \$1 million for selling, general and administrative expenses for services provided to us by EchoStar. During each of the six months ended June 30, 2025 and 2024, we incurred \$1 million for selling, general and administrative expenses for services provided to us by EchoStar. These amounts are recorded in “Selling, general and administrative expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these expenses are discussed below.

*Shared Corporate Services.* We and EchoStar, including EchoStar’s other subsidiaries, have agreed that we shall each have the right, but not the obligation, to receive from the other certain shared corporate services, including among other things: treasury, tax, accounting and reporting, risk management, cybersecurity, legal, internal audit, human resources, and information technology. We and EchoStar may each terminate a particular shared corporate service for any reason upon at least 30 days’ notice.

*Collocation and Antenna Space Agreements.* We entered into certain agreements pursuant to which EchoStar provides certain collocation and antenna space to us. We may terminate certain of these agreements with 180 days’ prior written notice to EchoStar and for certain other agreements with prior written notice no more than 120 days but no less than 90 days prior to the end of the then-current term. The term of each agreement is set forth below:

- Effective March 2017 for an initial term that ended in February 2022 and renewal options ending in February 2034 at the following locations: Cheyenne, Wyoming; Gilbert, Arizona; Monee, Illinois; Englewood, Colorado; and Spokane, Washington.
- Effective August 2017 for an initial term that ended in August 2022 and renewal options ending in August 2034 at the following locations: Monee, Illinois and Spokane, Washington. In March 2024, we provided a termination notice for one of the Spokane, Washington agreements, effective April 2024.
- Effective January 2022 for an initial term ending December 2026 and renewal options ending in December 2038 at the following location: Englewood, Colorado.
- Effective October 2020 with renewal options ending in October 2037 at the following location: Cheyenne, Wyoming.

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

***Other Agreements – EchoStar***

*Hughes Broadband Master Services Agreement.* In March 2017, we and EchoStar entered into the Master Services Agreement (“MSA”) pursuant to which EchoStar, among other things: (i) have the right, but not the obligation, to market, promote and solicit orders for our satellite Internet service and related equipment; and (ii) install service equipment with respect to activations EchoStar generates. The MSA had an initial term that ended March 2022 with automatic renewal for successive one-year terms. Either party has the ability to terminate the MSA, in whole or in part, for any reason upon at least 90 days’ notice to the other party. Upon expiration or termination of the MSA, we will continue to provide the satellite Internet service to subscribers and make certain payments to EchoStar pursuant to the terms and conditions of the MSA. For the three months ended June 30, 2025 and 2024, we incurred sales incentives and other costs under the MSA totaling \$1 million and less than a million, respectively. For the six months ended June 30, 2025 and 2024, we incurred sales incentives and other costs under the MSA totaling \$2 million and \$1 million, respectively. These costs are capitalized and amortized to expense over the estimated customer life or the contract term. See Note 2 “Assets

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

Recognized Related to the Costs to Obtain a Contract with a Customer” for further information. During each of the three months ended June 30, 2025 and 2024 the amounts amortized to expense were less than a million. During each of six months ended June 30, 2025 and 2024 the amounts amortized to expense were \$1 million. These costs are expensed in “Selling, general and administrative expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

*Cash Advances.* EchoStar and certain of its other subsidiaries have also provided cash advances to certain of our foreign subsidiaries to fund certain expenditures pursuant to loan agreements. Advances under these agreements bear interest at annual rates of three percent.

*Dividends.* On February 15, 2024, our Board of Directors declared and approved payment of a cash dividend on our outstanding common stock to our shareholder and parent, EchoStar, in the amount of \$529 million. Payment of this dividend was made in the first quarter of 2024.

On March 12, 2024, our Board of Directors declared and approved payment of a cash dividend on the Company’s outstanding common stock to our shareholder and parent, EchoStar, in the amount of \$500 million. Payment of the dividend was made in the first quarter of 2024.

**Joint Ventures and Cost Investments**

***Deluxe/EchoStar LLC***

We own 50% of 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. Refer to Note 4 for more information.

The table below summarizes our transactions with Deluxe:

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	(In thousands)			
Revenue from Deluxe	\$ 1,315	\$ 1,380	\$ 2,662	\$ 2,749
	(In thousands)			
	<b>As of</b>		<b>As of</b>	
	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
Trade accounts receivable from Deluxe	\$ 920		\$ 992	

During the six months ended June 30, 2025 we received dividends from Deluxe totaling \$2 million.

***Broadband Connectivity Solutions (Restricted) Limited***

We own 20% of 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. The Al Yah 3 Ka-band satellite is no longer in service.

**HUGHES SATELLITE SYSTEMS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
**(Unaudited)**

The table below summarizes our transactions with BCS:

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	(In thousands)			
Revenue from BCS	\$ 744	\$ 603	\$ 1,533	\$ 1,349
	<b>As of</b>			
	<b>June 30, 2025</b>	<b>December 31, 2024</b>		
	(In thousands)			
Trade accounts receivable from BCS	\$ 845	\$ 2,572		

***Hughes Systique Corporation (“Hughes Systique”)***

We hold certain equity in Hughes Systique and contract with Hughes Systique for software development services.

