



EUTELSAT Communications

2022-2023 HALF-YEAR FINANCIAL REPORT

(July-December 2022)

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SUMMARY

THIS INTERIM FINANCIAL REPORT INCLUDES A STATEMENT OF INDIVIDUALS RESPONSIBLE FOR THIS DOCUMENT, AN INTERIM MANAGEMENT REPORT, INTERIM CONSOLIDATED ACCOUNTS AND THEIR APPENDIX FOR THE PAST SIX MONTHS AND THE REPORT OF THE AUDITORS ON THE REVIEW OF THE ABOVE.

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PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I certify that, to my knowledge, the consolidated financial statements for the half year are prepared in accordance with applicable accounting standards and present fairly the assets, financial condition and results of the company and the entities included in consolidation, and that the interim management report includes a fair review of significant events occurring during the first six months of the year, their impact on the accounts, the main transactions between related parties and a description of major risks and uncertainties for the remaining six months of the year.

Eva Berneke

Chief Executive Officer

Notes: This document contains figures from the consolidated half-year accounts prepared under IFRS and subject to a limited review by the Auditors. They were reviewed by the Audit Committee on 15 February 2023 and approved by the Board of Directors on 16 February 2023. EBITDA, EBITDA margin, Net debt / EBITDA ratio, Cash Capex, Discretionary Free Cash-Flow and Adjusted Discretionary Free Cash-Flow are considered Alternative Performance Indicators. Their definition and calculation are in Appendix 3 of this document.

1 KEY EVENTS AND BUSINESS OVERVIEW

1.1. Highlights

- First Half Operating Vertical revenues down 4.1% on a like-for-like basis, within the range of objectives for the Full Year.
- Industry-leading profitability with a 73.0% EBITDA margin in the First Half, despite revenue decline.
- Adjusted Discretionary Free Cash-Flow of €121m reflected the phasing of satellite programs and remains on track to reach full year objective.
- Operational successes, with the launch of four satellites in the First Half, paving the way for return to growth and ensuring seamless service for existing customer:
 - KONNECT VHTS with 500 Gbps of capacity dedicated to Fixed Broadband and Mobile Connectivity across Europe, and with ~€450m of secured backlog, namely from Orange, Telecom Italia, and TAS.
 - EUTELSAT 10B with incremental 35 Gbps of HTS Ku-band capacity addressing demand in Mobile Connectivity.
 - HOTBIRD 13F and HOTBIRD 13G to ensure broadcasting service continuity at our flagship 13° East position.
 - HOTBIRD 13G hosting the EGNOS GEO-4 payload.
- Rapid ramp-up of EUTELSAT QUANTUM with seven out of eight beams commercialized in its first year of service:
 - Active discussions for the commercialization of the final beam.
 - Five of the seven commercialized beams are incremental capacity.
 - Business shaping up to be more balanced towards Mobile Connectivity, reflecting buoyant demand.
- Further progress in our Telecom Pivot strategy, with the successful reorganization of the company structure along two business units (Video and Connectivity) to reinforce customer centricity and better address market opportunities, and the ramp-up of our Eutelsat Advance services.
- All standalone Full Year 2022-23 and longer-term financial objectives confirmed.
- OneWeb commercial ramp-up progressing according to plan:
 - Secured backlog of \$0.8bn at end-December 2022, +€200m vs. October 2022's Strategic Update.
 - Revenues on track to reach the \$50m objective by end-June 2023.
- Closing of OneWeb deal expected in calendar Q2/Q3 2023, with regulatory approval workstreams progressing according to plan (no EU referral considered, FR and US still ongoing).

1.2. Key figures

Key Financial Data	6M to Dec. 2021	6M to Dec. 2022	Change
P&L			
Revenues - €m	572.2	573.8	+0.3%
"Operating Verticals" revenues reported - €m	568.7	581.9	+2.3%
"Operating Verticals" revenues at constant currency and perimeter - €m	568.7	545.3	-4.1%
EBITDA ¹ - €m	435.7	419.0	-3.8%
EBITDA margin - % ¹	76.1	73.0	-3.1pt
EBITDA margin at constant currency - %	76.1	72.9	-3.2pt
Group share of net income - €m	166.0	51.9	-68.7%
Financial structure			
Reported Discretionary Free Cash-Flow - €m ¹	195.0	81.6	-58.2%
Adjusted Discretionary Free Cash-Flow - €m ¹	231.3	120.6	-47.8%
Net debt - €m	3,081.0	2,996.0	-85.0 M€
Net debt/EBITDA ¹	3.53x	3.55x	+0.02 pt
Backlog - €bn	4.2	3.7	-11.4%

¹Please refer to Appendix 3 for definition and calculation.

1.3. Revenues²

In € millions	6 months to Dec. 2021	6 months to Dec. 2022	Change	
			Reported	Like-for-like ³
Broadcast	350.5	338.5	-3.4%	-6.7%
Data & Professional Video	77.8	83.3	+7.1%	-2.5%
Government Services	73.9	66.9	-9.5%	-20.3%
Fixed Broadband	30.1	37.2	+23.6%	+17.0%
Mobile Connectivity	36.5	55.9	+53.2%	+32.7%
Total Operating Verticals	568.7	581.9	+2.3%	-4.1%
Other Revenues ⁴	3.5	-8.1	-331.4%	NR
Total	572.2	573.8	+0.3%	-6.1%
EUR/USD exchange rate	1.17	1.01		

Total revenues in the **First Half** stood at €574 million, up 0.3% on a reported basis and down by 6.1% like-for-like.

Revenues of the five Operating Verticals (ie, excluding 'Other Revenues') stood at €582 million. They were down by 4.1% on a like-for-like basis, excluding a positive currency impact of €37 million.

Second Quarter revenues stood at €286 million down 6.0% like-for-like. Revenues of the five Operating Verticals stood at €291 million, down 3.9% year-on-year and by 0.6% quarter-on-quarter on a like-for-like basis.

Unless otherwise stated, all variations indicated below are on a like-for-like basis, ie, at constant currency and perimeter.

Broadcast (58% of revenues)

First Half Broadcast revenues were down 6.7% to €339 million, reflecting the temporary headwind of the partial renewal of capacity with Nilesat at 7/8°West and the negative impact of the anticipated non-renewal of a capacity contract with Digitürk from mid-November, as well as lower revenues in Europe, related to volume decrease with certain resellers.

Second Quarter revenues stood at €169 million down by 6.0% year-on-year and 1.4% quarter-on-quarter, reflecting principally the phase-out of the Nilesat impact from mid-October, while the Digitürk impact started to materialize only from mid-November onwards.

The Full Year trend should see a slight deterioration compared to the First Half, as the impact of the sanctions against certain Russian and Iranian channels will be mainly embarked in the Second Half.

Data & Professional Video (14% of revenues)

First Half revenues stood at €83 million, down by 2.5% year-on-year.

In Fixed Data (two thirds of revenues), improved volume trends are now offsetting most of the negative impact of competitive pressure on pricing.

Professional Video (one third of revenues) recorded a mid-single digit decline, namely on the back of lower occasional use activity in Q1, especially in the Americas, as well as the ongoing structural headwinds.

Second Quarter revenues stood at €42 million, down 2.6% year-on-year, but up by 1.3% quarter-on-quarter.

Topline for the year as a whole is expected to decrease in the mid-single digit range, due to the seasonality of some contracts notably in Professional Video.

² The share of each application as a percentage of total revenues is calculated excluding "other revenues".

³ Change at constant currency. The variation is calculated as follows: i) H1 2022-23 USD revenues are converted at H1 2021-22 rates; ii) Hedging impact is excluded.

⁴ Other Revenues include mainly the impact of EUR/USD revenue currency hedging, the provision of various services or consulting/engineering fees and termination fees.

Government Services (12% of revenues)

First Half Government Services revenues stood at €67 million, down by 20.3% year-on-year, reflecting the negative carry-forward effect of prior US Department of Defence renewals with, in particular, a 65% renewal rate in the Fall 2022 campaign, following a 75% renewal rate in Spring 2022, due to the specific US geopolitical context.

Second Quarter revenues stood at €32 million, down by 23.0% year-on-year and by 8.9% quarter-on-quarter.

The Second Half will reflect the full effect of the above-mentioned headwinds.

Fixed Broadband (6% of revenues)

First Half revenues stood at €37 million, up 17.0% year-on-year. They reflected the contribution from the wholesale agreements with Orange, TIM, and more recently Hispasat and Swisscom as well as, to a lesser extent, the growth of the African operations.

Second Quarter revenues stood at €19 million. On a like-for-like basis, they were up 13.2% year-on-year, and down by 1.2% quarter-on-quarter.

Over the Full Year, Fixed Broadband should be broadly stable, as the comparison basis now better reflects the above-mentioned contracts, namely in Europe and Africa. Growth is expected to re-accelerate in FY 2023-24 on the back of the entry into service of KONNECT VHTS.

Mobile Connectivity (10% of revenues)

First Half revenues stood at €56 million, up 32.7% year-on-year, reflecting in particular the commercial success of EUTELSAT QUANTUM, for which two additional beams were commercialized for incremental capacity in maritime mobility during the First Half, bringing the total number of beams commercialized for Mobile Connectivity to three.

Second Quarter revenues stood at €30 million, up 33.8% year-on-year and by 13.3% quarter-on-quarter, reflecting the timing of the commercialization of the third beam on EUTELSAT QUANTUM for a maritime mobility client.

This positive dynamic is expected to translate into double-digit growth for the Full Year, albeit at a slower pace compared to the First Half as the comparison basis will gradually reflect some of the above-mentioned as well as other incremental contracts.

