

# **Eutelsat S.A. Group**

“Société anonyme” with a capital of 658,555,372.80 euros

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422,551,176 R.C.S. Nanterre

## **CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2021**

# CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per-share data)	Note	31 December 2020	31 December 2021
<b>Revenues from operations</b>	5.1	<b>630.3</b>	<b>572.2</b>
Operating costs		(44.4)	(43.6)
Selling, general and administrative expenses <sup>(1)</sup>		(99.2)	(89.6)
Depreciation expense	6.1	(238.0)	(220.4)
Other operating income and expenses	5.3	(7.7)	84.0
<b>Operating income</b>		<b>241.1</b>	<b>302.6</b>
Cost of net debt		(31.7)	(29.5)
Other financial items		(12.1)	(2.0)
<b>Financial result</b>	<b>5.4</b>	<b>(43.9)</b>	<b>(31.6)</b>
<b>Net income before tax</b>		<b>197.2</b>	<b>271.1</b>
Income tax <sup>(1)</sup>	5.5	(32.0)	(65.2)
Share of result from associates	6.2	-	(12.5)
<b>Net income</b>		<b>165.2</b>	<b>193.4</b>
Attributable to the Group		<b>164.0</b>	193.4
Attributable to non-controlling interests		1.2	-
<b>Basic and diluted earnings per share attributable to Eutelsat Communications shareholders</b>	<b>5.6</b>	<b>0.162</b>	<b>0.191</b>

<sup>(1)</sup>The comparable financial statements as of 30 December 2020 have been the subject of a restatement concerning the CAVE (Contribution on Added Value of Enterprises/Cotisation sur la Valeur Ajoutée des Entreprises – CVAE), which has been reclassified from the line Selling, general and administrative expenses to the line Income tax, in the amount of 2.1 million euros, so as to align the presentation on the consolidated financial statements as of 31 December 2021 (see Note 5.5 "Income tax").

# COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	31 December 2020	31 December 2021
<b>Net income</b>		<b>165.2</b>	<b>193.4</b>
<b><i>Other recyclable items of gain or loss on comprehensive income</i></b>			
Translation adjustment	6.6.4	(44.8)	42.0
Tax effect	6.6.4	(14.5)	7.9
Changes in fair value of hedging instruments <sup>(1)</sup>	6.6.3	8.8	(13.3)
Tax effect	6.6.3	12.7	3.8
<b><i>Other non-recyclable items of gain or loss on comprehensive income</i></b>			
Changes in post-employment benefits		(17.3)	(12.5)
Tax effect		4.5	3.2
<b>Total of other items of gain or loss on comprehensive income</b>		<b>(50.6)</b>	<b>31.1</b>
<b>Total comprehensive income</b>		<b>114.6</b>	<b>224.5</b>
Attributable to the Group		113.4	224.5
Attributable to non-controlling interests <sup>(1)</sup>		1.2	-

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

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of euros)	Note	30 June 2021	31 December 2021
<b>Assets</b>			
Goodwill	6.1.1	438.8	461.1
Intangible assets	6.1.1	232.9	221.4
Tangible assets and construction in progress	6.1.2	3,730.4	3,750.2
Rights of use in respect of leases	6.1.3	517.5	485.9
Investments in associates	6.2	-	619.7
Non-current financial assets	6.4.4	70.6	39.8
Non-current assets associated with customer contracts and costs to obtain or fulfil a contract	6.3	37.7	36.3
Deferred tax assets		7.7	2.8
<b>Total non-current assets</b>		<b>5,035.5</b>	<b>5,617.2</b>
Inventories		8.1	12.4
Accounts receivable	6.3	245.3	244.5
Current assets associated with customer contracts and costs to obtain or fulfil a contract	6.3	17.4	17.1
Other current assets		42.5	42.8
Current tax receivable		28.3	28.3
Current financial assets	6.4.4	26.8	19.8
Cash and cash equivalents	6.4.1	855.0	446.1
<b>Total current assets</b>		<b>1,223.4</b>	<b>810.9</b>
<b>Total assets</b>		<b>6,258.9</b>	<b>6,428.2</b>