The table below summarizes our transactions with Hughes Systique:

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	(In thousands)			
Purchases from Hughes Systique	\$ 4,093	\$ 4,380	\$ 8,148	\$ 8,976
	<b>As of</b>			
	<b>June 30, 2025</b>	<b>December 31, 2024</b>		
	(In thousands)			
Amounts payable to Hughes Systique	\$ 1,346	\$ 1,466		

## **Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS**

You should read the following Management's Narrative Analysis of 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 narrative 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, 2024 and this Quarterly Report on Form 10-Q 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.

### **EXECUTIVE SUMMARY**

#### **Recent Developments**

Our parent, EchoStar received a letter from the Federal Communications Commission (the "FCC") on May 9, 2025, indicating that the FCC was beginning a review of their compliance with certain obligations to provide 5G broadband service and raising certain questions regarding the September 2024 buildout extension granted by the FCC and mobile-satellite service ("MSS") utilization in the 2 GHz band (the "Letter"). EchoStar responded to the FCC's subsequent public notices with filings on May 27, 2025 and June 6, 2025. On June 11, 2025, EchoStar's Chairman met with the FCC; during this meeting EchoStar explained that any reconsideration of the September 2024 grant of their construction deadline extensions, any after-the-fact change to the criteria upon which their build-out is judged, or any decision to upend the 2 GHz band's sharing rules would threaten the viability of their current operations and future plans. While no resolution has been achieved yet, and it is possible that no such resolution will ultimately be achieved, EchoStar continues to explore an acceptable resolution of the FCC's stated concerns in a manner that minimizes disruption to their businesses and lifts the regulatory uncertainty created by the inquiries. The FCC review has introduced the possibility of reversing prior FCC grants of authority to EchoStar. This uncertainty over EchoStar's spectrum rights has effectively frozen their ability to make decisions regarding their 5G network buildout, has materially adversely impacted their ability to implement and adjust their overall business plan and has required them to re-evaluate the deployment of their resources. In light of the continued uncertainty related to the FCC inquiries, EchoStar elected not to make interest payments on a certain portion of their long-term senior notes on their respective scheduled due dates. EchoStar subsequently made such payments, including interest on the defaulted interest, within the applicable 30-day grace periods to make such interest payments. EchoStar remains focused on resolving the FCC's stated concerns. EchoStar continues to progress wide-ranging efforts to explore alternative or complementary pathways that could, if successfully implemented, resolve the FCC's stated concerns in a manner acceptable to them.

#### **Overview**

Our industry continues to evolve with the increasing worldwide demand for broadband internet access for information, entertainment and commerce. In addition to fiber and wireless systems, technologies such as geostationary high throughput satellites, low-earth orbit ("LEO") networks, medium-earth orbit ("MEO") systems and multi-transport networks using combinations of technologies are expected to continue to play significant roles in enabling global connectivity, networks and services. We expect demand for broadband internet access, connectivity, networking and related value-added services will continue to grow across all major end-user sectors – consumer, businesses, enterprises and government. We intend to use our expertise, technologies,

## Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

capital, investments, global presence, relationships and other capabilities to continue to provide broadband internet systems, equipment, networks and managed services for information, the internet-of-things, entertainment, education, remote-connectivity and commerce across industries and communities globally for consumer and enterprise customers. We are closely tracking the developments in next-generation satellite businesses, and we are seeking to utilize our services, technologies, licenses and expertise to find new commercial opportunities for our business.

We manage our business activities on a consolidated basis and operate as a single operating segment: Hughes. See Note 10 in the Notes to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for information regarding our segment reporting.

Our 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. 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.

### Liquidity and Capital Resources

#### *Operational Liquidity*

We primarily rely on our existing cash, cash equivalents and marketable investment securities balances, as well as cash generated from operations, to fund our business operations. Consumer revenue depends on our success in adding new and retaining existing subscribers. Revenue in our enterprise and equipment businesses relies heavily on global economic conditions and the competitive landscape for pricing relative to competitors and alternative technologies. There can be no assurance that we will have positive cash flows from operations. If we experience negative cash flows, our existing cash, cash equivalents and marketable investment securities balances may be further reduced.

#### *Future Liquidity*

We have made cash distributions to partially finance the consolidated operations and debt service payment obligations of our parent company, EchoStar, and its subsidiaries. On February 15, 2024, the Company's Board of Directors declared and approved payment of a cash dividend on the Company's outstanding stock to our shareholder and parent, EchoStar, in the amount of \$529 million. On March 12, 2024, the Company's Board of Directors declared and approved payment of a cash dividend on the Company's outstanding common stock to EchoStar in the amount of \$500 million. Payment of both dividends was made in the first quarter of 2024.

While we currently do not intend to declare additional dividends on our common stock, we may elect to do so from time to time. Payment of any future dividends will depend upon our earnings, capital requirements, contractual restrictions and other factors the Board of Directors considers appropriate. We currently intend to retain our earnings, if any, to support operations, debt services, future growth and expansion. Our ability to declare dividends is affected by the covenants in our indentures.

## Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

We may make additional funds available to EchoStar in the form of prepayments for services rendered or loans to finance, in whole or in part, EchoStar's future operations and debt service obligations. Any such distributions or advances, as well as other factors including, among others, debt maturities, continuing investment in our business, financing acquisitions and other strategic transactions, will reduce the amount of our cash flows available to fund working capital requirements, capital expenditures, acquisitions, investments, debt obligations and other general corporate requirements, and will require us to refinance our existing debt agreements or raise additional capital in the future, which may not be available on favorable terms, or at all.

