



# PRO FORMA FREE CASH FLOW\*

(\$ Millions, Except per Share)	2021 Pro Forma Results	2022 Pro Forma Results	2023 Pro Forma Outlook
Operational EBITDA <sup>(1)</sup>	\$378	\$424	\$460
Hosted Payload Cash Timing <sup>(2)</sup>	(\$14)	(\$6)	(\$6)
Working Capital <sup>(3)</sup>	(\$8)	(\$8)	(\$8)
Iridium CapEx <sup>(4)</sup>	(\$45)	(\$68)	(\$75)
Net Interest <sup>(5)</sup>	(\$66)	(\$62)	(\$75)
Cash Taxes <sup>(6)</sup>	\$0	\$0	\$0
<b>Free Cash Flow (FCF)</b>	<b>\$245</b>	<b>\$280</b>	<b>\$296</b>
FCF/Share <sup>(7)</sup>	\$1.81	\$2.16	\$2.28
FCF Yield <sup>(8)</sup>	~4.6%	~4.4%	~3.8%
FCF Conversion (FCF as % of OEBITDA)	~65%	~66%	~64%

\* Footnotes on following slide



# FOOTNOTES TO PRO FORMA FCF METRICS

- (1) See below for the definition of Operational EBITDA and refer to the following page for a reconciliation of GAAP net (loss) income to OEBITDA for 2021 and 2022; for illustrative purposes, 2023 OEBITDA is presented as \$460M, consistent with the midpoint of the Company's full-year 2023 guidance as of April 2023.
- (2) Hosted Payload adjusts OEBITDA for revenue recognition from Aireon and Harris hosting fees in excess of cash received in period.
- (3) Working Capital timing is expected to result in a net cash use averaging \$5M-\$10M annually; for illustrative purposes, we present this as an \$8M annual use of cash.
- (4) Booked CapEx excludes capitalized interest, which is included with Pro Forma Net Interest. For illustrative purposes, 2021 is presented as \$45M (consistent with capex guidance at that time), 2022 is presented as actual cash capex including launch expenditures, and 2023 estimated at \$75M of capital expenditures, consistent with current guidance as of April 2023.
- (5) Pro Forma Net Interest for all years exclude costs related to repricing and extinguishment of debt and are net of interest income. 2021 net interest reflects the average TLB balance at ~4.1% plus ~\$1M interest income; 2022 reflects the average TLB balance at ~4.1% (including cap fees) plus ~\$4M interest income; and 2023 represents the average TLB balance at ~5.2% (including cap fees) plus ~\$3M interest income.
- (6) For illustrative purposes, Cash Taxes are assumed at \$0, reflecting guidance of negligible tax payments through 2024. Cash taxes are estimated to be less than 1% of OEBITDA.
- (7) Most recent per share data based on ~130M Fully-Diluted Common Shares Outstanding (pro forma for 3/31/23 conversion of outstanding Options and RSUs).
- (8) Yield for 2021 is based on a \$41.29 closing price on 12/31/21 less \$2 value per share from Aireon; yield for 2022 is based on a \$51.40 closing price on 12/31/22 less \$2 value per share from Aireon; and yield for 2023 assumes a \$61.93 closing price on 3/31/23 less \$2 value per share from Aireon.

## **\*Non-GAAP Financial Measures**

**Pro forma free cash flow:** The Company uses pro forma free cash flow to evaluate the Company's capacity for deleveraging and other shareholder-friendly actions. Notes 1-8 above detail the elements of the calculation of pro forma free cash flow from OEBITDA. Pro forma free cash flow also excludes costs associated with refinancing. Because pro forma free cash flow includes these and other significant adjustments, its utility as a measure of the Company's capacity for deleveraging and other shareholder-friendly actions has material limitations. Due to these limitations, the Company's management does not view pro forma free cash flow in isolation, but also uses other measurements, such as net cash provided by operating activities, to measure the Company's capacity for deleveraging and other shareholder-friendly actions.

**OEBITDA:** Operational EBITDA represents earnings before interest, income taxes, depreciation and amortization, income (loss) from equity method investments, net, and share-based compensation expenses. The Company considers the loss on early extinguishment of debt to be financing-related costs associated with interest expense or amortization of financing fees, which by definition are excluded from Operational EBITDA. Such charges are incidental to, but not reflective of, the Company's day-to-day operating performance. Operational EBITDA does not represent, and should not be considered, an alternative to U.S. GAAP measurements such as net income or loss. In addition, there is no standardized measurement of Operational EBITDA, and the Company's calculations thereof may not be comparable to similarly titled measures reported by other companies. A reconciliation of consolidated GAAP net income (loss) to Operational EBITDA is on the following page. The Company believes Operational EBITDA is a useful measure across time in evaluating its fundamental core operating performance. Management also uses Operational EBITDA to manage the business, including in preparing its annual operating budget, debt covenant compliance, financial projections and compensation plans. The Company believes that Operational EBITDA is also useful to investors because similar measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies in similar industries. As indicated, Operational EBITDA does not include interest expense on borrowed money, the payment of income taxes, amortization of the Company's definite-lived intangible assets, or depreciation expense on the Company's capital assets, which are necessary elements of the Company's operations. Since Operational EBITDA does not account for these and other expenses, its utility as a measure of the Company's operating performance has material limitations. Due to these limitations, the Company's management does not view Operational EBITDA in isolation, but also uses other measurements, such as net income (loss), revenues and operating profit, to measure operating performance.



# RECONCILIATION OF GAAP NET LOSS TO OEBITDA

(\$ Millions)	2021 Results	2022 Results
GAAP Net Income (Loss)	(\$9)	\$9
Interest Expense, Net	\$74	\$65
Income Tax Benefit	(\$20)	\$0
Depreciation & Amortization	\$305	\$303
Share-based Compensation	\$27	\$44
Loss on Extinguishment of Debt	\$1	\$1
Loss on Equity method investments	\$0	\$1
<b>Operational EBITDA (OEBITDA)</b>	<b>\$378</b>	<b>\$424</b>

NOTE: all numbers are rounded to the nearest \$M