(in millions of euros)	Note	30 June 2021	31 December 2021
<b>Liabilities</b>			
Share capital	6.6.1	658.6	658.6
Additional paid-in capital		8.0	8.0
Reserves and retained earnings		1,394.5	1,418.4
Non-controlling interests		-	-
<b>Total shareholders' equity</b>		<b>2,061.1</b>	<b>2,085.0</b>
Non-current financial debt	6.4.2	2,766.5	2,370.4
Non-current lease liabilities	6.4.4	411.6	403.3
Other non-current financial liabilities	6.4.4	89.0	63.2
Non-current payables to fixed asset suppliers	6.4.4	188.7	141.8
Non-current liabilities associated with customer contracts	6.3	117.5	112.8
Non-current provisions	6.7	83.0	93.4
Deferred tax liabilities		142.9	160.8
<b>Total non-current liabilities</b>		<b>3,799.2</b>	<b>3,345.7</b>
Current financial debt	6.4.2	45.4	387.2
Current lease liabilities	6.4.4	24.1	25.2
Other current payables and financial liabilities	6.4.4	117.4	240.7
Accounts payable		84.4	70.7
Current payables to fixed asset suppliers	6.4.4	25.0	147.1
Tax payable		20.8	50.2
Current liabilities associated with customer contracts	6.3	69.0	66.2
Current provisions	6.7	12.6	10.3
<b>Total current liabilities</b>		<b>398.6</b>	<b>997.5</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,258.9</b>	<b>6,428.2</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	31 December 2020	31 December 2021
<b>Cash flow from operating activities</b>			
Net income		165.2	193.4
Result from associates		-	12.5
Tax and interest expenses, other operating items		62.4	(62.0)
Depreciation, amortisation and provisions		213.2	235.2
Deferred taxes		5.2	33.4
Changes in accounts receivable		45.6	(6.0)
Changes in assets held under customer contracts and other assets		0.2	8.5
Changes in accounts payable		(23.4)	(12.5)
Changes in liabilities associated with customer contracts and other liabilities <sup>(1)</sup>		(19.0)	(32.2)
Taxes paid <sup>(1)</sup>		(13.7)	(3.2)
<b>Net cash flows from operating activities</b>		<b>435.8</b>	<b>367.1</b>
<b>Cash flow from investing activities</b>			
Acquisitions of satellites, other property and equipment, and intangible assets	6.1.1. 6.1.2	(67.5)	(83.1)
Insurance repayments		6.6	-
Income on the release of spectrum in the C-band	2.2	-	109.4
Acquisition of equity investments and other movements <sup>(2)</sup>		(47.3)	(495.7)
<b>Net cash flows from investing activities</b>		<b>(108.2)</b>	<b>(469.4)</b>
<b>Cash flow from financing activities</b>			
Distributions		-	(202.6)
Increase in borrowings	6.4.2	388.0	-
Repayment of borrowings	6.4.2	(311.9)	(31.3)
Repayment of lease liabilities		(44.1)	(8.1)
Loan set-up fees		(4.5)	(1.4)
Interest and other fees paid		(57.9)	(67.2)
Transactions with non-controlling interests <sup>(3)</sup>		(8.8)	-
Premiums and termination indemnities on derivatives settled		(6.0)	-
<b>Net cash flow from financing activities</b>		<b>(45.1)</b>	<b>(310.5)</b>
Impact of exchange rate on cash and cash equivalents		(9.5)	3.9
<b>Increase/(Decrease) in cash and cash equivalents</b>		<b>273.0</b>	<b>(408.8)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>828.1</b>	<b>855.0</b>
Assets held for sale		20.4	-
<b>Cash and cash equivalents, end of period</b>		<b>1,080.7</b>	<b>446.1</b>
<i>Including Cash and cash equivalents, end of period</i>	6.4.1	1,087.7	446.1
<i>Including Overdrafts included under debt, end of period</i>		-	-

<sup>(1)</sup> The comparable financial statements as of 31 December 2020 have been the subject of a restatement concerning the CAVE (Contribution on Added Value of Enterprises/Cotisation sur la Valeur Ajoutée des Entreprises – CVAE), which has been reclassified from the line Selling, general and administrative expenses to the line Income tax, in the amount of 3.9 million euros, so as to align the presentation on the consolidated financial statements as of 31 December 2021 (see Note 5.5 "Income tax").

<sup>(2)</sup> As of 31 December 2021, acquisitions of equity investments and other movements include the payment of 494.9 million euros related to the acquisition of equity interests in OneWeb Holding Limited (see Note 3.4.2). As of 31 December 2020, they include the payment of 48.2 million euros in respect of the acquisition of Big Blu Europe, of which 6.8 million euros in an escrow account (see Note 3.4 "Main changes in the scope of consolidation").

<sup>(3)</sup> As of 31 December 2020, 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				
<b>As of 30 June 2020</b>	<b>1,013,162,112</b>	<b>658.6</b>	<b>8.0</b>	<b>1,193.0</b>	<b>1,859.6</b>	<b>70.4</b>	<b>1,930.0</b>
Net income for the period				164.0	164.0	1.2	165.2
Other items of gain or loss in comprehensive income <sup>(1)</sup>				(50.6)	(50.6)	-	(50.6)
<b>Total comprehensive income</b>				<b>113.4</b>	<b>113.4</b>	<b>1.2</b>	<b>114.6</b>
Transactions with non-controlling interests and others				(33.9)	(33.9)	24.6	(9.4)
<b>As of 31 December 2020</b>	<b>1,013,162,112</b>	<b>658.6</b>	<b>8.0</b>	<b>1,272.5</b>	<b>1,939.1</b>	<b>96.2</b>	<b>2,035.2</b>
<b>As of 30 June 2021</b>	<b>1,013,162,112</b>	<b>658.6</b>	<b>8.0</b>	1,394.5	2,061.1	-	2,061.1
Net income for the period	-	-	-	193.4	193.4	-	193.4
Other items of gain or loss in comprehensive income <sup>(1)</sup>	-	-	-	31.1	31.1	-	31.1
<b>Total comprehensive income</b>	-	-	-	<b>224.5</b>	<b>224.5</b>	-	<b>224.5</b>
Dividend distributions	-	-	-	(202.6)	(202.6)	-	(202.6)
Others	-	-	-	2.1	2.1	-	2.1
<b>As of 31 December 2021</b>	<b>1,013,162,112</b>	<b>658.6</b>	<b>8.0</b>	<b>1,418.4</b>	<b>2,085.0</b>	-	<b>2,085.0</b>

<sup>(1)</sup> 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 40 satellites, the Eutelsat 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), which offer strong potential for growth. Via its 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 2021 have been prepared under the responsibility of the Board of Directors, which approved them at its meeting held on 16 February 2022.

