



# PRO FORMA FREE CASH FLOW\*

(\$ Millions, Except per Share)	2020 Pro Forma Results	2021 Pro Forma Results	2022 Pro Forma Outlook
Operational EBITDA <sup>(1)</sup>	\$356	\$378	\$420
Hosted Payload Cash Timing <sup>(2)</sup>	(\$22)	(\$14)	(\$6)
Working Capital <sup>(3)</sup>	(\$8)	(\$8)	(\$8)
Iridium CapEx <sup>(4)</sup>	(\$35)	(\$45)	(\$75)
Net Interest <sup>(5)</sup>	(\$89)	(\$66)	(\$67)
Cash Taxes <sup>(6)</sup>	\$0	\$0	\$0
<b>Free Cash Flow (FCF)</b>	<b>\$202</b>	<b>\$245</b>	<b>\$264</b>
FCF/Share <sup>(7)</sup>	\$1.46	\$1.81	\$2.03
FCF Yield <sup>(8)</sup>	~3.9%	~4.6%	~4.8%
FCF Conversion (FCF as % of OEBITDA)	~57%	~65%	~63%

\* Footnotes on following slide



# FOOTNOTES TO PRO FORMA FCF METRICS

- (1) See below for the definition of Operational EBITDA; a reconciliation of GAAP net loss to OEBITDA for 2020 and 2021 is on the following page; for illustrative purposes, 2022 OEBITDA is presented as \$420M; consistent with the Company's full-year 2022 guidance as of October 2022
- (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, and for illustrative purposes, 2020 is presented as an average of \$35M per year, 2021 as an average of \$45M per year, and 2022 as an average of \$45M per year plus up to \$30M of non-recurring capital expenditures (largely attributable to 2022 portion of launch expenditures)
- (5) Pro Forma Net Interest for 2020 includes \$1.65B TLB at ~5.5% over 12-months and ~\$1M interest income; 2021 reflects average balance on TLB at ~4.1% over 12-months and ~\$1M interest income; and 2022 reflects average balance on TLB at ~4.2% (including cap fees) over 12-months plus ~\$1M interest income; all years exclude costs related to repricing and extinguishment of debt
- (6) For illustrative purposes, Cash Taxes are assumed at \$0, reflecting guidance of negligible tax payments through 2024
- (7) Most recent per share data based on ~130M Fully-Diluted Common Shares Outstanding (pro forma for 9/30/22 conversion of outstanding Options and RSUs)
- (8) Yield for 2020 is based on a \$39.33 share price at 12/31/20 less ~\$2 value per share from Aireon; yield for 2021 assumes \$41.29 closing price on 12/31/21 less ~\$2 value per share from Aireon; yield for 2022 assumes \$44.37 closing price on 9/30/22 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, equity income (loss) from investments, net, and share-based compensation expenses; and, for periods presented through the first quarter of 2020 only, certain expenses associated with the construction of the Company's Iridium NEXT satellite constellation, primarily in-orbit insurance. 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 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)	2020 Results	2021 Results
GAAP Net Loss	(\$56)	(\$9)
Interest Expense, Net	\$94	\$74
Income Tax Benefit	(\$33)	(\$20)
Depreciation & Amortization	\$303	\$305
Share-based Compensation	\$17	\$27
Loss on Extinguishment of Debt	\$30	\$1
<b>Operational EBITDA (OEBITDA)</b>	<b>\$356</b>	<b>\$378</b>