Eutelsat Communications Group

"*Société anonyme*" with a capital of 248,926,325 euros
Registered office: 32, boulevard Gallieni, 92130 Issy-les-Moulineaux
481,043,040 R.C.S. Nanterre

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2023

CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per-share data)	Note	30 June 2022	30 June 2023
Revenues from operations	6.1	**1,151.6**	**1,131.3**
Operating costs	6.2	(93.2)	(103.3)
Selling, general and administrative expenses	6.2	(196.8)	(202.7)
Depreciation expense	7.1.1. 7.1.2. 7.1.3	(481.7)	(455.5)
Other operating income and expenses	6.3	44.9	203,5
Operating income		**424.8**	**573,5**
Cost of net debt		(63.1)	(68.5)
Other financial income and expenses		(1.8)	(22.8)
Financial result	**6.4**	**(64.9)**	**(91.3)**
Current income before tax		**359.9**	**482,2**
Income tax	6.5	(48.6)	(66.5)
Share of result of associates	7.2	(71.5)	(87.3)
Net income		**239.8**	**328,3**
Attributable to the Group		230.8	314,9
Attributable to non-controlling interests		9.1	13.4
Basic and diluted earnings per share attributable to Eutelsat Communications shareholders	**6.6**	1,002	1,267

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	30 June 2022	30 June 2023
Net income		**239.8**	**328,3**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	7.6.4	117.3	(46.3)
Tax effect	7.6.4	21.0	(2.9)
Changes in fair value of hedging instruments (1)	7.6.3	(43.3)	33.2
Tax effect	7.6.3	10.6	(8.5)
Other non-recyclable items of gain or loss on comprehensive income			
Changes in post-employment benefits	7.7	56.8	(17.5)
Tax effect		(14.7)	4.5
Total of other items of gain or loss on comprehensive income		**147.7**	**(37.5)**
Total comprehensive income		**387.5**	**290,9**
Attributable to the Group		373.1	278,9
Attributable to non-controlling interests (2)		14.4	12,0

(1) Changes in the fair value of hedging instruments relate to cash flow hedges, foreign net investment hedges and the effect of the unwinding of documented forwards and the amortization of payouts.

(2) The portion attributable to non-controlling interests breaks down as follows:
- *A net result of 9.0 million euros as of 30 June 2022 and 13.4 million euros as of 30 June 2023.*
- *Other recyclable items of gain or loss on comprehensive income of (1.9) million euros as of 30 June 2022 and (1.0) million euros as of 30 June 2023; and*
- *Other non-recyclable items of gain or loss on comprehensive income of 7.3 million euros as of 30 June 2022 and (0.5) million euros as of 30 June 2023.*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of euros)	Note	30 June 2022	30 June 2023
Assets			
Goodwill	7.1.1	1,295.2	1,280.1
Intangible assets	7.1.1	377.4	302.2
Tangible assets and construction in progress	7.1.2	3,677.5	3,587.0
Rights of use in respect of leases	7.1.3	452.9	345.1
Investments in associates	7.2	605.7	501.2
Non-current financial assets	7.4.3	43.0	163.9
Non-current assets associated with customer contracts and costs to obtain and fulfil contracts	7.3	34.0	31.8
Deferred tax assets	7.8	1.4	15.3
Total non-current assets		**6,487.0**	**6,226.5**
Inventories		12.9	13.0
Accounts receivable	7.3.1	246.9	207.5
Current assets associated with customer contracts and costs to obtain and fulfil contracts	7.3	18.8	13.3
Other current assets		32.6	39.0
Current tax receivables		29.7	40.6
Current financial assets	7.4.3	65.1	388.8
Cash and cash equivalents	7.4.1	680.5	482.2
Total current assets		**1,086.5**	**1,184.3**
Total assets		**7,573.6**	**7,410.8**

(in millions of euros)	Note	30 June 2022	30 June 2023
Liabilities			
Share capital	7.6.1	230.5	248.9
Additional paid-in capital		718.0	831.3
Reserves and retained earnings		1,828.8	1,895.1
Non-controlling interests		83.4	96.8
Total shareholders' equity		**2,860.7**	**3,072.1**
Non-current financial debt	7.4.2	2,718.1	2,841.8
Non-current lease liabilities	7.4.3	365.9	272.5
Other non-current financial liabilities	7.4.3	94.7	54.7
Non-current payables to fixed asset suppliers	7.4.3	134.1	1.2
Non-current liabilities associated with customer contracts	7.3.3	159.2	269.0
Non-current provisions	7.7	17.6	29.2
Deferred tax liabilities	7.8	184.8	157.9
Total non-current liabilities		**3,674.5**	**3,626.2**
Current financial debt	7.4.2	338.5	97.6
Current lease liabilities	7.4.3	59.8	47.0
Other current payables and financial liabilities	7.4.3	302.4	113.0
Accounts payable		78.3	93.5
Current payables to fixed asset suppliers	7.4.3	163.3	188.5
Tax payable		23.6	99.5
Current liabilities associated with customer contracts	7.3.3	65.2	68.5
Current provisions	7.7	7.1	5.1
Total current liabilities		**1,038.3**	**712.5**
Total liabilities and shareholders' equity		**7,573.6**	**7,410.8**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	30 June 2022	30 June 2023
Cash flow from operating activities			
Net income		239.8	328.4
Income from associates		71.5	87.3
Tax and interest expenses, other operating items		(17.3)	163.8
Depreciation, amortisation and provisions		492.6	535.3
Deferred taxes	7.8	0.2	(48.5)
Changes in accounts receivable		5.8	6.3
Changes in assets held under customer contracts and other assets		4.0	(357.4)
Changes in accounts payable		(1.2)	(74.3)
Changes in liabilities associated with customer contracts and other liabilities		30.8	121.4
Taxes paid		(25.2)	(27.3)
Net cash flows from operating activities		**800.9**	**734.9**
Cash flow from investing activities			
Acquisitions of satellites, other property and equipment, and intangible assets	7.1.1. 7.1.2	(177.2)	(201.0)
Insurance repayments		-	-
C-Band transition plan	2.2	86.1	(9.8)
Acquisition of equity investments and other movements (1)		(491.9)	(122.1)
Net cash flows from investing activities		**(583.0)**	**(332.9)**
Cash flow from financing activities			
Distributions		(221.5)	(80.6)
Increase in borrowings	7.4.2	-	-
Repayment of borrowings	7.4.2	(88.2)	(314.9)
Repayment of lease liabilities	7.4.3	(14.1)	(54.6)
Loan set-up fees		(4.4)	-
Interest and other fees paid		(78.3)	(95.3)
Transactions relating to non-controlling interests (2)		-	(15.5)
Premiums and termination indemnities on derivatives settled		(6.7)	(36.9)
Other changes		0.1	(0.2)
Net cash flow from financing activities		**(413.3)**	**(598.0)**
Impact of exchange rate on cash and cash equivalents		14.7	(0.3)
Impact of changes in scope		-	(2.0)
Increase/(Decrease) in cash and cash equivalents		**(180.6)**	**(198.3)**
Cash and cash equivalents, beginning of period		**861.1**	**680.5**
Cash and cash equivalents, end of period		**680.5**	**482.2**
Including Cash and cash equivalents, end of period	*7.4.1*	*680.5*	*482.2*
Including Overdrafts included under debt, end of period		-	-

(1) As of 30 June 2023, acquisitions of equity investments and other movements include the payment of 127.9 million euros linked to the acquisition of equity interests in OneWeb Holdings Limited and the reimbursement of 5.2 million euros on Broadpeak convertible bonds. As of 30 June 2022, they include the payment of 494.9 million euros linked to the acquisition of equity interests in OneWeb Holdings Limited (see Note 3.2.1) and the reimbursement of 3.9 million euros from the escrow account in respect of the acquisition of Big Blu Europe (see Note 3.2.2).

(2) As of 30 June 2023, transactions relating to non-controlling interests include the additional payment linked to the acquisition of the minority interests in Eutelsat International taking place during the financial year ended 30 June 2020.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros, except share data)	Share capital			Reserves and retained earnings	Shareholders' equity Group share	Non-controlling interests	Total
	Number	Amount	Additional paid in capital				
As of 30 June 2021	**230,544,995**	**230.5**	**718.0**	**1,666.0**	**2,614.5**	**76.2**	**2,690.7**
Net income for the period	-	-	-	230.8	230.8	9.1	239.9
Other items of gain or loss in comprehensive income [(1)]	-	-	-	142.3	142.3	5.4	147.7
Total comprehensive income	-	-	-	**373.1**	**373.1**	**14.4**	**387.5**
Dividend distributions	-	-	-	(214.2)	(214.2)	(7.3)	(221.5)
Benefits for employees upon exercising options and free shares granted	-	-	-	0.2	0.2	-	0.2
Transactions with non-controlling interests and others	-	-	-	3.7	3.7	0.2	3.9
As of 30 June 2022	**230,544,995**	**230.5**	**718.0**	**1,828.8**	**2,777.3**	**83.5**	**2,860.9**
Net income for the period		-	-	314,9	314,9	13,4	328,3
Other items of gain or loss in comprehensive income [(1)]		-	-	(36,0)	(36,0)	(1,4)	(37,5)
Total comprehensive income		-	-	**278,9**	**278,9**	**12,0**	**290,9**
Treasury stocks		-	-	(1,0)	(1,0)	(0,0)	(1,0)
Dividend distributions		-	-	(80,6)	(80,6)	-	(80,6)
Capital increase	**18,381,330**	18.4	113.3	(131,6)	-	-	-
Benefits for employees upon exercising options and free shares granted		-	-	0,6	0,6	-	0,6
Transactions with non-controlling interests and others[(2)]		-	-	-0,2	0,2	1,2	1,4
As of 30 June 2023	**248,926,325**	**248.9**	**831.3**	**1,895.2**	**2,975.4**	**96.7**	**3,072.1**

[(1)] The changes in other items of gain or loss in comprehensive income include actuarial gains and losses recognised on post-employment benefits and changes in the revaluation surplus of derivative instruments (see Note 7.6.3) and the translation reserve (see Note 7.6.4), net of the associated tax effects.

[(2)] The transactions with non-controlling interest mainly include change in the price adjustment related to Eutelsat International for 1.2 million euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. GENERAL OVERVIEW

1.1 Business

With capacity operated on 36 satellites, the Group is an industry leader in fixed satellite services. It mainly operates and provides capacity for Video Services, Fixed Data and Government Services, and capacity in Connectivity applications (Fixed Broadband and Mobile Connectivity). Through its satellite fleet, the Group is able to serve the entire European continent, the Middle East and North Africa, as well as sub-Saharan Africa, a significant proportion of the Asian continents and the Americas.

1.2 Financial Year

The financial year runs for a period of 12 months from 1 July to 30 June.

1.3 Approval of the Financial Statements

The consolidated financial statements as of 30 June 2023 have been established under the responsibility of the Board of Directors, which adopted them at its meeting of 27 July 2023. They will be submitted for approval to the Ordinary General Meeting of Shareholders taking place on 23 November 2023.

Note 2. KEY EVENTS DURING THE FINANCIAL PERIOD

2.1 Business combination between Eutelsat and OneWeb

On 26 July 2022 Eutelsat Communications and the key OneWeb shareholders signed a Memorandum of Understanding with a view to a business combination between the two companies via a share exchange transaction, aimed at creating a global leader in connectivity. The transaction will be structured as an exchange of OneWeb shares by their shareholders (other than Eutelsat) for new shares issued by Eutelsat. On realization of the transaction, Eutelsat will own 100% of OneWeb and OneWeb shareholders will receive around 226 million newly-issued Eutelsat Communications shares.

Following the issuance by the employee representative bodies of their opinion, Eutelsat Communications and the key OneWeb shareholders signed the final combination agreement on 14 November 2022. The realization of the transaction remains subject to the customary conditions precedent, in particular approval by the relevant regulatory authorities. The Extraordinary General Meeting of Eutelsat shareholders convened to approve the transaction should take place in the third quarter of the 2023 calendar year.

As of 30 June 2023, transaction costs of 37,8 million euros have been booked in Other operating expenses.

On 31 March 2023, 100 million US dollars was paid to OneWeb within the framework of the advance payment instalments for the constellation capacity negotiated during the implementation of the exclusive distribution agreement signed between the Group and OneWeb concomitantly with the final business combination agreement. An amount of 100 million US dollars must be paid in March 2024, followed by 75 million US dollars in March 2025.

In May 2023, the Group signed an agreement with all of OneWeb's key shareholders to commit to a maximum loan of 160 million US dollars in line with each shareholder's equity interest (the Group share amounting to a maximum of 37.8 million US dollar) in the event of OneWeb having insufficient cash before the finalization of the business combination. This loan would be repayable as of the realization date of the transaction or could be converted into equity were the business combination to be compromised.

2.2 C-Band transition plan

Following the federal decision published by the Federal Communications Commission (FCC - US communications regulator) on 3 March 2020, within the framework of the vacation of spectrum in the 3.7-4 GHz range (C-Band) across the US territory, the Group implemented a transition plan composed of two phases. each corresponding to the vacation of certain frequencies and resulting in the payment of financial incentives amounting to 125 million US dollars for the first phase and 382 million US dollars for the second phase.

In October 2021, the FCC approved the certification of the first phase of the Group's transition plan. Within this framework, income of 125 million US dollars has been booked in Other operating income in respect of the 2021-22 financial year. The corresponding funds were received in December 2021.

On 15 May 2023, the FCC published the guidelines opening the certification window for the second phase of the C-Band transition. The group filed its transition plan and certification on 1 June 2023. At the end of the 30-day public consultation period the FCC approved the certification of the second phase of the transition plan on 30 June 2023. Within this framework, an income of 382 million US dollars has been booked in Other operating income in respect of the 2022-23 financial year. The corresponding funds should be paid to the Group within 97 days following the filing date of the transition plan on 1 June 2023.

2.3 Launches of the EUTELSAT KONNECT VHTS, HOTBIRD 13F, HOTBIRD 13 G and EUTELSAT 10B satellites

The KONNECT VHTS, HOTBIRD 13F, HOTBIRD 13G and EUTELSAT 10B satellites were successfully launched respectively on 8 September 2022, 15 October 2022, 3 November 2022 and 23 November 2022.

The KONNECT VHTS satellite will deliver high speed broadband and mobile connectivity services everywhere in Europe.