## **NOTE 2: KEY EVENTS DURING THE PERIOD**

### **2.1 ACQUISITION OF AN EQUITY INTEREST IN ONEWEB HOLDINGS LTD**

On 27 April 2021, the Group announced the acquisition of an equity interest in OneWeb Holdings Ltd for 550 million dollars. The transaction was finalized on 8 September 2021. The OneWeb constellation enjoys significant priority spectrum rights, backed by the International Telecommunication Union, and will operate 648 satellites in low orbit (LEO) offering low latency. On 29 June 2021, Bharti Global also exercised a securities call option for an amount of 350 million dollars, bringing Eutelsat's equity interest to 20.52%

On 5 October 2021, Eutelsat announced its participation in a portion of Bharti Global's last call option in OneWeb 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%.

The impacts of this acquisition are outlined in Note 3.4 "Main changes in the scope of consolidation".

### **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 release 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. The related funds were received in December 2021. The work relating to the second phase of the transition plan has been finalised and should be submitted for approval to the FCC.

### **2.3 LAUNCH AND ENTRY INTO SERVICE OF THE EUTELSAT QUANTUM SATELLITE**

On Friday 30 July 2021, the Eutelsat Quantum satellite was successfully launched and entered into service on 10 November 2021. Positioned at 48° East, this satellite heralds a new era in commercial satellite services. Its in-orbit reprogrammable features set a new standard in flexibility that will enable users, particularly those operating in the governmental and mobility markets, to actively define and shape performance and reach thanks to its software-based design.

### **2.4 REPERCUSSIONS OF COVID**

Since mid-March 2020, although relatively resilient compared with other sectors, the Group's revenues have been negatively impacted by the Covid-19 crisis, and in particular:

- Mobile Connectivity (5.5% of Group revenues for the financial year ended 30 June 2021) which continues to be affected by the Covid-related impact on maritime and especially airline traffic.
- An overall slowdown in the pace of new business, particularly in Broadcast.

The assumptions used for the impairment tests performed on long-term assets, whose results are outlined in Note 6.1.1, as well as for the valuation of provisions for trade receivables (see Note 6.3.1) have been updated on the basis of the information available at the end of the accounting period.

As of 31 December 2021, the Group has cash and cash equivalents and undrawn credit lines totaling more than 1.5 billion euros. Finally, the net debt to EBITDA ratio as of 31 December 2021 - as defined in the covenants of the term loans and structured debt agreements - is respected (see Note 6.4.2).

## **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 2021 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 2021.

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 2021, with the exception of the application, as of 1 July 2021, of the new standards and interpretations adopted by the European Union.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, linked to the Interest Rate Benchmark Reform – Phase II;
- Amendments to IFRS 16 Leases: Covid-19 – Rent concessions

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 2021.

The main foreign currency used is the U.S. dollar. The closing exchange rate used is 1.133 U.S. dollar for 1 euro and the average exchange rate for the period is 1.169 U.S. dollar for 1 euro.

#### **3.2.2 Presentation of current and non-current assets and liabilities**

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 2021, 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 Half-year ended 31 December 2020**

On 1 October 2020, the Group finalized the acquisition of 100% of BigBlu Operations Ltd for a consideration of 40 million pounds sterling (44 million euros). The company and its subsidiaries operated the BigBlu Broadband group's European satellite broadband activities. This acquisition is in line with the Group's strategy consisting of developing its business in European satellite broadband.

The assessment of the goodwill as of 31 December 2021 is definitive and includes, notably, the value of the customer relationships acquired with this transaction which has been assessed separately and constitutes an intangible asset.

As of 31 December 2021, the allocation of the acquisition consideration (based on the payment of 44 million pounds sterling to the benefit of the seller) was as follows:

	(in millions of pounds sterling)	(in millions of euros)
Customer relationships	4.7	5.2
Intangible assets	1.1	1.2
Tangible assets	4.0	4.4
Rights of use	0.8	0.8
Inventories	0.3	0.3
Accounts receivable	6.6	7.3
Assets associated with customer contracts	11.0	12.1
Cash and cash equivalents	0.2	0.2
Other assets	7.1	7.8
<b>Total assets</b>	<b>35.9</b>	<b>39.4</b>
Lease liabilities	0.8	0.8
Accounts payable	22.8	25.1
Liabilities associated with customer contracts	12.2	13.4
Other debt	10.4	12.2
Deferred tax liabilities	0.9	1.0
<b>Total liabilities</b>	<b>47.1</b>	<b>52.6</b>
Definitive residual goodwill	51.5	57.0
<b>Transferred counterparty</b>	<b>40.2</b>	<b>43.8</b>
<b>Acquisition price</b>	<b>40.2</b>	<b>43.8</b>

The values attributed to BigBlu Operations Ltd.'s identifiable assets and liabilities were not subject to material adjustments during the period ended 31 December 2021. The acquisition price was the subject of an adjustment amounting to 2.8 million pounds sterling.

### 3.4.2 Half-year ended 31 December 2021

On 8 September 2021, the Group finalized the acquisition of a 550 million dollars equity interest in the company OneWeb Holdings Ltd. 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%.