Other Revenues

In the **First Half**, Other Revenues amounted to -€8 million versus €4 million a year earlier. They included a €12 million negative impact from hedging operations versus a negative effect of €2 million a year earlier.

1.4. Order Backlog

The backlog stood at €3.7 billion at 31 December 2022 versus 4.2 billion a year earlier and 4.0 billion at end June 2022. The natural erosion of the backlog in the First Half more than offset the contribution of the wholesale contract with Swisscom on EUTELSAT KONNECT as well as the new beams commercialized on EUTELSAT QUANTUM.

The backlog was equivalent to 3.2 times 2021-22 revenues, and Broadcast represented 59% of the total.

	31 Dec. 2021	30 June 2022	31 Dec. 2022
Value of contracts (in billions of euros)	4.2	4.0	3.7
<i>In years of annual revenues based on previous fiscal year</i>	3.4	3.5	3.2
Share of Broadcast application	64%	62%	59%

Note: The backlog represents future revenues from capacity or service agreements and can include contracts for satellites under procurement. Managed services are not included in the backlog.

1.5. Operational and utilized transponders

The number of operational transponders at 31 December 2022 stood at 1,359, broadly stable year-on-year and compared to end-June 2022, with no entry into service of any new regular capacity or end of stable-orbit life of any satellite over the last 12 months.

The number of utilized transponders stood at 955, down by 19 units year-on-year and down by 41 units compared to end June, the latter reflecting notably the return of capacity by Digiturk starting from mid-November.

As a result, the fill rate stood at 70.2% compared to 70.6% a year earlier and 73.2 % at end-June.

	31 Dec. 2021	30 June 2022	31 Dec. 2022
Operational transponders ⁵	1,380	1,361	1,359
Utilized transponders ⁶	974	996	955
Fill rate	70.6%	73.2%	70.2%

Note: Based on 36 MHz-equivalent transponders excluding high throughput capacity, EUTELSAT QUANTUM and satellites in inclined orbit.

⁵ Number of transponders on satellites in stable orbit, back-up capacity excluded.

⁶ Number of transponders utilised on satellites in stable orbit.

2 PROFITABILITY

2.1. Profitability

EBITDA stood at €419 million at 31 December 2022 compared with €436 million a year earlier, down by 3.8%. The **EBITDA margin** stood at 72.9% at constant currency (73.0% reported) versus 76.1% a year earlier, on the back of lower revenues, especially in the Broadcast vertical. **Operating costs** were €18m higher than last fiscal year reflecting higher Bad Debt, increased staff costs due to a changing revenue mix and, to a lower extent, salary inflation. They also included transaction costs incurred with Russian clients. This EBITDA margin is reflective of the progressive rebalancing of our business towards connectivity applications.

Group share of net income stood at €52 million versus €166 million a year earlier, down by 68.7% and representing a margin of 9%. This reflected:

- Lower **Depreciation** of -€234m versus -€243m a year earlier, due to lower in-orbit and on-ground depreciation.
- **Other operating expenses** of -€34m, compared to income of €84 million last year, which principally included the \$125m payment related to Phase I of C-Band proceeds.
- A **net financial result** of -€56 million versus -€35 million a year earlier, reflecting an unfavourable evolution of foreign exchange gains and losses.
- A **tax rate** of 1% versus 24% last year. The decrease was mainly due to a lower French tax rate as well as the benefits of the specific French Satellite tax regime. Last year's tax rate was inflated by the 30% taxation of the \$125m payment related to Phase I of C-Band proceeds.
- Negative **income from associates** of -€39 million, reflecting the full semester contribution of the stake in OneWeb, which last year was only from September 2021 onwards⁷.

2.2. Cash flow

In H1 2022-23, **net cash flow from operating activities** amounted to €353 million, €10 million lower than a year earlier due principally to the decline in EBITDA, which was partially compensated by lower working capital requirement needs, thanks to strong cash collection this semester.

Cash Capex amounted to €194 million, versus €98 million last year; it reflects the phasing of satellite program delivery and launch, with four satellites launched this semester, and is not representative of the expected Full Year figure.

Interest and other fees paid net of interest received amounted to €77 million versus €70 million last year. It notably reflected capitalized interest from the credit facility drawn down for the financing of satellite programs.

Discretionary Free Cash-Flow amounted to €82 million on a reported basis, down €113 million. **Adjusted Discretionary Free Cash-Flow** as per the financial outlook definition⁸, at the guidance rate, stood at €121 million, down €111 million or 48%. It is not representative of the expected Full Year figure because of the phasing of satellite programs this semester.

⁷ In September 2021, Eutelsat held 20.52% of OneWeb. Its equity interest increased to 25.13% in late December 2021, after having participated in a portion of Bharti Global's last call option. As of March 2022, following Hanwha Systems UK Ltd.'s acquisition of an equity interest, Eutelsat's participation now stands at 22.91% of OneWeb's capital.

⁸ Please refer to Appendix 3.

2.3. Financial structure

At 31 December 2022, **net debt** stood at €2,996 million, up €182 million versus end-June. It reflected: i) the lower €82 million in Discretionary Free Cash-Flow generated in the First Half, ii) the lower dividend payment of €81 million following the payment of part of the dividend in shares under the scrip option, and iii) the outflow in respect of inorganic investments of €34m for OneWeb. Other items contributed to the increase in net debt for a net impact of €149 million, reflecting mostly the use of a debt-related finance lease for the financing of satellite programs, for €200m.

The **net debt to EBITDA ratio** stood at 3.55 times, compared to 3.53 times at end-December 2021 and 3.27 times at end-June 2022. As a reminder, December represents a peak in the annual leverage profile reflecting the timing of the dividend payment. It is also impacted this year by the phasing of investments.

The average cost of debt after hedging stood at 2.67% (2.5% in H1 2021-22). The weighted average maturity of the Group's debt stood at 4.1 years, compared to 4.5 years at end-December 2021.

Liquidity remained strong, with undrawn credit lines and cash around €1.3 billion.

3 RISK FACTORS

Information contained in this report expresses the objectives set on the basis of the Group's current estimates or assessments. However, the said information is subject to risks and uncertainties as set out below.

The main risks which the Group is likely to face during the second half of the financial year are similar by nature to those described in Chapter 4 – Risk Factors – of the Company's Universal Registration Document as registered with the "Autorité des marchés financiers" (French securities regulator) and filed on 7 October 2022 under number D.22-0768.

The nature of these risks has not changed substantially during the First Half of the financial year.

However, it is worth noting that the Group's activity, in particular its development and ability to meet the objectives described in this half-year report, is likely to be impacted by a number of identified or unknown risks. A significant example of the risks pertaining to the Group's activity is the technical risk associated with the total or partial loss of all or part of an operational satellite or with a launch or launch-related operations.

4 CHANGES WITHIN THE GROUP

4.1. Governance and Social Responsibility

Appointment of Christophe Caudrelier as Chief Financial Officer

Christophe Caudrelier was appointed Chief Financial Officer. Christophe Caudrelier brings a wealth of experience as CFO from his 30-year career in global industries where operational excellence and long-term investments are key to successfully addressing the evolving customer expectations.

Annual General Meeting

The Ordinary and Extraordinary Annual General Meeting of Shareholders of Eutelsat Communications was held on 10 November 2022 in Paris. All the resolutions submitted were approved. They included notably:

- Approval of the accounts;
- Ratification of the appointment of Mrs. Eva Berneke as Director;
- Appointment of Mrs. Fleur Pellerin as Director;
- Appointment of CMA-CGM as Director. CMA-CGM will be represented by Mr. Michel Sirat;
- Renewal of the mandate of Bpifrance Participations as Director. Bpifrance Participations will be represented by Mr. Samuel Dalens;
- Compensation of corporate officers and compensation policy.

The Board remains composed of 10 members, 50% of whom are women and 70% of whom are independent.

OneWeb Transactional Update

Following the issuance by the employee representative bodies of its opinion on the proposed combination between Eutelsat Communications and OneWeb announced on 26 July 2022, the Board of Directors of Eutelsat Communications approved the transaction. Consequently, Eutelsat and the main shareholders of OneWeb (Bharti, the UK Government, Softbank, and Hanwha) signed the final combination agreement on 14 November 2022.

Completion of the transaction remains subject to the customary conditions precedent, in particular the approval by the relevant regulatory authorities. Given the currently expected timetable for review by these authorities, the Extraordinary General Meeting of Eutelsat shareholders to approve the transaction is now expected to be held in the second or third quarter of calendar 2023.

Corporate Social Responsibility

On November 1, 2022, a specifically dedicated ESG department was created, headed by a newly appointed ESG Director reporting to the Strategy and Resources Department, reflecting the place of ESG at the core of the Group's strategy.

The sustainable use of space is one of the core tenets of Eutelsat's ESG strategy and as a leading actor in the "Net Zero Space" initiative, Eutelsat is committed to the sustainable use of space by 2030. Upholding this commitment, Eutelsat was a signatory of ESA's "Joint Statement for a responsible space sector" on 21st November 2022.

4.2. Dividend

The Annual General Meeting of Shareholders of 10 November 2022 approved the payment of a **dividend of €0.93 per share in respect of the Financial Year ended 30 June 2022**, and the option for the shareholder of receiving the entire part of the dividend either in cash or in new shares of the Company (scrip dividend). The option for payment of the dividend in shares by each shareholder had to be exercised from 21 November 2022 to 9 December 2022 inclusive.

It resulted that 62% of the rights were exercised in favour of the scrip dividend. The dividend was paid on 16 December 2022 and 18,381,330 new shares were issued and listed on Euronext Paris. They carry rights to the dividend for the Financial Year starting 1st July 2022 and rank *pari-passu* with existing shares from the issue date. The share issue had the effect of increasing Eutelsat Communications' share capital to 248,926,325 ordinary shares with a par value of €1 each.