The HOTBIRD 13F and 13G twin satellites, which entered into operational service respectively in April and May 2023, will reinforce and optimise the delivery of more than a thousand television channels to homes situated in Europe, North Africa and the Middle East.

Eutelsat 10B carries two new multi-beam HTS (High-Throughput Satellite) Ku-band payloads: a high-capacity payload covering the North Atlantic corridor, Europe, the Mediterranean basin and the Middle East, offering significant throughput in the busiest air and sea traffic zones; and a second payload to extend coverage across the Atlantic Ocean, Africa and the Indian Ocean.

The entries into operational service of the Konnect VHTS and Eutelsat 10B satellites are scheduled for the second half of the 2023 calendar year.

2.4 Impacts of the Russo-Ukrainian war and sanctions linked to the situation in Iran

Pursuant to the formal demand of the French Regulatory Authority for Audiovisual and Digital Communication (ARCOM) on 14 December 2022, the Group ended all involvement in the broadcasting of three television channels within the prescribed seven-day compliance period.

Pursuant to the Council of the European Union (EU) Regulation 2022/2474 of 16 December 2022, these same three channels as well as a fourth, RenTV, have been placed under restrictives measures imposed by the Council effective from 1 February 2023. The Group had taken steps in advance to comply with these measures, which essentially overlap with the ARCOM measures.

In the process of implementing the aforementioned measures, the Group has also ensured that it will not be involved in the broadcasting of any language versions of the Russia Today (RT) News channel in Russia itself. Moreover, Eutelsat liaises regularly with its distribution partners around the world to ensure that the provisions of Article 2(f) of EU Regulation 2014/833 relating to the ban on broadcasting certain Russian channels are fully complied with.

Concerning the situation in Iran, pursuant to the Council of the European Union Regulation 2022/2428 of 12 December 2022, the Group has also ceased all Islamic Republic of Iran Broadcasting (IRIB)-related broadcasting activity.

For the 2022-23 financial year. the implementation of the aforementioned measures had a total negative impact of 8 million euros on the Group's revenues. The negative impact on the Group's Adjusted Discretionary Free Cash Flow for the 2022-23 financial year amounted to 8 million euros.

The Company also leases capacity on four satellites belonging to the Russian operator RSCC servicing Russian customers concerned by the above decisions. As a result, since 21 December 2022, the Group has restructured and downsized its capacity lease contracts. This reduction in lease scope has led to a reduction in the discounted liability and the right of use amounting to a respective 51 million euros and 46 million euros (see Notes 7.1.3 and 7.4.4), and the booking of income of 5.0 million euros (see Note 6.3). As of 30 June 2023, the total discounted liability amounted to 240 million euros. The taking into account of the reduction in revenues estimated above in the impairment tests for rights of use on lease contracts has led to the recognition of a 4.2 million impairment loss on transponder rights of use on one of the satellites concerned.

Although the Group has two subsidiaries in Russia, virtually all the operations with Russian customers and suppliers are regrouped in subsidaires situated outside the Russian territory. As of 30 June 2023, the Company has no material payment arrears with its Russian customers. The proportion of revenues realized with Russian customers represents 6.8% of the Group's revenues.

In respect of assets in relation to Russian partners, notably the launcher supplier ILS, the Group has recognized a 42 million euros impairment in Other operating expenses for the financial year.

Furthermore, the OneWeb low orbit constellation, in which Eutelsat has a 22.9% equity interest, had to suspend the six remaining launches planned from the Baikonur cosmodrome in the 2022 first half. OneWeb has since entered into agreements with SpaceX and New Space India enabling it to secure the last satellite launches for its constellation in 2023.

2.5 Divestment of BigBlu Operations Ltd

On 15 June 2023, Eutelsat announced the signature of an agreement to sell its European retail broadband activities to a private operator.

The activities to be divested by Eutelsat include those of the affiliate BigBlu Operations Ltd, together with the other European retail activities in the UK, Ireland, France, Germany, Italy, Spain, Portugal, Poland, Hungary and Greece.

The sale of the BigBlu Operations Ltd shares generated a capital gain of 5.3 million euros which has been booked under Other operating expenses. Earn-out payments will apply to the transaction until two years from the finalization date in an amount ranging from a maximum negative adjustment of 1.5 million euros to a maximum positive adjustment of 4.7 million euros. The consequences of this transaction are detailed in Note 3.2 "Main changes in the scope of consolidation".

Note 3. SCOPE OF CONSOLIDATION

The consolidated financial statements cover Eutelsat Communications S.A., its subsidiaries, and entities over which it directly or indirectly exercises joint control or a significant influence (considered together as the "Group").

ACCOUNTING PRINCIPLES

Subsidiaries are entities over which the Group has direct or indirect control. Control is defined by the power to direct the financial and operational policies generally, but not systematically, combined with a shareholding of more than 50% of the voting rights. The existence and effects of potential voting rights that are currently exercisable or convertible, the power to appoint the majority of members of the governing bodies and the existence of veto rights are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated under the full consolidation method from the date the Group gains control. They are de-consolidated as of the date on which the Group loses control. The portion of equity ownership that is not directly or indirectly attributable to the Group is booked under non-controlling interests.

The financial statements of entities under joint control are consolidated on an equity basis where these are considered to be joint ventures, and based on the equity percentage of each item on the balance sheet and income statement where they are considered to be joint activities.

The financial statements of associates over which the Group exerts significant influence are consolidated using the equity method. Significant influence is presumed where at least/more than 20% of the shares are held by the Group.

3.1 Scope of consolidation

As of 30 June 2023, the list of companies in the scope of consolidation is as follows:

Company	Country	Consolidation method	% control as of 30 June 2023	% interest as of 30 June 2023
Eutelsat Communications S.A (parent company).	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	100.00%	96.38%
Eutelsat S.A. Sub-Group				
Eutelsat Konnect Services	France	FC	100.00%	96.38%
Fransat S.A.S.	France	FC	100.00%	96.38%
Eutelsat do Brasil LTDA (1)	Brazil	FC	100.00%	96.38%
Eutelsat Participaçoes LTDA (1)	Brazil	FC	100.00%	96.38%
Satmex International BV (1)	Netherlands	FC	100.00%	96.38%
Satelites Mexicanos S.A. de C.V. (1)	Mexico	FC	100.00%	96.38%
EAS Delaware Corp.	USA	FC	100.00%	96.38%
SMVS Administracion S de R.L de C.V. (1)	Mexico	FC	100.00%	96.38%
SMVS Servicios Tecnicos S de R.L de C.V. (1)	Mexico	FC	100.00%	96.38%
Satmex USA LLC (1)	USA	FC	100.00%	96.38%
Eutelsat Servicos de Telecom, do Brasil Ltda (1)	Brazil	FC	100.00%	96.38%
Eutelsat Latam Corp.	USA	FC	100.00%	96.38%
Skylogic S.p.A.	Italy	FC	100.00%	96.38%
Eutelsat Russia (1)	Russia	FC	100.00%	96.38%
Eutelsat Services & Beteiligungen GmbH	Germany	FC	100.00%	96.38%
Eutelsat Inc.	USA	FC	100.00%	96.38%
Eutelsat America Corp.	USA	FC	100.00%	96.38%
ES 172 LLC	USA	FC	100.00%	96.38%
ES 172 UK	UK	FC	100.00%	96.38%
ES 174E LTD	Cyprus	FC	100.00%	96.38%

Company	Country	Consolidation method	% control as of 30 June 2023	% interest as of 30 June 2023
Eutelsat UK Limited	United Kingdom	FC	100.00%	96.38%
Eutelsat Polska spZoo	Poland	FC	100.00%	96.38%
Skylogic Mediterraneo S.r.l.	Italy	FC	100.00%	96.38%
Eutelsat Madeira Unipessoal Lda	Madeira	FC	100.00%	96.38%
Eutelsat Asia Pte.Ltd	Singapore	FC	100.00%	96.38%
Eutelsat Australia Pty Ltd	Australia	FC	100.00%	96.38%
Eutelsat International Ltd	Cyprus	FC	100.00%	96.38%
Eutelsat Networks LLC (1)	Russia	FC	100.00%	96.38%
Taurus Satellite Holding Limited	United Kingdom	FC	100.00%	96.38%
Broadband4Africa Limited	United Kingdom	FC	100.00%	96.38%
Konnect Africa France	France	FC	100.00%	96.38%
BB4A Israel Ltd	Israel	FC	100.00%	96.38%
Konnect Africa Côte d'Ivoire	Ivory Coast	FC	100.00%	96.38%
Konnect South Africa Ltd	South Africa	FC	100.00%	96.38%
Konnect Africa RDC (1)	Democratic Republic of Congo	FC	100.00%	96.38%
Konnect Broadband Tanzania Limited	Tanzania	FC	100.00%	96.38%
Eutelsat BH D.O.O. SARAJEVO (1)	Bosnia	FC	100.00%	96.38%
Eutelsat Bulgaria (1)	Bulgaria	FC	100.00%	96.38%
Eutelsat MENA FZ-LLC	Dubai	FC	100.00%	96.38%
Noorsat Media City Ltd	Cyprus	FC	100.00%	96.38%
Noor Al Sharq Satellite	Jordan	FC	100.00%	96.38%
Eutelsat Cyprus Ltd	Cyprus	FC	100.00%	96.38%
Eutelsat Canada Inc	Canada	FC	100.00%	96.38%
Eutelsat Greece	Greece	FC	100.00%	96.38%
OneWeb Holdings Limited (2)	United Kingdom	EM	22.91%	22.08%

FC: Full consolidation method

EM: Equity method

(1) Companies with financial years ending on 31 December for legal or historical reasons.

(2) Company whose financial year ends on 31 March.

For the other companies. the financial year ends on 30 June.

3.2 Main changes in the scope of consolidation

3.2.1 Financial year ended 30 June 2023

Divestment of BigBlu Operations Ltd

On 15 June 2023, the Group finalized the divestment of its equity interest in BigBlu Operations Ltd.

The sale of the BigBlu Operations Ltd shares generated a capital gain of 5.3 million euros which has been booked in Other operating expenses. Earn-out payments will apply to the transaction until two years from the finalization date in an amount ranging from a maximum negative adjustment of 1.5 million euros to a maximum positive adjustment of 4.7 million euros.

3.2.2 Financial year ended 30 June 2022

Investment in OneWeb Holdings Ltd

On 8 September 2021, the Group finalised the acquisition of an equity interest in OneWeb Holdings Ltd. for 550 million dollars. The OneWeb constellation enjoys significant priority spectrum rights and will operate 648 satellites in low orbit (LEO) offering low latency. Concomitantly, Bharti Global exercised a securities call option for an amount of 350 million dollars, increasing Eutelsat's equity interest to 20.52% on the close of the transaction as of 8 September 2021.

On 6 October 2021, Eutelsat announced its participation in a portion of Bharti Global's last call option in OneWeb Holdings Ltd for a total consideration of 165 million dollars. Once the regulatory approvals had been obtained on 22 December 2021, this transaction increased Eutelsat's equity interest to 25.13%.

On 28 February 2022, Hanwha Systems UK Ltd finalised the acquisition of an equity interest for 300 million dollars, taking Eutelsat's shareholding to 22.91%.

The Group exercises a notable influence in OneWeb Holdings Ltd: the Group sits on the company's Board of Directors, participates in decisions relating to the company's management and provides it with vital technical expertise. As a result, this shareholding is consolidated under the equity method.

The allocation of the acquisition price as of 30 June 2023 is definitive and is as follows:

	Purchase price acquisition	
Balance sheet at 100%	**(in millions of euros)**	**(in millions of dollars)**
Non-current assets	1,541.1	1,827.7
Current assets	970.8	1,151.3
Total Assets	**2,511.8**	**2,979.0**
Non-current liabilities	120.3	142.7
Current liabilities	164.6	195.3
Total Liabilities	**284.9**	**337.9**
Net asset value (100%)	2,226.9	2,641.1
Group share in net asset value	457.0	542.0
Preliminary residual goodwill	7.6	9.0
Transferred counterparty	**464.5**	**550.9**
Acquisition price	**464.5**	**550.9**

As of 22 December 2021, the second capital increase led to additional final goodwill of 8.4 million euros.

On 26 July 2022, Eutelsat Communications and the key OneWeb shareholders signed a Memorandum of Understanding with a view to a business combination between the two companies via a share exchange transaction. On realization of the transaction, Eutelsat Communications will own 100% of OneWeb and OneWeb shareholders will receive around 226 million newly-issued Eutelsat shares. Following the issuance by the employee representative bodies of their opinion, Eutelsat Communications and the key OneWeb shareholders signed the final business combination agreement on 14 November 2022. The realization of the transaction remains subject to the customary conditions precedent, in particular approval by the relevant regulatory authorities. The Extraordinary General Meeting of Eutelsat shareholders convened to approve the transaction should take place in the third quarter of the 2023 calendar year.

Note 4. ACCOUNTING PRINCIPLES AND VALUATION METHODS

4.1 Basis of preparation of financial information

The consolidated financial statements as of 30 June 2023 have been established in accordance with IFRS as adopted by the European Union and in force as of that date. The relevant texts are available for consultation on the following website: *http://ec.europa.eu/commission/index fr*

Since 1 July 2022, the Group has applied the following new standards and interpretations which have been adopted by the European Union:

- Amendments to IAS 1 “Presentation of financial statements”: description of accounting policies

- Amendments to IAS 8 “Accounting policies”: definition of accounting estimates

- Amendments to IAS 12 "Income Taxes": deferred tax on assets and liabilities arising from the same transaction.

These new texts had no significant impact on the Group’s financial statements.

4.2 Financial reporting rules

4.2.1 Conversion of financial statements and transactions in foreign currencies

The reference currency and the presentation currency used to prepare the financial statements is the euro.

Each subsidiary located outside the euro zone maintains its accounting records in the currency that is most representative of their respective economic environments. Balance sheet items are translated into euros using the closing-rate method. Income statement items are converted at the average exchange rate for the period. Balance sheet and income statement translation adjustments arising from exchange rate fluctuations are recorded as translation adjustments under shareholders’ equity. The Group does not consolidate any entities whose functional currency is that of a hyperinflationary economy.

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transaction. Foreign exchange gains and losses arising from these transactions and from the translation of monetary assets and liabilities at the closing date exchange rate are shown under the foreign exchange result.

Foreign exchange gains and losses arising from the translation of capitalizable advances made to foreign subsidiaries and forming part of the net investment in the consolidated subsidiary are recognised directly as a translation adjustment within shareholders' equity.

