Société anonyme with a Board of Directors
and a share capital of 230,544,995 euros
Registered office: 70 rue Balard,
F-75015 Paris

481 043 040 R.C.S. PARIS

# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

**Note: The English version of this Management Report is a free translation of the French version and is provided solely for the benefit of English-speaking users.**

## INDEX

Dear Shareholder(s),

We submit to you a management report on the activity of Eutelsat Communications (the Company) and the Eutelsat Group[1] for the year ended 30 June 2020.

We also present to you the company and consolidated financial statements for the year ended 30 June 2020. The consolidated statements show the intra-group relations with our subsidiaries and affiliated companies.

This report was adopted by the Board of Directors at its meeting on 30 July 2020.

# INTRODUCTION

Operating capacity on 39 satellites in-orbit between 133° West and 174° East, broadcasting almost 7,000 television channels, the Group is one of the leaders in EMEA area[2] for the provision of Fixed Satellite Services (FSS).

It mainly operates and supplies capacity for Broadcast, Data & Professional Video and Government Services as well as in Connectivity applications (Fixed Broadband and Mobile Connectivity) which have strong growth potential.

Via its fleet, the Group covers the entire European continent, the Middle East and North Africa, as well as sub-Saharan Africa and a large section of the Asian and American continents, potentially giving it access to almost 100% of the world's population.

[1] Eutelsat Group" or "the Group" means Eutelsat Communications and all the companies controlled directly or indirectly by Eutelsat Communications

[2] EMEA includes western and central Europe, Russia and central Asia, the Middle-East, North Africa and Sub-Saharan Africa.

# 1 KEY HIGHLIGHTS IN THE FINANCIAL YEAR

## 1.1 MAIN HIGHLIGHTS OF FY 2019-20

The main highlights of the fiscal year are the following.

- Procurement of EUTELSAT 10B with firm commitments on a third of the HTS capacity;

- Entry into service of the EUTELSAT 7C satellite which brings incremental capacity over the dynamic Sub-Saharan African market.

- Launch of the LEAP 2 cost-savings program to generate opex savings of €20-25 million by FY 2021-22 to underpin Discretionary Free Cash Flow objective, and deploy resources in the growth verticals while preserving our EBITDA margin;

- Resilient results despite Covid-19 impact:
  - Revenues for the five Operating Verticals of €1,276 million on a reported basis, and €1,261 million at 1.14 €/$ rate, exceeding Covid-revised objective of circa €1,250 million;
  - Record level of cash-flow, with Discretionary Free Cash Flow of €474 million and a further rise in the cash conversion ratio;
  - Net Debt / EBITDA ratio contained at 3.05x reflecting strong financial discipline;
  - Dividend per share of €0.89, 2.3 times covered by Reported Discretionary Free-Cash-Flow.

- Ongoing robustness of Core Broadcast:
  - Underlying sequential top-line broad stability in the fourth quarter;
  - Multi-year multi-transponder contract with Canal+ Ethiopia on EUTELSAT 7C, highlighting the dynamism of the African DTH market and Eutelsat's unique combination of assets;

- Tangible steps towards return to growth in Fixed Broadband:
  - EUTELSAT KONNECT satellite to operate at full capacity from early 2021;
  - Significant headway in our European Broadband strategy;
    - Major wholesale agreement with Orange for the entire French capacity on EUTELSAT KONNECT
    - Acquisition of the European satellite broadband activities of Bigblu Broadband, the leading distributor of satellite Broadband in Europe adding a retail pillar
  - MOU with Schoolap for high speed connectivity to schools in Democratic Republic of Congo, highlighting the opportunity of government-backed digital inclusion programmes;
  - Boost in demand for high quality, ubiquitous and reliable connectivity in post-Covid context.

- Updated financial objectives providing renewed visibility:
  - Operating vertical revenues expected between €1,180 million and €1,220 million in FY 2020-21[3], in line with market expectations;
  - Adjusted Discretionary Free-Cash-Flow target of between €420 million and €450 million[4] in FY 2021-22.

- Stable to progressive dividend policy reinstated.
-
- C-band

  In its order on the C-band, voted on February 28, the FCC confirmed its plan to clear the frequency band 3.7-4.0 GHz in the contiguous United States (CONUS) and make it available for flexible use, including 5G, via a public auction.

  The schedule for clearing the 300 MHz of C-band satellite spectrum will be concluded by December 5, 2025. Eligible satellite operators agreeing to accelerate the clearing will be required to clearing 120MHz in 46 of the top 50 Partial Economic Areas (PEAs) by December 5, 2021, and the total 300 MHz in the entire CONUS by December 5, 2023.

  The total amount of above-cost 5G-related acceleration payments (in addition to the relocation costs) has been fixed to $9.7 billion and will be paid by winning bidders to the satellite operators. Within this total, Eutelsat is eligible to receive a pre-tax amount of $507m, of which $125m in the first phase and $382m in the second.

  Eutelsat elected to perform accelerated relocation on May 27 and is confident of being able to execute the clearance

[3] At 1.14 €/$ rate.

[4] Please refer to the Outlook section for the definition.

within the prescribed deadlines.

Please refer also to the section 4.2 “Fleet Performance”.

## 1.2 REVENUES BY BUSINESS APPLICATION

For a review of the performance for each application, please refer to section 3.2.1 “Revenue evolution” of this document.

## 1.3 FINANCIAL PERFORMANCE

| Key Financial Data | FY 2018-19 | **FY 2019-20** | **Change** |
|---|---|---|---|
| **P&L** | | | |
| Revenues - €m | 1,321.1 | **1,278.3** | **-3.2%** |
| “Operating Verticals” revenues - €m | 1,313.1 | **1,276.3** | **-2.8%** |
| **“Operating Verticals” revenues at constant currency and perimeter - €m** | 1,311.4 | **1,259.6** | **-3.9%** |
| EBITDA[5] - €m | 1,032.4 | **982.0** | **-4.9%** |
| EBITDA margin - % | 78.1 | **76.8** | **-1.3 pts** |
| **EBITDA margin at constant currency - %** | 78.1 | **76.9** | **-1.2 pts** |
| Group share of net income - €m | 340.4 | **297.6** | **-12.6%** |
| **Financial structure** | | | |
| Reported Discretionary Free-Cash-Flow[6] - €m | 407.8 | **474.4** | **+16.3%** |
| **Adjusted Discretionary Free-Cash-Flow - €m[7]** | 456.4 | **482.6** | **+5.7%** |
| Net debt - €m | 3,072.8 | **2,999.4** | **-€73m** |
| Net debt/EBITDA - X | 2.98 | **3.05** | **+0.07x** |
| **Backlog – €bn** | 4.4 | **4.1** | **-6.0%** |

EBITDA, EBITDA margin, Net debt / EBITDA ratio, Cash Capex and Discretionary Free-Cash-Flow are considered as Alternative Performance Indicators. Their definition and calculation can be found in the section below.

For more detail, please refer to section 3.2 and 6 of this document.

## 1.4 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 FY 2018-19 and FY 2019-20:

[5] Operating income before depreciation and amortisation, impairments and other operating income/(expenses).

[6] Net cash-flow from operating activities - Cash Capex - Interest and Other fees paid net of interests received. More detail in Appendix 3.

[7] As defined per financial objectives. More detail in Appendix 3.

| Twelve months ended June 30 (€ millions) | 2019 | 2020 |
|---|---|---|
| Operating result | 526.1 | 487.2 |
| + Depreciation and Amortization | 518.8 | 530.9 |
| - Other operating income and expenses | (12.5) | (36.1) |
| **EBITDA** | **1,032.4** | **982.0** |

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

| Twelve months ended June 30 (€ millions) | 2019 | 2020 |
|---|---|---|
| EBITDA | 1,032.4 | 982.0 |
| Revenues | 1,321.1 | 1,278.3 |
| **EBITDA margin (as a % of revenues)** | **78.1%** | **76,8%** |

At constant currency, the EBITDA margin stood at 76.9% as of 30 June 2020.

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

| Twelve months ended June 30 (€ millions) | 2019 | 2020 |
|---|---|---|
| Last twelve months EBITDA | 1,032.4 | 982.0 |
| Closing net debt[8] | 3,072.8 | 2,999.4 |
| **Net debt / EBITDA** | **2.98x** | **3.05x** |

## 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.

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.

[8] 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 7.3.4 of the appendices to the financial accounts.

The table below shows the calculation of Cash Capex for FY 2018-19 and FY 2019-20:

| Twelve months ended June 30 (€ millions) | 2019 | 2020 |
|---|---|---|
| Acquisitions of satellites, other property and equipment and intangible assets | (210.8) | (220.3) |
| Insurance proceeds | - | 85.6 |
| Repayments of ECA loans, lease liabilities and other bank facilities [9] | (112.4) | (86.7) |
| **Cash Capex** | **(323.2)** | **(221.5)** |

### 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 the 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 constant currency and excludes one-off impacts such as Hedging, effects of changes in perimeter when relevant, and one-off costs related to specific projects in particular to the LEAP 2 program and to the move to new headquarters.

The table below shows the calculation of Reported Discretionary free cash flow and Adjusted Discretionary free cash flow for FY 2018-19 and 2019-20 and its reconciliation with the cash flow statement:

| Twelve months ended June 30 (€ millions) | 2019 | 2020 |
|---|---|---|
| Net cash flows from operating activities | 848.2 | 779.0 |
| Cash Capex (as defined above) | (323.2) | (221.5) |
| Interest and other fees paid net of interest received | (117.2) | (83.2) |
| **Reported Discretionary Free-Cash Flow** | **407.8** | **474.4** |
| Impact of the disposal of EUTELSAT 25B[10] | 29.0 | - |
| Currency impact[11] | - | (13.9) |
| Hedging Impact | 19.6 | 10.6 |
| One-off costs related to “LEAP 2” programm and move to new headquarters | - | 11.5 |
| **Adjusted Discretionary Free-Cash Flow** | **456.4** | **482.6** |

[9] Included in lines “Repayment of borrowings” and of “Repayment of lease liabilities” of cash-flow statement

[10] Impact of the disposal of EUTELSAT 25B satellite. For comparability purposes, FY 2018-19 is restated from the advanced payment made by Es’hailSat for capacity on EUTELSAT 25B (€5.5 million) which had to be reimbursed by Eutelsat to Es’hailSat when the asset was sold in August 2018 and from the tax paid (€25.2m) on the capital gain related to this transaction and revenue booked until the disposal of the asset in early August 2018 is cancelled (-€1.7m).

[11] FY 2019-20 discretionary Free-Cash Flow has been converted at FY 2018-19 €/$ rate.

# 2 MAIN MARKETS AND STRATEGY

The Group's activities are described in the Section 3 of this document.

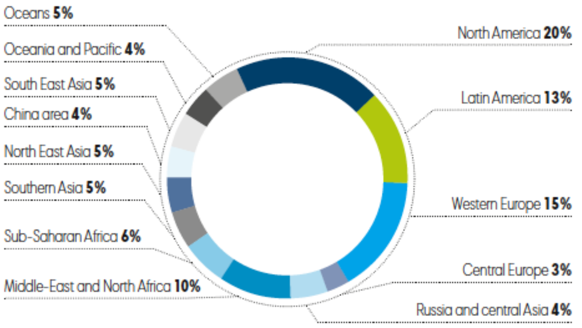
## 2.1 THE FIXED SATELLITE SERVICES INDUSTRY

Fixed Satellite Services (FSS) operators operate geostationary satellites (GEO) that are positioned in an orbit approximately 36,000 kilometres from the earth in the equatorial plane. These satellites are particularly well-suited to transmitting signals to an unlimited number of fixed terrestrial antennae, which are permanently directed towards the satellite. They are therefore one of the most efficient and cost-effective means of communication for transmitting from one fixed point to an unlimited number of fixed points, as in the case of television broadcasting, for example. GEO satellites are also suitable for linking together a group of sites spread out over vast geographical areas (*e.g.* private business networks or retail outlets), as well as extending mobile telephone networks and Internet access to areas where terrestrial networks provide little or no coverage and establishing or restoring communications networks in emergency situations.

The growth of television in emerging markets, growing needs in terms of internet access, whether fixed or on the move, and the role of satellites in complementing terrestrial networks to enable access to digital services in all regions are three key growth drivers in the FSS industry.

According to Euroconsult, the FSS sector will generate global revenues of 10.7 billion U.S. dollars in 2019.

Breakdown by region of revenue for FSS sector




*Source: Euroconsult, 2019 edition, based on total FSS operators wholesale revenues.*

### 2.1.1 A market with visibility

Eutelsat: a core player in the most resilient segments

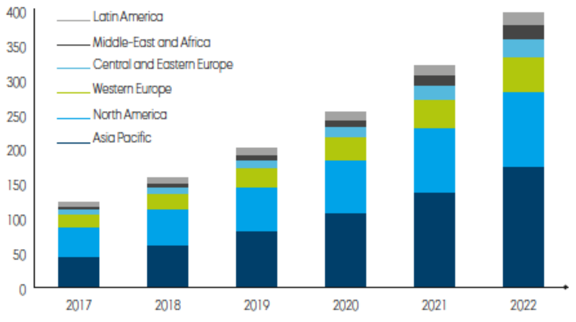
Visibility on the FSS market is underpinned by several factors:

- satellites represent the most efficient and cost-effective technology for broadcasting content over large geographical areas;
- barriers to entry are significant due to a complex international regulatory framework and the high level of investment and technical expertise required;
- customers, especially those in the Video broadcasting business, prefer to secure satellite capacity on a long-term basis;
- long-term partnerships are encouraged due to the high costs involved in transferring services in the event of a change of satellite operator, particularly in Video broadcasting.

The market for Video broadcasting, Eutelsat's core business, is resilient and is reflected by a backlog that represents more than three years of Group revenues.

Furthermore, as an infrastructure used to distribute content, satellite benefits from the trend of secular growth in usages and global data traffic.

Global Internet traffic evolution **(in EB per month)**




*Source: Cisco/VNI, 2019.*

## An increase in usages driven by the digital revolution

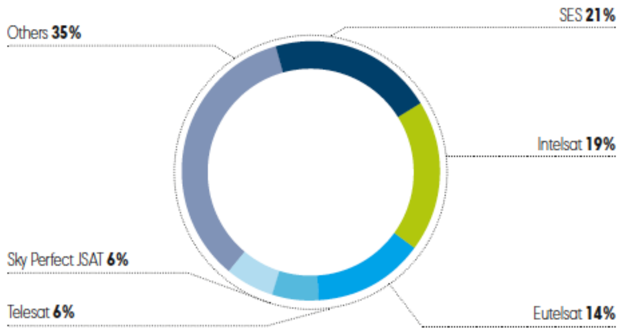
### Eutelsat: a key player in the distribution of Video content

The television market is evolving. Larger television screens call for improvements in image quality, notably the development of High Definition and soon Ultra High Definition (UHD) which require additional bandwidth. Moreover, despite a growing trend towards the combined consumption of linear and Internet content, paving the way for connected television and multi-screen services, linear television remains the primary means to view video content.

In this context, satellite remains the distribution infrastructure enabling Free-to-Air or Pay-TV platforms to reach the largest audience at a competitive cost with best-in-class image quality.

## A fast-changing and competitive environment

Operators global market share (based on revenues)




*Source: Euroconsult, 2019 edition.*

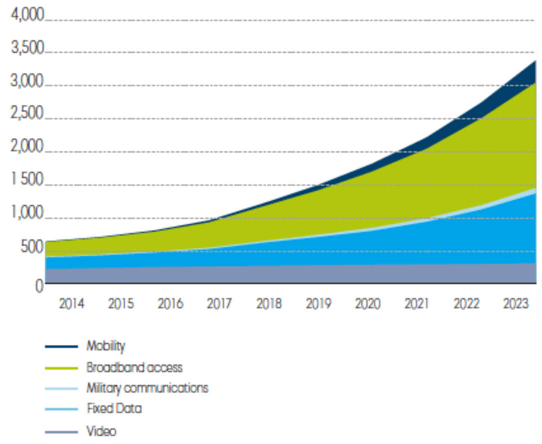
The three largest operators – Intelsat, SES and Eutelsat – hold a 50% market share in the FSS sector. At the regional level, some operators have also implemented for a few years investment programmes with a view to expanding their markets and competing with global operators. These programmes may encounter obstacles such as the high level of investment, expertise and commercial effort required, as well as the complexity of the international regulatory environment. In addition, for certain non-video applications, the arrival of HTS and subsequently VHTS satellites driven by technical innovation provides increased throughput at competitive costs and several low-earth orbit constellation projects are at various stages of progress, although none of them are in commercial service at this stage.

These investments, together with the growth of established operators and technical innovation, are reflected in an increase in the amount of satellite capacity on the market which differs depending on the applications. Whereas regular capacity global supply should, according to Euroconsult, decline by 13% between 2018 and 2023, HTS capacity supply dedicated mostly to Fixed Data and Connectivity is expected to be multiplied by four over the same timeframe.

## A dual market dynamic

In the FSS sector, the traditional businesses are Video, Fixed Data and Government Services. In the markets covered by the Group, and despite continued growth for Video in emerging markets, these activities are currently experiencing a slowdown in growth with broadly stable demand in developed markets (Europe) for Broadcast and an increase in supply which is weighing on pricing in Data Services. At the same time, new high-growth segments have emerged in recent years, the "Connectivity" businesses of Fixed Broadband and Mobile Connectivity, which present significant new medium-term opportunities for satellite operators.

Breakdown by application of global demand in GBPS (regular and HTS capacity used)




*Source: Euroconsult, 2019 edition.*

## 2.2.1 Core businesses – market prospects

### 2.2.1.1 Broadcast

In 2018, Broadcast was the largest segment of the FSS market, accounting for *circa* 3,300 transponders worldwide, equivalent to 50% of the volume of regular capacity available on the market (source: Euroconsult, 2019 edition). Overall the Broadcast market is slightly growing driven by demand in emerging countries.

— the number of homes equipped with a satellite terminal should continue to increase. Between 2015 and 2019, it increased more than 11 millions on Eutelsat's main broadcast markets (EMEA and Russia) representing a further progression in satellite market share in terms of TV reception from 35% to 36% over the same period (Source: Digital TV Research)

— the number of channels broadcast by satellite worldwide continued to increase, exceeding 44,000 in 2019 (source: Euroconsult, 2019 edition).

Market dynamics differ between developed and emerging countries.

In developed countries:

— The market is mature. In Europe in particular, trends should be broadly stable to slightly down, with HD and UHD ramp up broadly offsetting improvement of compression and encoding format as well as end of certain simulcast channels.

— Requiring more satellite capacity as Standard Definition (a 36 Mhz transponder can broadcast more than 20 Standard Definition channels or around 9 HD channels in MPEG-4 format), the HD penetration rate on Eutelsat satellites has risen from 21% to 22% in the past year. According to Euroconsult, the number of HD channels should increase at a weighted average annual rate of 9% in EMEA and Latin America over the 2018-2028 period to more than 12,000 channels by 2028.

— Conversely, technological advances in the compression of television signals together with the discontinuation of simulcast channels have a negative impact on capacity requirements. The implementation of the DVB-S2 standard and the adoption of the MPEG-4 compression format will make it possible to broadcast up to twice as many channels per transponder, thereby optimising the use of bandwidth between television channels, which in turn reduces the cost of accessing satellite capacity for new entrants on the market. However, Eutelsat is more advanced on compression than on HD penetration. Future HD ramp-up should therefore more than offset generalisations of MPEG-4. However, it should be noted that the generalisation of a new compression format is a very long-term phenomenon insofar as it requires compatible equipment (television or box) at the end user's premises.

— Ultra-High Definition technology is developing, and suitable equipment is beginning to emerge. It is currently almost three times as bandwidth-hungry than HD, even factoring in the efficiency gains brought by the new HEVC compression format.

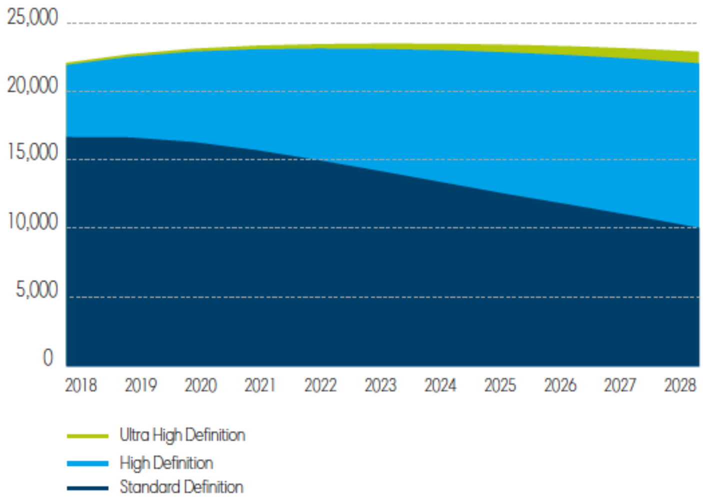
— The development of interactive platforms as a result of the emergence of new non-linear ways of watching television is prompting operators to design new services that combine access to both linear television and a catalogue of on-demand services. Eutelsat's teams are involved in this process and are continuously working to enhance television services and supply of connected television services.

In emerging countries demand is growing. According to Euroconsult, between 2018 and 2023 demand for capacity (Gbps) for Broadcast will grow by 4% per year in Latin America, Sub-Saharan Africa, the Middle-East and North Africa, Russia and Central Asia. The key factor driving this growth is the increase in the number of channels broadcast which has increased by 30% over the past five years. The potential for further growth is significant since, for example, there are currently only two channels per million inhabitants in Sub-Saharan Africa, compared with more than 30 per million inhabitants in North America.

Moreover, HD penetration is weaker than in mature countries. For example, in Sub-Saharan Africa, HD penetration stands at just 6% compared with 35% in Western Europe (source: Euroconsult, 2019 edition). HD penetration is forecast to in these regions which will have an additional positive effect on demand.

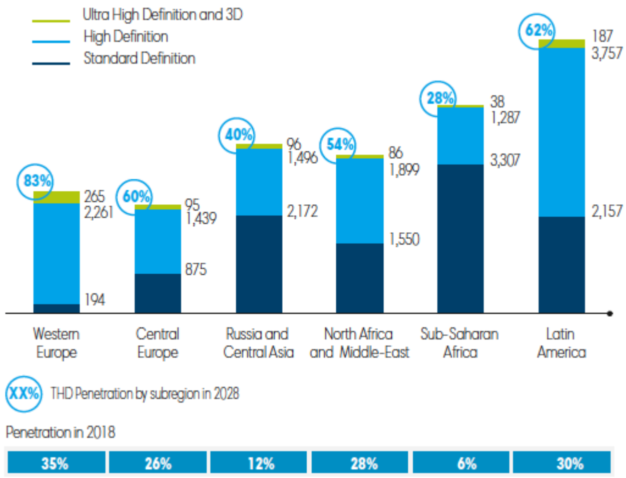
Finally, the rise of Digital Terrestrial Television ("DTT") in emerging countries, particularly in Africa, is creating opportunities for satellite operators to provide capacity for supplying terrestrial re-transmitters and ensure additional coverage for homes located in shadow areas.

### Evolution of the number of SD, HD and UHD channels in Extended Europe and Latin America




*Source: Euroconsult, 2019 edition.*

### HD penetration by subregion in 2028



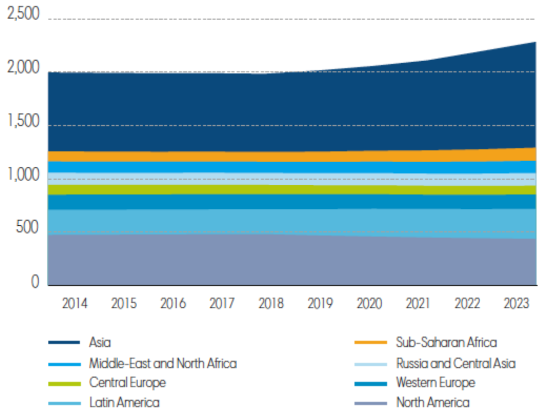

*Source: Euroconsult, 2019 edition.*

## 2.2.1.2 Data & Professional Video

The Data market is composed of several segments: business networks, the interconnection of mobile networks and trunking.

— VSAT business networks: although fibre optic is currently penetrating urban areas, many rural and suburban areas are being left behind as they do not offer a sufficient return on investment for terrestrial operators. In many areas, in particular in emerging countries, satellite technology is therefore the optimal solution. Three sectors account for the majority of demand for this segment: the oil and gas industry, for connecting onshore and offshore drilling platforms; and the banking and retail sectors, for securely circulating financial and logistical data between different outlets. More than two million VSAT terminals for business networks are in operation globally and this is expected to continue to continue to grow as illustrated by the chart below.

Development in number of V-SATS per region **(in thousands)**




*Source: Euroconsult, 2019 edition.*

- Interconnecting mobile networks: The market for interconnecting mobile networks is defined as the transmission of information (primarily voice at present and data in the future) between base stations (that connect directly to mobile terminals, such as mobile telephones) and their various network aggregation points. Satellite is one technology amongst others (such as fibre optic and microwave) for transmitting information between these points. It is concentrated in emerging countries, in particular Latin America and Southern Asia. For satellite operators, this segment should benefit from the development and the extension of data-greedy 3G/4G/5G mobile networks, therefore generating additional demand for satellite capacity that will enable to complement the coverage of terrestrial networks.
- The “trunking” market is defined as the transmission of information (voice or data, also known as “IP trunking”) between one national backbone network and another. This market is in decline in large part due to competition from terrestrial infrastructures, fibre or submarine cables. Nevertheless, satellite technology still plays an important role in areas that are not connected to the terrestrial network or that have a poor connection to the network. There is also a specific market segment that helps to secure the network in countries where fibre optic is unreliable.
- Finally, the development of the Internet of Things (IoT) in various applications (transport, logistics, agriculture, intelligent environments, *etc*.) represents a new market for satellite operators as a complement to other infrastructures, whether to connect objects directly or because the networks of IoT actors themselves need to be interconnected. It represents a significant medium-term growth opportunity.

Overall demand is growing in volume notably thanks to increased Data traffic but is accompanied by a significant decline in prices caused by several factors:

- the amount of satellite capacity dedicated to Fixed Data has increased significantly and continues to grow;
- terrestrial networks are competing with satellite technology on this market segment;
- the migration of part of the services towards HTS, whose production cost is lower, has led to a reduction in prices.

As a result revenues for Fixed Data are expected to decline in the coming years albeit certain segments, particularly point-to-multipoint applications, should be more resilient in the short and medium term.

The Professional Video market reflects different trends:

- on the one hand, an increase in volumes supported by the development of HD and UHD, the increase in the number and frequency of broadcasted events and their increased globalisation;
- on the other hand, competition from terrestrial infrastructure, fixed or mobile, whether for point-to-point data transmission (SNG), as well as a high degree of competition between satellite operators, notably with the development of HTS offers;
- in the short term, the occasional use activity could be affected if the Covid-19 crisis gives rise to further postponements in sport events.

Overall, revenues in the Data and Professional Video segment should remain on a downward trend in the coming years.

### 2.2.1.3 Government services

After several years of decline demand in volume in the military Government Services market has stabilised. In the medium-term demand will benefit from developments in security, surveillance, safety and IT systems in a context of increasing volumes of data exchanged, miniaturisation of equipment and deployment of remote-controlled systems, and from the increasing use of commercial capacities by governments seeking to rationalise spending.

Demand from the U.S. Government, a key customer in this segment, has stabilised, albeit at much lower prices than before. There are growth opportunities in other regions or with other governments which may increasingly turn to commercial operators for their satellite capacities, which offers more flexibity than owning the infrastructure themselves. In the medium term, this segment will be impacted by the arrival of HTS capacity, albeit at a much slower pace of migration and impact than in Data applications. The quality of coverage as well as the flexibility allowed by operators to meet operational needs of governments will remain key differentiators in a segment where the geopolitical context remains an important factor in the evolution of demand.

## 2.2.2 Connectivity Applications – market prospects

The market for Connectivity Applications represents one of the greatest potential medium and long-term growth opportunities in the satellite segment.

### 2.2.2.1 Fixed Broadband

The number of homes equipped with a satellite terminal connected to the Internet has risen by 25% in five years to over 3.0 million worldwide (source: Euroconsult, 2019 edition). Mainly confined to the European and American markets at this stage, Satellite Broadband is expected to grow in the years ahead, notably expanding to new regions (Latin America, Africa, Russia…).

The development of the market for Fixed Broadband is driven by the following factors:

- In all geographical areas millions of homes will long remain out of reach of terrestrial infrastructures. Therefore, the satellite is the only way for them to have access to Internet, representing a highly significant addressable market for the FSS industry. In Europe, for instance, about few million homes will still be deprived of fixed terrestrial Internet connection exceeding 10 Mbps and 4G indoor Connectivity in 2030 in spite of the investment programmes announced by governments and telecom operators. In most emerging countries the deployment of terrestrial networks is lagging behind mature countries, which means the addressable market in those countries is even more significant.
- The emergence of HTS satellites ("High Throughput Satellites") in the Ka frequency band has significantly reduced the cost of access to satellite resources for connectivity services when compared to traditional satellites. The deployment early in the next decade of VHTS satellites ("Very High Throughput satellites") with dramatically increased capacity compared to HTS satellites, will provide a far larger number of users with offers comparable in terms of price and quality to very-high-speed terrestrial networks, leading to a change in scale in these markets.

### 2.2.2.2 Mobile Connectivity

Broadband mobile communications is a market with strong growth potential.

In particular the provision of capacity for the in-flight Connectivity market is currently worth around 500 million dollars. Demand in terms of volume is indeed expected to increase sharply on the back of the following factors:

- the continuous rise in air traffic is set to grow
- passengers' growing demand for Connectivity, with an increase in the number of smart devices and the rise of more bandwidth-hungry usages, both of which are reflected in the exponential growth in data consumption per user;
- the desire of airlines to offer this new service as a way of differentiating themselves from competitors leading to an increased penetration of aircrafts equipped for in-flight Connectivity services;
- the arrival of HTS satellite capacity (and subsequently VHTS capacity), giving access to larger capacities at a lower cost and offering a very-high speed experience to passengers should result in increased use of the service by the users;
- the proliferation of rotating flat dishes, reducing indirect costs (weight and maintenance).

The market for maritime satellite Connectivity is made up of different sub-segments, each with its own dynamics: Merchant ships, cruise ships, yachts. It currently represents approximately 500 million dollars and is expected to grow, particularly in light of more bandwidth-hungry usages.

While our long-term outlook for the Connectivity segment, and in particular the fact that it represents a significant growth opportunity, remains largely unchanged, the Covid-19 crisis could nevertheless slow its growth in the short/medium term given the impact on air and maritime traffic and the effects on the financial situation of the players in the value chaine.

Finally, mobile usages, thus far largely confined to the maritime and aviation sectors, will expand to encompass connected cars and land-based transport in the longer term as well as connected objects. There are therefore many opportunities for the satellite mobility market to diversify, and hence transformation from niche to mass.

# 2.3 GROUP STRATEGY

In the face of the market environment, Eutelsat has implemented a two-step strategy in response to the recent slowdown in growth of its core businesses. The aim of the first step is to maximise the revenue generation of its businesses by adapting its operational and financial objectives. The second step consists of preparing to return to growth by building on Video and capturing the longer-term potential in Connectivity.

## 2.3.1 Maximising free cash flow generation

The maximisation of Discretionary free cash flow generation will be achieved through two sets of measures, financial and operational, aimed at optimising the revenue generation of Eutelsat's core businesses (Video, Fixed Data and Government Services).

### 2.3.1.1 Financial Measures

Financial measures are structured around four areas:

- optimising capex: capex savings will be achieved without impacting the current deployment plan and associated future revenues. Savings will notably be driven by the implementation of a “design-to-cost” approach: The order of EUTELSAT 5 West B (in fall 2016) using this approach lead to savings in excess of 30% compared to the theoretical replacement cost of EUTELSAT 5 West A. More recently, the replacement of the HOTBIRD constellation is another illustration of this approach. Several other elements will also contribute to capex reduction, in particular the capitalisation on industry-wide efficiency improvements and the strict monitoring of Ground capex;
- reducing the cost of debt: the refinancing of bond issues maturing in March 2017, January 2019 and January 2020 generated savings at run rate of respectively *circa* 30 million euros, *circa* 24 million euros and *circa* 10 million euros per year before tax;
- controlling operating costs with the implementation of “LEAP 1” cost-savings plan generated 32 million euros in annualised savings in 2018-19. A new “LEAP 2” cost-savings plan is being put in place with the aim of generating a further 20 to 25 million euros in savings by 2021-22;
- a reduction of the order of 70 million euros in the annual tax burden, following the change in French tax territoriality treatment.

All these measures helped the Group insure a high level of free cash flow.

Furthermore, in order to maximise cash and accelerate deleveraging, Eutelsat has been streamlining its portfolio of assets with the closing of the disposal of its stake in Hispasat for a consideration of 302 million euros in April 2018 and the sale of its stake in EUTELSAT 25B for 135 million euros in August 2018.

### 2.3.1.2 Adaptation of strategy in core business

## Broadcast

The Group’s strategy for mature countries will consist in optimising the value of its assets by:

- increasing direct access to its customers when and where appropriate;
- integrating or reorganising indirect distribution;
- stimulating HD and Ultra HD take-up by means of tailored pricing;
- implementing more segmented pricing strategies.

There will be a particular focus on optimising the value of the HOTBIRD position and on taking back unsold capacity from certain distributors, thereby optimising distribution by increasing the proportion of sales made directly to Free-to-Air channels. Measures will also be taken to strengthen Eutelsat’s value proposition by attracting premium channels in different language pools, increasing sales of services and prioritising HD and UHD ramp-up through appropriate incentives. Finally, the implementation of a new pricing policy based on pricing per Mbps instead of pricing per Mhz aims at capturing part of the efficiency gains enabled by improved modulation formats.

At the same time, Eutelsat will continue to pursue growth opportunities in emerging countries by:

- leveraging on its existing in-orbit resources mainly in MENA, Russia and Africa and to a lesser extent in the Americas. For example the Group integrated Noorsat, its main distributor in MENA to rationalise Video distribution and favour HD ramp-up;
- continuing to invest selectively, notably at the 7° East position. The entry into service of EUTELSAT 7C in January 2020 has significantly improved coverage in Sub-Saharan Africa where the Video market is expanding rapidly.

In emerging regions the flexibility to increase prices will be prioritised over contract length to maximise the value of the customer portfolio.

## Data & Professional Video

In the context of the price pressure and growing volumes described above, Eutelsat’s priority will be to fill existing capacity by adapting its pricing policy.

The Group will also focus notably on the following opportunities:

- opportunities in verticals where satellite has untapped potential, such as the Internet of Things which represents a significant growth opportunity;
- the needs of Telecom operators for interconnection of mobile networks beyond the coverage provided by other infrastructures;
- less competitive geographies;
- complex networks and less price-sensitive customers, particularly those characterised by ground infrastructure made up of a large number of dispersed terminals;

— services to governments to enable them to expand their programmes aimed at reducing the digital divide (*e.g.* connecting schools and hospitals).

Furthermore, given the market prospects for this segment and its desire to optimise return on investment, the Group does not envisage investing further in regular capacity destined for this segment, with the exception of limited investments in specific capacity for the Internet of Things.

### Government Services

Eutelsat will continue to work with the U.S. Department of Defence with a view to growing sales in new sub-segments.

Eutelsat will also seek to expand its operations to other governments notably in Europe, the Middle-East and Asia as well as at new orbital positions when possible: fox example, following the entry into service of EUTELSAT 172B in November 2017, EUTELSAT 172A was relocated at 174° East securing incremental business in coverage of Asia-Pacific.

To provide these services, the Group will use the following in-orbit resources:

— regular capacity satellite, notably at 3° East, 21° East, 33° East, 36° East, 70° East, 172° East, 174° East and 117° West orbital positions, which offers extended and quality coverage particularly adapted to these applications;

— EUTELSAT QUANTUM, expected to be launched in 2020, the new software-based reconfigurable satellite, will help to differentiate the value proposition. Customers will enjoy the flexibility of being able to programme dishes to configure coverage, bandwidth, power and frequencies. The applications enabled by this new concept in satellite technology are particularly suited to customers in the Government Services sector who are seeking operational flexibility;

— longer term KONNECT VHTS, the first VHTS satellite of the Group, expected to be launched in 2021, notably through a distribution agreement with Thales.

## 2.3.2 Returning to growth by developing the core Video business and seizing longer-term opportunities in Connectivity

Eutelsat's return is based on the development of the core Video business and the seizure of long-term opportunities in Fixed Broadband and Mobile Connectivity.

### 2.3.2.1 Extracting value from the Video business

Video *via* satellite will continue to represent an opportunity and Eutelsat expects that in the longer term Video distribution globally will mostly be split between satellite and IPTV.

Additional sources of demand will be created as broadcasters outsource certain services. In this context, closer integration with the IP ecosystem and harnessing existing IP-based technologies will enable satellites to enhance the end-viewer experience, increasing customer loyalty and generating opportunities to sell additional services to broadcasters, pay television operators and advertisers, such as:

— improving the end-user experience through, for example, Connected Television, multi-screen delivery solutions and digital Connected Television programme guides;

— managing meta-data in order to target advertising;

— compression, encryption and security.

An important step in the implementation of this strategy was taken in September 2018, with the launch of Eutelsat CIRRUS, a hybrid satellite-OTT turnkey solution that will enable satellite TV channels and operators to offer a flexible and seamless multi-screen consumer experience, further integrating the satellite into the IP ecosystem. These services will strengthen customer relationships while generating additional revenue opportunities by seeking to capture a portion of value generated. A first contract was signed with Mondo Globo. In July 2019, Eutelsat acquired a *circa* 20% stake in video delivery solutions specialist, Broadpeak.

In addition, in the medium term, Eutelsat seeks to extract more value from its core Video business through the systematic implementation of a design to cost approach to optimise investments, particularly when replacing in-orbit resources, thereby maximising return on capital employed.

### 2.3.2.2 Seizing long-term growth opportunities in Fixed Broadband and Mobile Connectivity

#### Fixed Broadband

Eutelsat's initial aim is to optimise its existing and commissioned assets that are dedicated to Fixed Broadband, in particular:

— the KA-SAT satellite in Europe, in service since 2011;

— the HTS payload in Ka-band on EUTELSAT 36C covering Russia: broadband services kicked off in fall 2016 and a partnership has been implemented with Russian Pay-TV operator, Tricolor TV;

- the development of Broadband in Africa (Konnect Africa) with capacity leased from Yahsat;
- the payload in Ka-band on EUTELSAT 65 West A covering Latin America which is fully leased.

At the same time, Eutelsat is preparing for the mass-market adoption of this application by working on all the prerequisites: availability of an adapted capacity, both sufficient in terms of throughput and competitive in terms of industrial cost, low-cost terminals, distribution strategy, detailed analysis of each national market. A major step forward in the Group's growth strategy was achieved with the launch of the KONNECT satellite, which will provide incremental capacity in Europe and Africa and is expected to enter into service in Autumn 2020 and to operate at full capacity early 2021. A second satellite, KONNECT VHTS, will mark a major milestone and a real change of scale for Connectivity. This VHTS satellite, with total capacity of 500 Gbps and scheduled for launch in 2021, will embark the most powerful on-board digital processor ever put in orbit, offering capacity allocation flexibility, optimal spectrum use, and progressive ground network deployment. Partnerships, including firm commitments, were signed with Orange to address the fixed broadband market in European countries where the Group has a retail presence, and with Thales to serve notably the government Connectivity services market.

On the distribution side, important milestones were achieved over the past few years. In Europe, the Preferred Partnership Programme (PPP) was launched to revitalise the distribution network. After initial results that are promising, its deployment and extension will continue. In Africa, various direct and indirect distribution models have been tested and will gradually be extended to new countries. More recently, an MoU was signed with Schoolap and Flash Services to provide high speed connectivity to 3,600 schools in Democratic Republic of Congo, with scope to strongly expand in coming years, highlighting the opportunity represented by government-backed digital inclusion programmes which is becoming a new axis of development.

In the meantime, Eutelsat continues to work with industrial partners to reduce the cost of terminals.

## Mobile Connectivity

To capture the growth in Mobility the Group will adopt a step-by-step approach leveraging its existing assets, in particular its strong orbital positions, which enables the Group to be well positioned to seize opportunities in the maritime and in-flight connectivity markets:

- further developments of in-flight connectivity on KA-SAT. Several agreements to provide capacity to the SAS, Finnair, El Al, Icelandair, La Compagnie and Neos fleets were signed with ViaSat;
- at 172° East where capacity was expanded with the entry into service in 2017-18 of EUTELSAT 172B which includes a payload dedicated to in-flight connectivity over Asia-Pacific selected by Panasonic and China Unicom;
- at 3° East, where the Group signed a multi-year agreement with Taqnia for the lease of several steerable HTS Ka-band spotbeams on the EUTELSAT 3B satellite. This capacity will be used for in-flight Connectivity medium-/long-haul aircrafts of Saudi Arabian Airlines, covering flight paths from the Middle-East to Europe;
- at 10° East, 33° East and 70° East and over the Americas
- In maritime where the Group signed agreements with major distributors in the last couple of years (Speedcast, Marlink, Telenor), henceforth strengthening its market share.

Furthermore, Eutelsat will focus on securing the prerequisites ready for the transition to a mass market. As such:

- The procurement of KONNECT VHTS in the 2017-18 fiscal year marks an important step towards providing appropriate Ka-band capacity over Europe from calendar year 2022, which should enable the delivery of a very high-speed in-flight broadband experience at a competitive cost and thus meet market needs.
- At the same time, Eutelsat has ordered during the 2019-20 fiscal year the EUTELSAT 10B satellite, which is expected to enter into service in 2023 and includes two incremental HTS Ku-band payloads dedicated to mobility offering exceptional coverage from the Americas to Asia. Firm multi-year capacity commitments representing more than one-third of this incremental HTS capacity have already been made, reflecting the strong demand for Ku-band mobility services in this geographical area.

The Group is positioned as a supplier of satellite capacity on this segment, and does not seek, unlike some other players, to play the role of service provider to airline companies.

## Internet of Things

The Internet of Things (IoT) market represents a significant growth opportunity for the satellite industry. Tens of millions of objects in sectors as diverse as transportation, oil, logistics and agriculture will need to be connected in areas beyond the reach of terrestrial infrastructure. Satellite is an ideal complement to provide ubiquitous coverage for these objects.

In this context, Eutelsat has taken the first steps in its IoT strategy with two complementary initiatives, adding a new lever for future growth as part of the Connectivity strategy:

- The launch of the ELO constellation project: an initial series of five nano-satellites has been ordered and will be launched between 2020 and 2021, with other satellites to be progressively added to the constellation if this new initiative proves successful, to reach a total of 25 operational satellites by 2022. The investment required for the constellation is included in Eutelsat's existing investment outlook with a cost per satellite of less than one million euros. In this context, Eutelsat has signed a strategic partnership with Sigfox, a major player in the IoT.
- The launch of IoT FIRST, a fully integrated Ku-band service operating on the existing geostationary fleet. Offering rates comparable to those of IoT services based on cellular networks, Eutelsat IoT FIRST combines terminals, as well as the

space and terrestrial segments, all backed by a service delivery architecture based on application programming interfaces. Eutelsat IoT FIRST also operates as an IoT Connect Service, through which telecom operators can connect IoT stations and gateways to their network.

## 2.4 EXTRA-FINANCIAL GROUP STRATEGY

Given the nature of its activities, the Group has a limited impact on the production of greenhouse gases. The Group's strategy with respect to CSR, without neglecting other aspects, seeks to focus on those areas where it can maximise its influence.

In this context and considering these challenges, the Group's CSR policy identifies four major areas of focus, as described below, and coupled with KPIs (key indicators):

- Engaging in efforts to bridge the "digital divide"
- Protecting the environment and maintaining the space around the Earth uncongested and clean;
- Implementing a Human Resources policy suited to the challenges facing the Group
- Promoting corporate values and ethics, and preventing corruption risks

KPIs specific to each of these three areas have been defined and action plans put in place. These elements are described in more detail in Chapter 10 of this document. In addition, the compensation of corporate officers includes objectives linked to the company's non-financial performance (see Chapter 9 of this document).

# 3 PRESENTATION OF THE SERVICES OFFERED BY THE GROUP AND REVIEW OF 2019-20 ACTIVITY

## 3.1 GROUP'S ACTIVITIES

Operating capacity on 39 satellites in-orbit between 133° West and 174° East providing coverage of EMEA[12], the Americas and a large part of the Asian continent, the Group delivers its services to broadcasters and network operators directly or via distributors.

As of 30 June 2020, Eutelsat's revenues were 1,278 million euros, of which 61% came from Video Applications. The backlog stood at 4.1 billion euros, of which 68% for Broadcast.

### 3.1.1 Core business

#### 3.1.1.1 Broadcast ("Video Distribution")

Accounting for 61% of Eutelsat's revenues, Broadcast revenues stood at 785 million euros for the Financial Year 2019-20.

Eutelsat provides its customers with broadcasting capacity and associated services to enable them to transmit TV programmes mainly to households that are either equipped to receive them direct via satellite, or – to a much lesser extent -connected to cable or IP networks. The Group occupies a key place in the audiovisual chain which extends from the reporting site to the TV viewer's screen.

With 6,788 TV channels (including 1,679 in High Definition) broadcast via the Group's in-orbit resources as at 30 June 2020, Eutelsat is a market leader not only in Europe, but also in markets such as Russia, the Middle-East, North Africa and Sub-Saharan Africa where, thanks to its premium broadcasting orbital positions it benefits from the launch of new television channels and the surge in popularity of new broadcasting formats (High Definition, Ultra High Definition).

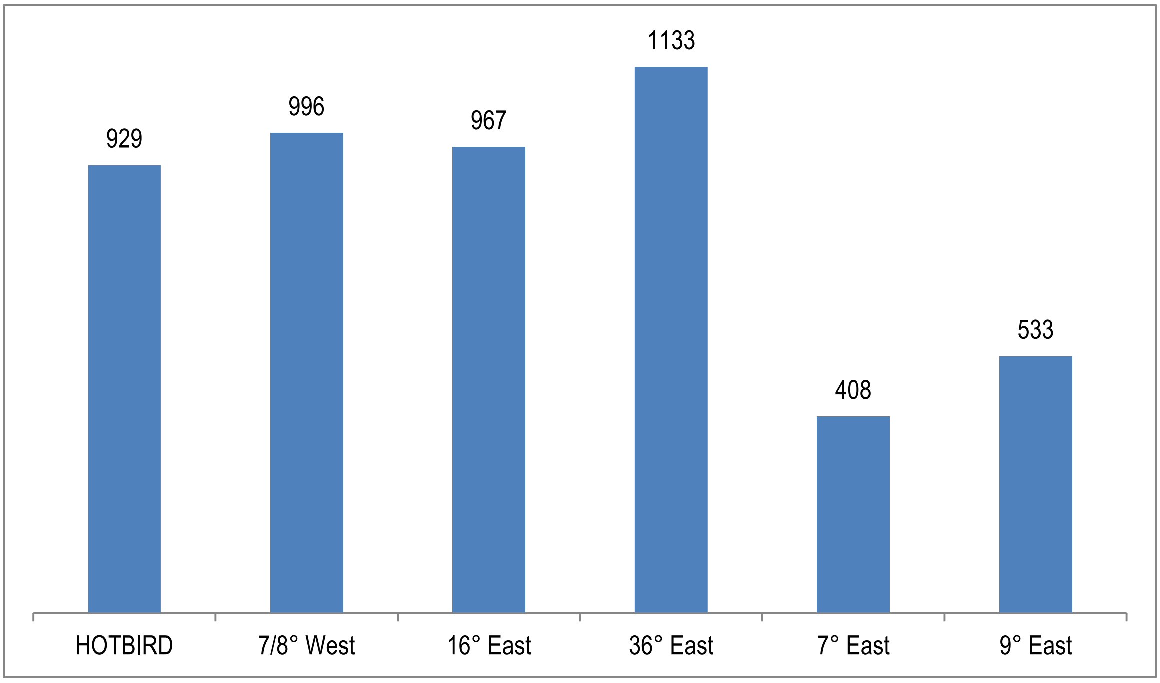
Eutelsat is a pioneer in the development of Ultra High Definition broadcasting: for example, the Group launched the HOTBIRD 4K1 demo channel, encoded in HEVC and broadcast at 50 frames per second with 10-bit colour depth. It was then Europe's first Ultra-HD channel in this new standard. At 30 June 2020, Eutelsat carried 24 unique UHD channels on its fleet in Europe, Russia and Turkey.

Eutelsat's business model is based on long-term relationships with its broadcasting customers, the opening of new in-orbit resources, the increase in programme offerings and in the numbers of antennae pointed at the Group's satellites.

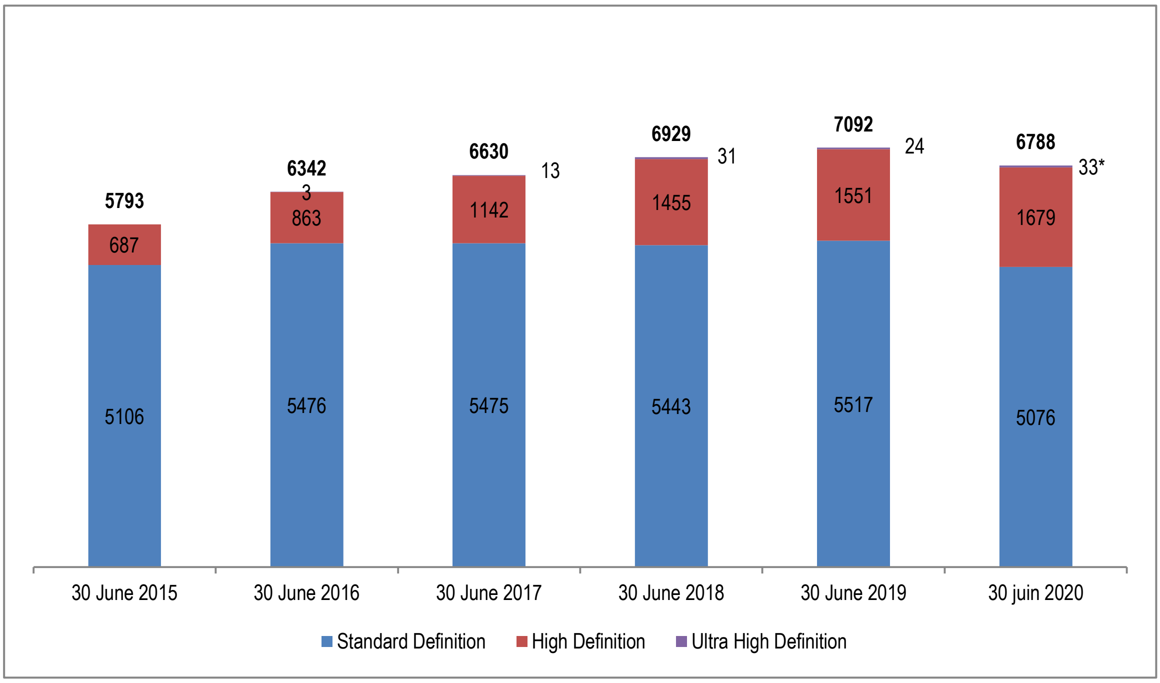
The Group's customers for video distribution include leading broadcasters such as Sky Italia and Rai in Italy, nc+ and Cyfrowy Polsat in Poland, Nova and OTE in Greece, United Group (Total TV) and DigitAlb in the Balkans, DigiTurk in Turkey, Al Jazeera Sport, BeinMedia, MBC and OSN in the Middle-East, TricolorTV and NTV+ in Russia, Multichoice Canal+ Overseas and ZAP in Africa and Milicom in Latin America.

[12] Extended Europe consists of Western Europe, Central Europe, Russia & Central Asia, North Africa, the Middle-East and Subsaharan Africa

Channels broadcast on the Group's satellites at Eutelsat's main Video neighbourhoods




Number of channels on Eutelsat's fleet




*Source: Eutelsat Communications.*
** Of which 24 Unique UHD channels*

### 3.1.1.2 Government Services

Government Services revenues amounted to 161 million euros in Financial Year 2019-20 and represented 13% of Group revenues.

Government missions require reliable global communications that can be rapidly deployed throughout the world. The Group's satellites enable a wide coverage with a strong quality of service and provide direct links between Europe, the Middle-East, Africa, Asia and the Americas.

Whether operations are land-based, maritime, field, or air, demand for satellite services is generally driven by three key needs: interconnection of sites that are dispersed or located some distance from high-speed terrestrial routes, guaranteed immediate availability of capacity as well as security and reliability.

The Group addresses notably the needs in terms of satellite capacity required by the military and by intelligence, surveillance, safety, security and reconnaissance systems for the U.S. administration that indirectly represents the majority of revenues in this application. In addition, the Group also operates the GEO-3 payload of the European Geostationary Navigation Overlay System (EGNOS), on board the EUTELSAT 5 West B satellite under a 15-year contract signed in 2017 with the opean Global Navigation Satellite Systems Agency (GSA).

The main customers in this application are specialized distributors who address the needs of the American administration.

### 3.1.1.3 Data & Professional Video

Data & Professional Video revenues stood at 175 million euros for Financial Year 2019-20 and represented 14% of Eutelsat's revenues.

The Fixed Data business is split between Corporate Networks, Mobile backhauling and Trunking. Latin America, Africa and the Middle-East represent the majority of revenues in this application:

- satellite corporate networks enable corporates to connect their network *via* satellite in remote areas thanks to VSAT (Very Small Aperture Terminals) terminals on the Ground. These verticals are served mostly indirectly *via* service providers but the main users include for example the oil and gas industry, mining, banking or distribution. Corporate networks represent more than half of Eutelsat's Fixed Data Services revenues. Revenues generated with NGOs as part of programs to reduce the digital divide (e-Education, e-health) are also classified in Fixed Data;
- within the mobile network (backhaul) and Internet backbone connection (trunking) verticals, customers are predominantly telecoms operators and Internet Service Providers (ISPs) seeking to connect their local platforms *via* satellites to international networks (Internet, voice) or extend their mobile networks in areas which are difficult to reach.

Regarding Professional Video, the Group provides:

- television channels or broadcasting platforms with point-to-point links, enabling them to route their programmes to dedicated teleports so they can be picked up on satellites offering broadcasting services for television channels. These professional video links also enable the establishment meshed networks which are used for the exchange of TV station programmes;
- and links for the transmission by broadcasters of current affairs programmes ("Satellites News Gathering" or SNG) in standard digital or in High Definition. The Group's customers for this type of service include the European Broadcasting Union (EBU), Sky, Globecast, Arqiva, as well as video reporting professionals and sports federations.

In these applications, capacity can be allocated for occasional use or on a more permanent basis. The Group is therefore in a position to support professionals at each stage of the transmission of content, from the transfer of images captured on the spot right through to the reception of programs by the end-viewer, on a regional, national and global level.

## 3.1.2 CONNECTIVITY

### 3.1.2.1 Fixed Broadband

Fixed Broadband revenues amounted to 77 million euros in Financial Year 2019-20 and represented 6% of Group revenues.

The Group offers Internet access solutions, notably IP Connectivity services.

Operating in Ka-band and covering Europe and the Mediterranean basin, the KA-SAT satellite offers, thanks to its 82-spotbeam architecture allowing frequency re-use, increased resources (90 Gbps throughput) compared to a traditional satellite at a significantly reduced cost per Gigabyte. This enables to offer Internet Access Services at a competitive cost in remote areas under-served by terrestrial Broadband networks.

The range of services for private individuals offers download speeds of 50 Mbps and upload speeds of 6 Mbps, as well as the benefit of highly significant download volumes. These offers are mostly marketed by retailers who supplement the Internet access offer with additional services, such as voice on IP or access to a television package via satellite.

A wide range of services for professionals are also commercialised on KA-SAT. The main markets targeted include Internet access markets for businesses and local authorities, the interconnection of private virtual networks, the security and safety of terrestrial networks by means of back-up satellite links and the deployment of remote surveillance solutions (SCADA). For example, KA-SAT is used at off-shore sites on the North, Baltic and Mediterranean Seas and can provide broadband access where there is a lack of terrestrial infrastructure for construction companies, event organisers, hotels and public safety organisations.

In addition, Eutelsat provides capacity in Ka-band for Broadband Internet access in Latin America on the EUTELSAT 65 West A satellite, with capacity fully sold to EchoStar and StarGroup. Eutelsat also provide Broadband Internet access services in Russia on the EUTELSAT 36C satellite since fall 2016. Furthermore, capacity leased on the fleet of Yahsat has enabled to porgressivley ramp-up Broadband Internet access services in Sub-Saharan Africa, which was essential in the test phase during the past fiscal year, ahead of the availability of the Group's own KONNECT satellite, which was launched in January 2020 and is expected to enter into service in the autumn of 2020.

### 3.1.2.2 Mobile Connectivity

Mobile Connectivity revenues amounted to 79 million euros in Financial Year 2019-20 and represented 6% of Group revenues. The capacity is used to provide Connectivity services on planes and to a lesser extent ships.

The Group has a portfolio of assets with capacity dedicated to Mobile Connectivity (in-flight or maritime) at 3° East, 10° East, 172° East, 70° East and 117° West orbital positions as well as on the KA-SAT satellite. In the value chain, the Group is a raw capacity provider and its main customers are distributors /integrators such as Panasonic, Marlink, GoGo, ViaSat, Taqnia or Speedcast, or telecom operators such as China Unicom or Telenor, which resell turnkey services to airlines or shipping companies.

Capacity on KA-SAT satellite, covering Europe and the Mediterranean basin enable airlines to offer passengers top-quality Internet access throughout European airspace. For example, Eutelsat provides capacity on KA-SAT for the fleets of Finnair, SAS, Icelandair, El Al, La Compagnie and Neos.

Furthermore, Eutelsat has signed a multi-year agreement with Taqnia for the lease of a steerable HTS Ka-band payload on the EUTELSAT 3B satellite. This capacity will be used for in-flight Connectivity on 130 medium-/long-haul aircraft of Saudi Arabian Airlines, covering flight paths from the Middle-East to Europe.

End-November 2017 the EUTELSAT 172B satellite entered into service including notably a Ku-band HTS payload specifically designed for in-flight Connectivity over the Pacific region. This capacity has been fully leased on the one hand by Panasonic Avionics Corporation as a platform for in-flight Connectivity and entertainment for airlines serving the Asia-Pacific area, and on the other by China Unicom to enhance inflight Connectivity services across an area covering the West Coast of North America to Asia and Australia.

# 3.2 ANALYSIS OF THE ACTIVITY DURING THE YEAR

## 3.2.1 Revenue[13]

| In € millions | FY 2018-19 | FY 2019-20 | Change | |
|---|---|---|---|---|
| | | | Reported | Like-for-like[14] |
| Broadcast | 790.9 | 784.6 | -0.8% | -1.2% |
| Data & Professional Video | 199.9 | 175.3 | -12.3% | -14.1% |
| Government Services | 161.5 | 161.1 | -0.2% | -3.3% |
| Fixed Broadband | 80.4 | 76.7 | -4.6% | -5.6% |
| Mobile Connectivity | 80.3 | 78.7 | -2.0% | -5.1% |
| Total Operating Verticals | 1,313.1 | 1,276.3 | -2.8% | -3.9% |
| Other Revenues[15] | 8.0 | 2.0 | -76.3% | -75.5% |
| Total | 1,321.1 | 1,278.3 | -3.2% | -5.0% |
| EUR/USD exchange rate | 1.144 | 1.105 | | |

Total revenues for **FY 2019-20** stood at €1,278 million, down 3.2% on a reported basis and by 5.0% like-for-like.

Revenues of the five Operating Verticals (ie, excluding 'Other Revenues') stood at €1,276 million. They were down by 3.9% on a like-for-like basis excluding a negative perimeter effect of circa 0.1 point (disposal of the stake in EUTELSAT 25B in August 2018) and a positive currency effect of c. 1.3 points.

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

#### Broadcast (61% of revenues)

**FY 2019-20** Broadcast revenues were down 1.2% like-for-like to €785 million. They reflected notably lower revenues at 36°East (return of a couple of transponders in Russia) and 7°East (termination of a contract in Sub-Saharan Africa).

At 30 June 2020, the total number of channels broadcast by Eutelsat satellites stood at 6,788 down 4.3% year-on-year. HD penetration continued to increase, standing at 1,679 channels versus 1,551 a year earlier (+8.3%), implying a penetration rate of 24.7% compared to 21.9% a year earlier.

On the commercial front, the past year saw dynamic commercial activity in Sub-Saharan Africa with the addition of new platforms such as Ghana RCS, Africa XP and Strong Roots as well as the signature of an anchor deal with Canal+ in Ethiopia at 7°East, preparing the ground for future growth across this region. A contract with the Greek operator, Forthnet, has been renegotiated on lower terms in the context of the change of control of the company allowing securing business on the long term.

#### Data & Professional Video (14% of revenues)

**FY 2019-20** Data & Professional Video revenues stood at €175 million, down by 14.1% year-on-year. They continued to reflect the ongoing pricing pressure and highly competitive environment in this application, notably in Latin America, although volume trends improved throughout the year in Fixed Data notably with new business in MENA in the Second Half.

#### Government Services (13% of revenues)

**FY 2019-20** Government Services revenues stood at €161 million, down 3.3% on a like-for-like basis. They reflected on one hand the negative carry-forward effect of renewals with the US Government during the last 18 months, and on the other, the contribution of the EGNOS payload on EUTELSAT 5 WEST B since mid-February and incremental revenues generated by the relocated EUTELSAT 7A satellite.

13 The share of each application as a percentage of total revenues is calculated excluding 'Other Revenues'.

14 Change at constant currency and perimeter. The variation is calculated as follows: i) FY 2019-20 USD revenues are converted at FY 2018-19 rates; ii) FY 2018-19 revenues are restated from the disposal of Eutelsat's interest in EUTELSAT 25B which occurred in August 2018.

15 "Other Revenues" include mainly compensation paid on the settlement of business-related litigations, the impact of EUR/USD revenue currency hedging, the provision of various services or consulting/engineering fees and termination fees.

The coming fiscal year stands to benefit from the entry into service of EUTELSAT QUANTUM in calendar 2021, bringing flexible and innovative capacity. [In this context a multi-year agreement has been reached with Intelsat, securing its location at the 48°East orbital position thereby opening up extended access to the MENA region, and providing for joint-commercialization of the capacity.]

#### Fixed Broadband (6% of revenues)

**FY 2019-20** Fixed Broadband revenues stood at €77 million, down 5.6% like-for-like. The decline reflected yet again the scarcity of capacity and a lower contribution from traditional distributors in Europe which is yet not offset by the ramp-up of the Preferred Partnership Program although net additions returned to positive territory in the Fourth Quarter. In Africa, revenues remained modest pending the arrival of new capacity.

In the post-Covid context the demand for high quality, ubiquitous and reliable internet connectivity is higher than ever and FY 2020-21 should mark a turning point for Fixed Broadband with the entry into service of EUTELSAT KONNECT bringing long-awaited incremental capacity to Europe and a change in scale in Africa. Ahead of the availability of this satellite, we made significant headway in our European Broadband strategy with a major wholesale agreement with Orange for the entire capacity covering France on EUTELSAT KONNECT and the acquisition of the European satellite broadband activities of Bigblu Broadband, the leading distributor of satellite Broadband in Europe, adding a retail pillar. In Africa, revenues will benefit from the ramp-up of the Schoolap contract.

#### Mobile Connectivity (6% of revenues)

**FY 2019-20** Mobile Connectivity revenues stood at €79 million, down 5.1% like-for-like. Revenues were stable over the first nine months but affected by the Covid-19 crisis in the Fourth Quarter which led to an absence of airtime-related revenues on KA-SAT and lower revenues from certain service providers. On a positive note, the year saw the extension of our maritime mobility activity, including a new multi-year contract with Telenor Maritime.

#### Other Revenues

Other Revenues amounted to €2 million versus €8 million a year earlier. They included a negative (€11) million impact from hedging operations compared to (€20) million last fiscal year.

### 3.2.2 Main customers

As of 30 June 2020, the Group's top 10 customers accounted for 34% of its revenues (34% as of 30 June 2019). The top five customers represented 23% (23% as of 30 June 2019) and the top three 16% (16% as of 30 June 2019).

### 3.2.3 Operational and utilized transponders

The number of operational transponders at 30 June 2020 stood at 1,376 down by 11 units year-on-year. This reflected on one hand lower operational capacity at 5°West following the transfer of services from EUTELSAT 5 West A to EUTELSAT 5 West B in January 2020, and on the other, incremental capacity brought by EUTELSAT 7C in January 2020.

Despite the decrease in operational transponders, the number of utilized transponders stood at 960, unchanged year-on-year, reflecting notably the ramp-up of maritime contracts.

As a result, the fill rate stood at 69.7% compared to 69.2% a year ago.

| | 30 June 2019 | **30 June 2020** |
|---|---|---|
| Operational transponders[16] | 1,387 | **1,376** |
| Utilized transponders[17] | 960 | **960** |
| Fill rate | 69.2% | **69.7%** |

**Note:** *Based on 36 MHz-equivalent transponders excluding high throughput capacity*

[16] Number of transponders on satellites in stable orbit, back-up capacity excluded.
[17] Number of transponders utilized on satellites in stable orbit.

### 3.2.4 Backlog

At 30 June 2020, the backlog stood at €4.1 billion, down 6% compared to 30 June 2019, reflecting natural backlog consumption in the absence of material Broadcast renewals. It was equivalent to 3.2 times 2019-20 revenues. Broadcast represented 68% of the backlog.

| | 30 June 2019 | **30 June 2020** |
|---|---|---|
| Value of contracts (in billions of euros) | 4.4 | 4.1 |
| *In years of revenues based on last fiscal year* | *3.3* | *3.2* |
| Share of Broadcast | 72% | 68% |

**Note:** The backlog represents future revenues from capacity or service agreements and can include contracts for satellites under procurement.

# 4 A YOUNG FLEET WITH COVERAGE OF MOST OF THE GLOBE

## 4.1 SATELLITE FLEET

As of 30 June 2020, the Group operated capacity on 39[18] satellites; of which 5 in inclined orbit.