The cash dividend was paid on 16 December 2022, for a total of €81 million.

5 RECENT EVENTS AND SATELLITE FLEET EVOLUTION

5.1. Satellite fleet evolution

Nominal deployment programme

Compared to the last quarterly update in October 2022, four satellites (KONNECT VHTS, HOTBIRD 13F, HOTBIRD 13G and EUTELSAT 10B) have been launched. The nominal deployment plan, including the recently announced new “Flexsat” satellite programme, is as follows:

Satellite	Orbital position	Estimated entry into service (calendar year)	Main applications	Main geographic coverage	Capacity	Of which expansion
EUTELSAT 36D	36° East	H2 2024	Broadcast Government	Africa, Russia, Europe, Middle East	70 transponders in Ku-band UHF payload	UHF payload
FLEXSAT AMERICAS	-	2026 (delivery)	Connectivity	Americas	>100 Gbps	-

Changes in the fleet since 30 June 2022

- KONNECT VHTS was launched on September 8, 2022.
- HOTBIRD 13F was launched on October 15, 2022.
- HOTBIRD 13G was launched on November 3, 2022.
- EUTELSAT 10B was launched on November 23, 2022.
- EUTELSAT 133WA, which was in inclined orbit, terminated its life in November 2022.
- EUTELSAT 5WA which was in inclined orbit, terminated its life in January 2023.

6 CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2022

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

CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2022

CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per-share data)	Note	31 December 2021	31 December 2022
Revenues from operations	5.1	572.2	573.8
Operating costs		(43.6)	(51.1)
Selling, general and administrative expenses		(92.9)	(103.7)
Depreciation expense	6.1	(243.0)	(233.8)
Other operating income and expenses	5.3	83.7	(34.0)
Operating income		276.4	151.2
Cost of net debt		(32.5)	(33.8)
Other financial items		(2.0)	(22.2)
Financial result	5.4	(34.6)	(56.0)
Net income before tax		241.9	95.2
Income tax	5.5	(56.9)	(0.8)
Share of result of associates	6.2	(12.5)	(39.1)
Net income		172.4	55.3
Attributable to the Group		166.0	51.9
Attributable to non-controlling interests		6.4	3.4
Basic and diluted earnings per share attributable to Eutelsat Communications shareholders	5.6	0.721	0.215

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	31 December 2021	31 December 2022
Net income		172.4	55.3
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	6.6.4	41.8	(15.7)
Tax effect	6.6.4	7.9	(0.7)
Changes in fair value of hedging instruments ⁽¹⁾	6.6.3	(13.3)	28.9
Tax effect	6.6.3	3.8	(7.3)
Other non-recyclable items of gain or loss on comprehensive income			
Changes in post-employment benefits		(12.5)	(11.4)
Tax effect		3.2	3.0
Total of other items of gain or loss on comprehensive income		30.9	(3.3)
Total comprehensive income		203.4	52.0
Attributable to the Group		195.8	48.8
Attributable to non-controlling interests ⁽²⁾		7.5	3.2

⁽¹⁾ The changes in the fair value of hedging instruments concern only the cash-flow hedges. Net foreign investment hedges are recorded as translation adjustments.

⁽²⁾ The portion attributable to non-controlling interests breaks down as follows:

- A net result of 3.4 million euros as of 31 December 2022 and 6.4 million euros as of 31 December 2021.
- 0.1 million euros of other recyclable items of gain or loss on comprehensive income as of 31 December 2022 and 1.1 million as of 31 December 2021.
- (0.3) million euros of other non-recyclable items of gain or loss on comprehensive income as of 31 December 2022 and (0.3) as of 31 December 2021.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of euros)	Note	30 June 2022	31 December 2022
Assets			
Goodwill	6.1.1	1,295.2	1,288.2
Intangible assets	6.1.1	377.4	336.5
Tangible assets and construction in progress	6.1.2	3,677.5	3,749.0
Rights of use in respect of leases	6.1.3	452.9	375.3
Investments in associates	6.2	605.7	561.1
Non-current financial assets	6.4.4	43.0	36.6
Non-current assets associated with customer contracts and costs to obtain or fulfil a contract	6.3	34.0	30.9
Deferred tax assets		1.4	7.0
Total non-current assets		6,487.0	6,384.6
Inventories		12.9	8.9
Accounts receivable	6.3	246.9	209.7
Current assets associated with customer contracts and costs to obtain or fulfil a contract	6.3	18.8	19.4
Other current assets		32.6	35.8
Current tax receivable		29.7	18.3
Current financial assets	6.4.4	65.1	72.3
Cash and cash equivalents	6.4.1	680.5	307.4
Total current assets		1,086.5	671.8
Total assets		7,573.6	7,056.4

(in millions of euros)	Note	30 June 2022	31 December 2022
Liabilities			
Share capital	6.6.1	230.5	248.9
Additional paid-in capital		718.0	831.3
Reserves and retained earnings		1,828.8	1,664.8
Non-controlling interests		83.4	86.7
Total shareholders' equity		2,860.7	2,831.7
Non-current financial debt	6.4.2	2,718.1	2,840.0
Non-current lease liabilities	6.4.4	365.9	307.2
Other non-current financial liabilities	6.4.4	94.7	65.4
Non-current payables to fixed asset suppliers	6.4.4	134.1	2.3
Non-current liabilities associated with customer contracts	6.3	159.2	149.2
Non-current provisions	6.7	17.6	29.4
Deferred tax liabilities		184.8	178.6
Total non-current liabilities		3,674.5	3,572.1
Current financial debt	6.4.2	338.5	93.1
Current lease liabilities	6.4.4	59.8	40.6
Other current payables and financial liabilities	6.4.4	302.4	193.3
Accounts payable		78.3	82.5
Current payables to fixed asset suppliers	6.4.4	163.3	156.7
Tax payable		23.6	16.6
Current liabilities associated with customer contracts	6.3	65.2	63.0
Current provisions	6.7	7.1	6.6
Total current liabilities		1,038.3	652.5
Total liabilities and shareholders' equity		7,573.6	7,056.4

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	31 December 2021	31 December 2022
Cash flow from operating activities			
Net income		172.4	55.3
Result from associates		12.5	39.1
Tax and interest expenses, other operating items ⁽¹⁾		(61.1)	57.8
Depreciation, amortisation and provisions		257.8	246.8
Deferred taxes		26.9	(15.8)
Changes in accounts receivable		(6.8)	6.3
Changes in assets held under customer contracts and other assets		8.6	8.1
Changes in accounts payable		(11.1)	5.1
Changes in liabilities associated with customer contracts and other liabilities		(33.1)	(37.0)
Taxes paid		(3.2)	(12.4)
Net cash flows from operating activities		363.0	353.3
Cash flow from investing activities			
Acquisitions of satellites, other property and equipment, and intangible assets	6.1.1. 6.1.2	(83.1)	(166.5)
Income on the release of C-band spectrum		109.4	-
Acquisitions of equity investments and other movements ⁽²⁾		(495.7)	(29.2)
Net cash flows from investing activities		(469.4)	(195.7)
Cash flow from financing activities			
Distributions		(221.5)	(80.6)
Increase in borrowings	6.4.2	-	-
Repayment of borrowings	6.4.2	(7.1)	(300.0)
Repayment of lease liabilities		(8.1)	(27.8)
Loan set-up fees		(3.4)	-
Interest and other fees paid		(69.7)	(77.4)
Transactions with non-controlling interests ⁽³⁾		-	(15.5)
Premiums and termination indemnities on derivatives settled		-	(31.0)
Net cash flow from financing activities		(309.9)	(532.2)
Impact of exchange rate on cash and cash equivalents		3.9	1.7
Increase/(Decrease) in cash and cash equivalents		(412.4)	(373.0)
Cash and cash equivalents, beginning of period		861.1	680.5
Cash and cash equivalents, end of period		448.6	307.4
<i>Including Cash and cash equivalents, end of period</i>	6.4.1	448.6	307.4
<i>Including Overdrafts included under debt, end of period</i>		-	-

(1) As of 31 December 2021, tax and interest expenses, other operating items include the reclassification within investing activities of the proceeds on the release of C band spectrum for the amount of 109.4 million euros (see Note 2.4).

(2) As of 31 December 2022, they include the payment of (34.3) million euros linked to the acquisition in October 2022 of equity interests in OneWeb Holdings Limited and a 5.2-million-euro reimbursement on Broadpeak convertibles. As of 31 December 2021, acquisitions of equity investments and other movements include the payment of 494.9 million euros linked to the acquisition of equity interests in OneWeb Holdings Ltd (see Note 3.4.2).

(3) As of 31 December 2022, transactions with non-controlling interests include an 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	-	-	-	166.0	166.0	6.4	172.4
Other items of gain or loss in comprehensive income ⁽¹⁾	-	-	-	29.8	29.8	1.1	30.9
Total comprehensive income	-	-	-	195.8	195.8	7.5	203.4
Treasury stocks	-	-	-	0.9	0.9	-	0.9
Dividend distributions	-	-	-	(214.2)	(214.2)	(7.3)	(221.5)
Benefits for employees upon exercising options and free shares granted	-	-	-	(0.3)	(0.3)	-	(0.3)
Transactions with non-controlling interests and others	-	-	-	1.8	1.8	0.1	1.9
As of 31 December 2021	230,544,995	230.5	718.0	1,650.2	2,598.6	76.4	2,675.1
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	-	-	-	51.9	51.9	3.4	55.3
Other items of gain or loss in comprehensive income ⁽¹⁾	-	-	-	(3.1)	(3.1)	(0.2)	(3.3)
Total comprehensive income	-	-	-	48.8	48.8	3.2	52.0
Treasury stocks	-	-	-	(0.7)	(0.7)	-	(0.7)
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	-	-	-	0.4	0.4	-	0.4
Others	-	-	-	(0.1)	(0.1)	-	(0.1)
As of 31 December 2022	248,926,325	248.9	831.3	1,664.8	2,745.0	86.7	2,831.7

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 6.6.3) and the translation reserve (see Note 6.6.4), net of the associated tax effects.