On 6 October 2021, Eutelsat announced its participation in a portion of Bharti Global's last call option in OneWeb 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%.

The Group exercises notable influence within OneWeb Holdings Ltd: the Group 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 evaluation of the goodwill as of 31 December 2021 is provisional. The allocation of the acquisition price as of 8 September 2021 is as follows:

Balance sheet at 100%	As of 8 September 2021	
	(in millions of euros)	(in millions of dollars)
Non-current assets	1,583.3	1,877.8
Current assets	951.8	1,128.8
<b>Total Assets</b>	<b>2,535.1</b>	<b>3,006.6</b>
Non-current liabilities	101.8	120.7
Current liabilities	199.1	236.1
<b>Total Liabilities</b>	<b>300.9</b>	<b>356.8</b>
Net asset value (100%)	2,234.2	2,649.8
Group share in net asset value	458.5	543.7
Provisional residual goodwill	6.1	7.2
<b>Transferred counterparty</b>	<b>464.5</b>	<b>550.9</b>
<b>Acquisition price</b>	<b>464.5</b>	<b>550.9</b>

On 22 December 2021, the second capital increase led to an additional preliminary goodwill of 6.7 million euros.

## NOTE 4: SEGMENT INFORMATION

The Group considers that it only operates in a single industry segment, basing that view on an assessment of the 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 turnover;
- 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 2020	31 December 2021
Broadcast	378.9	350.5
Data and Professional Video	81.4	77.8
Government Services	76.9	73.8
Fixed Broadband	42.1	30.1
Mobile Connectivity	33.9	36.5
<b>Total Operating Verticals</b>	<b>613.1</b>	<b>568.7</b>
Other Revenues	17.2	3.5
<b>Total</b>	<b>630.3</b>	<b>572.2</b>
<i>EUR/USD exchange rate</i>	<i>1.17</i>	<i>1.17</i>

#### 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 2020		31 December 2021	
Regions	Amount	%	Amount	%
France	39.0	6.2	37.0	6.5
Italy	77.3	12.3	65.6	11.5
United Kingdom	32.2	5.1	33.5	5.9
Europe (other)	172.0	27.3	148.4	25.9
Americas	117.1	18.6	114.7	20.0
Middle-East	121.4	19.3	109.9	19.2
Africa	47.9	7.6	47.7	8.3
Asia	17.2	2.7	17.6	3.1
Other	6.3	1.0	(2.1)	(0.4)
<b>Total</b>	<b>630.3</b>	<b>100.0</b>	<b>572.2</b>	<b>100.0</b>

Other revenues include the impact of EUR/USD currency hedging which stood at (2.3) million euros for the half-year ended 31 December 2021 versus 6.1 million euros for the half-year ended 31 December 2020.

### 5.2 SHARE-BASED COMPENSATION

The Group granted phantom shares to some employees and company officers in November 2019, November 2020 and November 2021. The vesting of these phantom shares is generally 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 1.1 million euros for the half-year ended 31 December 2021 versus 0.7 million euros for the half-year ended 31 December 2020.

### 5.3 OTHER OPERATING INCOME AND EXPENSES

(in millions of euros)	31 December 2020	31 December 2021
Other operating income	0.7	107.2
Other operating expenses	(8.4)	(23.2)
<b>Total</b>	<b>(7.7)</b>	<b>84.0</b>

As of 31 December 2020, Other operating expenses mainly included restructuring costs and costs related to changes in the scope of consolidation.

As of 31 December 2021, Other operating income includes the proceeds on phase 1 of the release of C-band spectrum (see Note 2.2). Other operating income includes the proceeds on phase 1 of the release of C-band spectrum (see Note 2.2). Other operating expenses mainly include depreciation on satellites amounting to 13.0 million euros and business restructuring expenses of 3.5 million euros.

### 5.4 FINANCIAL RESULT

(in millions of euros)	31 December 2020	31 December 2021
Interest expense after hedging	(30.7)	(36.2)
<i>Of which interest on lease liabilities</i>	(7.3)	(5.9)
Loan set-up fees and commissions	(2.6)	(3.2)
Capitalised interest	8.8	9.7
<b>Cost of gross debt</b>	<b>(31.8)</b>	<b>(29.6)</b>
Financial income	0.1	0.1
<b>Cost of net debt</b>	<b>(31.7)</b>	<b>(29.5)</b>
Changes in derivative financial instruments	-	(0.9)
Foreign-exchange impact	(9.0)	9.6
Other	(3.1)	(10.7)
<b>Financial result</b>	<b>(43.9)</b>	<b>(31.5)</b>

The interest expense as of 31 December 2021 includes 4.8 million euros of expenses related to the execution and termination of pre-hedging instruments used to secure the interest rate on the October 2018, June 2019 and October 2020 bond issues. As of 31 December 2020, this amount stood at 4.6 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 2.55% as of 31 December 2021 versus 2.35% as of 31 December 2020.

### 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 2021, the effective income tax rate stood at 24.0% (versus 16.2% as of 31 December 2020). 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, as well as exchange rate differences and inflation effects on the deferred tax positions of the Satellites Mexicanos subsidiary.