### FULLY OWNED CAPACITY AS OF 30 JUNE 2020

| Name of satellite | Orbital position | Geographic coverage | Nominal capacity *(number of physical transponders)* | Nominal [(1)] capacity *(36 MHz-equivalent transponders / Spotbeams)* | Launch date | Estimated Orbital Manouver Lifetime as of 30 June 2020 [(2)] *(calendar year)* |
|---|---|---|---|---|---|---|
| EUTELSAT 117 West A | 116.8° West | Americas | 40 Ku / 24 C | 42 Ku / 24 C | March 2013 | Q4 2035 |
| EUTELSAT 117 West B | 116.8° West | Americas | 40 Ku | 48 Ku | June 2016 | Q4 2044 |
| EUTELSAT 115 West B | 114.9° West | Americas | 32 Ku / 12 C | 40 Ku / 24 C | March 2015 | Q3 2042 |
| EUTELSAT 113 West A | 113° West | Americas | 24 Ku / 36 C | 24 Ku / 36 C | May 2006 | Q2 2023 |
| EUTELSAT 65 West A | 65°West | Latin America | 24 Ku / 10 C / 24 Ka | 24 Ku / 15 C / 24 Ka | March 2016 | Q2 2036 |
| EUTELSAT 8 West B | 8° West | Middle-East, Africa, Latin America | 40 Ku / 10 C | 42 Ku / 20 C | August 2015 | Q3 2033 |
| EUTELSAT 7 West A | 7° West | Middle-East, North Africa | 50 Ku | 52 Ku | September 2011 | Q2 2033 |
| EUTELSAT 5 West B | 5° West | Europe, Americas, Africa | 35 Ku | 35 Ku | October 2019 | Q1 2035 |
| EUTELSAT 3B | 3° East | Europe, Middle-East, Africa | 30 Ku / 12 C / 5 Ka | 54 Ku / 23 C / 5 Ka | May 2014 | Q4 2032 |
| EUTELSAT 7B | 7° East | Europe, Middle-East, Africa | 53 Ku / 3 Ka | 70 Ku / 8 Ka | May 2013 | Q4 2039 |
| EUTELSAT 7C | 7° East | Europe, Middle-East, Africa | 44 Ku | 49 Ku | June 2019 | Q3 2057 |
| EUTELSAT 9B | 9° East | Europe | 50 Ku | 47 Ku | January 2016 | Q3 2038 |
| EUTELSAT KA-SAT 9A | 9° East | Europe, Mediterranean Basin | 82 Ka spotbeams | 82 Ka spotbeams | December 2010 | Q2 2028 |
| EUTELSAT 10A | 10° East | Europe, Middle-East, Africa | 42 Ku / 10 C | 59 Ku / 20 C | April 2009 | Q2 2023 |

[18] Does not include KONNECT which has been launched but is not yet in service.

| | | | | | | |
|---|---|---|---|---|---|---|
| EUTELSAT HOT BIRD 13B | 13° East | Europe, North Africa, Middle-East | 64 Ku | 60 Ku | August 2006 | Q1 2025 |
| EUTELSAT HOT BIRD 13C | 13° East | Europe, North Africa, Middle-East | 64 Ku | 60 Ku | December 2008 | Q3 2024 |
| EUTELSAT HOT BIRD 13E | 13° East | Europe, North Africa, Middle-East | 38 Ku | 45 Ku | March 2006 | Q4 2024 |
| EUTELSAT 16A | 16° East | Europe, Middle-East, Africa, Indian Ocean | 53 Ku / 3 Ka | 70 Ku / 8 Ka | October 2011 | Q3 2027 |
| EUTELSAT 21B | 21.5° East | Europe, Middle-East, Africa | 40 Ku | 59 Ku | November 2012 | Q3 2033 |
| EUTELSAT 28E (4) | 28.2/28.5° East | Europe | 4 Ku | 4 Ku | September 2013 | Q3 2029 |
| EUTELSAT 28F (4) | 28.2/28.5° East | Europe | 4 Ku | 4 Ku | September 2012 | Lifetime in excess of 15 years |
| EUTELSAT 28G (4) | 28.2/28.5° East | Europe | 4 Ku | 4 Ku | December 2014 | Lifetime in excess of 15 years |
| EUTELSAT 33E | 33° East | Europe, North Africa, Middle-East, Central Asia | 64 Ku | 60 Ku | February 2009 | Q1 2024 |
| EUTELSAT 36B | 36° East | Europe, Middle-East, Africa | 70 Ku | 87 Ku | November 2009 | Q4 2026 |
| EUTELSAT 48D | 48° East | Afghanistan, Central Asia | 8 Ku | 12 Ku | December 2008 | Q4 2020 |
| EUTELSAT 70B | 70.5° East | Europe, Middle-East, Asia | 48 Ku | 92 Ku | December 2012 | Q2 2032 |
| EUTELSAT 172B | 172° East | Asia-Pacific, Australia, New Zealand | 40 Ku /14 C / 11 spotbeams | 48 Ku / 24 C | June 2017 | Q3 2036 |
| EUTELSAT 174A | 174° East | Asia-Pacific, Australia, New Zealand | 20 Ku / 18 C | 23 Ku / 24 C | December 2005 | Q2 2022 |
| EUTELSAT 59B | 59.7° East | Europe, Middle-East, Asia, Africa | - | - | March 2004 | Inclined orbit |
| EUTELSAT 5 West A | 5° West | Europe, Americas, Africa | - | - | July 2002 | Inclined orbit |
| EUTELSAT 12 West B | 12.5° West | Europe, Middle-East, Americas | - | - | September 2001 | Inclined orbit |
| EUTELSAT 48 E | 48.1° East | Europe, Middle-East, Asia | - | - | May 2000 | Inclined orbit |
| EUTELSAT 133 WEST A | 133° West | Americas | - | - | March 2001 | Inclined orbit |

*(1) The number of transponders can vary from one year to the next as a result of relocations or reconfigurations. The figures are rounded to the nearest whole number.*

*(2) Every year, the Group reviews the estimated operational life of the satellites in-orbit (for further information, see Notes 7.1.2 to the consolidated financial statements for the financial year ended 30 June 2020).*

*(3) In January 2014, in the framework of the settlement of a dispute with SES concerning the 28.5° East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. The number of transponders indicated is the number of transponders fully owned by Eutelsat on SES fleet.*

Capacity leased From Third Parties as of 30 June 2020

| Name of satellite | Orbital position | Geographic coverage | Nominal capacity *(number of physical transponders)* | Nominal capacity *(36 MHz-equivalent transponders / Spotbeams)* | Launch date | Estimated Orbital Manouver Lifetime as of 30 June 2020 *(calendar year)* |
|---|---|---|---|---|---|---|
| EUTELSAT 53A (1) | 53° East | Europe, North Africa, Middle-East, Asia | 4 Ku | 6 Ku | October 2014 | Q4 2029 |
| Express-AT1 (1) | 56° East | Siberia | 21 Ku | 19 Ku | March 2014 | Q2 2029 |
| Express-AT2 (1) | 140° East | Far East Russia | 9 Ku | 8 Ku | March 2014 | Q2 2029 |
| EUTELSAT 36C (1) | 36°East | Africa, Russia | 52 Ku / 18 Ka | 48 Ku / 18 Ka | December 2015 | Q2 2033 |
| EUTELSAT 28G (2) | 28.2/28.5° East | Europe | 8 Ku | 6 Ku | September 2014 | Lifetime in excess of 15 years |
| YAHSAT 1B | 47.6° East | Africa | 16 Ka spotbeams | 16 Ka spotbeams | April 2012 | Lifetime in excess of 15 years |
| Al Yah 3 | 20° West | Africa | 18 Ka spotbeams | 18 Ka spotbeams | January 2018 | Lifetime in excess of 15 years |

*(1) Owned by Russian Satellite Communications Company (RSCC). This capacity corresponds to that operated by Eutelsat.*

*(2) In January 2014, in the framework of a settlement of the dispute with SES concerning the 28.5° East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. The number of transponders indicated is the number of transponders leased by Eutelsat on SES fleet.*

## 4.2 FLEET PERFORMANCE

### 4.2.1 Main changes since 30 June 2019

- EUTELSAT 5 West B was launched on 9 October 2019. It started operations in January 2020 with c.45% of its capacity following the loss of its South solar array. The EGNOS payload entered into service in February 2020.
- EUTELSAT 5 West A now operates in inclined orbit.
- EUTELSAT 7C started operations on 28 January 2020.
- EUTELSAT 7A was relocated to 59.7° East, renamed EUTELSAT 59B and now operates in inclined orbit.
- KONNECT was launched on 16 January 2020 and is expected to enter into service in the fourth quarter of current calendar year. Nevertheless, as a consequence of the Covid-19 crisis, the deployment of ground gateways supporting the operations of the satellite has been delayed so that it will operate at full capacity only in early 2021.

## 4.3 AN ACTIVE INVESTMENT POLICY

### 4.3.1 Main investments

During the financial year, the Group has continued its investment programme. Cash Capital expenditure amounted to 222 million euros[19] in 2019-20.

During financial year 2019-20:

Procurement of EUTELSAT 10B

Eutelsat signed a letter of agreement with Thales Alenia Space for the procurement of a new all-electric satellite, EUTELSAT 10B, scheduled to be operational by 2023. Located at 10° East, the satellite will assure service continuity for existing customers on EUTELSAT 10A, albeit with reduced capacity, while supporting the development of mobile connectivity revenues with two incremental HTS payloads. Firm multi-year capacity commitments representing more than a third of this incremental HTS capacity have already been secured, notably with Gogo, for in-flight connectivity services.

[19] This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

ELO Constellation

In September Eutelsat unveiled its ELO constellation project targeting the Internet of Things (IoT) market. Starting with the launch of a first series of four nanosatellites, other satellites will progressively be added to the constellation if this new initiative proves successful, to reach a total of 25 satellites operational by 2022. The investment required for the constellation is included in Eutelsat's existing Capex outlook with a cost per satellite below 1 million euros. In this context, Eutelsat signed a strategic partnership with leading IoT player Sigfox.

During financial year 2018-19:

Procurement of replacement satellites for the flagship HOTBIRD neighbourhood

Eutelsat has ordered two new satellites from Airbus Defence and Space to replace the three existing HOTBIRD satellites at its 13°East flagship neighbourghood. These all-electric high-power satellites are set to enter into service in 2022, serving Europe, the Middle East and North Africa. he new satellites will reinforce and enhance the high quality of broadcasting services provided to Eutelsat customers on HOTBIRD, providing improved performances over Western Europe and Poland. Moreover, the satellites will offer advanced features in terms of uplink signal protection and resilience, as well as exceptional in-orbit redundancy. The replacement of the three existing satellites with two satellites further enhances capex optimization achieved through the application of the design-to-cost policy.

Long-term multiple-launch service agreement with Arianespace

Eutelsat Communications and Arianespace have concluded a long-term multiple-launch service agreement. The agreement covers five launches until 2027 and will provide Eutelsat with assured access to space with schedule flexibility at cost effective prices.

Satellites under procurement

| **Satellite**[1] | **Orbital position** | **Estimated launch (calendar year)** | **Main applications** | **Main geographic coverage** | **Physical Transponders / Spot beams** | **36 MHz-equivalent transponders / Spot beams** | **Of which expansion** |
|---|---|---|---|---|---|---|---|
| EUTELSAT QUANTUM | 48°East | *Q4 2020* | Government Services | Flexible | 8 "QUANTUM" beams | Not applicable | Not applicable |
| KONNECT VHTS | To be confirmed | *H2 2021* | Connectivity | Europe | ~230 Ka spot beams | 500 Gbps | 500 Gbps |
| EUTELSAT HOTBIRD 13F | 13° East | *H2 2021* | Video | Europe MENA | 80 Ku[2] | 73 Ku[2] | None |
| EUTELSAT HOTBIRD 13G | 13° East | *H2 2021* | Video | Europe MENA | 80 Ku[2] | 73 Ku[2] | None |
| EUTELSAT 10B | 10°East | *2022* | Mobile Connectivity | EMEA Atlantic & Indian Ocean | 12 Ku 10C >100 Ku spot beams | 12 Ku 20 C c. 35 Gbps | -48 Ku transponders c. 35 Gbps |

*[1] EUTELSAT QUANTUM is a chemical propulsion satellite. KONNECT VHTS, EUTELSAT HOTBIRD 13F, EUTELSAT HOTBIRD 13G, EUTELSAT 10B are electric propulsion satellites.*

*[2] Nominal capacity corresponding to the specifications of the satellites. Total operational capacity at the HOTBIRD orbital position will remain unchanged with 102 physical transponders (95 36 Mhz equivalent transponders) operated, once regulatory, technical and operational constraints are taken into account.*

## 4.4 LAUNCH SERVICES ASSOCIATED WITH SATELLITES UNDER PROCUREMENT

Generally speaking, under its security policy and resource deployment plan, the Group aims to diversify its launch service providers as much as possible to ensure a degree of operational flexibility in the event of a failed launch. For example, its satellites are technically adaptable to a launch using several different types of launch vehicles. Similarly, the Company may choose to re-allocate satellite launches to another of its launch service providers under its firm or optional launch services contract.

# 5 ACTIVITIES OF SUBSIDIARIES AND EQUITY INTERESTS

During the financial year ended June 30, 2020:

– On 2 July 2019 a minority interest of 18.76% has been taken in Broadpeak.
– The subsidiary Eutelsat Italy has been merged with the subsidiary Skylogic SpA (Italy) on 1 July 2019.
– The subsidiary Konnect Africa France has been transformed into a simplified joint stock company on 16 July 2019 and has been reclassified internally on 25 July 2019.
– The subsidiary Eutelsat Bulgaria (Bulgaria) was created on 29 August 2019.
– The subsidiary Eutelsat BH (Bosnia-Herzegovina) was created on 11 October 2019.
– The acquisition of the 49% interest in Eutelsat International Ltd. (Cyprus) and of the 49% stake in Eutelsat Networks (Russia) were finalised on 30 January 2020.
– The reclassification of the Eutelsat Networks shares within Eutelsat International Ltd was made on 29 June 2020.
– The subsidiary Konnect Broadband Tanzania (Tanzania) was created on15 April 2020.

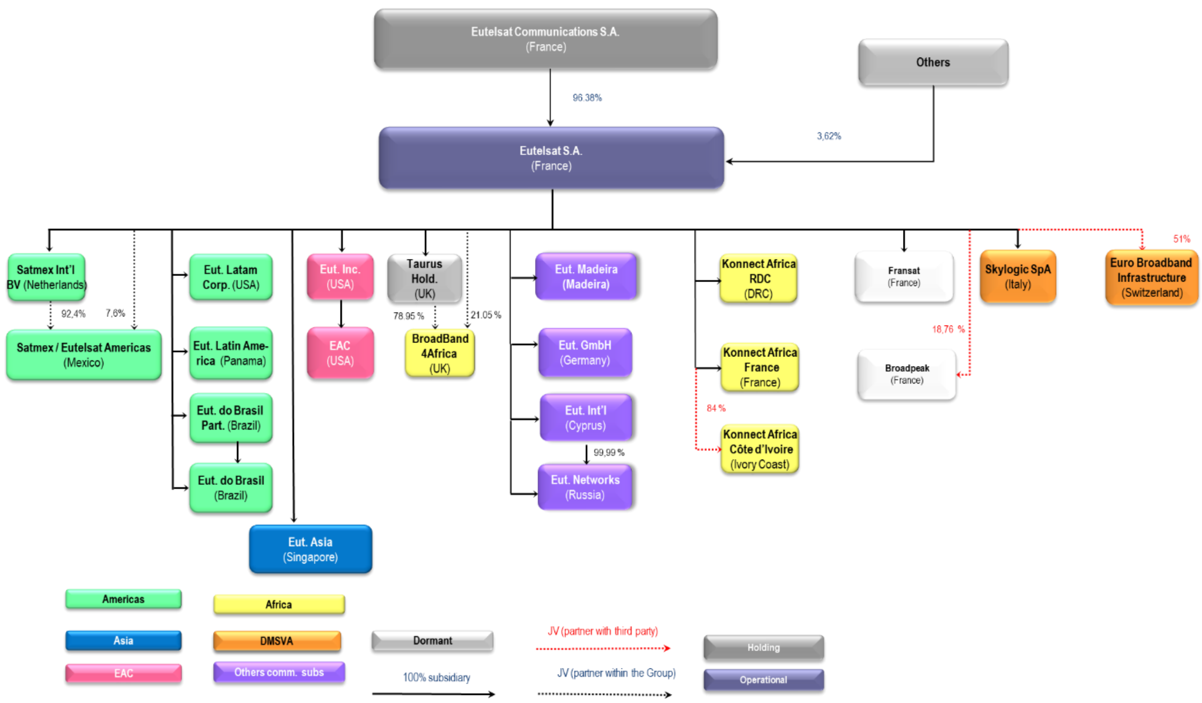
As of June 30, 2020, the Company directly or indirectly owns 58 subsidiaries or equity interests.

Eutelsat Communications is a holding company, which has no operating activity of its own, other than its direct holding in Eutelsat S.A.

The revenues and results shown for the subsidiaries in Section 5.2 are based on the annual financial statements of the companies concerned.

## 5.1 GROUP SIMPLIFIED ORGANISATIONAL CHART

The organisational chart below is a simplified organisational chart of the Eutelsat Group as of June 30, 2020. The list of all the companies consolidated by Eutelsat Communications at 30 June 2020 is shown in Note 3 of the Notes to the consolidated financial statements of Eutelsat Communications in the appendix to this report.



# 5.2 MAIN SUBSIDIARIES AND EQUITY INTERESTS

At June 30, 2020, the Group's main operating companies are:

- Eutelsat S.A. (France) 96.38% directly owned by the Company,
- Eutelsat Madeira Lda (Madeira), Eutelsat Asia Pte Ltd. (Singapore), Fransat S.A. (France), and Eutelsat International Ltd. (Cyprus) direct subsidiaries wholly owned by Eutelsat S.A.
- Eurobroadband Infrastructure (Switzerland), a direct subsidiary 51% owned by Eutelsat S.A.
- Eutelsat do Brasil Ltda (Brazil), Eutelsat America Corp. (United States) and Satélites Mexicanos, S.A. de C.V. (Mexico), indirect subsidiaries wholly owned by Eutelsat S.A.

The Group also has several other operating subsidiaries that are responsible for representing Eutelsat in the development of its international activities. S.A. and to promote its services, but neither their revenues nor their net income are significant.

## 5.2.1 Eutelsat S.A.

Eutelsat S.A. is the Group's main operating company. It is a public limited company with registered office at 70, rue Balard - 75015 Paris.

Eutelsat S.A.'s revenues and net income

The table below shows Eutelsat S.A.'s consolidated revenues and net income as of 30 June 2020:

| (in million euros) | 30 June 2020 |
|---|---|
| Revenues | 1,281.4 |
| Net profit attributable to the Group | 350.7 |

## 5.2.2 Main subsidiaries of Eutelsat S.A.

### Eutelsat America Corp. (United States)

Incorporated in November 2006, Eutelsat America Corp. is a promotional and representative subsidiary whose purpose is to distribute Eutelsat S.A.'s satellite capacity on the North American market. It is wholly owned through the subsidiary Eutelsat Inc.

### Eutelsat do Madeira Lda (Portugal)

Incorporated in June 2008, Eutelsat Madeira Lda is a direct wholly owned subsidiary of Eutelsat S.A. This company is responsible for marketing the wholly owned satellite capacity on the EUTELSAT 10A satellite in C and Ku-band for the African region and Portuguese-speaking markets and on the EUTELSAT 16A satellite in Ku-band for the African region and Indian Ocean islands. Since 1 July 2014, Eutelsat Madeira Lda. has also been marketing Eutelsat S.A.'s satellite capacity on EUTELSAT 3B in C and Ku-band for the sub-Saharan African region. Eutelsat Madeira Lda. also owns a portion of the E8WB satellite.

### Eutelsat Asia Pte Ltd. (Singapore)

Incorporated in June 2012, Eutelsat Asia Pte. Ltd is a direct subsidiary wholly owned by Eutelsat S.A. This company owns the EUTELSAT 172B satellite and the EUTELSAT 174A satellite.

### Fransat S.A. (France)

Created in 2009, Fransat S.A. is a direct subsidiary wholly owned by Eutelsat S.A. This company is responsible for (i) operating and developing the FRANSAT offer, available on the EUTELSAT 5 West A satellite, consisting of a satellite access service to free DTT channels, (ii) promoting this offer to audiovisual service providers with a view to integrating new free channels, and (iii) providing the technical resources for integrating new free or pay-TV channel offers, in addition to access to the FRANSAT offer.

### Satélites Mexicanos S.A. de C.V. (Mexico)

Acquired by the Group in January 2014, Satélites Mexicanos, S.A. de C.V. is owned by Eutelsat S.A., both directly and indirectly through Satmex International BV.  The company has been operating since March 2014 under the trade name Eutelsat Americas. It is based in Mexico City and operates three satellites: EUTELSAT 113 WEST A at 113° West, EUTELSAT 115 WEST B and EUTELSAT 117 WEST A at 116.8° West. These satellites cover 90% of the population of the American continent.

### Eutelsat do Brasil Ltda. (Brazil)

Eutelsat do Brasil Ltda is an indirect wholly-owned subsidiary of Eutelsat S.A. It is wholly owned through the subsidiary Eutelsat do

Brasil Participatoes Ltda. Eutelsat do Brasil Ltda was initially granted landing rights by the Brazilian authorities to provide capacity for the Brazilian market on the EUTELSAT 12 West A and EUTELSAT 8 West A satellites. Since June 2013, Eutelsat do Brasil Ltda has been additionally granted a licence by the Brazilian telecommunication's regulatory authority for a set of C, Ku and Ka-band frequencies at 65° West. Eutelsat do Brasil Ltda has also entered into a 15-year contract with Hughes, a subsidiary of EchoStar, for the lease of all Ka-band capacity covering Brazil on the EUTELSAT 65 West A satellite partly owned by Eutelsat do Brasil Ltda and operational since May 1, 2016.

### Eutelsat Latin America (Panama)

Eutelsat Latin America operates and markets with a dedicated team a portion of the EUTELSAT 65 West A satellite, which is also co-owned with Eutelsat do Brasil Ltda. Eutelsat Latin America also operates the EUTELSAT 117 WEST B satellite, which entered into service in January 2017.

### Eutelsat International (Cyprus)

Since 30 January 2020, Eutelsat International Ltd. has been a fully owned direct subsidiary of the Group. Eutelsat International Ltd. is notably responsible for marketing Ku-band capacity on the Express AT1 satellite launched in March 2014 at 56° East.

### Euro Broadband Infrastructure (Switzerland)

This joint venture, 51% owned by Eutelsat and 49% by ViaSat, owns the KA-SAT satellite, Eurobroadband Services Srl and the subsidiaries previously owned by Skylogic SpA and operating a network of ground stations linking the KA-SAT satellite to the Internet network. The activity of this joint venture is to market capacity to distributors located in Europe and Africa.

The table below shows the revenues and contributing net income of Eutelsat S.A.'s main subsidiaries as of June 30, 2020:

| *(in million euros)* | Eutelsat America Corp. | Eutelsat Madeira Lda. | Fransat S.A. | Eutelsat Asia Pte. Ltd. | Satélites Mexicanos S.A. de C.V. | Eutelsat do Brasil Ltda | Eutelsat International | Euro Broadband Infrastructure | Eutelsat Latin America |
|---|---|---|---|---|---|---|---|---|---|
| Revenues | 138.2 | 34.1 | 5.5 | 15.9 | 107.4 | 14.9 | 48.4 | 50.9 | 15.1 |
| Group share of net income | (0.8) | 7.1 | 0 | (0.2) | (16.5) | (25.0) | 9.1 | 0.1 | (5.6) |

# 6 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 – FINANCIAL INFORMATION

In this section references to Notes refer to the Notes on the Group's consolidated financial statement for the financial year ended 30 June 2020, which are annexed to this report.

## 6.1 FINANCIAL AND ACCOUNTING POLICY – IFRS STANDARDS

The financial year of Eutelsat Communications runs for 12 months ending on 30 June.

The financial statements at 30 June 2020 have been prepared in accordance with IFRS rules, as adopted by the European Union and effective as of that date.

## 6.2 CONSOLIDATED SIMPLIFIED BALANCE SHEET OF EUTELSAT COMMUNICATIONS

Details of the Eutelsat Communications consolidated balance sheet at 30 June 2019 and 30 June 2020 are shown in the attached consolidated financial statements.

Total shareholder's equity stood at €2,825 million at 30 June 2020 versus €2,867 million at 30 June 2019.

### Simplified consolidated balance sheet (in millions of euros)

| _(in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| **Assets** | | |
| Goodwill | 1,206.1 | 1,209.2 |
| Intangible assets | 575.5 | 514.8 |
| Tangible assets and construction in progress | 3,881.4 | 3,856.7 |
| Right of use in respect of leases | 657.9 | 556.3 |
| Non-current financial assets | 13.6 | 32.8 |
| Non-current assets associated with customer contracts and costs of obtaining and fulfilling contracts | 59.1 | 74.9 |
| Deferred tax assets | 2.7 | 36.3 |
| **Total non-current assets** | **6,396.3** | **6,280.9** |
| Inventories | 3.9 | 6.7 |
| Accounts receivable | 284.7 | 334.8 |
| Current assets associated with customer contracts and costs of obtaining and fulfilling contracts | 20.0 | 17.1 |
| Other current assets | 25.5 | 43.5 |
| Current tax receivable | 22.4 | 42.5 |
| Current financial assets | 83.4 | 23.6 |
| Cash and cash equivalents | 1,455.4 | 832.0 |
| **Total current assets** | **1,895.3** | **1,300.2** |
| **Total assets** | **8,291.6** | **7,581.1** |

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| **Liabilities** | | |
| Share capital | 232.8 | 230.5 |
| Additional paid-in capital | 738.1 | 718.1 |
| Reserves and retained earnings | 1,710.1 | 1,711.1 |
| Non-controlling interests | 186.4 | 144.8 |
| **Total shareholders' equity** | **2,867.4** | **2,804.6** |
| Non-current financial debt | 2,873.1 | 2,505.8 |
| Non-current lease liabilities | 507.2 | 418.7 |
| Other non-current financial liabilities | 60.8 | 85.6 |
| Non-current payables to fixed asset suppliers | 7.7 | 5.9 |
| Non-current liabilities associated with customer contracts | 129.0 | 120.6 |
| Non-current provisions | 130.8 | 106.6 |
| Deferred tax liabilities | 229.1 | 264.2 |
| **Total non-current liabilities** | **3,937.7** | **3,507.5** |
| Current financial debt | 986.0 | 858.1 |
| Current lease liabilities | 75.1 | 74.7 |
| Other current payables and financial liabilities | 230.8 | 111.9 |
| Accounts payable | 61.7 | 73.3 |
| Current payables to fixed asset suppliers | 55.0 | 45.0 |
| Tax payable | 2.5 | 22.8 |
| Current liabilities associated with customer contracts | 59.5 | 66.9 |
| Current provisions | 16.0 | 16.5 |
| **Total current liabilities** | **1,486.6** | **1,269.0** |
| **Total liabilities and shareholders' equity** | **8,291.6** | **7,581.1** |

## 6.3 SIMPLIFIED CONSOLIDATED INCOME STATEMENT OF EUTELSAT COMMUNICATIONS

| (in millions of euros, except per-share data) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| **Revenues from operations** | **1,321.1** | **1,278.3** |
| Operating costs | (90.6) | (89.7) |
| Selling, general and administrative expenses | (198.0) | (206.7) |
| Depreciation expense | (518.8) | (530.9) |
| Other operating income and expenses | 12.5 | 36.1 |
| **Operating income** | **526.1** | **487.2** |
| Cost of net debt | (86.5) | (71.8) |
| Other financial items | (4.9) | (8.7) |
| **Financial result** | **(91.5)** | **(80.5)** |
| Income from associates | (1.3) | - |
| **Net income before tax** | **433.4** | **406.7** |
| Income tax | (76.3) | (94.4) |
| **Net income** | **357.0** | **312.2** |
| Attributable to the Group | 340.4 | 297.6 |
| Attributable to non-controlling interests | 16.6 | 14.6 |
| **Basic and diluted earnings per share attributable to Eutelsat Communications shareholders** (1) | 1.463 | 1.283 |

### 6.3.1 Operating charges at 30 June 2020

**Operating costs** mainly include staff costs and other costs associated with controlling and operating the satellites, as well as insurance premiums for satellite in-orbit lives:

- **Staff costs**: These comprise salaries and the payments by the employer for employees responsible for supplying, operating and maintaining the satellites (including French mandatory profit-sharing for Group employees).
- **Costs for operating and controlling the satellites**: These correspond to the earth station operating costs and equipment costs, which include in particular telemetry, control, positioning, payload management, and maintaining software and equipment at the satellite control centres, as well as traffic supervision and management. The amount of these costs is based on the number of satellites and the family of satellites operated, any repositioning of the satellites, as well as the number and type of services offered. These costs also include sub-contracting of telemetry, control and tracking operations for a number of the satellites in orbit. In addition, Eutelsat S.A. has signed service agreements related to control of the satellite communications systems.
- **In-orbit insurance premia**: In-orbit insurance premia for satellite lives:  Satellite in-orbit insurance generally takes effect when the launch insurance policy expires (generally one year after the satellite is launched). When the Group agrees launch insurance covering a satellite's in-orbit life, the premia for periods after the first anniversary of the launch date are treated as in-orbit insurance costs. Depending on the selected risk management policy and prevailing market conditions for space insurance the costs for these insurance premia can vary from one year to the next.

Selling, general and administrative expenses include:

- administrative and commercial staff costs (including mandatory employee profit-sharing);
- general expenses associated with property leases, external studies and logistics;
- expenses associated with developing and marketing new products;
- a portion of the operating taxes; and
- provisions for accounts receivable or other receivables.

The C.E.T. (Contribution Economique Territoriale – Territorial Economic Contribution) is divided between operating costs and selling, general and administrative expenses (based on corresponding staff numbers).

Operating costs and selling, general and administrative expenses represented 23% of 2019-2020 revenues (22% for previous financial year). The 1.6% increase over the previous year reflects notably ,higher costs associated with the Broadband activity in preparation of the arrival of the KONNECT satellite, as well as a higher level of bad debt reflecting more challenging cash collection conditions in the Covid-19 context; these headwinds were partly offset by the initial savings generated by the LEAP 2 plan.

As a result, EBITDA stood at €982 million (€1,032 million at 30 June 2019), down 4.9%.

As a result, and combined with lower reported revenues, the EBITDA margin showed further improvement stood at 76.8% (76.9% at constant rate) compared to 78.1% last year, a 1.3 point decrease which comes after three consecutive years of increase.

## 6.3.2 Depreciation and amortisation and other operating costs

Depreciation and amortisation chiefly corresponds to the depreciation of satellites and on-ground facilities, as well as the amortisation of intangible assets recorded under “Customer Contracts and associated relationships”.

Depreciation and amortisation represents the Group’s largest expense item.

For fiscal year 2019-20 depreciation and amortisation expenses amounted to €531 million, up €12 million on last year due to a negative currency impact, the entry into service of EUTELSAT 5 West B and EUTELSAT 7C and higher on-ground depreciation.

“Other operating income (charges)” stood at +€36 million as of 30 June 2020 compared to +€13 million last year, reflecting principally insurance proceeds of €92m related to the partial loss of EUTELSAT 5 West B, partly offset by the impairments assets, as well as other one-off items, notably costs incurred for the transfer of customers on Eutelsat 5 West A, the LEAP 2 plan and the Paris headquarters move.

As a reminder, last years figure included the capital gain on the disposal of the interest in EUTELSAT 25B.

## 6.3.3 Operating income

Operating income reflects revenues less operating costs, selling, general and administrative expenses, depreciation and amortisation, and other operating income and charges.

As of 30 June 2020, operating income stood at 487 million euros down 7% on last year.

## 6.3.4 Financial result

The net financial result amounted to (€81) million (versus (€92) million a year earlier), mainly reflecting the positive impact of the refinancing of the bonds redeemed in January and October 2019;

## 6.3.5 Corporate tax

A tax rate of 23% (versus 18% last year) which reflects principally the non-cash variation of Satmex’s deferred tax assets and liabilities.

## 6.3.6 Income from associates

Income from associates stood at € 0 million compared to -€1.3 million for fiscal year 2018-19.

## 6.3.7 Consolidated net income

As of 30 June 2020, consolidated net income totalled 312.2 million euros, compared to 357 million euros as of 30 June 2019.

## 6.3.8 Net income attributable to the Group

Group share of net income stood at €298 million in 2019-20 versus €340 million in 2018-19, a decrease of 12.6%. The net margin stood at 23%.

## 6.4 GROUP LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity requirements mainly cover financing the construction and launch of satellites, servicing its debt and funding its working capital requirement.

The Group's main financial resources are composed of the cash flows generated by the operating activities of Eutelsat S.A. The Group has additional financial resources in the form of lines of credit (bank loans and bonds).

### 6.4.1 Status of the Group's net indebtedness[20]

At 30 June 2020, the Group's total net debt amounted to 2,999 million euros, and comprised mainly (i) 600 million euros of borrowings drawn down within the framework of the Eutelsat Communications term loan, (ii) 2,200 million euros of bonds issued by Eutelsat S.A., (iii) 490 million euros of debt related finance leases, mainly for the satellite financing; (iv) 246 million euros of structured debt (export credit and Eutelsat S.A. credit facility; (v) 300 million euros drawn on Eutelsat S.A.'s revolving credit facility (of a total amount of 450 million euros; (vi) (4) million euros for the Foreign exchange portion of the cross-currency swap and; vii) 832 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also has 399 million euros available under its various lines of undrawn credit.

The table below describes the Group's main credit facilities as of 30 June 2020:

| (In millions of euros) | Amount granted | Amount used | Maturity |
|---|---|---|---|
| Eutelsat Communications term loan | 600 | 600 | 31 March 2022 |
| Eutelsat Communications renewable credit facility | 200 | - | 31 March 2022 |
| Eutelsat S.A. renewable credit facility | 450 | 300 | 28 April 2024 |
| Eutelsat S.A. credit facility | 200 | 151 | Three tranches:<br>30 June 2022: €67m<br>30 June 2023: €80m<br>30 June 2024: €53m |
| 2022 Eutelsat S.A. Bond | 300 | 300 | 10 October 2022 |
| 2021 Eutelsat S.A. Bond | 500 | 500 | 23 June 2021 |
| 2025 Eutelsat S.A. Bond | 800 | 800 | 2 October 2025 |
| 2027 Eutelsat S.A. Bond | 600 | 600 | 13 July 2027 |
| ONDD export credit facilities 1 | 121 | 56 | 17 May 2024 |
| ONDD export credit facilities 2 | 87 | 38 | 20 February 2024 |
| Leases | - | 490 | - |
| Foreign exchange portion of the cross-currency swap | - | (4) | 13 January 2025 |
| **Total** | **3,858** | **3,831** | |

During the year ending 30 June 2020, 300 million euros were drawn on Eutelsat S.A.'s revolving credit facility in order to benefit from an additional layer of security in the context of the Covid-19 crisis. The effective interest rate for the Eutelsat Communications bullet loan is 1.15% and that of Eutelsat S.A.'s revolving credit facility is 0.65%. The effective interest rate on bonds issued by Eutelsat S.A

20 The Group's net indebtedness includes all its bank debts and bonds as well as the debts associated with satellite finance leases, less its cash in hand and investment securities (see Notes 7.3.4 to the attached consolidated financial statements).

is 1.24% for those maturing in June 2021, 3.34% for those maturing in October 2022, 2.17% for those maturing in October 2025 and 2.31% for those maturing in July 2027.

As of 30 June 2020, part of the Group's debt bore interest at a variable rate (generally EURIBOR plus a margin) and the bond loan bore interest at a fixed rate.

### Cash-flow generation in financial year 2019-20

**Net cash flow** from operating activities amounted to €779 million, €69 million lower than last year. This reflected principally the decrease in EBITDA and the deterioration in the working capital requirement reflecting a more challenged cash collection environment in the Covid-19 context. These two elements were partly offset by a lower level of tax paid, reflecting the full effect of change in tax territoriality treatment.

**Cash Capex** amounted to €222 million, €102 million lower than last year. This level is not representative of normalized capex since it reflects milestone delays due to Covid-19 and is net of the insurance proceeds in respect of Eutelsat 5 West B (€86m).

**Interest and other fees paid net of interest received** amounted to €83 million versus €117 million last year reflecting the refinancing of the two Bonds in 2019.

As a result, **discretionary free cash-flow** amounted to €474 million on a reported basis. At constant currency and excluding the impact of hedging, one-off costs related to the LEAP 2 plan and the move to the new headquarters, it stood at €483m, up 5.7%. This increase comes after three consecutive years of double-digit organic growth.

The cash conversion ratio more than doubled over the past four years, from 16% in FY 2015-16 to 37% in FY 2019-20.

### Change in Consolidated net Debt in financial year 2019-20

At 30 June 2020 **net debt** stood at € 2,999 million, recording a further €73m decrease versus end-June 2019. Discretionary free cash-flow more than covered the dividend payment (€310 million including dividends paid to minority interests). Other variations included a €39 million one-off cash-out related to the maturity of an interest rate pre-hedge instrument, equity investments and divestments resulting in a net cash-in of €20 million, share buybacks of €20 million as well as other items contributing to the increase in net debt for a net amount of €45 million.

The **net debt to EBITDA ratio** stood at 3.05x times versus 2.98x at end-June 2019.

The average cost of debt after hedging stood at 2.4% (2.6% in FY 2018-19). The weighted average maturity of the Group's debt stood at 3.4 years, compared to 3.6 years at end-June 2019.

The liquidity position at the end of June including cash and undrawn credit lines was comfortably above €1.2 billion.

## 6.4.2 Description of the financial instruments in place during the financial year ended 30 June 2020

### Main changes during financial year ended 30 June 2020

- The 930 million euro bond issue of December 9, 2013 maturing on January 13, 2020 was redeemed early during the month of October;
- 300 million euro was drawn down on Eutelsat S.A.'s revolving credit facility in order to benefit from an extra layer of security in the context of the Covid-19 crisis.

### Eutelsat Communications S.A. Credit Facilities

Eutelsat Communications S.A. financing structure is the following:

- a 600 million euro Term Loan initially maturing in March 2020 which has been extended to March 2022 (after the exercise of two extension facilities of one year) bearing interest at EURIBOR plus a margin of between 0.65% and 1.40% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.90%. Interest periods are three months, beginning on 10 September, 10 December, 10 March and 10 June every year, except for the first two interest periods which were below three months;
- a 200 million euro Revolving Credit Facility (undrawn at 30 June 2019), concluded in March 2015 with - initially - a 5-years maturity which was then extended by two years. Interest period are of a maximum 6 months and bear interest at EURIBOR (or LIBOR for drawings in US dollars) plus a margin of between 0.25% and 1.00% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.50%. A fee for non-use representing 35% of the margin mentioned above is payable. The agreement also provides for a utilisation commission of 0.10% if the revolving credit facility is used between 0 and 33.33%, of 0.20% if the revolving credit facility is used more than 33.33% but less than 66.67% and 0.35% if the revolving credit facility is used more than 66.67%.

The loan agreements do not involve any guarantee by Eutelsat Communications' subsidiaries or any pledge of assets as collateral for the loan. This loan agreement includes some restrictive clauses, subject to the usual exceptions in loan agreements. The agreement provides for each lender party to the agreement to ask for early repayment of all monies owed if there is a change in control of

Eutelsat Communications and Eutelsat S.A. or in the event of concerted action.

In addition, Eutelsat Communications has agreed to directly or indirectly retain 95% of the capital and voting rights in Eutelsat S.A. for the duration of the loan.

The credit agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

Eutelsat Communications S.A. is required to maintain a total net debt to annualised EBITDA ratio (as these terms are defined contractually and based on the Group's IFRS consolidated accounts) less than or equal to 4.0 to 1, this ratio being tested on 30 June and 31 December each year.

The fees incurred for setting up the Term Loan are amortised over the duration of the loans. As of 30 June 2020, they represent a balance of 0.8 million euros.

## Eutelsat S.A.'s credit facilities

Eutelsat S.A. financing structure is the following:

- 300 million euros 10-year bonds issued on 1st October 2012 on the Luxembourg Stock Exchange, maturing on 10 October 2022. The bonds bear a coupon of 3.125%, were issued at 99.148% and are repayable in full at maturity at 100%;
- 500 million euros of five-year bonds issued on 23 June 2016 on the Luxembourg Stock Exchange regulated market and maturing on 23 June 2021 ("the Bond Loan 2021"). The 2021 bonds carry an annual coupon of 1.125%, were issued at 99.894%, and are redeemable at maturity at 100% of their principal amount;
- 800 million euros of seven-year bonds issued on 25 September 2018 on the Luxembourg Stock Exchange regulated market and maturing on 2 October 2025 ("the Bond Loan 2025"). The 2025 bonds carry an annual coupon of 2.000%, were issued at 99.400%, and are redeemable at maturity at 100% of their principal amount;
- 600 million euros of eight-year bonds issued on 6 June 2019 on the Luxembourg Stock Exchange regulated market and maturing on 13 July 2027 ("the Bond Loan 2027"). The 2027 bonds carry an annual coupon of 2.250%, were issued at 99.822%, and are redeemable at maturity at 100% of their principal amount;
- Two export credit facilities covered by Office National du Ducroire (ONDD) for a total amount of 209 million euros; of which 94.9 million euros were drawn at 30 June 2020. These credit facilities have a 11.5 year maturity and will mature respectively on 17 May 2024 and 20 February 2024. They are repayable in 17 semi-annual instalments from February 2016 and May 2016. The first one, for an amount of 87 million euros (of which 38.5 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) was used to finance a launcher. The second one, for an amount of 121 million euros (of which 56.4 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) and was used to finance the construction of a satellite.
- A 450 million euro revolving credit facility signed on 28 April 2017 with a five-year term intially and two 1-year extension options subject to lenders agreement, of which one has been exercised and approved. Amounts drawn for a maximum period of six months bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a 0.23% to 0.95% margin depending on Eutelsat S.A.'s long term rating assigned by Standard & Poor's. The initial margin stands at 0.35%. A non-use fee is payable representing 35% of the applicable margin mentioned above. The agreement also provides for a 0.10% utilisation commission if less than 33.33% of the revolving credit facility is drawn, 0.20% for the portion equal to or exceeding 33.33% but lower than 66.67% and a 0.35% commission for any portion exceeding 66.67%. Furthermore, under this credit agreement, Eutelsat S.A is required to maintain a total net debt to annualised EBITDA ratio (as contractually defined and based on the consolidated financial statements of the Eutelsat S.A. sub-group prepared in accordance with IFRSs) below or equal to 4 to 1 (this ratio is tested on 30 June and 31 December each year). 300 million euros were drawn from this revolving credit facility as at 30 June 2020.
- A credit facility of up to €200 million signed on 17 April 2019. This facility is composed of three tranches payable in June 2022, June 2023 and June 2024 respectively, bearing interest at a fixed rate plus a predefined margin. Furthermore, under this credit agreement, Eutelsat S.A. is required to maintain a total net debt to annualised EBITDA ratio (as contractually defined and based on the consolidated financial statements of the Eutelsat S.A. sub-group prepared in accordance with IFRSs) below or equal to 4 to 1 (this ratio is tested on 30 June and 31 December each year). 151 million euros were drawn from this credit facility as at 30 June 2020.

The credit agreements and the bond issues include neither a guarantee by the Group, nor the pledging of assets to the lenders, but they include restrictive clauses, subject to the usual exceptions contained in loan agreements, limiting the capacity of Eutelsat S.A. and its subsidiaries, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- grant loans and carry out certain types of investments;
- enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The bond issues and the credit facilities referred to in paragraph 6.4.2 provide for the possibility:

- For each lender party to the credit agreements to request early repayments of all credit agreements in the event of a change of control of Eutelsat S.A. or a change of control of Eutelsat Communications (other than control acquisition by the Group's reference shareholders). This provision does not apply in case of Group restructuring;
- For each lender party to the bond issues to request early redemption of all issued bonds in the event of a change of control of Eutelsat S.A. or change of control of Eutelsat Commuications accompanied by a downgrade in its bond ratings.

The credit agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

Issue costs incurred on issuing the bonds and export credits are amortised over the duration of the loans. As of 30 June 2020, they represent a balance of 16.5 million euros.

## 6.5 FINANCIAL INSTRUMENTS

The Group is exposed to market risks, principally in terms of currency and interest rates. Exposure to such risks is actively managed, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates.

The Group's policy is to use derivatives to hedge such exposure and comply with its financial covenants. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, i.e. the Group never sells assets it does not possess, or about which it is uncertain whether it will subsequently possess them.

These risks are described in the Risk Factors in section 12 of the current report.

## 6.6 LITIGATION

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

# 7 Company Financial Statements for the Year Ended 30 June 2020 – Financial Information

## 7.1 ACCOUNTING AND FINANCIAL PRINCIPLES

The annual financial statements as of 30 June 2020 were drafted in compliance with the provisions of the Code of Commerce (Articles L.123-12 to L123-28) and regulation 2016-07, dated 4 November 2016, of France's national accounting standards body. The conventions below were applied in adherence to the principle of prudence, according to the basic rules: (i) continuity of operations (ii) keeping financial years independent of each other, (ii) consistency in accounting methods from one financial year to the next and (iv) in compliance with the general rules for drawing up and presenting annual financial statements.

## 7.2 COMPANY ACTIVITIES AND KEY HIGHLIGHTS DURING THE YEAR

The Company's status is that of a holding company. Its role is to direct the financial and strategic activities of the Eutelsat Group and the Company has no other operational activity.

## 7.3 EXTRACTS FROM THE COMPANY'S BALANCE SHEET AND INCOME STATEMENT AT 30 JUNE 2020

Details of the Company's Balance Sheet and Income statement for the financial year ended 30 June 2020 are presented in the Company financial statements in appendix 2 attached to this report.

### 7.3.1 Simplified balance sheet at 30 June 2020 – Company financial statements

| *(in millions of euros)* | **Note** | **30/06/2019 Net Amounts** | **30/06/2020 Net Amounts** |
|---|---|---|---|
| **Assets** | | | |
| **Financial assets** | **4.1.** | **2,949.1** | **2,947.0** |
| Equity investments | | 2,943.4 | 2,943.4 |
| Other financial assets | | 5.7 | 3.6 |
| **Fixed assets** | | **280.2** | **512.3** |
| Other receivables | 4.2. | 12.6 | 25.1 |
| Group current accounts | 4.2. | 264.4 | 483.1 |
| Marketable securities | 4.3. | 2.7 | 1.0 |
| Cash | 4.3. | 0.4 | 2.9 |
| Prepaid expenses | | 0.1 | 0.1 |
| **Current assets** | | **1.3** | **0.8** |
| Debt issuance costs | 4.4. | 1.3 | 0.8 |
| **TOTAL ASSETS** | | **3,230.6** | **3,460.1** |

| *(in millions of euros)* | Note | 30/06/2019 | 30/06/2020 |
|---|---|---|---|
| ***Liabilities*** | | | |
| Share capital | | 232.8 | 230.5 |
| Issue, merger and acquisition premiums | | 1,237.6 | 1,217.5 |
| Statutory reserves | | 23.3 | 23.3 |
| Retained earnings | | 816.2 | 824.8 |
| Income for the year | | 303.8 | 535.0 |
| Tax related provisions | | 0.5 | 0.5 |
| **Equity Capital** | **4.5.** | **2,614.2** | **2,831.7** |
| **Provisions** | | **0.1** | **0.0** |
| Bond issue | 4.6. | 601.1 | 600.4 |
| Other Liabilities | 4.7. | 15.2 | 28.0 |
| **Financial, operating and other liabilities** | | **616.3** | **628.4** |
| **TOTAL LIABILITIES** | | **3,230.6** | **3,460.1** |

Changes in shareholders' equity over the year are described in detail in Note 7.4 to the Company financial statements in appendix 2.

For more information about the financing operations of the Company see Note 7.3.2 in the Company financial statements in appendix 2 to this report.

## 7.3.2 Simplified income statement at 30 June 2020 – Company financial statements

| *(in millions of euros)* | Note | 30/06/2019 | 30/06/2020 |
|---|---|---|---|
| Revenue | | 4.1 | 3.3 |
| **Total operating income** | **3.1.** | **4.1** | **3.3** |
| Staff costs | | (3.4) | (3.2) |
| Other operating expenses | | (8.2) | (8.9) |
| **Total operating expenses** | **3.2.** | **(11.6)** | **(12.1)** |
| **Operating income** | | **(7.50)** | **(8.8)** |
| Financial income | | 313.1 | 547.5 |
| Financial expenses | | (7.2) | (7.5) |
| **Financial income** | **3.3.** | **305.9** | **540.0** |
| **Current income before taxes** | | **298.4** | **531.2** |
| **Exceptional income** | **3.4.** | **(0.2)** | **(1.0)** |
| Company tax | 3.5. | 5.6 | 4.8 |
| **INCOME FOR THE YEAR** | **3.5.2.** | **303.8** | **535.0** |

The Company's net result showed a profit of 535 million euros for financial year ended 30 June 2020 compared to 303.8 million euros for previous financial year.

# 8 FINANCIAL OUTLOOK

Going into FY 2020-21, Eutelsat is well positioned to withstand the challenges of the current environment thanks to its combination of resilient and cash-generative activities, solid backlog and robust financial position.

Broadcast will be affected by the specific effect of the renegotiation with Forthnet in Greece. Conversely, Africa will continue to grow thanks to our unique portfolio of in-orbit assets. Overall, Broadcast revenues are expected to decline slightly.

Data & Professional Video will continue to decline albeit at a slower pace than in recent years thanks to improved volume trends. Government Services will reflect, on one hand, the full-year effect of the EGNOS payload and the initial contribution of EUTELSAT QUANTUM, and on the other, the negative carry-forward of last year's USG renewals and the wash-through of revenues generated by the temporary relocation of EUTELSAT 7A.

2020-21 will be a turning point for Fixed Broadband which is set to return to growth on the back of the entry into service of EUTELSAT KONNECT, the wholesale agreement with Orange in France, the addition of a retail pillar in Europe and the ramp-up of the Schoolap contract in Africa. Mobility will remain affected by the ongoing effect of the Covid-19 crisis on the aero mobility market but will benefit from the ramp-up of recently signed maritime business.

Taking these elements into account, we expect to generate revenues from the five Operating Verticals of between €1,180 million and €1,220 million in FY 2020-21[21]. The subsequent years will reflect the progressive availability and ramp-up of new capacity, with EUTELSAT KONNECT, EUTELSAT QUANTUM, KONNECT VHTS and EUTELSAT 10B.

Cash Capex[22] will remain at an average not exceeding €400 million per annum for the period July 2020 to June 2022.

The Group will continue to leverage all measures to maximise cash generation, notably the execution of the LEAP 2 plan, aimed at generating €20-25 million in annual savings by FY 2021-22, and improving working capital requirement trends.

In this context we aim to generate Adjusted discretionary free cash flow of between €420 million and €450 million[23] in FY 2021-22.

We remain committed to a sound financial structure to support our investment grade credit ratings and continue to target a medium-term net debt / EBITDA ratio of around 3x.

Our policy of a stable to progressive dividend, interrupted in FY 2019-20, is reinstated based on the dividend of 0.89 euros recommended at the upcoming Annual General Meeting, confirming our commitment to serve a high level of shareholder return.

Financial targets are based on the nominal deployment plan outlined on section 4.3.

* * *

*These objectives are based inter alia on the following assumptions: (i) launch and successful entry into operation of the satellites in course of construction in accordance with the timetable envisaged by the Group, (ii) maintaining of the existing operating capacity of the Group's fleet, (iii) no incidents to affect any of the satellites in orbit, (iv) continuation of a policy of controlling operating costs and their evolution, (v) maintaining of the general conditions of the space insurance and space industry market.*

*The forward-looking objectives, statements and information summarised above are based inter alia on the data, assumptions and estimates mentioned earlier and are considered by Eutelsat Communications to be reasonable as of the date of this document.*

*The reader is cautioned that these forward-looking statements are dependent on circumstances or facts that are to occur in the future. These statements are not historical data and must not be interpreted as guarantees that the facts and data cited will occur or that the objectives will be attained. By their nature, these data, assumptions and estimates, as well as all elements taken into consideration to determine these forward-looking objectives, statements and information, could prove to be wrong or may not materialise and may change or be modified due to uncertainties related to the economic, financial, competitive and regulatory environment in particular.*

*Additionally, some of these data, assumptions and estimates come from or are based in full or in part on assessments or decisions of the corporate bodies of Eutelsat Communications, which could change or be modified in the future. Furthermore, the materialisation of certain risks described in the chapter "Principal Risks" below could have a negative impact on the Group's business and on the achievement of the forward-looking objectives, statements and information cited above. In particular, the risks related to the Covid-19 sanitary crisis are described in the section 12.1 of this document.*

[21] Based on a €/$ rate assumption of 1.14 and current perimeter.

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

[23] Based on a €/$ rate assumption of 1.14, excluding one-off impacts such as Hedging, effects of changes in perimeter when relevant, and one-off costs related to specific projects in particular to the LEAP 2 program and to the move to new headquarters.

# 9 CORPORATE GOVERNANCE

Preliminary comments:

The corporate governance report, prepared by the Board of Directors, is now presented in a specific section of the Management report. This section presents all of the information required in the corporate governance report.

## 9.1 REFERENCE CODE USED TO ESTABLISH A CORPORATE GOVERNANCE POLICY

The Company complies with the guidelines in the Afep-Medef Corporate Governance Code of January 2020 (hereinafter the "Reference Code").

Any inconsistencies between the practices of the Company and recommendations of the Reference Code are indicated in the table below:

| Article of the Afep-MEDEF Code | Afep-MEDEF recommendations | Company practice | Explanations |
|---|---|---|---|
| 24.3 | When the non-competition agreement is being concluded the Board should include a provision authorising it to waive this agreement upon the departure of the executive manager | The non-competition undertaking agreed with Mr Rodolphe Belmer does not provide the option for the Board of Directors to waive it at the time of the executive manager's departure. | The Board of Directors, on the recommendation of the Compensation Committee, took the view that, given the very competitive context for satellite operators, it was very important for the company to require a non-competition undertaking from Mr Rodolphe.<br><br>The non-competition undertaking is limited both in terms of its duration (18 months) and its amount (50% of fixed remuneration), which is significantly below the ceiling set by the Reference Code. |

Conditions for admission to and participation in the General Shareholder's Meetings

As of June 30, 2020, there are no preferred shares or shares with double voting rights in the Group; during the 7 November 2014 Meeting, the shareholders decided not to amend the Articles of Association to introduce the double voting right provided for in Article L. 225-123 of the French Code de Commerce. The General Meeting resolutions are approved according to the majority and quorum conditions specified in the applicable legislation.

The conditions for taking part in General Shareholders' Meetings are set out in Article 21 of the Company's Articles of Association.

In accordance with the recommendations set forth in the Reference Code, Board members participate in General Shareholders' Meetings.

## 9.2 ABSENCE OF CONTROL OF THE COMPANY

To the Company's knowledge, as of 30 June 2020, no shareholder of Eutelsat Communications, either directly or indirectly, by themselves or with others, exercises control within the meaning of Articles L. 233-3 et seq. of the French Code de Commerce.

## 9.3 SEPARATION OF THE FUNCTIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with the legal and regulatory provisions (Articles L. 225-51-1, R. 225-26 and R. 225-27 of the French Code de Commerce), the roles of Chairman of the Board and Chief Executive Officer are separate within the Company.

## 9.4 EUTELSAT GROUP SENIOR MANAGEMENT

Dominique D'Hinnin has been Chairman of the Board since 8 November 2017. Rodolphe Belmer is Chief Executive Officer, Michel Azibert is Deputy Chief Executive Officer and Yohann Leroy is Deputy Chief Executive Officer and Chief Technical Officer.

At Eutelsat S.A., the Group's principal operating company, Senior Management is assisted by (i) an Executive Committee consisting of the Chief Executive Officer, the Deputy Chief Executive Officer, the Deputy Chief Executive Officer - Chief Technical Officer, the Chief Commercial Officer, the Chief Financial, the Company Secretary and General Counsel, the Chief Human Resources Officer, the Chief Development Officer and the Chief Strategy and Resources Officer. The Executive Committee's composition 33% of whom are women reflects the Group's commitment to diversity in its governing bodies.

With the support of the Compensation Committee, the Board of Directors determines the remuneration of the Chairman of the Board and the Executive Directors in accordance with the recommendations of the Reference Code. The compensation policy which sets out the principles and criteria for determining, allocating and granting of the fixed, variable and exceptional elements constituting the total remuneration of the Chairman and the Executive Directors, is detailed in section 9.15 of the Management Report.

### Limitations of the powers of the Chief Executive Officer by the Board of Directors

The Internal Rules of the Board of Directors set out the respective powers of the Board of Directors, the Chairman of the Board and the Chief Executive Officer while providing for the limits on the powers of the latter (see section 9.9 below and Annex A of the Board of Directors Internal Rules[24] for more detail).

## 9.5 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

The Company's Articles of Association impose no restrictions on voting rights and on share transfers. To the best of the Company's knowledge, there is no agreement between shareholders limiting share transfers and the exercise of voting rights.

At the date of this Report the Company has no knowledge of any agreement between the Company's shareholders or any convention providing for preferential conditions for the disposal or the acquisition of shares in the Company and involving at least 0.5% of the capital or voting rights in the Company.

Please also see sections 9.17 and 11.9.

## 9.6 ORGANISATION OF THE BOARD

### INTERNAL RULES

The Board of Directors adopted Internal Rules which set out the principles, the composition, the responsibilities and the procedures governing the functioning of the Board and its Committees. The Internal Rules have been updated on several occasions; the most recent update occurred on 18 June 2020.

### CENSEUR

Pursuant to the provisions of (i) the Letter of Agreement signed on September 2, 2005 between the Company and Eutelsat IGO (Intergovernmental European Telecommunications Satellite Organization) and (ii) the Company's Articles of Association, the Executive Secretary of Eutelsat IGO sits as a *Censeur* on the Board of Directors.

The *Censeur* does not receive any remuneration or indemnities from the Company.

### DIRECTORS' TERM OF OFFICE

Pursuant to Article 14 of the Company's Articles of Association, the Directors' term of office is four years.

### RULES APPLICABLE TO THE APPOINTMENT AND TO THE REPLACEMENT OF BOARD MEMBERS AND ALSO TO THE AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION

In accordance with the Article 13 of the Company's Articles of Association, the Board members are appointed by the ordinary Shareholders' Meeting. The duties of a director ceases at the end of the Shareholders Meeting called upon to approve the financial statements of the previous fiscal year and held in the year during which that director's term of office expires.

Directors may be reelected. They may be removed at any time by decision of the ordinary Shareholders' Meeting.

In accordance with the Article 14 of the Company's Articles of Association, if a director's seat becomes vacant between two Shareholders' Meetings, the Board of Directors may make temporary appointments. Such appointments are subject to ratification by the next ordinary Shareholders' Meeting.

A Director appointed in replacement of another director shall remain in office only for his/her predecessor's remaining term of office.

The Shareholders' collective decisions related to the amendment of the Company's Articles of Association are made at Shareholders' Meetings, as provided by law.

[24] Available on the Company website.

## 9.7 CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The Ordinary and Extraordinary Shareholders' Meeting of Eutelsat Communications of 7 November 2019 approved the appointment of a new Director Ms Cynthia Gordon for a four-year term and renewed the term of Ms Ana Garcia Fau for another four-year term, expiring at the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending June 30, 2023. The following Directors' terms ended at the 7 November 2019 Shareholders' Meeting: Jean d'Arthuys, Lord Birt and Carole Piwnica.

Following the 7 November 2019 Shareholders' Meeting, the board is made up of ten members, 50% of whom are women and 70% of whom are independent directors[25].

## 9.8 COMPOSITION AND INDEPENDENCE OF THE BOARD OF DIRECTORS

During one of its meetings, the Board of Directors assessed the independence of each of its members. As at 30 June 2020, among its ten members, seven directors were qualified as independent according to the independence criteria of the Reference Code representing 70% of the Boards of Directors.

The composition of the Board of Directors as of 30 June 2020 is shown in the table below:

| Directors | Independent | Date of first appointment/co-optation | Term of office expires at the close of the General Meeting called to examine the financial statements for the financial year ended |
|---|---|---|---|
| Dominique D'HINNIN (Chairman) | Yes | 8 November 2017 | 30 June 2021 |
| Rodolphe BELMER | No | 4 November 2016 | 30 June 2020 |
| Bpifrance Participations, represented by Stéphanie FRACHET | No | 17 February 2011 | 30 June 2022 |
| Paul-François FOURNIER | No | 8 November 2017 | 30 June 2021 |
| Fond Stratégique de Participations (FSP) represented by Agnès AUDIER | Yes | 4 November 2016 | 30 June 2020 |
| Esther GAIDE | Yes | 8 November 2017 | 30 June 2021 |
| Ana GARCIA FAU | Yes | 5 November 2015 | 30 June 2023 |
| Cynthia GORDON | Yes | 7 November 2019 | 30 June 2023 |
| Didier LEROY | Yes | 8 November 2017 | 30 June 2021 |
| Ross McINNES | Yes | 6 February 2013 | 30 June 2022 |

On the basis of the work of the Nomination and Governance Committee, the Board assessed whether there was a significant business relationship between the Company and each Director. The Board had to rule on the situation of Ross McInnes.

Ross McInnes is the non-executive Chairman of the Board of Safran which holds 50% of Arianegroup, a joint company with Airbus. He does not intervene in Safran's operational and commercial decisions nor in Safran's participations such as Arianegroup, which launches satellites. However, in order to avoid any potential conflict of interest, Ross McInnes does not participate in discussions nor votes in relation to the choice of launchers or to the launcher policy that may be submitted to the Board of Directors of Eutelsat Communications.

## 9.9 DIVERSITY POLICY AND REPRESENTATION TO THE BOARD

### GENDER AND DIVERSITY

The Board of Directors believes that diversity contributes to innovation and growth. It seeks within its own composition a diversity of

[25] The independent directors are Dominique D'Hinnin, FSP (represented by Agnès Audier), Esther Gaide, Ana Garcia Fau, Cynthia Gordon, Didier Leroy and Ross McInnes.

gender, nationality, age, qualifications and professional experience. Its composition reflects this commitment with its membership which is 70% independent, 50% women, made up of 4 different nationalities and with a broad diversity of experience and expertise (see the member bios in section 9.14 for more detail).

This engagement extends further than the Board of the Directors. The company seeks a balanced representation of men and women throughout the Group. The Board of Directors regularly reviews the Company's non-discrimination and diversity policy applicable to all employees and its governing bodies and discusses the diversity action plan and results annually (see section 10.4.7 for more detail).

### EMPLOYEE REPRESENTATION ON THE BOARD OF DIRECTORS

As part of a policy aimed at improving communication between the Group's management and employees, the Company entered into an agreement on 8 November 2007, modified on 9 July 2018, with its operating subsidiary Eutelsat SA and the Eutelsat SA Social and Economic Committee (Comité social et économique – "CSE"). This agreement is designed to give Eutelsat SA's Social and Economic Committee greater visibility regarding the Company's operations and decisions.

Also, in addition to the establishment of a procedure of information of the Eutelsat S.A. Social and Economic Committee in case of operations conducted by the Company which may affect the operations or scope of Eutelsat S.A., the two representatives of the Eutelsat S.A. Social and Economic Committee before the Board of Directors of Eutelsat S.A., attend meetings of the Board of Directors of Eutelsat Communications and have the same information for the preparation of Board meetings as the Directors.

## 9.10 MISSION OF THE BOARD OF DIRECTORS

The Board of Directors is responsible, in particular pursuant to the provisions of Article L. 225.35 of the French Code de Commerce, for determining the orientations of the Company and ensuring their implementation. Subject to the powers expressly reserved for Shareholders' Meetings, the Board of Directors can address any matter that affects the Company or the functioning of the Eutelsat Group.

Pursuant to the Board's Internal Rules, certain decisions taken by the Chief Executive Officer require prior approval from the Board of Directors. These decisions can be broken down as follows:

- Medium-term plan: The medium-term plan aims to establish the Group's objectives and define the resources required to achieve these objectives, together with the Group's financial and business activity forecasts;

The Group's five-year plan, as well as any operation that has a significant impact on the Company's structure or strategy, is subject to prior approval from the Board of Directors;

- Budget: The Group's consolidated Annual Budget, which establishes the financial and budgetary objectives for the coming year and which is included in the medium-term plan, is subject to prior approval from the Board of Directors at the beginning of each financial year;

The annual budget for the 2020-21 financial year was approved by the Board of Directors on 18 June 2020;

- Investments: Any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount (i) exceeding 50 million Euros, if the relevant operation is included in the Group's Annual Budget or in its Strategic Plan, or (ii) exceeding 25 million Euros, if not included in the Group's Annual Budget;
- Financial commitments: (i) Any loan, credit facility, financing or refinancing agreement that is not expressly included in the Group's Annual Budget. This authorisation is not required for any transaction or group of transactions for an amount less than 100 million Euros in any given financial year and for up to two transactions and/or groups of transactions in any given fiscal year and (ii) any loan or disposal of company assets, or for any other form of transfer of assets in excess of 50 million Euros that is not expressly included in the Group's Annual Budget;
- Interim and annual financial statements: The interim and annual financial statements and the consolidated financial statements are settled by the Board of Directors;
- Group Senior Management: Prior approval from the Board of Directors is required before an executive manager who would be among the six highest paid in the Group can be recruited or dismissed;
- Monitoring the Group's activity: Management submits to the Board a monthly report on the Group's operations, which includes its results and financial indicators (turnover by business sector, summary income statement, debt position, cash flow and costs, etc.) to give the Board a clear understanding of how the business has evolved, particularly on a technical, commercial and financial level, the social and environmental aspects of its activities and on the monitoring of the budget.

During the financial year, the main subjects discussed, reviewed and/or approved by the Board:

- Interim and annual financial statements;
- Dividend distribution and policy;
- Annual budget and the 5YBP;
- The Company's activities and strategy;
- Compliance measures including as relates to Sapin II anti-corruption law (the update to numerous policies and procedures to identify and prevent corruption);
- Risk management, internal controls and internal audit;
- Share buyback program;

- Discussion with statutory auditors (including audit fees);
- Internal procedure on ordinary agreements;
- Annual independence analysis of each Director;
- Annual review of the Board's succession planning;
- Annual discussion on Executive Officer succession planning;
- Renewal of the mandates of Rodolphe Belmer et FSP as Directors;
- Annual self-assessment of the Board of Directors;
- Revision of the Board of Director's internal rules;
- Shareholder meeting materials (agenda, resolutions, etc.);
- Registration Document (governance report, compensation policy/report, etc.);
- Compensation policy for Executive Officers;
- Annual evaluation of the performance of the Executive Officers;
- Total Executive Officer compensation payout (including the fixed, annual variable and long-term components);
- Setting the annual performance objectives of the Executive Officers for the following financial year;
- The structure of the annual variable and long-term compensation for Executive Officers.

### ASSESSMENT OF THE BOARD OF DIRECTORS

For the 2019-2020 financial year, the Board conducted its annual self-assessment in the form of a questionnaire validated by the Chairman of the Board and the Chair of the Nomination and Governance Committee.

After comparing with similar boards in general, Eutelsat's Board is among the best in terms of size, independence, transparency and quality of discussions and information provided by Management and of discussions.

The results of the assessment were discussed by the Nomination and Governance Committee as well as by the Board on 18 June 2020. The positive points that emerge from the evaluation are outlined as follows:

- A good governance structure;
- Quality and transparency of information from Management;
- A well-structured and meaningful strategic seminar;
- Effective coordination between the Chairman of the Board, the Chief Executive Officer and Committee chairs;
- Significant improvement in the member induction program.

The areas for improvement identified include:

- Continue to reinforce the Board member expertise in the Company's main activities;
- Review of the Executive Officer compensation structure;
- Hold additional meetings offsite.

Based on this assessment, the Nomination and Governance Committee and the Board will work on the recommendations to enhance the Board's effectiveness.

## 9.11 ATTENDANCE OF THE BOARD MEETINGS

The Board of Directors met seven times during the financial year (same as in the previous financial year). The Board can meet without the Executive Officers when it deems necessary (non-executive session). Two non-executive sessions were held during the financial year.

The average annual attendance rate of Directors was 93.1% (compared to 96.4% in the previous fiscal year). The attendance rate for each director is shown in the table below:

| Directors | Attendance rate |
|---|---|
| Dominique D'HINNIN (Chairman) | 100% |
| Rodolphe BELMER | 100% |
| Bpifrance Participations (represented by Stéphanie FRACHET) | 85.7% |
| Paul-François FOURNIER | 85.7% |
| FSP (represented by Agnès AUDIER) | 100% |
| Esther GAIDE | 71.4% |
| Ana GARCIA FAU | 100% |
| Cynthia GORDON | 100% |

| | |
|---|---|
| Didier LEROY | 100% |
| Ross McINNES | 100% |
| Jean d'ARTHUYS (Director until 7 November 2019) | 100% |
| John BIRT (Director until 7 November 2019) | 100% |
| Carole PIWNICA (Director until 7 November 2019) | 50%[26] |

## 9.12 COMMITTEES OF THE BOARD OF DIRECTORS

As at 30 June 2020, the Board is assisted in its work by three committees: the Audit, Risk and Compliance Committee, the Nomination and Governance Committee and the Compensation Committee.

### Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee's task is to (i) assist the Board of Directors by reviewing the Company's draft interim and annual financial statements (individual and consolidated financial statements), (ii) make recommendations on the draft consolidated Annual Budget proposed by Management, prior to it being examined by the Board, (iii) make recommendations to the Company's Senior Management and the Board of Directors regarding the principles and methods for ensuring the accounting, financial and extra-financial information produced is reliable and accurate, (iv) ensure that the internal controls applied within the Group are properly implemented (though such internal controls cannot provide an absolute guarantee that the objectives of the Company will be achieved), (v) make recommendations to the Board and Company's Senior Management regarding the appropriate method for handling any risk likely to affect the Group's operations (financial, legal, operational, social and environmental, etc.), (vi) oversee the appointment/reappointment of statutory auditors, and (vii) to supervise the implementation of all compliance control and risk prevention procedures.