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NOTE 1: GENERAL OVERVIEW

1.1 BUSINESS

Operating capacity on 36 satellites, the Group is one of the world leaders in fixed satellite services. It mainly operates and provides capacity for Video Services, Fixed Data and Government Services as well as capacity for Connectivity applications (Fixed Broadband and Mobile Connectivity). Via its satellite fleet, the Group covers the entire European continent, the Middle East, North Africa, Sub-Saharan Africa and large parts of the Asian and American continents.

1.2 APPROVAL OF ACCOUNTS

The condensed consolidated half-year accounts as of 31 December 2022 have been prepared under the responsibility of the Board of Directors, which approved them at its meeting held on 16 February 2023.

NOTE 2: KEY EVENTS DURING THE PERIOD

2.1 EUTELSAT-ONEWEB BUSINESS COMBINATION

On 26 July 2022, Eutelsat Communications and key OneWeb shareholders signed a Memorandum of Understanding with the objective of creating a leading global player in Connectivity through the combination of both companies in an all-share transaction. The transaction will be structured as an exchange of OneWeb shares by its shareholders (other than Eutelsat) with new shares issued by Eutelsat. Upon closing of the transaction, Eutelsat will own 100% of OneWeb and OneWeb shareholders will receive around 230 million newly issued Eutelsat shares.

Following the issuance by the employee representative bodies of their opinion, Eutelsat Communications and key OneWeb shareholders signed the final combination agreement on 14 November 2022. Completion of the transaction remains subject to the customary conditions precedent, in particular regulatory authorizations from the relevant competition authorities. Eutelsat's Extraordinary General Meeting of shareholders convened to approve the transaction should take place in the second or third quarter of 2023.

As of 31 December 2022, 28.9 million euros of transaction costs have been booked in other operating expenses (see Note 5.3).

2.2 LAUNCH OF THE EUTELSAT KONNECT VHVS, HOTBIRD 13F, HOTBIRD 13G AND EUTELSAT 10B SATELLITES

The Konnect VHVS, Hotbird 13F, Hotbird 13G and Eutelsat 10B satellites were successfully launched on 8 September 2022, 15 October 2022, 3 November 2022 and 23 November 2022 respectively.

The Konnect VHVS satellite will deliver high speed broadband and mobile connectivity services across Europe.

The Hotbird 13F and 13G twin satellites 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 entry into service of these satellites is planned in 2023.

2.3 IMPACTS OF THE RUSSO-UKRAINIAN CONFLICT AND RESTRICTIVE MEASURES LINKED TO THE SITUATION IN IRAN

Pursuant to the decision of the French Regulatory Authority for Audiovisual and Digital Communication (ARCOM) of 14 December 2022, the Group ended all involvement in the broadcasting of three television channels, Rossiya One, Pervyi Kanal and NTV, within the prescribed 7-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, will be subject to sanctions if so confirmed by the Council by 1 February 2023, in accordance with the notice 2022/C 481 I/04 released by the Council on 19 December 2022.

In the process of implementing or preparing for the implementation of the aforementioned measures, Eutelsat has also ensured that it is not involved in the broadcasting of the RT News channel in Russia. Moreover, Eutelsat regularly reviews its distribution partners globally to ensure that the provisions of Article 2(f) of EU Regulation 2014/833 on the broadcasting prohibition on certain Russian channels are fully respected.

With regard to the situation in Iran, pursuant to EU Council Regulation 2022/2428 of 12 December 2022, the Group has also ceased all broadcasting activities related to the Islamic Republic of Iran Broadcasting (IRIB).

For the 2022-23 financial year, the implementation of the aforementioned measures is estimated to have a negative combined impact of between 10 and 15 million euros on the Group's revenues, and of between 15 and 20 million euros on the EBITDA, taking into account the related collection risks and costs. The estimated impact on the Group's Adjusted Discretionary Free Cash Flow for the 2022-23 financial year is estimated to be around 10

million euros.

The Group 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. The reduced scope of leases leads to a decrease in the discounted liability and the right of use for 49 million euros and 44 million euros respectively (see Notes 6.1.3 and 6.4.3), and the recognition of a 5.0-million euro gain (see Note 5.3). As of 31 December 2022, the total discounted liability amounts to 252 million euros. The inclusion of the reduction in revenues estimated above in the impairment tests on rights of use in respect of lease contracts has led to the recognition of a 4.2 million impairment on the rights of use of transponders on one of the satellites concerned.

While the Group has two subsidiaries in Russia, virtually all the operations with Russian customers and suppliers are handled by subsidiaries located outside the Russian territory. The Group has no material payment arrears with its Russian customers as of 31 December 2022.

Eutelsat S.A. has a receivable of 37 million dollars with the supplier ILS concerning fixed assets following the termination of a launcher contract. As of 31 December 2022, the receivable continues to be considered as recoverable.

Furthermore, during the 2022 first half, 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 first half of 2022. 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.

2.4 C-BAND RELEASE PROCESS

Following the release of the 3.7-4 GHz (C-band) frequencies in the United States pursuant to a federal decision issued by the FCC (the US communications regulator) on 3 March 2020, the Group implemented a transition plan composed of two phases, each corresponding to the release of certain frequencies and resulting in the payment of financial incentives of 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. Proceeds of 125 million dollars were booked in Other operating income. The corresponding funds were received in December 2021. The work relating to the second phase of the transition plan has been completed for the earth stations claimed by the Group and remains subject to FCC clearance. No income has thus been recognised as of 31 December 2022.

NOTE 3: ACCOUNTING PRINCIPLES AND VALUATION METHODS

3.1 BASIS OF PREPARATION OF FINANCIAL INFORMATION

The condensed consolidated half-year financial statements as of 31 December 2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting" in a condensed format. The accounts as presented do not contain all the information and Notes required under IFRS for the preparation of consolidated full-year financial statements and must be read in conjunction with the consolidated full-year financial statements for the financial year ended 30 June 2022.

The accounting methods and rules used in preparing these condensed interim accounts are identical to those used for the consolidated full-year financial statements for the financial year ended 30 June 2022, with the exception of the application, as of 1 July 2022, of the new standards and interpretations adopted by the European Union.

- Amendments to IAS 12 "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Applying these amended standards had no significant impact on the Group's financial statements.

3.2 FINANCIAL REPORTING RULES

3.2.1 Translation of financial statements and foreign currency transactions

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

The rules for translating items in financial statements and foreign currency transactions remain unchanged relative to 30 June 2022.

The main foreign currency used is the U.S. dollar. The closing exchange rate used is 1.067 U.S. dollar for 1 euro and the average exchange rate for the period is 1.007 U.S. dollar for 1 euro.

3.2.2 Presentation of current and non-current assets and liabilities

The current assets and liabilities are those that the Group expects to realise, consume or settle in its normal operating cycle, which is shorter than 12 months. All other assets and liabilities are classified as non-current.

3.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation 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 reported in these financial statements and their accompanying Notes. Management constantly updates its estimates and assessments using past experience in addition to other relevant factors related to the economic environment. The close down of the

transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period because of the uncertainty that surrounds them.

In preparing the condensed consolidated half-year financial statements for the period ended 31 December 2022, the Management has exercised judgement, particularly with regard to the recoverable amounts of assets, the recognition of revenues and the assessment of customer risk, the estimation of provisions, contingent liabilities, and the recognition of tax assets and liabilities.

3.4 MAJOR CHANGES IN THE SCOPE OF CONSOLIDATION

3.4.1 Period ended 31 December 2021

Investment in OneWeb Holdings Ltd.

On 8 September 2021, the Group finalized the acquisition of an equity interest in the company OneWeb Holdings Ltd for 550 million dollars. The OneWeb constellation enjoys significant priority spectrum rights and will operate 648 satellites in low orbit offering low latency. At the same time, Bharti Global exercised a securities call option amounting to 350 million dollars, bringing Eutelsat's shareholding to 20.52% as of the close of the transaction on 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 amount 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 finalized the acquisition of an equity interest for 300 million dollars, reducing the Eutelsat equity interest to 22.91%.

The Group exercises notable influence within OneWeb Holdings Ltd: it has seats within the company's Board of Directors, participates in decisions relating to the steering of the company and contributes vital technical expertise. As a result, this shareholding is consolidated using the equity method.

The allocation of the acquisition price as of 31 December 2022 is final. As of 8 September 2021, it was as follows:

Balance sheet at 100%	As of 8 September 2021	
	(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
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 key OneWeb shareholders signed a Memorandum of Understanding with a view to combining Eutelsat and OneWeb in an all-share transaction. Upon closing of the transaction, Eutelsat will own 100% of OneWeb and OneWeb shareholders will receive around 230 million newly issued Eutelsat shares. Following the issuance by the employee representative bodies of their opinion, Eutelsat Communications and key OneWeb shareholders signed the final combination agreement on 14 November 2022. Completion of the transaction remains subject to the customary conditions precedent, in particular regulatory authorizations from the relevant competition authorities. Eutelsat's Extraordinary General Meeting of shareholders convened to approve the transaction should now take place in the second or third quarter of 2023.

