



Iridium Announces First-Quarter 2024 Results

- Completes acquisition of Satelles, Inc., its first ever acquisition, on April 1

MCLEAN, Va., April 18, 2024 /PRNewswire/ -- Iridium Communications Inc. (Nasdaq:IRDM) ("Iridium"), a leading provider of global voice and data satellite communications, today reported financial results for the first quarter of 2024 and reiterated its full-year 2024 outlook. Net income was \$19.7 million, or \$0.16 per diluted share, for the first quarter of 2024, as compared to net income of \$9.8 million, or \$0.08 per diluted share, for the first quarter of 2023. Operational EBITDA ("OEBITDA")⁽¹⁾ for the first quarter was \$115.0 million, as compared to \$111.9 million for the prior-year period, representing a year-over-year increase of 3%. Net income benefitted from a year-over-year decrease in depreciation expense associated with the extension of the estimated useful lives of the Company's satellites and continued growth in total commercial services revenue.

Iridium reported first-quarter total revenue of \$203.9 million, which consisted of \$148.6 million of service revenue and \$55.3 million of revenue related to equipment sales and engineering and support projects. Service revenue, which represents primarily recurring revenue from Iridium's growing subscriber base, grew 7% from the year-ago period and was 73% of total revenue for the first quarter of 2024. Total revenue decreased 1% versus the comparable period of 2023, largely due to lower equipment revenue.

The Company ended the quarter with 2,333,000 total billable subscribers, which compares to 2,051,000 for the year-ago period and is up from 2,279,000 for the quarter ended December 31, 2023. Total billable subscribers grew 14% year-over-year, led by growth in commercial IoT.

"Continued strong service revenue growth fueled Iridium's business results in the first quarter," said Matt Desch, CEO, Iridium. Desch added, "Subscriber growth and demand for Iridium's mission-critical applications are driving new service development and free cash flow."

Commenting on Iridium's recent acquisition, Desch said, "We're excited to broaden our opportunities for growth with the closing of the Satelles acquisition in early April. This transaction makes Iridium a leading provider of satellite-based time and location services." Desch added, "With the prevalence of GPS jamming and location spoofing on the rise, our new Satellite Time and Location service will allow us to protect critical infrastructure and expand resilient time-synchronization for enterprises and governments around the world."

Iridium Business Highlights

Service – Commercial

Commercial service remained the largest part of Iridium's business, representing 60% of the Company's total revenue during the first quarter. The Company's commercial customer base is diverse and includes markets such as maritime, aviation, oil and gas, mining, recreation, forestry, construction, transportation and emergency services. These customers rely on Iridium's products and services as critical to their daily operations and integral to their communications and business infrastructure.

- Commercial service revenue was \$122.1 million, up 8% from last year's comparable period due to broad-based growth.
 - Commercial voice and data: Revenue was \$55.0 million, up 5% from the year-ago period. Subscribers grew 3% from the year-ago period to 405,000. Average revenue per user ("ARPU") was \$45 during the first quarter, compared to \$44 in the prior-year period, with the increase due primarily to higher access fees.
 - Commercial IoT data: Revenue was \$39.4 million, up 23% from the year-ago period. Subscribers grew 18% from the year-ago period to 1,766,000 customers, driven by continued growth in consumer personal communications devices. ARPU was \$7.57 in the first quarter, compared to \$7.22 in last year's comparable period. The increase in ARPU resulted primarily from a new contract with a large customer.
 - Commercial broadband: Revenue was \$13.7 million, up 2% from \$13.4 million in the year-ago period on subscriber growth. ARPU was \$274 during the first quarter, compared to \$294 in last year's comparable period, reflecting the increased prevalence of Iridium's use as a companion service rather than primary.
 - Hosted payload and other data service: Revenue was \$14.0 million, down 7% from \$15.0 million in the year-ago period. As previously noted, there was a year-over-year decrease in hosted payload revenue related to the change in the estimated useful lives of Iridium's satellites that went into effect in the fourth quarter of 2023.

– Iridium's commercial business ended the quarter with 2,188,000 billable subscribers, which compares to

- Iridium's commercial business ended the quarter with 2,100,000 billable subscribers, which compares to 1,912,000 for the prior-year quarter and is up from 2,134,000 for the quarter ended December 31, 2023. IoT data subscribers represented 81% of billable commercial subscribers at the end of the quarter, an increase from 79% at the end of the corresponding prior-year period.

Service – U.S. Government

Iridium's voice and data solutions improve situational awareness for military personnel and track critical assets in tough environments around the globe, providing a unique value proposition that is not easily duplicated.