The main foreign currency used is the US dollar. The closing exchange rate used is 1.093 US dollars for 1 euro and the average exchange rate for the period is 1.041 US dollars for 1 euro.

4.2.2 Reporting of current and non-current assets and liabilities

Current assets and liabilities are those that the Group is looking to realise, use or settle during its normal operating cycle, which is less than 12 months. All the others are non-current assets and liabilities.

4.3 Significant accounting judgements and estimates

The establishment of the Group’s consolidated financial statements requires the use of estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income, and expenses appearing in these financial statements and their accompanying notes. The Group’s management constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The closedown of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period owing to the attendant uncertainty.

In preparing the financial statements for the period ended 30 June 2023, the management has exercised judgement, particularly with regard to the recoverable amounts of assets, the recognition of revenues, the estimation of provisions and contingent liabilities assessment, the recognition of tax assets and liabilities, and the assessment of customer risk.

Note 5. SEGMENT INFORMATION

The Group considers that it only operates in a single operational segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their purpose. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

The performance indicators monitored by the Chief Executive Officer and the Chief Financial Officer, who together make up the Group's main operational decision-making body, are as follows:

- Revenues;
- EBITDA, defined as the operating result before amortisation and depreciation, impairment of assets and other operating income and expenses, and the EBITDA profit margin on revenues;
- Cash CAPEX, covering the acquisition of satellites and other tangible or intangible assets, as well as payments in respect of export credit facilities and related to lease liabilities;
- Discretionary cash flow, defined as the cash flow from operating activities less cash CAPEX, as well as interest and other financial costs, net of interest income;
- The net debt to EBITDA ratio (see Note 7.4.4 “Net Debt”).

To highlight these performance indicators, for which the main aggregates are nonetheless identical to those included in the Group's consolidated financial statements, the internal reporting uses a presentation of the Group’s consolidated income statement which is based on a different breakdown of items than the one used in the consolidated financial statements. The reporting is made in line with the IFRS principles applied by the Group to establish its consolidated financial statements.

Most of the Group’s assets are satellites in orbit. The remaining assets are mainly located in France, Italy and Mexico.

Note 6. NOTES TO THE INCOME STATEMENT

6.1 Revenues

ACCOUNTING PRINCIPLES

Most of the contracts involve the supply of satellite capacity services delivered to distributor-customers (who retail the capacity to end users) and end users (who use the capacity for their own needs). These contracts usually cover periods ranging from several months to several years. Some contracts concern the provision of short-term satellite capacity for occasional use. For all of these contracts, revenues are recognised progressively as control over the capacity is transferred to the customer over the contract period according to the volume of units of satellite capacity sold (expressed in MHz or Mbps depending on the contract). The purpose of this method is to recognise revenues corresponding to the level of service provided to our clients for a given period, taking into account possible changes in the volume of units sold under the contract.

Some contracts include variable consideration, such as variable prices or free periods. For such contracts, the Group estimates the value of the consideration to which it will be entitled in return for providing the promised services to the customer, and recognises this under revenues once it is highly likely that the subsequent ascertainment of the variable consideration will not entail a substantial downward adjustment to recorded revenues.

At times the Group bears marketing (promotion, advertising, etc.) or technical expenses (especially antenna purchase and installation) on behalf of some customers. When these costs are not distinct from the service transferred to the customer, they represent the same performance obligation with the service and the consideration payable to the customer is recognised as a reduction in revenue over the duration of the contract. Where the consideration payable to the customer is paid in return for a separate service from the customer and corresponds to the fair value of the service for the Group, it is recognised under operating expenses.

Some contracts provide for early termination in return for the payment of penalties. When these penalties are paid as part of an amendment to a contract that does not concern services not covered by the existing contract, the services in the amended contract form only a single performance obligation with the services partially performed at the date of amendment. These penalties are then spread over the duration of the amended contract.

As part of its Fixed Broadband business, the Group sells terminals to its customers in addition to the provision of satellite capacity. Depending on the type of terminal and the contractual framework which can vary according to the geographical region addressed and the type of customer (distributor or end user), the Group determines whether the sale of the terminal constitutes a performance obligation that is separate from the supply of capacity or whether the sale of the terminal and the capacity service form a single performance obligation. When the terminal constitutes a separate performance obligation, as distinct from the capacity service, the revenue and costs of purchasing the equipment are recognised in full on transfer of control of the terminal to the customer. When the sale of the terminal and capacity constitute a same performance obligation, the revenue from the capacity service is recognised over the average duration of the customer relationship and the revenue from terminal services over the average duration of the equipment's use. The costs of purchasing the terminal are spread over the same period as the sale, as part of the cost of fulfilling the contract. The assets and liabilities relating to the spreading of the purchase and sale of the terminal are presented separately under other assets and liabilities associated with customer contracts.

6.1.1 Revenues by application

Revenues by application break down as follows:

(in millions of euros)	30 June 2022	30 June 2023
Broadcast	696.9	652.0
Data & Professional Video	158.5	159.1
Government Services	144.4	143.4
Fixed Broadband	68.7	71.5
Mobile Connectivity	79.9	110.1
Total operating activities	**1,148.3**	**1,136.1**
Other Revenues [(1)]	3.3	(4.8)
Total	**1,151.6**	**1,131.3**
EUR/USD exchange rate	*1.138*	*1.041*

[(1)] Other revenues include mainly the impact of EUR/USD currency hedging amounting to (15,2) million euros for the financial year ended 30 June 2023 against (11.8) million euros for the financial year ended 30 June 2022.

Other revenues include the impact of EUR/USD currency hedging, fees for the provision of various consulting/engineering services to third parties and termination fees at the end of contracts.

As of 30 June 2023, the break down of revenues by application has changed to better reflect the respective end markets they address. The new framework has been reduced from five applications (broadcast, data and professional video, government services and mobile connectivity) to four:

- Video, for professional broadcasting and the production of visual content.
- Government Services, including offerings tailored to the needs of public administrations.
- Fixed Connectivity, for data and stable broadband Internet access.
- Mobile Connectivity, for wireless connectivity.

The revenue breakdown by application following the new format is as follows:

(in millions of euros)	30 June 2022	30 June 2023
Video	752.2	704.8
Government Services	144.4	143.4
Fixed Connectivity	171.9	177.8
Mobile Connectivity	79.9	110.1
Total Operating Verticals	**1,148.3**	**1,136.1**
Other Revenues[(1)]	3.3	(4.8)
Total	**1,151.6**	**1,131.3**
EUR/USD exchange rate	*1.138*	*1.041*

[(1)] Other revenues include mainly the impact of EUR/USD currency hedging amounting to (15,2) million euros for the financial year ended 30 June 2023 against (11.8) million euros for the financial year ended 30 June 2022.

6.1.2 Revenues by geographical region

Revenues by geographical region based on the customer billing address are as follows:

(in millions of euros and as a percentage)	30 June 2022		30 June 2023	
Region	Amount	%	Amount	%
France	71.0	6.2	64.2	5.7
Italy	129.7	11.3	122.8	10.9
United Kingdom	68.9	6.0	64.5	5.7
Europe (others)	310.1	26.9	339.5	29.9
Americas	235.1	20.4	224.5	19.8
Middle East	214.5	18.6	191.2	16.9
Africa	99.5	8.6	109.5	9.7
Asia	33.9	2.9	29.0	2.6
Others [1]	(10.9)	(1.0)	(13.9)	(1.2)
Total	1,151.6	100.0	1,131.3	100.0

[1] Other revenues include mainly the impact of EUR/USD currency hedging amounting to (15.2) million euros for the financial year ended 30 June 2023 against (11.8) million euros for the financial year ended 30 June 2022.

6.1.3 Backlog

The backlog represents future revenues from capacity allocation or service delivery contracts (including contracts for satellites currently under construction). As of 30 June 2023, the backlog stands at 3.4 billion euros. The secured backlog, corresponding to the IFRS 15 requirements and excluding revenues subject to early termination clauses, stands at 2.8 billion euros. The amount of secured backlog within a five-year time horizon stands at 2.3 billion euros, of which 1.5 billion euros in less than two years.

6.2 Operating expenses

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites in addition to satellite in-orbit insurance premiums.

Selling, general and administrative expenses are mainly made up of costs for administrative and commercial staff, all marketing and advertising expenses and related overheads.

The operating expenses relating to impairment losses on trade receivables and assets associated with customer contracts amount to 20.1 million euros as of 30 June 2023 (versus 23.5 million euros for the financial year ended 30 June 2022).

6.2.1 Staff costs

Staff costs (including mandatory employee profit-sharing) break down as follows:

(in millions of euros)	30 June 2022	30 June 2023
Operating costs	54.9	62.4
Selling. general and administrative expenses	84.5	87.8
Total	**139.4**	**150.2**

Eutelsat S.A. employees benefit from a Group Savings Plan (PEE) funded by voluntary contributions by employees, a Leave Bank (CET) and a three-year profit-sharing agreement based on targets revisable on a yearly basis.

6.2.2 Employee headcount

The Group has 1,067 full-time equivalent employees as of 30 June 2023 compared to 1,112 as of 30 June 2022.

The average number of full-time equivalent employees during the reporting period is as follows:

	30 June 2022	30 June 2023
Operations	510	516
Selling, general and administrative	602	551
Total	**1,112**	**1,067**

6.2.3 Share-based and similar compensation

ACCOUNTING PRINCIPLES

Share-based payments are measured at fair value at the grant date and are recognised under staff costs over the vesting period of the rights representing the benefit granted, with a corresponding increase in shareholders' equity for equity-settled plans, or in company debts for cash-settled plans. They are revalued at each balance sheet date to take into account changes in vesting assumptions (employee turnover rate. likelihood of meeting performance criteria) and, for cash-settled plans, changes in market conditions (share price).

In addition to the plans in force within the Group as of 30 June 2022, the Group granted two new share-based plans on 10 November 2022, one paid in cash and the other in shares. The vesting of these shares is subject to an attendance requirement and the achievement of performance conditions.

The expense recognized in respect of these plans (excluding employer contributions) stands at 0.3 million euros for the financial year ended 30 June 2023 against 1.6 million euros for the financial year ended 30 June 2022.

The key features of the plans are as follows:

Key features of the plans	November 2020 plan	November 2021 plan	January 2022 plan	November 2022 plan
Vesting period	July 2020 - June 2023	July 2021 - June 2024	January 2022 - December 2024	July 2022 – June 2025
Payment method	Cash and shares	Cash and shares	Shares	Cash and shares
Maximum number of attributable shares at inception	512,560	264,675	75,736	308,020
Number of beneficiaries	25	34	1	45
Number of shares and performance conditions for the free share plan				
Total number of shares in circulation	81,323	25,386	75,736	98,010
Performance conditions	Revenue, Discretionary Free-Cash-Flow, Relative TSR[1] and CSR	Revenue, Discretionary Free-Cash-Flow, Relative TSR[1] and CSR	Revenue, Discretionary Free-Cash-Flow, Relative TSR[1] and CSR	Revenue, Discretionary Free-Cash-Flow, Relative TSR[1] and CSR
Number of shares and performance conditions for the phantom share plans				
Total number of shares in circulation	147,190	104,046	-	210,855
Performance targets	Revenue, Discretionary Free-Cash-Flow and CSR	Revenue, Discretionary Free-Cash-Flow and CSR	-	Revenue, Discretionary Free-Cash-Flow and CSR
Fair value of the shares as of 30 June 2023				
Fair value excl. TSR [1] (shares)	€6.63	€9.98	€8.87	€8.76
Fair value excl. TSR [1] (cash)	€6.04	€6.25	-	€6.43
Fair value after TSR [1]	€4.97	€9.71	€9.21	€6.39
Aggregate valuation of plan as of 30 June 2023 (in millions of euros) [2]	1.7	0.7	0.1	0.2
Expense for the financial year				
Expense for the financial year ended 30 June 2023 (in millions of euros) [2]	**0.5**	**0.1**	**(0.3)**	**(0.6)**

[1] The relative TSR (Total Shareholder Return) measures the Eutelsat share rate of return compared with that of other benchmarks or indexes. This performance requirement only applies to company directors.
[2] Excluding social security charges.

6.3 Other operating income and expenses

ACCOUNTING PRINCIPLES

Other operating income and expenses comprise unusual, abnormal and infrequent income and expense items. They mostly include asset impairment charges, launch failure costs and the related insurance repayments, non-commercial disputes net of costs incurred, restructuring costs, income from asset disposals and the implications of scope changes (acquisition costs and disposal gains/losses).

(in millions of euros)	30 June 2022	30 June 2023
Other operating income	108.0	365.0
Other operating expenses	(63.1)	(161.6)
Total	**44.9**	**203.5**

As of 30 June 2023, other operating income mainly includes the proceeds of 352 million euros on phase 2 of the C-Band vacation.

The other operating expenses mainly include 42.0 million euros of transformation and restructuring costs notably linked to the business combination with the OneWeb group, and asset impairments amounting to 115.0 million euros (including 80 million euros of impairment of fixed assets and 35 million euros of impairment of financial assets (see Note 2.2)).

As of 30 June 2022, other operating income included the proceeds of 106.6 million euros on phase 1 of the C-Band transition plan. Other operating expenses mainly included impairments on satellites and launchers amounting to 33.8 million euros, restructuring costs amounting to 7.2 million euros and an adjustment in the impact of the EBI disposal amounting to 10.9 million euros.

6.4 Financial result

(in millions of euros)	30 June 2022	30 June 2023
Interest expense after hedging	(64.4)	(67.9)
Interest on lease liabilities	(11.9)	(12.7)
Loan set-up fees and commissions	(10.1)	(7.3)
Capitalised interest	16.2	17.7
Cost of gross debt	**(70.2)**	**(70.1)**
Financial income	7.0	1.6
Cost of net debt	**(63.1)**	**(68.5)**
Changes in derivative financial instruments	(0.9)	-
Foreign-exchange impact	16.6	(13.8)
Others	(17.5)	(9,0)
Financial result	**(64.9)**	**(91.3)**

The interest expense as of 30 June 2022 and 30 June 2023 includes, respectively, 9.5 million euros and 9.5 million euros of expenses related to the exercise and termination of pre-hedging instruments used to secure the interest rate on the October 2018, June 2019 and October 2020 bond issues.