NOTE 4: SEGMENT INFORMATION

The Group considers that it only operates in a single industry 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 that are 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 expense, 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 lease liabilities
- Discretionary free cash flow defined as Net cash flow from operating activities less Cash Capex as well as interest and other financial costs, net of interest received
- Net debt to EBITDA ratio (see Note 6.4.3 "Net Debt").

Internal reporting is a presentation of the Group's consolidated income statement according to a different breakdown of items than the one used in the consolidated financial statements in order to highlight performance indicators for which the main aggregates are identical to those included in the Group's consolidated accounts. Financial reporting is prepared in accordance with IFRS principles applied by the Group for 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 5: NOTES TO THE INCOME STATEMENT

5.1 REVENUES

5.1.1 Revenues by application

Revenues by application are as follows:

(in millions of euros)	31 December 2021	31 December 2022
Broadcast	350.5	338.5
Data and Professional Video	77.8	83,3
Government Services	73.8	66.9
Fixed Broadband	30.1	37,2
Mobile Connectivity	36.5	55,9
Total Operating Verticals	568.7	581.9
Other Revenues	3.5	(8.1)
Total	572.2	573.8
<i>EUR/USD exchange rate</i>	<i>1.170</i>	<i>1.007</i>

Other revenues include the impact of EURO/USD currency hedging which stood at (12.4) million euros for the period ended 31 December 2022 versus (2.3) million for the period ended 31 December 2021.

5.1.2 Revenues by geographical region

Revenues by geographical region, based on customer billing addresses, are as follows:

(in millions of euros and as a percentage)	31 December 2021		31 December 2022	
	Amount	%	Amount	%
Regions				
France	37.0	6.5	31.5	5.5
Italy	65.6	11.5	63.9	11.1
United Kingdom	33.5	5.9	31.6	5.5
Europe (other)	148.4	25.9	168.3	29.3
Americas	114.7	20.0	117.6	20.5
Middle East	109.9	19.2	102.3	17.8
Africa	47.7	8.3	55.7	9.7
Asia	17.6	3.1	14.7	2.6
Other	(2.1)	(0.4)	(11.8)	(2.0)
Total	572.2	100.0	573.8	100.0

Other revenues include the impact of EUR/USD currency hedging which stood at (12.4) million euros for the period ended 31 December 2022 versus (2.3) million euros for the period ended 31 December 2021.

5.2 SHARE-BASED COMPENSATION

In addition to the plans in force within the Group as of 30 June 2022, the Group granted two new share plans, one settled in cash and the other in shares, on 10 November 2022. The vesting of these shares is subject to the achievement of performance-related conditions and to the condition that the beneficiaries still be employed within the Group during a given period.

The expense relating to share-based compensation (excluding social contributions) amounted to 0.9 million euros for the half-year ended 31 December 2022 versus 0.9 million euros for the half-year ended 31 December 2021.

5.3 OTHER OPERATING INCOME AND EXPENSES

(in millions of euros)	31 December 2021	31 December 2022
Other operating income	107.2	6.8
Other operating expenses	(23.4)	(40.9)
Total	83.7	(34.0)

As of 31 December 2021, Other operating income includes the proceeds on phase 1 of the release of C-band spectrum (see Note 2.4). Other operating expenses mainly include depreciation on satellites amounting to 13.0 million euros and business restructuring expenses of 3.5 million euros.

As of 31 December 2022, Other operating income includes the proceeds linked to the downsizing of the capacity lease contracts on Russian satellites amounting to 5.0 million euros (see Note 2.3). Other operating expenses mainly include the costs relating to the business combination transaction with OneWeb amounting to 28.9 million euros (see Note 2.1), depreciation on satellites amounting to 4.2 million euros and business restructuring expenses of 3.4 million euros.

5.4 FINANCIAL RESULT

(in millions of euros)	31 December 2021	31 December 2022
Interest expense after hedging	(38.4)	(38.8)
<i>Of which interest on lease liabilities</i>	(5.9)	(5.2)
Loan set-up fees and commissions	(4.0)	(3.5)
Capitalised interest	9.7	8.7
Cost of gross debt	(32.6)	(33.6)
Financial income	0.1	(0.3)
Cost of net debt	(32.5)	(33.9)
Changes in derivative financial instruments	(0.9)	-
Foreign-exchange impact	9.6	(17.0)
Other	(10.8)	(5.2)
Financial result	(34.6)	(56.0)

The interest expense as of 31 December 2022 includes 4.8 million euros of expenses related to the execution and termination of hedging instruments used to secure the interest rate on the October 2018, June 2019 and October 2021 bond issues. As of 31 December 2021, this amount stood at 4.8 million euros.

The amount of capitalised interest depends on the state of progress and number of satellite construction programmes recorded during the relevant financial period. The interest rate used to determine the amount of interest expense eligible for capitalisation stood at 2.67% as of 31 December 2022 versus 2.55% as of 31 December 2021.

5.5 INCOME TAX

The "Income tax" expense comprises the current and deferred tax expenses of the consolidated entities. In accordance with IAS 34, the income tax expense for the interim period ended 31 December is calculated by applying the average annual effective income tax rate estimated for the financial year to the pre-tax income of the interim period.

As of 31 December 2022, the effective income tax rate stood at 0.8% (versus 24.0% as of 31 December 2021). This rate includes the effect of the exemption of the portion of Eutelsat S.A.'s profit attributable to the company's satellites operated outside France (article 247 of the French General Tax Code introduced by the 2019 Finance Bill), the effect of taxation rates for foreign subsidiaries, exchange rate differences, the inflation effects on the deferred tax positions of the Satellites Mexicanos subsidiary and the effects of the settlement of the accounting audit procedures for Société Eutelsat S.A. (see Note 6.7.1). As of 31 December 2021, the effective income tax rate included a material positive effect linked to the receipt on the proceeds of Phase 1 of the release of the C-Band spectrum in December 2021 (see Note 2.4).

5.6 EARNINGS PER SHARE

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)	31 December 2021	31 December 2022
Net income	172.4	55.3
Income from subsidiaries attributable to non-controlling interests	(6.4)	(3.4)
Net earnings used to compute earnings per share	166.0	51.9
Average number of basic and diluted shares	230,267,815	248,618,550

NOTE 6: NOTES TO THE BALANCE SHEET

6.1 FIXED ASSETS

6.1.1 Goodwill and other intangibles

Goodwill and intangible assets have evolved over the past two financial periods as follows:

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Gross assets					
Gross value as of 30 June 2022	1,295.2	1,147.2	40.8	398.9	2,882.1
Acquisitions	-	-	-	5.0	5.0
Transfers	-	-	-	4.4	4.4
Foreign exchange variation	(7.0)	(3.6)	-	(1.0)	(11.7)
Disposals and scrapping of assets	-	-	-	(1.1)	(1.1)
Entry into the scope	-	-	-	-	-
Gross value as of 31 December 2022	1,288.2	1,143.6	40.8	406.1	2,878.7
Amortisation and impairment					
Accumulated amortisation as of 30 June 2022	-	(917.2)	-	(292.3)	(1,209.5)
Amortisation expense	-	(32.6)	-	(16.2)	(48.8)
Reversals (disposals and scrapping of assets)	-	-	-	1.1	1.1
Foreign exchange variation	-	2.7	-	0.5	3.2
Transfers and others	-	-	-	-	-
Accumulated amortisation as of 31 December 2022	-	(947.1)	-	(306.9)	(1,254.1)
Net value as of 30 June 2022	1,295.2	230.0	40.8	106.6	1,672.6
Net value as of 31 December 2022	1,288.2	196.5	40.8	99.2	1,624.7

Goodwill

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

As of 31 December 2022, the stock market valuation of Eutelsat Communications being below the book value of the Group's shareholders' equity, the recoverable value of the 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 on 19 January 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 2033-34 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.

In terms of financial metrics like the WACC (8.24% used in the scenarios) and the long-term growth rate used in the terminal value, the sensitivity analyses show that a 90bp increase in the WACC or a 222bp reduction in the long-term growth rate could derive a value in use below the book value of the assets tested as of 31 December 2022. A zero-growth rate to infinity does not lead to a value in use below the book value of the assets tested. Furthermore, the main operational assumptions potentially impacting the recoverable value of the assets are the level of EBITDA and the amount of investment. The operational assumptions in the long-term plan are based on internal market models on the trajectory of each of the Group's business segments and on external strategic studies. The sensitivity analyses show that a 5% reduction in EBITDA for each year of the plans used and on the terminal value would not result in the recognition of a goodwill impairment.

The impairment tests carried out as of 31 December 2022 based on discounted cash flow projections 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 31 December 2022, the cash flows used are based on the period of the updated five-year business plan presented to the Board of Directors in January 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, it should be noted that the impairment tests as of 31 December 2022 are based on the cash flows including the remaining funds still to be received in respect of the second phase of the release of C-Band frequencies in the United States of America for a pre-tax amount of 382 million dollars (see Note 2.4). These tests resulted in the recognition of an impairment expense relating to rights of use amounting to 4.2 million euros as of 31 December 2022 (see Note 6.1.2 "Tangible assets and construction in progress").