We do not currently have cash, cash equivalents, marketable investment securities balances and/or projected future cash flows to fully fund our 2026 debt maturities. We will need to refinance or restructure all or a portion of such obligations prior to maturity.

### *Covenants and Restrictions Related to our Senior Notes*

The indentures related to our outstanding senior notes contain restrictive covenants that, among other things, impose limitations on our ability 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) restrict our subsidiaries' ability to pay dividends, make distributions, make other payments, or transfer assets; (v) make certain investments; (vi) create liens; (vii) enter into certain transactions with affiliates; (viii) merge or consolidate with another company; and (ix) 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. As of the date of filing of this Quarterly Report on Form 10-Q, we were in compliance with the covenants and restrictions related to our long-term debt.

## EXPLANATION OF KEY METRICS AND OTHER ITEMS

**Service revenue.** "Service revenue" consists principally includes the sales of consumer and enterprise broadband services, maintenance and other contracted services, revenue associated with satellite and transponder leases and services, satellite uplinking/downlinking, and subscriber wholesale service fees for the HughesNet service. 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 broadband equipment and networks sold both to customers in our consumer and enterprise markets.

**Cost of services.** "Cost of services" primarily includes the cost of broadband services provided to our consumer and enterprise customers, maintenance and other contracted services, and costs associated with satellite and transponder leases and services.

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

**Selling, general and administrative expenses.** "Selling, general and administrative expenses" primarily include selling costs, and employee-related costs associated with administrative services such as legal, information systems, accounting and finance, and including bad debt expense. It also includes research and development expenses associated with the design and development of products to support future growth and provide new technology and innovation to our customers, professional fees, and other expenses associated with facilities and administrative services.

## Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

**Interest income.** “Interest income” primarily includes interest earned on our cash, cash equivalents and marketable investment securities, and other investments including premium amortization, discount accretion on debt securities, and changes in allowance for estimated credit losses on investments.

**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.** “Other, net” primarily includes gains and losses realized on the sale of marketable and non-marketable investment securities, impairment of marketable and non-marketable investment securities, impairment of our equity method investments, unrealized gains and losses from changes in fair value of certain marketable and non-marketable investment securities, foreign currency transaction gains and losses, equity in earnings and losses of our affiliates, dividends received from our marketable investment securities, and other non-operating income and expense items that are not appropriately classified elsewhere in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) in our Condensed Consolidated Financial Statements.

**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.

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

### Hughes 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, airlines and government entities, including civilian and defense.

We have leveraged the EchoStar XXIV satellite to deliver satellite services to unserved and underserved consumer markets in the Americas as well as enterprise, aeronautical and government markets. Effective December 2023, we lease the capacity of EchoStar XXIV from EchoStar.

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 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.

Our Hughes segment continues to focus its efforts on optimizing financial returns on our satellite portfolio. Our consumer revenue business depends on our success in adding new and retaining existing subscribers, as well as maintaining or growing our Average Revenue Per User/Subscriber (“ARPU”). Service and acquisition costs related to ongoing support for our direct and indirect customers and partners are typically impacted most significantly by our growth. The growth of our enterprise and consumer businesses relies heavily on global economic conditions and the competitive landscape for pricing relative to competitors and alternative technologies. 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. Growth within our Latin America consumer subscriber base in certain areas had also become capacity constrained. These constraints have been addressed by the EchoStar XXIV satellite.

## Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

### *Backlog*

As of June 30, 2025, our Hughes segment had \$1.6 billion of contracted revenue backlog. We define the Hughes 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, we compete with a large number of telecommunications and satellite internet service providers.

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 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 in-flight WiFi services, such as ViaSat Communications, Inc. which is owned by ViaSat, Inc. ("ViaSat") and Starlink Services LLC, which is owned by Space Exploration Technologies Corp ("SpaceX").

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. Our primary satellite competitors in the North American consumer market are ViaSat and SpaceX. Both ViaSat and SpaceX have also entered the South and Central American consumer markets. Our principal competitors for the supply of satellite technology platforms are Gilat Satellite Networks Ltd, ViaSat and ST Engineering iDirect, Inc.

**Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued**
**RESULTS OF OPERATIONS**
**Three Months Ended June 30, 2025 Compared to the Three Months Ended June 30, 2024**

The following table presents our condensed consolidated results of operations for the three months ended June 30, 2025 compared to the three months ended June 30, 2024:

Statements of Operations Data	For the Three Months Ended June 30,		Variance	
	2025	2024	Amount	%
	(In thousands)			
<b>Revenue:</b>				
Service revenue	\$ 274,254	\$ 303,905	\$ (29,651)	(9.8)
Equipment sales and other revenue	60,770	85,714	(24,944)	(29.1)
Total revenue	<u>335,024</u>	<u>389,619</u>	<u>(54,595)</u>	<u>(14.0)</u>
<b>Costs and expenses:</b>				
Cost of services	161,017	172,114	(11,097)	(6.4)
<b>% of Service revenue</b>	<b>58.7%</b>	<b>56.6%</b>		
Cost of sales - equipment and other	63,409	78,283	(14,874)	(19.0)
<b>% of Equipment sales and other revenue</b>	<b>104.3%</b>	<b>91.3%</b>		
Selling, general and administrative expenses	81,426	93,056	(11,630)	(12.5)
<b>% of Total revenue</b>	<b>24.3%</b>	<b>23.9%</b>		
Depreciation and amortization	84,014	93,093	(9,079)	(9.8)
Total costs and expenses	<u>389,866</u>	<u>436,546</u>	<u>(46,680)</u>	<u>(10.7)</u>
Operating income (loss)	<u>(54,842)</u>	<u>(46,927)</u>	<u>(7,915)</u>	<u>(16.9)</u>
<b>Other income (expense):</b>				
Interest income	2,247	3,555	(1,308)	(36.8)
Interest expense, net of amounts capitalized	(24,652)	(22,095)	(2,557)	(11.6)
Other, net	2,949	(3,682)	6,631	*
Total other income (expense), net	<u>(19,456)</u>	<u>(22,222)</u>	<u>2,766</u>	<u>12.4</u>
Income (loss) before income taxes	(74,298)	(69,149)	(5,149)	(7.4)
Income tax benefit (provision), net	16,475	11,274	5,201	46.1
<b>Effective tax rate</b>	<b>22.2%</b>	<b>16.3%</b>		
Net income (loss)	<u>(57,823)</u>	<u>(57,875)</u>	<u>52</u>	<u>0.1</u>
Less: Net income (loss) attributable to noncontrolling interests	(737)	(1,893)	1,156	61.1
Net income (loss) attributable to HSSC	<u>\$ (57,086)</u>	<u>\$ (55,982)</u>	<u>\$ (1,104)</u>	<u>(2.0)</u>
<b>Other data:</b>				
Broadband subscribers, as of period end (in millions)	0.819	0.955	(0.136)	(14.2)
Broadband subscribers additions (losses), net (in millions)	(0.034)	(0.023)	(0.011)	(47.8)
Purchases of property and equipment	\$ 29,693	\$ 55,123	\$ (25,430)	(46.1)
OIBDA**	\$ 29,172	\$ 46,166	\$ (16,994)	(36.8)

\* Percentage is not meaningful.

\*\* A reconciliation of "OIBDA" to "Operating income (loss)," the most directly comparable GAAP measure in our Condensed Consolidated Financial Statements, is included in Results of Operations. For further information on our use of "OIBDA," see Explanation of Key Metrics and Other Items.

## Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

The following discussion relates to our results of operations for the three months ended June 30, 2025 compared to the three months ended June 30, 2024:

**Broadband subscribers.** We lost approximately 34,000 net Broadband subscribers for the three months ended June 30, 2025 compared to the loss of approximately 23,000 net Broadband subscribers during the same period in 2024. The increase in net Broadband subscriber losses was primarily due to lower gross subscriber additions, partially offset by lower subscriber disconnects due to expanded satellite capacity and increased subscriber service satisfaction. We continue to experience increased competition from satellite based competitors and other technologies.

**Service revenue.** Service revenue totaled \$274 million for the three months ended June 30, 2025, a decrease of \$30 million, or 9.8%, as compared to 2024. The decrease was primarily attributable to lower sales of broadband services to our North American and international consumer customers and our North American enterprise customers.

**Equipment sales and other revenue.** Equipment sales and other revenue totaled \$61 million for the three months ended June 30, 2025, a decrease of \$25 million, or 29.1%, as compared to 2024. The decrease was primarily attributable to lower hardware sales to our North American and international enterprise customers.

**Cost of services.** Cost of services totaled \$161 million for the three months ended June 30, 2025, a decrease of \$11 million, or 6.4%, as compared to 2024. The decrease was primarily attributable to lower costs of broadband services to our North American and international consumer customers and our North American enterprise customers. Our Cost of services represented 58.7% and 56.6% of Service revenue during the three months ended June 30, 2025 and 2024, respectively. This increase was primarily attributable to a change in mix to lower margin services.

**Cost of sales - equipment and other.** Cost of sales - equipment and other totaled \$63 million for the three months ended June 30, 2025, a decrease of \$15 million, or 19.0%, as compared to 2024. The decrease was primarily attributable to lower costs of broadband services to our North American and international enterprise customers. Our Cost of sales – equipment and other represented 104.3% and 91.3% of Equipment sales and other revenue during the three months ended June 30, 2025 and 2024, respectively. The three months ended June 30, 2025 was negatively impacted by a one-time project charge.

**Selling, general and administrative expenses.** Selling, general and administrative expenses totaled \$81 million for the three months ended June 30, 2025, a decrease of \$12 million, or 12.5%, as compared to 2024. The decrease was primarily attributable to lower bad debt expense and lower marketing expenditures.

**Depreciation and amortization.** Depreciation and amortization expense totaled \$84 million for the three months ended June 30, 2025, a decrease of \$9 million, or 9.8%, as compared to 2024. The decrease was primarily attributable to lower equipment and satellite depreciation expense.

**Interest income.** Interest income totaled \$2 million for the three months ended June 30, 2025 a decrease of \$1 million, or 36.8%, as compared to 2024. This decrease primarily resulted from lower average cash and marketable investment securities balances, and lower percentage of returns earned on our cash and marketable investment securities balances during the three months ended June 30, 2025.

**Income tax benefit (provision), net.** Our income tax benefit (provision), net was a \$16 million benefit for the three months ended June 30, 2025, as compared to a \$11 million benefit for the three months ended June 30, 2024. This change was primarily related to increases in loss before income taxes and changes in our effective tax rate. Our effective tax rate during the three months ended June 30, 2025 was impacted by foreign valuation allowances. Our effective tax rate during the three months ended June 30, 2024 was impacted by federal and foreign valuation allowances.

**Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued**

***Net income (loss) attributable to HSSC.*** The changes in Net income (loss) attributable to HSSC during the three months ended June 30, 2025 compared to the same period in 2024 were primarily a result of the factors described in connection with operating revenues and operating expenses.

**Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued**
**Six Months Ended June 30, 2025 Compared to the Six Months Ended June 30, 2024**

The following table presents our condensed consolidated results of operations for the six months ended June 30, 2025 compared to the six months ended June 30, 2024:

Statements of Operations Data	For the Six Months Ended June 30,		Variance	
	2025	2024	Amount	%
	(In thousands)			
<b>Revenue:</b>				
Service revenue	\$ 551,955	\$ 623,409	\$ (71,454)	(11.5)
Equipment sales and other revenue	149,133	146,214	2,919	2.0
Total revenue	701,088	769,623	(68,535)	(8.9)
<b>Costs and expenses:</b>				
Cost of services	320,086	342,564	(22,478)	(6.6)
<b>% of Service revenue</b>	<b>58.0%</b>	<b>55.0%</b>		
Cost of sales - equipment and other	144,995	134,663	10,332	7.7
<b>% of Equipment sales and other revenue</b>	<b>97.2%</b>	<b>92.1%</b>		
Selling, general and administrative expenses	163,221	196,708	(33,487)	(17.0)
<b>% of Total revenue</b>	<b>23.3%</b>	<b>25.6%</b>		
Depreciation and amortization	167,815	186,875	(19,060)	(10.2)
Total costs and expenses	796,117	860,810	(64,693)	(7.5)
Operating income (loss)	(95,029)	(91,187)	(3,842)	(4.2)
<b>Other income (expense):</b>				
Interest income	4,747	20,570	(15,823)	(76.9)
Interest expense, net of amounts capitalized	(50,311)	(49,444)	(867)	(1.8)
Other, net	4,699	(5,106)	9,805	*
Total other income (expense), net	(40,865)	(33,980)	(6,885)	(20.3)
Income (loss) before income taxes	(135,894)	(125,167)	(10,727)	(8.6)
Income tax benefit (provision), net	29,031	17,026	12,005	70.5
<b>Effective tax rate</b>	<b>21.4%</b>	<b>13.6%</b>		
Net income (loss)	(106,863)	(108,141)	1,278	1.2
Less: Net income (loss) attributable to noncontrolling interests	(1,382)	(6,540)	5,158	78.9
Net income (loss) attributable to HSSC	\$ (105,481)	\$ (101,601)	\$ (3,880)	(3.8)
<b>Other data:</b>				
Broadband subscribers, as of period end (in millions)	0.819	0.955	(0.136)	(14.2)
Broadband subscribers additions (losses), net (in millions)	(0.064)	(0.049)	(0.015)	(30.6)
Purchases of property and equipment, net of refunds	\$ 61,341	\$ 123,649	\$ (62,308)	(50.4)
OIBDA	\$ 72,786	\$ 95,688	\$ (22,902)	(23.9)

\* Percentage is not meaningful.

\*\* A reconciliation of "OIBDA" to "Operating income (loss)," the most directly comparable GAAP measure in our Condensed Consolidated Financial Statements, is included in Results of Operations. For further information on our use of "OIBDA," see Explanation of Key Metrics and Other Items.

## Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

The following discussion relates to our results of operations for the six months ended June 30, 2025 compared to the six months ended June 30, 2024:

**Broadband subscribers.** We lost approximately 64,000 net Broadband subscribers for the six months ended June 30, 2025 compared to the loss of approximately 49,000 net Broadband subscribers during the same period in 2024. The increase in net Broadband subscriber losses was primarily due to lower gross subscriber additions, partially offset by lower subscriber disconnects due to expanded satellite capacity and increased subscriber service satisfaction. We continue to experience increased competition from satellite based competitors and other technologies.

**Service revenue.** Service revenue totaled \$552 million for the six months ended June 30, 2025, a decrease of \$71 million, or 11.5%, as compared to 2024. The decrease was primarily attributable to lower sales of broadband services to our North American and international consumer customers and our North American enterprise customers.

**Equipment sales and other revenue.** Equipment sales and other revenue totaled \$149 million for the six months ended June 30, 2025, an increase of \$3 million, or 2.0% as compared to 2024. The increase was primarily attributable to higher hardware sales to our North American enterprise customers, partially offset by a decrease in hardware sales to our international enterprise customers.

**Cost of services.** Cost of services totaled \$320 million for the six months ended June 30, 2025, a decrease of \$22 million, or 6.6%, as compared to 2024. The decrease was primarily attributable to lower costs of broadband services to our North American and international consumer customers and our North American enterprise customers. Our Cost of services represented 58.0% and 55.0% of Service revenue during the six months ended June 30, 2025 and 2024, respectively. This increase was primarily attributable to a change in mix to lower margin services.

**Cost of sales - equipment and other.** Cost of sales - equipment and other totaled \$145 million for the six months ended June 30, 2025, an increase of \$10 million, or 7.7% as compared to 2024. The increase was primarily attributable to higher costs of equipment to our North American enterprise customers, partially offset by a decrease in equipment costs to our international enterprise customers. Our Cost of sales – equipment and other represented 97.2% and 92.1% of Equipment sales and other revenue during the six months ended June 30, 2025 and 2024, respectively. The six months ended June 30, 2025 was negatively impacted by a one-time project charge.