The amount of capitalised interest depends on the state of progress and number of satellite construction programmes recorded during the relevant financial year. The interest rate used to determine the amount of interest expense eligible for capitalisation is 2.96% as of 30 June 2023 versus 2.55% as of 30 June 2022.

Changes in the fair value of derivative instruments as of 30 June 2023 and 2022 mainly include the ineffective portion of the time value of derivatives that are qualified in a hedging relationship.

6.5 Income tax

The Group's income tax expense breaks down as follows:

(in millions of euros)	30 June 2022	30 June 2023
Current tax expense	(48.4)	(111.6)
Deferred tax income (expense)	(0.2)	45.1
Total income tax expense	**(48.6)**	**(66.5)**

The theoretical income tax expense, calculated by applying the standard French corporation tax rate to the pre-tax result (excluding the share of net income from equity investments), can be reconciled to the actual expense as follows:

(in millions of euros)	30 June 2022	30 June 2023
Current income before tax	359.9	482.2
Standard French corporate tax rate	**28.41%**	**25.83%**
Theoretical income-tax expense	**(102.2)**	**(124.6)**
Non-taxable profit	62.6	58.7
Differences in corporation tax rates	1.7	(14.2)
Use of tax losses	-	(0.1)
CVAE (Contribution on Added Value of Enterprises)	(2.2)	(1.7)
Deferred tax generated during the previous period and recognised for the period	0.5	0.6
Other permanent differences	(8.9)	14.7
Tax expense	**(48.6)**	**(66.5)**
Effective tax rate	**13.5%**	**13.8%**

The other permanent differences mainly include the impact of exchange rate differences and inflation effects recorded by Satellites Mexicanos on this subsidiary's deferred tax positions for respectively 5.3 million euros and 18.3 million euros as of 30 June 2022 and 30 June 2023. They also include the impact of the additional tax depreciation granted to the Eutelsat Asia subsidiary amounting to 11.7 million euros as of 30 June 2023, offset by the non-activation of tax losses for 4.1 million euros and other permanent differences for 7.6 million euros.

6.6 Earnings per share

ACCOUNTING PRINCIPLES

EPS (earnings per share) are calculated by dividing the net income for the period attributable to shareholders of Eutelsat Communications by the weighted average number of common shares outstanding during the period. Treasury shares are not considered in the earnings per share calculation.

The following table shows the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted):

(in millions of euros)	30 June 2022	30 June 2023
Net income	**239.8**	**328.3**
Income from subsidiaries attributable to non-controlling interests	(9.1)	(13.2)
Net earnings used to compute earnings per share	**230.8**	**315.1**
Average number of shares	**230,322,045**	**248,570,264**

Note 7. NOTES TO THE BALANCE SHEET

7.1 Fixed assets

7.1.1 Goodwill and other intangibles

ACCOUNTING PRINCIPLES

Goodwill

Business combinations are recognised using the purchase accounting method. The consideration transferred in return for control of the acquired entity is measured at fair value and includes contingent consideration, taking into account probability of occurrence. The identifiable assets, liabilities and contingent liabilities of the entity are recognised at their fair values. The costs directly attributable to the acquisition are excluded from the transferred consideration and are recognised under other operating income and expenses once they are incurred.

At the acquisition date, non-controlling interests may be computed at their fair value or as a portion of identifiable assets and liabilities of the acquired entity. The option for applying either of these two methods can be exercised on a transaction-by-transaction basis.

At the first consolidation, all assets, liabilities and contingent liabilities of the acquired entity are measured at their fair value. In a takeover by successive acquisitions, the investment previously held is restated at its fair value at the acquisition date, while the ensuing gains or losses are recognised under income.

Goodwill is measured in the functional currency of the acquired entity at the date of the combination at an amount equal to the difference between the aggregate fair value of the consideration paid and the fair value of the identifiable assets acquired, and the liabilities assumed. They are tested for impairment at least once a year solely for the Group's operating segment.

Customer contracts and relationships

Customer contracts and relationships acquired in a business combination are recorded at fair value on the acquisition date. The fair value is set by referring to the generally accepted methods such as those based on revenues or market value. These assets are amortised on a straight-line basis over their economic life, which is estimated on the basis of the average duration of the contractual relationships existing at the date of acquisition of Eutelsat and the expected contract renewal rates. The main customer relationship recognised in the Group’s financial statements is that of Eutelsat S.A. amortised over a 20-year period.

Other intangibles

Other intangibles are composed of development, licence and orbital rights costs.

Development costs are capitalised and amortised over a period of 3 to 7 years if the Group can demonstrate that:

- It has the technical capacity to realise the intangible asset for use or sale;
- It has the intention and capacity to complete the software and use or sell it;
- It has the capacity to use or sell the intangible asset;
- There is a likelihood that the intangible asset will yield future economic benefits for the Group;
- There are sufficient technical, financial or other resources to realise the intangible;
- It has the capacity to accurately assess the expenses attributable to the intangible during its development phase.

Expenses incurred for research (or during the research phase of an in-house project) are recognised as expenses in Selling, general and administrative expenses once they are incurred.

Orbital rights and licenses are amortised over their useful lives for periods of 13 to 23 years and between 1 to 13 years respectively.

The changes in goodwill and intangible assets over the past two financial years are as follows:

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Gross assets					
Gross value as of 30 June 2021	**1,246.5**	**1,118.3**	**40.8**	**370.3**	**2,775.9**
Acquisitions	-	0.2	-	12.2	12.4
Transfers	-	-	-	11.5	11.5
Foreign-exchange variation	44.9	28.8	-	8.2	81.9
Disposals and scrapping of assets	-	-	-	(3.2)	(3.2)
Entries into the scope	3.7	-	-	-	3.7
Gross value as of 30 June 2022	**1,295.2**	**1,147.2**	**40.8**	**398.9**	**2,882.1**
Acquisitions	-	-	-	15.9	15.9
Transfers	-	-	-	11.8	11.8
Foreign-exchange variation	(15.1)	(9.7)	-	(2.8)	(27.5)
Disposals and scrapping of assets	-	-	-	(1.3)	(1.3)
Exits from the scope	-	(5.4)	-	(1.9)	(7.4)
Gross value as of 30 June 2023	**1,280.1**	**1,132.0**	**40.8**	**420.6**	**2,873.6**
Depreciation and impairment					
Accumulated amortization as of 30 June 2021		**(833.9)**	**-**	**(255.1)**	**(1,089.0)**
Depreciation expense	-	(64.5)	-	(35.7)	(100.3)
Transfers and others	-	0.1	-	0.2	0.3
Foreign-exchange variation	-	(15.6)	-	(3.2)	(18.8)
Reversals (disposals and scrapping of assets)	-	-	-	1.5	1.5
Impairment	-	(3.2)	-	-	(3.2)
Accumulated amortization as of 30 June 2022	-	**(917.0)**	**-**	**(292.5)**	**(1,209.5)**
Depreciation expense	-	(64.1)	-	(33.5)	(97.7)
Transfers and others	-	-	-	1.4	1.4
Foreign-exchange variation	-	6.5	-	1.3	7.7
Reversals (disposals and scrapping of assets)	-	-	-	-	-
Impairment	-	-	-	-	-
Exits from the scope	-	5.4		1.4	6.8
Accumulated amortization as of 30 June 2023	-	**(969.5)**	**-**	**(321.8)**	**(1,291.2)**
Net value as of 30 June 2021	1,246.5	284.3	40.8	115.2	1,686.9
Net value as of 30 June 2022	**1,295.2**	**230.0**	**40.8**	**106.6**	**1,672.6**
Net value as of 30 June 2023	**1,280.1**	**162.5**	**40.8**	**98,9**	**1,582.3**

The Eutelsat brand was recognised when Eutelsat S.A. was acquired by Eutelsat Communications in 2005.

7.1.2 Tangible assets and construction in progress

ACCOUNTING PRINCIPLES

Satellites and other tangible assets are recognised at their acquisition cost, which includes all costs directly attributable to making the asset ready for use, less accumulated depreciation and any impairment.

Satellite costs include all expenses incurred in bringing individual satellites into operational use, in particular manufacturing, launch and launch insurance costs, capitalised interest, satellite performance incentives, and costs directly associated with the monitoring of the satellite programme (studies, staff and consultancy costs).

Borrowing costs incurred for the financing of tangible assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan specifically related to the asset under construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the Group's borrowing costs.

The useful lives adopted by the Group are as follows:

- 12 to 24 years for satellites;
- 5 to 10 years for traffic monitoring equipment;
- 2 to 5 years for computer equipment;
- 3 to 10 years for leasehold arrangements and improvements.

The satellites are amortised as of their technical entry into service. The period between the launch of a satellite and its technical entry into service can vary between one and nine months depending on the propulsion method used by the satellite.

The Group conducts an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. In case the useful life is reduced or extended, the amortisation schedule is revised prospectively.

"Construction in progress" primarily consists of milestone completion payments for the construction of future satellites and advances paid in respect of launch vehicles and related launch insurance costs.

The changes in tangible assets over the past two financial years are as follows:

(in millions of euros)	Satellites	Other tangibles	Assets under construction	Total
Gross assets				
Gross value as of 30 June 2021	**5,732.8**	**455.4**	**1,214.4**	**7,402.5**
Acquisitions	7.6	26.0	276.5	310.0
Disposals	-	(1.2)	-	(1.2)
Scrapping of assets	(86.7)	(2.1)	(1.7)	(90.4)
Foreign-exchange variation	155.0	5.3	0.4	160.7
Entries into the scope	-	-	-	-
Exits from the scope	-	-	-	-
Transfers and others	167.7	10.3	(281.5)	(103.5)
Gross value as of 30 June 2022	**5,976.4**	**493.8**	**1,208.1**	**7,678.2**
Acquisitions	51.9	20.9	246.9	319.8
Disposals	-	(1.3)	-	(1.3)
Scrapping of assets	(285.1)	(1.9)	(0.5)	(287.6)
Foreign-exchange variation	(51.7)	(1.8)	(0.5)	(54.0)
Exits from the scope	-	(4.6)	-	(4.6)
Transfers and others	327.0	12.4	(347.9)	(8.5)
Gross value as of 30 June 2023	**6,018.5**	**517.6**	**1,106.1**	**7,642.1**
Depreciation and impairment				
Accumulated amortization as of 30 June 2021	**(3,325.8)**	**(346.4)**	**-**	**(3,672.2)**
Depreciation expense	(290.2)	(29.7)	-	(319.8)
Impairment	(12.0)	-	-	(12.0)
Reversals (disposals)	-	1.0	-	1.0
Reversals (scrapping of assets)	86.7	0.9	-	87.6
Foreign-exchange variation	(82.6)	(3.1)	-	(85.8)
Exits from the scope	-	-	-	-
Transfers and others	-	0.4	-	0.4
Accumulated amortization as of 30 June 2022	**(3,623.9)**	**(376.9)**	**-**	**(4,000.8)**
Depreciation expense	(274.5)	(28.2)	-	(302.7)
Impairment	(66.6)	(2.6)	(6.5)	(75.7)
Reversals (disposals)	285.1	2.2	-	287.4
Reversals (scrapping of assets)	-	0.7	-	0.7
Foreign-exchange variation	31.2	1.2	-	32.4
Exits from the scope	-	3.5	-	3.5
Transfers and others	-	-	-	-
Accumulated amortization as of 30 June 2023	**(3,649.6)**	**(400.0)**	**(6.5)**	**(4,055.2)**
Net value as of 30 June 2021	2,407.0	109.0	1,214.4	3,730.4
Net value as of 30 June 2022	**2,352.6**	**116.9**	**1,208.1**	**3,677.5**
Net value as of 30 June 2023	**2,369.8**	**117.6**	**1,099.6**	**3,586.9**

Transfers relating to satellites arising during the period ended 30 June 2023 correspond to the entry into commercial service of the Hotbird 13F and 13G satellites launched during the period.

As of 30 June 2023 and 30 June 2022, the Group recognized respective impairment losses on satellites of 66.6 million euros and 12.0 million euros.

The expected dates of entry into service for satellites under construction at the balance sheet date are as follows:

Projects	Years
Konnect VHTS. EUTELSAT 10B	Calendar year 2023
EUTELSAT 36D	Calendar year 2024

7.1.3 Rights of use in respect of leases

ACCOUNTING PRINCIPLES

Contracts under which the Group uses a specific asset are recognised as assets on the balance sheet in the form of a right of use, and a liability on the liabilities side, where the contractual terms are such that they qualify as leases, i.e. they transfer control of the asset over the entire lease term.

Rights of use are generally amortised over the term of the lease covering the non-cancellable period supplemented, where applicable, by renewal options, which the Group is reasonably certain to exercise.

The discount rate used to calculate the value of the right of use and the lease liability is determined, for each contract, on the basis of the associated estimated marginal debt rate.

Assets with a low unit value and leases with a term of less than 12 months are recognised as expenses.

During the financial year ended 30 June 2023, the rights of use saw the following changes:

(in millions of euros)	Satellites	Other tangible assets	Total
Gross assets			
Gross value as of 30 June 2021	**847.7**	**61.9**	**909.6**
New contracts	-	0.1	0.1
Modifications and early terminations of contracts	-	0.3	0.3
Scrapping of assets	-	-	-
Foreign-exchange variation	-	1.0	1.0
Entries into the scope	-	-	-
Gross value as of 30 June 2022	**847.7**	**63.4**	**911.0**
New contracts	-	1.3	1.3
Modifications and early terminations of contracts	(98.6)	(5.4)	(104.0)
Scrapping of assets	-	-	-
Foreign-exchange variation	-	(0.3)	(0.3)
Exits from the scope	-	(0.9)	(0.9)
Gross value as of 30 June 2023	**749.1**	**58.1**	**807.0**
Depreciation and impairment			
Accumulated depreciation and impairment as of 30 June 2021	**(375.9)**	**(16.1)**	**(392.1)**
Depreciation expense	(53.0)	(8.9)	(61.9)
Impairment	(4.3)	-	(4.3)
Reversals (modifications and early terminations of contracts)	-	0.1	0.1
Reversals (scrapping of assets)	0.4	-	0.4
Foreign-exchange variation	-	(0.4)	(0.4)
Accumulated depreciation and impairment as of 30 June 2022	**(432.8)**	**(25.3)**	**(458.1)**
Depreciation expense	(48.8)	(6.3)	(55.1)
Impairment	(4.2)	-	(4.2)
Reversals (modifications and early terminations of contracts)	52.6	2.3	54.9
Reversals (scrapping of assets)	-	-	-
Foreign-exchange variation	-	0.2	0.2
Exits from the scope		0.4	0.4
Accumulated depreciation and impairment as of 30 June 2023	**(433.2)**	**(28.8)**	**(462.0)**
Net value as of 30 June 2021	**471.8**	**45.8**	**517.5**
Net value as of 30 June 2022	**414.9**	**38.1**	**452.9**
Net value as of 30 June 2023	**315.9**	**29.3**	**345.1**

Satellite rights of use mainly relate to the Express AT1, Express AT2, Express AM6, Express 36C and Astra 2G leases. The terms of these leases cover the expected life spans of this type of satellite and, as such, none of these contracts include purchase options upon termination of the contract.