As of 30 June 2020, the Audit, Risk and Compliance Committee consisted of four independent directors: Dominique D'Hinnin (Chairman of the Board), FSP (represented by Agnès Audier), Ross McInnes, and chaired by Esther Gaide. All members meet the criteria of financial competence set out in the French Commercial Code.

The Group's Financial Director attended all meetings of the Audit, Risk and Compliance Committee.

The Committee met four times (seven times in the previous financial year). The average annual attendance rate of its members was 100%.

The attendance rate for each Committee member is shown in the table below:

| Name | Attendance rate |
|---|---|
| Esther GAIDE (Chair) | 100% |
| Dominique D'Hinnin | 100% |
| FSP (represented by Agnès Audier) | 100% |
| Ross McINNES | 100% |
| Jean d'ARTHUYS (member until 7 November 2019) | 100% |
| Lord BIRT (member until 7 November 2019) | 100% |

As part of its mission, the Audit, Risk and Compliance Committee regularly communicates with the Company's statutory auditors and the latter attend Audit, Risk and Compliance Committee meetings when the interim and annual financial statements are being examined before being approved by the Board of Directors.

Exposure to risks and off-balance sheet commitments are presented by the Group's Financial Director. The identification and control of off-balance sheet commitments result from the implementation of internal procedures at Group level.

The Audit, Risk and Compliance Committee is part of process in the internal procedure on ordinary agreements approved by the Board of Directors on April 9, 2020, pursuant to the PACTE law of May 22, 2019. The purpose of this procedure is to define the criteria used by the Company to classify an agreement as an Ordinary Agreement, as defined by the Law PACTE, and the method for regularly reviewing and assessing these criteria. Accordingly, the Legal Affairs Department (DAJ) and the Financial and Administrative Department (DFA) are informed prior to the conclusion of an agreement which could be qualified as an Ordinary Agreement for prior review. At least once a year, the DAJ and the DFA report to the Audit, Risks and Compliance Committee on the Ordinary Agreements concluded during the past financial year as well as the Ordinary Agreement qualification criteria, which subsequently reports the same to the Board of Directors along with any recommendations. The Board of Directors decides on the relevance of the criteria used to qualify an agreement as Ordinary Agreement and whether to change these criteria, as needed.

During the financial year, the main subjects discussed, reviewed and/or recommended for Board approval by the Audit, Risk and

[26] Attended 1 out of 2 meetings.

Compliance Committee included:

- Interim and annual financial statements;
- Dividend distribution and policy;
- Annual budget and the 5YBP;
- Compliance measures including as relates to Sapin II anti-corruption law (including the update to numerous policies and procedures to identify and prevent corruption);
- Risk management, internal controls and internal audit plans and the objectives achieved during the financial year;
- Share buyback program;
- Statutory auditors audit approach and audit fees;
- Internal procedure on ordinary agreements;
- Attainment of the financial objectives of the annual variable compensation and long-term incentive plan.

## The Nomination and Governance Committee

The work of this Committee is to study and make recommendations to the Board of Directors for all that concerns (i) the selection or, in case of vacancy, the co-optation of new Directors, and (ii) the recruitment or dismissal of any member of the Executive Committee, (iii) assessment of the independence of Directors pursuant to the independence criteria of the Reference Code, (iv) assessment of the gender balance within the Board of Directors and within the Group and assessment of the functioning of the Board.

As of June 30, 2020, the Committee was composed of a majority of independent members in accordance with the Reference Code made up of the following members: Bpifrance Participations (represented by Stéphanie Frachet), Dominique D'Hinnin and Ross McInnes who chairs the Committee.

The Nomination and Governance Committee had a 100% attendance rate. One meeting took place during the last fiscal year.

The attendance rate for each Committee member is shown in the table below:

| Name | Attendance rate |
|---|---|
| Ross McINNES (Chair) | 100% |
| Dominique D'HINNIN | 100% |
| Bpifrance Participations (represented by Stéphanie FRACHET) | 100% |

During the financial year, the main subjects discussed, reviewed and/or recommended for Board approval by the Nomination and Governance Committee included:

- Annual independence analysis of each Director;
- Annual review of the Board's succession planning;
- Annual discussion on Executive Officer succession planning;
- Renewal of the mandates of Rodolphe Belmer and FSP as Director;
- Annual self-assessment of the Board of Directors;
- Revision of the Board of Director's internal rules.

## Compensation Committee

The Compensation Committee is responsible for matters relating to (i) the long-term remuneration policy, (ii) the remuneration of the CEO and the Deputy CEOs, (iii) the introduction of performance-based share plans within the Group, and (iv) the allocation of Board attendance fees.

As of June 30, 2020, the Committee was composed of a majority of independent members in accordance with the Reference Code made up of the following members: Paul-François Fournier, FSP (represented by Agnès Audier), Didier Leroy and Ana Garcia Fau who chairs the Committee.

The Committee met four times with a 100% attendance rate. The attendance rate for each Committee member is shown in the table below:

| **Name** | **Attendance rate** |
|---|---|
| Ana GARCIA FAU (Chair) | 100% |
| Paul-François FOURNIER | 100% |
| FSP (represented by Agnès Audier) | 100% |
| Didier LEROY | 100% |

During the financial year, the main subjects discussed, reviewed and/or recommended for Board approval by the Compensation Committee included:

- Compensation policy for Executive Officers;
- Annual evaluation of the performance of the Executive Officers;
- Total Executive Officer compensation payout (including the fixed, annual variable and long-term components);
- Setting the annual performance objectives of the Executive Officers for the following financial year;
- The structure of the annual variable and long term compensation for Executive Officers.

### Ad Hoc Committee

An Ad Hoc Committee may be constituted, of a majority of independent directors, when needed for matters relating to acquisition, disposal and long-term investment policy. An Ad Hoc Committee did not meet during the financial year 2019-2020.

## 9.13 COMPENSATION PAID TO THE BOARD MEMBERS

In accordance with legal provisions, information on the compensation policy as well as the total compensation (including benefits in-kind) paid to the members of the Company's corporate bodies during the financial year ended 30 June 2020 is detailed in section 9.15 of the Management Report.

# 9.14 LIST OF FUNCTIONS OR OFFICES HELD IN ANY FRENCH AND FOREIGN COMPANY BY THE MEMBERS OF THE BOARD OF DIRECTORS

As of 30 June 2020:

## DOMINIQUE D'HINNIN

Board Member, Chairman of the Board of Directors

<table>
<tr>
<td>
DoB: 4 August 1959<br>61 years old<br>French national<br><br>
Business address:<br>Eutelsat Communications<br>70, rue Balard<br>75015 Paris<br><br>
First appointment/Co-opting:<br>4 November 2016<br><br>
Expiry date of office:<br>General Meeting to be held to approve the accounts for the financial year ending 30 June 2021
</td>
<td>
Biography<br><br>
Dominique D'Hinnin is a graduate of the École normale supérieure and a former Inspecteur des finances. He joined the Lagardère Group in 1990 as an advisor to Philippe Camus. He was then appointed Internal Audit Manager, CFO of Hachette Livre in 1993, and in 1994, Executive Vice-President of Grolier, Inc. (Connecticut, USA). He was Lagardère CFO from 1998 to 2009, and Lagardère SCA Co-managing Partner between 2009 and 2016. He is former Board Member of Airbus and Canal+ and former Advisory Board Member of Price Waterhouse Coopers France. He is currently a Board Member of the Spanish media company PRISA, of the French Company Edenred, of the French Company Technicolor and of the Belgium distribution company Louis Delhaize SA. On 8 November 2017, Dominique D'Hinnin was appointed as Chairman of the Board of Directors of Eutelsat Communications S.A.<br><br>
OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS<br><br>
Current:<br>
In France:<br>Chairman of the Board of Directors of Eutelsat S.A. (since 4 October 2017).<br>
Outside France:<br>N/A<br><br>
Having expired:<br>
In France:<br>Permanent representative of FSP (until 8 November 2017)<br>
Outside France:<br>N/A
</td>
<td>
OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS<br><br>
Current:<br>
In France:<br>Edenred: Board Member since 8 June 2017 (listed company)<br>Technicolor: Board Member since 14 June 2019 (listed company)<br>
Outside France:<br>Prisa: Board Member since 6 May 2016 (listed company, Spain)<br>Louis Delhaize SA: Board Member (since 6 June 2017) (Belgium)<br><br>
Having expired:<br>
In France:<br>Marie-Claire Album and Holding Evelyne Prouvost: Board Member between 2014 and 2016<br>
Outside France:<br>N/A
</td>
</tr>
</table>

## RODOLPHE BELMER

Board Member and CEO

| | | |
|---|---|---|
| DoB: 21 August 1969<br>51 years old<br>French national<br><br>Business address:<br>Eutelsat Communications<br>70, rue Balard<br>75015 Paris<br><br>First appointment/Co-opting:<br>1 March 2016 as CEO<br>4 November 2016 as Board Member<br><br>Expiry date of office:<br>General Meeting to be held to approve the accounts for the financial year ending 30 June 2020 | Biography<br><br>Graduate of France's HEC business school, Rodolphe Belmer began his career in the marketing department of Procter & Gamble France before joining McKinsey in 1998. He joined the Canal+ Group in 2001 and was appointed Head of Marketing and Strategy in 2002. From 2003 he oversaw the editorial division of the Group, initially as CEO of Canal+, and from 2006 onwards, as Head of all pay-TV channels. He led the Group's diversification into free-to-air television in 2011, notably through the acquisition and relaunch of D8 and D17. In 2012, he was appointed CEO of the Canal+ Group. Rodolphe Belmer joined Eutelsat on 1 December 2015 and was appointed CEO on 1 March 2016.<br><br>OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS<br><br>Current:<br><br>**In France**:<br>CEO of Eutelsat S.A. (since 1 March 2016)<br>Board Member of Eutelsat S.A. (since 4 October 2016)<br><br>**Outside France**:<br>Board Member and Chairman of Eutelsat Inc. (USA) (since 1 March 2016)<br>Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) (since 1 March 2016)<br>Board Member of Eutelsat Networks (Russian Federation) (since 30 September 2016)<br>Board Member of Broadband for Africa (UK) (since 1 March 2016)<br>Manager of Euro Broadband Infrastructure (Switzerland) (since 3 March 2017)<br>Manager of Euro Broadband Retail (Switzerland) (since 3 March 2017)<br><br>Having expired:<br><br>**In France**:<br>Deputy CEO of Eutelsat S.A. (until 29 February 2016)<br>Deputy CEO of Eutelsat Communications (until 29 February 2016)<br><br>**Outside France**:<br>N/A | OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS<br><br>Current:<br><br>**In France**:<br>Chairman of *Auteurs Solidaires* (since January 2017)<br>Chairman of Séries Mania (since September 2017)<br>Director of Brut (since 15 February 2018)<br><br>**Outside France**:<br>Non-executive Director of Netflix (listed company, USA) (since January 2018)<br><br>Having expired:<br><br>**In France**:<br>Member of the Supervisory Board of Mediawan (listed company) (until 2020)<br>Chairman of RBC (until 2020)<br>**Outside France**:<br>Board Member of Hispasat S.A (Spain) (until 18 April 2018) |

## BPIFRANCE PARTICIPATIONS REPRESENTED BY STÉPHANIE FRACHET

Board Member

DoB: 17 May 1977
43 years old
French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
17 February 2011 (Fonds Stratégique d'Investissement)

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2022

Biography

Bpifrance Participations (since 12 July 2013, formerly Fonds Stratégique d'Investissement – FSI) is currently represented on the Company's Board of Directors by Stéphanie Frachet, Managing Director and Executive Committee member Bpifrance Capital Développement since 2017. She joined Bpifrance in 2009. Stéphanie Frachet has eighteen years of experience in finance and private equity. From 2001 to 2007, she was responsible for audit missions and Transaction Services in M&A and LBO transaction at Ernst & Young then PricewaterhouseCoopers, respectively. In 2007, Stéphanie Frachet joined the Leverage Finance team at Société Générale, in charge of financing LBO operations for mid-caps and large groups. Stéphanie Frachet is also a Director at Valeo, Constellium (NYSE-listed company), Sulo (formerly Plastic Omnium Environnement) and Sabena technics. She sits as a *censeur* on the Paprec Board of Directors. Previously, Stéphanie Frachet was a permanent representative of Bpifrance, on the Boards of Sarenza and Cylande, *censeur* of Verallia and Carso and an independent Director of Eurosic. Stéphanie Frachet is a graduate of ESSEC Business School.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**
Permanent representative of Bpifrance Participations, Board Member of Eutelsat S.A. (since 16 October 2015)

**Outside France:**
N/A

Having expired:

**In France:**
N/A

**Outside France:**
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**
Board Member of Valeo
Board Member of Sabena technics
Board Member of Sulo (ex-Plastic Omnium Environment)
*Censeur* at Paprec

**Outside France:**
Board Member of Constellium (listed company, USA)

Having expired:

**In France:**
Permanent representative of Bpifrance Participations, Board Member of:
Sarenza
Cylande
*Censeur* de Verallia et Carso
Board Member of Eurosic (listed company)

**Outside France:**
N/A

## PAUL FRANCOIS FOURNIER

Board Member

DoB:15 March 1968
52 years old
French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
8 November 2017

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2021

### Biography

Paul-François Fournier, graduate of Telecom ParisTech, began his career at France Télécom Orange Group in 1994 as a business engineer in the France Business sector. After seven years working in the development of corporate services, in 2001 he became Broadband Director of Wanadoo, where he ensured the take-off of ADSL offers in France, which rose from a few thousand customers in 2001 to more than 3 million by the end of 2004, then internationally as a member of the Executive Board of the Wanadoo Group. He then oversaw strategic projects like the launch of Livebox and Voice Over IP, in partnership with the French start-ups Inventel and Netcentrex.

In addition to his experience in the field of Internet services and partnerships (he was, for instance, the architect of Orange's acquisition of Dailymotion and Cityvox, as well as partnerships with Microsoft, Google and Facebook), Paul-François Fournier has excellent operational knowledge of marketing innovation. He was, from 2011, Executive Director of Orange's Technocentre, in charge of product innovation (Boxes, Cloud, etc.), where he radically transformed the organisation with a more regional and decentralised approach (creation of the Amman and Abidjan Technocentres). Since April 2013, Paul-François Fournier has been Head of Innovation and Executive Committee Member of the Banque Publique d'Investissement (Bpifrance).

### OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**

Administrateur d'Eutelsat S.A. (depuis le 4 octobre 2017)

**Outside France:**
N/A

Having expired:

**In France:**
N/A

**Outside France:**
N/A

### OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**
Head of Innovation, Executive Committee Member and Board Member of Bpifrance
Supervisory Board Member of Cornovum
Board Member of Parrot
Board Member Prodways Group
Board Member of Sigfox

**Outside France:**
N/A

Having expired:

**In France:**
Board Member of the Wanadoo Group
Supervisory Board Member of Younited (until 2019)

**Outside France:**
N/A

## *FONDS STRATEGIQUE D'INVESTISSEMENT* (FSP) REPRESENTED BY AGNES AUDIER

Board Member

DoB: 3 November 1964
55 years old
French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
4 November 2016

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2020

Biography

The FSP has been a Director of Eutelsat Communications since 4 November 2016, its permanent representative is Ms Agnès Audier.

Agnès Audier is a former student of *Ecole Normale Supérieure,* an Engineer ("Ingénieure en chef du Corps des Mines), a scientist by training (with a post-graduate diploma in Material Sciences) and a graduate of *SciencesPo*. From 1993 to 1995 Agnès Audier was technical advisor to the Minister of Social Affairs of Health and the Urban Policy, Ms Simone Veil. From 1995 to 1997, she was appointed Head of the Private Office of the Ministry of Small Businesses and Retail of Mr Jean-Pierre Raffarin, subsequently appointed as Prime Minister. From 1997 to 2001, Agnès Audier was Senior Vice President for Strategy and Business Development, Secretary of the Executive Committee of Vivendi Group. She was then appointed Chief Operating Officer of VivendiNet, Vivendi Universal's Internet and Technology Division. From 2003 to 2006, Agnès Audier was Executive Vice President and Chief Performance Officer for Havas Group, the world's fifth largest advertising and communications group. In 2007, she joined BCG (Boston Consulting Group) and was elected Partner and Managing Director in 2008. She was member of the Western Europe and Latin America Management Committee. Since October 2019, she an independent consultant on issues of digital transformation and data, and a BCG Senior Advisor.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**

Administrateur d'Eutelsat S.A. (depuis le 19 mars 2020)

**Outside France:**
N/A

Having expired:

**In France:**
N/A

**Outside France:**
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**
Board member of Ingenico (listed company
Censeure of Groupe Crédit Agricole (CASA) (listed company)
Chair of the Board of "SOS Seniors", a French NGO dedicated to elderly care

**Outside France:**
N/A

Having expired:
**In France:**
Partner and Managing Director of Boston Consulting Group (from 2008 to 2018)

**Outside France:**
N/A

# ESTHER GAIDE

Board Member

DoB: 6 September 1961
59 years old
French national

Business address:
Eutelsat Communications
70, rue Balard

First appointment/Co-opting:
8 November 2017

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2021

Biography

Esther Gaide graduated from ESSEC (Paris) and is a chartered accountant. She began her career in 1983 working in the external audit departments of PricewaterhouseCoopers (PwC) in Paris and London, then with Deloitte in Paris and the USA. In 1994, she joined Bolloré Group where she was appointed Group Internal Audit Director, where she set up the Internal Audit Department participating in the reorganization of the maritime department and the takeover of the Rivaud Group. Between 1996 and 2006, she successively held the posts of CFO of the Logistics Division, CFO of the Bolloré Africa Logistics division and ultimately Group Director of Controlling, in charge of the accounting, consolidation and control. In 2006, she joined Havas to then become Deputy CFO and HR Director. In 2011, she joined Technicolor (ex-Thomson) as Group Director of Controlling supervising accounting, consolidation and control. In 2012, she was appointed Deputy CFO before becoming CFO and member of the Executive Committee in 2015. In addition, Esther Gaide was appointed CFO of Elior Group on 15 March 2018.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**

Administrateur d'Eutelsat S.A. (depuis le 19 mars 2020)

**Outside France:**
N/A

Having Expired:

**In France:**
N/A

**Outside France:**
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**
CFO of Elior Group
Permanent representative of ELIOR GROUP on the Board of Directors of:
ELIOR RESTAURATION ET SERVICES, SA
AREAS WORLDWIDE, SA
Permanent representative of AREAS WORLDWIDE, member and Chairman of the Supervisory Board of ELIOR PARTICIPATIONS, SCA
Chairman and CEO and Director of ELIOR FINANCEMENT, SA
Permanent representative of ELIOR PARTICIPATIONS as:
Chairman of ELIOR FA3C SAS,
Chairman of ELIOR TRÉSORERIE SAS,
Chairman of ELIOR GESTION SAS,
Chairman of SACORES SAS,
Chairman of ÉGÉE VENTURE SAS,
Chairman of L'ACADEMIE BY ELIOR SAS,
Chairman of SC2R SAS,
Chairman of BERCY SERVICES I – BSI SAS,
Chairman of BERCY SERVICES XXV – BSXXV SAS,
Chairman of BERCY SERVICES XXIX – BSXXIX SAS,
Chairman of ELEAT SOLUTIONS SAS,
Chairman of ELIOR DATA RC FRANCE SAS,
Permanent representative of EGEE VENTURE, as Chairman of BERCY SERVICES XXVII – BSXXVII SAS,
Manager of BERCY SERVICES II – BSII SAS,
Permanent representative of ELIOR RESTAURATION ET SERVICES on the Board of Directors of:
ELRES, SAS,
ELIOR ENTREPRISES, SAS,
Permanent representative of HOLDING DE RESTAURATION, herself Chairman of C2L,
Permanent representative on the Board of Directors of DUCASSE DEVELOPPEMENT

**Outside France:**
Director of ELIOR RISTORAZIONE,
Director of GEMEAZ ELIOR SpA,
Director of ELICHEF HOLDING SpA,
Director of MY CHEF RISTORAZIONE COMMERCIALE,
Representative of ELIOR RESTAURATION ET SERVICES on the Board of Directors of SERUNION SA,
Director of Elior UK Holdings limited
Director of Elior UK Plc
Director of Waterfall Elior limited
Director of Edwards and Blake limited

Having expired:

**In France:**
CFO of Technicolor (until 2018)

**Outside France:**
N/A

## ANA GARCÍA FAU

Board Member

| | | |
|---|---|---|
| DoB: 3 November 1968<br>51 years old<br>Spanish national<br><br>Business address:<br>Eutelsat Communications<br>70, rue Balard<br>75015 Paris<br><br>First appointment/Co-opting:<br>5 November 2015<br><br>Expiry date of office:<br>General Meeting to be held to approve the accounts for the financial year ending 30 June 2020 | Biography<br><br>Ana García Fau graduated in Economics, Business Administration (Finance) and Law from *Universidad Pontificia Comillas* (ICADE-E3) holds an MBA from MIT. She began her career at McKinsey&Co., and at the M&A division of Goldman Sachs in London. She built up her career at the Telefonica Group, serving as Chief Corporate Development Officer and Chief Financial Officer at TPI-Paginas Amarillas from 1997 to 2006. She was responsible for the international expansion of the company, business development and strategy, holding in parallel board positions at several subsidiaries. In 2006, she was appointed CEO of Yell for Spain and Latin America (2006-2014), later expanding her role to the U.S. Hispanic market, based in Houston, Texas. In 2013, she was appointed Chief Global Strategy Officer of Hibu (former Yell Group) responsible for partnerships and digital strategy. Since its IPO in June 2014, she is Non-Executive Director at Merlin Properties, the leading REIT in Spain, and member of its Audit Committee. From April 2016 to June 2020, she was Non-Executive Director at Paris-based Technicolor, a technology provider to the media industry. She was member of its Audit Committee and chaired its Nominations & Governance Committee. Since April 2017, she is Non-Executive Director and member of the Audit Committee at Gestamp, a listed Spanish car component manufacturer. In April of 2017, Ana joined the global and international Boards of DLA Piper, one of the largest global law firms, chairing its Audit Committee. In November 2017, Ana joined the Board of Globalvía, an infrastructure company where she is member of its Audit & Risk Committee. Since February 2020, she is the Non-Executive Chairperson of Finerge, a leading Portuguese renewable energy company owned by First State. Ana currently serves on the Advisory Boards of Salesforce.com for the EMEA region and Mutualidad de la Abogacía in Spain. She has also served as a member of the Professional Advisory Board of ESADE Business School in Madrid (2012-2013), the board of directors of Renovalia Energy Group (2016-2020), and of the Board of Trustees of several Foundations in Spain (2010-2016).<br><br>OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS<br><br>Current:<br>**In France:**<br>N/A<br>**Outside France:**<br>N/A<br><br>Having Expired:<br>**In France:**<br>N/A<br>**Outside France:**<br>N/A | OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS<br><br>Current:<br>**In France:**<br>Board Member of Technicolor, SA (listed company) (since April 2016), Member of the Audit Committee, Chair of the Nominations & Governance Committee<br>**Outside France:**<br>Board Member of Merlin Properties, SA (listed company, Spain) (since June 2014), Member of the Audit Committee<br>Board Member of Gestamp Automoción, SA (listed company, Spain) (since April 2017), Member of the Audit Committee<br>Board Member of Globalvía, SA (private company, Spain) (since November 2017), Member of the Audit & Risk Committee<br>Board Member and Chairperson of Finerge, SA (private company, Portugal) (since February 2020), Chair of the Nomination & Remunerations Committee<br><br>Having expired:<br>**In France:**<br>N/A<br>**Outside France:**<br>Board Member of Cape Harbour Advisors, SL (Spain) (until April 2016)<br>Board Member of Renovalia Energy Group, SA (Spain) (until January 2020), Chair of the Audit Committee |

# CYNTHIA GORDON

DoB: 17 November 1962
57 years old
British national

Business address (following appointment):
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
7 November 2019

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2023

Biography

Cynthia Gordon graduated in Business Studies from Brighton University. She began her career at Unilever and Lloyds Bank before developing her experience in the telecom sector. Former Chief Marketing Officer and Member of the Management Board at MTS, the largest mobile operator in Russia and the CIS area with over 100 Mn subscribers. She spent 10 years at Orange - France Telecom in various roles including VP Business Marketing and VP Partnerships & Emerging Markets during which time she led the negotiations with Apple for the Orange Group. Former Group Chief Commercial Officer of Ooredoo operating across MENA and Asia. Former CEO Africa of Millicom, telecom and media with over 51 Mn customers in Africa and Latin America. Former Board Member of Kinnivik AB. Cynthia is currently Chairman of the Board of Global Fashion Group (e-commerce fashion retailer) and Board Member of Tele2 (major telecom operator in the Nordic and Baltic countries), of Bayport (retail financial services Africa and Latam), and of BIMA Mobile (micro insurance and health services provider).

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**
N/A

**Outside France:**
N/A

Having Expired:

**In France:**
N/A

**Outside France:**
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France**:
NA

**Outside France**:
Chairman of Global Fashion Group (Luxembourg) (since 2017)
Board Member of Tele2 (listed company, Sweden) (since May 2016), Audit Committee Member
Board Member Bayport (Mauritius) (since 2017)
Board Member of BIMA Mobile (Sweden) (since 2017)

Having expired:

**In France**:
N/A

**Outside France**:
Board Member of Kinnevik AB (2017-2018)
CEO Africa of Millicom, (2015-2017)
Group Chief Commercial Officer of Ooredoo (2012-2015)

## DIDIER LEROY

Board Member

<table>
<tr>
<td>
DoB:26 December 1957<br>62 years old<br>a French national<br><br>Business address:<br>Eutelsat Communications<br>70, rue Balard<br>75015 Paris<br><br>First appointment/Co-opting:<br>8 November 2017<br><br>Expiry date of office:<br>General Meeting to be held to approve the accounts for the financial year ending 30 June 2021
</td>
<td>
Biography<br><br>Didier Leroy joined Renault S.A. in 1982, after obtaining an engineering degree. In 1992, he was appointed General Manager at the Douai plant and in 1996, Deputy Director of the Renault Le Mans plant before leading a cross-functional business reform project team, reporting directly to Carlos Ghosn. Mr Leroy joined Toyota to start up the new French plant, Toyota Motor Manufacturing France in Valenciennes, as Vice President. He was appointed President of the plant in 2005 and started leading initiatives at European level in 2007. In 2010, he became President and CEO of Toyota Motor Europe, Toyota's regional headquarters for Sales, After-Sales, R&D, Engineering and Manufacturing. In 2015, Mr Leroy became the first non-Japanese Executive Vice President and Member of the Board of Directors of Toyota Motor Corporation, double-capping as President of one of the two operational units of the company at global level, covering all the operations in North America and Europe, but also the Japan sales operations. In 2016, Mr Leroy also became the company's global Chief Competitive Officer. In 2017, his role expanded to cover the entire overseas operations, including emerging markets. In July 2020, he retired from this position and became Advisor to the CEO of Toyota Motor Corporation. He remains Chairman of Toyota Motor Europe.<br><br>OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS<br><br>Current:<br>In France:<br>N/A<br>Outside France:<br>N/A<br><br>Having expired:<br>In France:<br>N/A<br>Outside France:<br>N/A
</td>
<td>
OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS<br><br>Current:<br>In France:<br>Non-executive Board Member of Auchan Holding (France)<br>Outside France:<br>Non-executive Board Member of Toyota Tsusho Corporation (listed company, Japan)<br>Non-executive Board Member of ALIAXIS (Belgium)<br><br>Having expired:<br>In France:<br>N/A<br>Outside France:<br>Executive Vice President, Chief Competitive Officer and Board Member of Toyota Motor Corporation (listed company, Japan) (until 2020)
</td>
</tr>
</table>

# ROSS MCINNES

Board Member

DoB: 8 March 1954
66 years old
Dual French-Australian nationality

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
7 February 2013

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2022

## Biography

Graduate of Oxford University, Ross McInnes began his career at Kleinwort Benson Bank in London, then in Rio de Janeiro. In 1980, he joined the Corporate Finance arm of Continental Bank (now Bank of America), where he held several positions as Vice-President, working in Chicago and Paris. In 1989, Ross McInnes moved to the industrial sector, notably Eridania Beghin-Say, where he became CFO in 1991 and later a member of the Board of Directors in 1999. The following year, he moved to Thomson-CSF (now Thales) as Executive Vice President and CFO, playing a major role in the Company's transformation. In 2005, he was appointed Senior Vice-President of Finance and Strategy for the PPR Group (Pinault-Printemps-La Redoute, now Kering) before joining the Supervisory Board of Générale de Santé in 2006. He served as interim Chairman of the Management Board from March to June 2007. He then served as Vice-Chairman of Macquarie Capital Europe, a company specialised in infrastructure investments. In March 2009, Ross McInnes joined the Safran Group and became Executive Vice-President of Economics and Finance in June 2009. He served as a member of the Management Board from July 2009 to April 2011. In April 2011 he became Deputy CEO in charge of Economic and Financial Affairs at Safran. Since April 2015, he is Chairman of the Board of Safran. In February 2015, the French Minister of Foreign Affairs and International Development appointed Ross McInnes as Special Representative for Economic Relations with Australia as part of French economic diplomacy. In November 2016, upon the recommendation of the AFEP and MEDEF, he was appointed to the High Committee for Corporate Governance set up by the AFEP and MEDEF to monitor the application of the AFEP-MEDEF Corporate Governance Code for Listed Companies in France. In February 2017, he joined SICOM, the general partner of Vivescia Industries, as a "qualified person". In October 2017, the French Prime Minister appointed Ross McInnes as Co-Chairman of the "Action Publique 2022" Committee on public policy reforms, mission concluded. In January 2018 he joined the IFRS Foundation, which oversees the work of the International Accounting Standards Board (IASB), as Trustee and Director.

In October 2018, the French Prime Minister entrusted him with the mission to promote France to non-financial companies doing business in the United Kingdom. From January 2018 to April 2020, he was Director and member of the Audit Committee, Compensation Committee and Strategic Committee at Lectra (listed company). Since May 2018, he is Director and member of Audit Committee at Engie (listed company) and Chairman of its Committee on Ethics, the Environment and Sustainable Development and member of its Strategy, Investments and Technology Committee since May 2019.

## OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**

N/A

**Outside France:**

N/A

Having expired:

**In France:**

N/A **Outside France:**

N/A

## OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

**In France:**

- Chairman of the Board of Safran (listed company)
- Board Member of Engie (listed company) Chair of the Committee on Ethics, the Environment and Sustainable Development and member of the Audit Committee and the Strategy, Investments and Technology Committee

**Outside France:**

Trustee and Director of the IFRS Foundation (USA, UK)

Having expired:

**In France:**

- Board Member and Chairman of the Audit Committee of Faurecia (listed company)
- Deputy CEO of Safran
- Board Member of Safran Nacelles
- Board Member of Safran Helicopter Engines
- Board Member of Safran Landing Systems
- Board Member of Safran Idendity & Security
- Board Member of Safran Aircraft Engines
- Board Member of Safran Electronics & Defense
- Board Member of Vallaroche Conseil
- Permanent Representative of Safran at the Board of Directors of Établissements Vallaroche
- Board Member of Financière du Planier
- Permanent Representative of Santé Europe Investissements S.A.R. L. at the Board and Member of the Audit Committee of Générale de Santé (listed company)
- Board Member of Lectra (listed company) member of the Audit Committee, the Compensation Committee and the Strategy Committee

**Outside France:**

- Board Member of Safran USA, Inc. (USA)
- Permanent Representative of Établissements Vallaroche at the Board of Directors of Soreval (Luxemburg)
- Permanent Representative of Santé Europe Investissements S.A.R. L. at the Board of Directors of Santé S.A. (Luxemburg)
- Board Member and Chairman of the Audit Committee of IMI, Plc (listed company, U.K)

# 9.15 INFORMATION ON COMPENSATION PAID TO COMPANY DIRECTORS AND CORPORATE OFFICERS

## 9.15.1 Compensation policy (ex-Ante vote)

*The compensation policy drawn up in accordance with Article L. 225-37-2 of the French Commercial Code and presented in the previous section will be submitted to the General Meeting of shareholders for approval on 5 November 2020.*

### 9.15.1.1 General compensation principles

The Board of Directors ensures that the compensation policy for company directors and corporate officers proposed by the Compensation Committee is consistent with Company's interests, in line with its commercial strategy and such as to promote its performance and its competitiveness over the medium to long term in order to ensure its continuity.

The general principles behind the compensation policy are to attract, retain and motivate top-ranking executives and to align their interests with value creation for the Group, taking into account the Group's capital intensity, its high-technology environment, its long-term investment horizon and the challenges in terms of growth in a very competitive environment as well as the highly international dimension of the Group and its vision.

The Board of Directors, on recommendation by the Compensation Committee, determines the general principles and characteristics governing the compensation policy for company directors and corporate officers. It ensures the implementation of this policy by assessing the level at which the various criteria have been met. Resolutions by the Board of Directors are therefore passed after seeking the opinion and recommendations of the Compensation Committee.

Company directors and corporate officers take no part in the vote on their compensation. See Section 11.4 for further information on conflicts of interests.

In exceptional circumstances, the Board of Directors may, in accordance with Article L. 225-37-2(III)(2) of the French Commercial Code, deviate from the application of the compensation policy provided this is on a temporary basis, consistent with the Company's interests and necessary to ensure the Company's continuity or viability. In particular, the Board of Directors may, on recommendation by the Compensation Committee, change the performance criteria for variable annual compensation, pluri-annual compensation, where relevant, and/or long-term compensation.

Any such derogations must be rigorously applied and justified, notably as regards their alignment with the shareholder interests. In accordance with the provisions of Articles L.225-37-3 and L. 225-100(III) of the French Commercial Code, variable annual compensation will continue to be subject to approval by the General Meeting of shareholders and may only be paid if that meeting votes in favour thereof.

### 9.15.1.2 Chairman of the Board of Directors

The compensation structure for the non-executive Chair of the Board of Directors comprises exclusively of Board compensation (previously referred to as attendance fees).

In line with his/her non-executive role and consistent with market practices in France, the Chair of the Board of Directors does not receive any variable annual compensation, pluri-annual compensation or short-term cash compensation, nor the benefit of any long-term incentive scheme.

The Board compensation (attendance fees) paid to the Chair of the Board of Directors is allocated in accordance with the rules determined by the Board of Directors and set out in the Board's Internal Rules. These allocation rules, which apply to all the directors, include variable attendance fees for each meeting of the Board of Directors, as well as a specific fixed annual portion for the Chair of the Board. These rules are set out below.

If a new Chairman of the Board of Directors is appointed, the principles, criteria and elements of the compensation set out in the policy on compensation for the Chair of the Board of Directors will apply.

For details on the Chair of the Board and his/her mandate, see Section 9.14.

### 9.15.1.3 Board members

The maximum annual sum allocated to directors' Board compensation (attendance fees), 985,000 euros, was approved by the General Meeting of shareholders on 8 November 2017. The criteria for the apportioning of this sum are set out below.

No change to the amount to be paid in directors' Board compensation (attendance fees) is foreseen in the resolutions approved by the Company's Board of Directors to be submitted for approval to the Annual General Meeting on 5 November 2020.

The rules for the award of directors' Board Compensation (attendance fees), as laid down in the Board's Internal Rules, primarily take into account the actual attendance of members at meetings of the Board and of its committees, in accordance with Article 21 of the AFEP-MEDEF Code:

Board of Directors:

- Fixed annual part of 15,000 euros per Board Member (increased to 30,000 euros for the Vice Chair and 175,000 euros for the Chair);

- an annual supplement of 10,000 euros for each director residing outside France;
- variable part of 4,000 euros per Board Member for each Board meeting attended.

Audit, Risk and Compliance Committee:

- Fixed annual part of 4,000 euros per committee member (increased to 14,000 euros for the Committee Chair);
- variable part of 3,000 euros per committee member for each committee meeting attended.

Governance and Nominations Committee

- Fixed annual part of 3,000 euros per committee member (increased to 8,000 euros for the Committee Chair);
- variable part of 2,000 euros per committee member for each committee meeting attended.

Compensation Committee

- Fixed annual part of 3,000 euros per committee member (increased to 8,000 euros for the Committee Chair);
- variable part of 2,000 euros per committee member for each committee meeting attended.

Directors may receive a reasonable additional Board compensation for taking part in specialised committees, chairing such committees or performing special duties, such as acting as vice chairman or lead director, as decided by the Board and in line with the rules on the award of Board compensation set out above.

The performance of a special duty entrusted to a director may give rise to reasonable compensation, depending on the decision of the Board and subject to the related party agreements regime.

The Board compensation (attendance fees) is paid once a year at the close of the financial year 2019-20. In accordance with the amendments to Article L. 225-100(II) of the French Commercial Code, from financial year 2020-21, the payment of Board compensation (attendance fees) for that financial year will be subject to approval by the Ordinary General Meeting of shareholders and paid in the month following their approval.

The fixed annual part (applicable to Board and committee members) is prorated based on the duration of the mandate during the fiscal year considered. In addition, in the event that the number of meetings held mechanically leads to exceeding the 985,000 euros fee envelope decided by the General Meeting of shareholders, the variable part would proportionally be reduced in order to stay within the ceiling set for this envelope.

If a new director is appointed or a director's term of office is renewed, the principles, criteria and elements of the compensation set out in the compensation policy for directors will apply. For details on the directors and their mandates, see Section 9.14.

### 9.15.1.4 Chief Executive Officer and Deputy Chief Executive Officers

For details on the Chief Executive Officer (CEO) and Deputy Chief Executive Officers and their mandates, see Section 9.4 and 9.14[27].

On the basis of the objectives previously mentioned, the Group has implemented a global compensation policy for the Executive Directors and Corporate Officers, structured as follows (see also the "Market Positioning Policy" section).

| | Objective | Key features |
|---|---|---|
| Fixed annual salary | Recognise the level of responsibility in a competitive talent market. | See "Market Positioning Policy" section. |
| Variable annual compensation | Ensure financial targets published are met and encourage the exceeding of the internal targets for the financial year. | Two sets of targets:<br>—Quantitative targets: organic change in "Operating Verticals" Revenues; discretionary free cash flow(1); total operating expenses (2);<br>—Qualitative targets: specific objectives related to the strategic roadmap<br>See "Variable compensation policy" Section. |
| Pluri-annual variable compensation | N/A | None. |
| Long-term compensation (Long Term Incentive Plan) | —Maximise mid-term value creation<br>—Align the interest of Corporate Officers with shareholders and other stakeholders;<br>—Retain key senior executives. | Allocation of phantom shares or of performance shares linked to 3-year value creation objectives: revenue linked to the new verticals; discretionary free cash flow; relative TSR (3), criterion linked to corporate social responsibility.<br>See "Variable compensation policy" Section. |

27 More information available in the Universal Registration Document and in the Company By-Laws on Eutelsat web site

| | | |
|---|---|---|
| Compensation, indemnities or benefits due or likely to be due on termination or change of office | N/A | None. |
| Exceptional compensation | N/A | See the "Exceptional compensation" Section. |
| Benefits in kind | N/A | —Car with chauffeur for the CEO;<br>—Company car for the Deputy CEOs. |
| Board compensation (attendance fees) | Compensation for Board members. | Not applicable to Deputy Chief Executive Officers.<br>The rules on the allocation of Board compensation (attendance fees) are set out in section 9.15.1.3 of this document. |
| Non-compete undertakings | Take into account the highly competitive environment for satellite operators. | Non-compete clause: an allowance equivalent to 50% of the base salary during the 18-month period following termination of duties in return for an undertaking to refrain from working for any satellite operator, directly or indirectly. |
| Supplementary pension scheme | N/A | None. |
| Group benefit and supplementary health plan | N/A | Executive directors and corporate officers benefit from the supplementary health plans currently in force within the Group, on the same terms as those applying to the employee group to which they are assimilated for the calculation of their employee benefits. |

(1) *This indicator is described in section 1.4 "Alternative Performance Indicators" of this document.*

(2) *Excluding bad debt*

(3) *TSR is Total Shareholder Return over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).*

Note:

i) The criteria used to determine the compensation of the executive directors and corporate officers include, inter alia: market positioning (see dedicated section), track record, office held and seniority;

ii) the precise weighting given to the different targets for variable annual compensation is determined by the Board of Directors, on recommendation by the Compensation Committee, on a case-by-case basis depending on the duties performed by each of the corporate executive officers.

## Market Positioning Policy

The competitiveness of the compensation policy is measured primarily by reference to French companies of comparable size (in terms of market capitalisation and revenue), and, when relevant, by reference to comparable European companies.

## Market Positioning

A set of guidelines have been adopted for assessing the competitiveness of the overall compensation policy for executives as compared with the market, allowance being made for features specific to Eutelsat:

- the scale of the compensation in the long term is aligned with that of comparable businesses to ensure that the emphasis is placed on long-term objectives to ensure that compensation it is more closely aligned to shareholder interests;
- relative positioning for the purposes of the cash compensation target: both base salary and total cash compensation around the median.

## Fixed annual remuneration

The annual fixed remuneration of executive directors and corporate officers is awarded in consideration of their corporate functions, taking account of their individual merits in combination with market benchmarks.

Accordingly, it is determined on the basis of the following:

- the level and complexity of the duties and responsibilities attached to the corporate office held, each executive director and corporate officer being vested with the broadest powers to act in the name of the Company, in all circumstances, and to represent it in its relationships with third parties;
- the track record, skills, experience, expertise, seniority and past functions of each executive director and corporate officer;
- analyses and market studies relating to compensation for comparable functions and companies.

In accordance with the Company's reference Code of Governance, the Board of Directors has decided that the fixed annual remuneration of the Managing Director could only be reviewed at relatively long intervals.

A review could, however, be undertaken in the event of a material change to the scope of responsibility of the office concerned, such as that which may arise from changes to the Company itself or from a significant disparity as compared with the market positioning. In these specific circumstances, the adjustment of the fixed remuneration, as well as the reasons for the adjustment, must be made public.

For other executive corporate officers, whether their fixed remuneration should be reviewed will be considered on an annual basis by the Board of Directors.

The fixed annual remuneration is used as the basis for the calculation of the maximum percentage of variable annual compensation and valuation of the long-term incentives.

As a reminder, the basic fixed annual salary for each executive corporate officer for the financial year 2019-20 is as follows:

- 650,000 euros for the CEO:
- for Deputy Chief Executive Officers:
    - 363,384 euros for the Deputy Chief Executive Officer, Michel Azibert;
    - 291,000 euros for the Deputy Chief Executive Officer and Chief Technical Officer, Yohann Leroy.

It should be noted that these amounts are unchanged compared to the compensation policy approved by the Annual General Meeting on 7 November 2019.

## Variable Compensation Policy

### Variable annual compensation

#### Determination method

The potential amount of variable compensation is determined on the basis of, inter alia, observed market practices, and the achievement of performance levels in relation to key parameters and certain economic and personal, quantitative and qualitative performance targets, in line with the implementation of the Company's strategy.

During the first quarter of each financial year, the Board of Directors, on recommendation by the Compensation Committee, confirms or determines these targets, as well as their weighting and the associated performance levels:

- threshold below which no compensation is paid;
- target level when the target is met; and,
- maximum level evidencing outperformance of the target level set for the target.

Precise quantitative economic performance targets, based on financial indicators, are set based on the budget or disclosed financial objectives pre-approved by the Board of Directors and are subject to performance thresholds.

The level achieved for the targets is disclosed once performance has been assessed by the Board of Directors.

#### Detailed presentation of the characteristics for each Executive Director and Corporate Officer

The parameters are determined by the Board of Directors during the first quarter of the relevant year. They are subject to change from one year to the next. The weighting given to each criterion for the Chief Executive Officer and the Deputy Chief Executive Officers is given in the following summary table.

| (As a percentage of the fixed remuneration) | Rodolphe Belmer | Michel Azibert | Yohann Leroy |
|---|---|---|---|
| **QUANTITATIVE OBJECTIVES AT GROUP LEVEL** | **70%** | **70%** | **25%** |
| "Operating Verticals" Revenues growth (1) | 24.5% | 24.5% | 8.75% |
| Discretionary free cash flow | 28% | 28% | 10% |
| Total Costs (2) | 17.5% | 17.5% | 6.25% |
| **QUALITATIVE TARGETS** | **30%** | **35%** | **25%** |
| **TOTAL** | **100%** | **105%** | **50%** |

*(1) Operating Verticals Revenues is equal to Total Group revenues minus "Other Revenues" as disclosed in the section 3 of this document. The variation is computed at constant currency and perimeter.*

*(2) Excluding bad debt*

Compared with the policy approved by the General Meeting of Shareholders of 7 November 2019, the cost-saving objective has been changed with the LEAP 2 cost-saving plan having been replaced by Total Operating Expenses (excluding bad debt). This new objective takes into account the Group's overall cost-saving efforts without limiting itself to the scope of the LEAP 2 plan that they include.

#### Method for calculating the quantitative objectives (minimum and maximum levels)

The variable annual part is paid up to a ceiling of:

- 140% if the target level is exceeded (the high range of the disclosed financial objectives for the "Operating Verticals"

Revenues growth);

The ceiling has been changed as compared with the policy approved by the General Meeting of shareholders on 7 November 2019. The percentage if each of the targets is exceeded was previously 125%. To align more closely with market practice and to abide by the principles of ensuring a measured and balanced approach referred to in Article 25.1.2 of the AFEP-MEDEF Code, and to strengthen the incentive to outperformance, the ceiling has been raised from 125% to 140% for each target. This translates to an overall ceiling of 140%. It should be noted that for the purposes of the benchmark established by Willis Tower Watson, the median ceiling if targets are exceeded is 150%.

- 100% if the target level - which is defined as follows – is reached
  - The median point between the low and high range of the disclosed financial objectives for the "Operating Verticals" Revenues growth;
  - Budget for iscretionary free cash flow and Total operating expenses;
- If the performance is below the target level, a threshold is defined as follows for each indicator:
  - For the "Operating Verticals" Revenues growth, the low point of the range of the disclosed financial objectives. In this case the payout for this criterion would be 80%;
  - For the Discretionary free cash flow and Total operating expenses, a level defined in relation to the budget In this case the payout for these criteria would be 50%;
- 0% of the level achieved is lower than this threshold.

The elasticity of each element is determined separately for each objective. The calculation is made at constant exchange rate and perimeter, with a nominal deployment plan and on straight-line basis between each threshold.

### Qualitative targets

These parameters are determined by the Board of Directors during the first quarter of the relevant financial year and are subject to change from one year to the next to reflect the strategic, business and managerial issues for the upcoming financial year, for each office concerned. They may relate to, inter alia, implementation of the strategic guidelines approved by the Board of Directors, important industrial and commercial developments and programmes and organisational and management actions. They do not relate to day-to-day tasks, but rather to specific actions in respect of which the Board of Directors expects specific performance further to the determination of targets that are as measurable as possible and assessed globally. The Chief Executive Officer's qualitative objectives include at least one criterion linked to the Company's CSR (Corporate Social Responsibility).

### Payment conditions

In accordance with Article L. 225-100(III) of the French Commercial Code, payment of the variable annual remuneration for the 2019-20 financial year to be paid in the 2020-21 financial year (within one month of its approval), is subject to approval by the Ordinary General Meeting of shareholders on 5 November 2020.

### Appointment or the expiry of a term of office

In the event of an appointment or the expiry of a term of office in the course of the year, the foregoing principles apply for the period of time during which the duties were discharged (prorata temporis). However, with respect of any appointments made during the second half of the relevant financial year, performance is assessed on a discretionary basis by the Board of Directors on proposal by the Compensation Committee.

## Long-term incentives

### Target set

The Board of Directors considers that this mechanism, which also applies to certain other key offices within the Company, is well-suited to the duties of executive directors and corporate officers given the expected level of their direct contribution to the long-term performance of the Company. This mechanism, which is based on the achievement of certain performance criteria over several years and on the change in value of the Eutelsat share price, makes it possible to strengthen the motivation and loyalty of these key functions while fostering the alignment of their interests with the interests of the Company and of its shareholders.

### Detailed presentation of the characteristics of the long-term incentive plan

#### Vehicle

The long-term incentive plan is based on the allocation of phantom shares or performance shares of Eutelsat Communications. After a period of at least three years, the degree to which the performance criteria presented below are achieved will determine the number of shares vested that will then give rise to a payment in cash based on the value of a Eutelsat Communications share on that date, or to the award of shares, depending on the vehicle chosen. The vehicle is adjusted compared to the practice in place in previous years. In order to align with market practice, reinforce the alignment of the interests of Corporate Officers and shareholders, and in a cost-optimization approach for Eutelsat, the plan will now be a performance share plan instead of a phantom share plan.

#### Obligation to Retain Shares

Executive corporate officers must retain, as a personal investment, 20% of the performance shares vested (after expiry of any holding period, where applicable) until the end of their last mandate as an executive corporate officer; this retention obligation applies up to a value equivalent to 200% of their fixed annual remuneration.

#### Performance criteria

The percentage of shares varies depending on the degree to which the internal and external performance criteria are met, which is measured over three years.

The internal criteria account for 80% and relate to:

- a revenue objective linked to the new verticals for 40%. Revenues linked to the new verticals notably includes revenues from the Connectivity business, in line with Step Two of the Group's strategic plan, whose timeline is drawing closer, and which calls for a return to growth on the back of building out services in Video and capturing opportunities including in the Mobility and Fixed Broadband segments;
- discretionary free cash flow (DFCF) for 20%;
- a criterion linked to CSR (Corporate Social Responsibility), based on a quantified target, for 20%. It should be noted for information purposes that the CSR criterion was for the first time introduced in the policy approved by the General Meeting of 7 November 2019 in order to account for the interests of a wider base of the Company's stakeholders and as part of a responsible development approach.

The Revenues and DFCF objectives are confidential and based on the Group's strategic plan. For confidentiality reasons, the details of these targets are only made public ex-post and after their review by the Board of Directors.

The external criterion has a weighting of 20% and is based on a Total Shareholder Return (TSR) target for the period set (three years from the date on which the plan is put in place).

The TSR criterion had hitherto been calculated on the basis of a synthetic index composed of four indices, including several MSCI indices. However, during the 2019-20 financial year: i) in view of the relative change in its free float market capitalisation, Eutelsat Communications shares were deleted from the MSCI France index; and ii) Inmarsat, one of the comparable companies used, was delisted following a private equity buyout. Furthermore, a comparative study realised by Willis Towers Watson highlighted that the use of an average of four indices did not correspond with current corporate practice.

Within this context, the index used for the relative TSR[28] is now calculated on the basis of the median of a panel of comparable companies, composed of key players in the Group's sector of activity. This change thus enables the aforementioned changes to be taken into account, aligns Eutelsat Communications practice closer with that of the market, reinforces the relevance of the panel and aligns Eutelsat Communications with the principle of intelligibility as stipulated by Article 25.1.2 of the AFEP-MEDEF Code, while simplifying the index used compared with the former policy.

The panel of comparable companies has been selected based on the following rationale:

- Satellite operators, which are the closest peers. In view of the limited number of quoted satellite operators, only SES and ViaSat have been used. Intelsat has not been included since it is currently in the Chapter 11 process.
- Pay-TV operators. Note that Pay-TV, the business in which the Group's main customers operate, represents more than 60% of the Group's sales. To this end, RTL, TF1, Pro Sieben Sat, Mediaset and ITV are used as peers.
- European Telecom operators. The Group's non-broadcasting activities notably consist of supplying connectivity and Internet access to individuals, companies and governments. The Telecom operators used are major customers for the Group (either in terms of interconnecting their mobile networks or the distribution of Fixed Broadband, Mobile Connectivity and Fixed Data services): Iliad, BT, KPN, United Internet, Proximus and Telecom Italia.
- Telecom Infrastructure companies in view of the nature of the infrastructure of the Group's activity which is notably characterised by a high level of investment, long cycles and visibility: Cellnex and Inwitt.

For this criterion, the percentage of effective vesting of shares is as follows:

- 0% if performance is below the benchmark median;
- 100% if performance is equal to the benchmark median;
- 115% if the benchmark median is exceeded by 10 points;
- 130% if the benchmark median is exceeded by 15 points.

The conditions to acquire shares have also been modified compared to the policy approved by the General Meeting of shareholders of 7 November 2019 in order (i) to adapt it to the change in the TSR panel, (ii) to improve alignment with market practice and (iii) to encourage over-performance. In particular, the overachievement cap has been modified to a maximum of 130% (vs. 115% previously), in line with the benchmark panel. In addition, the calculation was previously based on an arithmetic average of four indices. Due to the simplification, it will now be based on the median of the panel.

### Condition of presence

The definitive vesting of shares is also subject to the presence of the beneficiary within the Company until the end of the vesting period. If the beneficiary leaves before the end of the vesting period, the basic principle is that shares are not awarded. However, the Board of Directors may decide to maintain all or part of the benefit of the shares provided it justifies and explains the specific circumstances underlying its decision. Should this be the case, the Board of Directors must ensure that waiver of the criterion relating to presence is prorata temporis and is dependent on the achievement of performance criteria to ensure that payment can only take place at the end of the period set for the plan.

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[28] The panel of comparable companies for the 2020 TSR objective is composed as follows: satellite competitors (SES and Viasat), Pay-TV operators (RTL, TF1, ProSieben Sat, Mediaset and ITV), Telecom operators (Iliad, BT, KPN, United internet, Proximus and Telecom Italia) and Telecom Infrastructure (Cellnex and Inwitt).

### Maximum cap on allocation

On the award date, the value of the shares granted to company executive officers may not exceed a set percentage of their fixed annual remuneration. This percentage is:

- 162.5 % for the Chief Executive Officer (allocation equal to 125% of the fixed annual salary with a potential vesting percentage of 130% in case of over-performance);
- 65% and 208% for the Deputy Chief Executive Officers, with:
  - 65% for Yohann Leroy (allocation equal to 50 % of the gross salary with a potential vesting percentage of 130% in case of over-performance);
  - 208 % for Michel Azibert (allocation equal to 160% of the gross salary with a potential vesting percentage of 130% in case of over-performance);

Compared with the policy approved by the General Meeting of Shareholders of 7 November 2019, the change in the Allocation Maximum Cap reflects the increase to the out-performance ceiling mentioned in the above paragraph. The base allocation level in the event of performance in line with the target remains unchanged.

## Exceptional compensation

The Board of Directors has adopted the principle whereby executive directors and corporate officers may receive exceptional compensation in very specific circumstances only, such as for example a significant transaction for the Group. In any event, should any such decision be taken by the Board of Directors:

- the amount of any such exceptional compensation may not exceed 100% of the target annual bonus of the executive director or corporate officer for the financial year;
- it may not be paid before its approval by an Ordinary General Meeting of shareholders;
- any such decision shall be made public immediately after the Board of Directors' meeting during which the decision was taken;
- the decision must be justified and must contain details of the event leading to it.

Any such exceptional compensation may also be justified in the event and context of the arrival of a new director or corporate officer in order to indemnify the new executive director or corporate officer for the loss of variable annual compensation as a result of leaving the previous employer.

## Non-compete undertaking

Executive directors and corporate officers may benefit from an allowance equivalent to 50% of their basic salary for 18 months after their term of office ceases in return for an undertaking not to work directly or indirectly for any satellite operator.

This allowance will not be paid if the person concerned exercises his/her right to retire. In any event, no allowance may be paid after the age of 65.

## Compensation and other benefits payable or likely to be payable as a result of or following the termination of office of the Group's senior executives

Directors and Corporate Officers do not receive any supplementary pension or end-of-service allowance from the Company.

## Employment contract and pensions (Table 10 – AMF Recommendation)

| | Employment contract | | Supplementary pension scheme | | Payments or other benefits due or likely to be due as a result of termination or change of office | | Payments pursuant to a non-compete clause | |
|---|---|---|---|---|---|---|---|---|
| Executive directors and corporate officers | Yes | No | Yes | No | Yes | No | Yes | No |
| **DOMINIQUE D'HINNIN** **Chairman of the Board of Directors (since 8 November 2017)** Appointed on: 8 November 2017, Term of office expiring on: General Meeting of shareholders called to approve the accounts for the financial year ending 30 June 2021 | | X [1] | | X | | X | | X |
| **RODOLPHE BELMER** **Chief Executive Officer** (since 1 March 2016) **Deputy CEO** (from 1 December 2015 to 1 March 2016) | | X [2] | | X | | X | X [3] | |
| **MICHEL AZIBERT** **Deputy CEO** Appointed on: 5 September 2011, | | X [4] | | X | | X | | X [3] |
| **YOHANN LEROY** **Deputy CEO and Chief Technical Officer** Appointed on: 25 April 2017, | | X [5] | | X | | X | X [3] | |

*(1) Dominique D'Hinnin has no employment contract with any of the companies in the Eutelsat Group.*

*(2) Rodolphe Belmer has no employment contract with any of the companies in the Eutelsat Group.*

*(3) In case of termination of office, a non-compete clause provides for payment of 50% of the fixed compensation over an 18-month period. This clause does not apply to Michel Azibert whose term of office began prior to the implementation of this policy.*

*(4) Michel Azibert has no employment contract with any of the companies in the Eutelsat Group.*

*(5) Yohann Leroy's contract with Eutelsat S.A. is suspended.*

## 9.15.2 Information concerning remuneration in compliance with the Article L. 225-100-II of the French *Code de Commerce (ex-post vote)*

*Pursuant to Article L. 225.100 II of the Commercial Code, the information mentioned in I of Article L. 225-37-3 of the Commercial Code including the fixed, variable and exceptional elements making up the total compensation and benefits of any kind paid during the past financial year or granted for the same financial year to the Chairman of the Board of Directors, Chief Executive Officer and Deputy Chief Executive Officers will also be submitted to the vote of the same General Meeting.*

### 9.15.2.1 Total remuneration of Executive Corporate Officers

It should be noted that:

- The compensation policy is set out in the previous section;
- The compensation paid or allocated to executive directors and corporate officers for the past financial year is detailed in section 9.15.4.

## Summary of compensation and benefits paid to Executive Directors and Corporate Officers (Table 1 – AMF recommendation)

The following table summarises the compensation and stock/purchase options or free shares granted to Executive Directors and Corporate Officers during the financial years ended on 30 June 2019 and 2020:

| (In euros) | 2018-19 financial year | 2019-20 financial year |
|---|---|---|
| **DOMINIQUE D'HINNIN**<br>Chairman of the Board of Directors (since 8 November 2017) | | |
| Compensation (see Table 2 for details) including Board compensation (attendance fees) | **228,286** | **225,000** |
| Value of options awarded during the financial year | -- | -- |
| Value of performance-related shares awarded during the financial year | -- | -- |
| Long-term benefits (phantom shares awarded) | -- | -- |
| **TOTAL** | **228,286** | **225,000** |
| **RODOLPHE BELMER**<br>**CEO** (since 1 March 2016), Deputy CEO (from 1 December 2015 to 1 March 2016) | | |
| Compensation (see Table 2 for details) | 1,139,945 | 1,231,562 |
| Value of options awarded during the financial year | -- | -- |
| Value of performance-related shares awarded during the financial year | -- | -- |
| Long-term benefits (phantom shares awarded) | 450,231 | 254,357 |
| **TOTAL** | **1,590,176** | **1,485,919** |
| **MICHEL AZIBERT**<br>Deputy CEO (since 5 September 2011) | | |
| Compensation (see Table 2 for details) | 650,868 | 688,961 |
| Value of options awarded during the financial year | -- | -- |
| Value of performance-related shares awarded during the financial year | -- | -- |
| Long-term benefits (phantom shares awarded) | 322,178 | 188,800 |
| **TOTAL** | **973,046** | **877,761** |
| **YOHANN LEROY**<br>Deputy CEO (since 25 April 2017) | | |
| Compensation (see Table 2 for details) | 348,612 | 405,375 |
| Value of options awarded during the financial year | -- | -- |
| Value of performance-related shares awarded during the financial year | -- | -- |
| Long-term benefits (phantom shares awarded) | 70,097 | 41,098 |
| **TOTAL** | **418,709** | **446,473** |

*Note: In the table above, the amount for long-term incentives is calculated on the basis of the valuation under IFRS in the consolidated financial statements at 30 June of the relevant financial year. It should be noted that, for the 2018-19 financial year, compared to the 2018-19 URD, which indicated a theoretical amount valued on the assumption that all objectives would be fully achieved, the amounts indicated in this table have been amended to allow comparisons and are also presented on the basis of the valuation under IFRS.*

## Summary of compensation paid to Executive Directors and Corporate Officers (Table 2 – AMF recommendation)

The following table summarises the compensation paid to Executive Directors and Corporate Officers during the financial years ended on 30 June 2019 and 2020 respectively.

| | 2018-19 financial year | | 2019-20 financial year | |
|---|---|---|---|---|
| (In euros) | Amounts payable | Amounts paid | Amounts payable | Amounts paid |
| **DOMINIQUE D'HINNIN**<br>Chairman of the Board of Directors (since 8 November 2017) | | | | |
| Fixed remuneration | -- | -- | -- | -- |
| Variable compensation | -- | -- | -- | -- |
| Emoluments (attendance fees) | 228,286 | 167,111 | 225,000 | 228,286 |
| Benefits in kind | -- | -- | -- | -- |
| Exceptional compensation | -- | -- | -- | -- |
| **TOTAL** | **228,286** | **167,111** | **225,000** | **228,286** |
| **RODOLPHE BELMER**<br>CEO (since 1 March 2016) , Deputy CEO (from 1 December 2015 to 1 March 2016) | | | | |
| Fixed remuneration | 650,000 | 650,000 | 650,000 | 650,000 |
| Variable compensation(1) | 441,870 | 610,103 | 533,488 | 441,870 |
| Emoluments (attendance fees) | 43,000 | 47,000 | 43,000 | 43,000 |
| Benefits in kind | 5,075 | 5,075 | 5,075 | 5,075 |
| Exceptional compensation | -- | -- | -- | -- |
| **TOTAL** | **1,139,945** | **1,312,178** | **1,231,562** | **1,139,945** |
| **MICHEL AZIBERT**<br>Deputy CEO (since 5 September 2011) | | | | |
| Fixed remuneration | 363,384 | 363,384 | 363,384 | 363,384 |
| Variable compensation(1) | 283,047 | 342,239 | 321,141 | 283,047 |
| Emoluments (attendance fees) | -- | -- | -- | -- |
| Benefits in kind | 4,437 | 4,437 | 4,437 | 4,437 |
| Exceptional compensation | -- | -- | -- | -- |
| **TOTAL** | **650,868** | **710,060** | **688,961** | **650,868** |
| **YOHANN LEROY**<br>Deputy CEO (since 25 April 2017) | | | | |
| Fixed remuneration | 244,811 | 244,811 | 277,580 | 277,580 |
| Variable compensation(1) | 100,504 | 109,630 | 124,584 | 100,504 |
| Emoluments (attendance fees) | -- | -- | -- | -- |
| Benefits in kind | 3,297 | 3,297 | 3,210 | 3,297 |
| Exceptional compensation | -- | -- | -- | -- |
| **TOTAL** | **348,612** | **357,738** | **405,375** | **381,381** |

*(1) It should be noted that the variable compensation paid to Messrs. Belmer, Azibert and Leroy during the 2019-20 financial year corresponds to the variable portions allocated for the 2018-19 financial year and was approved by the General Meeting of shareholders of 7 November 2019.*

## Compensation paid to Board members
## (Table 3 – AMF recommendation)

The following table shows the gross amount of attendance fees and other forms of compensation corresponding to the amounts paid to Company Board members during the financial years ended 30 June 2019 and 30 June 2020 by the Company and the by the companies it controls. It is specified that the Board compensation (attendance fees) payable in respect of financial year N are paid at the beginning of financial year N+1.

| Chair of the Board of Directors (In euros) | 2018-19 financial year | 2019-20 financial year |
|---|---|---|
| **D. D'HINNIN**<br>**CHAIR OF THE BOARD OF DIRECTORS** | | |
| Board compensation | 228,286 | 225,000 |
| Other compensation | 0 | 0 |
| **TOTAL COMPENSATION PAID TO THE CHAIR OF THE BOARD OF DIRECTORS** | **228,286** | 225,000 |
| **Member of the Board of Directors (In euros)** | **2018-19 financial year** | **2019-20 financial year** |
| **J. D'ARTHUYS**<br>**DIRECTOR** (until 7 November 2019) | | |
| Board compensation | 68,000 | 16,286 |
| Other compensation | 0 | 0 |
| **R. BELMER**<br>**DIRECTOR** | | |
| Board compensation | 43,000 | 43,000 |
| Other compensation | See Tables 2 & 3 | See Tables 2 & 3 |
| **LORD J. BIRT**<br>**DEPUTY CHAIR OF THE BOARD OF DIRECTORS** (until 7 November 2019) | | |
| Board compensation | 105,143 | 23,429 |
| Other compensation | 0 | 0 |
| **BPIFRANCE PARTICIPATIONS**<br>**DIRECTOR, REPRESENTED BY STÉPHANIE FRACHET** | | |
| Board compensation | 54,000 | 45,000 |
| Other compensation | 0 | 0 |
| **A. GARCIA FAU**<br>**DIRECTOR** | | |
| Board compensation | 75,000 | 73,000 |
| Other compensation | 0 | 0 |
| **P.-F. FOURNIER**<br>**DIRECTOR** | | |
| Board compensation | 46,000 | 54,000 |
| Other compensation | 0 | 0 |

| | | |
|---|---|---|
| **E. GAIDE**<br>**DIRECTOR** | | |
| Board compensation | 70,857 | 61,000 |
| Other compensation | 0 | 0 |
| **FSP**<br>**DIRECTOR, REPRESENTED BY AGNÈS AUDIER** | | |
| Board compensation | 72,857 | 74,000 |
| Other compensation | 0 | 0 |
| **D. LEROY**<br>**DIRECTOR** | | |
| Board compensation | 57,857 | 68,000 |
| Other compensation | 0 | 0 |
| **R. MCINNES**<br>**DIRECTOR** | | |
| Board compensation | 87,393 | 70,000 |
| Other compensation | 0 | 0 |
| **C. PIWNICA**<br>**DIRECTOR** | | |
| Board compensation | 61,750 | 9,714 |
| Other compensation | 0 | 0 |
| **C. GORDON**<br>**DIRECTOR** (since 7 November 2019) | | |
| Board compensation | N/A | 37,857 |
| Other compensation | N/A | 0 |
| **TOTAL BOARD COMPENSATION (EXCLUDING THE CHAIR OF THE BOARD OF DIRECTORS)** | **741,857** | **575,286** |

### 9.15.2.2 Relative proportion of fixed and variable compensation

The breakdown of compensation for Executive Directors and Corporate Officers between fixed remuneration, variable remuneration, long-term remuneration and other compensation (benefits in kind, Board compensation) is as follows.

| As a % of total compensation awarded for the 2019-20 financial year | Dominique D'Hinnin | Rodolphe Belmer | Michel Azibert | Yohann Leroy |
|---|---|---|---|---|
| Fixed remuneration | -- | 44% | 41% | 62% |
| Variable annual compensation | -- | 36% | 37% | 28% |
| Long-term Compensation | | 17% | 22% | 9% |
| Other (1) | 100% | 3% | 1% | 1% |

*(1) Amount including Board compensation and and benefits in kind*

### 9.15.2.3 Use of the possibility of requesting the return of variable compensation

None.

### 9.15.2.4 Commitments relating to the arrival or departure of executives

There are no commitments relating to the arrival or departure of executives, with the exception of those that may be linked to non-compete clauses.

For Rodolphe Belmer and Yohann Leroy, there is an allowance equivalent to 50% of the fixed remuneration over an 18-month period following the termination of their offices, in return for a commitment not to work directly or indirectly for any satellite operator. See also the paragraph "Exceptional compensation" in section 9.15.1.4 for more information.

### 9.15.2.5 Compensation paid or granted by a company included in the scope of consolidation within the meaning of Article L.233-16

None.