**Selling, general and administrative expenses.** Selling, general and administrative expenses totaled \$163 million for the six months ended June 30, 2025, a decrease of \$33 million, or 17.0%, as compared to 2024. The decrease was primarily attributable to lower bad debt expense and lower marketing expenditures.

**Depreciation and amortization.** Depreciation and amortization expense totaled \$168 million for the six months ended June 30, 2025, a decrease of \$19 million, or 10.2%, as compared to 2024. The decrease was primarily attributable to lower equipment and satellite depreciation expense.

**Interest income.** Interest income totaled \$5 million for the six months ended June 30, 2025 a decrease of \$16 million, or 76.9% as compared to 2024. This decrease primarily resulted from lower average cash and marketable investment securities balances, and lower percentage of returns earned on our cash and marketable investment securities balances during the six months ended June 30, 2025.

**Income tax benefit (provision), net.** Our income tax benefit (provision), net was a \$29 million benefit for the six months ended June 30, 2025, as compared to a \$17 million benefit for the six months ended June 30, 2024. This change was primarily related to increases in loss before income taxes and changes in our effective tax rate. Our effective tax rate during the six months ended June 30, 2025 was impacted by foreign valuation

**Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued**

allowances. Our effective tax rate during the six months ended June 30, 2024 was impacted by federal and foreign valuation allowances and an increase in our uncertain tax positions.

**Net income (loss) attributable to HSSC.** The changes in Net income (loss) attributable to HSSC during the six months ended June 30, 2025 compared to the same period in 2024 were primarily a result of the factors described in connection with operating revenues and operating expenses.

**Non-GAAP Performance Measures and Reconciliation**

It is management's intent to provide non-GAAP financial information to enhance the understanding of our financial information prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), 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.

**OIBDA**

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 on a more variable cost basis as it excludes the depreciation and amortization expenses related primarily to capital expenditures and acquisitions, as well as in evaluating operating performance in relation to our competitors. OIBDA is calculated by adding back depreciation and amortization expense to operating income (loss).

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
<b>Operating income (loss)</b>	\$ (54,842)	\$ (46,927)	\$ (95,029)	\$ (91,187)
Depreciation and amortization	84,014	93,093	167,815	186,875
<b>OIBDA</b>	<b>\$ 29,172</b>	<b>\$ 46,166</b>	<b>\$ 72,786</b>	<b>\$ 95,688</b>

The changes in OIBDA during the three and six months ended June 30, 2025 compared to the same periods in 2024, were primarily a result of the factors described in connection with operating revenues and operating expenses.

**GUARANTOR FINANCIAL INFORMATION**

Our senior notes are jointly and severally guaranteed on a senior secured basis by certain of our wholly-owned subsidiaries (the "Guarantors"). Specifically, EchoStar Orbital, L.L.C., EchoStar Government Services, L.L.C., EchoStar Satellite Services L.L.C., HNS-India VSAT, Inc, Hughes Network Systems, L.L.C, HNS License-Sub L.L.C., HNS Real Estate L.L.C., Hughes Communications, Inc., Hughes Network Systems International Service, Co., HNS Americas, L.L.C., HNS Americas II, L.L.C.

Certain of our wholly-owned subsidiaries are designated as "Unrestricted Subsidiaries" and do not guarantee any of our registered senior notes. The guarantee of the Guarantors will be discharged and released in accordance with the terms of the applicable indenture. The rights of holders of the registered senior notes

**Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued**

against the Guarantors may be limited under the U.S. Bankruptcy Code or state fraudulent transfer or conveyance law.

Each entity in the summarized combined financial information follows the same accounting policies as described in our condensed consolidated financial statements. Information for the non-Guarantor subsidiaries has been excluded from the combined summarized financial information of the obligated group. The accompanying summarized combined financial information does not reflect investments of the obligated group in non-Guarantor subsidiaries. The financial information of the obligated group is presented on a combined basis and is derived from HSSC's condensed consolidated financial statements; intercompany balances and transactions within the obligated group have been eliminated. The obligated group's amounts due to non-Guarantor subsidiaries and related parties have been presented in separate line items.

The summarized balance sheet information for the combined obligor group of debt issued by HSSC is presented in the table below:

	<b>As of</b>	
	<b>June 30, 2025</b>	<b>December 31, 2024</b>
	(In thousands)	
Current assets	\$ 545,617	\$ 572,781
Noncurrent assets	2,447,135	2,575,931
Current liabilities	468,067	410,630
Noncurrent liabilities	2,471,006	2,588,899
Due from non-guarantors	83,317	91,679
Due from related parties	44,476	19,881
Due to non-guarantors	30,403	38,880
Due to related parties	811,317	788,633

The summarized results of operations information for the combined obligor group of debt issued by HSSC is presented in the table below:

	<b>For the Six Months Ended June 30, 2025</b>	
	(In thousands)	
Total revenues	\$	591,899
Operating income (loss)		(94,687)
Net income (loss)		(104,701)
Revenue from non-guarantors		9,176

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

## **Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued**

### **Satellites**

Operation of our Hughes segment requires adequate satellite transmission capacity for the services that we offer. 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.

### **Satellite Insurance**

We generally do not carry commercial in-orbit insurance on any of the satellites that we own and therefore, we will bear the risk associated with any uninsured in-orbit satellite failures.