Under Iridium's Enhanced Mobile Satellite Services contract (the "EMSS Contract"), a seven-year, \$738.5 million fixed-price airtime contract with the U.S. Space Force signed in September 2019, Iridium provides specified satellite airtime services, including unlimited global standard and secure voice, paging, fax, Short Burst Data[®], Iridium Burst[®], RUDICS and Distributed Tactical Communications System services for an unlimited number of Department of Defense and other federal government subscribers. Iridium also provides maintenance and support work for the U.S. government's dedicated Iridium[®] gateway under two other contracts with the U.S. Space Force. Iridium Certus[®] airtime services are not included under these contracts and may be procured separately for an additional fee.

- Government service revenue remained flat at \$26.5 million in the first quarter, reflecting the contractual rate in the EMSS Contract.
- Iridium's U.S. government business ended the quarter with 145,000 subscribers, which compares to 139,000 for the prior-year quarter and remains unchanged from the quarter ended December 31, 2023. Government voice and data subscribers increased 3% from the year-ago period to 62,000 as of March 31, 2024. Government IoT data subscribers increased 5% year-over-year and represented 57% of government subscribers at quarter-end.
- Under the terms of the multi-year EMSS Contract, Iridium's fixed-price rate will increase to \$107 million for the contract year beginning September 15, 2024.

Equipment

- Equipment revenue was \$24.9 million in the first quarter, down 40% compared to \$41.7 million in the prior-year quarter.
- In 2024, the Company expects equipment sales to be lower than 2023 and to be more in line with periods prior to 2022.

Engineering & Support

- Engineering and support revenue was \$30.4 million during the first quarter, compared to \$24.2 million in the prior-year quarter, primarily due to a rise in activity with the U.S. government.
- In 2024, the Company expects engineering and support revenue to increase from 2023 with ongoing work on the Space Development Agency contract.

Capital expenditures were \$14.6 million for the first quarter, including \$1.1 million in capitalized interest. The Company ended the first quarter with gross debt of \$1.6 billion and a cash and cash equivalents balance of \$174.0 million. The Company received cash of approximately \$125 million as a result of an increase in the Term Loan, which was used in April to fund the Satelles acquisition. The Company ended the first quarter with a net debt balance of \$1.4 billion, representing net leverage of 3.1 times OEBITDA.

Iridium paid a dividend of \$0.13 per common share on March 28, 2024, resulting in a total payment of \$16.1 million to stockholders. The Board of Directors plans to increase the quarterly dividend to \$0.14 per share starting with the second quarter 2024 dividend, which would result in a full-year dividend increase of 5.8%.

During the quarter, the Company repurchased approximately 1.9 million shares of its common stock under its previously announced share repurchase program at a total purchase price of \$56.6 million. As of March 31, 2024, \$277.4 million remained available and authorized for repurchase under this program through December 31, 2025. The Company has retired 17.8 million shares, equivalent to \$722.6 million, since its share repurchase program commenced in February 2021.

2024 Outlook and Longer-Term Outlook

The Company reiterated its full-year 2024 outlook:

- Total service revenue growth between 4% and 6% for full-year 2024. Total service revenue for 2023 was \$584.5 million.
- Full-year 2024 OEBITDA between \$460 million and \$470 million. OEBITDA for 2023 was \$463.1 million.
- Cash taxes of less than \$10 million per year from 2024 through 2026. We now expect that the longer-term cash tax rate will move closer to the statutory rate in 2028.
- Net leverage below 2.5 times OEBITDA as we exit 2026 and falling below 2.0 times OEBITDA by the end of the

Net leverage over the three quarters has declined and falling over the three quarters by the end of the decade, assuming the completion of the Company's share repurchase authorization and the payment of quarterly dividends. Net leverage was 3.1 times OEBITDA at December 31, 2023.

(1) Non-GAAP Financial Measures & Definitions

In addition to disclosing financial results that are determined in accordance with U.S. GAAP, the Company provides Operational EBITDA, which is a non-GAAP financial measure, as a supplemental measure to help investors evaluate the Company's fundamental operational performance. Operational EBITDA represents earnings before interest, income taxes, depreciation and amortization, loss on equity method investments, acquisition and related costs, and share-based compensation expenses. 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. 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, revenues and operating profit, to measure operating performance. Please refer to the schedule below for a reconciliation of consolidated GAAP net income to Operational EBITDA and Iridium's Investor Relations webpage at www.iridium.com for a discussion and reconciliation of this and other non-GAAP financial measures. We do not provide a forward-looking reconciliation of expected full-year 2024 Operational EBITDA guidance as the amount and significance of special items required to develop meaningful comparable GAAP financial measures cannot be estimated at this time without unreasonable efforts.