### 9.15.2.6 Ratios on compensation multiples

The ratios on compensation multiples, calculated on the basis of the compensation paid to executives during the2019-20 financial year in relation to the average and median compensation paid to full-time equivalent employees of Eutelsat S.A. (corresponding to 56% of the Group's employees and to all of the Group's employees in France) are shown below. More details on the calculation methodology and the amounts used for the compensation of executives are given in the next section.

| | | |
|---|---|---|
| Pay ratio to average remuneration | Chair of the Board of Directors | 1.9 |
| | CEO | 11.9 |
| | Deputy CEO | 6.7 |
| | Deputy CEO and Chief Technical Officer | 3.4 |

| | | |
|---|---|---|
| Pay ratio to median remuneration | Chair of the Board of Directors | 2.3 |
| | CEO | 14.4 |
| | Deputy CEO | 8.1 |
| | Deputy CEO and Chief Technical Officer | 4.1 |

### 9.15.2.7 Trends in the compensation, company performance and average compensation over the last five years

**Methodological remarks**

The executive compensation shown for a financial year corresponds to the compensation paid during that financial year. To facilitate comparisons, certain data points are annualized or restated as follows:

For the Chair of the Board of Directors:

- The offices of Chair of the Board of Directors and Chief Executive Officer have been separated since 1 March 2016.
- As the 2015-16 financial year was a transitional year with a change in compensation structure for the Chair of the Board, compensation for the 2015-16 financial year is not disclosed As the 2015-16 financial year was a transitional year with a change in compensation structure for the Chair of the Board, compensation for the 2015-16 financial year is not disclosed in order to disclose only comparable data.
- The compensation shown for the 2016-17 and 2017-18 financial years corresponds to the compensation paid to Michel de Rosen as Chair of the Board of Directors until 7 November 2017. It should be noted that Dominique d'Hinnin, Chair of the Board since 7 November 2017, is remunerated exclusively through Board compensation (attendance fees), which are paid at the beginning of the financial year following that in respect of which they were awarded. No compensation was therefore paid to him during the 2017-18 financial year for his office as Chair of the Board of Directors.
- The compensation shown for the 2018-19 financial year corresponds to the compensation paid to Dominique d'Hinnin, whose fixed portion (paid in respect of his duties as Chair of the Board since 7 November 2017) has been annualized.
- The compensation shown for the 2019-20 financial year corresponds to the compensation paid to Dominique d'Hinnin in respect to his duties as Chair of the Board.

For the Chief Executive Officer

- The offices of Chair of the Board of Directors and Chief Executive Officer have been separated since 1 March 2016.
- As the 2015-16 financial year was a transitional year with a change in compensation structure for the Chair of the Board, compensation for the 2015-16 financial year is not disclosed in order to disclose only comparable data.
- The compensation shown for the 2016-17 financial year corresponds to the compensation paid to Rodolphe Belmer as Chief Executive Officer for which the variable annual compensation (corresponding to the bonus awarded for the 2015-16 financial year over the 7 months during which Rodolphe Belmer was a corporate officer which was paid in 2016-17) was annualized.
- The compensation shown for the 2017-18, 2018-19 and 2019-20 financial years corresponds to the compensation paid to Rodolphe Belmer as Chief Executive Officer. It should be noted that 2019-20 financial year is the first in which Rodolphe Belmer received a payment related to long-term incentives.

For the Deputy CEO

- The compensation shown for the 2015-16 to 2019-20 financial years corresponds to the compensation paid to Michel Azibert as Deputy Chief Executive Officer and Chief Commercial Officer and then as Deputy Chief Executive Officer (as of 1 July 2019).

For the Deputy CEO and Chief Technical Officer:

- No compensation is indicated for the 2015-16 financial year, as the Deputy CEO and Chief Technical Officer was appointed on 25 April 2017.
- The compensation shown for the 2016-17 financial year corresponds to the compensation paid to Yohann Leroy as Deputy CEO and Chief Technical Officer (a position he has held since 25 April 2017) on an annualised basis. It should be noted that since the variable annual compensation allocated for a given year is paid the following year, no annual variable compensation was paid to Yohann Leroy during the 2016-17 fiscal year in respect of his term of office as Deputy CEO and Chief Technical Officer.
- The compensation shown for the 2017-18 financial year corresponds to the compensation paid to Yohann Leroy as Deputy CEO and Chief Technical Officer, of which the annual variable portion (corresponding to the bonus awarded for the fiscal year 2016-17 as a corporate officer since 25 April 2017 and paid in 2017-18) has been annualized.
- The compensation shown for the 2018-19 and 2019-20 financial years corresponds to the compensation paid to Yohann Leroy as Deputy CEO and Chief Technical Officer.

Remuneration paid to Executive Corporate Officers (in thousands of euros)

| | Financial year ended 30 June | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Chair of the Board of Directors | N/A | 232 | 292 | 229 | 229 |
| *Change* | | | *26%* | *-22%* | *=* |
| CEO | N/A | 1,057 | 1,279 | 1,312 | 1,452 |
| *Change* | | | *21%* | *3%* | *11%* |
| Deputy CEO | 689 | 639 | 778 | 710 | 818 |
| *Change* | | *-7%* | *22%* | *-9%* | *15%* |
| Deputy CEO and Chief Technical Officer | N/A | 232 | 352 | 358 | 417 |
| *Change* | | | *51%* | *2%* | *16%* |

Average compensation

The scope is that of Eutelsat S.A., which represents 56% of the Group's employees worldwide and all employees in France. Average compensation is calculated on a full-time equivalent basis for employees present throughout the financial year. It takes into account all the gross remuneration elements (base salary, annual bonus, phantom shares when applicable, profit-sharing).

| | Financial year ended 30 June | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Average compensation paid (in thousand euros) | **112** | **109** | **111** | **114** | **122** |
| *YoY change* | | *-2%* | *1%* | *3%* | *7%* |

Company performance

Two indicators are shown in the table below:

- Net income, Group share, as published in the consolidated financial statements
- Discretionary Free Cash-Flow in line with the Group's strategy, which notably includes maximizing cash generation. It is an alternative performance indicator, the definition and calculation of which is provided in section 1 of this document.

| | Financial year ended 30 June | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Reported Discretionary Free Cash-Flow (in €M) | 247 | 408 | 415 | 408 | 474 |
| *Change as defined by the financial objectives*[1] | | *65%* | *12%* | *10%* | *6%* |
| Group share of Net Income (in €M) | 349 | 352 | 292 | 340 | 298 |
| *Change* | | *1%* | *-17%* | *17%* | *13%* |

[1] *Change at constant currency and perimeter since the 2017-18 financial year*

Pay ratio

On the basis of average compensation

| | Financial year ended 30 June | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Chair of the Board of Directors | N/A | 2.1 | 2.6 | 2.0 | 1.9 |
| CEO | N/A | 9.7 | 11.5 | 11.5 | 11.9 |
| Deputy CEO | 6.2 | 5.9 | 7.0 | 6.2 | 6.7 |
| Deputy CEO and Chief Technical Officer | N/A | 2.1 | 3.2 | 3.1 | 3.4 |

On the basis of median compensation

| | Financial year ended 30 June | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Chair of the Board of Directors | N/A | 2.5 | 3.1 | 2.3 | 2.3 |
| CEO | N/A | 11.3 | 13.5 | 13.4 | 14.4 |
| Deputy CEO | 7.4 | 6.8 | 8.2 | 7.3 | 8.1 |
| Deputy CEO and Chief Technical Officer | N/A | 2.5 | 3.7 | 3.7 | 4.1 |

### 9.15.2.8 Compliance with the compensation policy

The total compensation was established in accordance with the compensation policy voted by the General Meeting of 7 November 2019. In particular, on recommendation by the Compensation Committee, the level of achievement of the various performance criteria was assessed and approved by the Board of Directors.

### 9.15.2.9 Taking into account the vote of the last General Assembly

The last General Meeting held on 7 November 2019 largely approved all the resolutions relating to the compensation of senior executives with percentages strictly above 95%.

| Resolution no. | Title | Vote in favour<br><br>(rounded to the nearest whole number) |
|---|---|---|
| 7 | Mr D'Hinnin's compensation due in respect of the 2018-19 financial year | 100% |
| 8 | Mr Belmer's compensation due in respect of the 2018-19 financial year | 99% |
| 9 | Mr Azibert's compensation due in respect of the 2018-19 financial year | 99% |
| 10 | Mr Azibert's compensation due in respect of the 2018-19 financial year | 99% |
| 11 | Principles and criteria of the Chairman of the Board of Directors' compensation | 100% |
| 12 | Principles and criteria of the CEO's compensation | 96% |
| 13 | Principles and criteria of the Deputy CEO's compensation | 96% |

The principles used to establish the compensations for the 2019-20 financial year are consistent with those of previous financial years.

### 9.15.2.10 Deviation from compensation policy

None.

### 9.15.2.11 The suspension of Board of Directors' remuneration in the event of non-application of the law on gender balance

None.

## 9.15.3 Compensation of Executive Corporate Officers paid during the 2019-20 fiscal year or granted for the same fiscal year

*Section 9.15.3 presents the items submitted for approval to the General Meeting of 5 November 2020 pursuant to Article L-225-100-III-1, namely the fixed, variable and exceptional items making up the total individual compensation and benefits of any kind paid during the 2019-20 financial year or granted for the same financial year to the Chair of the Board of Directors, the Chief Executive Officer and the Deputy CEO's.*

### 9.15.3.1 Covid impact

Preliminary remark regarding Covid-19 impact

It is reminded that:

- whereas fiscal year 2019-20 revenues were negatively impacted by Covid-19 crisis; the activity of the Group is resilient compared with many industries, as it is characterized by long-term contracts, a substantial backlog and the criticality of capacity for customers;
- the Group did not request or benefited from any support measures implemented by the French government following the Covid-19 crisis, notably for partial unemployment;
- for the calculation of annual variable compensation of corporate offices for fiscal year 2019-20, the objectives have not been restated from the negative impact of Covid-19;
- the Group participated to national solidarity actions related to Covid-19.

### 9.15.3.2 Criteria to define the annual variable portion of compensation

In accordance with the AFEP-MEDEF recommendation, the variable part of the Corporate Officers' compensation is based on predetermined qualitative and quantitative targets.

In respect of the 2019-20 financial year, the variable portion of compensation paid to Executive Directors and Corporate Officers ranged from 0 to 100% of the fixed portion for R. Belmer, 0 to 105% of the fixed portion for M. Azibert and from 0 to 50% of the fixed portion for Y. Leroy. It is determined entirely on the basis of performance criteria that include:

*For Rodolphe Belmer*

- quantitative targets at Group level (accounting for 70% of fixed salary), linked to revenue (accounting for 24.5%), discretionary free cash flow (accounting for 28%), and the LEAP 2 plan (accounting for 17.5%);
- qualitative objectives (accounting for 30%).

*For Michel Azibert*

- quantitative targets at Group level (accounting for 70% of fixed salary), linked to revenue (accounting for 24.5%), discretionary free cash flow (accounting for 28%), and the LEAP 2 plan (accounting for 17.5%);
- qualitative objectives (accounting for 35 %).

*For Yohann Leroy*

- quantitative targets at Group level (accounting for 25 % of fixed salary), linked to revenue (accounting for 8.75 %), discretionary free cash flow (accounting for 10%), and the LEAP 2 plan (accounting for 6.25 %);
- qualitative objectives (accounting for 25 %).

The weighting given to each criterion is given in the following summary table.

| (As a percentage of the fixed remuneration) | Rodolphe Belmer | Michel Azibert | Yohann Leroy |
|---|---|---|---|
| **QUANTITATIVE TARGETS AT GROUP LEVEL** | **70%** | **70%** | **25%** |
| Operating Verticals Revenues growth | 24.5% | 24.5% | 8.75% |
| Discretionary free cash flow | 28% | 28% | 10% |
| The transformation plan (LEAP 2) | 17.5% | 17.5% | 6.25% |
| **QUALITATIVE TARGETS** | **30%** | **35%** | **25%** |
| **TOTAL** | **100%** | **105%** | **50%** |

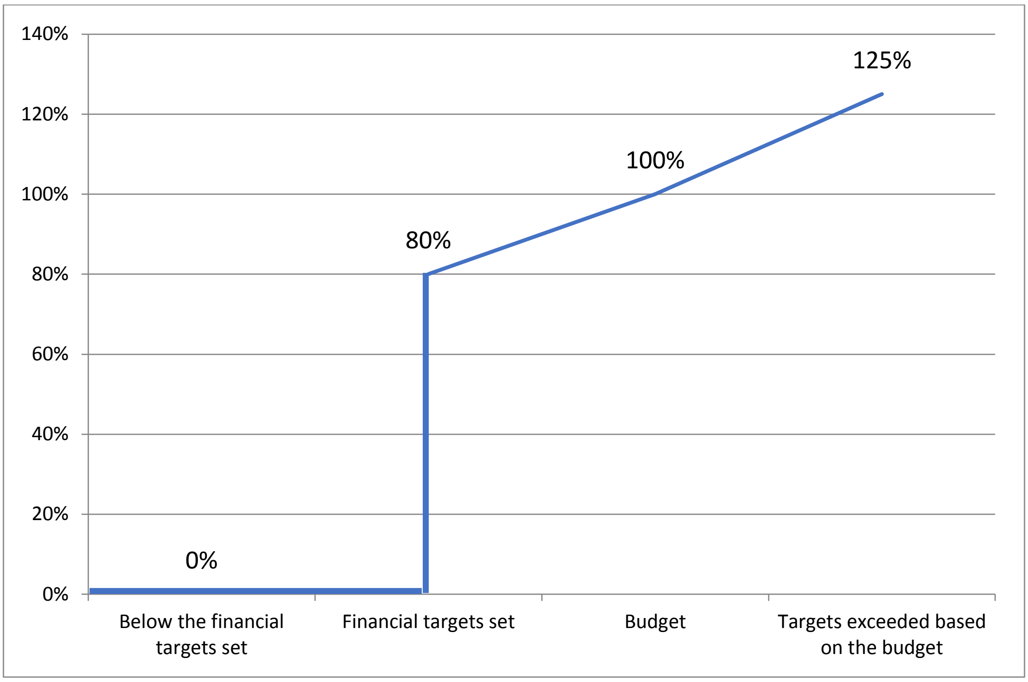
## Quantitative targets at Group level

With regard to quantitative objectives at Group level, the amount allocated for each criterion stands as follows:

- 125% if the target level compared with the budget is exceeded;
- 100% if the budget is met;
- 80% if the financial objectives set are met; and
- 0% if the level of achievement is lower than this threshold/floor

The overall ceiling for the variable annual remuneration in the event of outperformance is 115%.

The relevant amounts are calculated using constant exchange rates and constant perimeter and on a linear basis from one threshold to the next. The amounts allocated as a function of the level achieved can be represented as below:




## Qualitative targets

Qualitative objectives relate to priority projects at strategic or operational level for the financial year. The criteria used to determine compensation in respect of the 2020-21 financial year are not made public for confidentiality reasons.

### For Rodolphe Belmer

The qualitative targets that were set to determine the variable compensation to be paid to Rodolphe Belmer in respect of the 2019-20 financial year were as follows:

- continue efforts to improve the efficiency of operations and the organization. For example, by organizing the relocation of the Group's head office to premises that are more conducive to collaborative work (for 20%);
- preparing the Group for a change of scale in Fixed Broadband, for example by deploying operations in Africa in three new

countries or improving sales efficiency in Europe (for 25%);

- maximizing the value extracted from the Video business, which is measured in particular by price trends and the development of new value-added services (for 15%);
- improving the social and societal footprint by acting in particular on two levers: on the one hand, reducing the digital divide by promoting, for example, Internet access in areas not covered by terrestrial networks, particularly in Africa as measured by the deployment of community Wi-Fi solutions and programmes for schools, and, on the other hand, diversity, particularly in favour of women (for 15%);
- favor the progress of other strategic projects for the Group (for 25%).

### For Michel Azibert

The qualitative targets that were set to determine variable compensation to be paid to Michel Azibert in respect of the 2019-20 financial year were as follows:

- Support to the CEO on specific projects (for 20%);
- Orchestrating the ramp-up of the business lines created for each application, for example by encouraging the development of new commercial offers (10%);
- Improving the monitoring of the performance of regions and business lines, for example by refining the reporting of key indicators relevant to each region/sub-segment (10%);
- Adjusting Eutelsat Americas' performance to market conditions, in particular by implementing an action plan to deal with the contraction in revenues (20%);
- Managing the development of activities in Russia, in particular the planned acquisition of minority interests (10%);
- Maximizing the value of operations in the Middle East (for 10%);
- Developing business relationships with major telecom operators, particularly in the areas of Internet of Things and Fixed Broadband (for 10%);
- Coordinating initiatives to strengthen Eutelsat's role in the In-Flight Connectivity segment, in particular by securing commitments on future satellites (for 10%).

### For Yohann Leroy

The qualitative targets that were set to determine the variable compensation to be paid to Mr Leroy in respect of the 2019-20 financial year were as follows:

- Participating in the deployment of the Group's broadband strategy, in particular by ensuring the timely launch of the KONNECT satellite and the deployment of the ground infrastructure (for 30%);
- Optimising Eutelsat's positioning in other growth segments: notably in the Internet of Things with the launch of the first satellites of the ELO Constellation project and in Video with the continuous improvement of Eutelsat's CIRRUS offer (for 25%);
- Maximising the performance of the Technical Department, particularly in terms of technical excellence and financial optimisation, which is measured, for example, by the implementation of the "LEAP 2" savings programme, the adjustment of the organisation, and the level of the Group's "cash investments" (for 25%);
- Contributing to other strategic projects for the Group (25%): favor the progress of other strategic projects for the Group (for 20%).

## 9.15.3.2 Mechanisms and criteria for assessing long-term incentives

To facilitate the reading of this document, these mechanisms are described in section 9.15.4.

## 9.15.3.3 Details of the compensation paid due for the Financial Year 2019-20 or allocated for the same financier year of each Executive Corporate Officer

Payment of the Annual and Pluri-annual variable compensations is subject to the vote of the General Meeting to be held on 5 November 2020. It is recalled that the compensation policy is set out in section 9.15.1.

### Dominique D’Hinnin’s compensation

The remuneration of Dominique D’Hinnin as non-executive Chair of the Board of Directors of Eutelsat Communications comprises exclusively emoluments (attendance fees).

| Compensation items allocated for the 2019-20 financial year | Amount or book value (In euros) |
|---|---|
| Fixed remuneration | -- |
| Variable annual compensation | -- |
| Exceptional compensation | -- |
| Stock options | -- |
| Performance-related shares | -- |
| Pluri-annual variable compensation plan | -- |
| Indemnities linked to the assumption of duties | -- |
| Non-compete indemnity | -- |
| Benefits of any kind | -- |
| Board compensation (attendance fees) | 225,000 |
| Supplementary pension scheme | -- |

### Fixed compensation as non-executive Chair of the Board of Directors of Eutelsat Communications

None.

### Board compensation (attendance fees)

The amount of attendance fees allocated to Dominique D'Hinnin for the 2019-20 financial year in his capacity as non-executive Chair of the Board of Directors of Eutelsat Communications stood at 225,000 euros.

It is reminded that the Board compensation (attendance fees) allocated for the 2018-19 financial year stood at 228,286 euros and was paid during the 2019-20 financial year.

### Variable compensation

None.

### Other

None.

## Rodolphe Belmer's compensation

| Compensation items allocated for the 2019-20 financial year | Amount or book value (In euros) | Presentation |
|---|---|---|
| Fixed remuneration | 650,000 | See below. |
| Variable annual compensation | 533,488 | See below. |
| Exceptional compensation | | Not applicable<br>No decision to award such compensation |
| Stock options | | Not applicable<br>Not provided for in the compensation policy |
| Performance-related shares: | | Not applicable<br>Not provided for in the compensation policy |
| Pluri-annual variable compensation plan | | Not applicable<br>Not provided for in the compensation policy |
| Long-term benefits | 254,357 | See below. |
| Indemnities linked to the assumption of duties | | Not applicable<br>Not provided for in the compensation policy |

| | | |
|---|---|---|
| Non-compete indemnity | | Not applicable<br>See below. |
| Benefits of any kind | 5,075 | See below. |
| Board compensation (attendance fees) | 43,000 | See below. |
| Supplementary pension scheme | | Not applicable<br>Not provided for in the compensation policy |

## Fixed remuneration

The fixed compensation of Rodolphe Belmer in his capacity as Chief Executive Officer of Eutelsat Communications for the financial year ended on 30 June 2020 stands at 650,000 euros. This remuneration is unchanged from the previous financial year and was paid to him by Eutelsat Communications.

## Variable annual compensation

The amount of variable compensation paid to Rodolphe Belmer for the financial year ended on 30 June 2019 stands at 441,870 euros; it was approved by the General Meeting held on 7 November 2019 (8th resolution) and was paid during the first half of the financial year ended on 30 June 2020.

The criteria for the annual variable portion allocated for the 2019-20 financial year are recalled in section 9.15.3.1 of this document. A review of Rodolphe Belmer's level of achievement of the targets was performed and found that the variable component of Rodolphe Belmer's compensation as Chief Executive Officer in respect of the 2019-20 financial year stands at 82.1% of his gross fixed annual compensation (68.0% in respect of the 2018-19 financial year). The level of achievement of his quantitative targets stood at 81.3% and of his qualitative targets at 84%. Accordingly, the variable portion due to Rodolphe Belmer in respect of the 2019-20 financial year amounts to 533,488 euros.

The calculation details are set out in the table below: payment of the variable portion will be made during the first half of the financial year ending on 30 June 2021, subject to the vote of the General Meeting of shareholders:

| (As a percentage of the fixed remuneration) | Weighting | % achievement | Weighted % achievement | Achievement (in euros) |
|---|---|---|---|---|
| Quantitative targets at Group level | 70% | 81.3% | 56.9% | 369,688 |
| Operating Verticals Revenues growth | 24.5% | 0% | 0.0% | - |
| Discretionary free cash flow | 28% | 125% | 35.0% | 227,500 |
| The transformation plan (LEAP 2) | 17.5% | 125% | 21.9% | 142,188 |
| Qualitative targets | 30% | 84% | 25.2% | 163,800 |
| **TOTAL** | **100%** | **82.1%** | **82.1%** | **533,488** |

With regard to the qualitative targets, while the level of achievement for each target has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include for example:

- procurement of the EUTELSAT 10B satellite with major firm commitments;
- laying the foundations for the IoT strategy, enabling Eutelsat to add a new lever for future growth as part of its Connectivity strategy;
- the launch of the "LEAP 2" cost savings programme with the objective of generating savings of 20 to 25 million euros by the 2021-22 financial year;
- the continued development of Video in emerging countries with contracts signed with new platforms, especially in Africa with Canal + in Ethipia, as well as with other platforms in Sub-Saharan Africa (Ghana RCS, AfricaXP, Strong Roots);
- the extension of Konnect Africa's broadband Internet services to new countries in Africa while testing several distribution models;
- the signing of a contract by Konnect Africa to connect 3,600 schools across the Democratic Republic of Congo to the Internet, giving them access to a digital platform of officially recognized educational content and high-quality teaching materials;
- significant headway in our European Broadband strategy:
  - major wholesale agreement with Orange for the entire French capacity on EUTELSAT KONNECT
  - acquisition of the European satellite broadband activities of Bigblu Broadband, the leading distributor of satellite Broadband in Europe adding a retail pillar;

– progress achieved in terms of gender equality which is outlined in the Extra-Financial Performance Statement.

### Long-term incentives (Phantom share allocation)

For the past financial year and as part of the phantom share allocation plan approved by the Board of Directors on 7 November 2019, 44,468 phantom shares were allocated to Rodolphe Belmer, corresponding to an accounting valuation of 254,357 euros at 30 June 2020.

It should also be noted that an amount of 311,838 euros corresponding to 19,190 phantom shares was paid to Mr. Belmer during the financial year just ended under the phantom share grant plan of 25 April 2017.

The performance criteria associated with these plans are described in Section 9.15.4.

### Board compensation (attendance fees)

The amount of the Board compensation (attendance fees) allocated to Rodolphe Belmer for the 2019-20 financial year in his capacity as Board Member of Eutelsat Communications stands at 43,000 euros.

It should be remembered that the Board compensation (attendance fees) allocated for the 2018-19 financial year stood at 43,000 euros and was paid during the 2019-20 financial year.

### Benefits in kind

The amount of Rodolphe Belmer's benefits in kind in respect to the financial year ended on 30 June 2020 corresponds to the provision of a Company car.

### Non-compete undertaking

In the event of termination of office, a non-compete clause provides for payment of 50% of the fixed compensation over an 18-month period. This clause requires Rodolphe Belmer to refrain from working for any satellite operator during that period, whether directly or indirectly. No amount has been allocated for the past year.

## Michel Azibert's compensation

| Compensation items allocated for the 2019-20 financial year | Amount or book value (In euros) | Presentation |
|---|---|---|
| Fixed remuneration | 363,384 | See below. |
| Variable annual compensation | 321,141 | See below. |
| Exceptional compensation | | Not applicable<br>No decision to award such compensation |
| Stock options | | Not applicable<br>Not provided for in the compensation policy |
| Performance-related shares | | Not applicable<br>Not provided for in the compensation policy |
| Pluri-annual variable compensation plan | | Not applicable<br>Not provided for in the compensation policy |
| Long-term benefits | 188,800 | See below. |
| Indemnities linked to the assumption of duties | | Not applicable<br>Not provided for in the compensation policy |
| Non-compete indemnity | | Not applicable |
| Benefits of any kind | 4,437 | See below. |
| Board compensation (attendance fees) | | Not applicable |
| Supplementary pension scheme | | Not applicable<br>Not provided for in the compensation policy |

### Fixed remuneration

Michel Azibert's fixed compensation for the 2019-20 financial year in respect of his office as Deputy Chief Executive Officer of Eutelsat Communications stood at 363,384 euros and is unchanged from the previous financial year.

## Variable annual compensation

Michel Azibert's variable compensation stood at 283,047 euros for the financial year ended 30 June 2019; it was approved by the General Meeting held on 7 November 2019 (9th resolution) and was paid in the first half of the financial year ended 30 June 2020.

A review of Michel Azibert's level of achievement of the targets was performed and it was found that the variable component of Michel Azibert's compensation in respect of the 2019-20 financial year stands at 88.4% of his gross fixed annual compensation (77.9% in respect of the 2018-19 financial year), or 321 141 euros. The level of achievement of his quantitative targets at Group level stood at 81.3% and of his qualitative targets at 90%.

The calculation details are set out in the table below: payment of the variable portion will be made during the first half of the financial year ending on 30 June 2021, subject to the vote of the General Meeting of shareholders:

| (As a percentage of the fixed remuneration) | Weighting | % achievement | Weighted % achievement | Achievement (in euros) |
|---|---|---|---|---|
| Quantitative targets at Group level | 70% | 81.3% | 56.9% | 206,675 |
| Operating Verticals Revenues growth | 24.5% | 0.0% | 0.0% | - |
| 28% Discretionary free cash flow | 28% | 125.0% | 35.0% | 127,184 |
| The transformation plan (LEAP 2) | 17.5% | 125.0% | 21.9% | 79,490 |
| Qualitative targets | 35% | 90.0% | 31.5% | 114,466 |
| **TOTAL** | **105%** | **84.2%** | **88.4%** | **321,141** |

With regard to the qualitative targets, while the level of achievement for each target has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include – in addition to certain items already mentioned for Rodolphe Belmer:

- in in-flight mobility, the signing of firm capacity pre-commitments by Panasonic and Gogo on the Eutelsat 10B satellite
- the launch of IoT FIRST, an integrated Ku-band service on our existing geostationary fleet targeting the Internet of Things market;
- the acquisition of minority interests in the Russian operations in January 2020 for 34 million euros;
- the signing of a strategic partnership with Sigfox in the Internet of Things;
- the contribution to the Group's strategic projects;
- the improvement of the performance monitoring and key performance indicators reported to the Group's General Management.

## Long-term incentives (Phantom share allocation)

For the past financial year and as part of the phantom share allocation plan approved by the Board of Directors on 7 November 2019, 33,007 phantom shares were allocated to Michel Azibert, corresponding to an accounting valuation of 188,800 euros at 30 June 2020.

It should also be noted that an amount of €167,375 corresponding to 10,300 phantom shares was paid to Michel Azibert during the financial year just ended under the phantom share grant plan of 25 April 2017.

The performance criteria associated with these plans are described in Section 9.15.4.

## Benefits in kind

The amount of Michel Azibert's benefits in kind in respect to the financial year ended on 30 June 2020 corresponds to the provision of a Company car.

### Yohann Leroy's compensation

| Compensation items allocated for the 2019-20 financial year | Amount or book value (In euros) | Presentation |
|---|---|---|
| Fixed remuneration | 277,580 | See below. |
| Variable annual compensation | 124,584 | See below. |
| Exceptional compensation | | Not applicable<br>No decision to award such compensation |

| | | |
|---|---|---|
| Stock options | | Not applicable<br>Not provided for in the compensation policy |
| Performance-related shares | | Not applicable<br>Not provided for in the compensation policy |
| Pluri-annual variable compensation plan | | Not applicable<br>Not provided for in the compensation policy |
| Long-term benefits | 41,098 | See below. |
| Indemnities linked to the assumption of duties | | Not applicable<br>Not provided for in the compensation policy |
| Non-compete indemnity | | Not applicable<br>See below. |
| Benefits of any kind | 3,210 | See below. |
| Board compensation (attendance fees) | | Not applicable |
| Supplementary pension scheme | | Not applicable<br>Not provided for in the compensation policy |

## Fixed remuneration

Yohann Leroy's fixed remuneration for the 2019-20 financial year in respect of his office as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer stood at 277,580 euros. It should be noted that in accordance with the remuneration policy adopted by the General Meeting on 7 November 2019 and since that date, Yohann Leroy's annual remuneration has in fact risen from 253,000 euros to 291,000 euros, i.e. an increase of 15%. For more information, please refer to section 9.15.1. The amount paid in respect of 2019-20 financial year is computed *prorata temporis*.

## Variable annual compensation

The amount of variable compensation allocated to Y. Leroy was 100,504 euros for the financial year ended 30 June 2019; it was approved by the General Meeting held on 7 November 2019 (10th resolution) and was paid during the first half of the financial year ended 30 June 2020.

A review of Yohann Leroy's level of achievement of the targets was performed and it was found that the variable component of Y. Leroy's compensation in his capacity as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer in respect of 2019-20 financial year stands at 42.8% of his gross fixed annual compensation (39.7% in respect of the 2018-19 financial year). The level of achievement of his quantitative targets stood at 81.3% and of his qualitative targets at 90%. The variable compensation due to Y. Leroy in respect of the 2019-20 financial year in his capacity as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer stood at 124,584 euros.

The calculation details are set out in the table below: payment of the variable portion will be made during the first half of the financial year ending on 30 June 2021, subject to the vote of the General Meeting of shareholders:

| (As a percentage of the fixed remuneration) | Weighting | % achievement | Weighted % achievement | Achievement (in euros) |
|---|---|---|---|---|
| Quantitative targets at Group level | 25 % | 81.3% | 20.3% | 59 109 |
| Operating Verticals Revenues growth | 8.75 % | 0.0% | 0.0% | - |
| Discretionary free cash flow | 10.0 % | 125.0% | 12.5% | 36,375 |
| The transformation plan (LEAP 2) | 6.25 % | 125.0% | 7.8% | 22,734 |
| Qualitative targets | 25% | 90.0% | 22.5% | 65,475 |
| **TOTAL** | **50%** | **85.6%** | **42.8%** | **124,584** |

With regard to the qualitative targets, while the level of achievement for each target has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year – in addition to certain items already mentioned for Rodolphe Belmer:

– the successful launch of the KONNECT satellite in January 2020;

- the order for the first four satellites (excluding demonstration satellites) of the future ELO constellation dedicated to the Internet of Things;
- maintaining the level of investments well below the total amount of 400 million euros for the third consecutive financial year (222 million euros for 2019-20, 323 million euros for 2018-19 and 358 million euros for 2017-18);
- the contribution of the Technical department to the implementation of the "LEAP 2" savings program;
- the reorganization of the Technical department;
- the contribution to the Group's strategic projects.

### Benefits in kind

The amount of Yohann Leroy i's benefits in kind in respect to the financial year ended on 30 June 2020 corresponds to the provision of a Company car.

### Long-term incentives (Phantom share allocation)

For the past financial year and as part of the phantom share allocation plan approved by the Board of Directors on 7 November 2019, 7,185 phantom shares were allocated to Yohann Leroy, corresponding to an accounting valuation of 41,098 euros at 30 June 2020.

It should also be noted that an amount of 35,311 euros corresponding to 2,173 phantom shares was paid to Yohann Leroy during the financial year just ended under the phantom share grant plan of 25 April 2017.

The performance criteria associated with these plans are described in Section 9.15.4.

### Non-compete undertaking

In the event of termination of office, a non-compete clause provides for payment of 50% of the fixed compensation over an 18-month period. This clause requires Yohann Leroy to refrain from working for any satellite operator during that period, whether directly or indirectly. No amount has been allocated for the past year.

## 9.15.4 Mechanisms and criteria for assessing long-term incentives

### Stock options or stock purchase options

No share subscription or purchase option plan was put in place by the Company in the three last financial years . No performance shares became available for Corporate Officers during the financial year just ended.

During earlier financial years however, stock options and stock purchase plans were set up by the operating subsidiary Eutelsat S.A. As of the filing date of this Document, none of the Corporate Officers or their related parties held any Eutelsat S.A. stock options or stock purchase plans.

### Performance Share Allocation

No performance share allocation plans were put in place by the Company in the three last financial years . No performance shares became available for Corporate Officers during the financial year just ended.

In previous financial years, performance share allocation plans had been set up. As of the date of this document, none of these plans remain in force.

### Phantom share allocation

### Phantom share allocation plan of 25 April 2017

Upon the recommendation of the Compensation Committee, the Company's Board of Directors approved on 25 April 2017 a phantom share allocation plan for the Group corporate officers. The decision to revert to a phantom share grant instead of the performance share grant decided in 2016 is linked to developments in the French tax legislation.

On maturity of the plan, the theoretical grant of shares shall take the form of a cash bonus payment based on the number of vested phantom shares, which itself is conditional on the satisfaction of performance conditions and on a condition of presence within the Company during three financial years (2016-17, 2017-18 and 2018-19).

The number of phantom shares granted stands at:

- for Rodolphe Belmer: 125% (unchanged compared to the bonus share plan of 16 February 2016) of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, i.e. a total of 38,380 “theoretical” shares;
- for Michel Azibert: 120% (100% under the bonus share plan of 16 February 2016) of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, i.e. a total of 20,599 “theoretical” shares;
- for Yohann Leroy: 40% of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, i.e. a total of 4,346 “theoretical” shares.

The performance objectives set by the Board of Directors for the three financial years are the following:

– relative TSR objective, accounting for 25%;
– revenue objective, accounting for 25%;
– objective linked to the LEAP 1 cost savings plan announced in February 2017, accounting for 25%;
– discretionary free cash flow objective, as defined by the Group, accounting for 25%.

The revenue-related objectives, those linked to the LEAP 1 cost savings plan and those linked to discretionary free cash flow are confidential. Concerning the relative TSR criterion, the actual vesting percentage varies as follows:

– 0% in case of performance lower than that of the composite index;
– 80% in case of performance equal to that of the composite index;
– 100% in case of over-performance by 10% compared to the composite index;
– 115% in case of over-performance by 15% compared to the composite index.

The Board of Directors at its meeting of 30 July 2019 decided to grant 19,190 shares (representing 311,838 euros) to Rodolphe Belmer, 10,300 shares (representing 167,375 euros to Michel Azibert and 2,173 shares (representing 35,311 euros) to Yohann Leroy, representing a vesting rate of 50%. The Shareholder Meeting of 7 November 2019 approved the payment of the sums in cash corresponding to the phantom shares allocated, that was made during the 2019-20 financial year.

The table below shows the vesting rate in respect of each criterion:

| Criteria | Weight | Achievement % | Weighted achievement % |
|---|---|---|---|
| Revenue | 25% | 0% | 0% |
| "LEAP 1" cost-saving plan | 25% | 84% | 21% |
| Relative TSR | 25% | 0% | 0% |
| Discretionary free cash flow | 25% | 115% | 29% |
| **TOTAL VESTING RATE** | | | **50%** |

## Phantom share allocation plan of 8 November 2017

Upon the recommendation of the Compensation Committee, the Board of Directors, on 8 November 2017, approved a phantom share program for the Corporate Officers of the Group.

This program is in conformity with the Group's remuneration policy and in continuity with the previous program. The attribution of phantom shares translates, at the end of the program, into the payment of a cash bonus determined by the number of phantom shares, itself subject to the attainment of performance conditions as well as a condition of presence during the three financial years concerned (2017-18, 2018-19 and 2019-20).

The number of phantom shares awarded to each Corporate Officer is equal to:

– for Rodolphe Belmer: 125% of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, i.e. 36,305 phantom shares;
– for Michel Azibert: 140% of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, i.e. 22,732 phantom shares;
– for Yohann Leroy: 50% of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, i.e. 5,139 phantom shares.

The performance objectives set by the Board of Directors over the period of the three defined financial years are split as follows:

– 25% for the relative TSR[29];
– 25% for revenues;
– 25% for the LEAP 1 cost-savings plan;
– 25% for discretionary free cash flow as defined by the Group.

For each of the three internal measures (Revenues, LEAP 1 and discretionary free cash flow), in the case of underperformance relative to communicated financial objectives, the rate of realisation would be 0%.

Concerning the relative TSR criterion, the actual vesting percentage varies as follows:

*29 The Relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite industry (SES, Inmarsat, and ViaSat). As compared with the previous plan, given the high volatility of the Intelsat share price (whose stock market capitalisation represents a small proportion of the enterprise value) which could have distorted the relative performance analysis, these were replaced by VIaSat in the composition of the synthetic index.*

- 0% in case of performance lower than that of the composite index defined above;
- 80% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% compared to the composite index defined above;
- 115% in case of over-performance by 15% compared to the composite index defined above.

The cash payment related to these phantom shares will occur no later than 1 December 2020, subject to the vote of the General Meeting of 5 November 2020 and to a condition of presence.

The Board of Directors at its meeting of 30 July 2020 decided to grant 18,080 shares (representing 167,533 euros) to Rodolphe Belmer, 11,321 shares (representing 104,903 euros) to Michel Azibert and 2,559 shares (representing 23,712 euros) to Yohann Leroy, representing a vesting rate of 49.8%.

The table below shows the vesting rate in respect of each criterion:

| Criteria | Weight | Achievement % | Weighted achievement % |
|---|---|---|---|
| Revenue | 25% | 0.0% | 0.0% |
| "LEAP 1" cost-saving plan | 25% | 84.1% | 21.0% |
| Relative TSR | 25% | 0.0% | 0.0% |
| Discretionary free cash flow | 25% | 115.0% | 28.8% |
| **TOTAL VESTING RATE** | | **49.8%** | **49.8%** |

## Phantom share allocation plan of 8 November 2018

Upon the recommendation of the Compensation Committee, the Board of Directors, on 8 November 2018, approved a phantom share program for the Corporate Officers of the Group. This program is in conformity with the Group's remuneration policy and in continuity with the previous program.

The attribution of phantom shares translates, at the end of the program, into the payment of a cash bonus determined by the number of phantom shares, itself subject to the attainment of performance conditions as well as a condition of presence during the three financial years concerned (2018-19, 2019-20 and 2020-21).

The number of phantom shares awarded to each Corporate Officer is equal to:

- for Rodolphe Belmer: 125% (unchanged from previous plan) of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, i.e. 39,270 phantom shares;
- for Michel Azibert: 160% (140% for the previous plan) of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, i.e 28,101 phantom shares;
- for Yohann Leroy: 50% (unchanged from previous plan) of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, i.e 6,114 phantom shares.

The performance objectives set by the Board of Directors over the period of the three defined financial years are split as follows:

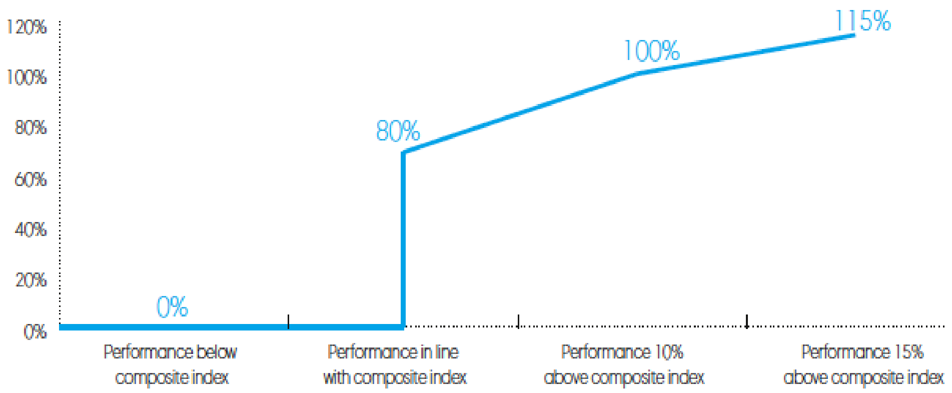
- 25% for the relative TSR;
- 50% for revenues linked to the new verticals, and notably revenues from the Connectivity business, in line with Step Two of the Group's strategic plan, whose timeline is drawing closer, and which calls for a return to growth on the back of building out services in Video and capturing opportunities including in the Mobility and Fixed Broadband segments;
- 25% for discretionary free cash flow as defined by the Group.

For each of the two internal measures (Revenues linked to new verticals and discretionary free cash flow), the objectives are confidential and are based on the Group's strategic plan. For reasons of confidentiality, details of the rate of achievement of these objectives may only be made public ex-post and after having been assessed by the Board of Directors. Below a certain performance for these two criteria, the rate of realisation would be 0%.

Concerning the relative TSR criterion, the actual vesting percentage varies as follows:

- 0% in case of performance lower than that of the composite index defined above;
- 80% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% compared to the composite index defined above;
- 115% in case of over-performance by 15% compared to the composite index defined above.

For the TSR criteria, the actual vesting as a function of the performance achieved can be represented as below:




The cash payment of these phantom shares will occur at the latest on 1 December 2021, subject to the vote of the General Meeting of 5 November 2020 and to a condition of presence.

## Phantom share allocation plan of 7 November 2019

Upon the recommendation of the Compensation Committee, the Board of Directors, on 7 November 2019, approved a phantom share program for the Corporate Officers of the Group. This program is in conformity with the Group's remuneration policy and in continuity with the previous program.

The attribution of phantom shares translates, at the end of the program, into the payment of a cash bonus determined by the number of phantom shares, itself subject to the attainment of performance conditions as well as a condition of presence during the three financial years concerned (2019-20, 2020-21 and 2021-22).

The number of phantom shares awarded to each Corporate Officer is equal to:

- for Rodolphe Belmer: 125% (unchanged from previous plan) of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, i.e 44,468 phantom shares;
- for Michel Azibert: 160% (unchanged from the previous plan) of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, i.e 33,007 phantom shares;
- for Yohann Leroy: 50% (unchanged from previous plan) of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, i.e 7,185 phantom shares.

The performance objectives set by the Board of Directors over the period of the three defined financial years are split as follows:

- 20% for the relative TSR[30];
- 40% for revenues linked to the new verticals, and notably revenues from the Connectivity business, in line with Step Two of the Group's strategic plan, whose timeline is drawing closer, and which calls for a return to growth on the back of building out services in Video and capturing opportunities including in the Mobility and Fixed Broadband segments;
- 20% for discretionary free cash flow (DFCF);
- 20% for a CSR (Corporate Social Responsibility) criterion based on a quantitative objective. For this plan, the objective is an increase in Group diversity which translates as an increase in the proportion of women within the Group of three points over the period. This objective will be assessed by the Board in order to ensure a balanced progression within different departments.

For each of the two internal measures (Revenues linked to new verticals and discretionary free cash flow), the objectives are confidential and are based on the Group's strategic plan. For reasons of confidentiality, details of the rate of achievement of these objectives may only be made public ex-post and after having been assessed by the Board of Directors. Below a certain performance for these two criteria, the rate of realisation would be 0%.

Concerning the relative TSR criterion, the actual vesting percentage varies as follows:

- 0% in case of performance lower than that of the composite index defined above;
- 80% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% compared to the composite index defined above;
- 115% in case of over-performance by 15% compared to the composite index defined above.

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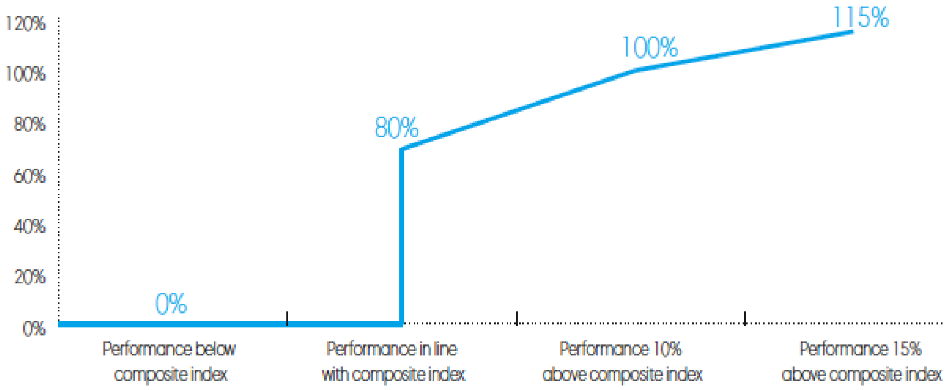
30 The Relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top two listed competitors in the satellite industry (SES and ViaSat). As compared with the previous plan, Inmarsat has been withdrawn from the index given its delisting.

For the TSR criteria, the actual vesting as a function of the performance achieved can be represented as below:




The cash payment of these phantom shares will occur at the latest on 1 December 2021, subject to the attainment of the abovementioned performance conditions as well as the condition of presence.

## Phantom shares granted to Executive Directors and Corporate Officers during the financial year ended on 30 June 2020 (Table 6 *bis*)

| Performance shares granted by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group | Date and duration of plan | Number of phantom shares granted in the financial year ended 30 June 2020 | Valuation (in euros) | Final vesting date | Holding period | Performance-related conditions under the plan |
|---|---|---|---|---|---|---|
| Rodolphe Belmer<br>Chief Executive Officer | 7 November 2019 for Financial Years 2019-20, 2020-21 and 2021-22 | 44,468 | 254,357 | at the latest on 1 December 2022 | | 40% of grant based on revenue linked to new verticals<br>20% of grant based on Discretionary free cash flow<br>20% of grant based on relative TSR<br>20% of grant based on CSR objective |
| Michel Azibert<br>Deputy CEO | 7 November 2019 for Financial Years 2019-20, 2020-21 and 2021-22 | 33,007 | 188,800 | at the latest on 1 December 2022 | | |
| Yohann Leroy<br>Deputy CEO | 7 November 2019 for Financial Years 2019-20, 2020-21 and 2021-22 | 7,185 | 41,098 | at the latest on 1 December 2022 | | |
| **TOTAL** | **-** | **84,660** | **484,255** | | | |

Note: In the table above, the long-term incentive plan is valued on the same basis as in the consolidated financial statements at 30 June 2020, based on IFRS standards.

## History of performance shares granted to Corporate Officers (Table 9 – AFEP-MEDEF Recommendation)

Not applicable, insofar as there is no longer a free allocation plan in force on the date of the document.

## History of phantom shares granted to Corporate Officers (Table 9bis – AFEP-MEDEF Recommendation)

| | Plan No. 1 | Plan No. 2 | Plan No. 3 | Plan No. 4 |
|---|---|---|---|---|
| Date of Board of Directors meeting | 25 April 2017 | 8 November 2017 | 8 November 2018 | 7 November 2019 |
| Total number of phantom shares granted including | | | | |
| — to Directors and Corporate Officers | 63,325 | 64,176 | 73,485 | 84,660 |
| Rodolphe Belmer | 38,380 | 36,305 | 39,270 | 44,468 |
| Michel Azibert | 20,599 | 22,732 | 28,101 | 33,007 |
| Yohann Leroy | 4,346 | 5,139 | 6,114 | 7,185 |
| Date of the Board of Directors' meeting definitively allocating the phantom shares subject to the vote of the Shareholders' Meeting | 30 July 2019[1] | 30 July 2020 | - | - |
| End of holding period | Not applicable (shares theoretically allocated) | | | |
| Performance-related conditions (for Directors and Corporate Officers) | — 25% of grant based on revenue objective<br>— 25% of grant based discretionary free cash-flow objective<br>— 25% of grant based on the LEAP 1 cost-savings plan and<br>— 25% of grant based on relative TSR objective | — 25% of grant based on revenue objective<br>— 25% of grant based discretionary free cash-flow objective<br>— 25% of grant based on the LEAP 1 cost-savings plan and<br>— 25% of grant based on relative TSR objective | — 50% of grant based on revenues linked to new verticals<br>— 25% of grant based discretionary free cash-flow objective and<br>— 25% of grant based on relative TSR objective | — 40% of grant based on revenues linked to new verticals<br>— 20% of grant based discretionary free cash-flow objective<br>— 20% of grant based on CSR objective and<br>— 20% of grant based on relative TSR objective |
| Number of shares acquired at 30 June 2020 for Corporate Officers | 31,663 | 31,960 | - | - |
| Rodolphe Belmer | 19,190 | 18,080 | - | - |
| Michel Azibert | 10,300 | 11,321 | - | - |
| Yohann Leroy | 2,173 | 2,559 | - | - |

[1] *Approved by the Shareholders Meeting of 7 November 2019*

## 9.16 SHAREHOLDING IN THE COMPANY CAPITAL BY ADMINISTRATIVE AND MANAGEMENT MEMBERS

| Number of Eutelsat Communications S.A. shares held | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Dominique D'Hinnin<br>Board Member; Chairman of the Board of Directors | 2,000 | 3,000 |
| Rodolphe Belmer<br>Board Member; Chief Executive Officer | 2,000 | 2,000 |
| Bpifrance Participations<br>Board Member, represented by Mrs Stéphanie Frachet | 46,062,251 | 46,062,251 |
| Paul-François Fournier<br>Board Member | 0 | 2,000 |
| FSP<br>Board Member (since 4 November 2016), represented by Mrs Agnès Audier | 17,464,145 | 17,464,145 |
| Esther Gaide<br>Board Member | 2,000 | 2,000 |
| Ana García Fau<br>Board Member | 2,000 | 2,000 |
| Cynthia Gordon<br>Board Member (since 7 November 2019) | NA | 2,000[31] |
| Didier Leroy<br>Board Member | 2,000 | 2,000 |
| Ross McInnes<br>Board Member | 2,000 | 2,000 |
| Michel Azibert<br>Deputy Chief Executive Officer | 28,115 | 28,115 |
| Yohann Leroy<br>Deputy Chief Executive Officer | 4,124 | 4,124 |

## 9.17 INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

### 9.17.1 Information on the composition of the share capital

| | At 30 June 2020 | | At 30 June 2019 | | At 30 June 2018 | |
|---|---|---|---|---|---|---|
| Shareholder | Number of shares and voting rights held | Percentage | Number of shares and voting rights held | Percentage | Number of shares and voting rights held | Percentage |
| Bpifrance Participations (since | 46,062,251 | 19.98% | 46,062,251 | 19.79% | 61,564,251 | 26.45% |

[31] As at 20 May 2020

| | | | | | | |
|---|---|---|---|---|---|---|
| 12 July 2013), ex *Fonds Stratégique d'Investissement* (*FSI*) | | | | | | |
| Fonds Stratégique de Participations (FSP) | 17,464,145 | 7.58% | 17,464,145 | 7,50% | 17,464,145 | 7.50% |
| China Investment Corporation (CIC) | 15,520,501 | 6.73% | 15,520,501 | 6.67% | 15,526,530 | 6.67% |
| Radio Televizijia Slovenia | 0 | 0.0% | 735,000 | 0.32% | 735,000 | 0.32% |
| Other minority shareholders (1) | 2,006,296 | 0.87% | 2,006,296 | 0.86% | 2,006,296 | 0.86% |
| Employees, senior managers and others | 622,053 | 0.27% | 1,395,390 | 0.60% | 1,214,821 | 0.52% |
| Free float(2) | 148,869,749 | 64.57% | 149,591,052 | 64.26% | 134,263,592 | 57.68% |
| **TOTAL** | 230,544,995 | 100.0% | 232,774,635 | 100% | **232,774,635** | **100%** |

*(1) This category includes a number of Eutelsat Communications minority shareholders including Turksat Satellite Communications and the national telecommunication companies of Bosnia-Herzegovina and Albania*

*(2) Of which 394,290 treasury shares as of 30 June 2020 via the liquidity contract.*

### 9.17.2 Information concerning thresholds crossed or changes in the control of the Company

| Notification Date | Shareholder | Crossing | | After threshold crossing | | | |
|---|---|---|---|---|---|---|---|
| | | Type | Date | Number of shares | % of share capital | Number of voting rights | % of voting rights |
| 31 July 2019 | Schroders | Increase | 30 July 2019 | 2,355,192 | 1.012% | 2,355,192 | 1.012% |
| 8 August 2019 | Marshall Wace | Increase | 7 August 2019 | 2,472,707 | 1.06% | 2,472,707 | 1.06% |
| 14 August 2019 | Millennium | Increase | 8 August 2019 | 2,330,244 | 1.001% | 2,330,244 | 1.001% |
| 14 August 2019 | BlackRock | Increase | 13 August 2019 | 9,477,471 | 4.07% | 9,477,471 | 4.07% |
| 19 August 2019 | Millennium | Decrease | 14 August 2019 | 2,324,307 | 0.99% | 2,324,307 | 0.99% |
| 21 August 2019 | BlackRock | Decrease | 20 August 2019 | 9,060,261 | 3.89% | 9,060,261 | 3.89% |
| 23 August 2019 | BlackRock | Increase | 22 August 2019 | 9,394,820 | 4.04% | 9,394,820 | 4.04% |
| 26 August 2019 | Credit Suisse | Increase | 26 August 2019 | 8,508,992 | 3.65% | 8,508,992 | 3.65% |
| 27 August 2019 | AQR Capital Management | Increase | 22 August 2019 | 4,667,638 | 2.005% | 4,667,638 | 2.005% |
| 30 August 2019 | Schroders | Decrease | 29 August 2019 | 2,309,954 | 0.992% | 2,309,954 | 0.992% |
| 12 September 2019 | BlackRock | Decrease | 11 September 2019 | 9,238,707 | 3.97% | 9,238,707 | 3.97% |
| 13 September 2019 | BlackRock | Increase | 12 September 2019 | 9,589,587 | 4.12% | 9,589,587 | 4.12% |
| 17 September 2019 | BlackRock | Decrease | 16 September 2019 | 9,305,168 | 3.99% | 9,305,168 | 3.99% |
| 18 September 2019 | BlackRock | Increase | 17 September 2019 | 9,581,785 | 4.12% | 9,581,785 | 4.12% |
| 20 September 2019 | Marshall Wace | Decrease | 19 September 2019 | 2,311,809 | 0.99% | 2,311,809 | 0.99% |
| 24 September 2019 | Millennium International Management | Increase | 18 September 2019 | 2,340,958 | 1.006% | 2,340,958 | 1.006% |
| 23 September 2019 | Marshall Wace | Increase | 20 September 2019 | 2,357,672 | 1.01% | 2,357,672 | 1.01% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 October 2019 | Allianz Global Investors GmbH | Increase | 1st October 2019 | 4,723,497 | 2.03% | 4,723,497 | 2.03% |
| 14 October 2019 | BlackRock | Decrease | 11 October 2019 | 9,204,776 | 3.95% | 9,204,776 | 3.95% |
| 18 October 2019 | BlackRock | Increase | 17 October 2019 | 9,443,262 | 4.06% | 9,443,262 | 4.06% |
| 21 October 2019 | BlackRock | Decrease | 18 October 2019 | 9,177,391 | 3.94% | 9,177,391 | 3.94% |
| 28 October 2019 | Marshall Wace | Decrease | 25 October 2019 | 2,324,546 | 0.99% | 2,324,546 | 0.99% |
| 28 October 2019 | BNP PARIBAS Asset Management | Increase | 28 October 2019 | 3,137,722 | 1.35% | 2,573,570 | 1.11% |
| 31 October 2019 | Janus Henderson | Increase | 30 October 2019 | 2,690,871 | 1.16% | 2,690,871 | 1.16% |
| 4 November 2019 | Millennium International Management | Decrease | 28 October 2019 | 2,193,693 | 0.94% | 2,193,693 | 0.94% |
| 4 November 2019 | Allianz Global Investors GmbH | Decrease | 1st November 2019 | 4,545,521 | 1.95% | 4,545,521 | 1.95% |
| 7 November 2019 | Allianz Global Investors GmbH | Increase | 6 November 2019 | 4,745,193 | 2.04% | 4,745,193 | 2.04% |
| 11 November 2019 | Allianz Global Investors GmbH | Decrease | 8 November 2019 | 4,509,768 | 1.94% | 4,509,768 | 1.94% |
| 11 November 2019 | BlackRock | Increase | 8 November 2019 | 9,372,840 | 4.03% | 9,372,840 | 4.03% |
| 12 November 2019 | BlackRock | Decrease | 11 November 2019 | 9,244,885 | 3.97% | 9,244,885 | 3.97% |
| 14 November 2019 | BlackRock | Increase | 13 November 2019 | 9,411,272 | 4.04% | 9,411,272 | 4.04% |
| 18 November 2019 | Credit Suisse | Decrease | 18 November 2019 | 6,405,350 | 2.75% | 6,405,350 | 2.75% |
| 18 November 2019 | BlackRock | Decrease | 15 November 2019 | 8,786,228 | 3.77% | 8,786,228 | 3.77% |
| 2 December 2019 | Credit Suisse | Increase | 2 December 2019 | 7,291,535 | 3.13% | 7,291,535 | 3.13% |
| 3 December 2019 | Credit Suisse | Decrease | 3 December 2019 | 3,912,081 | 1.68% | 7,291,535 | 3.13% |
| 23 December 2019 | Marshall Wace | Increase | 20 December 2019 | 2,413,435 | 1.04% | 2,413,435 | 1.04% |
| 10 January 2020 | Marshall Wace | Decrease | 9 January 2020 | 2,286,157 | 0.98% | 2,286,157 | 0.98% |
| 14 January 2020 | BlackRock | Increase | 13 January 2020 | 9,355,161 | 4.02% | 9,355,161 | 4.02% |
| 15 January 2020 | BlackRock | Decrease | 14 January 2020 | 9,261,444 | 3.98% | 9,261,444 | 3.98% |
| 3 February 2020 | Allianz Global Investors Fund | Decrease | 31 January 2020 | 2,264,917 | 0.97% | 2,264,917 | 0.97% |
| 5 February 2020 | Millennium International Management | Increase | 30 January 2020 | 2,563,135 | 1.10% | 2,563,135 | 1.10% |
| 13 February 2020 | DNCA | Increase | 5 February 2020 | 4,882,852 | 2.10% | 4,882,852 | 2.10% |
| 20 February 2020 | BlackRock | Increase | 19 February 2020 | 9,350,433 | 4.02% | 9,350,433 | 4.02% |
| 21 February 2020 | BlackRock | Decrease | 20 February 2020 | 9,052,602 | 3.89% | 9,052,602 | 3.89% |
| 25 February 2020 | Millennium International Management | Decrease | 19 February 2020 | 2,280,954 | 0.98% | 2,280,954 | 0.98% |
| 27 February 2020 | Allianz Global Investors GmbH | Decrease | 26 February 2020 | 2,110,128 | 0.91% | 2,110,128 | 0.91% |
| 27 February 2020 | Amundi | Increase | 27 February 2020 | 4,667,666 | 2.00% | 4,667,666 | 2.00% |
| 28 February 2020 | Amundi | Decrease | 28 February 2020 | 3,467,666 | 1.48% | 3,467,666 | 1.48% |
| 3 March 2020 | BlackRock | Increase | 2 March 2020 | 9,326,104 | 4.01% | 9,326,104 | 4.01% |
| 4 March 2020 | BlackRock | Decrease | 3 March 2020 | 9,016,807 | 3.87% | 9,016,807 | 3.87% |
| 4 March 2020 | T. Rowe Price | Increase | 4 March 2020 | 11,858,719 | 5.09% | 11,767,140 | 5,05% |
| 10 March 2020 | Millennium International Management | Increase | 5 March 2020 | 2,384,173 | 1.02% | 2,384,173 | 1.02% |
| 10 March 2020 | DNCA | Increase | 6 March 2020 | 7,332,870 | 3.15% | 7,332,870 | 3.15% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 12 March 2020 | Millennium International Management | Decrease | 10 March 2020 | 2,298,934 | 0.99% | 2,298,934 | 0.99% |
| 30 March 2020 | T. Rowe Price | Decrease | 24 March 2020 | 7,905,249 | 3.39% | 7,871,862 | 3.38% |
| 2 April 2020 | Partners Group | Decrease | 2 April 2020 | 2,250,982 | 0.97% | 2,250,982 | 0.97% |
| 3 April 2020 | T. Rowe Price | Decrease | 30 March 2020 | 6,725,539 | 2.88% | 6,709,096 | 2.88% |
| 9 April 2020 | BlackRock | Increase | 8 April 2020 | 9,561,977 | 4.11% | 9,561,977 | 4.11% |
| 14 April 2020 | BlackRock | Decrease | 9 April 2020 | 8,993,485 | 3.86% | 8,993,485 | 3.86% |
| 27 April 2020 | Schroders | Increase | 24 April 2020 | 2,367,478 | 1.017% | 2,367,478 | 1.017% |
| 22 May 2020 | BlackRock | Increase | 21 May 2020 | 9,326,034 | 4.01% | 9,326,034 | 4.01% |
| 25 May 2020 | Norges | Decrease | 22 May 2020 | 2,270,620 | 0.98% | 2,270,620 | 0.98% |
| 29 May 2020 | Norges | Increase | 28 May 2020 | 2,694,761 | 1.16% | 2,694,761 | 1.16% |
| 1 June 2020 | BlackRock | Decrease | 29 May 2020 | 7,157,025 | 3.07% | 7,157,025 | 3.07% |
| 2 June 2020 | Millennium International Management | Increase | 29 May 2020 | 6,014,239 | 2.58% | 6,014,239 | 2.58% |
| 2 June 2020 | BlackRock | Decrease | 1 June 2020 | 6,909,911 | 2.97% | 6,909,911 | 2.97% |
| 3 June 2020 | Zürcher Kantonalbank | Increase | 2 June 2020 | 2,703,897 | 1.16% | 2,703,897 | 1.16% |
| 3 June 2020 | BlackRock | Increase | 2 June 2020 | 7,517,054 | 3.23% | 7,517,054 | 3.23% |
| 5 June 2020 | BlackRock | Decrease | 4 June 2020 | 6,817,074 | 2.93% | 6,817,074 | 2.93% |
| 8 June 2020 | BlackRock | Increase | 5 June 2020 | 7,253,895 | 3.12% | 7,253,895 | 3.12% |
| 10 June 2020 | Zürcher Kantonalbank | Decrease | 8 June 2020 | 1,954,391 | 0.84% | 1,954,391 | 0.84% |
| 18 June 2020 | Citigroup | Increase | 17 June 2020 | 2,771,718 | 1.19% | 2,771,718 | 1.19% |
| 22 June 2020 | Citigroup | Decrease | 19 June 2020 | 2,327,221 | 0.99% | 2,327,221 | 0.99% |
| 24 June 2020 | Citigroup | Increase | 23 June 2020 | 2,450,857 | 1.06% | 2,450,857 | 1.06% |
| 24 June 2020 | BlackRock | Decrease | 23 June 2020 | 6,904,280 | 2.99% | 6,904,280 | 2.99% |
| 25 June 2020 | BlackRock | Increase | 24 June 2020 | 7,984,270 | 3.46% | 7,984,270 | 3.46% |

### Factors likely to have an impact in the event of a public offering

The loans referred to in paragraph 6.4.2 provide for the possibility:

- For each lender party to credit agreements to request, in the event of a downgrade in the ratings of Eutelsat S.A. or a change in control of Eutelsat Communications (excluding the takeover by the Group's reference shareholders) the early redemption of all credit agreements. This provision does not apply to reorganizations within the Group;
- For each lender party to bonds issued to request, in the event of a change in control of Eutelsat S.A. or a change in control of Eutelsat Communications followed by a downgrade in the ratings of the bonds the early redemption of all bonds issued by Eutelsat S.A..

## 9.17.3 Restrictions on the transfer of shares or securities giving access to the Company's capital

As of 30 June 2020, there is no restriction on the transfer of shares or securities giving access to the Company's capital.

However, a Share Dealing Code relating to insider information is applicable to members of the management bodies or committees of companies within the Group and to certain employees of divisions and departments deemed to be "sensitive" and liable to obtain or have access to confidential information during the exercise of their functions or responsibilities whether on a permanent or ad hoc basis. The Share Dealing Code defines closed periods, during which transactions in the Company's shares are prohibited (except in a limited number of specific cases) even in the absence of confidential information. The duration of closed periods is 30 days before the publication of annual and half-year results and 15 days before the quarterly releases.

## 9.17.4 Operations affecting the share capital during the year

### Capital increase as a result of the free allocation of shares

No capital increases following the granting of free shares took place during the financial year.

### Capital decrease

On 18 June 2020, 2,229,640 shares were cancelled, mainly as a result of the implementation of the share buyback program by the Group which resulted in the acquisition of shares during the year (see section 11.5 for more detail).

### Concerning stock options or stock-purchase plans

The Company did not offer any stock option or stock purchase plans during the financial year ended 30 June 2020.

### Concerning other securities granting access to the share capital

There are no other securities granting access to the share capital at the date of this report.

### Concerning the additional acquisition of Eutelsat S.A. shares

The Company gave an undertaking to employees who are shareholders in Eutelsat S.A. or who hold Eutelsat S.A. stock subscription or stock purchase options, apart from Corporate Officers and Directors and executives who made commitments to sell their shares to put in place a liquidity mechanism for their Eutelsat S.A. shares should Eutelsat Communications be floated on the stock market.

The Group consequently provides a liquidity “window”.

Eutelsat Communications made a proposal to all the beneficiaries of the stock subscription options granted under the Partners, Managers I, II, III and IV plans and to beneficiaries of the stock purchase plans of March and April 2004 to purchase the shares they acquired under such plans. This liquidity offer opened on 30 Septemer 2019 and closed on 11 October 2019. Final settlement of the transaction took place on 23 October 2019. In respect of this transaction, 3,800 shares were repurchased at a unit price of 4.36 euros per Eutelsat S.A. share.

# 10 CORPORATE ENVIRONMENTAL, SOCIAL AND SOCIETAL RESPONSIBILITY

## PREAMBLE

Eutelsat is committed to a dynamic policy of Corporate Social Responsibility (CSR) considering corporate social, environmental and economic issues as key to the success of its operations and strategy. To this end, the Group has adopted a set of undertakings based on four principles that are ingrained within its DNA:

- Actively participating in the effort to bridge the digital divide;
- Strengthening relationships with our stakeholders in accordance with our principles of ethics and loyalty;
- Protecting the environment and ensuring the space around Earth remains clean and uncluttered;
- Conducting a human resources policy geared to the aspirations of the Group and broader society, in particular with regard to gender equality.

The recent global health crisis and attendant containment measures have highlighted the insatiable demand for connectivity as a way of maintaining digital connections between each other. More than ever before, satellite has played an essential role in accompanying the growing demand for connectivity services for all.

The coverage and performance capabilities of our in-orbit resources place us in a world-leading position in the provision of Internet access in geographies beyond reach of terrestrial networks, a vital factor in overcoming the global challenges in areas such as health, education and the right to information. Satellite technology has a pivotal role to play, not only in promoting digital inclusion, but also in addressing disaster relief situations.

Our day-to-day operations are focused on deploying connectivity infrastructure around the world, particularly in isolated or poorly served areas that are among the most exposed to the inequalities created by the digital divide. This principle, which is at the heart of our business model, is a source of great pride for our company.

In the past year we have renewed our support of the United Nations Global Compact and we remain committed to incorporating its ten major principles covering the areas of human rights, international labour standards, environmental protection and the fight against corruption, into our strategy.

To this end, our steering committee composed of members from a cross-section of our businesses meets on a regular basis to define CSR initiatives and oversee their implementation, thereby helping translate our commitments into action.

Corporate Social Responsibility permeates all the company's activities and we must place corporate social equity and environmental accountability at the heart of our actions. In this way, our choices for the future will help us become an ever more sustainable organization.

Rodolphe Belmer, CEO

# 10.1 BUSINESS MODEL, CHALLENGES AND CSR POLICY

During the 2019-20 financial year, Eutelsat's management pursued its efforts to promote the awareness of social, environmental and societal issues within the Group and among an external audience.