No renewal options have been considered to determine the term of the leases.

On 21 December 2022, following the sanctions concerning Russia adopted by the competent French and European regulatory bodies, the Group restructured its capacity leasing contracts on Russian satellites. This reduction in lease scope led to a 46 million euros reduction in rights of use (see Note 2.4).

The anticipated decline in activity linked to the application of these measures also led the Group to recognise an impairment on transponder rights of use on a satellite amounting to 4.2 million euros during the 2022-23 financial year.

As of June 30, 2022, the Group had recognized an impairment loss of 4.3 million euros on transponder usage rights on certain satellites.

7.1.4 Fixed asset value tests

ACCOUNTING PRINCIPLES

Goodwill and unamortised intangible assets

Goodwill and other intangible assets with an indefinite useful life, such as the brand, are tested annually for impairment or more frequently when an event occurs indicating a potential loss in value.

Amortizable assets

For tangible fixed assets and intangible assets with finite useful lives, an impairment test is performed when there is an external or internal indication that their recoverable values may be lower than their carrying amounts (for example, the loss of a major customer or a technical incident affecting a satellite).

An impairment test consists of appraising the recoverable amount of an asset, which is the higher of its fair value net of disposal costs and its value in use. If it is not possible to estimate the recoverable value of a particular asset, the Group determines the recoverable amount of the cash generating unit (CGU) with which it is associated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. In order to define its CGUs, the Group takes into account the conditions of use of its fleet and, in particular, the capacity of certain satellites to be used as back-up for other satellites.

CGUs correspond to orbital positions, carrying one or more satellites, as well as customer contracts and relationships (after taking into account the technical or economic interdependence of their cash flows).

The Group estimates value in use on the basis of estimated future cash flows. These are generated by the asset or the CGU during its useful life and are discounted using the Group's WACC defined for the impairment testing, based on the medium-term plan approved by Management and reviewed by the Board of Directors. Revenues in the medium-term plan are based upon the order backlog for each satellite, market studies, and the deployment plan for existing and future satellites. Costs given in the plan that are used for the impairment test consist mainly of in-orbit insurance costs, technical and commercial costs directly attributable to the satellites tested, as well as tax expenses. Beyond a maximum five-year period, cash flows are estimated on the basis of constant rates of growth or decline.

The fair value net of selling costs is equal to the amount that could be received from the sale of the asset (or of one CGU) in the course of an arm's length transaction between knowledgeable, willing parties, less the costs relating to the transaction.

Impairment losses and their reversals are recognised in the income statement under other operating income expenses.

Goodwill

The Group's goodwill is monitored only at Eutelsat's operating segment level.

As of 30 June 2023, since Eutelsat Communications' market capitalisation amounts to less than the book value of the Group's shareholders' equity, the recoverable amount of goodwill has been estimated on the basis of the value in use determined from a valuation of the Group based on future cash flows. This analysis incorporates a significant degree of judgement on the part of the Group's Management.

The cash flows used are based on an updated version of the Group's five-year business plan approved by the Board of Directors in February 2023 and updated in July 2023, covering the periods though to the 2026-27 financial year, on the long-term plan defined on an ongoing basis over a horizon covering the periods though to the 2034-35 financial year, and on a terminal value. The Group considers it relevant to use projections beyond five years in view of the long-term visibility it has on a significant portion of its activity and on its expected growth profile that the long-term plan is able to capture more effectively.

With respect to financial metrics such as the WACC (8.37% used) and the long-term growth rate used to calculate the terminal value, the sensitivity analyses show that a 29bp increase in the WACC or a 72bp fall in the long-term growth rate could derive a value in use below the net book value of the assets tested as of 30 June 2023. A zero-growth rate to perpetuity would not lead to a value in use below the net book value of the assets tested.

Furthermore, the main operational assumptions potentially impacting the recoverable amount of assets are the level of EBITDA and the amount of capital expenditures. The operational assumptions of the long-term plan are based on internal market models of the growth trend of each of the Group's business segments and on external strategic reviews. The sensitivity analyses show that a 1.8% decline in EBITDA for each year of the plans used and in the terminal value would not result in a goodwill impairment.

The impairment tests performed as of 30 June 2023 on the basis of discounted cash flow forecasts did not lead to the recognition of any impairment expenses.

Depreciable assets

Concerning the impairment tests carried out in respect of the satellites as of 30 June 2023, the cash flows used are based on the period of the updated Group's five-year business plan approved by the Board of Directors in January 2023 and updated in July 2023, then on the cash flows extended until the end of life of each satellite based on a normative growth rate. For the relevant satellites, the impairment tests as of 30 June 2023 are based on cashflows including the sums still to be received in respect of phase two of the C-Band transition plan in the United States, amounting to pre-tax proceeds of 382 million dollars (see Note 2.2).

As of 30 June 2023 and 30 June 2022, these tests resulted in the recognition of respective impairment losses on satellites under ownership of 66.6 million euros and 12 million euros (see Note 7.1.2 “Tangible assets and construction in progress”) and impairment losses on rights of use amounting to respectively 4.2 million euros and 4.3 million euros as of 30 June 2023 and 30 June 2022 (see Note 7.1.3 “Rights of use in respect of leases”).

7.1.5 Purchase commitments

In addition to the items recognised on the balance sheet, the Company has entered into commitments with suppliers for the acquisition of assets (satellites and other assets) and the provision of services amounting to a total of 574 million euros as of 30 June 2022 and 628 million euros as of 30 June 2023.

The following table lists the future payments in respect of these commitments as of 30 June 2022 and 30 June 2023:

(in millions of euros)	As of 30 June 2022	As of 30 June 2023
Maturity within 1 year	300	230
From 1 to 2 years	109	113
From 2 to 3 years	23	40
From 3 to 4 years	126	55
Maturity exceeding 4 years	16	190
Total	**574**	**628**

On 31 March 2023, 100 million US dollars was paid to OneWeb within the framework of the advance payment instalments for the constellation capacity negotiated during the implementation of the exclusive distribution agreement signed between the Group and OneWeb concomitantly with the final business combination agreement. The outstanding total commitment stands at 175 million US dollars, of which 100 million US dollars must be paid in March 2024, followed by 75 million US dollars in March 2025.

7.2 Investments in associates

ACCOUNTING PRINCIPLES

The Group’s investments in associates consolidated under the equity method are initially booked at their cost of acquisition, including as appropriate the goodwill arising. Their book value is then increased or reduced to take into account the Group’s share in the profits or losses realised after the acquisition date.

After the application of the equity method and should there be an event indicating a potential loss in value, the book value may be the subject of an impairment in the event that its recoverable value would be below its carrying amount.

Value of the investment in OneWeb Holdings Ltd.

As of 30 June 2023, investments in associates represents the equity value of the company OneWeb Holdings Ltd. and the income from associates corresponds to the Group’s share in the result of OneWeb Holdings Ltd.

(in millions of euros)	30 June 2022	30 June 2023
Equity interests at the opening date	-	605.7
Purchases of shares	613.3	-
Share of result of associates	(71.5)	(87.3)
Translation adjustment	63.9	(17.3)
Equity interests at the closing date	**605.7**	**501.2**

The main financial information from OneWeb Holdings Ltd based on the latest accounting period ended 31 March 2023 is as follows:

(in millions of dollars)	31 March 2023
Net result	**(361.9)**
Balance sheet	
Non-current assets	2,539.3
Current assets	492.7
Shareholders' equity	2,436.4
Non-current liabilities	377.8
Current liabilities	217.8

(in millions of euros)	31 March 2023
Group share of the net assets	
Net asset value	2,238.1
Percentage held	22.91%
Group share in net asset value	**512.7**
Goodwill	17.2
Adjustment of the Group share in net asset value	(0.4)
Book value of the Group's equity interest as of 31 March 2023	**529.5**
Share of net result from March to June 2023	(25.9)
Translation adjustment	(2.4)
Book value of the Group's equity interest as of 30 June 2023	**501.2**

7.3 Receivables, assets and liabilities on customer contracts and costs to obtain and fulfil contracts

ACCOUNTING PRINCIPLES

Accounts receivable are recorded at their nominal value. They are subject to impairment, recognised as Selling and Administrative Expenses, in order to cover the risk of expected future losses. These impairments are determined on the basis of a statistical approach of expected credit losses by market and region, after taking into account the deposits and guarantees received, and supplemented, where applicable, by a specific impairment in the event of failure to make contractual payments or significant financial difficulties on the part of a customer.

Assets held under customer contracts include assets relating to revenue recognised in respect of variable prices or free periods not yet invoiced to the customer. The deferred costs of obtaining contracts correspond to the consideration paid to the customer. Contract fulfilment costs include the deferral of the cost of sales of Broadband terminals.

Liabilities related to customer contracts consist of prepayments received from customers or invoiced prior to delivery of the services.

Receivables, assets and liabilities on customer contracts and the costs to obtain and fulfil contracts are summarised as follows:

(in millions of euros)	30 June 2022	30 June 2023
Assets		
Accounts receivable	246.9	207.5
Assets associated with customer contracts	41.7	40.2
Costs to fulfil contracts	3.2	-
Costs to obtain contracts	7.9	4.9
Total current and non-current assets	**299.7**	**252.5**
Including non-current portion	*34.0*	*31.7*
Including current portion	*265.7*	*220.8*
Liabilities		
Financial liabilities - Guarantees and commitments received	40.1	31.2
Liabilities associated with customer contracts	224.4	337.5
Total current and non-current liabilities	**264.5**	368.7
Of which non-current portion	*186.9*	*289.7*
Of which current portion	*77.6*	*78.9*

7.3.1 Accounts receivable

Accounts receivable (matured and non-matured) break down as follows:

(in millions of euros)	30 June 2022	30 June 2023
Non-matured receivables	116.7	120,1
Matured receivables between 0 and 90 days	42.5	25.6
Matured receivables between 90 and 365 days	48.9	26.0
Matured due for more than 365 days	130.2	136.8
Impairment	(91.3)	(101.0)
Total	**246.9**	**207.5**

The account receivables due for more than 365 days as of 30 June 2023 include receivables amounting to 3.9 million euros covered by collateral deposits (versus 10.1 million euros as of 30 June 2022). These do not involve any risk of impairment in the income statement. The provision for impairment of 101.0 million euros as of 30 June 2023, covers 74% of the receivables due for more than 365 days except collateral deposits and 54% of all overdue receivables.

In addition, given the nature of the activities and the geographies in which it operates, the Group is periodically required to collect matured receivables due for more than one year.

Credit risk arising from a customer's failure to pay its debt at the due date is tracked at the level of each entity under the supervision of the financial managers. In the most important cases, the relevant financial managers are assisted by a credit manager, acting in accordance with the instructions of the Group's debt recovery service. This tracking is based mainly on an analysis of the amounts due and can be accompanied by a more detailed study of the creditworthiness of some debtors. Based on the assessment of the financial managers, entities may be required to hedge their credit risk by obtaining bank guarantees from first-tier financial institutions and insurance companies, and guarantee deposits from customers.

Credit risk is mitigated by the following guarantees and commitments received:

(in millions of euros)	30 June 2022		30 June 2023	
	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of guarantee
Guarantee deposits	64.1	14.1	59.0	12.3
Bank or insurance guarantees	18.6	20.4	10.4	9.5
Guarantees from the parent company	2.9	2.9	3.6	3.6
Total	**85.6**	**37.4**	**73.0**	**25.5**

Guarantee deposits are recognised as financial liabilities. Bank guarantees and guarantees from parent companies are not shown on the balance sheet.

The Group's ten largest clients accounted for 30% of revenues as of 30 June 2023 (35% as of 30 June 2022). The top five account for 20% of revenues (20% as of 30 June 2022).

The changes in impairment of trade receivables over the two financial years are as follows:

(in millions of euros	Total
Value as of 30 June 2021	**96.5**
Net allowance (reversal)	22.9
Reversals (used)	(29.5)
Foreign exchange variations	1.5
Value as of 30 June 2022	**91.3**
Net allowance (reversal)	21,0
Reversals (used)	(10,4)
Foreign exchange variations	(0,9)
Value as of 30 June 2023	**101.0**

7.3.2 Assets associated with customer contracts, costs to obtain and fulfil non-current contracts

(in millions of euros)	Total
Assets associated with customer contracts as of 30 June 2021	**40.3**
Use of assets associated with customer contracts during the period	(5.8)
New assets associated with customer contracts recorded during the period	5.7
Net reversals (depreciations)	0.7
Translation adjustment	0.8
Assets associated with customer contracts as of 30 June 2022	**41.7**
Use of assets associated with customer contracts during the period	(3.1)
New assets associated with customer contracts recorded during the period	1.8
Net reversals (depreciations)	-
Translation adjustment	(0.2)
Assets associated with customer contracts as of 30 June 2023	**40.2**

The costs to obtain and fulfil contracts are shown below:

(in millions of euros)	Total
Costs to obtain and fulfil customer contracts as of 30 June 2021	**14.7**
Use of costs to obtain and fulfil customer contracts during the period	(4.5)
New costs to obtain and fulfil customer contracts during the period	0.9
Exits from the scope	-
Costs to obtain and fulfil customer contracts as of 30 June 2022	**11.1**
Use of costs to obtain and fulfil customer contracts during the period	(3.5)
Exits from the scope	(2.8)
Costs to obtain and fulfil customer contracts as of 30 June 2023	**4.9**

7.3.3 Liabilities associated with customer contracts

The liabilities associated with customer contracts break down as follows:

(in millions of euros)	Total
Liabilities associated with customer contracts as of 30 June 2021	**186.4**
Revenue recognition during the period	(77.1)
New liabilities associated with customer contracts recorded during the period	107.5
Translation adjustment	7.7
Exits from the scope	-
Liabilities associated with customer contracts as of 30 June 2022	**224.4**
Revenue recognition during the period	(49,0)
New liabilities associated with customer contracts recorded during the period	166,4
Translation adjustment	(2.0)
Exits from the scope	(2.4)
Liabilities associated with customer contracts as of 30 June 2023	**337.4**

7.4 Financial assets and liabilities

ACCOUNTING PRINCIPLES

Cash and cash equivalents

Cash mainly comprises cash in hand and demand deposits with banks. Cash equivalents mainly consist of short-term deposits with original maturities of three months or less, term accounts, as well as mutual fund investments that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and for which the risk of a change in value is insignificant. Mutual fund investments with fair value option through profit or loss are carried at fair value, with the resulting realised or unrealised gains or losses arising from the change in fair value recognised under the financial result.