Iridium Communications Inc.
Supplemental Reconciliation of GAAP Net Income to Operational EBITDA
(In thousands)

	Three Months Ended March 31,	
	2024	2023
GAAP net income	\$ 19,653	\$ 9,775
Interest expense, net	20,663	17,890
Income tax (benefit) expense	7,931	(5,453)
Depreciation and amortization	49,744	75,819
Share-based compensation	14,000	12,762
Acquisition and related costs ⁽¹⁾	1,456	—
Loss on equity method investments	1,567	1,155
Operational EBITDA	<u>\$ 115,014</u>	<u>\$ 111,948</u>

⁽¹⁾ Represents direct costs incurred in connection with the negotiation, consummation and integration of acquisition transactions, whether or not actually completed. These costs generally include legal and advisory fees, severance and other related costs.

Conference Call Information

As previously announced, the Company will host a conference call to discuss its results at 8:30 a.m. Eastern Time on Thursday, April 18, 2024. Callers should dial 1-412-902-6740 to access the call. The conference call will also be simultaneously webcast on Iridium's Investor Relations webpage at www.iridium.com. An archive of the webcast will be available following the live conference call.

About Iridium Communications Inc.

Iridium[®] is the only mobile voice and data satellite communications network that spans the entire globe. Iridium enables connections between people, organizations, and assets to and from anywhere, in real time. Together with its ecosystem of partner companies, Iridium delivers an innovative and rich portfolio of reliable solutions for markets that require truly global communications. In 2024, Iridium acquired Satelles and announced the Iridium Satellite Time and Location service. Iridium Communications Inc. is headquartered in McLean, Va., U.S.A., and its common stock trades on the

Nasdaq Global Select Market under the ticker symbol IRDM. For more information about Iridium products, services, and partner solutions, visit www.iridium.com.

Forward-Looking Statements

Statements in this press release that are not purely historical facts may constitute forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding Iridium's expectations with respect to total service revenue growth, OEBITDA, net leverage and cash taxes for 2024; cash taxes and net leverage over the long term; anticipated equipment sales and engineering and support service revenue for 2024; expected cash flow; amount and timing of share repurchases, the payment of dividends, and expected revenues from its EMSS contract with the U.S. government. Forward-looking statements can be identified by the words "anticipates," "may," "can," "believes," "expects," "projects," "intends," "likely," "will," "to be" and other expressions that are predictions or indicate future events, trends or prospects. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Iridium to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, uncertainties regarding customer demand for Iridium's products and services, including demand from the U.S. government; Iridium's ability to maintain the health, capacity and content of its satellite constellation, and the development of and market for Iridium's products and services, as well as general industry and economic conditions, and competitive, legal, governmental and technological factors. Other factors that could cause actual results to differ materially from those indicated by the forward-looking statements include those factors listed under the caption "Risk Factors" in the Company's Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission ("SEC") on February 15, 2024, as well as other filings Iridium makes with the SEC from time to time. There is no assurance that Iridium's expectations will be realized. If one or more of these risks or uncertainties materialize, or if Iridium's underlying assumptions prove incorrect, actual results may vary materially from those expected, estimated or projected. Iridium's forward-looking statements are based on information available to it as of the date of this press release and speak only as of the date of this press release, and Iridium undertakes no obligation to update forward-looking statements.

Iridium Communications Inc.

Condensed Consolidated Statements of Operations

(In thousands)

	Three Months Ended March 31,	
	2024	2023
Revenue		
Service revenue		
Commercial	\$ 122,077	\$ 112,849
Government	26,500	26,500
Total service revenue	148,577	139,349
Subscriber equipment	24,868	41,676
Engineering and support service	30,408	24,248
Total revenue	203,853	205,273
Operating expenses		
Cost of services (exclusive of depreciation and amortization)	46,449	36,605
Cost of subscriber equipment sales	13,880	27,139
Research and development	7,198	3,878
Selling, general and administrative	36,811	38,684
Depreciation and amortization	49,744	75,819
Total operating expenses	154,082	182,125
Operating income	49,771	23,148
Other income (expense), net		
Interest expense, net	(20,663)	(17,890)
Other income, net	43	219
Total other expense, net	(20,620)	(17,671)
Income before income taxes and loss on equity method investments	29,151	5,477
Income tax benefit (expense)	(7,001)	5,450

income tax benefit (expense)	(7,931)	3,433
Loss on equity method investments	(1,567)	(1,155)
Net income	<u>\$ 19,653</u>	<u>\$ 9,775</u>
Operational EBITDA	<u>\$ 115,014</u>	<u>\$ 111,948</u>

Iridium Communications Inc.