The previous financial year was marked by several developments: creation of the CSR Committee, setting up of a Diversity Committee, initiation of a dialogue with our stakeholders, in particular suppliers and non-financial rating agencies, the Group's adherence to the principles of the United Nations Global Compact, adoption of Environmental, Social and Governance (ESG) criteria for the qualitative objectives used to determine the Chief Executive Officer's compensation, formalisation of the process for identifying non-financial risks.

In compliance with Article L. 225-102-1 of the French Commercial Code and Decree No. 2017-1265 dated 9 August 2017 enacted for the application of Order No. 2017-1180 dated 19 July 2017 on the disclosure of non-financial information by some major companies and corporate groups, Eutelsat discloses its non-financial performance statement. To this end it has collated information for the items pertaining to its business, and in response to the non-financial risks classified under the following fields:

- Social
- Environmental
- Societal

The details of the collated data (indicators) are given in § 10.7 Indicators.

## 10.1.1 CSR Governance

The CSR Committee is coordinated by the Corporate Communications Department and includes three members of the Executive Committee (Chief Human Resources Officer, Chief Technical Officer, General Counsel). It meets twice a year.

A CSR officer within the Technical Department monitors environmental issues while a CSR project manager reporting to the Corporate Communications Department is tasked with coordinating CSR projects, reporting and communications, in collaboration with the Group's main departments and subsidiaries: Human Resources, Investor Relations, Institutional Affairs, Legal Affairs, Technical Department, General Services, Finance, Internal Audit, Risk Management, and Teleports.

A new code of ethics was issued in 2018 to reaffirm the company's values. These values underpin the principles that govern management and business conduct. Moreover, Eutelsat upheld the principles of the United Nations Global Compact with the release of its first Communication on Progress Report in 2019.

A Diversity Committee has been established to reinforce the human resources management policy, particularly with respect to gender equality in the company.

## 10.1.2 A sustainable business model

See sections "Market and Group Strategy Overview" and "Group Activities" in this document.

With a fleet of 39 geostationary satellites, Eutelsat is one of the world's leading operators of telecommunication satellites. The Group operates satellites located in geostationary orbit from 133° West to 174° East, with a footprint covering Europe, Africa, the Middle East, Asia-Pacific, and the Americas. On the strength of these premium orbital positions and extensive ground infrastructure, Eutelsat has built a solid client base of broadcasters, telecommunications operators, government agencies, and ISPs, served either directly or through distributors. The main suppliers are satellite manufacturers and launch service providers.

With their ubiquitous coverage and high bandwidth availability, satellites are well positioned to offer high-performance solutions for delivering content directly to end users, including populations located in the most isolated regions.

Moreover, Eutelsat has also entered the Internet of Things (IOT) market with the ELO (Eutelsat LEO for Objects) project featuring a constellation of low orbit satellites, with the first satellites to be launched in 2020.

Together with its partners, Eutelsat has developed a sustainable business model that meets the growing demand for communication and connectivity around the globe. The business model is outlined below:

**Major trends**

Resilient core Broadcast business. Strong increase in data usage, rapid technological evolutions creating development opportunities in some applications (Fixed and Mobile Connectivity, Internet of Things, Video Services, etc.) and resulting in competitive pricing pressure in other applications (Fixed Data)

**Human capital**

1,000 employees

46 nationalities

Global network with over 25 subsidiaries and sales offices

**Industrial capital**

39 geostationary satellites

Infrastructure including teleports in France, Italy, Madeira and Mexico, as well as a fibre optic network

**Financial capital**

Strong cash generation with significant discretionary free cash-flow, targeted net debt to EBITDA ratio below 3%. Backlog representing 3 years of revenues

**Value creation**

**Clients (direct or indirect)**

Broadcasters
Telecom operators
Companies
Government agencies
Internet Service Providers

**Services delivered by Eutelsat**

Video applications (e.g. TV channels broadcasting

Fixed data

Government services

Fixed Broadband and Mobile Connectivity

**Suppliers and business partners**

Satellite manufacturers

Satellite launch operators

Partner satellite operators

Partner teleport operators

**Impacts**

**Communities and wider society**

Bridging the digital divide: over 2,000 free-to-air channels broadcast to an audience of more than 1 billion viewers

Access to education and broadband connectivity: Italy, Africa, Mexico

Support to humanitarian aid operations

**Environment**

Clean Space policy: 21 passivated and re-orbited satellites

Reduced environmental footprint of ground infrastructure: less than 10,000 tonnes of $CO_2$ eq. on global perimeter excluding launches

**Sustainability**

Annual investments of several hundred million euros

Innovation and diversification: Eutelsat Quantum / Iot First, ELO (low earth orbit satellites), CIRRUS, Smartbeam etc.

Dividend maintained

**CORPORATE VALUES**
**The corporate values are set out in the company's Code of Ethics:**
**One team, pioneering spirit, trust an courage, recognition, respect, empowerment and accountability, outward focus**

Eutelsat must anticipate and adapt to the trends underlying these usages and the rapidly changing technologies, as well as to increasing competitive pressure in some applications, notably in Fixed Data Services. There are opportunities for development in certain applications, particularly in connectivity. To this end, the company is relying on its leading position among the world's top three satellite operators, with top-tier human and industrial resources, strong customer relationships and business partnerships with suppliers focusing on innovation in service development.

## 10.1.3 Main non-financial risks

Certain non-financial risks, particularly those related to corruption, have a likelihood/occurrence ratio that identifies them as specific risk factors that are likely to have a significant impact on the Group's financial situation: they are therefore described and discussed in detail in the Risk Factors section of this document.

Other non-financial risks are risks whose occurrence does not have a material direct impact on the Group's financial situation, even if the efficiency and performance of certain operations could be affected. These risks may affect Eutelsat or its stakeholders.

The organisation put in place and the method used to identify and manage risks can also be found in the Risk Factors section.

**Risks associated with human resources:**

Key talent: As a company with a strong technological profile, Eutelsat could be affected in the event of disengagement or a significant outflow of key talent, or by an insufficient ability to attract new talent;

Risk management: With the One Eutelsat programme (corporate culture and professionalised management) and Bloom At Work (360° management and employee engagement), Eutelsat has been focusing for several years on the management of key talent and employee engagement. In 2020 and beyond, talent management will also draw on the new HR Information System for talent identification and succession planning. Under the guidance of the Human Resources Department, the programme is regularly presented to the Executive Committee.

Indicators:

- Percentage of answers to the latest employee engagement questionnaire: 54%. In 2019, four campaigns were carried out.
- Fulfilment rate measured by the observatory: 8.4/10 (last survey in December 2019).

Diversity: Eutelsat is focused on the diversity of its human resources as a means of embracing different viewpoints, promoting value creation and innovation, and avoiding discrimination and harassment.

Risk management: The Diversity Committee was set up in 2019 with a view to conducting initiatives in favour of diversity, with a first objective of gender equality and a 3% increase in the proportion of women in the company to be achieved by 2022, an analysis of the impact of maternity leave on salaries and bonuses, the promotion of paternity leave, partnerships with NGOs which sponsor scientific training for young girls, and the organisation of conferences to raise awareness of diversity issues.

Indicators:

- Proportion of women in the company: 30% (target 33% in 2022)
- Number of nationalities represented in the Group: 46
- Proportion of employees hired during the year for Eutelsat S.A. with a nationality other than French: 15%
- Number of nationalities represented on the Group's Board of Directors: 5 (of a total of 12)
- Number of nationalities represented on the Leadership Committee: 19, of a total of 76.

**Space-associated risks:**

Collisions between satellites and space objects: With the increasing number of communications satellites in space, the issue of end-of-life of satellites and the potential debris generated in the process is becoming increasingly relevant.

Risk management: Positioned in geostationary orbit for an average period of fifteen years, the satellites operated by Eutelsat do not generate a high level of debris, unlike those in low or medium orbit. Nevertheless, Eutelsat has made a number of commitments and adopted procedures to de-orbit satellites reaching end-of-life and to reduce the risk of pollution in space.

Indicators:

- Number of de-orbited and passivated satellites having reached end-of-life by 15 June 2020: 21, with a success rate of 100%
- Number of satellites repositioned in geostationary orbit as of 15 May 2020: 107, with a success rate of 100%

**Stakeholder-associated risks:**

Corruption (see also Section 4 of this document and Section 3.5 below): Eutelsat is committed to preventing the risks of corruption in its commercial activities.

Risk management: For several years, the Group has been strengthening its anti-corruption programme, based on dedicated governance and a system of correspondents, training and communication initiatives, actions implemented under the Sapin II Bill and AFA (French anti-corruption agency) recommendations.

Indicators: In 2019, 110 Eutelsat employees have been trained in the prevention of corruption.

Jamming: The broadcasting of content by the Group's satellites may be subject to deliberate jamming that is likely to undermine the right of access to information of the relevant target audiences.

Risk management: Efforts to combat jamming (described in § 3.6.2.) involve technical means for identifying, tracking and mitigating jamming operations, as well as actions carried out in the context of the Satellite Interference Group and the International Telecommunication Union to supplement and strengthen these measures.

## 10.1.4 Opportunities for the company

Bridging the digital divide: Eutelsat is a key player in the effort to bridge the “digital divide”, which refers to discrepancies in access to information and communication technologies (ICTs), specifically to Internet and TV broadcasting. Downgrading of the services offered by Eutelsat, in particular for free-to-air television broadcasting or the provision of bandwidth, is likely to widen these discrepancies.

Risk management: The Group's policy in this area serves three purposes:

- Provide Internet access to individuals, businesses and government agencies located in areas with little or no coverage by terrestrial networks
- Meet specific needs by fulfilling the public policy objectives of digital inclusion
- Promote access to free-to-air television for all homes.

Indicators:

- Fixed Broadband Internet revenues as of 30 June 2019: 96.2 million euros for the financial year 2018-19
- HTS capacity available for Broadband Internet use as of 30 June 2019: ca. 150 Gbps
- Number of free-to-air channels broadcast on the Group's fleet as of 31 December 2019: 2,307

### 10.1.5 Reference to Sustainable Development Goals (SDG)

These challenges are in line with the SDGs (Sustainable Development Goals) defined by the UN and with certain targets, which are topics that define the SDGs and have also been defined by the UN:

No. 1: Eradication of poverty in all its forms and, in particular, the following targets:

- Access to resources: in the case of Eutelsat, this refers to technological resources through the effort to bridge the digital divide, see below)
- Vulnerability: reducing the vulnerability of disadvantaged populations in cases of natural disaster, see § 3.2.2.2 Engaging in humanitarian relief

No. 4: Quality education and, in particular, the following target:

- Equal opportunities, with access to education for vulnerable people, see § 3.2.3.2 Promoting access to knowledge, a major challenge for development

No. 9: Industry, innovation, infrastructure and, in particular, the following target:

- Sustainable, resilient, and accessible infrastructure, through efforts to bridge the digital divide, see below

No. 17: Partnerships to achieve goals, and in particular the following target:

- Scientific and technological cooperation, see §3.2.2.1 Technological partnerships that contribute to protecting civilian populations and endangered animal species.

Eutelsat adheres to the UN Global Compact initiative.

## 10.2 SOCIETAL INFORMATION

### 10.2.1 Helping bridge the "digital divide"

Satellite technology is an easy and reliable solution for broadband access and in the near future for high-speed broadband access for homes and businesses located beyond the reach of terrestrial telecommunications networks.

According to the European Commission's most recent Digital Economy and Society Index (DESI) Report, published on 27 September 2019, 83% of the EU's population is covered by so-called NGA (Next Generation Access) technologies capable of providing users with at least 30 Mbps. In rural zones, this figure drops to 52%, with 13% of homes not covered by any fixed Internet access network other than satellite. However, the Commission's goal is to provide all EU citizens with 30 Mbps Internet access by end-2020.

In this regard, satellites are an essential complement to terrestrial telecommunications networks. In April 2018, Eutelsat thus reaffirmed its commitment to bridging the digital divide by placing an order with Thales Alenia Space for KONNECT VHTS, a next generation satellite designed to provide fixed high-speed broadband access and in-flight connectivity, and equipped with hundreds of beams and a Ka-band capacity of 500 Gbps. This new satellite will provide coverage of extended Europe, from the Canary Islands to Turkey and up to Iceland and Moscow, as well as the southern part of the Mediterranean Basin.

The entry into service of KONNECT VHTS in 2022 will supplement the broadband resources of the KA-SAT satellite, which have been available since 2011, and the EUTELSAT KONNECT satellite which will notably provide coverage in Western Europe from November 2020. EUTELSAT KONNECT VHTS will deliver increasingly high-performance connections targeting the fixed high-speed broadband consumer market in the European countries in which the Group operates as well as the provision of connectivity services for governments. The fixed high-speed broadband services provided by KONNECT VHTS will be comparable to fibre-delivered services, with expected bitrates of up to 100 Mbps by 2022.

In recent years, the Group has also considerably strengthened its Ka band HTS resources in regions in which the digital divide is most pronounced:

- In **Russia**, with the launch of the EUTELSAT 36C satellite in December 2015;

- In **Brazil, French Guiana and other Latin American countries**, with the launch and entry into service of EUTELSAT 65 West A in 2016;
- In **Sub-Saharan Africa**, with the marketing of the next generation broadband services provided by the Konnect Africa satellite. Initially relying on capacity provided by the Al-Yah 2 satellite operated by Yahsat, since 2018 these services have been expanded with the entry into service of the Al Yah 3 satellite to some 20 other countries in the region, particularly Côte d'Ivoire, the Democratic Republic of Congo, Nigeria and South Africa. Launched from Kourou on 16 January 2020, the KONNECT satellite will by year-end offer broadband coverage to several hundred thousand households virtually throughout Sub-Saharan Africa, including Senegal, Togo, Benin, Kenya, Tanzania and Zimbabwe.
- The C-band satellite resources provided by the Eutelsat fleet are now also being harnessed to reduce the digital divide in areas with significant disparities in Internet access.

### 10.2.1.1 Serving specific requirements by addressing public policy digital inclusion goals

Satellite technology is particularly suited to meeting the needs and requirements of public authorities as it is capable of delivering high-quality and cost-effective Internet connectivity, with a quicker roll-out than other options across any area, while avoiding the geographical constraints associated with mountainous areas.

In France, as part of the "Plan France Très Haut Débit" (France high-speed broadband plan), in March 2019 the Government officially launched the "Regional Digital Cohesion" scheme. This is an on-demand service available to all French households not served by at least 8 Mbps by 2020. It established a €100 million programme to provide grants of up to €150 per household for the equipment and installation costs of "Digital Cohesion"-labelled packages.

In the Americas, Eutelsat Americas provides capacity for various social connectivity programmes, notably in Mexico and Colombia, and is one of the leaders in the satellite sector for such programmes. These are designed to connect rural communities and give them access to a broad range of services (schools, hospitals, libraries, etc.).

In Africa, public authorities are also beginning the important conversation around digital inclusion and are calling on Eutelsat's unparalleled connectivity services to ensure service continuity and equality for everyone across this vast continent.

Accordingly, in the Democratic Republic of Congo, Konnect Africa undertook to connect thousands of schools to the Internet in partnership with Schoolap and Flash Services. The project aims to provide schools with high speed internet connectivity, giving them access to a digital platform of officially recognized educational content and high quality teaching materials. The first phase of the project aims to connect 3,600 private schools by March 2021.

Furthermore, during the health crisis caused by the coronavirus pandemic, Konnect Africa offered free broadband access to the coordinating bodies involved in the response to the crisis in the Democratic Republic of Congo. Hospital teams throughout the country have thus been able to effectively coordinate their efforts by sharing information in real-time, thereby countering the spread of the pandemic more efficiently. A similar initiative was developed in other African countries to help combat the spread of COVID-19. For example, Konnect Africa provided free access for several months to eight healthcare facilities that were poorly served by terrestrial networks in the Mpumalanga province in South Africa.

More broadly, in a number of rural areas, satellite technology facilitates teleconsultation, allowing health centres in remote areas to hook up with university hospitals thanks to satellite broadband connections. The support provided by satellite technology is key to combatting the pandemic across Africa, particularly thanks to the instantaneous connection that allows for real-time reporting and optimal management of the epidemiological data collected.

Aside from the education and health sectors, the services offered by Konnect Africa are key in many other fields of interest to public authorities, including security and defence, remote administrative services, land use planning and business creation, not to mention public initiatives to promote local agriculture.

### 10.2.1.2 Promoting access to free-to-air television for all households

Eutelsat promotes access to free-to-air television for all households in France and worldwide.

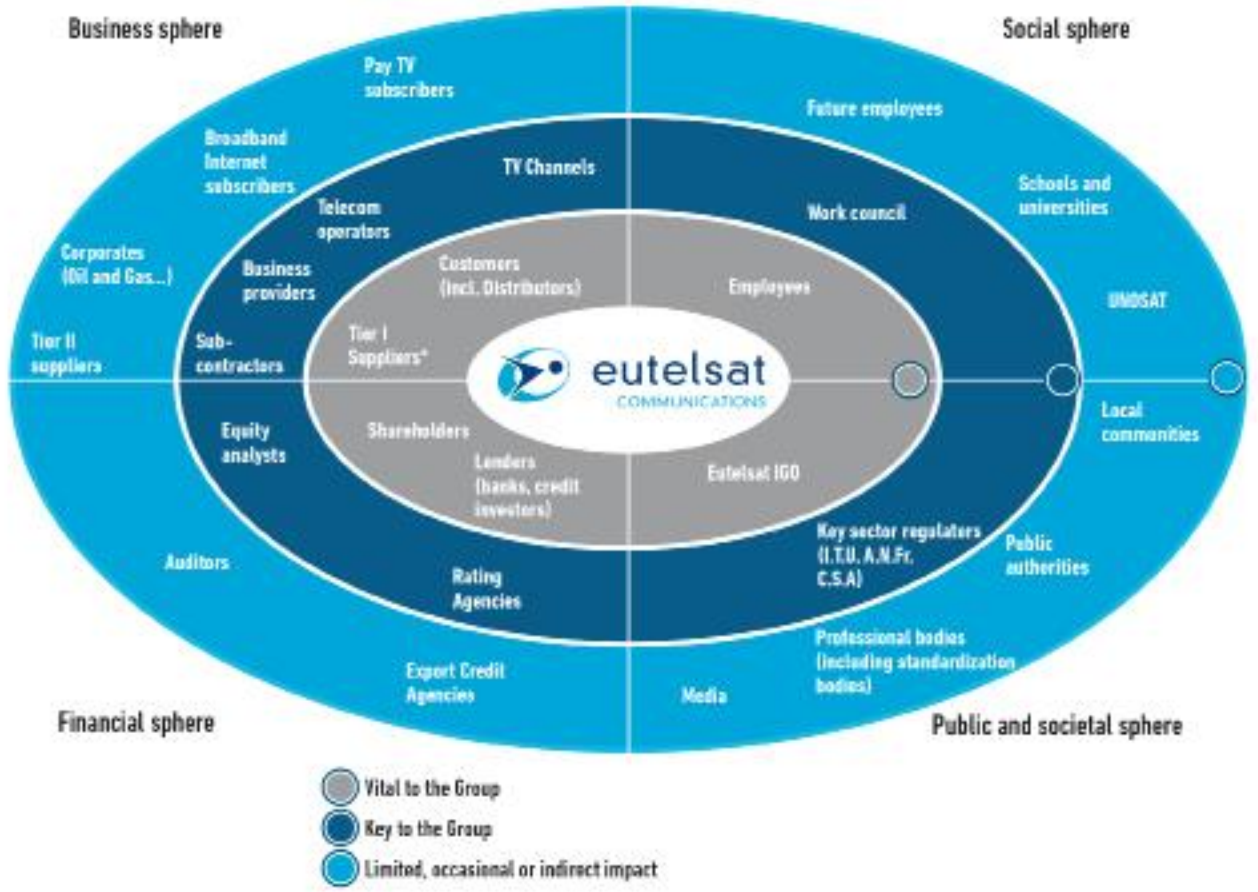
As of 31 December 2018, the Group broadcast over 7,000 TV channels including 2,000 free-to-air channels, namely accessible without being subscribed to its satellites (i.e. close to 30% of all channels broadcast as of that date), to an audience of over one billion viewers, mainly in Europe, Russia, the Middle East and Africa.

In France, the EUTELSAT 5 West B satellite launched in October 2019 enables the FRANSAT platform to broadcast 27 free DTT channels (along with the 25 regional France 3 channels in HD, local and thematic channels, radio stations, and connected TV services) on a subscription-free and unlimited-time basis. FRANSAT is the only free satellite DTT multi-channel platform listed by the French broadcasting authority. It is designed in particular for households with little or no terrestrial reception. Over two million households are equipped to receive FRANSAT. FRANSAT is also a preferred conduit for local channels to broadcast to a wider audience. For local authorities, small community cable networks in DTT black spots and isolated terrestrial broadcasters, FRANSAT provides "FRANSAT PRO", a satellite-delivered free-of-charge community DTT solution. The FRANSAT service is regularly enhanced to improve the viewer experience: HD, Ultra HD, the "FRANSAT Connect" portal for browsing the programme guide, interactive online services. The FRANSAT platform is at the forefront in terms of Ultra HD broadcasting, with the arrival of several 24/7 channels in this format, alongside the FRANSAT Ultra HD channel. This regularly broadcasts major sporting or cultural events such as the French Open at Roland-Garros or the FIFA World Cup in partnership with major broadcasters. Accordingly, all Fransat subscribers enjoyed the Ultra HD viewing experience on two major events in 2019: the FIFA Women's World Cup and the Rugby World Cup, broadcast on a dedicated channel called TF1 4K.

Within a few years, the HOTBIRD video neighbourhood has become a benchmark orbital position for more than 135 million households in Europe, the Mediterranean Basin and the Middle East, providing them with free access to a rich line-up of over 900 channels broadcast in around 40 languages. The 13° East orbital position is therefore an opportunity for populations living outside their country of origin to preserve a cultural link with their country of origin by receiving their national channels.

## 10.2.2 Relations with stakeholders

The Group's main stakeholders are shown in the following Matrix:




* *Tier I suppliers mainly include satellite manufacturers, launchers, insurers, technology providers, suppliers of ground equipment.*

The Group has signed up to the "Collective for Space Care"32 Charter which brings together the world of space operators and partners who undertake to conduct responsible space operations, in compliance with international treaties and principles on space, and in accordance with the resulting best practice. The aim is to promote the safety of people and property, ensure the health of those engaged in space operations, protect the environment both on Earth and in outer space, and strengthen the prevention of the risks associated with launch and in-orbit operations.

The Group's international presence and the unique footprint of its worldwide fleet of satellites provide many opportunities to engage in a wide range of development and solidarity initiatives. This societal commitment can take different forms: vis-à-vis its external stakeholders, examples include the Group's participation in research and development programmes that use satellite technology to protect citizens and endangered animal species, support humanitarian relief initiatives and digital development, promote science and technology in schools, as well as support the non-governmental organisation EUTELSAT IGO. Internally, the Group's societal commitment is reflected in the "arrondi solidaire" programme.

[32] https://presse.cnes.fr/sites/default/files/drupal/201506/default/cp110-2015_-_collective_for_space_care.pdf

In recent years, the Group has increasingly engaged with non-financial rating agencies such as Vigéo Eiris, Sustainanalytics, ISS Oekom, SAM (DJSI), FTSE Russell, MSCI and Ethi-Finance, with a view to consolidating the Group's CSR policy and taking stock of progress.

### 10.2.2.1 Technology partnerships that help protect civilian populations and endangered species

Eutelsat has signed technology partnerships with players from the space and the Internet of Things sectors to help develop innovative satellite resources to protect civilian populations and endangered species. As regard civilian protection, the EUTELSAT 9B satellite, operational since January 2016, hosts EDRS-A, the first payload of the European data relay system rolled out by the European Space Agency (ESA) and Airbus Defence and Space. EDRS-A has opened a space data highway, accelerating data flows between low-orbit satellites and their ground stations. The data flow system uses an on-board laser communication terminal, an inter-satellite link in Ka-band, and a Ka-band antenna, which transmits data from geostationary orbit to the EDRS ground stations. The response time required to conduct a wide range of operations such as monitoring natural disasters, emergency operations and coastal and maritime patrol operations has been significantly improved.

In terms of animal protection, Eutelsat joined forces in November 2017 with Sigfox Foundation to step up the protection of the endangered rhinoceros population through the "Now Rhinos Speak" project. Three base stations of Sigfox's low-speed IoT network are now connected to a secure rhino tracking platform using Eutelsat's SmartLNB satellite service that extends terrestrial IoT networks anywhere, beyond urban areas. To date, this initiative has resulted in the tracking of around a dozen wild rhinoceroses.

### 10.2.2.2 Engaging in humanitarian relief

Eutelsat is one of the original signatories of the UN Crisis Connectivity Charter, integrated with the work of the World Food Programme (WFP). This charter, which was signed in late 2015 by GVF (Global VSAT Forum), ESOA (EMEA Satellite Operators' Association) and multiple satellite operators with the support of the Emergency Telecommunications Cluster (ETC) under the World Food Programme and the UN Office for the Coordination of Humanitarian Affairs, aims to provide governments and NGOs with immediate (within 24 hours) and resilient connectivity in the event of a major humanitarian crisis on four continents. It defines the framework for coordinating and working between stakeholders to optimise the arrangements and response times to telecommunications needs in emergencies.

The main commitments of the Charter include:

- pre-planned, scalable satellite-based solutions that can be deployed within 24 hours of a disaster and can be adapted to the specific nature of each operation;
- satellite equipment pre-positioned in Dubai at the UN Humanitarian Response Depot (UNHRD) for deployment within 24 hours to disaster areas;
- pre-allocated bandwidth, to allow priority access to Internet traffic for humanitarian relief purposes.

All assistance under the UN Crisis Connectivity Charter is provided free of charge.

Technical training sessions for humanitarian staff, in addition to crisis response simulations, have regularly been held since the signing of the Charter by Eutelsat and other satellite operators and integrators.

The Crisis Connectivity Charter became operational in spring 2018, with the signing of a contribution agreement between the WFP and Eutelsat, including around forty ground reception kits, and pre-allocated bandwidth on four satellites within the Group's fleet. The Charter was first activated in early 2019 for Cyclone Idai in Mozambique, for which Eutelsat was thanked by the World Food Programme.

Eutelsat has also been supporting Télécoms Sans Frontières (TSF) since 2007. The assistance provided by Eutelsat under this partnership allows this international NGO to fit out a community or crisis unit with broadband connectivity within a few hours to send data, video or voice communications.

Similarly, Eutelsat's partnership with TSF has been active for several years in large-scale conflict areas, helping to ensure near-continuous coordination of the various humanitarian relief operations carried out in the field.

With a view to further improving the response time of TSF's partner teams, and in addition to the resources already made available to the NGO, each year the Group donates multiple devices ready for use on aircraft.

Similarly, the Group has supported the NetHope NGO since 2004. In the past year, Eutelsat has donated ten devices and bandwidth to support the humanitarian efforts carried on by the NGO in refugee camps in Uganda.

Lastly, Eutelsat is directly committed to NGOs that are not specialised in telecommunications such as "Action contre la faim", by providing technical training for humanitarian staff.

### 10.2.2.3 EUTELSAT IGO in constant dialogue with the space community

Eutelsat maintains relations with the intergovernmental organisation EUTELSAT IGO and with various stakeholders on environmental and social responsibility issues.

EUTELSAT IGO has permanent observer status with the United Nations Committee on the Peaceful Uses of Outer Space (COPUOS) and as such participates in the meetings of the Committee and its two subcommittees, the Scientific and Technical Subcommittee and the Legal Subcommittee. At the 62nd session of COPUOS in June 2019, the Executive Secretary, Piotr Dmochowski-Lipski, introduced the Organization's activities and confirmed his continued support for the role of COPUOS in maintaining and strengthening peaceful cooperation in space and in safeguarding space and Earth for future generations. On that occasion, the 21 guidelines on the long-term sustainability of space activities were officially adopted and the principle of continued work on those issues was formally recorded. EUTELSAT IGO regularly informs its Member States and Eutelsat S.A. of progress made in this area.

In his capacity as Commissioner, the Executive Secretary of EUTELSAT IGO has remained fully involved in the work of the United Nations Commission on Broadband for Sustainable Development33. Created jointly by the ITU (International Telecommunication Union) and UNESCO in 2010, the Commission aims to promote the importance of broadband as part of the global policy agenda, foster the development of broadband infrastructure and services, and ensure that the benefits of these technologies are shared by the world's population as a whole. At its last meeting held in September 2019, the Commission highlighted the need to ramp up broadband access in order to provide effective coverage for the other half of the world's population that remains underserved by digital networks.

### 10.2.2.4 L'Arrondi Solidaire – Solidarity in favour of local employment and micro-credit

These external initiatives and partnerships are accompanied by individual commitments within Eutelsat. They are accompanied by other initiatives such as "l'arrondi solidaire", where Eutelsat was the first French company to offer this programme in 2010, enabling employees to donate the euro cents from their salaries each month to charitable causes. The amount is matched by the Company and paid to local employment and microcredit charities such as "ADIE" and "Positive Planet".

## 10.2.3 Territorial impact of the Group's activities on employment and regional development

### 10.2.3.1 Supporting digital development in rural areas

Please see § 3.2.3.2 below and also section § 3.2.1.1 "Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion".

### 10.2.3.2 Promoting access to knowledge, a major challenge for development

Eutelsat actively supports the teaching of science at school and, in a more general sense, is proactive in education through its promotion of digital access.

The Group has forged close ties with students in the telecom and space sectors, in particular through its employees who teach in university courses. Educational partnerships are also implemented with a view to promoting students' interest in science and technology.

In Africa, since 2011, Eutelsat has been co-organising a competition with pay-TV broadcaster, MultiChoice Africa, inviting students aged between 14 and 19 to demonstrate the connection between the science subjects taught at school and their applications for the development of their continent. Each year the competition revolves around a new theme and contestants are asked to write an essay or design a poster. The competition is accompanied by a set of resources made available to schools (educational booklets, videos and a dedicated website) and is supported by 1,000 MultiChoice resource centres equipped for satellite-delivered distance learning programmes. Since its creation, the competition has received around 7,000 entries of essays and posters. The competition's jury has always been chaired by an astronaut representing the European Space Agency (ESA) and, in February 2019 at the meeting in Accra, Ghana, the Italian astronaut Paolo Nespoli chaired the continental jury for the fourth time to select the winners. Tanaka Chonyera (Botswana) received the best essay prize and won a trip to Paris and French Guiana where he will attend the launch of a satellite. Priscilla Mareale (Tanzania), winner of the best poster prize, will travel to South Africa to visit the facilities at the Hartebeesthoek Observatory.

The Group is also investing in educational projects in southern Italy and Africa, as part of an innovative programme called "ONEClass! Open Network for Education", conducted by the Openet Group and supported by the ARTES (Advanced Research in

[33] http://www.broadbandcommission.org/Pages/default.aspx

Telecommunications System) branch of the European Space Agency. Aimed at multi-class schools and associations promoting access to education for migrant minors, the project will rely on satellite technology and more specifically on the resources of Eutelsat's KA-SAT satellite for its set-up and implementation. The "multi-class" segment includes the provision of live lessons to geographically isolated pupils in different locations via an on-line conference system, in addition to e-learning resources available on a dedicated cloud. The principle is similar for the segment concerning the NGOs who work in immigrant reception centres, who provide access to education to unaccompanied foreign minors. This network includes classes located in Africa. The bandwidth supplied by Eutelsat is a key factor in the programme's success, and supports a new inclusive teaching model, in particular for populations of migrant pupils.

In the Americas, the Group's subsidiary Eutelsat Americas makes its own contribution to the field of education through two programmes.

Since 2010, the company has taken part in the federal digital inclusion programme México Conectado, steered by the Ministry of Communications and Transportation. This programme, which aims to offer free Internet access in public spaces such as schools, hospitals, universities, parks and government institutions, currently connects approximately 100,000 sites. More than two thirds of connections are for schools and almost 30% of all public spaces connected via the programme use satellite technology. A partnership entered into between Eutelsat Americas and the company Elara Communicaciones has enabled a large number of schools to enjoy the educational potential provided by satellite Internet access. Similar social connectivity initiatives are also conducted in Panama, Colombia and Ecuador.

In 2018, Eutelsat chose to support the Ghana Code Club, a non-profit association committed to introducing all primary school children, and girls in particular, to the IT professions available in Ghana. The NGO trains Ghanaian children aged 8 to 16 in basic computer skills while teaching them to design their own games, videos and websites

By offering students the opportunity to learn about coding, the Ghana Code Club helps them develop the skills they need to succeed in an increasingly digital world.

Eutelsat Supports the Junior Achievement Association and the CGénial Foundation.

In keeping with its commitment to foster diversity, Eutelsat supports associations that raise awareness of science and science-related trades, particularly amongst girls. This year, the company has chosen to support the Junior Achievement association and the CGénial foundation in their efforts to attract young people to science and technology and help them along their career paths.

In the United Arab Emirates, Singapore and Mexico, Eutelsat's partnership with Junior Achievement seeks to develop the entrepreneurial skills of girls by strengthening the links between school and the corporate world. In France, Eutelsat is working with the CGénial Foundation towards the same goal through a crossover programme involving teachers and employees of the Eutelsat Group.

#### 10.2.3.3 Impact on employment and regional development

Among the Group's sites, it is the teleports that participate most directly and actively in local economic activity owing to their implantation in peri-urban or rural areas.

The Paris-Rambouillet teleport offers some benefits to the local community in terms of employment and regional development, as the Company uses local service providers for some of its activity and upkeep, namely:

- local firms for the upkeep and maintenance of the grounds surrounding the teleport, small repairs, restoration;
- a regional company for antenna installation;
- most technical products required for the proper functioning of the teleport are purchased from a local company in Rambouillet.

Similarly, the Group's teleports in Mexico have a positive impact on local communities in that they promote local suppliers. Local businesses are called upon for gardening, maintenance, servicing or office supplies. In addition, support for the local community is provided through a number of activities including: reforestation and grants to local NGOs and other organisations. The proportion of local suppliers is estimated at 70%.

#### 10.2.3.4 Impact on neighbouring populations

At the Paris-Rambouillet teleport, in order to reduce the impact of increased traffic in the region due to its business, the Company manages a shuttle-bus service between the teleport and Rambouillet town centre. Carpooling is also encouraged.

In a spirit of openness and with a view to promoting knowledge of the satellite industry, the Paris-Rambouillet teleport regularly receives visitors on site including schools, local elected representatives, local authorities and journalists. In 2018, more than 1,500 visitors came to the site.

In Madeira, company presentations at local schools are frequently organised and the teleport teams regularly receive visits from students in partnership with their schools.

### 10.2.4 Outsourcing and relationships with suppliers

Given the highly technical nature of Eutelsat's business, it works with a limited number of major suppliers or subcontractors that manufacture and launch the Group's satellites. As well as supplying Eutelsat with satellites compliant with French space law, these main suppliers, principally located in Europe and the U.S., are held to high social responsibility standards.

As for the purchasing policy of products and services for use in offices, the Purchasing Department in the Group's headquarters in Paris ensures that key suppliers have implemented a policy that addresses the social and environmental issues: a purchasing charter is in force to reach this goal.

Group-wide streamlining of purchasing procedures with the "One Purchasing Group" project has resulted in the sharing of environmental and social clauses with subsidiaries, while adapting them to local regulations.

Calls for tenders contain a commitment to respect the ethical charter. Procurement contracts always contain clauses requiring compliance with regulations, prohibition of employment of non-registered personnel, etc. For product suppliers, the product description sheet is usually attached or provided on request.

In addition, in accordance with the Sapin 2 law, a preliminary check is carried out in Worldcheck before a new supplier is selected.

## 10.3 ENVIRONMENTAL INFORMATION

### 10.3.1 Global Environmental Policy

The Group's environmental policy is structured around two areas:

- Satellite fleet management: space congestion and the environmental impact of a satellite's life cycle, a key component of the environmental policy. The Group applies a responsible fleet management approach in close partnership with satellite manufacturers and launch service providers to mitigate satellites' environmental impacts and conducts a proactive policy to reduce space debris.
- Optimising the environmental impact of Eutelsat's terrestrial operations: teleports and ground management activities. Due to the nature of its business, the Company does not have any factories or warehouses and its impact related to energy consumption and air, land or sea transport remains limited. This secondary focus is nevertheless important as it enables the Group's employees to become involved in environmental policy.

#### 10.3.1.1 Means used for preventing environmental risks and pollution

The means used to reduce space pollution are set out below in § 3.3.2. As regards reducing pollution and releases related to terrestrial operations, please refer to Section 3.3.5 on circular economy and pollution in the report.

The issue of exposure to electromagnetic waves is also an environmental risk. Here is the comment issued by the World Health Organisation (WHO) on this matter:

*"WHO, through the International EMF Project, has established a programme to monitor the EMF scientific literature, to evaluate the health effects from exposure to EMF in the range from 0 to 300 GHz, to provide advice about possible EMF hazards and to identify suitable mitigation measures. Following extensive international reviews, the International EMF Project has promoted research to fill gaps in knowledge. In response national governments and research institutes have funded over 250 million U.S. dollars on EMF research over the past 10 years.*

*While no health effects are expected from exposure to RF fields from base stations and wireless networks, research is still being promoted by WHO to determine whether there are any health consequences from the higher RF exposures from mobile phones."*

There are no specific references to risks associated with satellite use (source: WHO website http://www.who.int/mediacentre/factsheets/fs304/en/index.html).

#### 10.3.1.2 Provisions and guarantees for environmental risks

There are no provisions or guarantees for environmental risks, nor is there any ongoing litigation or potential risks concerning environmental issues within the Eutelsat Group.

### Keeping the space around the Earth uncongested and clean

#### 10.3.1.3 Space debris management policy

Eutelsat's fleet of telecommunications satellites operates in geostationary orbit 35,786 kilometres (22,236 miles) above the Earth along the Equator, far beyond the Earth's atmosphere. Satellites remain at this distance from Earth for their entire operational life. When they reach end-of-life, approximately 15 to 20 years after entering service, they are re-orbited into a graveyard orbit, approximately 300 kilometres beyond geostationary orbit using the remaining on-board propellant. Satellites never return to Earth, nor do they re-enter the Earth's atmosphere.

Over the next three years, Eutelsat is planning to launch a constellation of low-orbit nano-satellites (known as ELO). Throughout their operational life (including decommissioning), the satellites will be operated in compliance with French space law (LOS) and international regulations.

Since the early 2000s, Eutelsat has addressed the issue of space debris by implementing a policy of responsible management of space debris, combining its extensive operational experience with recommendations from the international community.

Since 8 July 2005, Eutelsat has been certified for satellite control and operations (ISO 9001 standard).

In 2005, Eutelsat also set up a Space Debris Mitigation Plan covering station-keeping manoeuvres, satellite repositioning in geostationary orbit, colocation strategies, anomaly remedial measurements, inclined orbit operations strategies and end-of-life operations.

Eutelsat's Space Debris Mitigation Plan is based on international and European guidelines (IADC Space Debris Mitigation Guidelines, European Code of Conduct for Space Debris Mitigation) and the criteria defined by the French Space Operations Act. The Plan sets out the requirements aimed at improving end-of-life and passivation operations, as well as minimising collision risks during operations, which are more stringent than those contained in the regulations applicable to the Company. The Plan is updated on a regular basis in order to incorporate the new standards to be taken into account.

To date, Eutelsat has reorbited and passivated 21 satellites[34] that have reached end-of-life, with a 95% success rate, clearly outperforming the industry. All 20 satellites have been reorbited in compliance with international guidelines and the French Space Operations Act, i.e. in such a way as to prevent them from re-entering the protected zone (+/-200 km from geostationary orbit) in the long term (over 100 years). Lastly, Eutelsat has placed 107 satellites[35] in geostationary orbit. All operations were successfully conducted in compliance with the regulations governing collision risks and space debris generation. To mitigate collision risk, Eutelsat moves its satellites out of the geostationary corridor (+/-40 km above geostationary orbit) during the repositioning stage, and assesses collision risks with the help of USSTRATCOM data, the EU SST (Space Surveillance and Tracking) anti-collision service and information contained in the Space Data Association database.

### 10.3.1.4 Compliance with the French Space Operations Act

The French Space Operations Act, which came into force on 10 December 2010, underscores the need for a responsible approach to fleet management.

The Act establishes a regulatory framework within which Eutelsat operates in collaboration with the French Ministry of Research and the CNES (Centre national d'études spatiales) to meet its obligations regarding in-orbit control of a space object.

The technical authorisations and licenses delivered by the Ministry of Research under this Act are managed by the CNES. Eutelsat cooperates with the CNES during every stage of a satellite's life. Before a satellite is authorised, the CNES reviews the technical documentation with Eutelsat. After obtaining clearance, Eutelsat invites the CNES to its technical reviews in order for the CNES to verify the correct application of the technical regulations. Finally, Eutelsat informs the CNES of any incidents occurring on a satellite and/or any change in orbital position.

As part of discussions with the CNES with a view to obtaining authorisations, Eutelsat specifies its strategies for depleting the resources of a satellite in a way that limits any increase in space debris, or for permanently deactivating all means of generating power on board the satellite. Eutelsat also demonstrates that it has sufficient resources to conduct de-orbiting operations and provides a probability calculation for their successful completion. Finally, Eutelsat provides the CNES with a study of the dangers posed to populations, the environment and public health, in particular the dangers associated with the generation of space debris (in the event of a collision with another space object, for example), as well as a plan to address the risks of accidental collisions.

From the outset, the best practices adopted by Eutelsat have enabled the company to comply with the requirements of the French space legislation and the Group continues to be a responsible operator, committed to the avoidance of space debris.

### 10.3.1.5 Sharing Eutelsat's policy and practices

In 2011, Eutelsat became an Executive Member of the Space Data Association (SDA). Bringing together satellite fleet operators, the SDA is tasked with assessing the risks of potential close approaches on the geostationary orbit and the Low Earth Orbit, and sharing information with a view to mitigating RF interference.

Eutelsat is also involved in many events and workshops organised throughout Europe on space debris management. More specifically, the Group plays an active part in two key events organised by the CNES on a regular basis: the Workshop on End of Life

[34] Figures as of 15 June 2020
[35] Figures as of 15 June 2020

Operations (biannual) and the annual Working Panel on outer space debris. It also monitors work by ESA and other relevant international institutions.

In 2013, Eutelsat also presented its internal policy and provided feedback on the French Space Operations Act at a workshop hosted by the "Long-term Sustainability of Outer Space Activities" working group of the UNCOPUOS Scientific and Technical Subcommittee. In addition, Eutelsat has regularly reported on its experience following the implementation of the French legislation during consultation sessions hosted by the CNES in 2013, 2017 and 2018.

## 10.3.2 Responsible fleet management policy

### 10.3.2.1 Satellite manufacturing

Eutelsat has signed agreements, either directly or via its subsidiaries, with four of the world's major satellite manufacturers: Airbus Defence and Space SAS (Airbus Group), Northrop Grumman, SSL (Maxar Technologies Group) and Thales Alenia Space (Thales & Leonardo Group). Each of these manufacturers has adopted policies to minimize their environmental impact and promote sustainable development and comply with international regulations on space debris.

**Airbus Defence and Space** incorporates environmental considerations into all stages of its operations, striving to minimize its ecofootprint and aiming to develop products that are eco-efficient throughout their lifecycle. The company complies with all applicable environmental regulations. In addition to ISO 14001 certification of its environmental management system, it also has ISO 50001 certification for its energy management systems for its sites in the United Kingdom, France (Toulouse) and Germany. The company is focused on achieving the Airbus Vision 2030 Sustainable Manufacturing targets and is thereby taking action to reduce carbon dioxide emissions and improve energy performance in its facilities and operations, as well as raise employee awareness.

**Northrop Grumman** is committed to conducting its operations in an environmentally responsible manner and complying with all applicable environmental laws and regulations. Northrop Grumman embraces environmental sustainability and is committed to minimizing its environmental footprint through its company-wide goals to reduce greenhouse gas emissions, conserve potable water and increase solid waste diversion from landfills.

**Maxar Technologies** meets or exceeds the stringent U.S. Government and State of California environmental requirements and has on-going initiatives to promote sustainable development, reduce waste, conserve water and energy, and implement recycling amongst other sustainability practices.

**Thales Alenia Space (TAS)** is part of the Thales Group which has conducted an environmental protection policy since 2007. A new set of objectives for 2019-2023 continues to seek to reduce energy consumption, CO2 emissions, waste production and recycling. This new set of targets also reinforces the eco-design approach designed to limit the environmental impact of its products. In addition to the ISO 14001 Environmental certification of its sites and products, TAS' main energy consuming sites have been certified ISO 50001 for energy management. The Group is extending its approach to all its suppliers, requiring them to align their policies and internal processes with all the principles that Thales has undertaken to respect.

It should be noted that EU manufacturers are subject to the EU REACH regulation (Regulation (EC) No. 1907/2006) which entered into force in 2007 to secure the production and use of chemical substances by manufacturers within the EU.

### 10.3.2.2 Launch services

As a satellite operator, Eutelsat does not itself launch satellites, but uses launch service providers such as Arianespace and International Launch Services (ILS).

**Arianespace** uses the Ariane 5 ECA rocket to launch Eutelsat's satellites. The main combustion products from this launcher are hydrochloric acid and aluminium oxide from the launcher's solid rockets and water vapour from the cryogenic (liquid oxygen and hydrogen) first and second stages. The total CO2 equivalent emissions from an Ariane 5 ECA launch are estimated at 200 metric tons. Checks carried out after each launch show that the impact on the local environment is very limited. Arianespace continues its efforts to protect the environment in all aspects of the activities at its launch site in Kourou, French Guiana. In 2014, the launch facility's environmental management system and energy management system were, respectively, ISO 14001 and ISO 50001 certified.

**ILS** utilises the Proton M/Breeze M rocket from the Baikonur cosmodrome in Kazakhstan. The Russian Federal Meteorology and Environment Service, the Bauman Moscow Technical University and the Russian Academy of Science have performed a study of the environmental contamination by the Proton M/Breeze M launcher both by the pre-lift off propellant emission and by the combustion product exhaust during Proton M and Breeze M flights. The amount of CO2 generated by the pre-lift-off exhaust is approximately 0.5 metric tons whilst that during the Proton M flight could be up to 350 metric tons. For the Breeze M (upper stage) flight which occurs at altitudes from 160 km up to 35,000 km, the CO2 emissions from the propulsion system can amount to up to seven metric tons.

### 10.3.2.3 Analysis of the life cycle of a geostationary satellite

In 2016, the European Space Agency conducted an analysis of the life cycle of satellites, which found that emissions from the whole life cycle of the mission (design, manufacturing, testing, launch campaign, launch and operation) are estimated at 56,000 metric tons of CO2 equivalent.

## 10.3.3 Pollution on Earth

Due to the nature of its business activities, the Company has no factories or warehouses and its environmental footprint related to energy consumption and air, land or sea transport remains limited. There is no employee training specifically related to environmental protection. Efforts are, however, made to limit energy consumption and transport, which mainly account for the Group's environmental footprint.

### 10.3.3.1 Measures to prevent, reduce or remedy environmental releases to air, water and land that may seriously affect the environment

Eutelsat's fleet of satellites has no direct environmental impact on the Earth's atmosphere. Furthermore, the activities carried out at teleports and offices do not represent any material risk of causing serious damage to the environment.

Sections 3.3.3.1 and 3.3.3.2. outline the key aspects of the environmental policy pursued by satellite manufacturers and launch service providers.

### 10.3.3.2 Addressing specific nuisances, particularly noise pollution

At Eutelsat's Paris-Rambouillet teleport (France), noise pollution only affects the site's employees as there are no residential buildings in the immediate vicinity of the teleport. Noise prevention systems have been implemented to reduce the noise generated by antennas and air-conditioning systems. Earplugs are provided to employees who work in the air-conditioned technical rooms. Periodic inspections are conducted to check the facilities' noise levels and to deploy solutions with a view to their reduction.

The teleport in Turin (Italy) is located in a semi-industrial area in close proximity to residential buildings. In order to reduce the environmental impact of the teleport, a number of measures are implemented on an on-going basis. These include:

- Implementation of a system to reduce noise generated by antennas and air-conditioning systems. Periodic checks are performed once a year (the latest being in December 2018) to check the noise level and implement solutions to reduce it;
- planting of trees around the teleport perimeter to reduce the visual impact of the antennas on the neighbourhood;
- dedicated barriers to reduce the potential electromagnetic impact;
- a system to identify non-operating antennas;
- periodic checks of electromagnetic pollution are performed by ARPA (Regional Agency for Environment Protection) and by the Politecnico di Torino University. The last electromagnetic pollution check was performed in March 2017;
- the continuous monitoring of antenna alignment by the ARPA and the City of Turin through online access to the teleport systems.

In Cagliari (Sardinia), the teleport is in an industrial area that is intrinsically noisy. Periodic noise checks at the teleport are less frequent, the latest having been performed in 2010. Electromagnetic checks are also carried out, the most recent having been completed in 2019 after the installation of two new antennas.

The Iztapalapa Teleport in Mexico is located in a government complex where other telecommunications and security entities are based. The complex is situated in Mexico City, in the vicinity of a power plant and a residential zone. Noise pollution from the teleport is not a major concern as the noise from the city outside the complex is usually greater. Earplugs are provided to employees working in the air-conditioned plant rooms.

The Hermosillo Teleport (Mexico) is also located within a government complex housing telecommunications and security entities but it is not adjacent to any residential areas. Earplugs are provided to employees working in air-conditioned plant rooms. Every two years, inspections are conducted to check the level of noise emissions from the facilities and implement solutions with a view to their reduction.

In the two Mexican teleports, noise pollution has been limited by insulating all noisy equipment at the site. In addition, trees have been planted to contribute to noise insulation and reduce the visual impact of the antennas.

## 10.3.4 Circular economy

### 10.3.4.1 Waste prevention and management

The Group is committed to observing best practices in the management of waste generated in its offices. Starting in 2010 in Mexico and 2015 in Paris, Eutelsat has pursued a rigorous programme to reduce paper consumption and recycle waste in its offices. The programme, which includes replacing printers with multifunction copiers with badges and reducing the number of photocopiers to lower paper consumption, has obtained FSC or EU/Ecolabel certification.

The Group has implemented a number of waste management measures:

- sorting of waste: paper, cardboard, glass, ordinary industrial waste (OIW) using dedicated collection bins;
- installation of waste bins for paper collection in offices and locations frequently used by employees (photocopiers);
- daily removal of waste;
- confidential document destruction by shredding truck;
- recycling of paper, cans, PET (plastic bottles) via Paprec/La Corbeille Bleue;
- WEEE (electrical and electronic waste) from discarded electrical or IT equipment is either donated to associations for those in operation or disposed of by authorised companies.

The Group's international subsidiaries have also implemented consumption reduction and waste sorting procedures.

In 2017, the Madeira teleport was granted ISO 14001 certification for environmental management.

The indicators used in this section concern paper consumption and the amount of waste generated together with the share of recycled waste (see table of indicators at the end of this document).

Eutelsat S.A. provides a corporate catering service for its employees in Paris via a service provider.

### 10.3.4.2 Sustainable use of resources

#### 10.3.4.1 Water consumption and supply in relation to local constraints

Water is used to maintain green areas and for cooling systems.

The sites which consume the most water are the headquarters (Paris) and the teleports. The office air conditioning systems in Paris account for the highest consumption of water, with peak levels during the summer. The water supply system at the Rambouillet teleport was refurbished in 2018, with a separate supply for teleport operations and fire-fighting networks.

In Madeira, rainwater is stored for irrigation and a rain sensor is used to avoid wastage. Water consumption is measured on a monthly basis.

For Eutelsat Americas, the water consumption shown corresponds to that of the Iztapalapa and Hermosillo teleports; consumption at the headquarters is not monitored. Consumption is kept to a minimum, with no watering of green spaces in Iztapalapa and very little watering in Hermosillo (located in the desert), where the local government applies restrictions on the use of water.

The amounts of water consumed are shown in the table of indicators at the end of the document.

#### 10.3.4.2 Consumption of raw materials and, where appropriate, measures for improving efficiency in their use

The Group operates no factories and therefore does not consume raw materials for conducting its business, with the exception of paper.

#### 10.3.4.3 Energy consumption and, where appropriate, measures to improve energy efficiency and the use of renewable energies

Much of the Group's energy consumption is the result of cooling and heating operations for the teleports used for establishing two-way connectivity between the Earth and its fleet of satellites. During the summer months, electronic equipment must remain at constant temperatures, so an air conditioning system is used. During the winter months, when exterior temperatures can fall below freezing, antennas used to uplink signals to satellites must be heated in order to ensure their proper functioning. The Group has gone to great lengths to reduce the teleports' electricity consumption and this has yielded promising results.

Various actions have been rolled out:

- Intensive use of de-icing with anticipation of weather conditions and gradual implementation of a system for supplying fresh air from outside the buildings (free-cooling);
- a pilot passive de-icing system for antennas measuring up to 3.8 metres has been installed on some 20 antennas. It avoids the consumption of energy (electricity or other) for heating the antennas in winter.

In Italy, an energy audit of the Centallo and Cebrosa sites in the Turin region was conducted, resulting in the following actions:

- implementation of new uninterrupted power supplies;
- implementation of an energy management system.

The teleport site in Madeira, Portugal, is equipped with photovoltaic panels.

Eutelsat Americas has been implementing energy-saving measures for many years: priority use of natural lighting, low-energy light bulbs, motion sensors to control lighting in all common areas. For the offices located at Eutelsat's Paris headquarters, "green committees" bringing together suppliers, the owner of the premises and the maintenance service provider are organised to identify measures to save electricity consumption, such as the use of a BMS (Building Management System) or the installation of low-energy light bulbs. Awareness-raising initiatives are regularly carried out among employees.

At the Hermosillo teleport based in Mexico, the site has upgraded its air-conditioning system and replaced the glass roof structure of the main building with thermal insulating panels allowing natural light flow into the building

In addition, the Group Information Systems Division is conducting a streamlining project on Group level concerning its information systems and processes. The main actions taken or pursued since 2016:

- the implementation of a product catalogue for servers and workstations favouring the low consumption of computer equipment and respect for the environment;
- the implementation of equipment such as "Blade" for servers, which consumes less energy, with electrical system units;
- computers go into stand-by mode if not used for 20 minutes;
- the replacement of work stations now tends to be conducted upon request when the station is no longer functional, and no longer systematically every 3 years.

Efforts to streamline machine rooms in order to reduce the volume of servers and the number of machines through virtualisation and clustering techniques round off these initiatives. At the same time, the option of outsourcing some activities of the Datacenter (with the exception of sensitive data) to service providers able to conduct these streamlining operations on a large scale is being considered.

## 10.3.5 Climate change

### 10.3.5.1 Significant items of greenhouse gas emissions generated by the Group's business and, in particular, by the use of the goods and services it produces

The Group assesses the significant items of greenhouse gas emissions over a broader scope, in compliance with Article 173 of France's Energy Transition Act ("Loi de transition énergétique"). This assessment has resulted in a total of 65,736 metric tons of CO2 equivalent, broken down as follows:

| Significant items of greenhouse gas emissions | Emissions in metric tons of CO2 equivalent | Comments |
|---|---|---|
| Satellite life cycle<br>Launch of EUTELSAT 5 West B (October 2019) and EUTELSAT KONNECT (January 2020) | 112,000 | ESA (European Space Agency) study: 56,000 metric tons of CO2 eq. per satellite |
| Energy consumption at Eutelsat's main sites | 5,474 | Mainly electricity, for the teleports and Group headquarters |
| Facilities (emissions upon production with depreciation) | 1,230 | Buildings, electronic and IT equipment |
| Employee air travel | 3,791 | Eutelsat employees* |
| **TOTAL** | **122,496** | |

** Data covering 90% of staff: Eutelsat S.A., Eutelsat Americas, Skylogic and Eurobroadband Services who have reported the information*

Note that the European Space Agency evaluated the emissions generated by a geostationary satellite over its life cycle (production, launch, operation, end of life) at 56,000 metric tons of CO2 equivalent.

The bulk of the emissions results from the Eutelsat 5 West B mission launched on 9 October 2019 and from EUTELSAT KONNECT launched on 16 January 2020. The main emission items for the terrestrial operations are energy consumption and air travel. For these items, projects are underway.

- Energy: see § 10.3.5.2.
- Travel: the new travel purchasing procedure, implemented in 2017 to standardise the travel rules, aims to reduce the

number of trips and encourage the use of video-conferencing tools.

Note also that Eutelsat S.A. (French subsidiary) conducted a Greenhouse Gas Emission Assessment in 2018 for the scope of the direct and indirect emissions related to energy consumption (Scopes 1 and 2 of the official method). These emissions totalled 956 metric tons of $CO_2$ eq., mainly from electricity consumption at the Paris-Rambouillet teleport and in air conditioning systems.

In 2017, Eutelsat Americas conducted a Greenhouse Gas Emission Assessment on a global scale, with an evaluation of 2,522 metric tons of $CO_2$ eq., of which 1,514 tons of $CO_2$ eq. Scopes 1 and 2.

#### 10.3.5.2 Taking into account the impacts of climate change

Eutelsat's activities have limited exposure to the impacts of climate change.

### 10.3.6 Protection of biodiversity

Eutelsat's activities have little impact on biodiversity. However, several initiatives have been conducted in this field.

Most of the land owned but not used by Eutelsat at the Paris-Rambouillet teleport site is leased to a farmer, who has contracted to convert production to organic farming and has started to rest the land for this purpose. Part of the land at the teleport is currently being transformed into flowering meadows.

At the Eutelsat Americas teleport sites, fumigation operations are regularly conducted for pest control purposes, using eco-friendly products.

In Madeira, indigenous plants and grasses have been planted in green areas, and the use of more environmentally-friendly products is encouraged.

## 10.4 SOCIAL INFORMATION

### 10.4.1 Implementing a HR management policy tailored to the Group's challenges

As a state-of-the-art technology company operating in a global market, Eutelsat is committed to creating an international corporate culture, uniting employees around the idea of shared practices and values, attracting and retaining talent and ensuring good working conditions. The role of women in the company and the reframing of the concept of disability are amongst the priorities of the HR management policy. To kick-start a fresh approach to these matters, the first meeting of the Diversity Committee was held on 3 June 2019.

The Group is highly culturally diverse, with employees from 46 countries across five continents at end-2019. Five nationalities are represented on the Board of Directors and 19 on the Leadership Committee. As of 31 December 2019, 44% of the Group's total workforce (i.e. 446 of the 1,005 employees) was outside France.

To make it more cohesive and maintain its international identity, the Group is implementing a policy built around:

- Quality of life at work and employee engagement, measured through the Bloom At Work platform;
- Trainings organised jointly in several countries such as "One Eutelsat";
- In-house sales seminars and webinars, in France and abroad;
- Mobility of French employees across the Group's international subsidiaries.

#### 10.4.1.1 Quality of life at work and employee commitment

At Eutelsat S.A., the action plan to promote gender equality and quality of life at work was unveiled in 2019. It addresses a number of topics with respect to quality of life at work, including work-life balance and the right to log off, echoing the publication in 2017 of a digital tools' usage charter.

The action plan also addresses the launch of a project to relocate the Paris headquarters, which is scheduled to take place in 2020. To this end, the action plan on gender equality and quality of life at work establishes various fundamental principles to govern the layout of the new premises. Quality of life at work represents an organisational challenge for the relocation in terms of working spaces, rest areas, visual and acoustic comfort and even furniture.

In France, an agreement had been successfully negotiated in 2018 on working time accounts (Compte-épargne temps or CET) with the first such accounts being created in 2019. These allow employees to personally manage their leave to tailor their time off to their needs. This agreement puts into effect the desire of the social partners to provide employees with effective measures to help improve their quality of life at work.

For the Group, a key area in improving quality of life at work has been the introduction and roll-out of remote working, initially in Mexico and Italy and subsequently in France. This has been followed by other countries including Russia and Dubai. Some regions have since seen their mechanisms broadened or made more flexible in a spirit of trust and a culture of performance.

In France, an agreement was signed in 2019 making it possible to establish a specific system to support employees facing personal emergencies: the gifting of time off.

This system reflects the unity, solidarity and support shown within a working community and is wholly in line with Eutelsat's values and specifically those of mutual respect and team spirit.

To step up the support provided to carers, at end-2019 discussions began on how to support family caregivers. These should be concluded in 2020. Along the same lines, discussions began in Italy in 2020 on establishing a similar system and specifically on promoting solidarity and the Group's values.

As part of an effort to prevent psychosocial risks, an external hotline (Psya service) allows Eutelsat S.A. employees to reach out to a hotline manned by certified clinical psychologists.

**The company's values, a driver of employee engagement**

The Ethics Charter published in 2018 underlines the company's mission and key values as well as its commitments to its clients, partners and employees. The One Eutelsat programme has been rolled out for over a year, involving 200 Group employees across all subsidiaries and all managers, including the Executive Committee. A driver of employee engagement, this programme has made it possible to unite those employees around the Group's shared values and strengthened their management skills by emphasising professional behaviour, emotional intelligence, managerial kindness and human capital. Training workshops are held to communicate and share these values with all Group employees.

Employee engagement and satisfaction at work are regularly measured and, since last year, have been monitored using the Bloom At Work platform. This combines a digital and employee support solution, surveying employees as to their alignment with Eutelsat's values and their application. Four campaigns were conducted in 2019, the final one in December having a response rate of 8.4/10. Thanks to the breakdown of these results by team, managers can define and put in place actions to deal with areas flagged for possible improvement.

### 10.4.1.2 Talent identification, development and retention

In early 2020, a new "Talent Review" process was undertaken, in line with the 2-year Rising Star programme aimed at high-potential managers.

It uses the Group's HR computer system, covers all countries and teams and instils a "bottom up" approach that enables interaction by team/department and then at Group Executive Committee level.

This process is designed to:

- Identify, develop and retain a talent pool (high potentials and "key experts");
- Feed into the Group's succession plans;
- Facilitate SWOT analyses of organisations and draw up resulting action plans to manage skills (training, recruitment, partnership) and optimise organisations and business processes.

## 10.4.2 Training and career management

### 10.4.2.1 Skills enhancement

To remain competitive, the Group offers employees training programmes that allow them to become more effective in their daily work, or to build new skills that will enable them to remain abreast of developments in the Group's businesses. To this end, Eutelsat S.A. heavily invested in employee training in 2019[36] with a wide range of disciplines and themes covered, reflecting the challenges facing the Group.

Training sessions focused on:

- Cybersecurity;
- Combating corruption: all employees are encouraged to complete an e-learning module in this area;
- Regulatory and technical aspects of satellite communications or data processing systems;

[36] Share of the payroll allocated to training at Eutelsat S.A.: 2%

- Sales performance, using new sales tools;
- Project management, time management and prioritisation;
- Living languages, particularly English and French for non-native speakers;
- Personal development, self-confidence, constructive communication, public speaking;
- Support functions: human resources, finance, law;
- Health and safety, prevention of fires, accidents, electrical hazards, geo-political risks for travellers;

The Group continues to promote digital initiatives including on-line courses, MOOC modules, e-learning, blended learning, etc.

The total number of training hours for the Eutelsat Group in 2019 amounted to 15,290.

### 10.4.2.2 Careers and mobility

In France and in every country where Eutelsat operates, annual performance interviews are conducted by managers with the support of the company's HR computer system. A professional development interview has also been established which must take place on an annual basis and may be conducted in parallel with the annual performance review. These interviews are designed to support employees in their desire for mobility and skills development.

In France, Eutelsat S.A. continues to apply the principle of a mid-career interview, specifically for older employees (45 years plus), which was opened up to all employees in 2015. A jobs board was created with the support of the HR computer system, allowing for all vacancies to be posted ahead of time on the Intranet. Any internal candidate who applies is interviewed.

## 10.4.3 Health, safety and well-being in the workplace

With the exception of the teleports, the Group's activities are carried out in office buildings. As a result, most employees are not exposed to any specific health and safety risks.

### 10.4.3.1 Health and safety conditions

In France, the Comprehensive Risk Assessment Document (DUERP) lists the risks and is updated annually by the safety department at the Paris sites and the Paris-Rambouillet teleport. This document has a specific procedure for dealing with work-related stress risks, available on the Company's Intranet. It was updated twice in the first half of 2020 in response to the COVID-19 pandemic. This pandemic was also an opportunity to express the "One Team" value through the help provided to Group companies located in areas in which the virus was spreading (shipping masks, hand gel, etc.).

Details of the actions carried out in the various fields associated with health and security can be found below.

**Health**:

Eutelsat S.A. (France) has established a guaranteed health and retirement programme for all its employees, particularly through health and life insurance schemes in addition to supplementary retirement benefits. Eutelsat S.A. offers employees over 50 a complementary full medical check-up every three years. A medical centre specialising in prevention carries out health checks intended to avoid serious ailments caused by occupational illnesses by means of high-end medical services. It also offers lifestyle advice designed to minimise the negative impacts associated with factors such as inappropriate diet, sleep problems, and stress. A special programme is in place for controllers, with a medical examination every six months.

**Travel**:

There is a special process for foreign travel, with graded levels of approval depending on the country risk assessment, and membership of a foreign support team. Employees receive general training on travel risks with additional training as required for specific country risks.

**Electromagnetic waves**:

To protect Eutelsat teleport employees in France from potential undesirable exposure to electromagnetic waves, the Company takes the various precautions listed below:

**Tests and access to facilities**:

- Periodic tests measuring radiation and its impact are carried out at the Paris-Rambouillet teleport. The most recent tests were completed in 2019.
- All antennas at the Paris-Rambouillet teleport are tested in accordance with ESVA (Earth Station Verification and Assistance) to ensure the quality of the facility and detect any incidences of radiation exceeding the acceptable norms. As a standard part of every ESVA activity, antenna radiation patterns are measured. This allows for corrective actions to be taken in response to any installation shortcomings (such as excess surface mechanical tolerance, etc.). A radiation pattern is used to determine the maximum permissible EIRP (Equivalent Isotropic Radiated Power) spectral density, which may not be exceeded by any transmission originating from the station being tested. Eutelsat establishes standards to ensure compliance with national and international (i.e. ITU) radio frequency regulations.

- Access to potential high-risk exposure installations (limited number of antennas close to the ground) is strictly controlled by fences or marked with signs on the ground.

**Awareness-raising and training:**

- All employees working on antennas are informed of the potential exposure risks;
- Training of new recruits at the three sites (Balard, Paris-Rambouillet and Le Ponant);
- A first aid course for all employees at the three sites;
- Training of Local Safety Teams at the three sites;
- Fire drills at the three sites.

The other teleports in Italy, Mexico and Madeira have implemented similar procedures.

### 10.4.3.2 Employee representation on health and safety matters

In France, the employee representative body responsible for health, safety and working conditions is the SSCT Committee, an integral part of the CSE. It is the company's main point of contact for such matters. The SSCT Committee meets various times during the year and at least once a quarter. Its powers and role are set out in the Agreement on the transformation of social dialogue – Agreement on the functioning of the social and economic committee, signed in 2018.

In Italy, in-house union representatives, known as RLS ("rappresentante dei lavoratori per la sicurezza") are responsible for issues relating to employee safety. An employee is also responsible for the safety of installations and for the mandatory health and safety training of all employees. This employee is called the "Preposto alla sicurezza". Lastly, the HR team arranges regular medical check-ups for employees.

Within the Group, the equivalent of 76% of employees are covered by an employee representative body. This is the case in France, Italy and Mexico.

### 10.4.3.3 Accidents at work and occupational illnesses

In 2019, 7 occupational accidents were recorded throughout the Group, including 6 in France and 1 in Mexico, representing a total of 240 days lost due to these accidents, 208 of which in France and 32 in Mexico.

No occupational illnesses were identified.

## 10.4.4 Employment

### 10.4.4.1 Workforce

The Group's workforce has risen slightly: 1,005 employees in 2019 (999 in 2018).

The Group's subsidiaries in France, Italy and Mexico, and since 2017 in the Middle-East (formerly Noorsat), account for close to 90% of the workforce.

Eutelsat S.A. prepares an annual social audit report summarising the key points in a single document. This provides a high-level overview of the Company's performance. The social audit report is prepared with reference to the calendar year.

Breakdowns of the workforce by gender, age and geographical area can be found in the social indicator tables in Section 3.7.1.