As of the financial year ended 30 June 2021, the Group opted to allocate the CAVE (Contribution on Added Value of Enterprises/Cotisation sur la Valeur Ajoutée des Entreprises – CVAE) to income taxes to reflect the fact that this tax meets the definition of the tax basis and territoriality rules linked to those for corporation tax. As a result, this tax is presented as a component of the tax expense. The figures for the comparable financial year ended 31 December 2020 have consequently been restated. The CAVE included in the tax expense in respect of the period ended 31 December 2021 amounts to 1.5 million euros (versus 2.2 million euros for the period ended 31 December 2020).

## 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 2020	31 December 2021
<b>Net income</b>	<b>165.2</b>	<b>193.4</b>
Income from subsidiaries attributable to non-controlling interests	(1.2)	-
<b>Net earnings used to compute earnings per share</b>	<b>164.0</b>	<b>193.4</b>
<b>Average number of basic and diluted shares</b>	<b>1,013,162,112</b>	<b>1,013,162,112</b>

## 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	Other intangibles	Total
<b>Gross assets</b>				
<b>Gross value as of 30 June 2021</b>	<b>438.8</b>	<b>229.2</b>	<b>370.3</b>	<b>1,038.3</b>
Acquisitions	-	-	3.9	3.9
Transfers	-	-	7.4	7.4
Foreign exchange variation	18.3	10.9	3.1	32.4
Disposals and scrapping of assets	-	-	(2.7)	(2.7)
Entry into the scope	3.8	-	-	4.0
<b>Gross value as of 31 December 2021</b>	<b>460.9</b>	<b>240.2</b>	<b>382.1</b>	<b>1,083.1</b>
<b>Amortisation and impairment</b>				
<b>Accumulated amortisation as of 30 June 2021</b>	<b>-</b>	<b>(111.5)</b>	<b>(255.1)</b>	<b>(366.7)</b>
Amortisation expense	-	(10.1)	(18.9)	(29.0)
Reversals (disposals and scrapping of assets)	-	-	1.5	1.5
Foreign exchange variation	-	(5.7)	(1.2)	(6.9)
Transfers and others	-	0.1	-	0.1
<b>Accumulated amortisation as of 31 December 2021</b>	<b>-</b>	<b>(127.2)</b>	<b>(273.7)</b>	<b>(401.0)</b>
Net value as of 30 June 2021	438.8	-	232.9	671.7
<b>Net value as of 31 December 2021</b>	<b>460.9</b>	<b>113.0</b>	<b>108.3</b>	<b>682.2</b>

## Goodwill

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

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 presented to the Board of Directors in January 2022 covering the periods through to the 2025-26 financial year, on the long-term plan defined on an ongoing basis over a horizon covering the periods through to the 2032-33 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 (7.9% used in the scenarios) and the long-term growth rate used in the terminal value, the sensitivity analyses show that a 76bp increase in the WACC or a 172bp 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 2021. 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 4% 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 2021 based on discounted cash flow projections did not lead to the recognition of any impairment expenses.

To take into account the latest available information regarding the date of entry into service of the future satellites, the business plan presented to the Board of Directors on 20 January 2022 was updated and presented to the Board of Directors on 16 February 2022. This revised plan does not amend the conclusion that no goodwill impairment charge should be recognized as of 31 December 2021.

## Depreciable assets

Concerning the impairment tests carried out in respect of the satellites as of 31 December 2021, the cash flows used are based on the period of the updated five-year business plan presented to the Board of Directors in January 2022, 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 2021 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. These tests resulted in the recognition of an impairment expense relating to a satellite under ownership amounting to 12 million euros as of 31 December 2021 (see Note 6.1.2 "Tangible assets and construction in progress").

### 6.1.2 Tangible assets and construction in progress

Tangible assets have evolved over the past two financial periods as follows:

(in millions of euros)	Satellites	Other tangibles	Construction in progress	Total
<b>Gross assets</b>				
<b>Gross value as of 30 June 2021</b>	<b>5,868.2</b>	<b>455.4</b>	<b>1,214.4</b>	<b>7,538.0</b>
Acquisitions	7.1	13.0	153.0	173.1
Disposals	-	(0.1)	(0.1)	(0.2)
Scrapping of assets	(136.8)	(0.3)	(1.7)	(138.8)
Foreign exchange variation	58.1	2.0	0.1	60.3
Transfers and others	168.1	8.6	(185.4)	(8.7)
<b>Gross value as of 31 December 2020</b>	<b>5,964.7</b>	<b>478.4</b>	<b>1,180.4</b>	<b>7,623.6</b>
<b>Depreciation and impairment</b>				
<b>Accumulated depreciation as of 30 June 2021</b>	<b>(3,461.1)</b>	<b>(346.4)</b>	-	<b>(3,807.5)</b>
Depreciation expense	(145.7)	(14.2)	-	(160.0)
Impairments	(12)	-	-	(12)
Reversals (disposals)	-	0.1	-	0.1
Reversals (scrapping of assets)	136.7	0.2	-	136.9
Foreign-exchange variation	(30.1)	(1.2)	-	(31.1)
Transfers and others	-	0.4	-	0.4
<b>Accumulated depreciation as of 31 December 2021</b>	<b>(3,512.1)</b>	<b>(361.2)</b>	-	<b>(3,873.3)</b>
<b>Net value as of 30 June 2021</b>	<b>2,407.0</b>	<b>109.0</b>	<b>1,214.4</b>	<b>3,730.4</b>
<b>Net value as of 31 December 2021</b>	<b>2,452.7</b>	<b>117.2</b>	<b>1,180.4</b>	<b>3,750.4</b>



The Group has recognized an impairment on a satellite in the amount of 12.0 million euros.