6.1.2 Tangible assets and construction in progress

The tangible assets have evolved over the period as follows:

(in millions of euros)	Satellites	Other tangibles	Construction in progress	Total
Gross assets				
Gross value as of 30 June 2022	5,976.4	493.8	1,208.1	7,678.2
Acquisitions	-	4.7	233.6	238.3
Disposals	-	(0.5)	-	(0.5)
Scrapping of assets	-	(1.0)	-	(1.0)
Foreign exchange variation	(18.8)	(0.7)	(0.2)	(19.7)
Transfer and others	-	3.5	(7.2)	(3.7)
Gross value as of 31 December 2022	5,957.6	499.8	1,434.3	7,891.7
Depreciation and impairment				
Accumulated depreciation as of 30 June 2022	(3,623.9)	(376.9)	-	(4,000.8)
Depreciation expense	(141.4)	(14.0)	-	(155.3)
Impairment expense	-	0.1	-	0.1
Reversals (disposals)	-	0.9	-	0.9
Reversals (scrapping of assets)	-	-	-	-
Foreign exchange variation	11.9	0.5	-	12.5
Transfer and others	-	-	-	-
Accumulated depreciation as of 31 December 2022	(3,753.4)	(389.4)	-	(4,142.7)
Net value as of 30 June 2022	2,352.6	116.9	1,208.1	3,677.5
Net value as of 31 December 2022	2,204.3	110.4	1,434.3	3,749.0

The satellites listed below are under construction at the balance sheet date and should enter into service during the financial years as indicated.

Projects	Years
Konnect VHTS, Eutelsat 10B, Hotbird 13G and Hotbird 13F, Eutelsat 36D	Calendar year 2023

6.1.3 Rights of use in respect of leases

During the financial period ended 31 December 2022, the rights of use evolved as follows:

(in millions of euros)	Satellites	Other tangible assets	Total
Gross assets			
Gross value as of 30 June 2022	847.7	63.4	911.0
New contracts	-	0.4	0.4
Contract modifications and terminations ⁽¹⁾	(91.8)	(1.0)	(92.8)
Transfer	-	-	-
Foreign exchange variation	-	(0.1)	(0.1)
Gross value as of 31 December 2022	755.9	62.7	818.5
Depreciation and impairment			
Accumulated depreciation and impairment as of 30 June 2022	(432.8)	(25.3)	(458.1)
Depreciation expense	(26.2)	(3.4)	(29.6)
Contract modifications and terminations	47.9	0.7	48.6
Foreign exchange variation	-	0.1	0.1
Impairment	(4.2)	-	(4.2)
Accumulated depreciation and impairment as of 31 December 2022	(415.3)	(28.0)	(443.2)
Net value as of 30 June 2022	414.9	38.1	452.9
Net value as of 31 December 2022	340.7	34.7	375.3

⁽¹⁾ The contract modifications and terminations include the reduction in the scope of the Express 36C and Express AT2 satellite lease contracts (see Note 2.3).

Satellite rights of use mainly relate to the Express AT1, Express AT2, Express AM6, Express 36C and Astra 2G lease contracts. The terms of these lease contracts cover the expected life span of this type of satellite and, in this regard, none of these contracts contain purchase options on expiry of the term of the contract. No renewal options have been considered to determine the term of the lease contracts.

On 21 December 2022, following the sanctions concerning Russia adopted by the relevant French and European regulatory bodies, the Group restructured its capacity lease contracts on Russian satellites. This reduction in the lease scope has led to a reduction in the right of use amounting to 44 million euros (see Note 2.3).

The expected reduction in activity linked to the application of these sanctions has also led the Group to recognize an impairment expense on satellite transponder rights of use amounting to 4.2 million euros.

6.1.4 Purchase commitments

In addition to the items posted to the balance sheet, the Group has commitments with suppliers for the acquisition of assets (satellites and other assets) and the provision of services for an aggregate amount of 570 million euros as of 31 December 2022 and 574 million euros as of 30 June 2022. As of 31 December 2022, the future payments in respect of these commitments are scheduled as follows:

(in millions of euros)	As of 31 December 2022
Maturity within 1 year	213.4
From 1 to 2 years	105.6
From 2 to 3 years	75.5
From 3 to 4 years	32.6
Maturity exceeding 4 years	142.4
Total	569.5

6.2 INVESTMENTS IN ASSOCIATES

As of 31 December 2022, investments in associates represent the equity value of the company OneWeb Holdings Ltd, and the result from associates corresponds to the Group's share in the result of OneWeb Holdings Ltd.

(in millions of euros)	30 June 2022	31 December 2022
Equity interests at the opening date	-	605.7
Purchases of shares	613.3	-
Share of result of associates	(71.5)	(39.1)
Translation adjustment	63.9	(5.5)
Equity interests at the closing date	605.7	561.1

As of 31 December 2022, no indicator of impairment has been identified on the Group's investment in OneWeb Holdings Ltd booked under the equity method.

6.3 RECEIVABLES, ASSETS AND LIABILITIES FROM CUSTOMER CONTRACTS, COSTS TO OBTAIN OR FULFIL CONTRACTS

Receivables, assets and liabilities from customer contracts are summed up as follows:

(in millions of euros)	30 June 2022	31 December 2022
Assets		
Accounts receivable	246.9	209.7
Assets associated with customer contracts	41.7	40.9
Costs to fulfil contracts	3.2	2.8
Costs to obtain contracts	7.9	6.6
Total current and non-current assets	299.7	260.0
<i>Incl. non-current portion</i>	<i>34.0</i>	<i>30.9</i>
<i>Incl. current portion</i>	<i>265.7</i>	<i>229.1</i>
Liabilities		
Financial liabilities - Guarantees and commitments received	40.1	34.7
Current contract liabilities	224.4	212.2
Total current and non-current liabilities	264.5	246.9
<i>Incl. non-current portion</i>	<i>186.9</i>	<i>171.9</i>
<i>Incl. current portion</i>	<i>77.6</i>	<i>75.0</i>

6.3.1 Accounts receivable

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

(in millions of euros)	30 June 2022	31 December 2022
Non-matured receivables	116.7	114.5
Matured receivables between 0 and 90 days	42.5	38.4
Matured receivables between 90 and 365 days	48.9	28.2
Matured receivables for more than 365 days	130.2	126.5
Provision for bad debt	(91.3)	(97.8)
Total	246.9	209.7

The changes in impairment of trade receivables over the period were as follows:

(in millions of euros)	Total
Value as of 30 June 2022	91.3
Net allowance (reversals)	12.9
Reversals (used)	(5.9)
Foreign exchange variation	(0.5)
Value as of 31 December 2022	97.8

6.4 FINANCIAL ASSETS AND LIABILITIES

6.4.1 Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2022	31 December 2022
Cash at bank and in hand	596.9	290.1
Cash equivalents	83.6	17.3
Total	680.5	307.4

6.4.2 Financial debt

Financial debt breaks down as follows:

(in millions of euros)	Rate	30 June 2022	31 December 2022	Maturity
EIB term loan	0.488 %	200.0	200.0	December 2028
Term loan 2026	Variable	400.0	400.0	June 2026
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 debt				
	0.75%	80.0	0.0	June 2023
	0.90%	53.0	53.0	June 2024
	1.88%	-	75.0	June 2024
	2.15%	-	50.0	June 2025
	2.56%	-	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)	(13.0)	
Total of debt (non-current portion)		2,718.1	2,840.0	
Bond 2022	3.125%	300.0	-	October 2022
Structured debt	0.75%	-	80.0	June 2023
Accrued interest not yet due		38.5	13.1	
Total debt (current portion)		338.5	93.1	
Total		3,056.6	2,933.1	

All the debt is denominated in euros.

The term loans and structured debt are subject to a financial covenant which initially provides for a net total debt to EBITDA ratio equal to or less than 4.0/1. During the first half of the financial year 2022-23, the Group has obtained from the lenders that the calculation of the ratio between the total net debt and EBITDA will take into account in anticipation the post-tax proceeds from the release of the C-Band spectrum for the tests performed until 30 June 2024 (see note 2.4). The Group also obtained from the 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, then at 4.50 for the test periods from 30 June 2025 to 31 December 2025 in the event that the finalization of the transaction should take place before the testing date. Lastly the calculation of the net debt to EBITDA ratio will take into account OneWeb's annualized EBITDA of the last quarter for the test of 30 June 2023, on the basis of the total financial data if the combination operation occurs before this date.

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

The bonds are also subject to 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 downgrade in the rating of Eutelsat S.A.

As of 31 December 2022, the Group was in compliance with all the banking covenants.

The credit agreements do not include any guarantee by the Group or any 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.

The 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.

Furthermore, as of 31 December 2022, the Group had active credit lines for an aggregate undrawn amount of 1,009.0 million euros (1,209.0 million euros as of 30 June 2022). These lines of credit are backed by the same type of bank covenants as those in place for the term loan and the structured debt. The Group has also obtained a two-year extension until June 2025 of the term of the 200-million euro credit facility of its subsidiary Eutelsat S.A., the last year being subject to the agreement of the lenders.

The schedule of debt maturities, excluding issue costs and premiums and accrued interest not yet due as of 31 December 2022, 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 debt	333.0	80.0	253.0	-
Bond 2025	800.0	-	800.0	-
Bond 2027	600.0	-	600.0	-
Bond 2028	600.0	-	-	600.0
Total	2,933.0	80.0	2,053.0	800.0

6.4.3 Net debt

Net debt breaks down as follows:

(in millions of euros)	30 June 2022	31 December 2022
Term loan	400.0	400.0
EIB term loan	200.0	200.0
Bonds	2,300.0	2,000.0
Structured debt	133.0	333.0
Currency portion of the cross-currency swap	41.3	26.2
Lease liabilities	420.6	344.2
Gross debt	3,494.9	3,303.4
Cash and cash equivalents	(680.5)	(307.4)
Net debt	2,814.4	2,996.0

The changes in the debt position between 30 June 2022 and 31 December 2022 are presented below:

(in millions of euros)	30 June 2022	Cash flow	Non-cash flow	Fair value change and other	31 December 2022
Term loan	400.0	-	-	-	400.0
EIB term loan	200.0	-	-	-	200.0
Bonds	2,300.0	(300.0)	-	-	2,000.0
Structured debt	133.0	-	-	200.0	333.0
Currency portion of the cross-currency swap	41.3	-	-	(15.1)	26.2
Lease liabilities	420.6	(27.8)	(48.6)	-	344.2
Total	3,494.9	(327.8)	(48.6)	184.9	3,303.4

The cash outflow of 300 million euros corresponds to the reimbursement of the bonds expiring in October 2022. The other flows of 200 million euros correspond to the drawdown of a fixed asset financing facility.