### 10.4.4.2 Compensation

Employee compensation comprises a fixed salary, bonuses and a LTIP ("Long Term Incentive Plan"). The performance criteria used to calculate the bonuses are correlated with Group or departmental performance and have been harmonised across the Group and its subsidiaries.

Eutelsat S.A.:

A corporate savings plan (PEE) was established within Eutelsat S.A. in July 2000: the plan shares significant sums on top of compensation as part of a profit-sharing plan.

Employees who so wish may save up to €5,000 per year in the corporate savings plan (PEE). Eutelsat tops this up with an employer contribution of up to €2,170.

## 10.4.5 Work organisation

### 10.4.5.1 Collaborative Innovation

In the company's six main sites in France, Italy, and Mexico, innovation meetings are held with the Head of Innovation, with more than 600 people (the bulk of the workforce) having participated. These meetings are intended to collect ideas for innovation from employees, using tools that encourage creative expression.

A jury comprising members of various company departments examines the proposed ideas (over 50 in various fields) under the oversight of the Strategy Department. The best ideas are rewarded, and everyone's participation is recognised.

Eutelsat is also working on digital transformation. This helps to bring together the company's cultures, processes and tools under the One Eutelsat programme.

The Group's new intranet portal was launched in May 2019. This portal gives employees a single access point for their business tools which are now standardised, a company-wide social network and any useful information and documents.

### 10.4.5.2 Working time arrangements

Eutelsat complies with the International Labour Organisation (ILO) rules on working time arrangements. Moreover, the Group's management ensures that all subsidiaries, both in France and abroad, comply with local labour laws, including those relating to working time.

In France, which accounts for 56% of Group employees, Management applies the statutory 35-hour week for non-managerial staff representing 12% of the workforce. The vast majority (86%) of employees hold management positions and benefit from a package of 212 working days per year, allowing for more flexibility in the way they organise their schedules. Employees receive six weeks of paid leave. Managers also enjoy 13 days of RTT (Reduction of Working Time).

Several working time agreements have been signed with employee representatives, including the Working Time Account and remote working agreements, signed in 2018.

The subsidiaries have a policy of paid leave that complies with the labour laws and regulations in the countries in which Eutelsat operates. Some offer additional leave provisions and benefits.

Beyond the technical aspects of remote working, remote working (see Section 3.4.1.1) is part of the corporate plan to foster a culture of performance and accountability amongst team members. Employees are able to contribute to new ways of sharing work between the office and home.

## 10.4.6 Labour relations

Group management strives to further productive social dialogue for the well-being of its employees worldwide and above all to ensure ongoing compliance with local practices in the countries in which it operates. The Group's HR Department looks to harmonise practices and schemes across companies with a view to strengthening the "One Team" spirit, a value reaffirmed within the Group.

### 10.4.6.1 Organisation of social dialogue

For Eutelsat, social dialogue and maintaining a positive social climate are very important, as demonstrated by the ongoing dialogue between the social partners. The roll-out of My HR Planet across the Group provides a tool that will support integration and social dialogue. It is now accessible through the Group's intranet portal.

At its main subsidiary Eutelsat S.A., the Group fully respects freedom of association and promotes social dialogue through collective bargaining. Following the rulings in September 2017, Eutelsat's social partners agreed to extend the existing mandates for another year. A works committee (French CSE) was set up following the election of employee representatives in November 2018. In 2019, the company showed its ability to develop social dialogue with these new bodies and to implement their new role, which was notably the subject of an agreement in 2018.

Eutelsat S.A. has implemented an agreement on trade union rights governing, in particular, relations between the social partners. The Company Intranet, where company-level agreements are accessible, is also a communications tool on these matters. In addition, meetings are organised around the annual and half-year results to recap on the highlights for the period and present the results to Group employees.

A co-construction initiative has been established with all stakeholders, notably via joint working groups on key issues.

More than just underpinning communications and dialogue, the Intranet portal available to the whole Group represents a means of changing working practices against the background of the digitalisation of the company.

### 10.4.6.2 Assessment of collective agreements

This section mainly concerns Eutelsat S.A., whose collective agreements are published on the Company's Intranet.

Eutelsat S.A.'s social partners emphasise corporate social responsibility:

- "Mid-career" interviews are held annually with employees who wish to reflect on their experience and skills and fulfil their mobility aspirations;
- Combined with the agreement on the "Generation Contract" signed in November 2016, the company offers employees who are approaching the end of their careers a part-time mechanism with full pension contributions, alongside schemes to help them with their retirement;
- In 2018, two agreements on i) working time accounts (CET) and ii) remote working were signed and have been rolled out within Eutelsat SA since 2019. Similar remote working arrangements have also been implemented in various subsidiaries, e.g. in Italy.
- In 2019, the social partners signed an agreement governing the gifting of time off between employees, defining the arrangements and rules of application both for Eutelsat and for the employees who are giving and receiving. This agreement reflects the spirit of unity and solidarity to support employees facing family emergencies.

Regarding gender equality and the "Generation Contract", a review of the recommended measures is conducted annually and presented to the employee representatives.

## 10.4.7 Diversity and equal opportunities

### 10.4.7.1 Gender equality

The proportion of women in the company and gender equality are priorities for the company and the Executive Committee has tackled these issues to make progress in this area. At Group level, a Diversity Committee was set up and began work on 3 June 2019, focusing in particular on the place of women in the company. The percentage of women in the Group is 30.7%. The 2022 target is 33% and is one of the long-term variable compensation criteria agreed in November 2019. The plan supports measures pertaining to paternity leave, which have been rolled out across a number of countries: Italy, Singapore, Dubai, Mexico, actions to raise awareness of and combat cognitive biases for employees and managers, along with educational efforts carried out in partnership with NGOs (Fondation CGénial, Junior Achievement).

In France, a new action plan to promote gender equality and quality of life at work was established at the end of 2019 to be rolled out in 2020. It follows on from the previous action plan dating back to 2018 and covers access to employment, career development, effective compensation and work life balance. Targets and indicators have been set for each of these. The Gender Equality committee meets at least once a year to monitor this action plan.

A special budget is set aside for salary adjustment schemes. The taking of paternity leave is also encouraged. Since 2009, Eutelsat S.A. has been topping up the indemnities paid to fathers by the social security system, in order to maintain compensation levels.

Data on employment, training and compensation by gender can be found in the social indicator table.

Within the Group, a paternity leave scheme has also been put in place designed to give new fathers time to help out around the home. In a number of countries, the Group offers new fathers additional days of leave on top of the statutory provision. In Italy for example, the company provides an additional five days, bringing total paternity leave to 12 days. In Mexico, paternity leave has been doubled to 10 days. In France, statutory paternity leave is 11 days, but discussions have begun in 2020 about extending this.

### 10.4.7.2 Employment and integration of people with disabilities

The Group employs 19 people with disabilities (compared with 12 in 2018), eight of whom by Eutelsat S.A. (six in 2018).

As far as possible, Eutelsat subcontracts a certain number of specific services to providers employing people with disabilities and ESATs (vocational rehabilitation centres): supplying flowers and other decorations, digitisation and monitoring of expense accounts, reception service and the cafeteria.

Eutelsat also seeks to find other jobs within the company for employees who are deemed unfit for their existing positions. In addition, the Company works with recruitment agencies that are aware of disability issues and, when possible, these agencies nominate candidates with disabilities.

Eutelsat S.A. contributes a portion of the apprenticeship tax collected to institutions that focus on promoting education for people in need of a second chance or on integrating people with disabilities.

In line with the values of respect, confidence and courage that it upholds, Eutelsat is committed to promoting an understanding of disability within the company and to combating prejudice. To this end, initiatives to raise awareness were carried out in 2019 in cooperation with APF in France. Fun interactive workshops were offered to all employees to change their perception of disability, whether visible or invisible. Eutelsat intends to continue this practice in the future, by holding new thematic days.

#### 10.4.7.3 Combating discrimination and encouraging diversity

The international and multicultural context and compliance with local regulations have led Eutelsat to emphasise skills and diversity, eliminating all forms of discrimination from its HR management processes.

Diversity and, in particular, multiculturalism are key to Eutelsat's success (see Section 3.1.3.3).

### 10.4.8 Respect for the fundamental conventions of the ILO

All Eutelsat subsidiaries comply with the ILO's conventions and principles in countries where these fundamental conventions apply.

#### 10.4.8.1 Respect for freedom of association and the right to collective bargaining

All Eutelsat subsidiaries have stated that they are in compliance with all regulations regarding the right to collective bargaining in the countries in which they operate.

The Group observes strict political, religious, and philosophical neutrality. The Group makes no financial contribution to political candidates, elected political representatives or political parties. Employees are allowed to participate in political activities in their own right, outside company premises and without using the Group's corporate image to support their personal beliefs. These principles are applied with due regard for the individual freedom of expression of employees and their representatives.

#### 10.4.8.2 Combating discrimination in jobs

The Group respects the principles outlined in the ILO conventions.

#### 10.4.8.3 Elimination of forced labour

All Group subsidiaries comply with the principles outlined by the ILO.

#### 10.4.8.4 Prohibition of child labour

All Group subsidiaries comply with the principles outlined by the ILO.

## 10.5 INTEGRITY AND ETHICS

### 10.5.1 Commitment of the Governing Body

Integrity and ethics are key priorities for the Group. This is reflected in the governing body's commitment to fighting corruption and all forms of unethical business practices and is demonstrated by all the measures put in place not only to prevent and detect corruption or influence peddling, but also to ensure compliance with regulations on personal data protection and competition law.

### 10.5.2 Compliance Policy

#### 10.5.2.1 Compliance regarding the fight against corruption and influence peddling

During the financial year and in compliance with the French Sapin 2 Bill, the Group continued to strengthen its compliance policy aimed at preventing and detecting cases of corruption and influence peddling and to roll out the programme by taking the following actions:

- **Continued implementation of the global action plan based on risk mapping and other specific action plans with regard to the main risk areas identified**

Following the presentation of the corruption risk mapping to the Audit Committee in November 2018, the Compliance Department, reporting to the Company Secretary, drew up a global action plan as well as targeted action plans, which were shared with the local compliance officers (who are generally the subsidiaries' legal directors) and presented to the Audit Committee - which became the Audit, Risks and Compliance Committee - in January 2019

In February 2020, the Compliance Department reported on the progress of the implementation of the action plan. The presentation showed that most of the planned actions are in the process of being rolled out or have already been put in place.

- **Development and regular update of internal policies regarding ethics and compliance**

The Group is committed to observing the highest ethical standards in all the countries in which it operates. In order to formalize this commitment, and to ensure that it is enforced consistently across all Group entities, internal ethics and compliance policies have been developed and are regularly updated. This set of anti-corruption guidelines is regularly supplemented to address the risks identified through the mapping of corruption and influence peddling risks.

During the financial year, Eutelsat drew up a Code of Conduct for the Prevention of Corruption and Influence Peddling, a Gifts and Hospitality Policy aimed at reducing the risk of corruption that may arise from such practices, and a Whistleblowing and Internal Investigations Charter.

- **Extension and automation of pre-contractual due diligence procedures with third parties**

During the year, the Group extended the scope of its pre-contractual due diligence procedures with respect to third parties, which had previously only concerned commercial agents, identified as those third parties potentially most at risk, and joint venture partners, third parties of strategic importance due to the nature of their relationship with the Group. These procedures are now carried out systematically and automatically for all third parties - customers, suppliers and agents - before they enter into a contractual relationship with any Group entity, and in different ways depending on the level of risk involved. They include extensive anti-bribery checks via the specialized WorldCheck database. In 2019, 7,936 WorldCheck audits have been carried out. Based on the results of corruption risk analyses, in-depth investigation reports may be requested from ADIT, a company specializing in both open and closed investigations. The due diligence process is integrated into the internal operational procedures, in particular those relating to purchases and sales.

Indicators of activity and results are presented in § 10.7.3 Societal information.

- **Optimisation of the internal whistleblowing mechanism**

During the year, the Group outsourced its internal whistleblowing mechanism and adapted its whistle-blowing policy by adopting a Whistleblowing and Internal Investigations Charter, with the combined objective of encouraging the collection of reports and guaranteeing the whistle-blower’s protection.

The whistleblower hotline has been outsourced to an independent specialist service provider for strict confidentiality of notifications and 24/7 availability in all countries in which the Group operates.

The Whistleblowing and Internal Investigations Charter was drawn up in accordance with the provisions of Bill No. 2016-1691 of 9 December 2016 on transparency, anti-corruption and the modernisation of economic life ("Sapin 2 Bill"): the scope of notifications has been extended beyond the sole cases of possible corruption, and the protection of the whistleblower acting in good faith has been secured through the adoption of a non-reprisal policy and strict confidentiality measures. The Charter also sets out the rules governing data collection and storage in accordance with the French Data Protection Act of 6 January 1978 and EU Regulation 2016/679 of 27 April 2016 on protection of personal data.

During the past year, two notifications were received. The first, which was issued by the EAS subsidiary in October 2019 via an internal reporting channel, prompted an audit by the internal audit department. The second notification was received in January 2020 through the Expolink platform and was processed by the Compliance Department. Both alerts were processed within one month.

- **Training programme intensification**

The training programme on the fight against corruption and influence peddling is aimed at both (i) new Group employees, in order to raise awareness within a reasonable period of time following their arrival date, and (ii) existing employees on a regular basis, in order to ensure that they maintain and update their knowledge.

Face-to-face training sessions are organised twice a year for new employees of Eutelsat. In 2019, 110 Eutelsat employees have completed online training in the prevention of corruption. These 110 employees were the remaining employees to be trained as part of the anti-corruption e-learning campaign launched in 2018. It should be noted that this training was mandatory for all Group employees.

Online training campaigns are organized every two years for all Group employees, to ensure that they are provided with a minimum level of awareness and regular updates. The latest campaign launched in June 2018 included a separate component dedicated to competition law, in addition to the section on anti-corruption.

During the financial year, follow-up of online training became part of the on-boarding procedure for new employees in all the Group's entities, to ensure that they receive training in the shortest possible time.

A new e-learning programme on the risk of corruption is in preparation.

- **Monitoring and evaluation of Internal Audit Department's actions**

During the 2018 financial year, the Internal Audit Department conducted two specific missions aimed at preventing and fighting corruption and influence peddling: a first mission to control and evaluate the measures implemented under the compliance programme, on which a report was issued in July 2018, and a second mission to monitor the implementation of the recommendations of the first audit, on which a report was issued in October 2018.

These recommendations were further implemented during the year; to date, 99% of the recommendations have been implemented or are in the process of being implemented.

Based on the answers to the French Anti-Corruption Agency's (AFA) monitoring questionnaire, the maturity indicator stood at 1.51 on

1 January 2019, up from 2018. This indicator ranges from 1 to 3, with 1 being the highest score.

#### 10.5.2.2 Compliance regarding personal data protection

During the financial year, the Group pursued the implementation of its policy of compliance with the regulations on personal data protection, in particular Regulation (EU) 2016/679 dated 27 April 2016 (“GDPR”) and French Bill no. 78-17 dated 6 January 1978 as modified (known as “Loi informatique et libertés”).

In May 2018, the Group appointed a Personal Data Protection Officer (DPO) (although it was not required to do so under the GDPR) to oversee the compliance process. The Personal Data Protection Officer is a member of the Group's Legal Department, reporting to the Company Secretary. It is the first point of contact on data protection issues.

From an organisational perspective, the DPO has set up an internal network of correspondents within the subsidiaries and operating divisions. Correspondents have received specific training from the DPO. The network helps to ensure that correspondents are continuously aware of data protection issues and that information is circulated so that personal data protection and systems security issues can be addressed at an early stage of a project.

Based on the mapping conducted in 2018, a data processing register has been created and it is regularly updated by the DPO.

A contractual policy governing relations with data processors has been drawn up. Specific provisions are regularly incorporated into our agreements with suppliers and service providers. Personal data protection reviews are carried out by the DPO.

As part of the DPO's activities and relations with his/her correspondents, the DPO has organised procedures for managing requests from data subjects wishing to exercise their rights pursuant to the standards of the regulations. Similarly, in case of personal data breach, procedures have been drawn up enabling the DPO to investigate and report the data breach and perform the necessary notifications. Where appropriate, the DPO works in close cooperation with the Information Systems Security Officer.

Insofar as the protection of personal data is a collective matter, the DPO undertakes awareness-raising actions for all staff members who are required to have a certain amount of background knowledge on the subject. Presentations and training sessions have been offered to more than a hundred Group employees.

#### 10.5.2.3 Human rights

Eutelsat is committed to respecting human rights in the countries where the Group operates, in particular the Universal Declaration of Human Rights, the International Labour Organisation's fundamental conventions and the United Nations Guiding Principles for Business and Human Rights.

In 2019, Eutelsat signed up to the ten principles of the United Nations Global Compact.

As part of its General Terms and Conditions of Sale, Eutelsat has incorporated a provision requiring each party to the contract to ensure that they comply with applicable laws and regulations on child labour and fundamental human rights.

### 10.5.3 Governance

In terms of governance, the Group Compliance Division has set up an internal network of correspondents to promote the deployment of the compliance program across all entities of the Group, by implementing local compliance actions, monitoring their effectiveness and reporting any perceived weaknesses.

In addition, the membership and scope of the Group Compliance Committee set up in 2014 has been expanded. The Committee meets every two months and is required to deliver an opinion on all matters related to the prevention and detection of corruption and influence peddling within the Group, and more broadly on all matters pertaining to corporate ethics.

During 2019, the Compliance governance has evolved, resulting in the separation of the positions of Chief Compliance Officer and Data Protection Officer, with two persons now holding these two roles.

The Audit, Risks and Compliance Committee has also seen its remit expanded to include legal and regulatory compliance issues. The mapping of the Group's corruption risks, as well as the associated action plan and targeted action plans were presented to the Committee during the year and are reviewed on a half-yearly or annual basis depending on the level of maturity.

### 10.5.4 Consumer Health and Safety Measures

Eutelsat has no direct link with consumers who use Eutelsat services through their Internet access or content providers. There are no specific measures relating to the health or safety of end-users.

## 10.6 OTHER HUMAN RIGHTS ACTIONS

### 10.6.1 Jamming, a breach of freedom of information

Since 2009, Eutelsat has seen a substantial increase in the number and length of jamming operations affecting its satellite signals. Jamming is defined as interference on Eutelsat's satellite networks which is clearly deliberate and is aimed at disrupting or even preventing the broadcasting of certain TV channels.

After a peak in 2012-13, the number of jamming operations declined steadily until 2018, when an intensive upsurge in interference from Iraq was recorded.

By definition, deliberate interference is a violation of freedom of information, as enshrined in Article 19 of the Universal Declaration of Human Rights (1948) and subsequently in the UN Covenant on Civil and Political Rights (1966). The latter, which is binding on the Signatory States, provides in Article 19.1 that "everyone has the right to freedom of expression; this right includes the freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing, in print or in the form of art, or by any other media of their choice". The European Convention for the Protection of Human Rights (Article 10) and the Charter of Fundamental Rights of the European Union, which is equivalent to a European treaty, add that freedom of information must not be restricted by interference by public authorities. Accordingly, the EU Charter of Fundamental Rights states in Article 11 that "everyone has the right to freedom of expression. This right includes freedom of opinion and the freedom to receive or impart information or ideas without interference from public authorities and regardless of frontiers". Finally, Article 11 of France's Declaration of the Rights of Man and of the Citizen (DDHC) of 1789 recalls that "freedom to communicate thoughts and opinions is one of the most valuable rights of human beings: every citizen may therefore speak, write and print freely, subject to being answerable for abusing this freedom in cases determined by law". Given that the DDHC is part of the French constitutional framework, this principle has constitutional status.

Extensive jamming or signal piracy operations have been reported during major sporting events and on sports channels. Eutelsat partners with content providers to combat pirating activities.

### 10.6.2 Eutelsat activities to combat intentional interference

Eutelsat constantly monitors incidents of intentional interference, identifying their origins (if possible) and the channels affected. The Group is a member of the Satellite Interference Group (SIG), whose mission is to maintain interference at its lowest level. In this context, Eutelsat uses the "Carrier ID" (CID) system, an embedded code containing information, which allows satellite operators to quickly and easily identify the source of the transmission causing interference. In conjunction with representatives of this organisation and of the GVF, Eutelsat is examining the measures to be adopted against deliberate interference, which must be based on a better geolocation of the signal's origin and on the creation of a repository containing all relevant data on this subject.

Intentional interference is also considered illegal under Article 45 of the Constitution of the International Telecommunications Union (ITU) and Article 15 of the Radio Regulations. This is why the ANFR systematically files complaints with the ITU authorities against countries in which the jamming operations originate.

Moreover, following initiatives to which Eutelsat has actively contributed, the Radio-communication Bureau of the ITU recommended the implementation of a series of measures aimed at strengthening regulations governing intentional interference. In particular, it suggested that a network of independent stations be deployed to better track the issue (signature of a Memorandum of Cooperation at ITU), in order to increase and/or confirm the geolocation of deliberate interference.

Faced with the hitherto limited tools and measures available to ITU to address and reduce deliberate jamming operations which have heavily targeted Eutelsat satellites in recent years, France also initiated a draft resolution on the issue which was discussed at CEPT before being submitted as a Common European Proposal at the ITU's Plenipotentiary Conference held in October/November 2014.

With the support of several States and the collective involvement of the satellite industry and its customers, as well as international television channels (EBU, BBC, BBG, etc.), the Conference adopted Resolution COM5/2 on transparency and confidence-building measures in outer space activities.

This strengthens the Union's ability to avoid harmful interference by focusing on the sharing of best practices:

- ITU's newly-granted ability to draw on a network of independent monitoring stations to confirm cases of deliberate jamming;
- interference geo-localisation;
- the setting up by ITU of a database for identifying such cases.

Finally, Eutelsat will further contribute to regulatory developments by supporting the work of the relevant international bodies (ITU, COPUOS) and their contacts, including national authorities (ANFR) and international organisations (EUTELSAT IGO).

Furthermore, Eutelsat follows up on issues regarding the protection of intellectual property rights, in particular the broadcasting of content by "pirate" channels. Since March 2014, the Group has been a member of an Anti-Piracy Coalition that brings together key players in the industry (satellite operators, content providers, distributors, advertisers, etc.) in North Africa and the Middle East (http://menaapc.org/index.html), to monitor satellite TV piracy, take all possible measures to stop piracy (systematic notification of breaches to the distributors involved), ensure the sharing of all data and information relating to pirate channels and raise awareness of the consequences of piracy.

## 10.7 INDICATORS

### 10.7.1 Social Information

The indicators are structured as specified in the French Commercial Code with regard to extra-financial reporting. Correspondence with the data item listed by the GRI standard is indicated when available, as well as a list of the GRI data items published in the DPEF.

NB: Other GRI data items (notably on governance and risks) are contained in this document but are not listed here.

| Social information (calendar year 2018 unless otherwise stated) | | | Value 2019 | Value 2018 | Unit | GRI ref. | Perimeter |
|---|---|---|---|---|---|---|---|
| **a) Employment** | | | | | | | |
| | Total workforce | | 1,005 | 999 | FTE | 102-7 | Group |
| | Workforce by gender | Male | 698 | 692 | FTE | 102-8 | |
| | | Female | 307 | 307 | FTE | 102-8 | |
| | Workforce by age | Under 25 | 1.10% | 1.79% | FTE | 401-1 | Group |
| | | 25-40 | 36.80% | 40.18% | FTE | 401-1 | |
| | | 40-60 | 56.60% | 54.58% | FTE | 401-1 | |
| | | Over 60 | 5.50% | 3.46% | FTE | 401-1 | |
| | Workforce by geographical area | France | 559 | 578 | FTE | 102-8 | |
| | | Italy | 168 | 135 | FTE | 102-8 | |
| | | Mexico | 128 | 133 | FTE | 102-8 | |
| | | Middle East | 47 | 50 | FTE | 102-8 | |
| | | Other | 103 | 103 | FTE | 102-8 | |
| | Recruitments and departures | Recruitments | 45 | 50 | Persons | 401-1 | Eutelsat S.A. |
| | | Departures | 51 | 42 | Persons | 401-1 | Eutelsat S.A. |
| | | of which dismissals | 12 | 14 | Persons | | Eutelsat S.A. |
| | Compensation and evolution of compensation | | see document § 10.4.4.2. | | | 102-35 | |
| **b) Working time organisation** | Work time organisation | | see document § 10.4.5.2. | | | | |
| **c) Labour relations** | Organisation of social dialogue | | see document § 10.4.6.1. | | | | |
| | Assessment of collective agreements | | see document § 10.4.6.2. | | | | |
| **d) Health and safety** | Health and safety conditions at work | | see document § 10.4.3. | | | | |
| | Review of signed agreements: health and safety at work | | see document § 10.4.3.2. | | | | |
| | Occupational accidents with absence | | 7 | 4 | nb accidents | 403-2 | Eutelsat S.A. |
| | Seriousness: no. of days of absence caused by an accident | | 271 | 30 | nb days | 403-2 | |
| | Occupational diseases | | 0 | 0 | | 403-2 | |
| **e) Training** | Implementation of training policies | | see document § 10.4.2. | | | 404-2 | |
| | Training hours | | 15,310 | 25,507 | hours | 404-1 | Group ex. Noorsat |
| **f) Equal opportunities** | Gender equality | | **Men 2018** | **Women 2018** | | | |
| | | Managers | 152 | 58 | Persons | | Group |
| | | Non managers | 546 | 249 | Persons | | |
| | | Training hours | 11,415 | 3,895 | hours | 404-1 | |
| | | Average pay (€) | 69,637 | 53,759 | Euros | | 4 main entities* |
| | | | | | | | |
| | | | **2019** | **2018** | Unit | | |
| | Disabled people | | 16 | 12 | FTE | | Group |
| | Fight against discriminations | | see document § 10.4.7.3 | | | | |
| **g) Promotion and implementation of ILO Conventions** | Respecting freedom of association | | see document § 10.4.8 | | | | |

| | | | | |
|---|---|---|---|---|
| | Eliminating discriminations | | | |
| | Abolishing forced or compulsory labour | | | |
| | Abolishing child labour effectively | | | |

* The 5 main entities are Eutelsat S.A. Eutelsat Americas Skylogic Eurobroadband Services and Noorsat
* The 4 main entities are Eutelsat S.A. Eutelsat Americas Skylogic and Eurobroadband Services

## 10.7.2 Environmental Information

| Environmental information - calendar year 2018 unless otherwise stated | | | Value 2019 | Value 2018 | Unit | Ref GRI | Perimeter |
|---|---|---|---|---|---|---|---|
| **a) Global environmental policy** | | | | | | | |
| Corporate organisation to take account of environmental issues | | | see document § 10.3.1. | | | | Group |
| Employee training and information initiatives in favour of environmental protection | | | | | | | |
| Measures aimed at preventing environmental risks and pollution | | | | | | | |
| Amount of provisions and guarantees for environmental risks | | | 0 | 0 | € | | |
| **b) Pollution and waste management** | | | | | | | Group |
| Measures aimed at preventing, reducing or remedying releases that adversely affect the environment | | | see document § 10.3.4.1. | | | | |
| Taking into account all forms of pollution related to a specific activity, in particular noise and light pollution | | | see document § 10.3.4.2. | | | | |
| **c) Circular economy** | | | | | | | |
| Waste prevention and management | | | see document § 10.3.5.1. | | | | |
| Waste prevention, recycling and recovery measures | | | see document § 10.3.5.1. | | | | |
| Paper and cardboard waste | | | | | | | |
| | | Headquarters + Sites with teleport | 18.42 | 23 | tons | 301-1 | Headquarters + sites with teleport |
| Quantity of waste | | | | | | | |
| | | Headquarters + Sites with teleport | 51.74 | 70 | tons | | Headquarters + sites with teleport |
| Measures to combat food waste | | | N/A see document § 10.3.5.1. | | | | |
| Sustainable use of resources | | | see document § 10.3.5.2. | | | | Group |
| Water consumption and supply with respect to local constraints | | | see document § 10.3.5.2. | | | | |
| | | Eutelsat S.A. Headquarters + teleports | 11,482 | 19,807 | m3 | 303-1 | Headquarters + sites with teleport |
| Consumption of raw materials and measures to improve efficiency in their use | | | see document § 10.3.5.2. | | | | |
| Energy consumption, measures to improve energy efficiency and the use of renewable energy sources | | | see document § 10.3.5.2. | | | | |
| Electricity | | Eutelsat S.A. Headquarters | 3,555,300 | 3,555,300 | kWh | 302-1 | Eutelsat S.A. Headquarters |
| | | Rambouillet teleport | 9,090,610 | 8,808,208 | kWh | 302-1 | teleport Rambouillet |
| | | Eutelsat Americas (Mexico) | 3,551,849 | 3,376,173 | kWh | 302-1 | Eutelsat Americas |
| | | Skylogic (Italy) | 6,064,307 | 5,808,025 | kWh | 302-1 | Skylogic (Italy) |
| | | Madeira teleport | 864,231 | 883,009 | kWh | 302-1 | teleport Madeira |
| Fuel oil | | Consolidated consumption | 2,0959 | 31,840 | Litres | 302-1 | Group |
| Land use | | | N/A see document § 10.3.5.3. | | | | Group |
| **d) Climate change** | | | | | | | |
| Greenhouse gas emissions including 2019 and 2020 satellite missions | | Group Scope 3 art. 173 | 122,496 | 65,283 | T CO2e | 305-1,2,3 | Group Scope 3 |
| Adapting to the consequences of climate change | | | see document § 10.3.6.2. | | | | |
| **e) Protection of biodiversity** | | | | | | | |
| Measures to preserve or develop biodiversity | | | see document § 10.3.7. | | | | teleport Rambouillet |

## 10.7.3 Societal Information

| Societal and ethical information | | | | Ref document | Ref GRI | Perimeter |
|---|---|---|---|---|---|---|
| **a) Territorial, economic and social impact of the Company's activity** | | | | § 10.2.3. | | Group |
| in terms of employment and regional development | | | | §10.2.3.3. | | |
| on neighbouring or local populations | | | | § 10.2.3.4. | | |
| **b) Relations with persons or organisations interested in the Company's activity, in particular social integration associations, educational institutions, environmental protection groups, consumer associations and local populations** | | | | § 10.2.2. | | |
| How to engage in dialogue with these persons or organisations | | | | § 10.2.2. | | |
| Partnerships or sponsoring initiatives | | | | § 10.2.2.1 à 10.2.2.4. | | |
| **c) Outsourcing and suppliers** | | | | §10.2.4. | | |
| taking social and environmental issues into account in the procurement policy | | | | §10.2.4. | | |
| emphasizing the importance of subcontracting and taking into account the social and environmental responsibility of suppliers and subcontractors when dealing with them | | | | § 10.2.4. | | |
| **d) Integrity, ethics, fair practices** | | | | § 10.5. | | |
| Fight against corruption and influence peddling | | | | § 10.5.1.1. | | |
| | | **2019** | **2018** | | | |
| | Meeting of Group Compliance Committee | 5 | 7 | | | |
| | New sales agents proposed | 3 | 3 | | | |
| | New sales agents appointed after proposal | 1 | 1 | | | |
| | Sales agents proposed for renewal | 2 | 6 | | | |
| | Sales agents renewed after proposal | 0 | 6 | | | |
| | Worldcheck controls | 7,936 | 7,071 | | | |
| | Hits (entities or persons identified) same period | | 576 | | | |
| | Negative resolution | | 1 | | | |
| | Number of internal inquiries | 2 | 6 | | | |
| | Number of alerts received via the outsourced whistleblowing line | 1 | 0 | | | |
| Personal data protection | | | | §10.5.1.2. | | |
| Measures to promote consumer health and safety | | | | N/A § 10.5.3. | | |

## 10.8 METHODOLOGY AND SCOPE

In accordance with Article L. 225-102-1 of the French Commercial Code and Decree No. 2017-1265 of 9 August 2017 implementing Order No. 2017-1180 of 19 July 2017 on the disclosure of non-financial information by certain large companies and groups of companies, the Group has prepared a response for items that are relevant to its business.

### 10.8.1 Methodology

Each Eutelsat Communications Group subsidiary has provided some information for drafting this report. The section on “social aspects” has been consolidated by the Human Resources Department in the Group’s largest subsidiary, Eutelsat S.A., located at the Group’s Headquarters in Paris, France. Information regarding “environmental impacts” primarily reflects input from Eutelsat’s suppliers (satellite manufacturers and launch companies). We have also included certain information from the Group’s Italian and Mexican subsidiaries and teleports located in Paris-Rambouillet (France), Turin (Italy), Madeira (Portugal) and Mexico as they have a limited environmental impact. In particular, there is no discharge of polluted water (no industrial activity). Concerning actions against food waste, Group facilities in France do not offer any catering services, so this point has also been ignored. The "corporate" information was gathered mainly through the operating company, Eutelsat S.A., but reflects the picture of the Group as a whole.

With reference to Article L225-102-1 of the French Commercial Code, the following topics were excluded as they were not material to Eutelsat's business:

- The fight against food waste and food deprivation;
- A commitment to animal welfare and to responsible, fair and sustainable food

### 10.8.2 Scope

This work has been coordinated by the Corporate Communications Department and involves the Group’s main departments and subsidiaries: Human Resources, Investor Relations, Corporate Affairs, Legal Affairs, Legal Affairs, Technical Department, General Services, Finance, Audit and Internal Control, Risk Management, and Teleports.

As the Group's main operating subsidiary, Eutelsat S.A. employs the majority of its workforce (57%). Information from this subsidiary is used as an "internal reference" for the Group. For the other subsidiaries included in the scope of consolidation, please refer to Section 5.1 "Simplified Group Organization Chart" of this document. Where the information being reported is provided exclusively by a specific subsidiary, this has been specified. Quantitative information in this report refers to the 2019 calendar year (1 January 2019 to 31 December 2019), unless otherwise indicated.

# 11 OTHER INFORMATION PRESENTED

## 11.1 RESEARCH AND DEVELOPMENT

The Group spent 0.2 million euros on research and development during the financial period ended 30 June 2020, including 0.2 million euros development costs recorded as intangible assets.

## 11.2 TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL PERIODS

As required by article R. 225-102 of the Code de commerce, a table showing the Company's results over each of the last five financial periods (see appendix 3) has been attached to this report.

## 11.3 NON-DEDUCTIBLE CHARGES AND EXPENDITURES LAID DOWN IN ARTICLE 39.4 OF THE GENERAL TAX CODE FOR THE YEAR ENDED 30 JUNE 2020

Non-deductible charges and expenditures of 29.6 thousand euros were reported by the Company for the year ended 30 June 2020 and the associated income tax expense (and additional contributions) was 10.2 thousand euros.

## 11.4 AGREEMENTS COVERED BY ARTICLE L.225-38 OF THE CODE DE COMMERCE

Pursuant to Article 225-38 of the French Commercial Code, the following agreements, authorized by the Board of Directors, continued during the year:

- Agreement for re-invoicing in the event of acquisition of shares on the market by Eutelsat Communications in connection with the implementation of plans for the Free Grant of Shares in Eutelsat Communications to employees and management of the Eutelsat Group;
- Tax consolidation agreement dated 2 July 2007.
- Agreement entered into on 20 October 2015, between Eutelsat Communications and Mr Rodolphe Belmer, his compensation's component as a corporate officer.
- Agreement entered into on 25 April 2017, between Eutelsat Communications and Mr Yohann Leroy setting the terms of his non-competition covenant.

Finally, the Internal Regulations of the Board of Directors require each Director to declare situations of conflict of interest: in cases where they cannot be avoided, they must be managed transparently. A director in a conflict of interest situation may not participate in the discussion and voting of the relevant deliberation.

In the event of a permanent conflict of interest, the Internal Regulations require the director concerned to resign.

As of June 30, 2020, there is no employment contract or service contract binding the Directors of the Company with the Company or any of its subsidiaries and providing for the granting of benefits of any kind.

In accordance with the provisions of article L. 225-38 of the French Commercial Code, the statutory auditors are informed of regulated agreements.

## 11.5 ACQUISITION OF SHARES BY THE COMPANY

The Company entered into a liquidity agreement with Exane BNP PARIBAS which, as of 30 June 2020, owned a total of 394,290 shares in the name of and on behalf of the Company, amounting to a total of 3.8 million euros.

In addition, the Group announced in July 2019 the launch of a share buyback program for at least 100 million euros by June 2022, starting in the second half of the 2019-20 fiscal year. In accordance with this commitment, and in order to implement a first phase of this programme, Eutelsat signed a mandate on 11 March 2020 with a service provider to buy back shares for cash for an amount of 20 million euros, the price per share not to exceed the maximum price of 19 euros. 20 million euros was completed on 24 April 2020, giving rise to the repurchase of 2 124 572 shares in total. Given the context related to the Covid-19 crisis, the program was then suspended until further notice.

At a meeting held on 18 June 2020, the Board of Directors voted to cancel 2,229,640 shares, representing 0.96% of the share capital, in accordance with the authorization granted by the 14th and 15th resolutions of the Combined General Shareholders' Meeting of 7 November 2019.

The share capital stands at €230,544,995, made up of 230,544,995 ordinary shares with a nominal value of one (1) euro each.

As a result the Company owned none of its own shares at 30 June 2020, excluding liquidity contract.

## 11.6 EMPLOYEE PARTICIPATION IN THE SHARE CAPITAL OF THE COMPANY

Senior managers and employees held 0.27% of the Company's capital. The shares they hold result from i) the stock warrants subscribed for by certain managers and corporate officers (mandataires sociaux) during the financial years 2005-2006, ii) a capital increase reserved for employees at the time of the Company's IPO, iii) the offer to exchange shares in October 2007, iv) the Board's policy in the past to allocate free shares; v) the acquisition of shares by Senior managers on the market.

## 11.7 SHARES OWNED BY COMPANY MANAGEMENT ("MANDATAIRES SOCIAUX")

Please refer to the section 9.16 of this document.

## 11.8 DIVIDEND POLICY AND ALLOCATION OF RESULTS

As for the last three financial years, Eutelsat Communications undertook the distribution of:

- an amount of 1.21 euro per share subtracted from the distributable profit in respect of the financial year ended 30 June 2017.
- an amount of 1.27 euro per share substracted from the the distributable profit in respect of the financial year ended 30 June 2018.
- an amount of 1.27 euro per share substracted from the the distributable profit in respect of the financial year ended 30 June 2019.

| | Income eligible for tax reduction *(in euros)* | | Income not eligible for the 40% tax reduction(1) *(in euros)* |
|---|---|---|---|
| | Dividend | Other distributable income | |
| 2016-17 | 281,657,308.35<br>(i.e. 1.21 per share) | - | - |
| 2017-18 | 295,623,786.45<br>(i.e. 1.27 per share) | - | - |
| 2018-19 | 295,623,786.45<br>(i.e. 1.27 per share) | - | - |

1) Reduction provided by Article 158-3-2° of the French General Tax Code.

On 30 July 2020, the Board of Directors will submit for approval at the 5 November 2020 Annual Meeting of Shareholders a dividend of €0.89 per share for the financial year ended 30 June 2020.

Our policy of a stable to progressive dividend, interrupted in FY 2019-20, is reinstated [based on the dividend of 0.89 euros recommended at the upcoming Annual General Meeting], confirming our commitment to serve a high level of shareholder return.

## 11.9 DELEGATIONS OF AUTHORITY AND FINANCIAL AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS BY GENERAL MEETINGS OF SHAREHOLDERS

The table below summarises the delegations of authority and authorisations granted by the Shareholders' Meetings of November 7, 2019 and November 8, 2018 remaining in force at the date of this document:

| Resolutions N° | Authorizations granted to the Board | Duration / delegation expiry date | Maximum nominal amount/Applicable cap for each resolution | Aggregate cap common to several resolutions | Common sub-cap for several resolutions |
|---|---|---|---|---|---|
| **14 ***<br>GM of 07/11/19 | Purchase by the Company of its own shares | 18 months maximum as from the GM of 07/11/19/<br>07 May 21 | 10% of the share capital or 5% of the share capital in the event of shares being purchased with a view to their retention and subsequent delivery and payment | | |
| **15 ***<br>GM of 07/11/19 | Reduction of share capital by cancelling shares acquired by the Company under its share buyback program | | 10% of the share capital per 24-month period | | |
| **16 ***<br>GM of 08/11/18 | Free allocation of ordinary shares to eligible employees and corporate officers of the Company or its subsidiaries, without preferential subscription rights (« PSR ») | 38 months maximum as from the GM of 08 Nov 18/<br>7 Jan 22 | 0,5% maximum of the share capital | | |
| **20 ***<br>GM of 07/11/19 | Setting the issue price within the limit of 10% of the capital per year | 26 months maximum as from the GM of 07 Nov 19/<br>07 Jan 22 | 10% of the share capital per 12-months period | | |
| **21 ***<br>GM of 07/11/19 | Increase in the number of shares to be issued in the event of a share capital increase with or without pre-emptive subscription rights | 26 months maximum as from the GM of 07 Nov 19/<br>07 Jan 22 | | | |

| Resolutions N° | Delegations of authority granted to the Board relating to the issue of ordinary shares | Duration and expiry/termination of the delegation | Maximum nominal amount/Applicable cap for each resolution | | Aggregate cap common to several resolution | Common sub-cap for several resolutions |
|---|---|---|---|---|---|---|
| **16 ***<br>GM of 07/11/19 | Increase in share capital by capitalization of reserves, profits, premiums or others | | | 44 million €<br>(independent cap) | | |
| **17 ***<br>GM of 07/11/19 | Issuance of ordinary shares of the Company with PSR to shareholders | | | | | |
| **18 ***<br>GM of 07/11/19 | Issuance of ordinary shares of the Company with cancellation of PSR in the context of a public offering | | | 22 million €<br>(independent cap) | | |
| **19 ***<br>GM of 07/11/19 | Isuance of ordinary shares of the Company with cancellation of the PSR as part of a private placement offer (article L. 411-2 of the French Monetary and Financial Code) | 26 months maximum as from the GM of 07 Nov 19/<br>07 Jan 22 | 1Bd € (ceiling for securities) | | 44 million € for shares | 22 million € (10%) |
| **22 ***<br>GM of 07/11/19 | Issuance of ordinary shares of the Company with cancellation of the PSR in the event of a public exchange offer initiated by the Company | | | 44 million €<br>(independent cap) | | |
| **23 ***<br>GM of 07/11/19 | Issuance of ordinary shares of the Company, without PSR, in consideration for contributions in kind up to | | | | 44 million € for shares | 22 million € |

| | | | | | | |
|---|---|---|---|---|---|---|
| | a maximum of 10% of the Company's share capital, except in the case of a public exchange offer initiated by the Company. | | | | | |
| **24 ***<br>GM of 07/11/19 | Issuance of ordinary shares of the Company with cancellation of the PSR, as a result of the issue by the Company's subsidiaries of securities giving access to ordinary shares of the Company | | | | | 22 million € |
| **25 ***<br>GM of 07/11/19 | Issuance of ordinary shares of the Company reserved for members of a company savings plan of the Company or of its Group, with cancellation of the PSR | | | 2 million € (independent cap) | | 22 million € |

In a decision dated 13 February 2020, based on the authorization granted by the General Meeting of 7 November 2019, the Board of Directors authorized the Company to buy back shares. Between March 11, 2020 and April 24, 2020, the Company repurchased 2,124,572 shares for a total price of approximately €20 million. By a decision dated 18 June 2020, the Board of Directors reduced the share capital by 2,229,640 euros by cancelling the shares thus repurchased and 105,068 shares that it held with a view to their possible allocation to employees or corporate officers, which it decided to reallocate for the purpose of cancellation.

## 11.10 PAYMENT SCHEDULE TO SUPPLIERS

The table below shows information on payment terms to suppliers and from customers in accordance with article L441.6-1 of French "Code de Commerce".

| **Overdue invoices received and issued, unsettled at Balance Sheet date** | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Art D441-I.-1°: Invoices **received** and overdue at balance sheet date | | | | | | Art D441-I.-1°: Invoices **issued** and overdue at balance sheet date | | | | | |
| | 0 day | 1-30 days | 31-60 days | 61-90 days | 91 days and over | Total (1 day and over) | 0 day | 1-30 days | 31-60 days | 61-90 days | 91 days and over | Total (1 day and over) |
| **(A) Payment delay ranges** | | | | | | | | | | | | |
| **Number of invoices concerned** | 29 | 3 | 2 | 2 | 21 | 28.00 | | | | | | |
| **Aggregate amount of invoices concerned (incl. taxes)** | -99 687.07 | 27 911.78 | -63 974.79 | -26.63 | -63 597.43 | -99 687.07 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Percentage of total amount of purchases during the financial period (incl. taxes)** | -4.09% | 1.15% | -2.62% | 0.00% | -2.61% | -4.09% | | | | | | |
| **Percentage of revenue entered during the financial year (incl. taxes)** | | | | | | | | | | | | |
| **(B) Invoices excluded from (A) relating to accounts payables and accounts receivables that are disputed or unrecognised** | | | | | | | | | | | | |
| **Number of invoices excluded** | 3 | | | | | | | | | | | |
| **Aggregate amount of invoices excluded (incl. taxes)** | 66 584.12 | | | | | | | | | | | |
| **(C) Reference payment term used (contractual or statutory)** | | | | | | | | | | | | |
| **Payment terms used to calculate payment delays** | Contractual | | | | | | | | | | | |

## 11.11 FRENCH BRANCHES

Pursuant to article L.232-1 of French Code de Commerce, the existing French branches of Eutelsat S.A. are as follows

- Rambouillet: N° SIRET 422 551 176 00049
- Ponant: N° SIRET 422 551 176 00064

## 11.12 POST CLOSING EVENTS

None.

# 12 RISK FACTORS AND INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

Before making an investment decision, investors and shareholders are invited to read all the information contained in this Document, including the risks described below. At the filing date of this Document, the risks described are those for whom the Group believes the occurrence is likely to have a significant adverse impact on the Group, its business, financial situation and/or results and outlook, which are important when making an investment decision and which are specific to the Group's activities. This section summarizes the main risks that the Group may face in the course of its business. The risks mentioned are for illustrative purposes only and are not exhaustive. These or other risks not identified at the date of the filing of this report, or considered immaterial by the Group at the date of filings of this report, could have an adverse effect on the Group's business, financial position, results or development prospects. In addition, it should be recalled that some of the risks mentioned or not mentioned in this report may be triggered or arise due to external factors, such as risks beyond the Group's control.

Group risks may be divided into six categories:

- Risks linked to the sanitary crisis;
- operational risks;
- risk relating to changes in the satellite communications market;
- risks relating to clients
- regulatory risks
- financial risks.

The significance of risks is assessed according to their probability of occurrence and their negative impact in the event of occurrence. Within each of these categories' risks are ranked in descending order of significance. Finally, it should be noted that the Non-Financial Performance Statement contains a description of the non-financial risks. It should be noted that some of these non-financial risks are - in view of their significance - also included in the risk factors of this chapter.

## 12.1 RISKS LINKED TO THE SANITARY CRISIS

The WHO announced in early January 2020 the discovery of a new coronavirus called Covid-19 whose active circulation has led a significant number of countries to take restrictive measures. In this context, the Group's priority has been to ensure business continuity while safeguarding the health and well-being of its employees and wider communities.

Although the Group's activity demonstrates a certain resilience compared to other industries, a new episode of the Covid-19 crisis, its resurgence, or more broadly any pandemic of the same type could have the following consequences:

- A decrease in demand and revenues in certain verticals or sub-verticals which are particularly affected by the sanitary crisis, notably Occasional Use which is impacted by the postponement or cancellation of sports events, as well as Mobile Connectivity which is affected by the impact of the crisis on airline and maritime traffic;
- Difficulties for some of the Group's customers, particularly distributors in the most affected segment, Mobile Connectivity, who may not be able to meet their obligations. To a lesser extent, if the crisis were to last, it could have a lasting impact on the advertising revenues of some of our customers in Broadcast and/or lead to an erosion of the customer bases of pay-TV operators in the absence of sports events;
- Late payment and/or non-payment by certain customers, potentially leading to write-downs of receivables;
- The effect of the crisis on the operations of other players in our value chain, notably satellite manufacturers, launchers and gateway installers, could lead to delays in the entry into service of new satellites. EUTELSAT QUANTUM will therefore see its entry into service postponed as well as the deployment of the earth stations supporting EUTELSAT KONNECT's operations, resulting in a delay in revenues.

Moreover, if the Covid crisis were to lead to a durable downward revision of activity and cash-flow generation prospects, this could lead the Group to impair its long-term assets (including its goodwill).

A new episode of the Covid-19 health crisis, its resurgence, or a similar sanitary crisis could thus have a significant negative impact on the Group's business, financial situation, results and objectives.

## 12.2 OPERATIONAL RISKS

**The satellites operated by the Group may experience failures or malfunctions in-orbit**

Satellites are sensitive to the external environment. Once they are in orbit, malfunctions may occur for various reasons and reduce their remaining operating life and/or permanently or intermittently reduce their transmission capacity, which could have a considerable adverse impact on the Group's business, financial situation and results. For example, during the 2019-20 fiscal year, the EUTELSAT 5 West B satellite experienced the loss its Southern solar panel, resulting in a loss of power and 55% of the satellite's nominal capacity, with an estimated impact on revenues of between 5 and 10 million euros and a non-recurring cost of mitigation measures, mainly related to the repositioning of the ground antennas, of less than 10 million euros.

In the event of a satellite failure or in-orbit malfunction, the Group may not be able to guarantee continuity of service for all its clients by using redundant equipment or back-up capacity on another satellite, particularly if there is a lack of available satellite capacity suitable for the needs of the customers concerned. Similarly, the Group may not be able to guarantee continuity of service for all customers at that orbital position by successfully launching a replacement satellite or one capable of carrying out the tasks of the defective satellite. In these circumstances, the Group may have difficulty in retaining its customers (who could terminate or renegotiate their capacity allotment agreements) and might not be able to enter into new capacity allotment agreements on satisfactory terms.

Furthermore, the Group uses capacity on five satellites belonging to third parties, and which are recognised as assets in its consolidated balance sheet: Express-AM6[37]· Express-AMU-1[38], Express-AT1 and Express-AT2 are owned by RSCC and ASTRA 2G[39] by SES. Furthermore, the Group also leases capacity to Yahsat. In the event of failure or malfunction affecting these satellites, the Group cannot guarantee that it would be in a position to obtain compensation and equivalent available capacity under the same conditions. The Group cannot guarantee that a dispute resulting from such failures or malfunctions would be settled in its favour. The Group may also be exposed to the risk of bankruptcy of the owners of such satellites, which could result in the termination or interruption of its capacity leases. Such situations could lead to a write-down of these assets in the Group's consolidated financial statements and might adversely affect its business, financial situation and results.

**The Group might not be able to meet its launch or activation timeframes for new satellites**

The Group plans to launch five new geostationary satellites (EUTELSAT QUANTUM, KONNECT VHTS, EUTELSAT HOTBIRD 13F, EUTELSAT HOTBIRD 13G and EUTELSAT 10B) before the end of calendar year 2022. The purpose of these satellites is to ensure the continuity of service provided by some existing satellites, increase resources in certain orbital positions, consolidate and develop the Group's service offering and step up the level of security at certain orbital positions. Access to space according to the schedule planned by the Group is a key element of the Group's deployment plan and strategy

The Group may not be able to keep to the scheduled timetable for launching these new satellites.

The number of satellite manufacturers capable of designing and building satellites in compliance with the technical specifications and quality required by the Group is limited, as is the number of suppliers capable of launching these satellites. The limited number of suppliers could reduce the Group's bargaining power and increase the cost of implementing its programme within the scheduled timeframe. Furthermore, in the event of a Group supplier being unable to fulfil its contractual commitments towards the Group within the agreed timeframe, the Group would be forced to reallocate the satellites concerned to other service providers and, in some cases, enter into new launch service contracts which might prove more costly.

Satellite construction is a complex process that could fall behind schedule, result in satellite errors or not meet the Group's desired specifications, especially since some of the satellites in the deployment plan (EUTELSAT QUANTUM, KONNECT VHTS) have an innovative architecture compared to satellites currently in service. In addition, the transport of satellites to launch sites could be delayed by the time required to obtain the export authorizations or licences required to transport certain satellite components.

In addition, satellite launch is also a complex process that could be delayed compared to the planned schedule, resulting in a non-optimal result such as insertion into a non-nominal orbit, or in the event of launch failure resulting in the permanent loss of the satellite. The launcher market is also characterized by a small number of launch service providers with the technical capabilities to launch satellites that are currently under construction or future satellites. The limited number of launchers reduces operational flexibility and access to space within the Group's planned timeframe and could increase the cost of the deployment program or result in a launch delay. If one of the launch service providers is unable to meet its contractual obligations to the Group within the expected timeframe, due to operational (e.g. following a launch failure) or financial difficulties, the Group could reassign the concerned satellite to another launch service provider or, in some cases, even sign new launch service contracts that may be more costly than those currently signed.

A significant delay in satellite construction, or a delay or failure in the launch of one of these satellites, could lead to a delay in revenue generation, impair the Group's ability to generate new sales opportunities, implement its development strategy and meet its growth objectives, or meet its contractual service continuity commitments to customers and end users. Any significant delay or failure in the launch of any of its satellites could thus have a significant negative impact on the Group's business, financial situation, results and objectives.

**The Group's information systems and/or teleports could be disrupted or be victim of a cyber-attack**

The Group operates a fleet of 39 geostationary satellites that are mainly controlled and operated from its control centres or teleports. The Group's information systems used to control satellites and communications could experience malfunctions, loss of data integrity, cyber-attacks, or even terrorist acts or sabotage that could compromise the continuity of service, cause a temporary or permanent interruption of service or call into question the quality of the service provided. Such disruptions could result in the loss of customers and revenues and thus have a material adverse effect on the Group's business, financial position and results.

**The Group's satellites could be exposed to interference affecting operations or quality of service**

All radiocommunication requires the emission of radio waves characterized in particular by their frequencies. Emissions on identical or insufficiently differentiated frequencies give rise to a risk of interference between these emissions, which can result in "radio

[37] Capacity operated by Eutelsat on Express-AM6 is operated under the name EUTELSAT 53A.
[38] Capacity operated by Eutelsat on Express-AMU1 is operated under the name EUTELSAT 36C.
[39] Capacity operated by Eutelsat on ASTRA 2G is operated under the name EUTELSAT 28G.

interference” that can affect communications to the point of making them unusable or degrading the quality of service. Although there is a set of international rules that are governed by the International Telecommunication Union (ITU), a specialized body of the United Nations, for the “frequency assignments” and their coordination, the Group cannot guarantee that these rules are respected by all third-party operators. Interference could therefore temporarily, or not, affect the quality of service provided to customers, which could even prevent the Group from being able to meet contractual commitments or could lead to the loss of revenue or customers and thus have a significant negative impact on the Group’s business, financial position and results.

**Insurance policy premia for satellites in-orbit and satellite launches could increase and insurance cover could be more difficult to obtain or renew**

The Group takes out “Launch-plus-one-year after entry into service” insurance covering the launches of its satellites as well as an in-orbit life insurance programme. These insurance contracts represent significant amounts of investments or expenses for the Group.

Numerous factors, some of which are outside the Group’s control, may affect the cost of insurance premia; these mainly include statistics on satellite failures or launch failures across the sector as a whole.

The Group might not be able to obtain this additional cover or launch insurance for the other satellites currently under construction, or for future satellites, on satisfactory terms. This situation could result from a reduction in the supply of insurance products and services or a substantial increase in launch insurance premia due, in particular, to launch failure statistics across the whole industry. This could have a significant negative impact on the Group’s business, financial situation and results.

The Group might not be able to renew its In-Orbit Life insurance plan on comparable terms. A deterioration in the In-Orbit Life insurance market or an increase in insurance premia could prompt the Group to reduce its coverage of partial losses or losses deemed total, which itself could lead to an increase in the Group’s exposure to the consequences of a failure or malfunction in-orbit. For the fully-owned satellites with the highest revenue contribution, In-orbit insurance takes into account not only the net book value of the satellites but also the revenues generated. The policies cover the partial losses and/or deemed total losses of the insured satellites under certain conditions. The Group’s insurance policies, as is customary in the space sector, systematically provide for exclusions in the event of damage caused by acts of sabotage, piracy or terrorism. Furthermore, this insurance programme does not protect the Group against losses such as opportunity cost, interruption of business, delayed activations, image losses or, to a certain extent, losses of revenues and potential asset impairments lower than the retention level.

Finally, insurance companies could challenge the causes of the failure or malfunction or the amount of the indemnity. The Group cannot guarantee that, in the event of a proven failure or malfunction on any of its satellites covered under insurance programmes insurers would compensate the Group within a reasonable timeframe or for the amount claimed by the Group. A lack of compensation, late compensation or partial compensation of losses sustained could have a significant adverse impact on the Group’s business, financial situation and results.

## 12.3 RISKS RELATING TO CHANGES IN THE SATELLITE TELECOMMUNICATIONS MARKET

**The Group is faced with considerable competition from satellite and terrestrial network operators, which could intensify**

The Group is faced with significant competition from international, national and regional satellite operators. The Group’s main competitors are other major international satellite operators, such as SES and Intelsat as well as Inmarsat for certain verticals. These competitors offer greater capacity and geographical coverage than the Group, and more financial resources might be available to them. The Group is also in competition with regional and national satellite operators, some of which enjoy advantages (e.g. tax or regulatory advantages) in their domestic markets. Several projects for low-orbit constellations are also underway and could represent additional competition for the Group in certain Fixed Data or Connecitivty applications. Increased competition between satellite operators could lead to greater pressure on prices, which could have a significant negative impact on the Group’s business, financial position and results.

The Group is also in competition with terrestrial network operators (fiber optic, 4G) for most of its services, particularly broadband Internet access but also TV broadcasting services (TV on IP, DTT). Heightened competition could result in greater pressure on prices for satellite broadcasting and telecommunications services. Furthermore, any increase in the geographical reach of the terrestrial network operators could prompt the Group’s customers to opt for the telecommunications solutions offered by these operators, thereby making it more difficult for the Group to keep or develop its customer portfolio. Stiffer competition with terrestrial network operators could have a significant negative impact on the Group’s business, financial position and results.

**Technological changes could make the Group’s satellite telecommunications system obsolete and/or increase competition intensity**

Technological innovations that could be developed in the future with alternatives to satellites could render the Group’s in-orbit infrastructure obsolete.

The telecommunications industry is subject to rapid technological change. Should the Group not be in a position to adapt to these changes quickly and efficiently, its satellite telecommunications system could become obsolete. As such, the Group’s competitive position could be weakened, especially if its competitors were capable of incorporating these new technologies into their own systems.

Thus, the rise of “HTS” or “VHTS” high capacity satellites or constellations targeting applications other than Video is bringing a significant amount of new capacity at a lower cost per Gigabit. This could lead to a situation of overcapacity and price pressure, particularly in Fixed Data & Professional Video (14% of Group revenues), which is greater than expected, and could have a significant negative impact on the Group's business, financial situation and results. In addition, several low-earth orbit constellation projects are currently underway and could represent new competitors for the Group in certain Fixed Data and Connectivity applications, particularly those with low latency.

If the Group's satellite telecommunications system were to become obsolete, demand for its services could decrease, which would have a significant negative impact on its business, financial situation and results.

**The Group may be affected by the departure of key employees or be unable to hire the staff needed for its operations**

For management and operational purposes, the Group relies on a number of key employees who have specialised skills and extensive experience in their respective fields. If these employees were to leave, particularly those occupying commercial, technical and regulatory positions, the Group might have difficulty in replacing them. Moreover, the Group's business, characterised by continuously-evolving technology, requires the ability to constantly attract new, highly qualified employees. In the future, if the Group is unable to retain or replace these employees, or is unable to attract new, highly-qualified employees, this could have a negative impact on its business, financial situation and results.

**Demand for satellite services may not evolve as expected**

The Group's development notably depends on future demand for Broadcast Applications (61% of Group revenue), linked to the evolution of the number of channels, improvement of the quality of image and the evolution of modulation and compression techniques.

The evolution of the number of channels notably depends on the expected development of broadcasting in emerging markets and if it is maintained in Europe. In this respect, it should be noted that the audiovisual industry is sensitive to variations in advertising budgets and consumer spending, which are in turn affected by the economic environment as a whole. In addition, competition from new online Video Distribution platforms could affect the Group's customers in certain geographies or lead them to reduce their bouquets. Finally, consolidation among satellite TV broadcast platform operators and/or cable operators and could lead to a rationalization of the number of channels broadcast on a national market.

The improvement of quality of image is linked to the rise of High Definition or Ultra High Definition. This rise may not materialize or may be slower than expected. The adoption of new technical broadcasting standards, which has resulted in and could continue to result in a higher signal compression rate, has reduced and could further reduce the demand for transponders for a given number of television channels. If the decline is not offset by an increase in the number of channels transmitted or by improved image quality, the overall demand for transponders could decrease.

The development of Connectivity applications (Fixed Broadband and Mobile Connectivity, which represent 12% of Group revenue) represents the main driver of the Group's growth strategy. This will depend, in part, on continued growth in demand for satellite broadband Internet services which is not guaranteed and is not easily predictable, particularly because of the cost access to satellite capacity, the deployment of alternative terrestrial solutions in certain areas, the cost of terminals or distribution issues. The growth in demand for Mobile Connectivity depends in part on the progressive equipping of aircraft and maritime fleets, the evolution of aircraft and maritime traffic and the strategies of airlines that are not under the Group's control.

Lastly, the Group generates an important part of its revenues in the Government Services market segment (13% of Group revenue). This segment includes the direct or indirect provision of Government Services, mainly to the US administration, through capacity allocation agreements with distributors, which are generally renewable on an annual basis. The obtaining and/or renewal of capacity allocation contracts for this segment depends to a large extent on the international geopolitical and economic context and the commercial success of the Group's capacity distributors. As a result, the Group cannot be certain that it will be able to continue to generate comparable revenues in Government Services, which may include the non-renewal or renewal of its contracts on less favourable terms.

If the demand for satellite services does not develop as predicted and given the Group's fixed cost structure, this could have a significant negative impact on its business, financial position and results.

**The Group's growth depends in part on the development of new applications or innovative projects, the profitability of which is not guaranteed**

The Group invests at different scales in innovative projects such as "EUTELSAT QUANTUM", a software-defined satellite, the first of which is expected to be launched in 2020, CIRRUS, a hybrid satellite/OTT distribution platform, or ELO, a constellation project in low earth orbit serving the IoT market. The development of these new concepts depends in particular on sufficient demand, the timely and successful execution of these projects and their adequacy to market needs. If these conditions are not met, the ramp-up of these innovative projects could be slower or less profitable than anticipated, which could have a significant negative impact on the Group's business, growth objectives, financial position and results.

In addition, the Group's growth depends in part on the development of the Fixed Broadband business, for which the Group has made significant investments for the European and African markets, on the ground, with a complex network of earth stations, and in orbit, initially with the KA-SAT satellite (launched in December 2010), and then in the KONNECT (launched in 2019) and KONNECT VHTS (expected launch in 2021) satellites. The full realisation of this applications' potential, which aims to provide broadband internet access for individuals through a network of distributors and resellers, with a business-to-business-to-consumer model, is subject, in addition to the proper functioning of the in-orbit and terrestrial infrastructure, to the success of the Group's distribution strategy and to the availability of competitively priced terminals. Unlike the Group's traditional satellite capacity lease business, this activity does not benefit from backlog and structurally involves higher customer acquisition costs and a higher level of churn. Slower than expected development or more difficult than expected execution in this application could have a significant negative impact on the Group's business, growth objectives, financial position and results

## 12.4 RISKS RELATING TO CLIENTS

**The Group is exposed to risks inherent in the international nature of its customer base and business**

The Group provides satellite telecommunications services to customers in a very large number of countries, with a significant proportion of its revenues generated in emerging countries, Africa, the Middle East, Latin America and Russia. The Group's future development also depends in part on its ability to develop in these areas.

Consequently, the Group is exposed to geopolitical, economic or other risks inherent in the international nature of its commercial activities. Pricing, tax, regulatory and customs policies pertaining to the services provided by the Group, business practices in certain countries and their political or economic instability could prevent the Group from implementing its development strategy and thereby have a significant negative impact on its business, financial position and results. Furthermore, if the Group had to bring legal action against its customers or commercial partners located outside the European Union, it could prove difficult to assert its rights, which could have a significant negative impact on its business, financial position and results.

**The Group is exposed to a specific risk related to its distributors**

A significant portion of the Group's capacity is marketed by specialized distributors. These distributors, who resell the Group's resources to end customers, may have overestimated demand or misunderstood customer needs and may not be able to resell the capacity for which they have committed. In this case, these distributors could seek to return the unsold capacity or seek to resell it to Group customers at lower prices. In addition, certain distributors in specific segments such as Mobile Connectivity (6% of revenue) are faced with low margins and high levels of debt that may lead them into a situation of fragility. These elements could have a significant negative impact on the Group's business, financial situation and results.

Furthermore, for several years now, the Group has developed a Fixed Broadband Internet business based in part on a B-to-B-to-C model (business-to-business-to-consumer), which is based on a more direct distribution model when compared to the Group's other businesses, reaching end-users through specialized distributors. In some cases, such customers could have less robust financial resources than distributor-customers, which could increase the risk of bad debts and/or result in shorter-term contracts or not be able to develop the business at the pace the Group expects. The Group may also not be able to find suitable distributors in certain markets.

**The Group is dependent on a number limited of major customers**

The Group generates a significant portion of its business from a limited number of customers. As of 30 June 2020, the Group's 10 largest customers represented 34% of its revenues. Some of the Group's major customers could decide to terminate their contracts, not to partially or totally renew them, or to renew them on terms that are less favourable to the Group. This could have a negative impact on its business, financial position and results. Moreover, some of the Group's major customers, particularly those located in emerging markets or specialized distributors, could encounter financial difficulties that could result in late payments, unpaid debts or bankruptcy, which could lead to an impairment of receivables and/or the termination of capacity agreements, which could have a negative impact on the Group's business, financial position and results.

**The Group is exposed to the risk of unpaid or late payments**

The Group's receivables amounted to 335 million euros at 30 June 2020. In the normal course of business, the Group occasionally encounters difficulties in obtaining payment of the price related to the use of satellite capacity by certain customers or payment of this capacity within the expected time limits, which may result in the impairment of receivables or a negative impact on the Group's working capital requirements. For the year ended 30 June 2020, provisions for impairment of receivables (net of reversals) amounted to 22 million euros (19 million euros at 30 June 2019) and the change in working capital related to trade receivables and related accounts generated a cash flow of (72) million euros ((1) million euros at 30 June 2019). Late payments or increased non-payment volumes could have a significant negative impact on the Group's business, financial position and results.

## 12.5 REGULATORY RISKS

**The application of international regulations on co-ordinating frequency assignments could make it more difficult for the Group to implement its deployment plan**

Frequency assignments are co-ordinated internationally according to the International Telecommunication Union's (ITU) "Radio Regulations". The purpose of this coordination is to limit the risks of interference between broadcasts.

Eutelsat S.A. has a number of frequency assignments for which the international coordination procedure, in accordance with the general regime defined by the ITU's Radio Regulations is not yet complete and/or is not yet in operation with any of the Group's satellites. Concerning assignments for which the coordination procedure is not yet complete, priorities for these assignments and for third parties involved in the coordination could mean that coordination restricts the Group's ability to fully operate some of these assignments. Concerning assignments for which the coordination procedure is not yet in operation, the Group might not be in a position to activate them within the timeframes set by the Radio Regulations, which would result in a loss of their current priorities. Both situations could have a significant adverse impact on the Group's activities, financial situation and results.

The Group also has certain frequency assignments governed by one of two special regulations. If any State decides to exercise their rights under these systems, or if these special regimes are amended, the Group could be forced to change or discontinue the current use of its assignments, which could have a significant negative impact on its business, financial situation and results.

Finally, the ITU's Radio Regulations provide only for voluntary resolution of disputes in the event of disagreements between the ITU's

Member States over non-compliance with international regulations governing coordination of their frequency assignments. The Group could be forced to accept the result of an unfavourable agreement between ITU Member States relating to frequency assignments it uses. This could have a significant negative impact on the Group’s business, financial situation and results.

**The Group could be exposed to the risk of non-compliance with the laws and regulations applicable to it, notably with regard to the fight against corruption and influence peddling, economic sanctions, the protection of personal data and competition law**

In the course of conducting its business in France and internationally, the Group is exposed to the risk of non-compliance with the laws and regulations applicable to it, notably with regard to the fight against corruption and influence peddling, economic sanctions, the protection of personal data and competition law. In the event of unethical practices or violations of the laws and regulations applicable to the Group by any employee, the risk could take the form of financial, administrative or criminal penalties and damage to the Group's reputation or image.