Financial debt

Financial debts comprise bank loans, bond loans and structured debts. They are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. These costs are recognised as loan set-up fees and premiums and are spread out over the period of the loan.

Financial assets

With the exception of derivative financial instruments and non-consolidated investments financial assets are recorded at amortised cost. An impairment loss is recognised in the income statement when there is evidence of an impairment loss. Non-consolidated financial assets are measured at fair value.

Financial liabilities

Lease liabilities recognised in exchange for rights of use correspond to the aggregate of discounted future payments under the lease contracts. The discount rate used to measure these payables is determined by contract based on the estimated marginal debt rate of the entity that holds the contract.

When the Group grants firm or conditional purchase commitments to non-controlling shareholders, the corresponding amount of non-controlling interests is reclassified as a financial liability to reflect the fair value of the commitment. The financial liability is revalued at each balance sheet date with a corresponding entry in shareholders' equity if no further details are provided by the IFRS standards.

Derivative financial instruments

Derivatives that do not qualify as hedging instruments are recognised at fair value, with subsequent changes in fair value recognised in the financial result. Derivatives qualifying as hedging instruments are measured and recognised on the basis of hedge accounting criteria.

Hedging transactions are carried out using derivative financial instruments, the fair value changes of which are intended to offset the exposure of the hedged items to these same changes. Changes in fair value are recognised in shareholders' equity, within other recyclable gains and losses in comprehensive income, for the effective portion of the hedging relationship, while changes in fair value for the ineffective portion are recognised in the financial result. The Group uses derivative financial instruments to hedge cash flows (forwards and forwards KI) and the net investment of its subsidiaries in Mexico, Singapore and Dubai (cross currency swap). Forwards, forwards KI, and the interest rate component of the cross-currency swap are recorded as financial assets or liabilities depending on the position while the exchange component is included in the Group's net debt.

Cumulative changes in the fair value of the hedging instrument previously recognised in equity are reclassified to the income statement when the hedged transaction affects the income statement. The gains and losses thus transferred are recognised in the income statement at the level of the hedged item impact.

7.4.1 Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2022	30 June 2023
Cash at bank and in hand	596.9	468.6
Cash equivalents	83.6	13.6
Total	**680.5**	**482.2**

7.4.2 Financial debt

The financial debt breaks down as follows:

(in millions of euros)	Rate	30 June 2022	30 June 2023	Maturity
EIB term loan	0.488%	200.0	200.0	December 2028
Term loan 2026	Variable	400.0	400.0	June 2027
Bond 2025	2.000%	800.0	800.0	October 2025
Bond 2027	2.250%	600.0	600.0	July 2027
Bond 2028	1.500%	600.0	600.0	October 2028
Structured debts			-	
	0.75%	80.0		July 2023
	0.90%	53.0	53.0	June 2024
	1.88%		75.0	June 2024
	2.15%		50.0	June 2025
	2.52%		75.0	June 2026
Sub-total of debt (non-current portion)		**2,733.0**	**2,853.0**	
Loan set-up fees and premiums		(14.9)	(11.2)	
Total of debt (non-current portion)		**2,718.1**	**2,841.8**	
Structured debts	0.75%	-	65.0	July 2023
Bond 2022	3.125 %	300.0	-	October 2022
Accrued interest not yet due		38.5	32.5	
Total debt (current portion)		**338.5**	**97.5**	
Total		**3,056.6**	**2,939.3**	

The totality of the debt is denominated in euros.

The term loans and structured debts are subject to a financial covenant that initially provided for a total net debt to EBITDA ratio equal to or less than 4.0/1. During the first half of the 2022-23 financial year, the Group reached agreement with its lenders that the calculation of the ratio of total net debt to EBITDA should take into account the early receipt of the after-tax proceeds on the release of the C-band for the test periods up to 30 June 2024 (see Note 2.3). The Group also obtained from its lenders an increase in the net debt to EBITDA ratio from 4 to 4.75 for the test periods from 30 June 2023 to 31 December 2024, and then to 4.50 for the test periods from 30 June 2025 to 31 December 2025 in the event of completion of the business combination with OneWeb before the test date.

Under the term loan covenants, each lender may request early repayment of all sums due in case of a change of control of Eutelsat S.A. or Eutelsat Communications.

The obligations are also backed by a banking covenant which provides for each lender to request early repayment of all amounts due in the event of a change of control of Eutelsat S.A. or Eutelsat Communications and a rating downgrade on Eutelsat S.A.

As of 30 June 2023, the Group was in compliance with all the banking covenants.

The credit agreements include neither a guarantee by the Company nor a pledge of assets to lenders, but do contain restrictive clauses (subject to the usual exceptions provided for in this type of loan agreement) which limit the ability of Eutelsat Communications and its subsidiaries, in particular to grant liens on a borrower's assets, incur additional debt, dispose of assets, enter into mergers or acquisitions, sales of assets and finance lease transactions (except those carried out within the Group and expressly provided for in the loan agreement) and modify the nature of the business of the Company and its subsidiaries.

Credit arrangements include a commitment to maintain "launch-plus-one-year" insurance policies for any satellite located at 13° East and, for any other satellite, a commitment not to have more than one satellite that is not covered by a launch insurance policy.

In addition, as of 30 June 2023, the Group has active credit facilities for an aggregate undrawn amount of 1,009.0 million euros (1,209.0 million euros as of 30 June 2022). These lines are backed by banking covenants similar to those in place for the term loans and the structured debts. The Group has also obtained an extension in the term of its affiliate Eutelsat S.A's 200 million credit facility until June 2025, the final year being subject to the lenders' agreement.

The schedule of debt maturities, excluding issue costs and premiums and accrued interest not yet due as of 30 June 2023, is as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Term loan 2026	400.0	-	400.0	-
EIB term loan	200.0	-	-	200.0
Structured debts	318.0	65.0	253.0	-
Bond 2025	800.0	-	800.0	-
Bond 2027	600.0	-	600.0	-
Bond 2028	600.0	-	-	600.0
Total	**2,918.0**	**65.0**	**2,053.0**	**800.0**

7.4.3 Other financial assets and liabilities

The detailed breakdown of the other financial assets is as follows:

(in millions of euros)	30 June 2022	30 June 2023
Non-consolidated equity investments	17.7	11.5
Derivative financial instruments [1]	-	13.7
Other financial assets	90.3	527.4
Total	**108.1**	**552.6**
Of which current portion	*65.1*	*388.8*
Of which non-current portion	*43.0*	*163.8*

[1] See Note 7.4.5 "Derivative financial instruments".

[2] As of 30 June 2023, the other financial assets mainly include the receivable linked with the vacation of C Band for 352 million euros (see Note 2.2) and the asset linked with the prepayment of capacity to OneWeb for 89 million euros (see Note 2.1).

As of 30 June 2022, the other financial assets include an amount of 46.7 million euros to be received from launcher suppliers whose contracts have been terminated. As of 30 June 2023, these amounts were nil.

The other debts and financial liabilities break down as follows:

(in millions of euros)	30 June 2022	30 June 2023
Lease liabilities	425.7	319.5
Other liabilities [1]	225.9	69.8
Payables to fixed asset suppliers	297.5	189.6
Derivative financial instruments [2]	105.7	32.4
Liabilities for social contributions	46.6	49.1
Tax liabilities	18.9	16.4
Total	**1,120.3**	**676.8**
Of which current portion	*525.5*	*348.4*
Of which non-current portion	*594.8*	*328.4*

[1] As of 30 June 2022, the other liabilities include capital uncalled by OneWeb Holdings Ltd amounting to 128.4 million euros. As of 30 June 2023, this amount is nil.

[2] See Note 7.4.5 “Derivative financial instruments”.

As the construction of certain satellites progresses, the acceptance of milestone payments leads to the recognition of an asset under construction and an account payable.

As of 30 June 2022, payables to fixed asset suppliers amounted to 134.1 million euros and included acceptances of milestone payments due on satellite deliveries. As of 30 June 2023, non-current payables amounted to 1.2 million euros and include no acceptances of milestone payments on satellites under construction, the current arrangement coming to an end during the 2023 calendar year.

The changes in lease liabilities during the period break down as follows:

(in millions of euros)	30 June 2022	New contracts	Cash flow	Others	Currency effects	Change in accrued interests	30 June 2023
Satellites	379.2	-	(45.6)	(51.3)	-	(1.8)	280.4
Real estate	45.6	0.9	(8.1)	(0.9)	(0.2)	-	39.1
Others	0.9	-	(0.9)	-	-	-	-
Total	**425.7**	**0.9**	**(54.6)**	**(50.4)**	**(0.2)**	**(1.8)**	**319.5**

The amounts shown for lease liabilities include accrued interest totalling 3.5 million euros as of 30 June 2022 and (1.8) million euros as of 30 June 2023.

7.4.4 Net debt

The net debt breaks down as follows:

(in millions of euros)	30 June 2022	30 June 2023
Term loan	400.0	400.0
EIB term loan	200.0	200.0
Bonds	2,300.0	2,000.0
Structured debts	133.0	318.0
"Change" portion of cross-currency swap	41.3	13.6
Lease liabilities	420.6	316.2
Gross debt	**3,494.9**	**3,247.8**
Cash and cash equivalents	(680.5)	(482.2)
Net debt	**2,814.4**	**2,765.6**

The changes in the debt position between 30 June 2021 and 30 June 2022 are presented below:

(in millions of euros)	30 June 2021	Cash flow	Non-cash flow	Currency effects	Fair value change and others	30 June 2022
Term loan	400.0	-	-	-	-	400.0
EIB term loan	200.0	-	-	-	-	200.0
Bonds	2,300.0	-	-	-	-	2,300.0
RCF drawdown	-	-	-	-	-	-
Structured debts	221.2	(88.2)	-	-	-	133.0
"Change" portion of cross-currency swap	(38.7)	-	-	-	80.0	41.3
Lease debt	434.0	(14.1)	0.1	0.7	(0.1)	420.6
Total	**3,516.5**	**(102.3)**	**0.1**	**0.7**	**79.9**	**3,494.9**

The changes in the debt position between 30 June 2022 and 30 June 2023 are presented below:

(in millions of euros)	30 June 2022	Cash flow	Non-cash flow	Currency effects	Fair value change and others	30 June 2023
Term loan	400.0	-	-	-	-	400.0
EIB term loan	200.0	-	-	-	-	200.0
Bonds	2,300.0	(300)	-	-	-	2,000.0
Structured debts	133.0	185.0	-	-	-	318.0
"Change" portion of cross-currency swap	41.3	-	-	-	(27.7)	13.6
Lease debt	420.6	(53.7)	(51.2)	(0.2)	0.7	316.2
Total	**3,494.9**	**(168.7)**	**(51.2)**	**(0.2)**	**(27.0)**	**3,247.8**

7.4.5 Derivative financial instruments

Derivative financial instruments are valued by an independent expert before being reconciled with the valuations provided by bank counterparties. The following table presents the contractual or notional amounts together with the fair values of the derivative financial instruments by type of contract.

(in millions of euros)	Notional		Fair value		Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity (excl. coupons)
	30 June 2022	30 June 2023	30 June 2022	30 June 2023			
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	487.8	354.7	(47.4)	13.2	60.6	-	60.6
Cross currency swap	646.8	621.9	(58.3)	(31.9)	26.4	-	26,4
Total forex derivatives	**1,134.6**	**976.6**	**(105.7)**	**(18.7)**	**87.0**	**-**	**87,0**
Pre-hedging swap	-	-	-	-	-	-	-
Total interest rate derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total derivative instruments	**1,134.6**	**976.6**	**(105.7)**	**.-**	**87.0**	**-**	**87.0**

Coupons on interest rate instruments qualifying as future cash flow hedges are posted directly to income. The change recognised in equity in respect of these instruments corresponds to the change in fair value net of coupons. Coupons on the cross-currency swap and forwards qualifying as a hedge of a net investment in a foreign operation, as well as changes in fair value net of coupons, are booked directly to shareholders' equity.

The fair value and maturities of derivatives qualifying as hedges are as follows:

(in millions of euros)	Fair value recognised in equity and to be reclassified to income as of 30 June 2022						
	Total	1 year at most	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Foreign exchange risk hedges	(105.7)	(47.4)	-	(58.3)	-	-	-
Net total at 30 June 2022	**(105.7)**	**(47.4)**	**-**	**(58.3)**	**-**	**-**	**-**

(in millions of euros)	Fair value recognised in equity and to be reclassified to income as of 30 June 2023						
	Total	1 year at most	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Foreign exchange risk hedges	(18.7)	13.2	-	(31.9)	-	-	-
Net total at 30 June 2023	**(18.7)**	**13.2**	**-**	**(31.9)**	**-**	**-**	**-**

7.4.6 Risk management

The Group is exposed to market risks, principally in terms of currency and interest rates. To address this, the Group uses a certain number of financial derivatives. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, i.e. the Group never sells assets it does not hold, or about which it is uncertain whether it will subsequently hold them. The objective is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates.

Foreign exchange risk

Through the sale of its satellite capacity, the Group is a net receiver of currencies, mainly the US dollar. Consequently, the Group is primarily exposed to the US dollar/euro foreign exchange risk.

In order to hedge foreign exchange risks, the Group may be compelled to use forward sales or synthetic forward transactions with knock-in option of US dollars against the euro, which can be exercised or not depending on the exchange rate at their expiry date. However, the Group cannot guarantee that it will be able to systematically hedge all of its US dollar-denominated contracts. Additionally, to hedge the translation risk, the Group may also create liabilities denominated in the currency of the cash flows generated by these assets. The hedging instruments used by the Group may include currency derivatives (cross-currency swaps and forwards) documented as net foreign investment hedges. The Group has thus developed a euro-US dollar currency swap for a notional amount of 680 million dollars to hedge its net investment in the subsidiaries based in Mexico, Singapore and Dubai.