Although pursuant to the terms of our joint venture agreement with Al Yah Satellite Communications Company PrJSC ("Yahsat") in Brazil, we are required to maintain insurance for the Al Yah 3 Brazilian payload during the commercial in-orbit service of such payload, subject to certain limitations on coverage. The insurance policies were procured by Yahsat, under which we and Yahsat are the beneficiaries of any claims in proportion to their shareholdings. An insurance claim was submitted in the second quarter of 2023 for compensation with respect to the reduction in estimated useful life of the Al Yah 3 satellite. During the six months ended June 30, 2025, we received a commitment from the insurance carrier for \$5 million, of which we received \$4 million in proceeds.

### **Satellite Anomalies and Impairments**

Our satellites may experience anomalies from time to time, some of which may have a significant adverse effect on their remaining useful lives, the commercial operation of the satellites, our operating results or financial position. Other than the anomalies related to the Al Yah 3 satellite in 2023, which we no longer utilize, we are not aware of any other anomalies with respect to our owned or leased satellites as of June 30, 2025. There can be no assurance, however, that undetected existing or future anomalies will not have a significant adverse effect on our operations or revenue in the future. In addition, there can be no assurance that we can recover critical transmission capacity in the event one or more of our satellites were to fail.

### **New Accounting Pronouncements**

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

## 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 9 “*Commitments and 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, 2024 includes a detailed discussion of our risk factors. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

***In response to the uncertainty created by the FCC inquiries, our parent, EchoStar may take one or more significant actions in order to protect their interest in their Wireless Licenses and other assets, which actions may also directly impact us and could negatively impact your investment.***

In order to protect their interest in their Wireless Licenses and other assets our parent, EchoStar, may take one or more actions that may negatively impact their operations and financial condition as well as ours, including, under certain circumstances, filing for relief under Chapter 11 of the United States Bankruptcy Code, which filing could also include Hughes, if EchoStar determines that such an action is in the best interests of EchoStar and its stakeholders. Such a decision could be driven by a range of strategic considerations, including, but not limited to, the uncertainty created by the FCC inquiries and effective deployment of capital.

Certain actions that EchoStar may take, including a potential voluntary Chapter 11 bankruptcy filing, which filing could also include Hughes, could have material adverse consequences, including, but not limited to: (i) disruption of EchoStar’s relationships with vendors, suppliers, employees and customers; (ii) limitations on EchoStar’s ability to access capital markets or otherwise obtain financing on favorable terms or at all; (iii) limitations on EchoStar’s ability to take advantage of business opportunities; (iv) reputational harm; (v) potential delisting of EchoStar’s securities from trading exchanges; and (vi) significant administrative costs and diversion of management attention. Furthermore, the outcome of any of the actions that EchoStar may take, including a filing for relief under Chapter 11 which could include Hughes, is inherently uncertain and may result in a loss of control by EchoStar’s principal stockholder or a material reduction in the value or change in the relative priority of existing equity or debt securities. These actions taken by EchoStar could have a direct and material negative impact on us.

There can be no assurance that any protective actions which EchoStar may take, including a restructuring or reorganization process involving Hughes, whether pursued in or outside of bankruptcy, would be successful or would not materially adversely affect our business, financial condition, results of operations, liquidity or the market value of our securities.

***The FCC's review of our parent, EchoStar's compliance with network build-out requirements could lead to the loss or impairment of certain of their existing spectrum licenses.***

As previously disclosed, on May 9, 2025, the FCC informed our parent, EchoStar that it had begun a review of their compliance with certain of their federal obligations to provide 5G service in the United States and raising certain questions regarding their September 2024 build-out extension and mobile-satellite service utilization in the 2 GHz band. While EchoStar is currently working to address the concerns raised by the FCC in a way that is acceptable to them, there can be no assurance that such a resolution will be reached.

The FCC review has introduced the possibility of reversing prior FCC grants of authority to EchoStar. This uncertainty over their spectrum rights has effectively frozen their ability to make decisions regarding our 5G network build-out, has materially adversely impacted their ability to implement and adjust their overall business plan and has required them to re-evaluate the deployment of their resources. In light of the continued uncertainty related to the FCC inquiries, EchoStar elected not to make interest payments on a certain portion of their long-term senior notes on their respective scheduled due dates. EchoStar subsequently made such payments, including interest on the defaulted interest, within the applicable 30-day grace periods to make such interest payments.

If EchoStar fails to reach an acceptable resolution with the FCC, one or more of their wireless spectrum licenses could be cancelled or modified and/or their build-out requirements could be accelerated, any of which would have a material adverse effect on their business, results of operations and financial condition. While Hughes does not hold terrestrial spectrum licenses itself, the significance of these negative potential outcomes occurring at the parent level could potentially have a material adverse effect on our business, results of operations and financial condition. During the pendency of the FCC review, EchoStar's ability to make decisions with respect to their 5G network build-out and implement their business plans will continue to be materially adversely impacted, the attention of EchoStar's management will continue to be diverted to this matter, and they will continue to evaluate the deployment of their resources and consider all strategic options. These actions occurring at our parent could consequently have a material adverse effect on our business, results of operations and financial condition as well.