On 21 December 2022, following the sanctions concerning Russia adopted by the relevant French and European regulatory authorities, the Group restructured its capacity lease contracts on Russian satellites. This reduction in lease scope has led to a reduction in lease liabilities in non-cash flows amounting to 48.9 million euros (see Notes 2.3 and 6.1.3).

6.4.4 Other financial assets and liabilities

Other financial assets break down as follows:

(in millions of euros)	30 June 2022	31 December 2022
Non-consolidated equity investments	17.7	11.3
Financial Instruments	-	11.3
Other financial assets	90.3	86.3
Total	108.1	108.9
<i>Incl. current portion</i>	65.1	72.3
<i>Incl. non-current portion</i>	43.0	36.6

Other financial liabilities break down as follows:

(in millions of euros)	30 June 2022	31 December 2022
Lease liabilities	425.7	347.8
Other liabilities	225.9	165.3
Payables to fixed asset suppliers	297.5	159.1
Derivative financial instruments	105.7	44.1
Social contributions and payroll liabilities	46.6	32.1
Tax liabilities	18.9	17.2
Total	1,120.3	765.6
<i>Incl. current portion</i>	525.5	390.7
<i>Incl. non-current portion</i>	594.8	374.9

The lease liabilities include accrued interest of 3.6 million euros as of 31 December 2022 and 5,1 million euros as of 30 June 2022.

The other liabilities include the uncalled capital at OneWeb Holdings Ltd as of 31 December 2022 amounting to 93.8 million euros.

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. The non-current payables to fixed asset suppliers represent an amount of 2.3 million euros as of 31 December 2022. As of 30 June 2022, non-current payables to fixed asset suppliers amount to 134.1 million euros and include acceptances of milestone payments on delivery of the satellites. As of 31 December 2022, all of the residual amounts are presented under current payables to fixed asset suppliers.

6.4.5 Derivative financial instruments

Derivative financial instruments are valued by an independent expert before being reconciled with the valuations provided by banking counterparts. The following table presents the contractual or notional amounts and fair values of 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	31 Dec 2022	30 June 2022	31 Dec 2022			
Synthetic forward sale with knock-in option	487.8	362.8	(47.4)	7.7	55.1	-	55.1
Cross currency swap	646.8	637.8	(58.3)	(40.5)	17.8	-	17.8
Total forex derivatives	1,134.6	1,000.6	(105.7)	(32.8)	72.9		72.9

As of 31 December 2022, the cumulative fair value of the derivative financial instruments was positive at 11.3 million euros and negative at 3.6 million euros (see Note 6.4.4 "Other financial assets and liabilities").

6.5 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

(in millions of euros)	30 June 2022	31 December 2022
Bond 2022	302.3	-
Bond 2025	776.3	707.1
Bond 2027	561.2	498.0
Bond 2028	516.7	428.2
Total	2,156.5	1,633.3

6.6 SHAREHOLDERS' EQUITY

6.6.1 Share capital

As of 31 December 2022, the share capital of Eutelsat Communications S.A. comprised 248,926,325 ordinary shares with a par value of 1 euro per share.

As of the same date, the Group held 307,775 treasury shares amounting to 2.2 million euros acquired under a liquidity contract (222,950 treasury shares amounting to 2.4 million euros as of 30 June 2022). The aggregate amount of treasury shares is deducted from shareholders' equity.

As of 31 December 2021, the share capital of Eutelsat Communications S.A. was composed of 230,544,995 shares, with a par value of 1 euro per share.

6.6.2 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 dividend payment in the total amount of 214.2 million euros took place on 16 December in cash in the amount of 80.6 million euros and in the form of 18,381,330 new shares issued at the price of €7.27 in the amount of 133.6 million euros.

In 2021, the dividend distribution stood at 214.4 million euros, i.e. 0.93 euros.

6.6.3 Change in the revaluation surplus of financial instruments

The changes in the revaluation surplus for derivative instruments qualified as hedging instruments 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	21.6
Balance as of 31 December 2022	(46.9)

The revaluation reserve for the derivative instruments includes 31.0 million euros of unwinding of forwards booked as a net foreign investment hedge.

6.6.4 Translation reserve

The changes in the translation reserve during the financial period were as follows:

(in millions of euros)	Total
Balance as of 30 June 2022	240.9
Net change over the period	(16.4)
Balance as of 31 December 2022	224.5

The main currency generating translation differences is the US dollar.

As of 31 December 2022, the translation reserve includes (6.6) million euros for the Cross Currency Swap used to hedge currency exposure of a net investment in a foreign operation (see Note 6.4.5 "Derivative financial instruments") and (112.2) million euros relating to the Cross Currency Swap having matured during a previous financial year.

6.6.5 Actuarial gains and losses

The reference interest rates used to determine the discounted value of the guarantee given to a pension fund and retirement benefits have been changed from, respectively, 3.35% and 3.25% as of 30 June 2022 to 3.75% as of 31 December 2022. This increase in the discount rate has led to a 20.3 million euro increase in the commitments over the period.

6.7 PROVISIONS

The changes in provisions between 30 June 2022 and 31 December 2022 are presented below:

(in millions of euros)	30 June 2022	Allowance		Reversal		Reclassification, currency impact and others	Recognised in equity	31 December 2022
			Used	Unused				
Financial guarantee granted to a pension fund	1.1	-	-	-	-	-	11.6	12.7
Retirement indemnities	11.2	0.5	(0.5)	-	-	-	(0.1)	11.1
Other post-employment benefits	5.3	0.3	-	-	-	-	-	5.6
Total post-employment benefits	17.6	0.8	(0.5)	-	-	-	11.5	29.4
Commercial, employee-related and tax litigation	7.1	0.6	(0.8)	(0.1)	(0.1)	(0.1)	-	6.6
Total provisions	24.7	1.4	(1.3)	(0.1)	(0.1)	(0.1)	11.5	36.0
<i>Incl. non-current portion</i>	17.6							6.6
<i>Incl. current portion</i>	7.1							29.4

6.7.1 Litigation and contingent liabilities

Eutelsat S.A., which is part of the tax consolidation group of which Eutelsat Communications S.A. is the integral parent company, was subject to three tax audit procedures covering the period from 1 July 2012 to 30 June 2020.

The first audit procedure covered the financial years ended 30 June 2012, 2013 and 2014, for which a tax adjustment proposals was received in December 2016. Following the pre-litigation appeals and ensuing discussions, the amounts claimed by the tax authorities were reduced. There is still disagreement on certain tax adjustments, which will consequently be the subject of a contentious appeal.

The second audit procedure covered the financial years ended 30 June 2015, 2016 and 2017, for which two tax adjustment proposals were received in December 2018 then in December 2019. This audit was finally closed in October 2022 with the conclusion of an overall settlement with the tax authority. The corresponding assessment notices were received in December 2022, in the amount of 21.8 million euros, of which 4.2 million euros was settled in December 2022.

The third audit procedure covered the financial years ended 30 June 2018, 2019 and 2020, for which two tax adjustment proposals were received in December 2021 then in December 2022. These tax adjustment proposals are broadly consistent with the overall settlement mentioned above.

NOTE 7: RELATED-PARTY TRANSACTIONS

No related-party transactions of a nature different to those entered into during the financial year ended 30 June 2022 were realised during the reporting period.

NOTE 8: SUBSEQUENT EVENTS

None

7 OUTLOOK

First Half revenues were within the range of our objectives for FY 2022-23.

Looking ahead, the impact of sanctions against certain Russian and Iranian channels will principally play out in the Second Half. This, combined with the anticipated non-renewal of Broadcast contracts in the MENA region, should lead to a slight deterioration in Broadcast revenues compared with the First-Half rate. Government Services revenues will be negatively impacted by lower renewal rates with the US Department of Defence, in a specific US geopolitical context. On the other hand, Mobility will continue to see double-digit growth, on the back of strong commercial traction, while the next step change for Fixed Broadband will be the entry into service of KONNECT VHTS by the second half of 2023 (calendar).

As a consequence, all financial objectives for FY 2022-23 and beyond are confirmed as follows:

- Revenues from the five Operating Verticals for FY 2022-23 expected between 1,135-1,165 million euros (based on a EUR/USD rate of 1.00).
- Cash Capex⁹ not exceeding €400 million per annum for each of the next two fiscal years (FY 2022-23 / FY 2023-24).
- Adjusted Discretionary Free Cash Flow expected at an average of €420 million per year at a €/€ rate of 1.00 for FY 2022-23 and FY 2023-24. This is equivalent to a cumulative Adjusted DFCF generation of €1,361 million over three fiscal years at a 1.00 €/€ rate (FY 2021-22, FY 2022-23, and FY 2023-24). NB/ Adjusted DFCF objectives exclude future payments related to the exclusive commercial partnership with OneWeb.
- Commitment to a sound financial structure and continue to target a medium-term net debt / EBITDA ratio of around 3x.