Given its exposure to foreign currency risk, the Group estimates that a 10% increase in the euro/US dollar exchange rate (excluding foreign exchange derivatives) would generate a 45.3 million euro decline in the Group’s revenue and a 6.2 million euro decline in operating expenses. It would also result in a 179 million euros negative variation in the Group's translation reserve and a 72 million euros increase in the foreign exchange portion of the cross-currency swap recorded under financial liabilities.

Interest rate risk

The Group manages its exposure to interest rate fluctuations by maintaining a portion of its debt at fixed rates (Eutelsat S.A. bonds) and, where necessary, by applying a hedging or pre-hedging policy.

Considering the full range of financial instruments available to the Group as of 30 June 2023 an increase of ten basis points (+0.1%) over the EURIBOR interest rate would have a non-material impact on the interest expense with the revaluation of the financial instruments having an impact on the income statement.

Financial counterparty risk

Financial counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer, execution and credit risk by acquiring financial products from first-rate financial institutions and banks. Exposure to these risks is closely monitored.

The Group does not foresee any losses resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded.

As of 30 June 2023, the counterparty risk associated with these operations is not deemed to be significant.

Liquidity risk

The Group manages liquidity risk by taking into account the maturity of financial investments, financial assets and estimated future cash flows from the operating activities.

The Group’s objective is to maintain a balance between the continuity of its funding needs and their flexibility through the use of overdraft facilities. term loans, revolving lines of credit from banks, bond loans and satellite lease agreements.

The Group's debt maturity profile is shown below:

As of 30 June 2022 (in millions of euros)	Balance-sheet value	Total contractual cash flows	Timelines as of 30 June 2022					
			Jun-23	*Jun-24*	*Jun-25*	*Jun-26*	*Jun-27*	*More than 5 years*
Term loan	(398.2)	(426.4)	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)	(404.4)
EIB term loan	(199.8)	(207.3)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(202.4)
Bonds	(2,289.6)	(2,517.4)	(347.9)	(38.5)	(38.5)	(838.5)	(22.5)	(1,231.5)
Structured debt	(130.5)	(134.5)	(81.0)	(53.5)	-	-	-	-
Lease debt	(420.6)	(420.6)	(54.8)	(51.0)	(52.2)	(54.7)	(55.9)	(152.1)
Qualified derivatives [(1)]	(105.7)	(105.7)	(47.4)	-	(58.3)	-	-	-
Total financial debt	**(3,544.4)**	**(3,811.9)**	**(536.5)**	**(148.4)**	**(154.4)**	**(898.6)**	**(83.8)**	**(1,990.4)**
Other financial liabilities	(291.4)	(291.4)	(255.0)	(36.4)	-	-	-	-
Total financial liabilities	**(3,835.8)**	**(4,103.3)**	**(791.5)**	**(184.8)**	**(154.4)**	**(898.6)**	**(83.8)**	**(1,990.4)**
Qualified derivatives [(1)]	-	-	-	-	-	-	-	-
Financial assets	108.0	108.0	65.1	42.9	-	-	-	-
Cash	596.9	596.9	596.9	-	-	-	-	-
Cash equivalents	83.6	83.6	83.6	-	-	-	-	-
Total financial assets	**788.5**	**788.5**	**745.6**	**42.9**	**-**	**-**	**-**	**-**
Net position	**(3,047.3)**	**(3,314.8)**	**(45.9)**	**(141.9)**	**(154.4)**	**(898.6)**	**(83.8)**	**(1,990.4)**

[(1)] *The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).*

			Timelines as of 30 June 2023					
As of 30 June 2023 (in millions of euros)	**Balance-sheet value**	**Total contractual cash flows**	***June-24***	***June-25***	***June-26***	***June-27***	***June-28***	***More than 5 years***
Term loan	(399.6)	(473.2)	(18.3)	(18.3)	(18.3)	(418.3)	-	-
EIB term loan	(199.9)	(205.3)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(200.5)
Bonds	(2,023.4)	(2,183.0)	(38.5)	(38.5)	(838.5)	(22.5)	(622.5)	(622.5)
Structured debt	(316.3)	(328.1)	(198.2)	(53.0)	(76.9)	-	-	-
Lease debt	(319.5)	(316.2)	(43.5)	(43.5)	(46.1)	(48.0)	-	(135.0)
Qualified derivatives [(1)]	(32.4)	(32.4)	(0.5)	(31.9)	-	-	-	-
Total financial debt	**(3,291.2)**	**(3,538.2)**	**(300.0)**	**(186.2)**	**(980.8)**	**(489.8)**	**(623.5)**	**(958.0)**
Other financial liabilities	(135.3)	(135.3)	(112.5)	(22.8)	-	-		-
Total financial liabilities	**(3,426.4)**	**(3,673.5)**	**(412.5)**	**(209.0)**	**(980.8)**	**(489.8)**	**(623.5)**	**(958.0)**
Qualified derivatives [(1)]	13.7	13.7	13.7	-	-	-		-
Financial assets	539.0	539.0	375.1	163.9	-	-		-
Cash	468.6	468.6	468.6	-	-	-		-
Cash equivalents	13.6	13.6	13.6	-	-	-		-
Total financial assets	**1,034.9**	**1,034.9**	**871.0**	**163.9**	**-**	**-**		**-**
Net position	**(2,391.5)**	**(2,368.6)**	**458.5**	**(45.1)**	**(980.8)**	**(489.8)**	**(623.5)**	**(958.0)**

[(1)] The amounts broken down under derivative instruments are recognised at fair value (and not as contractual cash flows).

7.4.7 Other commitments

Within the framework of commercial contracts or specific bilateral agreements, the Group has issued bank guarantees in favour of third parties. As of 30 June 2023, the amount of these bank guarantees represents 172 million euros.

In May 2023, the Group signed an agreement with all of OneWeb's key shareholders to commit to a maximum loan of 160 million US dollars level in line with each shareholder's equity interest (the Group share amounting to a maximum of 37.8 million US dollars) in the event of OneWeb having insufficient cash before the finalization of the business combination. This loan would be repayable as of the realization date of the transaction or could be converted into equity were the business combination to be compromised.

7.5 Fair value of financial instruments

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

7.5.1 Fair value of financial assets

The following tables break down each asset comprising financial instruments and show its fair value. whether or not the instrument is recorded on the balance sheet at fair value:

(in millions of euros)	Total	Net carrying amount as of 30 June 2022			
		Amortised cost	Fair value through other items of income	Fair value through the income	Fair value as of 30 June 2022
Non-current assets					
Long-term loans and advances	43.0	25.3	-	17.7	43.0
Non-current assets on customer contracts	34.0	34.0	-	-	34.0
Current assets					
Accounts receivable	246.9	246.9	-	-	246.9
Current assets on customer contracts	18.8	18.8	-	-	18.8
Other receivables	32.6	32.6	-	-	32.6
Derivative financial instruments [(1)]					
Qualified as hedges	-	-	-	-	-
Cash and cash equivalents					
Cash	529.0	-	-	529.0	529.0
Cash equivalentss [(2)]	332.1	-	-	332.1	332.1

[(1)] Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
[(2)] Fair value hierarchy: level 1 (reflecting quoted prices).

(in millions of euros)	Total	Net carrying amount as of 30 June 2023			
		Amortised cost	Fair value through other items of income	Fair value through the income	Fair value as of 30 June 2023
Non-current assets					
Long-term loans and advances	163.9	152.4	-	11.5	163.9
Non-current assets on customer contracts	31.7	31.7	-	-	31.7
Current assets					
Accounts receivable	207.5	207.5	-	-	207.5
Current assets on customer contracts	13.3	13.3	-	-	13.3
Other receivables	375.1	375.1	-	-	375.1
Derivative financial instruments [(1)]					
Qualified as hedges	13.7	-	13.7	-	13.7
Cash and cash equivalents					
Cash	468.6	-	-	468.6	468.6
Cash equivalents [(2)]	13.6	-	-	13.6	13.6

[(1)] Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
[(2)] Fair value hierarchy: level 1 (reflecting quoted prices).

Except for the derivative financial instruments and the non-consolidated shares, the carrying amount of the financial assets represents a reasonable approximation of their fair value.

As of 30 June 2023, the total amount of fair value on derivative financial instruments amounted to 13.7 million euros (see Note 7.4.3 “Other financial assets and liabilities”).

7.5.2 Fair value of financial liabilities

The following tables break down each liability comprising financial instruments and show its fair value. whether or not the instrument is recorded on the balance sheet at fair value:

(in millions of euros)	Total	Net carrying amount as of 30 June 2022			Fair value as of 30 June 2022
		Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
Financial debt					
Floating rate loans	530.5	530.5			530.5
Bond loans [1]	2,289.6	2,289.6	-	-	2,289.6
Fixed rate loans	199.8	199.8			199.8
Bank overdrafts	-	-	-	-	-
Other financial liabilities					
Non-current	402.3	402.3	-	-	402.3
Current	314.8	314.8	-	-	314.8
Derivative financial instruments [2]					
Qualified as hedges	105.7	-	105.7	-	105.7
Accounts payable	78.3	78.3	-	-	78.3
Fixed assets payable	297.5	297.5	-	-	297.5

[1] *Fair value hierarchy: level 1 (reflecting quoted prices).*
[2] *Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).*

(in millions of euros)	Total	Net carrying amount as of 30 June 2023			Fair value as of 30 June 2023
		Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
Financial debt					
Floating rate loans	715.9	715.9	-	-	715.9
Bond loans [1]	2,023.4	2,023.4			2,023.4
Fixed rate loans	199.9	199.9	-	-	199.9
Bank overdrafts	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Non-current	295.4	295.4	-	-	295.4
Current	159.4	159.4	-	-	159.4
Derivative financial instruments [2]					
Qualified as hedges	32.4	-	32.4	-	32.4
Accounts payable	93.5	93.5	-	-	93.5
Fixed assets payable	188.5	188.5	-	-	188.5

[1] *Fair value hierarchy: level 1 (reflecting quoted prices).*
[2] *Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).*

Except for the bonds and derivative financial instruments, the carrying amount of the financial liabilities represents a reasonable approximation of their fair value.

The fair values of the Level 1 bonds (quoted market price) are as follows:

(in millions of euros)	30 June 2022	30 June 2023
Bond 2022	302.3	-
Bond 2025	776.3	724.2
Bond 2027	561.2	498.1
Bond 2028	516.7	442.1
Total	**2,156.5**	**1,664.4**

7.6 Shareholders' equity

ACCOUNTING PRINCIPLES

Costs for capital increases

External costs directly related to increases in capital and reduction of capital are allocated to additional paid-in capital, net of taxes when an income tax saving is generated.

Treasury stock

Treasury stock is recognised by reducing shareholders' equity on the basis of the acquisition cost. When the shares are sold, any gains and losses are recognised directly in consolidated reserves net of tax and are not included under income for the year.

7.6.1 Share capital

As of 30 June 2023, the share capital of Eutelsat Communications S.A. comprised 248,926,325 ordinary shares with a nominal value of 1 euro per share. As of this same date. the Group holds 356,061 equity shares in the amount of 2.2 million euros acquired under a liquidity contract. The aggregate amount of treasury stock is deducted from shareholders' equity.

7.6.2 Dividends

On 10 November 2022, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 0.93 euros per share. The payment of the dividend in the total amount of 214.2 million euros took place on 16 December, of which 80.6 million in cash, and in the form of 18,381,330 newly-issued shares at an issue price of €7.27, totaling 133.6 million euros.

The Group does not plan to propose the distribution of a dividend to the Ordinary General Meeting of Shareholders on 23 November 2023.

7.6.3 Change in the revaluation surplus for derivative instruments

The changes in the revaluation surplus for derivative instruments qualified as hedging instruments (tax effect included) during the financial year break down as follows:

(in millions of euros)	Total
Balance as of 30 June 2022	**(68.5)**
Changes in fair value within equity that can be reclassified to income	24.7
Balance as of 30 June 2023	**(43.8)**

The revaluation reserve for the derivative instruments includes 36.9 million euros of unwinding of forwards booked as a net foreign investment hedge.

7.6.4 Translation reserves

The translation reserve (tax effect included) has changed as follows over the year:

(in millions of euros)	Total
Balance as of 30 June 2022	**240.9**
Net change over the period	(49.1)
Balance as of 30 June 2023	**191.8**

The main currency generating translation differences is the US dollar.

As of 30 June 2023, the translation reserve includes (31.9) million euros in respect of the Cross-Currency Swap used to hedge the currency exposure of net investments in foreign operations and (112.2) million euros relating to the expired Cross Currency Swap.

7.7 Provisions

ACCOUNTING PRINCIPLES

A provision is made when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate of the amount involved can be made. The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the closing date.

If the effect of the time value of money is material, the amount of the provision will be equal to the discounted value of anticipated expenditure needed to settle the obligation. Increases in provisions recorded to reflect the passage of time and the effect of discounting are recognised as financial expenses in the income statement.

The changes in provisions between 30 June 2022 and 30 June 2023 are as follows:

(in millions of euros)	30 June 2022	Allowance	Reversal		Reclassified	Change in scope	Recognised in equity	Currency variation	30 June 2023
			Utilised	Unused					
Financial guarantee granted to a pension fund	1.1	0.0	(4.4)	0.0	0.0	0.0	19.0	0.0	15.7
Retirement benefits	11.2	1.1	(0.8)	0.0	0.0	0.0	(2.5)	0.0	9.0
Other post-employment benefits [1]	5.3	0.5	0.0	(1.5)	0.1	0.0	0.0	0.0	4.4
Total post-employment benefits	**17.6**	**1.6**	**(5.2)**	**(1.5)**	**0.1**	**0.0**	**16.5**	**0.0**	**29.1**
Commercial. employee-related and tax litigation	7.1	0.8	(0.9)	(1.9)	1.4	(1.3)	0.0	(0.1)	5.1
Others	-	-	-	-	-	-	-	-	-
Total provisions	**24.7**	2.4	(6.1)	(3.4)	1.5	(1.3)	16.5	(0.1)	34.4
Of which non-current portion	*17.6*	-	-	-	-	-	-	-	*29.2*
Of which current portion	*7.1*	-	-	-	-	-	-	-	*5.1*

[1] *The other post-employment benefits mainly relate to end-of-contract indemnity payments in various subsidiaries.*

7.7.1 Financial guarantee granted to a pension fund

Eutelsat S.A. gave a financial guarantee to the pension fund administering the pension scheme established by the Inter-Governmental Organisation (IGO) when the latter transferred its operations to Eutelsat S.A. in 2001. This defined-benefit pension scheme was closed, and the vested pension rights were frozen prior to the transfer. The financial guarantee provided by Eutelsat S.A. is valued and recorded in the same manner as a define-benefit pension commitment, although the Group did not directly take over the statutory commitments contracted with the IGO. This guarantee can be called under certain conditions to compensate for future under-funding of the plan, with no quantitative threshold triggering the call on this guarantee.