Summary Revenue and OEBITDA Highlights

(In thousands)

	Three Months Ended March 31,		
	2024	2023	% Change
Revenue			
Service revenue ⁽¹⁾			
Commercial service revenue			
Voice and data	\$ 54,977	\$ 52,448	5 %
IoT data ⁽²⁾	39,455	31,950	23 %
Broadband ⁽³⁾	13,692	13,448	2 %
Hosted payload and other data service ⁽⁴⁾	13,953	15,003	-7 %
Total commercial service revenue	122,077	112,849	8 %
Government service revenue ⁽⁵⁾	26,500	26,500	— %
Total service revenue	148,577	139,349	7 %
Subscriber equipment	24,868	41,676	-40 %
Engineering and support ⁽⁶⁾			
Commercial	1,153	5,686	-80 %
Government	29,255	18,562	58 %
Total engineering and support	30,408	24,248	25 %
Total revenue	<u>\$ 203,853</u>	<u>\$ 205,273</u>	-1 %
Operational EBITDA			
Operational EBITDA	\$ 115,014	\$ 111,948	3 %
Other			
Capital expenditures ⁽⁷⁾	\$ 14,564	\$ 22,905	
Net debt ⁽⁸⁾	\$ 1,446,913	\$ 1,373,908	
Cash, cash equivalents and marketable securities	\$ 174,025	\$ 126,592	
Term Loan, gross	\$ 1,620,938	\$ 1,500,500	
Deferred financing costs	(17,181)	(16,399)	
Term Loan, net	<u>\$ 1,603,757</u>	<u>\$ 1,484,101</u>	

(1) Service revenue consists of primarily subscription-based services which often generate a long-term recurring revenue stream from subscribers.

(2) IoT data service provides a two-way short burst data transmission between Iridium Communications Inc.'s network and a telemetry unit, which may be located, for example, on a container in transit or a buoy monitoring oceanographic conditions.

(3) Broadband is comprised of Iridium OpenPort® and Iridium Certus.

(4) Hosted payload and other services consist primarily of services that do not have traditional billable subscribers. Hosted payload services consist of hosting and data services to our payload customers, Aireon and Harris. Other services include primarily Iridium Communications Inc.'s one-way satellite timing, location, and authentication services (STL) which provides position, navigation and timing technology.

(5) Government service revenue consists of voice and IoT data subscription-based services provided to agencies of the U.S. government through prime contracts.

(6) Engineering and support includes maintenance services to the U.S. government's dedicated gateway and engineering services to assist customers in developing new technologies for use on Iridium Communications Inc.'s satellite system.

(7) Capital expenditures based on cash spent in the respective period.

(8) Net debt is calculated by taking the sum of the gross Term Loan and gross drawn Revolving Facility, less cash, cash equivalents and marketable securities.

Iridium Communications Inc.

Subscriber Highlights

(In thousands, except ARPU)

	As of March 31,		
	2024	2023	% Change
Billable Subscribers (1) (2)			
Commercial			
Voice and data, IoT data and Broadband service			
Voice and data	405	305	33 %

voice and data	400	390	3 %
IoT data	1,766	1,501	18 %
Broadband ⁽³⁾	16.6	15.5	7 %
Total commercial voice and data, IoT data and Broadband service	2,188	1,912	14 %

Government

Voice and data and IoT data service

Voice and data	62	60	3 %
IoT data	83	79	5 %
Total government voice and data and IoT data service	145	139	4 %

Total billable subscribers	2,333	2,051	14 %
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Three Months Ended March 31,

2024	2023	% Change
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Net Billable Subscriber Additions

Commercial

Voice and data, IoT data and Broadband service

Voice and data	(3)	(2)	-50 %
IoT data	57	53	8 %
Broadband	—	0.5	(100) %
Total commercial voice and data, IoT data and Broadband service	54	52	5 %

Government

Voice and data and IoT data service

Voice and data	—	—	NM
IoT data	—	—	NM
Total government voice and data and IoT data service	—	—	NM

Total net billable subscriber additions	54	52	5 %
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Three Months Ended March 31,

2024	2023	% Change
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ARPU ^{(2) (4)}

Commercial

Voice and data	\$ 45	\$ 44	2 %
IoT data	\$ 7.57	\$ 7.22	5 %
Broadband	\$ 274	\$ 294	(7) %

(1) Subscribers as of the end of the respective period.

(2) Billable subscriber and ARPU data is not applicable for Hosted payload and other data service revenue items and is excluded from presentation above.

(3) Broadband is comprised of Iridium OpenPort[®] and Iridium Certus.

(4) Average monthly revenue per unit, or ARPU, is calculated by dividing revenue in the respective period by the average of the number of billable subscribers at the beginning of the period and the number of billable subscribers at the end of the period and then dividing the result by the number of months in the period.

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