This outlook is based on the revised nominal deployment plan outlined above. It assumes no further material deterioration of revenues generated from Russian customers. It excludes the impact of the contemplated combination with OneWeb.

The next step change in the revenue trend will be the entry into service in calendar H2 2023 of new in-orbit assets with secured pre-commitments, in the Mobility, Government and Broadband applications, underpinning our expected return to growth in FY 2023-24.

⁹ Including capital expenditure and payments under existing export credit facilities and other bank facilities financing investments as well as payments related to lease liabilities.

APPENDIX

Appendix 1: Additional financial data

Extract from the consolidated income statement (€ millions)

Six months ended December 31	2021	2022	Change (%)
Revenues	572.2	573.8	+0.3 %
Operating expenses	(136.5)	(154.8)	+13.4 %
EBITDA	435.7	419.0	-3.8 %
Depreciation and amortisation	(243.0)	(233.8)	-3.8 %
Other operating income (expenses)	83.7	(34.0)	-140.7 %
Operating income	276.4	151.2	-45.3 %
Financial result	(34.6)	(56.1)	-62.1 %
Income tax expense	(56.9)	(0.8)	-98.6 %
Income from associates	(12.5)	(39.1)	+212.8 %
Portion of net income attributable to non-controlling interests	(6.3)	(3.4)	-46.1 %
Group share of net income	166.0	51.9	-68.7 %

Change in net debt (€ millions - reported)

Half-year ending	31/12/2021	31/12/2022
Net cash flows from operating activities	362.9	353.3
Cash Capex	(98.2)	(194.3)
Interest and Other fees paid net of interests received	(69.7)	(77.4)
Discretionary Free Cash-Flow	195.0	81.6
(Acquisitions) / disposals	(494.9)	(34.0)
C-band proceeds	109.4	0.0
Distributions to shareholders	(221.5)	(80.6)
Other (including debt-related finance lease for the financing of satellite programs)	(13.5)	(148.6)
Decrease (increase) in net debt	(425.5)	(181.6)

Appendix 2: Quarterly revenues by application

Quarterly Reported revenues FY 2021-22 and FY 2022-23

The table below shows quarterly reported revenues.

In € millions	Q1 2021-22	Q2 2021-22	Q3 2021-22	Q4 2021-22	FY 2021-22	Q1 2022-23	Q2 2022-23
Broadcast	177.6	172.8	172.5	173.9	696.9	170.1	168.5
Data & Professional Video	38.4	39.4	40.0	40.7	158.5	41.1	42.2
Government Services	37.0	36.8	34.6	36.0	144.4	34.7	32.2
Fixed Broadband	14.6	15.5	16.9	21.7	68.7	18.7	18.6
Mobile Connectivity	17.1	19.4	20.7	22.7	79.9	25.9	30.0
Total Operating Verticals	284.8	283.9	284.7	295.0	1,148.3	290.5	291.4
Other Revenues	2.6	1.0	2.1	(2.3)	3.3	(3.1)	(5.0)
Total	287.3	284.9	286.8	292.6	1,151.6	287.4	286.4

Appendix 3: Alternative performance indicators

In addition to the data published in its accounts, the Group communicates on three alternative performance indicators which it deems relevant for measuring its financial performance: EBITDA, Cash Capex and Discretionary free cash flow (DFCF). These indicators are the object of reconciliation with the consolidated accounts.

EBITDA, EBITDA margin and Net debt / EBITDA ratio

EBITDA reflects the profitability of the Group before Interest, Tax, Depreciation and Amortization. It is a frequently used indicator in the Fixed Satellite Services Sector and more generally the Telecom industry. The table below shows the calculation of EBITDA based on the consolidated P&L accounts for H1 2021-22 and H1 2022-23:

Six months ended December 31 (€ millions)	2021	2022
Operating result	276.4	151.2
+ Depreciation and Amortization	243.0	233.8
- Other operating income and expenses	(83.7)	34.0
EBITDA	435.7	419.0

The EBITDA margin is the ratio of EBITDA to revenues. It is calculated as follows:

Six months ended December 31 (€ millions)	2021	2022
EBITDA	435.7	419.0
Revenues	572.2	573.8
EBITDA margin (as a % of revenues)	76.1	73.0

At constant currency, the EBITDA margin stood at 72.9% as of 31 December 2022.

The Net debt / EBITDA ratio is the ratio of net debt to last-twelve months EBITDA. It is calculated as follows:

Six months ended December 31 (€ millions)	2021	2022
Last twelve months EBITDA	873.4	844.9
Closing net debt ¹⁰	3,081.0	2,996.0
Net debt / EBITDA	3.53x	3.55x

Cash Capex

The Group on occasion operates capacity within the framework of leases, or finances all or part of certain satellite programs under export credit agreements or through other bank facilities, leading to outflows which are not reflected in the item "acquisition of satellites and other tangible or intangible assets". Cash Capex including the outflows related to these elements is published in order to reflect the totality of Capital Expenditures undertaken in any financial year.

In addition, in the event of a partial or total loss of satellite, as previously reported cash Capex included investment in assets which are inoperable or partially inoperable, the amount of insurance proceeds is deducted from Cash Capex.

¹⁰ Net debt includes all bank debt, bonds and all liabilities from lease agreements and structured debt as well as Forex portion of the cross-currency swap, less cash and cash equivalents (net of bank overdraft). Net Debt calculation is available in the Note 6.4.3 of the appendices to the financial accounts.

Cash Capex therefore covers the acquisition of satellites and other tangible or intangible assets, payments in respect of export credit facilities or other bank facilities financing investments as well as payments related to lease liabilities. If applicable it is net from the amount of insurance proceeds.

The table below shows the calculation of Cash Capex for H1 2021-22 and H1 2022-23:

Six months ended December 31 (€ millions)	2021	2022
Acquisitions of satellites, other property and equipment and intangible assets	(83.1)	(166.5)
Insurance proceeds	-	-
Repayments of ECA loans, lease liabilities and other bank facilities ¹¹	(15.2)	(27.8)
Cash Capex	(98.2)	(194.3)

Discretionary Free Cash-Flow (DFCF)

The Group communicates on Discretionary free cash flow which reflects its ability to generate cash after the payment of interest and taxes. DFCF generally and principally serves investments to pursue the strategy of the company, shareholder remuneration and debt reduction. Reported Discretionary free cash flow is defined as Net cash flow from operating activities less Cash Capex as well as Interest and other fees paid net of interest received.

Adjusted Discretionary free cash flow (as per financial objectives) is calculated at the guidance rate (based on a EUR/USD rate of 1.00) and excludes one-off impacts such as Hedging, effects of changes in perimeter when relevant, impacts from C-band proceeds and one-off costs related to specific projects, in particular to the COMETE project as well as the Eutelsat-OneWeb combination project for FY 2022-23.

The table below shows the calculation of Reported Discretionary Free Cash-Flow and Adjusted Discretionary Free Cash-Flow for H1 2021-22 and 2022-23 and its reconciliation with the Cash-Flow statement:

Six months ended December 31 (€ millions)	2021	2022
Net Cash-Flows from operating activities	362.9	353.3
Cash Capex (as defined above)	(98.2)	(194.3)
Interest and other fees paid net of interest received	(69.7)	(77.4)
Reported Discretionary Free Cash-Flow	195.0	81.6
Currency impact ¹²	28.8	1.8
Hedging impact	2.3	12.4
One-off costs related to "LEAP 2" program, move to new headquarters (FY 2021-22) and to specific projects, in particular to the COMETE project as well as the Eutelsat-OneWeb combination project (FY 2022-23)	5.2	24.8
Adjusted Discretionary Free Cash-Flow	231.3	120.6

¹¹ Included in lines "Repayment of borrowings" and of "Repayment of lease liabilities" of cash-flow statement

¹² H1 2021-22 discretionary Free Cash-Flow has been converted at H1 2020-21 rates.

STATUTORY AUDITOR'S REVIEW REPORT ON THE FIRST HALF-YEARLY FINANCIAL INFORMATION (FRENCH VERSION)

Eutelsat Communications

Période du 1^{er} juillet au 31 décembre 2022

**Rapport des commissaires aux comptes
sur l'information financière semestrielle**

MAZARS
Tour Exaltis
61, rue Henri Regnault
92075 Paris-La Défense cedex
S.A. à directoire et conseil de surveillance
au capital de € 8 320 000
784 824 153 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

Eutelsat Communications

Période du 1^{er} juillet au 31 décembre 2022

Rapport des commissaires aux comptes sur l'information financière semestrielle

Aux Actionnaires,

En exécution de la mission qui nous a été confiée par vos assemblées générales et en application de l'article L. 451-1-2 III du Code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes consolidés semestriels condensés de la société Eutelsat Communications, relatifs à la période du 1^{er} juillet au 31 décembre 2022, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

Ces comptes consolidés semestriels condensés ont été établis sous la responsabilité du conseil d'administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

1. Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France.

Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes consolidés semestriels condensés avec la norme IAS 34, norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

2. Vérification spécifique

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité commentant les comptes consolidés semestriels condensés sur lesquels a porté notre examen limité.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés semestriels condensés.

Paris-La Défense, le 16 février 2023

Les Commissaires aux Comptes

MAZARS

ERNST & YOUNG et Autres

Achour Messas

Nicolas Macé

HOW TO CONTACT US

- Website: www.eutelsat.com
- Email: investors@eutelsat-communications.com
- Phone: +33 1 53 98 47 02

Number for registered shareholding subscriptions at Société Générale Securities Services: +33 (0)2 51 85 67 89



32, boulevard Gallieni
92130 Issy-les-Moulineaux - France
T : +33 1 53 98 47 47
F : +33 1 53 98 37 00