***Changes in trade policies, including, but not limited to, tariffs and other restrictions, could increase, among other things, our costs, disrupt our supply chain and negatively affect our business, operations and financial condition.***

We depend on suppliers, including suppliers with manufacturing in China and other countries, for various materials in our satellite and related infrastructure. Changes in U.S. or foreign trade policies, including, but not limited to, new or increased tariffs, export controls, trade restrictions or sanctions, have resulted, and may continue to result, in higher costs for the equipment we procure.

Supply chain disruptions, customs delays, new compliance requirements and other challenges may cause delays in deploying satellite infrastructure and customer equipment, increase our operational expenses and impact our ability to meet customer demand. Although we attempt to mitigate these risks through alternative sourcing and operational efficiencies, these efforts may not be successful or sufficient.

If we are unable to pass increased costs to customers without negatively impacting demand, or offset them through other measures, our business, financial condition and results of operations could be materially adversely affected.

***We currently do not have the necessary cash on hand, projected future cash flows or committed financing to fund our obligations over the next twelve months, which raises substantial doubt about our ability to continue as a going concern.***

As of the date of this report, we currently do not have the necessary cash on hand, projected future cash flows or committed financing to fund our anticipated working capital needs, capital expenditures, interest payments and other contractual obligations over the next twelve months. These conditions raise substantial doubt about our ability to continue as a going concern and, as a result, a 'going concern' disclosure appears in the Notes to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Among other things, our business and financial condition is negatively impacted by upcoming debt maturities and interest payments which may further constrain available liquidity. In addition, our cash flow from operations is negative and may continue and/or accelerate. If we are unable to improve our operating performance, raise additional capital, negotiate with debt holders or otherwise secure adequate sources of liquidity, we may be unable to achieve our business objectives and may be forced to delay, curtail or forego strategic initiatives.

The presence of a going concern uncertainty may also adversely impact the price of our securities, harm our current, future and potential relationships with suppliers, vendors, customers, employees and creditors, and may limit our ability to access additional financing on acceptable terms or at all. There can be no assurance that management's plans to mitigate these risks will be successful on a timely basis or at all. If we are unable to secure adequate liquidity on an acceptable timeline or at all, we may not be able to continue as a going concern, which could result in a total loss of your investment. In addition, as our cash and cash equivalents balance declines, the risks described above may continue, increase or accelerate at any time and with or without notice. We cannot guarantee the timing or outcome of any resolution and any resolution we may negotiate may materially adversely impact our business, financial condition and/or operations.

**Item 6. EXHIBITS**

<u>Exhibit No.</u>	<u>Description</u>
22 (H)	<a href="#">List of Subsidiary Guarantors</a>
31.1 (H)	<a href="#">Section 302 Certification of Chief Executive Officer</a>
31.2 (H)	<a href="#">Section 302 Certification of Principal Financial Officer</a>
32.1 (H)	<a href="#">Section 906 Certification of Chief Executive Officer</a>
32.2 (H)	<a href="#">Section 906 Certification of Principal Financial Officer</a>
99.1*	<a href="#">Letter to EchoStar regarding review of compliance with its federal obligations to provide 5G service throughout the United States, dated May 9, 2025 (incorporate by reference from Exhibit 99.1 to EchoStar Corporation's Current Report on Form 8-K filed May 13, 2025)</a>
101 (H)	The following materials from the Quarterly Report on Form 10-Q of Hughes Satellite Systems Corporation for the quarter ended June 30, 2025 filed on August 5, 2025 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 Stockholder's Equity (Deficit), (iv) Condensed Consolidated Statements of Cash Flows and (v) related notes to these financial statements.
104 (H)	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document).

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(H) Filed herewith.

\* Incorporated by reference.

(I) Furnished herewith.

+ Schedules, annexes and/or exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules, annexes and/or exhibits upon request by the SEC; provided, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") for any schedules so furnished.

**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.

**HUGHES SATELLITE SYSTEMS CORPORATION**

By: /s/ Hamid Akhavan  
Hamid Akhavan  
President and Chief Executive Officer  
*(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 5, 2025

### List of Guarantor Subsidiaries

The 5 1/4% Senior Secured Notes due 2026 and 6 5/8% Senior Unsecured Notes due 2026 issued by Hughes Satellite Services Corporation (incorporated in Colorado) are jointly and severally guaranteed on a full and unconditional basis by the following 100% owned subsidiaries of Hughes Satellite Systems Corporation as of June 30, 2025:

Entity	State or Country of Incorporation
EchoStar Orbital, L.L.C.	Colorado
EchoStar Government Services, L.L.C.	Colorado
EchoStar Satellite Services L.L.C.	Delaware
HNS-India VSAT, Inc	Delaware
Hughes Network Systems, L.L.C.	Delaware
HNS License-Sub L.L.C.	Delaware
HNS Real Estate L.L.C.	Delaware
Hughes Communications, Inc.	Delaware
Hughes Network Systems International Service, Co.	Delaware
HNS Americas, L.L.C.	Delaware
HNS Americas II, L.L.C.	Delaware

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## 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 Hughes Satellite Systems Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2025

*/s/ Hamid Akhavan*

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President and Chief Executive Officer

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**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 Hughes Satellite Systems Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2025

*/s/ Paul W. Orban*

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Principal Financial Officer

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**  
**Section 906 Certification**

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Hughes Satellite Systems 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, 2025 (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 5, 2025

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.

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**  
**Section 906 Certification**

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Hughes Satellite Systems 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, 2025 (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 5, 2025

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.

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