In order to reduce its exposure to the risk of corruption in particular, the Group has set up a compliance program aimed at preventing and detecting acts of corruption or influence peddling, coupled with control system to ensure their effectiveness. These actions are in accordance with Act 2016-1691 of December 9 2016 on transparency, the fight against corruption and the modernisation of economic life (the "Sapin II Act") and the recommendations of the Agence Française Anticorruption ("AFA"). Nevertheless, the Group cannot guarantee that the procedures and controls in place will prevent or detect all violations of the laws and regulations applicable to the Group by an employee; if it were to occur, such a violation could have a material adverse effect on the Group's business, financial situation, results and growth prospects.

Such violations can result in civil penalties, including fines, the denial of export privileges, injunctions, asset seizures, debarment from government contracts, the termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment. In addition, such violations could also negatively impact the Group's reputation and consequently its business. Moreover, any such violations by the Group's competitors, if undetected, could give them an unfair advantage when bidding for contracts. The consequences the Group may suffer as a result of the foregoing could have a material adverse effect on the Group's business, financial condition and results.

**The Group is governed by the French Space Operations Act**

The Space Operations Act was published in France’s Journal officiel on 4 June 2008, and its application decrees were published on 10 June 2009. The Group is mainly affected by Decree No. 2009-643 on authorisations. The Act has been in force since 10 December 2010.

The application of the Space Operations Act could therefore have a significant negative impact on the Group’s business, financial situation and results.

**The Group may not obtain the landing rights or licences necessary for its activity in certain markets**

As a satellite operator offering its services in approximately 150 countries, the Group is subject to the national laws and regulations of many countries regarding communication and broadcasting. Most of these countries do not require specific authorization or licensing to only provide satellite capacity to entities that are themselves authorized to operate communication networks and or/services. In these countries, the Group only needs an authorization license if it intends to deploy and operate its own communication networks or install and operate earth stations. Most European countries and many Member States of the World Trade Organization (“WTO”) fall into this category. However, some countries require authorizations for the operation of satellites in orbit. In this case, the Group must therefore be authorized to provide downlink services from the satellite to the earth station terminals located in these countries – the “landing rights”.

If the Group is unable to obtain or renew the necessary authorizations for its business in certain markets, or the authorization regime becomes more restrictive, this could have a significant negative impact on the Group’s business, financial situation and results.

**The Group’s provision of satellite telecommunications services is subject to certain specific statutory and regulatory provisions, the evolution of which could have an adverse impact**

The satellite telecommunications industry in which the Group operates is governed by extensive regulation. Changes in policy or regulation on a global level within the framework of the ITU or within the European Union, France or other countries in which the Group does business could have a significant negative impact, particularly if such changes increase costs and regulatory restrictions relating to the Group’s services.

The Group must be able to maintain its existing frequency assignments at the orbital positions at which it operates its satellites or where it might need to redeploy some of its satellites. It must also be able to obtain new frequency assignments, at the same or new orbital positions, for the future expansion of its business.

In France, regulations on obtaining and using assigned frequencies relating to a satellite system have been in force since the “Confidence in the Digital Economy Act” (No. 2004-575 of 21 June 2004) and the Decree of 11 August 2006. Being strictly applied, this regulation has already to some extent, and could in future, limit the Group’s ability to obtain new assigned frequencies from the French authorities or to use them as it would like. Currently, the cost of requests for frequency assignments from the ITU and those of requests for frequency usage authorisations consists solely of the handling costs of the Agence nationale des fréquences. A change in the pricing policy could prompt the authorities to charge operators for part of the economic value of the orbital positions they operate.

Furthermore, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP. Changes in global, European or national regulatory policies could mean that certain frequency bands previously open to satellites could no longer be accessed through future authorisation requests. This is the case with the 3.4-3.8 GHz band, which cannot be used for Fixed Satellite

Services in France since 2008.

In particular, at the World Radiocommunication Conferences held every four years (the last one being held in 2019), certain bands identified for satellite use can be put on the agenda and their potential usage for other purposes than satellite for example for 5G mobile networks can be discussed.Thus, any regulatory changes at international, regional or national level could have a potential impact on the Group's ability to operate optimally in these frequency bands.

When developing new businesses, the Group could be subject to regulatory requirements including those relating to broadcasting (content broadcast) and earth stations. Compliance with these new regulatory requirements could involve considerable investment of time and resources. Furthermore, the Group cannot guarantee that it will be able to obtain or maintain the necessary authorisations, which could delay or interfere with the provision of services to clients in the affected countries or the implementation of its development strategy, thereby having a significant negative impact on its business, financial situation and results.

The amendment of applicable regulations could also limit or prevent the obtaining or retaining of the requisite authorisations regarding the Group’s current business or its development strategy. Some states could decide to impose a system of taxation on satellite operators for satellite broadcast reception in their territory. Such a development could have a significant negative impact on the Group’s business, financial situation and results.

In addition, the Group is subject to strict regulations regarding the content of the programs broadcast by its satellites. Regulations on the broadcasting of television programmes in the European Union provide that each Member State must ensure that the programmes transmitted comply with applicable laws on broadcasts to the general public, especially for the purpose of the protection of minors and the avoidance of incitement to hatred or violence on grounds of race, sex, religion, habits or nationality. As a European satellite operator, the Group could be given formal notice to cease broadcasting of a television channel from outside the European Union if the channel’s content does not comply with the applicable European laws and regulations or if it is likely to damage public order. Any competent regulatory authority in Europe could issue an order to interrupt broadcasting of new non-European channels. As a result, if at any time, governmental or judicial decisions prevent the Group from delivering its transmission services, it could find it more and more difficult to pursue its policy of long-term contracts for the transmission of television channels with non-French customers, thereby encouraging some of its customers to use the services of competing operators, which would have a negative impact on the Group’s business, financial situation and results. Furthermore, the Group might not be technically able to cease the broadcast without being forced to interrupt the transmission of other television channels that are part of the same multiplex on the same transponder. These television channels might then terminate contracts for that capacity and apply for compensation. This risk can vary from one member state to another, with certain legislations adopting more flexible policies within the limits authorised by the community framework, and each regulator adopting its own interpretation of adherence to the principles. Certain steps relating to channels that may create compliance problems under French law and the European directive (which is merely transposed by national legislation) are initiated by the Commission itself. Such steps may therefore have repercussions, regardless of the designated national regulator within the European Union. The position of one or another of the appropriate European regulators may, moreover, change and become entrenched over time, and this can neither be predicted nor prevented.

Finally, the Group is subject to other regulations applicable to the channels it broadcasts. Some channels broadcast by the Group could be explicitly addressed by United Nations resolutions transposed via European Union regulations, introducing restrictive measures against some entities, or citing them directly in European regulations. These European regulations are directly applicable to the Group, which must ensure that none of the listed channels are broadcast using its satellites. Considering the number of channels broadcast by the Group, and the absence of direct contractual links with television channels, the risk of transmitting channels covered by such regulations is real.

Thus, the evolution of certain specific legislative and regulatory provisions could have a significant negative impact on the Group’s business, financial situation and results.

**Eutelsat S.A., the Group’s main operating subsidiary, is subject to the Amended Convention of EUTELSAT IGO, and Eutelsat Communications is subject to the Letter-Agreement**

Eutelsat S.A. by-laws provide that the international treaty establishing the EUTELSAT IGO, dated 15 July 1982 and amended on 20 May 1999 (hereinafter the “Amended Convention”), is a “Reference Document” for the conduct of Eutelsat S.A.’s business activities. Furthermore, the reciprocal rights and obligations of Eutelsat S.A. and EUTELSAT IGO are defined in an agreement pursuant to the Amended Convention (the “Arrangement”) dated 2 July 2001.

The rights of EUTELSAT IGO under the Arrangement allow EUTELSAT IGO to ensure that Eutelsat S.A. abides by the “Basic Principles” defined in the Amended Convention, namely: the public service/universal service obligation for telephony services connected to the international public switched network; the provision of audiovisual services in compliance with relevant international agreements, including the European Convention on transfrontier television and national regulations; the pan-European coverage of the satellite system and compliance with the principles of non-discrimination and fair competition in defining its strategy and conducting its business. With a view to allowing the Company to carry out an initial public offering of its shares, Eutelsat Communications and EUTELSAT IGO signed a Letter-Agreement dated 2 September 2005 (the “Letter-Agreement”) by which the Company made certain commitments to EUTELSAT IGO, notably in terms of financial policy.

EUTELSAT IGO’s assessment of Eutelsat S.A.’s operations and strategy, in terms of the obligation to observe the “Basic Principles” could be different from that of the Group. As a result, taking into account EUTELSAT IGO’s recommendations or requests could reduce the Group’s responsiveness and flexibility in conducting its business, managing its debt and equity and defining its distribution policy, and could have a significant negative impact on the Group’s business, financial situation and results.

## 12.6 FINANCIAL RISKS

**Eutelsat S.A., the Group's main operating subsidiary, could be subject to new financing requests regarding the financial guarantee it provides to the IGO's Closed Pension Fund**

Before Eutelsat S.A. was set up and prior to the transfer by the Intergovernmental Organization (IGO) of its operating activities, the IGO managed a pension fund (the "Closed Pension Fund") for its staff members. The rights of the Closed Pension Fund's beneficiaries were fixed, and management of the fund and the corresponding assets were assigned to a Trust, which was also charged with managing the associated pension liabilities. Pursuant to the transfer agreement dated 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee given by the IGO to cover any financing shortfall in the Closed Pension Fund.

As of 30 June 2020, the defined benefit obligation of the Trust's pension liabilities amounted to 208 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets was 124 million euros. The calculation of total pension liabilities is based on actuarial assumptions including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund's beneficiaries. Estimated net defined obligation may be higher or lower depending on the scenario applied.

During fiscal year ended on 30 June 2017, the financial guarantee was called for an amount of 35.9 million euros. This amount was evaluated on the basis of the projections of the Trust, taking into account the future market evolutions. In March 2017 an agreement was reached with the Trust for nine annual payments of 4.0 million euros, spread between 30 June 2017 and 30 June 2025. These sums could vary dependent on the future financial positions established annually.

Furthermore, in accordance with the agreements governing the Closed Pension Fund, the Trust's administrators have the power to liquidate the Closed Pension Fund if certain events should occur, including if they deem that the Closed Pension Fund cannot continue to be managed effectively. In the event that administrators of the Trust liquidate the Closed Pension Fund, they would appoint an actuary to determine any shortfall between the value of the Closed Pension Fund's assets compared to its liabilities, and the Group would be compelled to pay the difference, which could be substantial.

The Group cannot predict with great certainty the amount it might have to pay if the guarantee were enforced. Any financing shortfall in the Closed Pension Fund could generate new obligations for the Group pursuant to the financial guarantee. This could have a significant negative impact on the Group's financial situation and results.

**Foreign exchange risk**

The euro is the currency used by the Group to draw up its financial statements. However, since a portion of the Group's activities is carried out outside the eurozone and as some of its principal suppliers are located outside the eurozone, the Group must contend with the risk of fluctuations in foreign exchange rates when conducting its business.

Some of the Group's revenue and costs are denominated U.S. dollar, which represented nearly 39% of revenues in the financial year ended 30 June 2020 without it being offset by an equivalent level of foreign currency expenditure. The Group is also exposed to EUR/USD exchange rate risks because some purchases of satellites and launch services may be denominated in U.S. dollars. These contracts may involve significant amounts, generally in excess of 50 million U.S. dollars, whose payment may be phased over time. As a result, fluctuations in exchange rates may have a negative impact on the Group's results despite the implementation of a hedging policy, as the Group is no certain that it will be able to hedge its entire net exposure under favourable conditions and/or beyond a one-year horizon.

Moreover, considering that development of the Group's business outside the eurozone is a key component of its business strategy, its exposure to exchange rate fluctuations could increase in the future.

Fluctuating exchange rates could lead to an increase in the price of the Group's capacity and services when paid in currencies other than the euro. For example in fiscal year ended 30 June 2015, the general economic environment in Russia, and in particular the sharp fall in the value of the rouble put pressure on Eutelsat's Russian customers with euro-denominated contracts. Eutelsat accepted to renegotiate with its Russian clients with the aim of temporarily alleviating some contract terms. These fluctuations could reduce demand from customers paying in currencies other than the euro.

Moreover, the Group's clients located in emerging countries may encounter difficulties in obtaining euros or U.S. dollars, because of currency controls, or may face a strong decrease of the euro-equivalent of revenues generated in local currencies. This could significantly affect their ability to pay in euros or in U.S. dollars, thereby exposing the Group to additional exchange rate risks.

Finally, the Group owns Satélites Mexicanos, with accounts in U.S. dollars. EUR/USD exchange-rate variations could therefore generate a translation risk when the Group consolidates the accounts of this subsidiary.

**Given its level of indebtedness, the Group is exposed to liquidity risk**

As of 30 June 2020, the Group's consolidated net debt was 2,999 million euros with gross debt of 3,831 million euros and cash of 832 million euros. The Group's main debt maturities are June 2021 (500 million euros), March 2022 (600 million euros), October 2022 (300 million euros), October 2025 (800 million euros) and July 2027 (600 million euros). As of 30 June 2020, the breakdown of Group's financing sources was the following: 23% bank, 57% bond debt, 6% structured debt and 13% financial leases. The main components of the Group's debt are described in Section 6.4.1 of this document.

Although the Group's liquidity situation is strong (with cash of 832 million euros and undrawn credit lines of 399 million euros) the Group's ability to generate cash flow depends on economic, financial, competitive, legal, regulatory, commercial and other factors, which are outside its control and which will determine its future performance. Given its level of indebtedness, the Group's operating cash flow is not sufficient, it could be forced to postpone or reduce investments, sell assets, relinquish commercial opportunities or opportunities for external growth (including acquisitions), thereby limiting its operational flexibility. Moreover, if the Group were not able to meet its debt-related obligations, it could be forced to refinance or restructure its debt under less favourable terms or may have difficulty refinancing itself. Such a situation could have a significant adverse impact on its business, financial situation and results.

**Interest rate risk**

Given the financial structure described above and despite the Group's active interest-rate risk management policy described below, the Group's bank debt and structured debt remain at variable rates (for a total outstanding amount of 1,146 million euros as of 30 June 2020), so that a significant increase in interest rates could result in an immediate increase in the Group's financial expense. In addition, as the Group's main fixed-rate maturities are to be refinanced and taking into account an average maturity of the Group's debt of 3.4 years, an increase in interest rates would also result in a gradual increase in interest expense.

Thus, a substantial increase in interest rates could have a negative impact on its business, financial situation and results.

**A change in the Group's debt rating could affect the cost and terms of its debt as well as its ability to raise financing**

The Group's debt instruments are rated by independent rating agencies, with the following sollicited ratings as of 30 June 2020:

(i) Standard & Poor's (with Eutelsat Communications S.A.'s debt rated BB+/Stable Outlook and Eutelsat S.A.'s debt rated BBB-/Stable Outlook);

(ii) Fitch Ratings (with Eutelsat S.A.'s debt rated BBB/Stable Outlook).

During financial year 2019-20, Fitch and S&P confirmed and maintained their ratings and outlooks.

It should also be noted that, although Eutelsat has requested the withdrawal of this rating, Moody's Investors Service rates the Group's debt on an unsolicited basis (with Eutelsat Communications' debt rated Ba1/Negative Outlook and Eutelsat S.A.'s debt rated Baa3/Negative Outlook).

These ratings affect the cost and terms of the Group's credit facilities. Any future rating downgrades, should they occur, could affect the Group's ability to obtain financing and the terms associated with that financing.

The Group cannot guarantee that it will be able to take measures enabling it to improve or maintain its ratings, nor that agencies will regard such measures as sufficient. Additionally, factors beyond the Group's control, such as those related to its industry segment or the geographical areas in which it operates, may affect its credit ratings.

Consequently, the Group cannot guarantee that its debt rating will not be downgraded in the future, which could have a significant negative impact on its business, financial situation and results.

**The Company is a holding company that depends on its subsidiaries for the resources required to pay dividends. The ability of its subsidiaries to make distributions may be subject to certain constraints**

The Company is a holding company that has only limited capacity to generate revenues. The Company therefore depends on its subsidiaries for the resources required for any payment of dividends or any other form of distribution to its shareholders.

As of 30 June 2020, the Company had a high level of debt with 600 million euros in bank borrowings drawn under the Refinancing Agreement. These borrowings do not carry guarantees from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders.

The distributable funds of its principal operating subsidiary, Eutelsat S.A., could be seriously affected by its costs, whether or not they result in any disbursement and, in particular, by any impairment of assets recorded in Eutelsat S.A.'s financial statements. In the past, Eutelsat S.A. recorded substantial asset write-downs and may record such write-downs in the future, thereby reducing its distributable net income. Any decline in its subsidiaries' distribution capacity could have a significant negative impact on the Company's financial situation and results.

## 12.7 INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT POLICY

Internal control is a Company process defined and implemented under the responsibility of the Internal Control and Audit Department to ensure, at both the Company and the Group level:

- that there is compliance with legislation and regulations;
- that instructions and guidelines laid down by General Management are applied;
- that the Company's internal procedures function properly, particularly those that help to safeguard its assets;
- that the financial information is reliable,

while contributing to controlling its activities, the effectiveness of its operations and the efficient use of its resources.

The Company ensures that its internal control system complies with the AMF's Reference Terms. This report on the internal control and risk management procedures implemented by the Company is based on the implementation guidelines in the Reference Terms, supplemented by the application guidelines established by the Autorité des marchés financiers (AMF – French financial market regulator) as published in its recommendation dated 22 July 2010.

The risks identified in the internal audit plan approved by the Audit Committee are specifically monitored by the Audit and Internal

Control Department.

The main actions undertaken during the fiscal year include optimizing the internal control process in relation to the main Group-wide systems, in particular through the continued implementation of tools for managing purchases, sales, cash, missions and expense reports according to a Group "core model". The internal control environment relating to the development of Broadband activities was the subject of particular attention during the year in order to secure the new processes inherent to these activities.

In the description below, it is important to make a distinction between internal control procedures designed to ensure the security of the Group's operating activities, namely procedures relating to the management of satellite risks and other Group risks on the one hand, and internal control procedures relating to the handling of accounting and financial information (in compliance with the applicable regulations) concerning the business activity of the Company and its subsidiaries on the other hand.

The Company's role is to provide financial and strategic management for the Eutelsat Group. The operating procedures described below are the procedures implemented at Eutelsat S.A. and its subsidiaries.

### Risk management policy

Due to the very complex nature of the activities involved in operating and developing its satellite fleet, the Group's Senior Management has always been particularly attentive to risk management within the Group and to the measures taken to cover these risks.

The Internal Control and Audit Department, which continually acts in coordination with each department, is required:

- to undertake to identify the major risks likely to affect the Group's operations and activities and define an associated risk management policy and procedure in conjunction with the other departments involved;
- to assist the Group's Senior Management as well as the Audit Committee in applying a risk management policy consisting of all the envisaged measures to prevent and reduce risks.

## 12.7.1 Procedures relating to the satellite fleet and its operation

These procedures are designed to ensure the continuity of the communications service offered to our customers and end users.

Administration and control of the satellite system is the responsibility of the Technical Department, which is in charge of controlling the satellites and the quality of the signals the satellites receive and broadcast.

These activities are carried out from the Company's control centres, which have backup facilities to overcome any operational unavailability or interruption affecting the centres. These centres are located in France and in Mexico depending on the satellite and the entity (Eutelsat S.A. or Eutelsat Americas) responsible for controlling and marketing the satellite. A centre for the control of signal quality was recently opened in Sao Paolo (Brazil) to assist customers in this country. The operational availability of the backup facilities is checked regularly.

These control centres are responsible for ensuring, in line with the recommendations and technical procedures applicable to the various satellites, that the satellites are protected and that the signal's operational continuity is maintained to meet the requirements of the Group's customers.

Written operational procedures for the control centres, and the control centre responsible for the satellite fleet in particular, cover the various manoeuvres and configuration changes required in a nominal situation as well as in a crisis situation, or when a technical incident occurs. These procedures are reviewed and checked using satellite simulators by the staff responsible for controlling them and form part of the controllers' ongoing training.

Any incident affecting a satellite or one of the transmitted signals (e.g. a technical failure or signal interruption) is dealt with internally by the Operations Department according to escalation procedures. These procedures enable internal skilled staff to intervene immediately or call on the expertise of the satellite manufacturers if necessary. Any incidents that affect a satellite or the control system are logged and monitored under the authority of the manager responsible for satellite operations, so as to identify the causes of the incident and propose and implement the necessary corrective measures.

In addition, any material incident likely to affect the quality or continuity of the telecommunications service is:

- communicated to the Group's Senior Management;
- reviewed internally by Eutelsat S.A.'s Technical Department;
- where appropriate, reviewed by a panel of independent experts, depending on the nature of the relevant incidents;
- communicated to customers; and
- where appropriate, reported in a press release.

### Back-up capacity and redundancy

As part of the Group's risk management strategy, it has developed a back-up and redundancy policy designed to reduce the risk of service interruptions, outages or failure to meet its contractual commitments.

The Group's satellites are designed with adequate redundancy to contend with potential equipment failures and to meet or exceed their theoretical operational life in-orbit. Significant on-board redundancy of equipment allows the Group to quickly replace any equipment damaged during the operational life of the satellite with minimal or no interruption of service, depending on the nature of the incident. Some of the satellites in the fleet are currently using this redundancy equipment.

Furthermore, the Group offers significant back-up capacity in certain key orbital locations. Back-up capacity is used to replace leased capacity in the event of an on-board fault or equipment failure on a satellite. It is often obtained by pooling capacity on several satellites located at nearby orbital positions and offering similar coverage and technical specifications. This enables the Group to provide continuity of service to customers, depending on the fill factors of the satellites concerned.

The Group has also signed leases guaranteeing continuity of service to some of its customers, by offering them capacity with guaranteed restoration of service using pre-defined capacity (generally on a neighbouring satellite). These leases generally attract a higher price. In the absence of an emergency or malfunction that requires back-up capacity, the Group is able to market this capacity subject to a clawback clause.

## IT security and certification of satellite control systems and related services

The introduction of measures designed to improve the security of the satellite control information systems and associated services continued during the past year.

In 2011, the satellite control team obtained ISO 27001 certification for its information security management system for a period of three years, which was renewed in June 2014, June 2017 and in April 2020.

The certification covers:

- satellite control and operations, Launch and Early Orbit Phase Operations (LEOP);
- human resources and defining, developing, procuring, deploying, operating and maintaining the software, computer systems and networks that form part of the satellite ground control systems; and
- the security of stations for the operation of geostationary satellites.

In June 2013 the teleport teams in Rambouillet obtained information security certification (ISO 27001) for a period of three years renewed in June 2016 and June 2019. The certification covers the activities and systems related to:

- the communication control centre;
- the management of the Rambouillet teleport;
- the implementation and supervision of managed services operations; and
- the security of all sites for monitoring the payload, the points of presence and the teleports.

In addition to the ISO 27001 certification, in June 2016 and renewed in June 2019, the Rambouillet teleport teams obtained Tier 4 certification – the highest – for a period of three years, in the context of the programme of certification delivered by the World Teleport Association (WTA). This teleport certification programme is aimed at both teleport operators and their customers. It is intended to be an objective, transparent and internationally-recognised methodology enabling an assessment to be made of the security and the quality of our teleport facilities, as well as the technology used and the operating procedures in place, via a rigorous evaluation of the elements relating to business continuity, transmission chains, satellite and terrestrial connectivity, security of persons and IT systems (cyber security) and the network operations centre.

The operational teams of Eutelsat Americas obtained ISO 27001 certification in August 2016 for a period of three years and to be renewed in August 2019.

The certification covers the activities and systems related to:

- satellite control operations;
- the operation of the payload;
- monitoring of communications and of the ground segment.

The Skylogic Mediterraneo teams obtained the ISO 27001 certification in 2017 for a period of three years, which was renewed in March 2020.

The certification covers activities and systems relating to design, installation, supply and technical assistance activities for video and data connectivity services, and to the management of the Cagliari teleport.

The Skylogic teams obtained the ISO 27001 certification in 2017 for a period of three years, which was renewed in March 2020.

The certification covers activities and systems relating to design, installation, supply and technical assistance activities for video and data connectivity services on behalf of the Eutelsat Group.

ISO 9001 certification for the satellite control activities was obtained in 2005 and renewed four times: in June 2008, April 2011, May 2014, May 2017 and April 2020. Certification covers control and operation of the satellites, satellite launch and orbit operations and the satellite ground control system (definition, development, procurement, deployment, operation and maintenance).

ISO 9001 certification was also obtained in 2011 for the activities of the Rambouillet teleport, and this was renewed in May 2014, May 2017 and June 2020.

For the Rambouillet teleport, this certification covers activities relating to:

- the communication control centre;
- commercial services (management of data and television signals through teleport ground equipment); and
- radio frequency systems and Rambouillet teleport’s technical infrastructures.

For the teleport activities of the subsidiary Skylogic (Turin, Italy) the ISO 9001 certification obtained in May 2014 and renewed in May 2017 and in March 2020 covers design, installation, supply and technical assistance activities on behalf of the Eutelsat Group for video and data connectivity services.

In June 2017, the teleport of the subsidiary Skylogic Mediterraneo (Cagliari, Italy) obtained ISO 9001 certification, which was renewed in March 2020. The certification covers design, installation, supply and technical assistance activities for video and data connectivity services.

Our subsidiary Eutelsat Americas also obtained ISO 9001 certification for all of its operational activities in November 2007 (satellite control and monitoring the quality of signals received and relayed by satellites). This certification has been renewed in 2010, 2013, 2016 and 2019.

### Insurance

#### Launch-plus-one-year and In-Orbit Life Insurance

The Group has an insurance programme covering the phases of a satellite's lifespan, i.e. launch (the launch insurance policy also covers in-orbit acceptance testing and In-Orbit Life of the satellite until the anniversary date of the launch) and in-orbit (In-Orbit Life Insurance policy).

The Group's Launch-plus-one-year and In-Orbit Life Insurance policies include exclusions that are customary in space insurance.

## 12.7.2 Procedures for preventing and managing the Group's other operating risks

### The Company's Business Continuity Plan

The continuity plan includes the following items:

mapping of critical processes and their recovery objectives. This mapping is derived from an analysis of the impacts on business performance in various crisis scenarios;

- crisis management procedures (logistics, external and internal communication, decision-making processes);
- business procedures describing the tasks to be performed at the backup site;
- the backup IT system (applications, systems and network infrastructure, telecoms);
- procedures describing urgent action to be taken in the event of an incident; and
- the logistics required when the plan is triggered (backup user locations, plant rooms containing backup infrastructure).

The business continuity plan (BCP) aims to define the conditions for continuity of the commercial, financial, administrative and legal activities, as well as corporate communications, management of the IT systems and Human Resources. The business continuity plan was updated during fiscal year 2019/20 in order to include the requirements relating to the future Head Office.

Activities directly linked to managing the satellite fleet (particularly satellite and communications control centre activities) are not currently included as they are already covered by specific security procedures, as described in the previous paragraph devoted to this topic.

### Information systems security

In carrying out its business, the Group is exposed to a certain number of operational risks and, more specifically, to risks that are likely to affect its business process. The IT Department is addressing the operating risks relating to the security of the Group's information systems and this is reflected in the following activities:

- mapping risks relating to the security of IT systems and assessing their impact on the Group's operations;
- introducing a policy and a set of standards to meet the Group's security requirements;
- drawing up and monitoring an action plan;
- assessing the protective measures that are in place in organisational and technical areas; and
- reacting in the event of suspicious events or security incidents.

### Processing accounting and financial information

In addition to the internal control procedures inherent in its main business activity, the Group has developed significant control procedures for processing accounting and financial information, for both its operating subsidiaries and those that manage its equity interests. During the 2019/20 fiscal year, the Group continued the implementation of a Group ERP in each of its subsidiaries.

Monthly reports are also prepared under the supervision of the Deputy Chief Executive Officer and the Financial Director. These reports take into account information on the various activities of the Group from the different operational departments of Eutelsat S.A. (Sales Department, Finance Department, Technical Department, Legal Affairs Department etc.) after reconciliation with appropriate accounting and legal documents.

Closing, consolidation and reporting procedures have not been specifically amended during this financial year. Eutelsat S.A.'s financial departments and those of its subsidiaries have duly complied with these procedures.

### Preparing the consolidated financial statements

At the end of each month, the financial data from each subsidiary is reviewed by the Consolidation Manager to verify, in particular, that the accounting principles and methods currently in force within the Group are being correctly applied. These accounting principles and methods are set out in the consolidation manual drawn up and distributed within the Group during the year. This manual is updated when necessary. In addition, the Consolidation Manager issues specific instructions to the subsidiaries before the end of each closure of the accounts, including a detailed timetable and a list of the various actions to be taken. In addition, the increased formalisation of the process for drawing up consolidated accounts on the basis of information provided by the subsidiaries ensures that the entire corporate perimeter is covered.

In addition, each time the accounts are closed (every six months and annually), the Audit Committee meets to examine and approve the financial statements in the presence of the Company's Statutory Auditors.

Furthermore, as part of their audit at each closing date, the Statutory Auditors ensure that the accounting principles and procedures embedded in the consolidation tool data entry manual and applied by the Company are appropriate, and that the accounts approved by the Board of Directors give a reliable and accurate picture of the financial position and business activity of the Company and the Group.

In furtherance of Management responsibility and financial data control for all companies in the Group, the Company uses a consolidation and reporting system guaranteeing:

- a single source for information used in the legal consolidation and reporting process, managed in a shared database; and
- that legal data is entered by the various senior managers in the companies comprising the Group and stored in the system.

The information used for consolidation is confirmed by the legal managers in the subsidiaries using representation letters.

## Insurance

### In-orbit third-party liability insurance – Spacecraft third-party liability policy

The Group subscribes to an insurance policy covering civil responsibility for spacecraft, renewed on an annual basis, and which covers potential damaged caused to third parties by the Company in its capacity as a satellite operator.

### Credit insurance

The Group has a credit insurance policy aiming to be better protected against customer default risks.

### Other insurance policies

The Group has taken out several third-party liability insurances including one covering its Corporate Officers (mandataires sociaux), Directors and senior managers, as well as the senior managers of its subsidiaries, in the performance of their duties.

In addition, the Group has notably a standard insurance against all risks of damage or loss for on-ground telecommunications equipment, various assistance policies for its employees and visitors and an insurance covering employees' travels.

## Delegation of signing authority and delegation of powers

In principle, all contracts and documents embodying a commitment by the Company are submitted for signature by the Chief Executive Officer or by one of the two Deputy Chief Executive Officers. However, in a number of specific cases, such as managing contracts with suppliers involving small amounts (lower than 300,000 euros), the Chief Executive Officer has authorised certain people in the Group to delegate signing authority. These delegations are established by the Legal Affairs Department which monitors them. The CEO and both Deputy CEOs are authorised to sign all commitments without limitation of the amount or nature, subject to the provisions laid down by the law and the Internal Rules of the Company's Board of Directors.

## Managing and monitoring the Group's supplier contracts

As with the Group's other contracts, preparing, negotiating and monitoring the Company's supplier contracts and financing contracts is carried out by Eutelsat S.A. under the service agreement between the Company and Eutelsat S.A. Accordingly, before they are signed, supplier contracts are examined using a procedure that requires endorsement from the relevant Managers, followed by formal approval from the Chief Executive Officer, one of the two Deputy Chief Executive Officers or the Managers to whom the Chief Executive Officer has delegated signing authority.

## Procurement procedures

Procedures have been put in place to guarantee that any commitment to order goods or services is preceded by a duly authorized purchase requisition.

The following authorisation procedure must precede all purchases:

- approval by Senior Management of a procurement budget per project/activity as part of the Annual Budget approved by the Board of Directors; and
- validation by Management of the Department which made the purchase request (as well as by General Management beyond a predetermined amount).

Invoices received are compared with the appropriate items delivered and/or the appropriate services provided subsequent to the relevant contract or order being submitted.

Invoice payment is subject to the agreement of the various services involved in the procurement process, in compliance with the internal control principles relating to the rules regarding the separation of roles.

All payments are predicated on the principle that two signatures are required. If certain pre-determined amounts are exceeded, the signature of the Chief Executive Officer or one of the two Deputy Chief Executive Officers is also required.

It should be noted that procurement contracts for satellites and launchers are approved beforehand by the Board of Directors as part of its review of the Group's business and investment decisions. Contracts for these programmes are governed by a specific procedure (technical, legal and financial) before being signed by the Chief Executive Officer or one of the two Deputy Chief Executive Officers of

### Adressing the risk of non-compliance

During the fiscal year the Group has strengthened the programme set up in 2014 to prevent and detect acts of corruption within the Group and continued to deploy it, notably by:

- the implementation of a dedicated governance within the Group, based on the organization and management of an internal network of correspondents in charge of implementing compliance actions locally, monitoring their effectiveness and reporting on any vulnerabilities detected;
- strengthening internal communication to reflect senior management's commitment to the fight against corruption and influence peddling and the application of a "zero tolerance" policy to promote a culture of integrity and ethics throughout the Group;
- the continuation of the actions undertaken as part of the implementation of the eight preventive measures prescribed by the Sapin II act, in accordance with the recommendations of the AFA, notably: (i) the development of a global action plan based on risk mapping and specific action plans with regard to the main risk areas identified, (ii) the development and regular updating of internal policies on ethics and compliance, (iii) the automation of pre-contractual due diligence on third parties and their integration into internal procedures, (iv) the optimization of the internal alert system, (v) the intensification of the training program, and (vi) the conduct of compliance reviews by the internal auditors to assess the implementation and effectiveness of the program.

For more information on non-compliance risk management, please refer to Section 10 of this document.

## 12.7.3 Prevention and management of the Group's commercial risks

### Managing and monitoring the Group's customer contracts

The Group's customer contracts are concluded by Eutelsat S.A. or its subsidiaries on the basis of standard contracts prepared by Eutelsat S.A.'s Legal Affairs Department and Sales Department.

Any change to the standard form is examined in advance by the Legal Affairs Department before the contracts are signed by those with authority to do so.

The execution of sales agreements is subject to a number of approval stages, which vary depending on the annual value of each commitment.

The Group has implemented processes to develop contracts for the allocation of capacity, in particular to verify that contracts are duly signed and that customers are invoiced in accordance with the contract conditions.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Sales and Finance Departments.

### Managing the Group's credit risk

In this respect, the standard contracts entered into with customers provide for suspension or interruption of services in the event of payment default. The company has a contracted with two collection agencies.

All new customers undergo a customer risk assessment by the "Credit Management" team in the Finance Department, which determines the amount of financial guarantee required. An annual reassessment is systematically carried out on the entire customer portfolio. Revaluations are also made on a case-by-case basis throughout the year.

The in-house Credit Management team of the Financial Department has exclusive responsibility for checking payments. Customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic downturn are monitored closely.

Any delayed payment is thoroughly analysed with the appropriate customer relations managers in the Sales Department and the office of the Legal Affairs Department and, if necessary, followed by appropriate measures. In the event of a dispute, it contacts the Legal Department which handles any litigation with the support of specialised law firms.

The Group also has in place a credit-insurance policy to provide better protection against the risks of customer default.

## 12.7.4 Management of Financial Risks

Via its subsidiary Eutelsat S.A., the Group has put in place centralised cash flow management. Under service agreements between Eutelsat S.A. and the various entities within the Group (including the Company), the accounts department at Eutelsat S.A. manages foreign exchange, interest rate, counterparty and liquidity risks on behalf of all the Group's entities.

Moreover, the Group is exposed to market risks, notably in terms of currency, interest rates and counterparty risk. The Executive Board actively manages this risk exposure using various derivative instruments.

These instruments are traded over-the-counter with first-rate banking counterparts. The Group does not engage in financial transactions in a speculative perspective or in a transaction whose associated risk cannot be quantified at their outset, i.e. the Group never sells assets it does not possess or does not know it will subsequently possess.

The goal is, where appropriate, to reduce revenue and cash flow fluctuations arising from interest-rate and foreign exchange rate variations.

## The Group manages liquidity risk

As of 30 June 2020, liquidity remains strong, with undrawn credit lines of almost 400 million euros and cash of 832 million euros.

As of 30 June 2020, the Group complied with all of the covenants on its various credit facilities as described in Section 6.4 of this Document. The Net Debt to EBITDA ratio stood at 3.05x at 30 June 2020 (2.98x at 30 June 2019).

The Group manages liquidity risk by using a tool enabling it to monitor and manage its recurrent cash flow needs. This tool takes account of the maturity of financial investments, financial assets and estimated future cash flows arising from operations.

The Group’s goal is to maintain a balance between continuous funding and flexibility by use of overdrafts, term loans, bond issues, revolving credit lines, structured loans and satellite lease contracts.

## Interest rate risk

The Group manages its exposure to interest rate volatility by maintaining a portion of its debt at fixed rates (Eutelsat S.A. bond issues) and when appropriate by a hedging or pre-hedging policy.

Please refer to the Note 7.3.6 of the notes to the consolidated financial accounts for more information.

## Foreign exchange risk

In order to hedge the risks of fluctuating foreign exchange rates, the Group may carry out forward sales or synthetic forward sales of U.S. dollars and euros with knock-in options which are exercised or not, depending on the exchange rates on their expiry date. The Group does not automatically hedge or may not be able to hedge all of its contracts denominated in U.S. dollars.

Moreover, in order to hedge the translation risk, the Group may also create liabilities denominated in the currency of the cash flows generated by these assets. Hedging instruments include currency derivatives (cross-currency swaps) documented as hedges of net investments in foreign operations. The Group implemented foreign exchange swaps for a notional amount of 612 million euros to hedge its net investment in Satmex.

Please refer to the Note 7.3.6 of the notes to the consolidated financial accounts for more information.

## Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products mainly from A-rated financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits. As of 30 June 2020, the Eutelsat Communications banking syndicate comprised 9 lenders with Eutelsat S.A.’s banking syndicate comprising 7 banks.

If any of the lenders default on the term loan portion of the credit facilities, the Group retains the amounts initially allocated in full. If any counterparty defaults on the revolving part of a credit facility, the amount obtained may be less than the total amount requested. In this case, the Group has the possibility of drawing one or more additional amounts from the other counterparties in order to obtain the extra sums needed to make up the total amount required. The Group does not expect any losses resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded. As of 30 June 2020, the counterparty risk is not significant.

* * * *

# APPENDIX 1

## CONSOLIDATED FINANCIAL STATEMENTS OF EUTELSAT COMMUNICATIONS AT 30 JUNE 2020

# Eutelsat Communications Group

**"Société anonyme" with a capital of 230,544,995 euros**
**Registered office: 70, rue Balard 75015 Paris**
**481 043 040 R.C.S. Paris**

# CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2020

# CONSOLIDATED INCOME STATEMENT

| (in millions of euros, except per-share data) | Note | 30 June 2019 | 30 June 2020 |
|---|---|---|---|
| **Revenues from operations** | 6.1 | **1,321.1** | **1,278.3** |
| Operating costs | 6.2 | (90.6) | (89.7) |
| Selling, general and administrative expenses | 6.2 | (198.0) | (206.7) |
| Depreciation expense | 7.1.1, 7.1.2, 7.1.3 | (518.8) | (530.9) |
| Other operating income and expenses | 6.3 | 12.5 | 36.1 |
| **Operating income** | | **526.1** | **487.2** |
| Cost of net debt | | (86.5) | (71.8) |
| Other financial items | | (4.9) | (8.7) |
| **Financial result** | **6.4** | **(91.5)** | **(80.5)** |
| Income from associates | 6.5 | (1.3) | - |
| **Net income before tax** | | **433.4** | **406.7** |
| Income tax | 6.6 | (76.3) | (94.4) |
| **Net income** | | **357.0** | **312.2** |
| Attributable to the Group | | 340.4 | 297.6 |
| Attributable to non-controlling interests | | 16.6 | 14.6 |
| **Basic and diluted earnings per share attributable to Eutelsat Communications shareholders** (1) | **6.7** | 1.463 | 1.283 |

*(1) There were no dilutive instruments as of 30 June 2019 and 30 June 2020.*

# COMPREHENSIVE INCOME STATEMENT

| (in millions of euros) | Note | 30 June 2019 | 30 June 2020 |
|---|---|---|---|
| **Net income** | | **357.0** | **312.2** |
| ***Other recyclable items of gain or loss on comprehensive income*** | | | |
| Translation adjustment | 7.5.4 | 6.5 | (41.4) |
| Tax effect | | 11.2 | 11.9 |
| Changes in fair value of hedging instruments (1) | 7.5.3 | (14.4) | 9.9 |
| Tax effect | | (17.8) | (0.4) |
| ***Other non-recyclable items of gain or loss on comprehensive income*** | | | |
| Changes in post-employment benefits | | (22.4) | 14.4 |
| Tax effect | | 5.8 | (3.8) |
| **Total of other items of gain or loss on comprehensive income** | | **(31.2)** | **(9.3)** |
| **Total comprehensive income** | | **325.9** | **302.9** |
| Attributable to the Group | | 310.4 | 288.6 |
| Attributable to non-controlling interests (2) | | 15.5 | 14.3 |

*(1) The changes in the fair value of hedging instruments concern only 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 16.6 million euros as of 30 June 2019 and 14.6 million euros as of 30 June 2020*
*- Other recyclable items of gain or loss on comprehensive income of (0.5) million euros as of 30 June 2019 and (0.7) million euros as of 30 June 2020; and*
*- Other non-recyclable items of gain or loss on comprehensive income of (0.6) million euros as of 30 June 2018 and 0.4 million euros as of 30 June 2020.*

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| (in millions of euros) | Note | 30 June 2019 | 30 June 2020 |
|---|---|---|---|
| **Assets** | | | |
| Goodwill | 7.1.1 | 1,206.1 | 1,209.2 |
| Intangible assets | 7.1.1 | 575.5 | 514.8 |
| Tangible assets and construction in progress | 7.1.2 | 3,881.4 | 3,856.7 |
| Right of use in respect of leases | 7.1.3 | 657.9 | 556.3 |
| Non-current financial assets | 7.3.3 | 13.6 | 32.8 |
| Non-current assets associated with customer contracts and costs to obtain and fulfill contracts | 7.2 | 59.1 | 74.9 |
| Deferred tax assets | 7.7 | 2.7 | 36.3 |
| **Total non-current assets** | | **6,396.3** | **6,280.9** |
| Inventories | | 3.9 | 6.7 |
| Accounts receivable | 7.2.1 | 284.7 | 334.8 |
| Current assets associated with customer contracts and costs to obtain and fulfill contracts | 7.2 | 20.0 | 17.1 |
| Other current assets | | 25.5 | 43.5 |
| Current tax receivable | | 22.4 | 42.5 |
| Current financial assets | 7.3.3 | 83.4 | 23.6 |
| Cash and cash equivalents | 7.3.1 | 1,455.4 | 832.0 |
| **Total current assets** | | **1,895.3** | **1,300.2** |
| **Total assets** | | **8,291.6** | **7,581.1** |

| (in millions of euros) | Note | 30 June 2019 | 30 June 2020 |
|---|---|---|---|
| **Liabilities** | | | |
| Share capital | 7.5.1 | 232.8 | 230.5 |
| Additional paid-in capital | | 738.1 | 718.1 |
| Reserves and retained earnings | | 1,710.1 | 1,711.1 |
| Non-controlling interests | | 186.4 | 144.8 |
| **Total shareholders' equity** | | **2,867.4** | **2,804.6** |
| Non-current financial debt | 7.3.2 | 2,873.1 | 2,505.8 |
| Non-current lease liabilities | 7.3.3 | 507.2 | 418.7 |
| Other non-current financial liabilities | 7.3.3 | 60.8 | 85.6 |
| Non-current payables to fixed asset suppliers | | 7.7 | 5.9 |
| Non-current liabilities associated with customer contracts | 7.2.3 | 129.0 | 120.6 |
| Non-current provisions | 7.6 | 130.8 | 106.6 |
| Deferred tax liabilities | 7.7 | 229.1 | 264.2 |
| **Total non-current liabilities** | | **3,937.7** | **3,507.5** |
| Current financial debt | 7.3.2 | 986.0 | 858.1 |
| Current lease liabilities | 7.3.3 | 75.1 | 74.7 |
| Other current payables and financial liabilities | 7.3.3 | 230.8 | 111.9 |
| Accounts payable | | 61.7 | 73.3 |
| Current payables to fixed asset suppliers | | 55.0 | 45.0 |
| Tax payable | | 2.5 | 22.8 |
| Current liabilities associated with customer contracts | 7.2.3 | 59.5 | 66.9 |
| Current provisions | 7.6 | 16.0 | 16.5 |
| **Total current liabilities** | | **1,486.6** | **1,269.0** |
| **Total liabilities and shareholders' equity** | | **8,291.6** | **7,581.1** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

| (in millions of euros) | Note | 30 June 2019 | 30 June 2020 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net income | | 357.0 | 312.2 |
| Income from equity investments | 6.5 | 1.3 | - |
| Tax and interest expenses, other operating items | | 145.9 | 63.3 |
| Depreciation, amortisation and provisions | | 552.3 | 573.4 |
| Deferred taxes | 7.7 | (36.6) | 8.0 |
| Changes in accounts receivable | | (1.1) | (72.4) |
| Changes in assets held under customer contracts and other assets | | (9.9) | (17.5) |
| Changes in accounts payable | | 3.3 | 10.7 |
| Changes in liabilities associated with customer contracts and other liabilities | | (27.9) | (12.8) |
| Taxes paid | | (136.2) | (85.9) |
| **Net cash flows from operating activities** | | **848.2** | **779.0** |
| **Cash flow from investing activities** | | | |
| Acquisitions of satellites, other property and equipment, and intangible assets | 7.1.1, 7.1.2 | (210.8) | (220.3) |
| Insurance repayments | 2.1 | - | 85.6 |
| Sales (1) | | 67.8 | 67.5 |
| Acquisition of equity investments and other movements (2) | | (0.3) | (12.5) |
| **Net cash flows from investing activities** | | **(143.3)** | **(79.7)** |
| **Cash flow from financing activities** | | | |
| Distributions | | (310.5) | (315.7) |
| Increase in borrowings | 7.3.2 | 1,400.0 | 300.0 |
| Repayment of borrowings | 7.3.2 | (823.7) | (953.7) |
| Repayment of lease liabilities | 7.3.3 | (88.7) | (63.0) |
| Loan set-up fees | | (12.6) | (1.2) |
| Interest and other fees paid | | (117.2) | (83.2) |
| Purchase of own shares | | - | (20.0) |
| Transactions relating to non-controlling interests (2) | 2.4 | - | (35.0) |
| Premiums and termination indemnities on derivatives settled | | (32.9) | (151.3) |
| Other changes | | (0.4) | - |
| **Net cash flow from financing activities** | | **14.0** | **(1,323.1)** |
| Impact of exchange rate on cash and cash equivalents | | 3.0 | 0.6 |
| **Increase/(Decrease) in cash and cash equivalents** | | **721.9** | **(623.4)** |
| **Cash and cash equivalents, beginning of period** | | **733.5** | **1,455.4** |
| **Cash and cash equivalents, end of period** | | **1,455.4** | **832.0** |
| *Including Cash and cash equivalents, end of period* | *7.3.1* | *1,455.4* | *832.0* |
| *Including Overdrafts included under debt, end of period* | | - | - |

*(1) Sales included the two payments of 67.5 million euros made in August 2018 and August 2019 following the divestment of the E25B satellite to its co-owner Es'Hailsat for 135 million euros.*

*(2) As of 30 June 2020, the acquisitions of equity investments include the 10 million euros payment linked to the acquisition of an equity interest in Broadpeak. See Note 2.5 "Acquisition of an equity interest in Broadpeak".*

# 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 2018** | **232,774,635** | **232.8** | **738.1** | **1,695.1** | **2,665.9** | **181.4** | **2,847.5** |
| Net income for the period | - | - | - | 340.4 | 340.4 | 16.6 | 357.0 |
| Other items of gain or loss In comprehensive income | - | - | - | (30.0) | (30.0) | (1.1) | (31.2) |
| **Total comprehensive income** | - | - | - | **310.4** | **310.4** | **15.5** | **325.8** |
| Treasury stocks | - | - | - | (0.1) | (0,1) | - | (0.1) |
| Dividend distributions | - | - | - | (295.3) | (295.3) | (15.3) | (310.6) |
| Benefits for employees upon exercising options and free shares granted | - | - | - | 0.4 | 0.4 | - | 0.4 |
| Transactions with non-controlling interests and others | - | - | - | (0.6) | (0.6) | 5.1 | 4.4 |
| **As of 30 June 2019** | **232,774,635** | **232.8** | **738.1** | **1,709.9** | **2,680.7** | **186.7** | **2,867.4** |
| Net income for the period | - | - | - | 297.6 | 297.6 | 14.6 | 312.2 |
| Other items of gain or loss In comprehensive income (1) | - | - | - | (9.0) | (9.0) | (0.3) | (9.3) |
| **Total comprehensive income** | - | - | - | **288.6** | **288.6** | **14.3** | **302.9** |
| Transactions impacting the share capital | (2,229,640) | (2.2) | (20.1) | 0.6 | (21.7) | - | (21.7) |
| Dividend distributions | - | - | - | (295.2) | (295.2) | (20.6) | (315.8) |
| Transactions with non-controlling interests and others (2) | - | - | - | 7.0 | 7.1 | (35.4) | (28.2) |
| **As of 30 June 2020** | **230,544,995** | **230.5** | **718.0** | **1,711.1** | **2,659.8** | **144.8** | **2,804.6** |

*(1) The changes in other items of gain or loss on comprehensive income are detailed in Note 7.5.3 "Change in the revaluation surplus of derivative instruments",and Note 7.5.4 "Translation reserve".*

*(2) The transactions relating to non-controlling interests as of 30 June 2020 mainly relate to the purchase of minority equity interests in the companies Eutelsat International and Eutelsat Networks. See Note 2.4*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# Note 1. GENERAL OVERVIEW

## 1.1 BUSINESS

With capacity operated on 39 satellites, the Group is an industry leader in fixed satellite services. It mainly operates and provides capacity for Video Services, Fixed Data and Government Services, and capacity in Connectivity applications (Fixed Broadband and Mobile Connectivity), which have strong growth potential. Through its satellite fleet, the Group is able to serve the entire European continent, the Middle East and North Africa, as well as sub-Saharan Africa, a significant proportion of the Asian continents and the Americas.

## 1.2 FINANCIAL YEAR

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

## 1.3 APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements as of 30 June 2020 have been established under the responsibility of the Board of Directors, which adopted them at its meeting of 30 July 2020. They will be submitted for approval to the Ordinary General Meeting of Shareholders taking place on 5 November 2020.

# Note 2. KEY EVENTS DURING THE FINANCIAL PERIOD

## 2.1 MALFUNCTION ON THE EUTELSAT 5 WEST B SATELLITE

The EUTELSAT 5 West B satellite was successfully launched on 10 October 2019. On 24 October 2019, the Group announced that a malfunction had taken place on one of the satellite's two solar arrays, confirming the loss of the south solar array on 17 January 2020. The attendant power loss means that c.45% of the satellite's capacity can be operated. The satellite entered commercial service on 21 January 2020. EUTELSAT 5 West B is fully insured against the eventuality of a partial or total loss under a "launch-plus-one-year" insurance policy. An insurance payment of 92.2 million euros corresponding to the total loss was thus recognised in other operating income during the financial year ended 30 June 2020, of which 85.6 million euros recognised in investing flows was paid in June 2020 with the balance having been received in July 2020. All of the costs incurred in this malfunction have been recorded in other operating expenses in the financial statements for the financial year ended 30 June 2020.

## 2.2 LAUNCH OF THE KONNECT SATELLITE

The KONNECT EUTELSAT satellite was successfully launched on 16 January 2020. EUTELSAT KONNECT will assure the full or partial coverage of 40 countries across Africa and 15 in Europe, enabling the delivery of fixed broadband services. It will operate at full capacity as of early 2021.

## 2.3 C-BAND

On 3 March 2020, the Federal Communications Commission (FCC - US communications regulator) issued a federal decision confirming the release of spectrum in the 3.7-4 GHz range across the US territory (CONUS continental US) currently used by satellite operators. By way of an auction procedure, this spectrum will then be reallocated for use by 5G telephony services. The FCC also proposed an incentive payment to satellite operators currently occupying this spectrum if they vacate it according to an accelerated calendar. If the entire relevant spectrum is vacated by 5 December 2023, this decision would enable the group to receive a maximum of 507 million US dollars. Nearly all the transition costs linked to the reallocation of this spectrum will be reimbursed. The annual consolidated financial statements ended 30 June 2020 are not affected by this decision.

## 2.4 ACQUISITION OF MINORITY EQUITY INTERESTS IN EUTELSAT NETWORKS AND EUTELSAT INTERNATIONAL

On 30 January 2020, Eutelsat S.A. purchased the 49% minority equity interests in its Eutelsat International and Eutelsat Networks subsidiaries for a consideration of 35 million euros. This transaction includes an earn-out clause payable between September 2020 and September 2023.

## 2.5 ACQUISITION OF AN EQUITY INTEREST IN BROADPEAK

On 2 July 2019, Eutelsat acquired a near-20% equity interest in Broadpeak, an industry leader in video content delivery solutions. This transaction will enable the two companies to pool their technological resources to expand their respective portfolios of services for telecom operators, media groups and content suppliers, and to develop new solutions enabling the integration of satellite technology into the new 5G generation of mobile networks. Eutelsat's investment, in the form of shares and convertible bonds, represents a consideration of around 10 million euros, booked under non-current financial assets.

## 2.6 REPERCUSSIONS OF COVID

Group revenues have been adversely affected by the Covid-19 crisis since mid-March, most notably:

- Professional Video, in particular Occasional Use (circa 1% of Group revenues) which is impacted by the postponement or cancellation of sports and other events;

- Mobile Connectivity (6% of Group revenues) which is affected by the Covid-related shrinkage in airline and maritime traffic.

More generally, there has been a more global slowdown in the pace of new business.

In addition, the crisis has had a two-fold impact on the Group's cash generation:

- On the one hand, delays in the collection of trade receivables resulting in a deterioration in the working capital requirement related to these receivables.

- On the other hand, the postponement of certain payments caused by the delays of satellite programmes, the Covid-19 crisis having affected the operations of satellite manufacturers and launchers and the deployment of ground gateways. The launch of EUTELSAT QUANTUM, initially scheduled for the third quarter of calendar year 2020, has been delayed by one quarter and the deployment of the ground gateways supporting the operations of EUTELSAT KONNECT has been partially delayed.

These two effects are more than offset by the Group' s net cash flow level.

The assumptions used for the impairment tests performed on long-term assets, whose results are described in Note 7.1.4, as well as for the valuation of provisions for trade receivables (see Note 7.2.1) have been updated on the basis of the information available to date.

As of 30 June 2020, the Group had cash and cash equivalents and undrawn credit lines for a total amount of over 1.2 billion euros

Finally, the net debt to EBITDA ratio as of 30 June 2020 - as defined in the covenants of the term loan and the structured debt agreements - has been respected as of 30 June 2020 (see Note 7.3.2).

# Note 3. SCOPE OF CONSOLIDATION

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

### ACCOUNTING PRINCIPLES

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

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

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

## 3.1 SCOPE OF CONSOLIDATION

As of 30 June 2020, the list of companies in the scope of consolidation is as follows:

| Company | Country | Consolidation method | % control as of 30 June 2020 | % interest as of 30 June 2020 |
|---|---|---|---|---|
| Eutelsat Communications S.A (parent company). | France | FC | 100.00% | 100.00% |
| Eutelsat S.A. | France | FC | 100.00% | 96.38% |
| **Eutelsat S.A. Sub-Group** | | | | |
| Eutelsat Broadband Services | France | FC | 100.00% | 96.38% |
| Fransat SAS | France | FC | 100.00% | 96.38% |
| Eutelsat do Brasil SA (1) | Brazil | FC | 100.00% | 96.38% |
| Eutelsat Participatoes (1) | Brazil | FC | 100.00% | 96.38% |
| Satmex Holding BV (1) | Netherlands | FC | 100.00% | 96.38% |
| Satelites Mexicanos SMVS (1) | Mexico | FC | 100.00% | 96.38% |
| EAS Delaware Corp. | USA | FC | 100.00% | 96.38% |
| Satelites Mexicanos Administracion SMVS (1) | Mexico | FC | 100.00% | 96.38% |
| Satelites Mexicanos Tecnicos SMVS (1) | Mexico | FC | 100.00% | 96.38% |
| Satmex US LLC (1) | USA | FC | 100.00% | 96.38% |
| Eutelsat Servicos de Telecom. do Brasil Ltd (1) | Brazil | FC | 100.00% | 96.38% |
| Eutelsat Latam Corp. | Italy | FC | 100.00% | 96.38% |
| Skylogic S.p.A | Italy | FC | 100.00% | 96.38% |
| Eutelsat Latin America (1) | Panama | FC | 100.00% | 96.38% |
| Eutelsat Russia (1) | Russia | FC | 100.00% | 96.38% |
| Eutelsat Services und Beteiligungen GmbH | Germany | FC | 100.00% | 96.38% |
| Eutelsat America Corp. | USA | FC | 100.00% | 96.38% |
| Eutelsat Inc. | USA | FC | 100.00% | 96.38% |

| Company | Country | Consolidation method | % control as of 30 June 2020 | % interest as of 30 June 2020 |
|---|---|---|---|---|
| Eutelsat UK Ltd | United Kingdom | FC | 100.00% | 96.38% |
| Eutelsat Polska spZoo | Poland | FC | 100.00% | 96.38% |
| Skylogic Finland Oy | Finland | FC | 51.00% | 49.15% |
| Skylogic France SAS | France | FC | 51.00% | 49.15% |
| Skylogic Germany GmbH | Germany | FC | 51.00% | 49.15% |
| Skylogic Mediterraneo S.r.l. | Italy | FC | 100.00% | 96.38% |
| Irish Space Gateways | Ireland | FC | 51.00% | 49.15% |
| CSG Cyprus Space Gateways | Cyprus | FC | 51.00% | 49.15% |
| Skylogic Eurasia | Turkey | FC | 51.00% | 49.15% |
| Skylogic Greece | Greece | FC | 51.00% | 49.15% |
| Skylogic España S.A.U. | Spain | FC | 51.00% | 49.15% |
| Skylogic Croatia d.o.o. | Croatia | FC | 51.00% | 49.15% |
| Eutelsat Madeira Unipessoal Lda | Madeira | FC | 100.00% | 96.38% |
| Eutelsat Asia | Singapore | FC | 100.00% | 96.38% |
| ES172 LLC | USA | FC | 100.00% | 96.38% |
| EA172 UK | United Kingdom | FC | 100.00% | 96.38% |
| ES 174E LTD (1) | Cyprus | FC | 100.00% | 96.38% |
| Eutelsat Australia PTY Ltd | Australia | FC | 100.00% | 96.38% |
| Eutelsat Middle East | Dubai | FC | 100.00% | 96.38% |
| Eutelsat International | Cyprus | FC | 51.00% | 49.15% |
| Eutelsat Network (1) | Russia | FC | 51.00% | 49.15% |
| Taurus Satellite Holding | United Kingdom | FC | 100.00% | 96.38% |
| Broadband4Africa Limited | United Kingdom | FC | 100.00% | 96.38% |
| Broadband4Africa France SAS | France | FC | 100.00% | 96.38% |
| Broadband4Africa Italy S.r.l. | Italy | FC | 100.00% | 96.38% |
| Broadband4Africa Israel Ltd | Israel | FC | 100.00% | 96.38% |
| Konnect Africa Côte d'Ivoire | Ivory Coast | FC | 100.00% | 96.38% |
| Konnect South Africa Ltd | South Africa | FC | 100.00% | 96.38% |
| Konnect Africa RDC (1) | Democratic Republic of Congo | FC | 100.00% | 96.38% |
| Konnect Broadband Tanzania Limited | Tanzania | FC | 100.00% | 96.38% |
| Eurobroadband Infrastructure SARL | Switzerland | FC | 51.00% | 49.15% |
| Eurobroadband Services | Italy | FC | 51.00% | 49.15% |
| Eutelsat BH D.O.O. SARAJEVO (1) | Bosnia | FC | 100.00% | 96.38% |
| Eutelsat Bulgaria (1) | Bulgaria | FC | 100.00% | 96.38% |
| Eutelsat MENA FZ-LLC | Dubai | FC | 100.0% | 96.38% |
| Noorsat Media City | Cyprus | FC | 100.00% | 96.38% |
| Noor Al Sharq | Jordan | FC | 100.00% | 96.38% |
| Eutelsat Cyprus Ltd (1) | Cyprus | FC | 100.00% | 96.38% |

*FC: Full consolidation method*

*(1) Companies with financial years ending on 31 December for legal or historical reasons. For the other companies, the financial year ends on 30 June.*

## 3.2 KEY CHANGES IN THE SCOPE OF CONSOLIDATION

### 3.2.1 Financial year ended 30 June 2020

There were no significant changes to the Group's scope of consolidation during the financial year.

### 3.2.2 Financial year ended 30 June 2019

On 23 November 2018, Eutelsat S.A. transferred its 49% stake in Eurobroadband Retail to an entity of the Viasat Group, an existing shareholder with a 51% interest (see. Note 6.5 "Investments in Associates"). This divestment had no material impact on the Group's financial statements.

# Note 4. ACCOUNTING PRINCIPLES AND VALUATION METHODS

## 4.1 BASIS OF PREPARATION OF FINANCIAL INFORMATION

The consolidated financial statements as of 30 June 2020 have been established in accordance with IFRS as adopted by the European Union and in force as of that date. The relevant texts are available for consultation on the following website: *http://ec.europa.eu/commission/index_fr*

Since 1 July 2019, the Group has applied the following standards and interpretations which have been adopted by the European Union:

- IFRIC 23 Uncertainty over Income Tax Treatments, which clarifies the determination of taxable profit, tax bases, tax loss carry-forwards, unused tax credits and tax rates when there is uncertainty about a tax treatment,

- The Annual Improvements to IFRS Standards 2015–2017 Cycle

- Amendments to IAS 28 Investments in Associates

- Amendments to IFRS 9 Financial Instruments

- Amendments to IAS 19 Employee Benefits

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

In addition, the Group early adopted IFRS 16 Leases as of 1 July 2018.

## 4.2 FINANCIAL REPORTING RULES

### 4.2.1 Conversion of financial statements and transactions in foreign currencies

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

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

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

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

The main foreign currency used is the US dollar. The closing exchange rate used is 1.128 US dollars for 1 euro and the average exchange rate for the period is 1.105 US dollars for 1 euro.

### 4.2.2 Reporting of current and non-current assets and liabilities

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

## 4.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The establishment of the Group's consolidated financial statements requires the use of estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. The Group's management constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The 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 owing to the attendant uncertainty.

In preparing the financial statements for the period ended 30 June 2020, the management has exercised judgement, particularly with regard to the recoverable amounts of assets, the recognition of revenues, the estimation of provisions and contingent liabilities assessment, the recognition of tax assets and liabilities and the assessment of customer risk.

# Note 5. SEGMENT INFORMATION

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

The performance indicators monitored by the CEO, Deputy CEOs 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 related to lease liabilities, cash investments are understood to be net of the related insurance income, when applicable.
- Discretionary cash flow, defined as the cash flow from operating activities less cash CAPEX, as well as interest and other financial costs, net of interest income.
- Net debt to EBITDA ratio (see Note 7.3.4 “Net Debt”).

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

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

# Note 6. NOTES TO THE INCOME STATEMENT

## 6.1 REVENUES

### ACCOUNTING PRINCIPLES

Most of the contracts involve satellite capacity services delivered to distributor-customers (who retail the capacity to end users) and end users (who use the capacity for their own needs). These contracts usually cover periods ranging from several months to several years. Some contracts concern the provision of short-term satellite capacity for occasional use. For all of these contracts, revenues are recognised as control is transferred over the contract period.

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

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

Some contracts provide for early termination. When these penalties are paid as part of an amendment to a contract that does not concern services not covered by the existing contract and which therefore forms a single performance obligation with the services partially performed at the date of amendment, these penalties are spread over the duration of the re-negotiated contract.

As part of its Fixed Broadband business, the Group sells terminals to its customers in addition to the provision of satellite capacity. If a terminal is specific and capacity can only be used via this equipment, the capacity service and the sale of the terminal form a single performance obligation that is being gradually fulfilled. Revenue from capacity service is recognised over the average duration of the customer relationship and revenue from terminal services over the average duration of equipment use. The costs of purchasing the terminal are spread over the same period as the sale, as part of the cost of fulfilling the contract. The assets and liabilities relating to the deferred purchase and sale of the terminal are presented separately under other assets and liabilities associated with customer contracts. If a terminal is not specific to satellite capacity provided by the Group, it forms a performance obligation that is distinct from the capacity service for which control is transferred to the customer at a given time. The revenue and purchase cost of the equipment are fully recognized at the time of the transfer of control.

### 6.1.1 Revenues by application

Revenues by application are as follows:

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Broadcast | 790.9 | 784.6 |
| Data & Professional Video | 199.9 | 175.3 |
| Government Services | 161.5 | 161.1 |
| Fixed Broadband | 80.4 | 76.7 |
| Mobile Connectivity | 80.3 | 78.7 |
| **Total operating activities** | **1,313.1** | **1,276.3** |
| Other Revenues | 8.0 | 1.9 |
| **Total** | **1,321.1** | **1,278.3** |
| *EUR/USD exchange rate* | *1.144* | *1.105* |

Other revenues include compensation paid on the settlement of business-related litigations, the impact of EUR/USD currency hedging, the provision of various services and consulting/engineering fees and termination fees.

### 6.1.2 Revenues by geographical region

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

| (in millions of euros and as a percentage) | 30 June 2019 | | 30 June 2020 | |
|---|---|---|---|---|
| Region | Amount | % | Amount | % |
| France | 89.7 | 6.8 | 77.9 | 6.1 |
| Italy | 146.9 | 11.1 | 141.6 | 11.1 |
| United Kingdom | 75.8 | 5.7 | 70.1 | 5.5 |
| Europe (others) | 377.5 | 28.6 | 337.0 | 26.4 |
| Americas | 295.3 | 22.4 | 273.1 | 21.4 |
| Middle East | 225.4 | 17.1 | 251.9 | 19.7 |
| Africa | 93.9 | 7.1 | 98.2 | 7.7 |
| Asia | 35.2 | 2.7 | 38.2 | 3.0 |
| Others(1) | (18.6) | (1.4) | (9.7) | (0.8) |
| Total | **1,321.1** | **100.0** | **1,278.3** | **100.0** |

*(1) Other revenues include mainly the impact of EUR/USD currency hedging for (10.6) million euros for the financial year ended 30 June 2020 against (19.6) million euros for the financial year ended 30 June 2019.*

### 6.1.3 Backlog

The backlog represents future revenues from capacity allocation or service delivery contracts (including contracts for satellites currently under construction). As of 30 June 2020, it stood at 4.1 billion euros. The secured backlog, excluding revenues subject to early termination clauses, stood at 3.6 billion euros.

## 6.2 OPERATING EXPENSES

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

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

### 6.2.1 Staff costs

The staff costs (including mandatory employee profit-sharing) are as follows:

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Operating costs | 54.8 | 56.7 |
| Selling, general and administrative expenses | 89.5 | 91.1 |
| **Total** | **144.3** | **147.9** |

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

### 6.2.2 Employee headcount

The Group has 1,014 full time equivalent employees at the balance sheet date of 30 June 2020 compared to 1,001 at the balance sheet date of 30 June 2019.

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

| | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Operations | 497 | 499 |
| Selling, general and administrative | 510 | 514 |
| **Total** | **1,007** | **1,013** |

### 6.2.3 Share-based and similar compensation

#### ACCOUNTING PRINCIPLES

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

The Group granted phantom shares to some employees and directors in November 2017, November 2018 and November 2019. Generally, the allocation of these phantom shares is contingent on an attendance requirement and the achievement of performance conditions.

The recognised expense for these plans (excluding employer contributions) stood at 0.7 million euros for the year ended 30 June 2020 versus 1.4 million euros for the year ended 30 June 2019.