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 VHVS, EUTELSAT 10B, Hotbird 13G and Hotbird 13F	Calendar year 2023
EUTELSAT 36D	Calendar year 2024

The transfers relating to satellites under construction for the period ended 31 December 2021 correspond to the entry into service of the Eutelsat Quantum satellite launched during the period.

Concerning the other depreciable assets, a launcher recognised in construction in progress for an amount of 53 million euros is not, as of the end of the accounting period, assigned to an identified satellite launch in the future as a result of licensing issues in the United States of America. Different resolution alternatives are currently being analysed by the Group, no impairment expense has been recognised as of 31 December 2021.

### 6.1.3 Rights of use in respect of leases

During the financial period ended 31 December 2021, rights of use evolved as follows:

(in millions of euros)	Satellites	Miscellaneous tangible assets	Total
<b>Gross assets</b>			
<b>Gross value as of 30 June 2021</b>	<b>847.7</b>	<b>61.9</b>	<b>909.6</b>
New contracts	-	0.2	0.2
Foreign exchange variation	-	0.4	0.4
Transfer	0.8	-	0.8
Scrapping of assets	(0.8)	-	(0.8)
<b>Gross value as of 31 December 2021</b>	<b>847.7</b>	<b>62.5</b>	<b>910.1</b>
<b>Depreciation and impairment</b>			
<b>Accumulated depreciation as of 30 June 2021</b>	<b>(375.9)</b>	<b>(16.1)</b>	<b>(392.1)</b>
Impairment expense	(26.9)	(4.6)	(31.4)
Scrapping of assets	0.4	-	0.4
Foreign-exchange variation	-	(0.1)	(0.1)
Depreciation	(1.0)	-	(1.0)
<b>Accumulated depreciation and impairment as of 31 December 2021</b>	<b>(403.3)</b>	<b>(20.8)</b>	<b>(424.2)</b>
<b>Net value as of 30 June 2021</b>	<b>471.8</b>	<b>45.8</b>	<b>517.5</b>
<b>Net value as of 31 December 2021</b>	<b>444.3</b>	<b>41.6</b>	<b>485.9</b>

Satellite rights of use mainly relate to the Express AT1, Express AT2, Express AM6, Express 36C and Astra 2G leases. None of these lease contracts contain purchase options on expiry of the lease.

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

The Group has recognized an impairment expense amounting to one million euros on the rights of use of satellite transponders.

#### 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 658 million euros as of 31 December 2021 and 840 million euros as of 30 June 2021. As of 31 December 2021, future payments in respect of these commitments are scheduled as follows

(in millions of euros)	At 31 December 2021
Maturity within 1 year	350.0
From 1 to 2 years	147.5
From 2 to 3 years	18.0
From 3 to 4 years	8.4
Maturity exceeding 4 years	134.0
<b>Total</b>	<b>658.0</b>

Furthermore, the Group has granted a guarantee covering the potential payments of the sums due under British space law. This guarantee is unlimited and applies to the entire term of the licence.

#### 6.2 INVESTMENTS IN ASSOCIATES

As of 31 December 2021, investments in associates represents 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 2021	31 December 2021
Equity interests at the opening date	-	-
Purchases of shares	-	613.3
Share of result of associates	-	(12.5)
Translation adjustment	-	18.9
<b>Equity interests at the closing date</b>	<b>-</b>	<b>619.7</b>

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

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

(in millions of euros)	30 June 2021	31 December 2021
<b>Assets</b>		
Accounts receivable	245.3	244.5
Assets associated with customer contracts	40.3	40.2
Costs to fulfil contracts	5.4	4.3
Costs to obtain contracts	9.3	8.9
<b>Total current and non-current assets</b>	<b>300.4</b>	<b>297.9</b>
<i>Incl. non current portion</i>	<i>37.7</i>	<i>36.3</i>
<i>Incl. current portion</i>	<i>262.7</i>	<i>261.6</i>
<b>Liabilities</b>		
Financial liabilities - Guarantees and commitments received	48.5	39.0
Current contract liabilities	186.4	179.0
<b>Total current and non-current liabilities</b>	<b>234.9</b>	<b>218.0</b>
<i>Incl. non current portion</i>	<i>152.9</i>	<i>140.3</i>
<i>Incl. current portion</i>	<i>82.0</i>	<i>77.7</i>

### 6.3.1 Accounts receivable

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

(in millions of euros)	30 June 2021	31 December 2021
Non-matured receivables	112.5	97.0
Matured receivables between 0 and 90 days	42.6	33.6
Matured receivables between 90 and 365 days	58.7	74.7
Matured receivables for more than 365 days	128.0	136.3
Provision for bad debt	(96.5)	(97.1)
<b>Total</b>	<b>245.3</b>	<b>244.5</b>

Changes in Impairment of trade receivables over the past two financial periods were as follows:

(in millions of euros)	Total
<b>Value as of 30 June 2021</b>	<b>96.5</b>
Net allowance (reversals)	9.6
Reversals (used)	(9.5)
Foreign exchange variation	0.5
<b>Value at 31 December 2021</b>	<b>97.1</b>