In 2017, the financial guarantee was called for the sum of 35.9 million euros based on the projected deficits of the scheme and an agreement was reached with the pension fund for nine payments of 4 million euros spread out from 30 June 2017 to 30 June 2025.

In 2021, a new agreement replacing the previous version was entered into with the pension fund, increasing the total payment due to the fund to 29 million euros as of 30 June 2023, with a schedule through to 30 June 2029.

These payments may be adjusted according to possible changes in the future financial position which will be assessed on an annual basis.

The changes in the plan's obligations and assets between 30 June 2022 and 30 June 2023 are as follows:

(in millions of euros)	30 June 2022	30 June 2023
Present value of the obligations at beginning of period	**199.1**	**146**
Service cost for the period	-	-
Financial cost	3.0	4.8
Actuarial differences related to financial assumptions: (gains)/losses	(48.2)	(3.9)
Benefits paid	(7.9)	(7.1)
Gain linked to the effects of changes in demographic assumptions	-	(1.0)
Present value of the obligations at end of period	**146.0**	**138.8**

(in millions of euros)	30 June 2022	30 June 2023
Fair value of plan assets at beginning of period	**139.3**	**145**
Expected return on plan assets	2.0	4.7
Actuarial differences related to financial assumptions: gains/(losses)	7.2	(23.8)
Contributions paid	4.3	4.4
Benefits paid	(7.9)	(7.1)
Fair value of plan assets at end of period	**145.0**	**123.1**

The weighted average period of the obligation is 12.9 years.

The amounts included in the fair value of the plan assets do not include any financial instruments issued by Eutelsat S.A. or any property or movable assets owned or used by Eutelsat S.A. The actual return on the plan's assets amounts to 9.2 million euros and (19.1) million euros as of 30 June 2022 and 30 June 2023 respectively.

The actuarial valuations were realised based on the following assumptions:

	30 June 2022	30 June 2023
Discount rate	3.35%	4.10%
Rate for pension increases	2.00%	2.20%

A 25-basis point decrease in the discount rates would result in a 4.4 million euros increase to the provision.

The changes in provisions over the two financial years were as follows:

(in millions of euros)	30 June 2022	30 June 2023
Provision at beginning of period	**59.8**	**1.1**
Net (income) / charge recognized in the income statement	0.9	(0.9)
Actuarial (gains)/losses	(55.4)	19.9
Contributions paid	(4.3)	(4.4)
Provision at end of period	**1.1**	**15.7**

7.7.2 Retirement and related benefits

ACCOUNTING PRINCIPLES

The Group's retirement schemes consist of defined contribution plans and defined benefit plans.

Expenses for defined-benefit pension schemes are recognised as "Staff costs" based on the contributions made or outstanding for the financial year for which services are delivered by recipients of the scheme.

The defined-benefit plans are plans for which the Group has contractually agreed to provide a specific amount or level of benefits. These benefits are assessed using the Projected Unit Credit actuarial method, which involves forecasting the amounts of the expected future payments on the basis of demographic (staff turnover, mortality and age at retirement) and financial assumptions (salary growth and discounting). The pension cost for the period consisting of the service cost is posted to "Staff costs" and the discounting effects are recognised in the financial result. The actuarial differences arising from changes in actuarial assumptions or experience differences are recognised as "Other items of comprehensive income".

Defined-benefit pension schemes

The Group's defined-benefit pension scheme commitments mainly include the retirement benefits plan for Eutelsat S.A. staff.

As of 30 June 2022 and 30 June 2023, the position is as follows:

(in millions of euros)	30 June 2022	30 June 2023
Present value of the obligations at beginning of period	**14.6**	**11.2**
Service cost for the period	1.1	0.8
Financial cost	0.2	0.3
Actuarial differences	(1.4)	(2.5)
Termination indemnities paid	(0.2)	(0.8)
Others	(3.1)	-
Present value of the obligations at end of period	**11.2**	**9.0**

The weighted average period of the obligation is 9 years.

The actuarial valuations were realised based on the following assumptions:

	30 June 2022	30 June 2023
Discount rate	3.25%	4.05%
Rate for salary growth	0% for 1 year then 2.0%	2.5%

The discount rate used in the actuarial valuation is determined based on high-grade corporate bonds (AA and AAA) with maturities consistent with those of the relevant scheme.

Defined-contribution pension schemes

Employer contributions made under the mandatory pension scheme in France during the financial year amounted to a respective 6.3 million euros and 6.0 million euros as of 30 June 2022 and 30 June 2023.

The Group also has a supplementary defined contribution funded plan for its employees (excluding directors and corporate officers who are employees), which is financed by employee and employer contributions representing 6% of gross annual salary, limited to eight times the French Social Security threshold. The employer contributions paid under these schemes amounted to a respective 2.0 million euros and 2.0 million euros as of 30 June 2022 and 30 June 2023.

7.7.3 Litigation and contingent liabilities

ACCOUNTING PRINCIPLES

In the course of its business activities, the Group is involved in legal actions and commercial disputes. The Group exercises its judgement to assess the risks incurred on a case-by-case basis and a provision is recorded to cover an expected outflow of resources. In cases viewed as unsubstantiated or insufficiently argued, no provision is recognised.

7.8 Tax assets and liabilities

7.8.1 Deferred tax assets and liabilities

ACCOUNTING PRINCIPLES

Deferred taxes are the result of temporary differences arising between the tax base of an asset or liability and its book value. Deferred taxes are recognised for each fiscal entity in respect of all temporary differences, with some exceptions, using the balance sheet liability method.

Accordingly, deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes, or from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and
- When the deferred tax liability arises from investments in subsidiaries, and the Group is able to control the reversal of the difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be charged. However, a deferred tax asset is not recognised if it arises from a deductible temporary difference generated by the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is not probable that sufficient taxable profit will be available to allow the benefit of all or part of these deferred tax assets to be utilised.

Deferred taxes are not discounted and are recorded as non-current assets and liabilities.

The changes in the breakdown of the deferred tax balances between 30 June 2022 and 30 June 2023 were as follows:

(in millions of euros)	30 June 2022	Foreign exchange impact and reclassification	Result for the period	Recognised in equity	30 June 2023
Deferred tax assets					
Derivative instruments	63.3	-	-	(11.7)	51.6
Loss carry-forwards	4.4	0.7	12.6	-	17.7
Bad-debt provisions	26.1	-	(2.8)	-	23.2
Financial guarantee granted to the pension fund	(8.4)	-	7.5	4.9	4.1
Provisions for risks and expenses	4.8	-	(1.0)	-	3.8
Tangible and intangible assets	16.8	2.4	5.9	-	25.1
Others	18.2	(0.6)	0.9	-	18.5
Total deferred tax assets	**125.3**	**2.4**	**23.0**	**(6.8)**	**143.9**
Deferred tax liabilities					
Derivative financial instruments	(3.7)	-	0.2	(3.5)	(7.1)
Intangible assets	(43.9)	**-**	12.2	-	(31.6)
Tangible assets	(221.4)	0.2	1.6	-	(219.6)
Others	(39.7)	0.1	11.5	-	(28.2)
Total deferred tax liabilities	**(308.7)**	**0.3**	**25.5**	**(3.5)**	**(286.4)**
Net asset/(liability) position	**(183.4)**	**2.7**	**48.6**	**(10.3)**	**(142.4)**
Reflected as follows in the financial statements:					
Deferred tax assets	1.4				15,3
Deferred tax liabilities	(184.8)				**(157.9)**
Total	**(183.4)**				**(142.4)**

The deferred tax asset or liability corresponds to the aggregate of the consolidated entities' net positions.

Deferred tax liabilities relate mainly to the taxable temporary differences generated by:

- the accounting treatment at fair value of customer contracts and relationships and other intangible assets in the context of the acquisitions of Eutelsat S.A. and Satmex.
- the accelerated depreciation of satellites for tax purposes.

The timeline for recovery of deferred tax assets on carry-forward losses is presented in the table below:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Timelines of activated tax loss carry-forwards	68.6	-	-	-	68.6
Total	**68.6**	**-**	**-**	**-**	**68.6**

Furthermore, the Group has a stock of unrecognised tax loss carry-forwards amounting to 94 million euros as of 30 June 2023 (146.6 million euros as of 30 June 2022) with the following maturity dates:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Maturities of unrecognised tax loss carry-forwards	94.0	0.1	1.6	0.6	91.7
Total	**94.0**	**0.1**	**1.6**	**0.6**	**91.7**

As the Group has no operations in jurisdictions that have adopted the OECD's Pillar 2 rules as of 30 June 2023, it has not recognized in its financial statements any items relating to these new regulations. Analyses are currently underway to identify the financial consequences that could arise from the application of these regulations in the various jurisdictions in which it operates.

7.8.2 Tax audit procedure

The company Eutelsat has been the subject of three tax audit procedures in respect of the period between 1 July 2012 and 30 June 2020.

The first tax audit procedure covered the financial years ended 30 June 2012, 2013 and 2014, for which an upwards tax adjustment proposal was received in December 2016. As a result of the pre-litigation appeals and subsequent discussions, the amounts claimed by the tax authorities were reduced. There is still disagreement on one tax enhancement which will consequently be the subject of a pre-litigation appeal.

The second tax audit procedure covered the financial years ended 30 June 2015, 2016 and 2017, for which two upwards tax adjustment proposals were received in December 2018, then in December 2019. This tax audit procedure was definitively closed in October 2022 via an overall settlement with the tax authority. The corresponding tax assessment notices received in December 2022 amounted to 21.8 million euros and were paid in full over the course of the financial year.

The third tax audit procedure covers the financial years ended 30 June 2018, 2019 and 2020, for which two upwards tax adjustment proposals were received in December 2021, then in December 2022. These projected upwards adjustments are broadly in line with those mentioned above. The responses to the comments were received at the end of May 2023. There is still disagreement on a few tax enhancements for which the company has initiated the applicable administrative remedies.

Note 8. RELATED-PARTY TRANSACTIONS

Related parties consist of:

- direct and indirect shareholders. and their subsidiaries, who have exclusive control or significant influence, which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of an entity of the Group;
- minority shareholders of entities which the Group consolidates under the full consolidation method; and
- key management personnel.

8.1 Key management personnel

The Group considers that. in the context of Eutelsat's governance. the notion of “Key management personnel” includes the members of the Executive Committee chaired by the Chief Executive Officer, and the members of the Board of Directors.

The compensation allocated to the members of the Executive Committee breaks down as follows:

(in millions of euros)	30 June 2022	30 June 2023
Compensation [(1)]	11.0	8.2
Total short-term benefits	**11.0**	**8.2**
Post-employment benefits [(2)]	0.06	0.04
Share-based payments [(3)]	0.7	1.0
Total long-term benefits	**0.76**	**1.04**

[(1)] Including the gross salaries inclusive of the variable portion, bonuses, benefits in kind, incentive payments, profit sharing and social security contributions paid.

[(2)] Corresponding to the past service costs of defined benefit pension plans.

[(3)] Corresponding to the expense recorded in the income statement for share-based compensation.

In the event of termination of office for the Chief Executive Officer or the Deputy-CEO, a non-compete clause was providing for payment of 50% of their fixed compensation over an 18-month period. Under this clause, the Chief Executive Officer and the Deputy-CEO were required to refrain from working directly or indirectly for other satellite operators. This agreement came to an end as of 30 June 2023.

The fees paid to the members of the Board of Directors in respect of the financial year ended 30 June 2023 amount to 1.0 million euros (0.9 million euros in respect of the financial year ended 30 June 2022).

8.2 Other related parties

The transactions with related parties other than key management personnel are summarised as follows:

(in millions of euros)	30 June 2022	30 June 2023
Revenues	4.7	3,9
Financial result	12.8	11.0
Gross receivables (including unbilled revenues)	16.4	99,4
Debt (including deferred payments)	315.1	238,9

Revenues relate to the provision of services related to satellite monitoring and control.

Debts include the leases for the Express AT1, Express AT2, Express AM6 and Eutelsat 36C satellites.

Note 9. SUBSEQUENT EVENTS

On 13 July 2023, 143,6 million euros was drawn down on the active structured debt credit facility as of 30 June 2023. These sums were used to finance the acquisition of fixed assets scheduled with maturity date in July. Furthermore, the repayment of 65 million euros of structured debt is scheduled for 31 July 2023.

On 13 July 2023, the maturities of the active 450 million euros and 200 million euros revolving credit lines were extended until 30 September 2025, with an additional one-year extension option subject to the lenders' approval.

Note 10. STATUTORY AUDITORS' FEES

(in thousands of euros)	EY				Mazars			
	Amount N	%	Amount N-1	%	Amount N	%	Amount N-1	%
Statutory audit. certification. review of separate and consolidated financial statements								
Eutelsat Communications	285	8%	143	22%	285	33%	143	22%
Subsidiaries	735	20%	417	66%	531	61%	491	76%
Sub-total	**1 020**	**28%**	**560**	**88%**	**815**	**94%**	**634**	**98%**
Services other than certification of the financial statements								
Eutelsat Communications	45	1%	-	0%	45	5%	-	0%
Subsidiaries	4	0%	71	12%	8	1%	10	2%
Sub-total	**49**	**2%**	**71**	**12%**	**53**	**6%**	**10**	**2%**
Other services other than certification of the financial statements rendered by EY / Mazars networks in the framework of the initial public offering on the London Stock Exchange								
Eutelsat Communications	2 536	70%	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-
Sub-total	**2 536**	**70%**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3 605**	**100%**	**631**	**100%**	**868**	**100%**	**644**	**100%**

Services other than the certification of financial statements correspond essentially to the work undertaken within the framework of unregulated financial reviews.