## 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 2021	31 December 2021
Cash at bank and in hand	331.1	365.1
Cash equivalents	523.9	81.0
<b>Total</b>	<b>855.0</b>	<b>446.1</b>

## 6.4.2 Financial debt

Financial debt breaks down as follows:

(in millions of euros)	Rate	30 June 2021	31 December 2021	Maturity
Loans with Eutelsat Communications S.A.	Variable	69.0	44.9	
EIB term loan	0.488 %	200.0	200.0	December 2028
Bond 2022	3.125 %	300.0	-	October 2022
Bond 2025	2.000 %	800.0	800.0	October 2025
Bond 2027	2.250 %	600.0	600.0	July 2027
Bond 2028	1.5 %	600.0	600.0	October 2028
Structured debt				
	Variable	14.2	8.5	May 2024
	0.65%	67.0	-	June 2022
	0.75%	80.0	80.0	June 2023
	0.90%	53.0	53.0	June 2024
<b>Sub-total of debt (non-current portion)</b>		<b>2,783.2</b>	<b>2,386.4</b>	
Loan set-up fees and premiums		(16.7)	(16.0)	
<b>Total of debt (non-current portion)</b>		<b>2,766.5</b>	<b>2,370.4</b>	
Structured debt				
	Variable	-	5.6	
Bond 2021	3.125 %	-	300.0	October 2022
Structured debt	0.65%	7.1	67.0	June 2022
Accrued interest not yet due		38.2	14.5	
<b>Total debt (current portion)</b>		<b>45.4</b>	<b>387.2</b>	
<b>Total</b>		<b>2,811.9</b>	<b>2,757.6</b>	

All the debt is denominated in euros.

The term loans and structured debt are subject to a financial covenant that provides for a net total debt to EBITDA ratio equal to or less than 4.0/1. 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 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 31 December 2021, the Group was in compliance with all the banking covenants.

The credit agreements do not include any guarantee by the Company 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.

As of 31 December 2021, the Group had active credit lines for an aggregate undrawn amount of 850.0 million euros (850.0 million euros as of 30 June 2021). These lines of credit are backed by the same type of bank covenants as those in place for the term loan and other structured debt.

The schedule of debt maturities, excluding issue costs and premiums and accrued interest not yet due as at 31 December 2021 was as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Loans with Eutelsat Communications S.A.	44.9	-	44.9	-
EIB term loan	200.0	-	-	200.0
Structured debt	214.2	72.6	141.6	-
Bond 2022	300.0	300.0	-	-
Bond 2025	800.0	-	800.0	-
Bond 2027	600.0	-	-	600.0
Bond 2028	600.0	-	-	600.0
<b>Total</b>	<b>2,759.1</b>	<b>372.6</b>	<b>986.5</b>	<b>1,400.0</b>

### 6.4.3 Net debt

Net debt breaks down as follows:

(in millions of euros)	30 June 2021	31 December 2021
Loans with Eutelsat Communications S.A.	69.0	44.9
EIB term loan	200.0	200.0
Bonds	2,300.0	2,300.0
Structured debt	221.2	214.2
Change portion of the cross-currency swap	(38.7)	(10.6)
Lease liabilities	434.0	426.0
<b>Gross debt</b>	<b>3,185.5</b>	<b>3,174.5</b>
Cash and cash equivalents	(855.0)	(446.1)
<b>Net debt</b>	<b>2,330.5</b>	<b>2,728.4</b>

The changes in the debt position between 30 June 2021 and 31 December 2021 are presented below:

(in millions of euros)	30 June 2021	Cash flow	Non-cash flow	Fair value change and other	31 December 2021
Loans with Eutelsat Communications S.A.	69.0	(24.1)	-	-	44.9
EIB term loan	200.0	-	-	-	200.0
Bonds	2,300.0	-	-	-	2,300.0
Structured debt	221.2	(7.0)	-	-	214.2
Change portion of the cross-currency swap	(38.7)	-	-	28.1	(10.6)
Lease liabilities	434.0	(8.0)	-	-	426.0
<b>Total</b>	<b>3,185.5</b>	<b>(39.1)</b>	<b>-</b>	<b>28.1</b>	<b>3,174.5</b>

#### 6.4.4 Other financial assets and liabilities

Other financial assets break down as follows:

(in millions of euros)	30 June 2021	31 December 2021
Non-consolidated equity investments	14.7	11.2
Financial Instruments	39.0	10.6
Other financial assets	43.7	38.0
<b>Total</b>	<b>97.4</b>	<b>59.8</b>
<i>Incl. current portion</i>	<i>26.8</i>	<i>20.0</i>
<i>Incl. non current portion</i>	<i>70.6</i>	<i>39.8</i>

Other financial liabilities break down as follows:

(in millions of euros)	30 June 2021	31 December 2021
Lease liabilities	435.6	428.5
Other liabilities	103.4	211.9
Payables to fixed asset suppliers	213.7	289.0
Derivative financial instruments	29.1	37.6
Social contributions and payroll liabilities	51.5	30.4
Tax liabilities	22.3	24.0
<b>Total</b>	<b>855.7</b>	<b>1,021.3</b>
<i>Incl. current portion</i>	<i>166.4</i>	<i>413.0</i>
<i>Incl. non current portion</i>	<i>689.3</i>	<i>608.3</i>

Lease liabilities include accrued interest of 1.6 million euros as of 30 June 2021 and 2.5 million euros as of 31 December 2021.

The other liabilities include the uncalled capital at OneWeb Holdings Ltd as of 31 December 2021 amounting to 119.1 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 141.8 million euros as of 31 December 2021 and include acceptances of milestone payments and payments by means of commercial paper maturing on delivery of the satellites amounting, respectively, to 93.4 million euros and 44.6 million euros.

#### 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 2021	31 Dec 2021	30 June 2021	31 Dec 2021			
Synthetic forward sale with knock-in option	235.5	489.9	(0.4)	(19.4)	(19.0)	(0.9)	(18.1)
Cross currency swap	572.0	600.4	10.3	(7.5)	(17.8)	-	(17.8)
<b>Total forex derivatives</b>	<b>807.5</b>	<b>1,090.3</b>	<b>9.9</b>	<b>(26.9)</b>	<b>(36.8)</b>	<b>(0.9)</b>	<b>(35.9)</b>

As of 31 December 2021, the cumulative fair value of the derivative financial instruments was positive at 0.2 million euros and negative at 27.1 million euros (see Note 6.3.4 "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 2021	31 December 2021
Bond 2022	312.1	307.1
Bond 2025	856.9	831.4
Bond 2027	657.1	627.8
Bond 2028	627.3	608.8
<b>Total</b>	<b>2,453.4</b>	<b>2,375.1</b>

## 6.6 SHAREHOLDERS' EQUITY

### 6.6.1 Share capital

As of 31 December 2021, the share capital of Eutelsat Communications S.A. comprised 1,013,162,112 ordinary shares with a par value of 0.65 euro per share. There were no movements during the period ended 31 December 2021.

### 6.6.2 Dividends

At its meeting of 7 October 2021, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 0.20 euros per share, i.e. a total amount of 202.6 million euros charged in full against the net income for the financial year ended 30 June 2021. No dividend was paid in respect of the financial year ended 30 June 2020.

### 6.6.3 6.6.3 Change in the revaluation surplus of financial instruments

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
<b>Balance at 30 June 2021</b>	<b>(35.8)</b>
Changes in fair value within equity that can be reclassified to income	(9.5)
<b>Balance at 31 December 2021</b>	<b>(45.3)</b>

### 6.6.4 Translation reserve

Changes in the translation reserve during the financial period were as follows:

(in millions of euros)	Total
<b>Balance at 30 June 2021</b>	<b>102.6</b>
Net change over the period	49.7
<b>Balance at 31 December 2021</b>	<b>152.3</b>

The main currency generating translation differences is the US dollar.

As of 31 December 2021, the translation reserve includes (7.5) 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 were reduced from 1.25% as of 30 June 2021 to 1.00% as of 31 December 2021. This reduction in the discount rate led to a 12.5 million euro increase in the commitments over the period.

## 6.7 PROVISIONS

The changes in provisions between 30 June 2021 and 31 December 2021 are presented below:

(in millions of euros)	30 June 2021	Allowance	Reversal		Reclassification, currency impact and others	Recognised in equity	31 December 2021
			Used	Unused			
Financial guarantee granted to a pension fund	59.8	0.5	-	-	-	12.0	72.3
Retirement indemnities	14.6	0.6	(0.1)	-	(3.4)	0.5	12.2
Other post-employment benefits	5.5	0.2	-	-	-	-	5.7
<b>Total post-employment benefits</b>	<b>80.0</b>	<b>1.3</b>	<b>(0.1)</b>	<b>-</b>	<b>(3.4)</b>	<b>12.5</b>	<b>90.2</b>
Commercial, employee-related and tax litigation	15.6	1.1	(1.6)	(2.3)	0.6	-	13.4
<b>Total provisions</b>	<b>95.6</b>	<b>2.4</b>	<b>(1.7)</b>	<b>(2.3)</b>	<b>(2.8)</b>	<b>12.5</b>	<b>103.7</b>
<i>Incl. non current portion</i>	83.0						93.4
<i>Incl. current portion</i>	12.6						10.3

### 6.7.1 Litigation and contingent liabilities

Eutelsat S.A., a company belonging to the tax consolidation group of which Eutelsat Communications S.A. is the integral parent company, underwent a tax audit in respect of the financial years ended 30 June 2012, 2013 and 2014. In December 2016, the company received a tax adjustment notification in respect of the financial periods ended 30 June 2013 and 30 June 2014. As a result of the pre-litigation appeals and subsequent discussions, the amounts claimed by the tax authorities were significantly reduced. There is still disagreement on certain tax enhancements, on which Eutelsat believes that it has solid defences.

Eutelsat S.A. underwent a tax audit in respect of the financial years ended 30 June 2016 and 2017. In December 2019, the company received a tax adjustment notification in respect of these two financial periods. The company has responded to this proposed adjustment.

A tax audit is also under way in respect of the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020. In December 2021, the company received a Notice of Deficiency which extends the statute of limitations, relating to the financial year ended 30 June 2018.

## NOTE 7: RELATED-PARTY TRANSACTIONS

No related-party transactions of a nature different to those entered into during the financial year ended 30 June 2021 were realised during the reporting period.

## NOTE 8: SUBSEQUENT EVENTS

None