The key features of the plan are as follows:

| Key features of the plans | November 2017 plan | November 2018 plan | November 2019 plan |
|---|---|---|---|
| Vesting period | July 2017 - June 2020 | July 2018 - June 2021 | July 2019 -June 2022 |
| Payment method | Cash | Cash | Cash |
| Maximum number of attributable shares at inception | 319,444 | 323,221 | 328,804 |
| Number of beneficiaries | 287 | 254 | 255 |
| **Number of shares and performance conditions for the phantom share plans** | | | |
| Total number of outstanding shares | 272,894 | 307,343 | 194,081 |
| Performance targets | Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan and Relative TSR(1) | Revenue, Discretionary Free-Cash-Flow and Relative TSR(1) | Revenue, Discretionary Free Cash-Flow and Relative TSR(1) and CSR |
| **Fair value of shares at 30 June 2020** | | | |
| Fair value excluding TSR(1) | €9.52 | €8.29 | €7.20 |
| Fair value after TSR(1) | €0.0 | €1.42 | €1.28 |
| Aggregate valuation of plan as of 30 June 2020 (in millions of euros)(2) | 1.9 | 2.1 | 1.2 |
| **Expense for the financial year** | | | |
| **Expense for the financial year ended 30 June 2020 (in million euros) (2)** | **0.0** | **0.3** | **0.4** |

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

## 6.3 OTHER OPERATING INCOME AND EXPENSES

### ACCOUNTING PRINCIPLES

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

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Other operating income | 53.6 | 100.3 |
| Other operating expenses | (41.1) | (64.1) |
| **Total** | **12.5** | **36.1** |

As of 30 June 2020, "Other operating income" mainly includes the 92.2 million euro insurance repayment in respect of the malfunction on the EUTELSAT 5 West B satellite (see Note 2.3).

The other operating expenses relate to the impairment of assets for 42.2 million euros (see Note 7.1) and the costs incurred on the malfunction of the EUTELSAT 5 West B satellite for 6.5 million euros (see Note 2.3)..

As at 30 June 2019, "Other operating income" mainly included the capital gain on the sale of the Group's share in the EUTELSAT 25B satellite. Other operating expenses mainly included asset impairment charges of 31.6 million euros (see Note 7.1 "Fixed assets") and the capital loss on the disposal of the Group's equity interest in Eurobroadband Retail (see Note 6.5 "Investments in associates)".

## 6.4 FINANCIAL RESULT

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Interest expense after hedging | (84.7) | (69.5) |
| Interest on lease liabilities | (16.4) | (15.8) |
| Loan set-up fees and commissions | (7.3) | (7.3) |
| Capitalised interest | 19.8 | 19.9 |
| **Cost of gross debt** | **(88.7)** | **(72.8)** |
| Financial income | 1.2 | 0.9 |
| **Cost of net debt** | **(87.5)** | **(71.8)** |
| Changes in derivative financial instruments | (1.6) | (0.3) |
| Foreign-exchange impact | 3.3 | (4.0) |
| Others | (5.7) | (4.4) |
| **Financial result** | **(91.5)** | **(80.5)** |

The interest expense as of 30 June 2019 and 30 June 2020 includes, respectively, 4.8 million euros and 8.4 million euros of expenses related to the exercise and termination of pre-hedging instruments used to secure the interest rate on the October 2018 and June 2019 bond issues.

The amount of capitalised interest depends on the state of progress and number of satellite construction programmes recorded during the relevant financial year. The interest rate used to determine the amount of interest expense eligible for capitalisation was 2.42% as of 30 June 2020 versus 2.57% as of 30 June 2019.

Changes in the fair value of derivatives as of 30 June 2020 and 2019 mainly include changes in the fair value of derivatives that are not qualified or no longer qualify for hedge accounting, as well as the ineffective portion of the time value of derivatives that are qualified in a hedging relationship.

## 6.5 INVESTMENTS IN ASSOCIATES

On 23 November 2018 (see Note 3.2 "Key changes in the scope of consolidation"), the Group sold its equity interest in the company Eurobroadband Retail, which had been equity accounted. Since that date, the Group has no longer owned any investments in associates. This disposal resulted in a 3 million euro loss recorded in the Group's income statement for the financial year ended 30 June 2019 under other operating expenses.

## 6.6 INCOME TAX

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

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Current tax expense | (112.9) | (86.4) |
| Deferred tax income (expense) | 36.6 | (8.0) |
| **Total income tax expense** | **(76.3)** | **(94.4)** |

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

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Net income before tax | 434.6 | 406.7 |
| **Standard French corporate tax rate** | **34.4%** | **34.4%** |
| **Theoretical income-tax expense** | **(149.6)** | **(140.0)** |
| Non-taxable profit | 73.7 | 78.5 |
| Differences in corporate tax rates | 8.6 | 3.2 |
| Use of tax losses | 0.6 | 1.0 |
| Deferred tax generated during the previous period and recognised for the period | - | - |
| Other permanent differences | (9.5) | (37.0) |
| **Tax expense** | **(76.3)** | **(94.4)** |
| **Effective tax rate** | **17.6%** | **23.2%** |

As of 30 June 2020, the other permanent differences mainly include the impact of exchange rate differences and inflation effects recorded by Satellites Mexicanos on the subsidiary's deferred tax positions for (18.2) million euros.

As of 30 June 2019, the other permanent differences mainly include the impact of the limitation applied to the deduction of financial expenses for 7.6 million euros and the impact of exchange rate differences and inflation effects recorded by Satellites Mexicanos on the subsidiary's deferred tax positions for (8.6) million euros.

## 6.7 EARNINGS PER SHARE

### ACCOUNTING PRINCIPLES

EPS (earnings per share) are calculated by dividing the net income for the period attributable to shareholders of Eutelsat Communications by the weighted average number of common shares outstanding during the period. Own shares are not considered in determining earnings per share. There are no dilutive instruments that are likely to affect the 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) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| **Net income** | **357.0** | **312.2** |
| Income from subsidiaries attributable to non-controlling interests | (16.6) | (14.6) |
| **Net earnings used to compute earnings per share** | **340.4** | **297.6** |
| **Average number of shares** | **232,480,660** | **231,999,682** |

# Note 7. NOTES TO THE BALANCE SHEET

## 7.1 FIXED ASSETS

### 7.1.1 Goodwill and other intangibles

**ACCOUNTING PRINCIPLES**

**Goodwill**

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

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

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

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

**Customer contracts and relationships**

Customer contracts and relationships acquired in a business combination are recorded at fair value on the acquisition date. The fair value is set by referring to the generally accepted methods such as those based on revenues or market value. These assets are amortised on a straight-line basis over their economic life, which is estimated on the basis of the average duration of the contractual relationships existing at the date of acquisition of Eutelsat and the expected contract renewal rates.

**Other intangibles**

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

Development costs are capitalized and amortized over a period of 3 to 7 years if the Group can demonstrate:

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

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

Orbital rights and licenses are amortized over their useful lives for periods of 13 to 23 years and between 1 to 7 years respectively.

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

| (in millions of euros) | Goodwill | Customer contracts and relationships | Eutelsat brand | Other intangibles | Total |
|---|---|---|---|---|---|
| **Gross assets** | | | | | |
| **Gross value as of 30 June 2018** | **1,197.5** | **1,117.2** | **40.8** | **298.5** | **2,654,0** |
| Acquisitions | - | - | - | 13.5 | 13.5 |
| Transfers | - | - | - | 8.2 | 8.2 |
| Foreign-exchange variation | 8.7 | 5.5 | - | 1.6 | 15.8 |
| Disposals and scrapping of assets | - | - | - | (9.9) | (9.9) |
| **Gross value as of 30 June 2019** | **1,206.1** | **1,122.7** | **40.8** | **311.9** | **2,681.6** |
| Acquisitions | - | - | - | 20.6 | 20.6 |
| Transfers | - | - | - | 14.9 | 14.9 |
| Foreign-exchange variation | 3.1 | 2.0 | - | 0.6 | 5.6 |
| Disposals and scrapping of assets | - | - | - | (15.0) | (15.0) |
| **Gross value as of 30 June 2020** | **1,209.2** | **1,124.7** | **40.8** | **333.0** | **2,707.6** |
| **Depreciation and impairment** | | | | | |
| **Accumulated amortization as of 30 June 2018** | **-** | **(645.5)** | **-** | **(157.4)** | **(802.9)** |
| Depreciation expense | - | (62.0) | - | (30.6) | (92.6) |
| Reversals (disposals) | - | - | - | 9.7 | 9.7 |
| Impairment | **-** | - | - | (12.4) | (12.4) |
| Foreign-exchange variation | **-** | (1.5) | - | (0.2) | (1.7) |
| **Accumulated amortization as of 30 June 2019** | **-** | **(708.9)** | **-** | **(191.0)** | **(899.9)** |
| Depreciation expense | - | (65.1) | - | (33.1) | (98.2) |
| Reversals (disposals) | - | - | - | 14.8 | 14.8 |
| Foreign-exchange variations | - | (0.2) | - | (0.1) | (0.3) |
| **Accumulated amortization as of 30 June 2020** | **-** | **(774.2)** | **-** | **(209.4)** | **(983.6)** |
| Net value as of 30 June 2018 | 1,197.5 | 471.8 | 40.8 | 141.1 | 1,851.1 |
| Net value as of 30 June 2019 | **1,206.1** | **413.8** | **40.8** | **120.8** | **1,781.7** |
| **Net value as of 30 June 2020** | **1,209.2** | **350.4** | **40.8** | **123.6** | **1,724.0** |

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

During the financial year ended 30 June 2019, the Group recognised an impairment loss of 12.4 million euros, primarily on unused orbital rights.

### 7.1.2 Tangible assets and construction in progress

#### ACCOUNTING PRINCIPLES

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

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

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

The useful lives adopted by the Group are as follows:

- 12 to 22 years for satellites;
- 5 to 10 years for traffic monitoring equipment;
- 2 to 5 years for computer equipment;
- 3 to 10 years for leasehold arrangements and improvements.

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

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

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

| (in millions of euros) | Satellites | Other tangibles | Assets under construction | Total |
|---|---|---|---|---|
| **Gross assets** | | | | |
| **Gross value as of 30 June 2018** | **6,710.4** | **423.4** | **819.4** | **7,953.2** |
| Acquisitions | - | 9.2 | 231.2 | 240.4 |
| Disposals | (120.3) | (11.7) | - | (132,0) |
| Scrapping of assets | (51.1) | (5.6) | (0.4) | (57.1) |
| Foreign-exchange variation | 36.2 | 0.8 | 0.1 | 37.1 |
| Transfers and others | (871.4) | 10.6 | (21.7) | (882.5) |
| **Gross value as of 30 June 2019** | **5,703.7** | **426.7** | **1,028.6** | **7,159.1** |
| Acquisitions | 25.1 | 5.1 | 345.3 | 376.0 |
| Disposals | - | (0.3) | - | (0.3) |
| Scrapping of assets | - | (7.7) | - | (7.7) |
| Foreign-exchange variation | 12.9 | 0.4 | - | 13.3 |
| Transfers and others | 285.4 | 13.4 | (312.7) | (13.8) |
| **Gross value as of 30 June 2020** | **6,027.1** | **437.7** | **1,061.2** | **7,526.0** |
| **Depreciation and impairment** | | | | |
| **Accumulated amortization as of 30 June 2018** | **(2,870.4)** | **(321.1)** | **-** | **(3,191.5)** |
| Depreciation expense | (329.3) | (27.7) | - | (357.0) |
| Impairment | - | - | (1.2) | (1.2) |
| Reversals (disposals) | 31.9 | 12.0 | - | 43.9 |
| Reversals (scrapping of assets) | 51.1 | 5.6 | - | 56.7 |
| Foreign-exchange variation | (9.0) | (0.4) | - | (9.4) |
| Transfers and others | 178.7 | 1.9 | - | (180.6) |
| **Accumulated amortization as of 30 June 2019** | **(2,947.0)** | **(329.6)** | **(1.2)** | **(3,277.9)** |
| Depreciation expense | (337.4) | (26.6) | - | (364.0) |
| Impairment | (32.6) | - | - | (32.6) |
| Reversals (disposals) | - | 0.1 | - | 0.1 |
| Reversals (scrapping of assets) | - | 7.4 | - | 7.4 |
| Foreign-exchange variation | (0.5) | (0.1) | - | (0.6) |
| Transfers and others | - | (2.0) | - | (2.0) |
| **Accumulated amortization as of 30 June 2020** | **(3,317.5)** | **(350.7)** | **(1.2)** | **(3,669.4)** |
| Net value as of 30 June 2018 | 3,840.0 | 102.3 | 819.4 | 4,761.7 |
| Net value as of 30 June 2019 | 2,756.7 | 95.3 | 1,029.3 | 3,881.4 |
| **Net value as of 30 June 2020** | **2,709.7** | **87.0** | **1,060.0** | **3,856.7** |

*(1) Transfers mainly relate to finance leases recorded under "Lease rights" since the adoption of IFRS 16 on 1 July 2018.*

Transfers relating to satellites arising during the financial year ended 30 June 2020 correspond to entry into commercial service of the EUTELSAT 5 WEST B satellite launched during the financial year ended 30 June 2020 and the EUTELSAT 5C satellite launched during the financial year ended 30 June 2019.

During the financial year ended 30 June 2020, the Group recognised an impairment loss of 32.6 million euros on a satellite.

The expected launch dates for satellites under construction at the balance sheet date are as follows:

| Projects | Years |
|---|---|
| Quantum | Calendar year 2020 |
| Konnect VHTS, Hotbird 13F and Hotbird 13G | Calendar year 2021 |
| EUTELSAT 10B | Calendar year 2022 |

### 7.1.3 Rights of use in respect of leases

**ACCOUNTING PRINCIPLES**

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

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

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

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

The changes in rights of use during the financial year ended 30 June 2020 were as follows:

| (in millions of euros) | Satellites | Other tangible assets | Total |
|---|---|---|---|
| **Gross assets** | | | |
| **Gross value as of 30 June 2018** | **-** | **-** | **-** |
| IFRS 16 restatements | - | 43.8 | 43.8 |
| **Gross value as of 1 July 2018** | | **43.8** | **43.8** |
| New contracts | 9.3 | 1.4 | 10.7 |
| Foreign-exchange variations | - | 0.2 | 0.2 |
| Transfers and others(1) | 869.3 | (1.2) | 868.1 |
| **Gross value as of 30 June 2019** | **878.6** | **44.2** | **922.8** |
| New contracts | - | 4.7 | 4.7 |
| Modification and early termination of contracts | (23.4) | (13.5) | (36.9) |
| Scrapping of assets | (4.4) | (0.5) | (4.9) |
| **Gross value as of 30 June 2020** | **850.9** | **34.8** | **885.7** |
| **Depreciation and impairment** | | | |
| **Accumulated depreciation and impairment as of 30 June 2018** | **-** | **-** | **-** |
| Depreciation expense | (60.0) | (9.1) | (69.1) |
| Impairment | (17.1) | - | (17.1) |
| Transfers and others (1) | (178.7) | - | (178.7) |
| **Accumulated depreciation and impairment as of 30 June 2019** | **(255.8)** | **(9.1)** | **(264.9)** |
| Depreciation expense | (59.6) | (9.4) | (68.9) |
| Impairment | (9.6) | | (9.6) |
| Reversals (modification and early termination of contracts) | 9.2 | - | 9.2 |
| Reversals (scrapping of assets) | 4.4 | 0.5 | 4.9 |
| **Accumulated depreciation and impairment as of 30 June 2020** | **(311.4)** | **(18.0)** | **(329.4)** |
| Net value as of 30 June 2018 | - | - | - |
| Net value as of 30 June 2019 | 622.8 | 35.1 | 657.9 |
| **Net value as of 30 June 2020** | **539.5** | **16.8** | **556.3** |

*(1) The transfers mainly relate to finance leases posted to "Rights of use in respect of leases" since the adoption of IFRS 16 on 1 July 2018.*

Satellite rights of use mainly relate to the Express AT1, Express AT2, Express AM6, Express 36C and Astra 2G leases. None of these contracts include purchase options upon termination of the contract.

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

The Group recognised an impairment loss of 9.6 million euros and 17.1 million euros on its right to use some satellite transponders, during the financial years ended 30 June 2020 and 30 June 2019 respectively.

### 7.1.4 Fixed asset value tests

**ACCOUNTING PRINCIPLES**

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

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

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

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

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

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

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

Goodwill, which is monitored only at Eutelsat’s operating segment level, was tested for impairment.

The recoverable amount was estimated on the basis of the value in use determined from a valuation of the Group based on future cash flows. This analysis was carried out by the Group within an uncertain context linked to the Covid situation (see Note 2.6 "Repercussions of Covid") and incorporates a significant degree of judgment on the part of the Group’s Management.

The cash flows reported are based on the Group's 5-year business plan which was approved by the Board of Directors in January 2020 and the Group's strategic plan for a period exceeding ten years

These cash flows include the most recent information available, in particular the budget for the financial year ended 30 June 2021, approved by the Board of Directors in June 2020, including the estimated impact of the Covid crisis on this financial period.

A number of different scenarios were established enabling the testing of the sensitivity of the value in use to the following market and operating performance parameters:

- Impact of the Covid crisis on revenues,
- Capacity and time taken to return to pre-crisis revenue levels,
- Medium and long-term revenue growth rate.

In all the scenarios considered, the value in use obtained is higher than the Group's net present value.

With respect to financial metrics such as the WACC (7.5% used in above scenarios) and the long-term growth rate used to calculate the terminal value, sensitivity analyses show that, based on the worst-case operational assumptions used in the scenarios considered, an 80bp increase in the WACC or a 260bp decline in the long-term growth rate could lead to a lower value in use than the Group's net present value.

The value-in-use test described above did not call into question the amount of goodwill reported on the balance sheet as of 30 June 2020.

This result is further corroborated by the external information available with respect to the estimates published by the financial analysts who cover the Group.

### 7.1.5 Purchase commitments

In addition to the items recognised on the balance sheet, the Company has entered into commitments with suppliers for the acquisition of assets (satellites and other assets) and the provision of services for a total of 689 million euros as of 30 June 2019 and 595 million as of 30 June 2020.

The following table lists the future payments in respect of these commitments as of 30 June 2019 and 30 June 2020:

| (in millions of euros) | As of 30 June 2019 | As of 30 June 2020 |
|---|---|---|
| Maturity within 1 year | 370 | 307 |
| From 1 to 2 years | 102 | 177 |
| From 2 to 3 years | 55 | 52 |
| From 3 to 4 years | 56 | 40 |
| Maturity exceeding 4 years | 106 | 19 |
| **Total** | **689** | **595** |

## 7.2 RECEIVABLES, ASSETS AND LIABILITIES ON CUSTOMER CONTRACTS AND COSTS TO OBTAIN AND FULFILL CONTRACTS

### ACCOUNTING PRINCIPLES

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

Assets held under customer contracts include assets relating to revenue recognised in respect of variable prices or free periods not yet invoiced to the customer, the deferred costs of sales of terminals in the Broadband business and the consideration paid to the customer.

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

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

| (en millions d'euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| **Assets** | | |
| Accounts receivable | 284.7 | 334.8 |
| Assets associated with customer contracts | 38.0 | 42.8 |
| Costs to fulfill contracts | 23.0 | 26.9 |
| Costs to obtain contracts | 18.1 | 22.3 |
| **Total current and non-current assets** | **363.9** | **426.8** |
| *Including non-current portion* | *59.1* | *74.9* |
| *Including current portion* | *304.7* | *351.9* |
| **Liabilities** | | |
| Financial liabilities - Guarantees and commitments received | 51.7 | 56.2 |
| Liabilities associated with customer contracts | 188.5 | 187.5 |
| **Total current and non-current liabilities** | **240.2** | **243.7** |
| *Of which non-current portion* | *159.4* | *152.8* |
| *Of which current portion* | *80.8* | *90.9* |

### 7.2.1 Accounts receivable

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

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Non-matured receivables | 149.1 | 145.1 |
| Matured receivables between 0 and 90 days | 61.8 | 58.1 |
| Matured receivables for more than 90 days | 178.2 | 250.7 |
| Depreciation | (104.4) | (119.2) |
| **Total** | **284.7** | **334.8** |

The Group exposure to concentration risk is limited, owing to the diversity of its customer portfolio and the fact that none of the legal entities billed account individually for more than 10% of its revenues.

Due to their short-term maturity, non-matured accounts receivable do not bear interest.

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

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

| (in millions of euros) | 30 June 2019 | | 30 June 2020 | |
|---|---|---|---|---|
| | Value of accounts receivable | Value of guarantee | Value of accounts receivable | Value of guarantee |
| Guarantee deposits | 94.1 | 21.5 | 120.0 | 18.1 |
| Bank or insurance guarantees | 37.0 | 31.2 | 49.1 | 31.9 |
| Guarantees from the parent company | 4.8 | 4.8 | 4.9 | 4.9 |
| **Total** | **135.8** | **57.5** | **174.0** | **54.9** |

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

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

| (in millions of euros | Total |
|---|---|
| **Value as of 30 June 2018** | **86.4** |
| Net Allowance (reversal) | 18.8 |
| Reversals (used) | (0.7) |
| Foreign-exchange variations | (0.1) |
| **Value as of 30 June 2019** | **104.4** |
| Net Allowance (reversal) | 22.1 |
| Reversals (used) | (7.2) |
| Foreign-exchange variations | (0.1) |
| **Value as of 30 June 2020** | **119.2** |

### 7.2.2 Assets associated with customer contracts, costs to obtain and fulfill non-current contracts

| (in millions of euros) | Total |
|---|---|
| **Assets associated with customer contracts as of 30 June 2018** | **40.2** |
| Use of assets associated with customer contracts during the period | (3.0) |
| New assets associated with customer contracts recorded during the period | 5.8 |
| Net depreciations (reversals) | (5.4) |
| Translation adjustment | 0.4 |
| **Assets associated with customer contracts as of 30 June 2019** | **38.0** |
| Use of assets associated with customer contracts during the period | (10.0) |
| New assets associated with customer contracts recorded during the period | 15.7 |
| Net reversals (depreciations) | (0.6) |
| Translation adjustment | (0.3) |
| **Assets associated with customer contracts as of 30 June 2020** | **42.8** |

The costs to obtain and fulfill contracts are shown below:

| (in millions of euros) | Total |
|---|---|
| **Costs to obtain and fulfill customer contracts as of 30 June 2018** | **31.5** |
| Use of costs to obtain and fulfill customer contracts during the period | (9,4) |
| New costs to obtain and fulfill customer contracts during the period | 19,1 |
| **Costs to obtain and fulfill customer contracts as of 30 June 2019** | **41.1** |
| Use of costs to obtain and fulfill customer contracts during the period | (16.2) |
| New costs to obtain and fulfill customer contracts during the period | 24.0 |
| **Costs to obtain and fulfill customer contracts as of 30 June 2020** | **49.2** |

### 7.2.3 Liabilities associated with customer contracts

The liabilities associated with customer contracts break down as follows:

| (in millions of euros) | Total |
|---|---|
| **Liabilities associated with customer contracts as of 30 June 2018** | **206.6** |
| Revenue recognition during the period | (70.9) |
| New liabilities associated with customer contracts recorded during the period | 50.5 |
| Translation adjustment | 2.2 |
| **Liabilities associated with customer contracts as of 30 June 2019** | **188.5** |
| Revenue recognition during the period | (73.9) |
| New liabilities associated with customer contracts recorded during the period | 72.7 |
| Translation adjustment | 1.1 |
| Reclassification | (0.9) |
| **Liabilities associated with customer contracts as of 30 June 2020** | **187.5** |

## 7.3 FINANCIAL ASSETS AND LIABILITIES

### ACCOUNTING PRINCIPLES

**Cash and cash equivalents**

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

**Financial debt**

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

**Financial assets**

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

**Financial liabilities**

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

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

**Derivative financial instruments**

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

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

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

### 7.3.1 Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

| (in millions of euros) | 30 June 2018 | 30 June 2019 |
|---|---|---|
| Cash at bank and in hand | 541.5 | 485.4 |
| Cash equivalents | 913.8 | 346.6 |
| **Total** | **1,455.4** | **832.0** |

### 7.3.2 Financial debt

The financial debt breaks down as follows:

| (in millions of euros) | Rate | 30 June 2019 | 30 June 2020 | Maturity |
|---|---|---|---|---|
| Term loan 2022 | Variable | 600.0 | 600.0 | March 2022 |
| Bond 2021 | 1.125% | 500.0 | - | June 2021 |
| Bond 2022 | 3.125% | 300.0 | 300.0 | October 2022 |
| Bond 2025 | 2.000% | 800.0 | 800.0 | October 2025 |
| Bond 2027 | 2.250% | 600.0 | 600.0 | July 2027 |
| Structured debts | | | | |
| | Variable | 94.9 | 71.2 | May 2024 |
| | 0.65% | - | 61.3 | June 2022 |
| | 0.75% | - | 77.8 | June 2023 |
| | 0.90% | - | 12.0 | June 2024 |
| **Sub-total of debt (non-current portion)** | | **2,894.9** | **2,522.3** | |
| Loan set-up fees and premiums | | (21.8) | (16.5) | |
| **Total of debt (non-current portion)** | | **2,873.1** | **2,505.8** | |
| Bond 2020 | 2.625% | 930.0 | - | January 2020 |
| Bond 2021 | 1.125% | - | 500.0 | June 2021 |
| Structured debts | Variable | 23.7 | 23.7 | |
| RCF drawdown | Variable | - | 300.0 | September 2020 |
| Accrued interest not yet due | | 32.3 | 34.3 | |
| **Total debt (current portion)** | | **986.0** | **858.1** | |
| **Total** | | **3,859.1** | **3,363.9** | |

The totality of the debt is denominated in euros.

The term loans and structured debts are subject to a financial covenant that provides for a total net 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 case of a change of control of Eutelsat S.A. or Eutelsat Communications. The obligations are also backed by a banking covenant which provides for each lender to request early repayment of all amounts due in the event of a change of control of Eutelsat S.A. or Eutelsat Communications and a rating downgrade on Eutelsat S.A. As of 30 June 2020, the Group was in compliance with all the banking covenants under its credit facilities.

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

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

In addition, as of 30 June 2020, the Group had active credit lines for an aggregate undrawn amount of 398.8 million euros (850 euros as of 30 June 2019). These lines are backed by banking covenants similar to those in place for the term loans and the structured debts.

The schedule of debt maturities, excluding issue costs and premiums and accrued interest not yet due, as at 30 June 2020 is as follows:

| (in millions of euros) | Amount | Maturity within 1 year | Maturity between 1 and 5 years | Maturity exceeding 5 years |
|---|---|---|---|---|
| Term loan | 600.0 | - | 600.0 | - |
| Structured debts | 246.1 | 23.7 | 222.4 | - |
| RCF drawdown | 300.0 | 300.0 | - | - |
| Bond 2021 | 500.0 | 500.0 | - | - |
| Bond 2022 | 300.0 | - | 300.0 | - |
| Bond 2025 | 800.0 | - | - | 800.0 |
| Bond 2027 | 600.0 | - | - | 600.0 |
| **Total** | **3,346.1** | **823.7** | **1,122.4** | **1,400.0** |

### 7.3.3 Financial assets and liabilities

The detailed breakdown of financial assets is as follows:

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Non-consolidated equity investments | 2.2 | 14.7 |
| Financial instruments | 4.0 | 10.3 |
| Other financial assets | 90.8 | 31.4 |
| **Total** | **97.0** | **56.4** |
| *Of which current portion* | *83.4* | *23.6* |
| *Of which non-current portion* | *13.6* | *32.8* |

As of 30 June 2019, the other financial assets included a receivable of 67.5 million euros in respect of the deferred payment on a portion of the Group's divestment of its interest in the EUTELSAT 25B satellite. This receivable was paid in August 2019.

The other debts and financial liabilities break down as follows:

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Lease liabilities | 582.2 | 493.4 |
| Other liabilities | 89.6 | 86.6 |
| Derivative financial instruments(1) | 140.2 | 43.0 |
| Liabilities for social contributions | 56.0 | 52.3 |
| Tax liabilities | 5.7 | 15.6 |
| **Total** | **873.7** | **690.9** |
| *Of which current portion* | *305.9* | *186.6* |
| *Of which non-current portion* | *567.9* | *504.3* |

*(1) See Note 7.3.5 "Derivative financial instruments".*

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

| (in millions of euros) | 30 June 2019 | New contracts | Cash flow | Early termination | Currency effects | Change in accrued interests | 30 June 2020 |
|---|---|---|---|---|---|---|---|
| Satellites | 544.6 | - | (54.2) | (17.3) | - | 1.3 | 474.4 |
| Real estate | 27.2 | 2.4 | (6.0) | (11.7) | (0.6) | - | 11.4 |
| Others | 10.4 | - | (2.8) | - | - | - | 7.6 |
| **Total** | **582.2** | **2.4** | **(63.0)** | **(29.0)** | **(0.6)** | **1.3** | **493.4** |

The amounts shown for lease liabilities include accrued interest totalling 2.5 million euros as of 30 June 2019 and 3.8 million euros as of 30 June 2020.

### 7.3.4 Net debt

The net debt breaks down as follows:

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Term loan | 600.0 | 600.0 |
| Bonds | 3,130.0 | 2,200.0 |
| RCF drawdown | - | 300.0 |
| Structured debts | 118.6 | 246.1 |
| "Change" portion of cross-currency swap | 99.8 | (4.3) |
| Lease liabilities | 579.8 | 489.6 |
| **Debt** | **4,528.1** | **3,831.4** |
| Cash and cash equivalents | (1,455.4) | (832.0) |
| **Net debt** | **3,072.8** | **2,999.4** |

The changes in the debt position between 30 June 2018 and 30 June 2019 are presented below:

| (in millions of euros) | 30 June 2018 | Cash flow | Non-cash flow | Restated for IFRS16 | Currency effects | Fair value change and others | 30 June 2019 |
|---|---|---|---|---|---|---|---|
| Term loans | 600.0 | - | - | - | - | - | 600.0 |
| Bonds | 2,530.0 | 600.0 | - | - | - | - | 3,130.0 |
| Structured debts | 142.3 | (23.7) | - | - | - | - | 118.6 |
| "Change" portion of cross-currency swap | 85.9 | - | - | - | - | 13.9 | 99.8 |
| Finance leases | 616.8 | - | - | (616.8) | - | - | - |
| Lease debt | - | (88.7) | 10.7 | 660.6 | 0.2 | (3.1) | 579.8 |
| **Total** | **3,975.0** | **487.6** | **10.7** | **43.8** | **0.2** | **10.8** | **4,528.1** |

The net cash flows of 600 million euros from bond issues correspond to the two bond issues in October 2018 and June 2019 for a total amount of 1,400 million euros and the repayment of the bond issue maturing in 2019 amounting to 800 million euros.

The changes in the debt position between 30 June 2019 and 30 June 2020 are presented below:

| (in millions of euros) | 30 June 2019 | Cash flow | Non-cash flow | Currency effects | Fair value change and others | 30 June 2020 |
|---|---|---|---|---|---|---|
| Term loans | 600.0 | - | - | - | - | 600.0 |
| Bonds | 3,130.0 | (930.0) | - | - | - | 2,200.0 |
| RCF drawdown | - | 300.0 | - | - | - | 300.0 |
| Structured debts | 118.6 | (23.7) | 151.2 | - | - | 246.1 |
| "Change" portion of cross-currency swap | 99.8 | (112.2) | - | - | 8.1 | (4.3) |
| Lease debt | 579.8 | (63.0) | (26.6) | (0.6) | - | 489.6 |
| **Total** | **4,528.1** | **(828.9)** | **124.6** | **(0.6)** | **8.1** | **3,831.4** |

The net cash flows of 930 million euros from the bond loans correspond to the repayment of the bond loan maturing during the 2020 financial year.

### 7.3.5 Derivative financial instruments

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

| (in millions of euros) | Notional | | Fair value | | Change in fair value over the period | Impact on income (excl. coupons) | Impact on equity (excl. coupons) |
|---|---|---|---|---|---|---|---|
| | 30 June 2019 | 30 June 2020 | 30 June 2019 | 30 June 2020 | | | |
| Synthetic forward transaction with knock-in option (Eutelsat S.A.) | 237.3 | 244.7 | 0.1 | 5.8 | 5.8 | - | 5.8 |
| Cross currency swap[(1)] | 500.0 | 612.0 | (97.6) | (33.9) | (48.6) | - | (48.6) |
| **Total forex derivatives** | **737.3** | **856.7** | **(97.5)** | **(28.1)** | **(42.8)** | **-** | **(42.8)** |
| Pre-hedging swap[(2)] | 500.0 | 300.0 | (42.1) | (4.7) | (3.6) | 0.4 | (3.2) |
| Interest rate swaps | 500.0 | - | 3.3 | - | (3.3) | (0.7) | (4.0) |
| **Total interest rate derivatives** | **1,000.0** | **300.0** | **(38.7)** | **(4.7)** | **(6.9)** | **(0.3)** | **(7.2)** |
| **Total derivative instruments** | | | **(136.2)** | **(32.8)** | **(49.7)** | **(0.3)** | **(50.0)** |

*(1) The Cross Currency Swap matured in January 2020 and its termination resulted in a cash payment of 112.2 million euros by Eutelsat S.A. A new instrument in the nominal amount of 680 million US dollars was subscribed on this same date.*

*(2) The pre-hedge Swap in a notional amount of 500 million euros was terminated in January 2020 and resulted in a cash payment of 41.7 million euros by Eutelsat S.A. A new instrument in the nominal amount of 300 million euros was subscribed during the financial year.*

As of 30 June 2020, the cumulative fair value of the derivative financial instruments was positive at 10.3 million euros and negative at 43.0 million euros (see Note 7.3.3 "Financial assets and liabilities").

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

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

| (in millions of euros) | Fair value recognised in equity and to be reclassified to income as of 30 June 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Total | 1 year at most | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | More than 5 years |
| Foreign exchange risk hedges | (97.5) | (97.5) | - | - | - | - | - |
| Interest rate risk hedges | - | - | - | - | - | - | - |
| **Net total at 30 June 2019** | **(97.5)** | **(97.5)** | **-** | **-** | **-** | **-** | **-** |

| (in millions of euros) | Fair value recognised in equity and to be reclassified to income as of 30 June 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Total | 1 year at most | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | More than 5 years |
| Foreign exchange risk hedges | (28.0) | 5.9 | - | - | - | (33.9) | - |
| Interest rate risk hedges | (4.7) | (4.7) | - | - | - | - | - |
| **Net total at 30 June 2020** | **(32.7)** | **1.2** | **-** | **-** | **-** | **(33.9)** | **-** |

### 7.3.6 Risk management

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

#### Foreign exchange risk

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

In order to hedge foreign exchange risks, the Group may be compelled to use forward sales or synthetic forward transactions with knock-in option of US dollars against the euro, which can be exercised or not depending on the exchange rate at their expiry date. However, the Group cannot guarantee that it will be able to systematically hedge all of its US dollar-denominated contracts. Additionally, to hedge the translation risk, the Group may also create liabilities denominated in the currency of the cash flows generated by these assets. The hedging instruments used by the Group may include currency derivatives (cross-currency swaps) documented as net foreign investment hedges. The Group has thus developed a euro-US dollar currency swap for a notional amount of 500 million euros to hedge its net investment in two subsidiaries based in Mexico, Singapore and Dubai.

Given its exposure to foreign currency risk, the Group estimates that a 10% increase in the US dollar/euro exchange rate (excluding foreign exchange derivatives) would generate a 7 million euro decline in Group income and a decrease in operating expenses of 57 million euros. It would also result in a 138 million euro negative change in the Group's translation reserve and a 66 million euro increase in the foreign exchange portion of the cross-currency swap recorded under financial liabilities.

#### Interest rate risk

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

Considering the full range of financial instruments available to the Group as of 30 June 2020, an increase of ten basis points (+0.1%) over the EURIBOR interest rate would have an immaterial effect on the interest expense and the revaluation of financial instruments in the income statement. It would involve a positive change of 2 million euros in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

#### Financial counterparty risk

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

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

As of 30 June 2020, the counterpart risk associated with these operations is not deemed to be significant.

### Liquidity risk

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

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

The Group's debt maturity profile is shown below.

| | | | Timelines as of 30 June 2019 | | | | | |
|---|---|---|---|---|---|---|---|---|
| **As of 30 June 2019 (in millions of euros)** | **Balance-sheet value** | **Total contractual cash flows** | ***Jun-20*** | ***Jun-21*** | ***Jun-22*** | ***Jun-23*** | ***Jun-24*** | ***More than 5 years*** |
| Term loan | (598.3) | (620.7) | (6.9) | (6.9) | (606.9) | - | - | - |
| Bonds | (3,113.5) | (3,423.2) | (985.4) | (544.5) | (38.9) | (338.9) | (29.5) | (1,486.0) |
| Structured debts | (114.6) | (122.8) | (25.2) | (24.9) | (24.6) | (24.3) | (24.0) | - |
| Finance leases | (579.7) | (579.7) | (74.4) | (64.1) | (51.7) | (50.2) | (46.0) | (293.3) |
| Qualified derivatives(1) | (98.2) | (98.2) | (98.2) | - | - | - | - | - |
| Non-qualified derivatives (1) (2) | (42.1) | (42.1) | (42.1) | - | - | - | - | - |
| **Total financial debt** | **(4,546.4)** | **(4,886.7)** | **(1,232.2)** | **(640.4)** | **(722.1)** | **(413.4)** | **(99.5)** | **(1,779.3)** |
| Other financial liabilities | (151.3) | (151.3) | (90.5) | (60.8 | - | - | - | - |
| **Total financial liabilities** | **(4,697.1)** | **(5,038.1)** | **(1,322.7)** | **(701.2)** | **(722.1)** | **(413.4)** | **(99.5)** | **(1,779.3)** |
| Qualified foreign exchange derivatives (1) | 0.7 | 0.7 | 0.7 | - | - | - | - | - |
| Non-qualified foreign exchange derivatives (1) | 3.3 | 3.3 | 3.3 | | | | | |
| Financial assets | 93.0 | 93.0 | 79.4 | 13.6 | - | - | - | - |
| Cash | 541.5 | 541.5 | 541.5 | - | - | - | - | - |
| Cash equivalents | 913.8 | 913.8 | 913.8 | - | - | - | - | - |
| **Total financial assets** | **1,552.3** | **1,552.3** | **1,538.7** | **13.6** | **-** | **-** | **-** | **-** |
| **Net position** | **(3,145.4)** | **(3,485.7)** | **216.0** | **(687.6)** | **(722.1)** | **(413.4)** | **(99.5)** | **(1,779.3)** |

*(1) The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).*
*(2) Including 37.7 million euros in interest expenses spread over 8 years.*

| | | | Timelines as of 30 June 2020 | | | | | |
|---|---|---|---|---|---|---|---|---|
| **As of 30 June 2020 (in millions of euros)** | **Balance-sheet value** | **Total contractual cash flows** | ***Jun-21*** | ***Jun-22*** | ***Jun-23*** | ***Jun-24*** | ***Jun-25*** | ***More than 5 years*** |
| Term loan | (599.2) | (613.8) | (6.9) | (606.9) | - | - | - | - |
| Bonds | (2,194.4) | (2,438.9) | (545.6) | (38.9) | (338.9) | (29.5) | (29.5) | (1,456.5) |
| RCF drawdown | (300.0) | (300.7) | (300.7) | - | - | - | - | - |
| Structured debts | (242.7) | (253.7) | (26.4) | (87.5) | (103.3) | (36.5) | - | - |
| Lease debt | (493.4) | (493.4) | (73.8) | (47.2) | (44.6) | (44.6) | (45.9) | (237.3) |
| Qualified derivatives(1) | (43.0) | (43.0) | (4.7) | - | - | - | (38.3) | - |
| **Total financial debt** | **(3,872.7)** | **(4,143.5)** | **(958.1)** | **(780.5)** | **(486.8)** | **(110.6)** | **(113.7)** | **(1,693.8)** |
| Other financial liabilities | (154.5) | (154.5) | (107.1) | (47.4) | - | - | - | - |
| **Total financial liabilities** | **(4,027.2)** | **(4,298.0)** | **(1,065.2)** | **(827.9)** | **(486.8)** | **(110.6)** | **(113.7)** | **(1,693.8)** |
| Qualified derivatives(1) | 10.3 | 10.3 | 5.9 | - | - | - | 4.3 | - |
| Financial assets | 46.2 | 46.2 | 17.7 | 28.5 | - | - | - | - |
| Cash | 485.4 | 485.4 | 485.4 | - | - | - | - | - |
| Cash equivalents | 346.6 | 346.6 | 346.6 | - | - | - | - | - |
| **Total financial assets** | **888.4** | **888.4** | **855.6** | **28.5** | **-** | **-** | **4.3** | **-** |
| **Net position** | **(3,138.8)** | **(3,409.6)** | **(209.6)** | **(799.4)** | **(486.8)** | **(110.6)** | **(109.4)** | **(1,693.8)** |

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

## 7.4 FAIR VALUE OF FINANCIAL ASSETS

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

### 7.4.1 Fair value of financial assets

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

| (in millions of euros) | Total | Net carrying amount as of 30 June 2019 | | | |
|---|---|---|---|---|---|
| | | Instruments measured at amortised cost | Derivative instruments qualified as cash-flow hedges | Instruments measured at fair value through the income statement | Fair value as of 30 June 2019 |
| **Non-current assets** | | | | | |
| Long-term loans and advances | 13.6 | 13.6 | - | - | 13.6 |
| Non-current assets on customer contracts | 29.0 | 29.0 | - | - | 29.0 |
| **Current assets** | | | | | |
| Accounts receivable | 284.7 | 284.7 | - | - | 284.7 |
| Current assets on customer contracts | 9.0 | 9.0 | - | - | 9.0 |
| Other receivables | 25.5 | 25.5 | - | - | 25.5 |
| **Derivative financial instruments** (1) | | | | | |
| Qualified as hedges | 0.7 | - | 0.7 | - | 0.7 |
| Not qualified as hedges | 3.3 | - | - | 3.3 | 3.3 |
| **Cash and cash equivalents** | | | | | |
| Cash | 541.5 | - | - | 541.5 | 541.5 |
| Cash equivalent (2) | 913.8 | - | - | 913.8 | 913.8 |

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

| (in millions of euros) | Total | Net carrying amount as of 30 June 2020 | | | |
|---|---|---|---|---|---|
| | | Instruments measured at amortised cost | Derivative instruments qualified as cash-flow hedges | Instruments measured at fair value through the income statement | Fair value as of 30 June 2020 |
| **Non-current assets** | | | | | |
| Long-term loans and advances | 28.5 | 15.0 | - | 13.5 | 28.5 |
| Non-current assets on customer contracts | 35.6 | 35.6 | - | - | 35.6 |
| **Current assets** | | | | | |
| Accounts receivable | 334.8 | 334.8 | - | - | 334.8 |
| Current assets on customer contracts | 7.2 | 7.2 | - | - | 7.2 |
| Other receivables | 43.6 | 43.6 | - | - | 43.6 |
| **Derivative financial instruments** (1) | | | | | |
| Qualified as hedges | 10.3 | - | 10.3 | - | 10.3 |
| **Cash and cash equivalents** | | | | | |
| Cash | 485.4 | - | - | 485.4 | 485.4 |
| Cash equivalent (2) | 346.6 | - | - | 346.6 | 346.6 |

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

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

### 7.4.2 Fair value of financial liabilities

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

| (in millions of euros) | Total | Net carrying amount as of 30 June 2019 | | | Fair value as of 30 June 2019 |
|---|---|---|---|---|---|
| | | Instruments measured at amortised cost | Derivative instruments qualified as hedges | Instruments measured at fair value through the income statement | |
| **Financial debt** | | | | | |
| Floating rate loans | 712.9 | 712.9 | - | - | 712.9 |
| Bond [1] | 3,113.5 | 3,113.5 | - | - | 3,213.7 |
| Fixed rate loans | - | - | - | - | - |
| Bank overdrafts | - | - | - | - | - |
| **Other financial liabilities** | | | | | |
| Non-current | 567.9 | 567.9 | - | - | 567.9 |
| Current | 103.9 | 103.9 | - | - | 103.9 |
| **Derivative financial instruments [2]** | | | | | |
| Qualified as hedges | 98.2 | - | 98.2 | - | 98.2 |
| Not qualified as hedges | 42.1 | - | - | 42.1 | 42.1 |
| Accounts payable | 61.7 | 61.7 | - | - | 61.7 |
| Fixed assets payable | 62.8 | 62.8 | - | - | 62.8 |

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

| (in millions of euros) | Total | Net carrying amount as of 30 June 2020 | | | Fair value as of 30 June 2020 |
|---|---|---|---|---|---|
| | | Instruments measured at amortised cost | Derivative instruments qualified as hedges | Instruments measured at fair value through the income statement | |
| **Financial debt** | | | | | |
| Floating rate loans | 1,169.5 | 1,169.5 | - | - | 1,169.5 |
| Bond [1] | 2,194.4 | 2,194.4 | - | - | 2,242.4 |
| Fixed rate loans | - | - | - | - | - |
| Bank overdrafts | - | - | - | - | - |
| **Other financial liabilities** | | | | | |
| Non-current | 466.0 | 466.0 | - | - | 466.0 |
| Current | 181.9 | 181.9 | - | - | 181.9 |
| **Derivative financial instruments [2]** | | | | | |
| Qualified as hedges | 43.0 | 43.0 | - | - | 43.0 |
| Accounts payable | 73.1 | 73.1 | - | - | 73.1 |
| Fixed assets payable | 50.9 | 50.9 | - | - | 50.9 |

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

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

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

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Bond 2020 | 937.0 | - |
| Bond 2021 | 510.0 | 501.5 |
| Bond 2022 | 329.6 | 314.1 |
| Bond 2025 | 824.0 | 817.7 |
| Bond 2027 | 613.1 | 609.1 |
| **Total** | **3,213.7** | **2,242.4** |

## 7.5 SHAREHOLDERS' EQUITY

### ACCOUNTING PRINCIPLES

**Costs for capital increases**

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

**Treasury stock**

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

### 7.5.1 Share capital

On 18 June 2020, the Board of Directors of Eutelsat Communications S.A. cancelled 2,229,640 shares, representing 0.96% of the company's share capital. Of these 2,229,640 cancelled shares, 2,124,572 had been acquired under the share buyback program implemented on 11 March 2020 and 105,068 had been held as treasury stock, having been acquired within the framework of free share allocation plans.

As of 30 June 2020, the share capital of Eutelsat Communications S.A. comprised 230,544,995 ordinary shares with a par value of 1 euro per share.

As of this date, the Group holds 394,290 equity shares amounting to 3.8 million euros acquired under a liquidity contract (223,296 equity shares amounting to 3.6 million euros as of 30 June 2019) and no equity shares acquired under free share allocation plans (105,068 equity shares amounting to 2.2 million euros as of 30 June 2019). The aggregate amount of treasury stock is deducted from shareholders' equity.

### 7.5.2 Dividends

On 7 November 2019, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.27 euros per share, i.e. a total of 295.3 million euros, taken from the income for the financial year ended 30 June 2019.

The amount of the distribution for the financial year ended 30 June 2020, which is being proposed to the General Meeting of 5 November 2020, is 204.8 million euros, i.e. 0.89 euro per share.

### 7.5.3 Change in the revaluation surplus for derivative instruments

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

| (in millions of euros) | Total |
|---|---|
| **Balance as of 30 June 2019** | **(61.9)** |
| Changes in fair value within equity that can be reclassified to income | 9.5 |
| **Balance as of 30 June 2020** | **(52.4)** |

### 7.5.4 Translation reserves

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

| (in millions of euros) | Total |
|---|---|
| **Balance as of 30 June 2019** | **157.9** |
| Net change over the period | (29.5) |
| **Balance as of 30 June 2020** | **128.4** |

The main currency generating translation differences is the US dollar.

As of 30 June 2020, the translation reserve includes (33.9) million euros in respect of the Cross Currency Swap used to hedge the currency exposure of net investments in foreign operations and (112.2) million euros relating to the Cross Currency Swap maturing during the financial year (see Note 7.3.5 "Derivative financial instruments").

## 7.6 PROVISIONS

**ACCOUNTING PRINCIPLES**

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

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

The changes in provisions between 30 June 2019 and 30 June 2020 are as follows:

| (in millions of euros) | 30 June 2019 | Allowance | Reversal | | Reclassified | Recognised in equity | 30 June 2020 |
|---|---|---|---|---|---|---|---|
| | | | Used | Unused | | | |
| Financial guarantee granted to a pension fund | 100.1 | 1.2 | (4.0) | - | - | (13.6) | 83.7 |
| Retirement benefits | 15.3 | 1.2 | (1.1) | - | - | (0.8) | 14.6 |
| Post-employment benefits [(1)] | 6.6 | 0.7 | (1.2) | - | - | - | 6.2 |
| **Total post-employment benefits** | **122.1** | 3.1 | (6.3) | | | (14.4) | **104.4** |
| Commercial, employee-related and tax litigation | 17.0 | 5.1 | (1.9) | (1.7) | - | - | 18.6 |
| Others | 7.8 | - | (0.3) | - | (7.5) | - | - |
| **Total provisions** | **146.9** | 8.2 | (8.4) | (1.7) | (7.5) | (14.4) | **123.1** |
| *Of which non-current portion* | *130.8* | | | | | | *106.6* |
| *Of which current portion* | *16.1* | | | | | | *16.5* |

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

### 7.6.1 Financial guarantee granted to a pension fund

Eutelsat S.A. gave a financial guarantee to the pension fund administering the pension scheme established by the Inter-Governmental Organisation (IGO) when the latter transferred its operations to Eutelsat S.A. in 2001. This defined-benefit pension scheme was closed and the vested pension rights were frozen prior to the transfer. The financial guarantee provided by Eutelsat S.A. is valued and recorded in the same manner as a define-benefit pension commitment, although the Group did not directly take over the statutory commitments contracted with the IGO. This guarantee can be called under certain conditions to compensate for future under-funding of the plan.

In 2017, the financial guarantee was called for the sum of 35.9 million euros based on the projected deficits of the scheme and an agreement was reached with the pension fund for nine payments of 4 million euros spread out from 30 June 2017 to 30 June 2025. These payments may be adjusted according to possible changes in the future financial position which will be assessed on an annual basis.

The changes in the plan's obligations and assets between 30 June 2019 and 30 June 2020 are as follows:

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| **Present value of the obligations at beginning of period** | **215.8** | **238.7** |
| Service cost for the period | - | - |
| Financial cost | 3.7 | 2.8 |
| Actuarial differences related to financial assumptions: (gains)/losses | 25.3 | (26.9) |
| Benefits paid | (6.2) | (7.1) |
| **Present value of the obligations at end of period** | **238.7** | **207.5** |

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| **Fair value of plan assets at beginning of period** | **136.4** | **134.6** |
| Expected return on plan assets | 2.4 | 1.6 |
| Actuarial differences related to financial assumptions: gains/(losses) | 2.1 | (13.3) |
| Contributions paid | - | 8.0 |
| Benefits paid | (6.2) | (7.1) |
| **Fair value of plan assets at end of period** | **134.6** | **123.9** |

The weighted average period of the obligation is 17 years.

The amounts included in the fair value of the plan assets do not include any financial instruments issued by Eutelsat S.A. or any property or movable assets owned or used by Eutelsat S.A. The actual return on the plan's assets amounts to 4.4 million euros and (11.6) million euros as of 30 June 2019 and 30 June 2020 respectively.

The actuarial valuations were realised based on the following assumptions:

| | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Discount rate | 1.05% | 1.50% |
| Rate for pension increases | 1.75% | 1.75% |

A 50 basis point decrease in discount rates would result in an 18.3 million euro increase to the provision.

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

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| **Provision at beginning of period** | **75.5** | **100.1** |
| Net expense on income statement | 1.4 | 1.2 |
| Actuarial (Gains) / losses | 23.2 | (13.6) |
| Contributions paid | - | (4.0) |
| **Provisions at end of period** | **100.1** | **83.7** |

As of 30 June 2019, an amount of 4 million euros had also been booked under Accrued expenses and was paid in full during the financial year ended 30 June 2020.

### 7.6.2 Retirement and related benefits

**ACCOUNTING PRINCIPLES**

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

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

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

#### Defined-benefit pension schemes

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

As of 30 June 2019 and 2020, the position was as follows:

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| **Present value of the obligations at beginning of period** | **15.3** | **15.3** |
| Service cost for the period | 1.0 | 1.1 |
| Financial cost | 0.2 | 0.2 |
| Actuarial differences | (0.8) | (0.8) |
| Termination indemnities paid | (0.4) | (1.2) |
| **Present value of the obligations at end of period** | **15.3** | **14.6** |

The weighted average period of the obligation is 12 years.

The actuarial valuations were realised based on the following assumptions:

| | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Discount rate | 1.05% | 1.25% |
| Rate for salary growth | 2.0% | 0% for 2 years then 2% |

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

#### Defined-contribution pension schemes

Employer contributions made under the mandatory pension scheme in France during the financial year amounted to a respective 8.0 million euros and 6.6 million euros as of 30 June 2019 and 30 June 2020.

The Group also has a supplementary defined-contribution funded plan for its employees (excluding directors and corporate officers who are employees), which is financed by employee and employer contributions representing 6% of gross annual salary, limited to eight times the French Social Security threshold. The employer contributions paid under these schemes amounted to a respective 1.9 million euros and 1.9 million euros as of 30 June 2019 and 30 June 2020.

### 7.6.3 Litigation and contingent liabilities

**ACCOUNTING PRINCIPLES**

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

## 7.7 TAX ASSETS AND LIABILITIES

### 7.7.1 Deferred tax assets and liabilities

**ACCOUNTING PRINCIPLES**

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

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

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

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

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

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

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

The changes in the deferred tax balances between 30 June 2019 and 30 June 2020 were as follows:

| (in millions of euros) | 30 June 2019 | Foreign exchange impact and reclassification | Net income for the period | Recognised in equity | 30 June 2020 |
|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | |
| Derivative instruments | 29.9 | - | (12.5) | 11.5 | 28.9 |
| Loss carry-forwards | 18.1 | 0.3 | (6.1) | - | 12.4 |
| Bad-debt provisions | 26.0 | (0.2) | (9.0) | - | 16.7 |
| Financial guarantee granted to the pension fund | 19.5 | - | 0.3 | (3.5) | 16.3 |
| Provisions for risks and expenses | 4.4 | 0.8 | (1.1) | - | 4.0 |
| Tangible and intangible assets | - | 27.2 | (3.9) | - | 23.2 |
| Others | 13.1 | 6.0 | 6.6 | (0.3) | 25.5 |
| **Sub-total (a)** | **111.1** | **33.9** | **(25.7)** | **7.7** | **127.0** |
| **Deferred tax liabilities** | | | | | |
| Intangible assets | (53.7) | (26.6) | 12.0 | - | (68.2) |
| Tangible assets | (238.6) | (5.7) | 3.2 | - | (241.0) |
| Others | (45.4) | (3.0) | 2.5 | - | (45.7) |
| **Sub-total (b)** | **(337.6)** | **(35.2)** | **17.7** | **-** | **(355.0)** |
| **Total = (a) + (b)** | **(226.5)** | **(1.3)** | **(8.0)** | **7.7** | **(228.0)** |
| **Reflected as follows in the financial statements:** | | | | | |
| Deferred tax assets | 2.7 | | | | 36.3 |
| Deferred tax liabilities | (229.1) | | | | (264.2) |
| **Total** | **(226.5)** | | | | **(228.0)** |

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

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

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

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

| (in millions of euros) | Amount | Maturity within 1 year | Maturity between 1 and 5 years | Maturity exceeding 5 years | Undefined |
|---|---|---|---|---|---|
| Timelines of activated tax loss carryforwards | 69.5 | - | - | 1.8 | 67.7 |
| **Total** | **69.5** | **-** | **-** | **1.8** | **67.7** |

Furthermore, the Group has a stock of unrecognised tax loss carryforwards amounting to 141,5 million euros as of 30 June 2020 (114 million euros as of 30 June 2019) with the following maturity dates:

| (in millions of euros) | Amount | Maturity within 1 year | Maturity between 1 and 5 years | Maturity exceeding 5 years | Undefined |
|---|---|---|---|---|---|
| Maturities of unrecognised tax loss carryforwards | 141.5 | - | 0.8 | 11.8 | 128.8 |
| **Total** | **141.5** | **-** | **0.8** | **11.8** | **128.8** |

### 7.7.2 Tax audit procedure

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 regarding some tax adjustments, for which Eutelsat believes that it can make a strong defensive case.

The company Eutelsat S.A. has also been the subject of a tax audit in respect of the financial years ended 30 June 2016 and 30 June 2017. In December 2019, it received a tax adjustment notification relating to these two financial years. The company has responded to this proposal.

# Note 8. RELATED-PARTY TRANSACTIONS

Related parties consist of:

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

## 8.1. Key management personnel

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

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

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Compensation (1) | 8.1 | 9.2 |
| **Total short-term benefits** | **8.1** | **9.2** |
| Post-employment benefits (2) | 0.03 | 0.05 |
| Share-based payments (3) | 0.8 | **0.9** |
| **Total long-term benefits** | **0.83** | **0.95** |

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

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

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

In the event of termination of office for the CEO or one of the Deputy-CEOs, a non-compete clause provides for payment of 50% of their fixed compensation over an 18-month period. Under this clause, the CEO and the Deputy-CEO are required to refrain from working directly or indirectly for any satellite operator.

The fees paid to the members of the Board of Directors in respect of the financial year ended 30 June 2020 amounted to 1.0 million euros (1.0 million euros in respect of the financial year ended 30 June 2019).

## 8.2 Other related parties

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

| (in millions of euros) | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Revenues | 27.2 | 22.1 |
| Financial result | 14.0 | 25.7 |
| Gross receivables (including unbilled revenues) | 11.0 | 9.9 |
| Debt (including deferred payments) | 585.9 | 509.1 |

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

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

## Note 9. SUBSEQUENT EVENTS

None.

## Note 10. STATUTORY AUDITORS' FEES

| (in thousands of euros) | EY | | | | Mazars | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount N | % | Amount N-1 | % | Amount N | % | Amount N-1 | % |
| **Statutory audit, certification, review of separate and consolidated financial statements** | | | | | | | | |
| Eutelsat Communications | 219 | 31% | 165 | 24% | 219 | 30% | 165 | 25% |
| Subsidiaries | 463 | 66% | 453 | 65% | 464 | 65% | 425 | 65% |
| **Sub-total** | **682** | **97%** | **618** | **89%** | **683** | **95%** | **590** | **91%** |
| **Services other than certification of the financial statements** | | | | | | | | |
| Eutelsat Communications | 10 | 1% | - | - | 10 | 1% | - | - |
| Subsidiaries | 13 | 2% | 79 | 11% | 24 | 3% | 61 | 9% |
| **Sub-total** | **23** | **3%** | **79** | **11%** | **34** | **5%** | **61** | **9%** |
| **Total** | **705** | **100%** | **697** | **100%** | **717** | **100%** | **651** | **100%** |

# APPENDIX 2

## COMPANY FINANCIAL STATEMENTS OF EUTELSAT COMMUNICATIONS AT 30 JUNE 2020

# Eutelsat Communications

**A public limited company (French “société anonyme”) with a capital of 230,544,995 euros**
**Registered office: 70, rue Balard 75 015 Paris**
**481 043 040 R.C.S. Paris**

# ANNUAL FINANCIAL STATEMENTS AS OF 30 JUNE 2020

# INCOME STATEMENT

| *(in millions of euros)* | Note | 30/06/2019 | 30/06/2020 |
|---|---|---|---|
| Revenue | | 4.1 | 3.3 |
| **Total operating income** | **3.1.** | **4.1** | **3.3** |
| Staff costs | | (3.4) | (3.2) |
| Other operating expenses | | (8.2) | (8.9) |
| **Total operating expenses** | **3.2.** | **(11.6)** | **(12.1)** |
| **Operating income** | | **(7.50)** | **(8.8)** |
| Financial income | | 313.1 | 547.5 |
| Financial expenses | | (7.2) | (7.5) |
| **Financial income** | **3.3.** | **305.9** | **540.0** |
| **Current income before taxes** | | **298.4** | **531.2** |
| **Exceptional income** | **3.4.** | **(0.2)** | **(1.0)** |
| Company tax | 3.5. | 5.6 | 4.8 |
| **INCOME FOR THE YEAR** | **3.5.2.** | **303.8** | **535.0** |

# BALANCE SHEET

| (in millions of euros) | Note | 30/06/2019 Net Amounts | 30/06/2020 Net Amounts |
|---|---|---|---|
| **Assets** | | | |
| **Financial assets** | **4.1.** | **2,949.1** | **2,947.0** |
| Equity investments | | 2,943.4 | 2,943.4 |
| Other financial assets | | 5.7 | 3.6 |
| **Fixed assets** | | **280.2** | **512.3** |
| Other receivables | 4.2. | 12.6 | 25.1 |
| Group current accounts | 4.2. | 264.4 | 483.1 |
| Marketable securities | 4.3. | 2.7 | 1.0 |
| Cash | 4.3. | 0.4 | 2.9 |
| Prepaid expenses | | 0.1 | 0.1 |
| **Current assets** | | **1.3** | **0.8** |
| Debt issuance costs | 4.4. | 1.3 | 0.8 |
| **TOTAL ASSETS** | | **3,230.6** | **3,460.1** |

| *(in millions of euros)* | Note | 30/06/2019 | 30/06/2020 |
|---|---|---|---|
| ***Liabilities*** | | | |
| Share capital | | 232.8 | 230.5 |
| Issue, merger and acquisition premiums | | 1,237.6 | 1,217.5 |
| Statutory reserves | | 23.3 | 23.3 |
| Retained earnings | | 816.2 | 824.8 |
| Income for the year | | 303.8 | 535.0 |
| Tax related provisions | | 0.5 | 0.5 |
| **Equity Capital** | **4.5.** | **2,614.2** | **2,831.7** |
| **Provisions** | | **0.1** | **0.0** |
| Bond issue | 4.6. | 601.1 | 600.4 |
| Other Liabilities | 4.7. | 15.2 | 28.0 |
| **Financial, operating and other liabilities** | | **616.3** | **628.4** |
| **TOTAL LIABILITIES** | | **3,230.6** | **3,460.1** |

# NOTES TO THE FINANCIAL STATEMENTS

The information contained in these notes is an integral part of the annual financial statements. It is expressed in millions of euros, unless otherwise stated.

The Company's fiscal year runs for twelve months from 1 July to 30 June.

## NOTE 1. COMPANY'S ACTIVITY AND KEY EVENTS OF THE FINANCIAL YEAR

### 1.1. COMPANY'S ACTIVITY

Eutelsat Communications S.A. ("the Company" or "Eutelsat") is the parent company of the Eutelsat Communications Group ("the Group"). Its purpose is to hold shares and provide services for its equity interests.

The Company, whose registered office is located at 70, rue Balard, 75015 Paris, is registered with the Paris Register of Trade and Companies under number 481,043,040.

### 1.2. KEY EVENTS OF THE FINANCIAL YEAR

1.2.1. Share capital transactions

On 18 June 2020, the Board of Directors of Eutelsat Communications voted to cancel 2,229,640 shares, representing 0.96% of the share capital.

To this end, 105,068 treasury shares amounting to 2.2 million euros were allocated to the acquisition of 2,124,572 shares for 20 million euros.

As of 30 June 2020, the share capital stood at 230,544,995 euros, made up of 230,544,995 shares, each with a nominal value of one euro.

1.2.2. Repercussions of Covid

The revenues of the Company's subsidiaries have been adversely affected by the Covid-19 crisis since mid-March, notably in the Professional Video vertical, particularly in Occasional Use (circa 1% of Group revenues) which is impacted by the postponement or cancellation of sports and other events and Mobile Connectivity (6% of Group revenues) which is affected by the Covid-related shrinkage in airline and maritime traffic.

More generally, there has been a more global slowdown in the pace of new business.

As the Company is a holding company where revenues are made up of re-invoiced services, the Company's revenues were not impacted.

Furthermore, the crisis has had a two-fold impact on cash generated by the Company and its subsidiaries:

- On the one hand, delays in the collection of trade receivables resulting in a deterioration in the working capital requirement related to these receivables.
- On the other hand, the postponement of certain payments caused by the delays of satellite programmes, the Covid-19 crisis having affected the operations of satellite manufacturers and launchers and the deployment of ground gateways.

These two effects are more than offset by the net cash flow levels of the Company and its subsidiaries.

The assumptions used for the impairment tests performed on equity investments in Eutelsat SA (see Note 4.1) have been updated on the basis of the information available to date.

As of 30 June 2020, the Company and its subsidiaries had cash and cash equivalents and undrawn credit lines for a total amount of over 1.2 billion euros.
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# NOTE 2. ACCOUNTING PRINCIPLES

## 2.1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The annual financial statements are prepared in accordance with the provisions of Regulation 2018-01 of the French Accounting Standards Authority (ANC) as well as any subsequent opinions and recommendations of the French Accounting Standards Authority. The Company's reporting currency is the euro.

The following conventions have been applied in compliance with the principle of prudence and in accordance with the following basic rules:

- going concern,
- separation of financial periods,
- consistent accounting methods from one financial year to the next,

and in accordance with the general guidelines for preparing and presenting the annual financial statements.

The basic method used for evaluating the items recorded in the accounts is the historical cost method.

No changes were made to the accounting methods during the financial period.

## 2.2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of annual financial statements requires the use of judgements and estimates likely to affect some of the items in the income statement, the balance sheet and the accompanying notes. The Management constantly updates these estimates and assessments by using past experience and other relevant factors related to the economic environment. The outcome of the transactions underlying 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 financial statements as of 30 June 2020, the Management made judgements, particularly with regard to the value of equity investments and share-based compensation.

## 2.3. FINANCIAL ASSETS

Financial assets consist of equity securities and other financial assets including treasury shares acquired under a liquidity contract.

Equity investments are recorded in the balance sheet at their acquisition value, including acquisition costs. They are subject to impairment when the acquisition value is greater than the value in use, assessed on the basis of various criteria such as the market value, expected growth and profitability and shareholders' equity.

Other financial assets are recorded in the balance sheet at their acquisition value excluding acquisition costs. They are subject to impairment when their acquisition cost is greater than their net asset value.

## 2.4. RECEIVABLES AND PAYABLES

Receivables and payables are evaluated at their face value.

## 2.5. CASH AND MARKETABLE SECURITIES

This item consists of treasury shares acquired under share buyback programmes, mutual fund investments, cash at bank and deposit warrants with original maturities of three months or less.

Treasury shares repurchased not allocated to share plans are impaired when the share price is lower than the purchase price.

Treasury shares repurchased for the purpose of serving share incentive plans are recorded at their initial cost until they are delivered to their recipients or reclassified if not attributed. They are not subject to any impairment.

## 2.6. DEBT ISSUANCE COSTS

Debt issuance costs are amortised over the duration of the loan.

## 2.7. SHAREHOLDERS' EQUITY

External costs directly related to capital increases or reductions are charged against the issue and acquisition premium, net of tax when tax savings are generated.

## 2.8. PROVISIONS

A provision is recorded when there is a company obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely determined.

# NOTE 3. NOTE ON THE INCOME STATEMENT

## 3.1. REVENUE

The Company's revenue includes the re-invoicing of services provided, for its holdings, particularly with regard to strategy development, implementation of the industrial and commercial policy and financial and institutional communications.

Revenue, which is generated exclusively in France, amounts to 3.3 million euros as of 30 June 2020 and 4.1 million euros as of 30 June 2019.

## 3.2. OPERATING EXPENSES

Operating expenses are broken down as follows:

| *(in millions of euros)* | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Staff costs | (3.4) | (3.2) |
| Other purchases and external expenses | (6.6) | (7.0) |
| Other operating expenses | (1.6) | (1.9) |
| **Total** | **(11.6)** | **(12.1)** |

### 3.2.1. Staff costs

The Company has no employees.

Staff costs correspond to compensation for board members, including share based compensation, and amount to 3.2 million euros (3.4 million euros as of 30 June 2019).

Compensation and benefits granted to members of administrative and management bodies are presented in Note 5.1. “Executive management compensation”.

### 3.2.2. Other purchases and external expenses

Other purchases and external expenses consist mainly of sub-contracting and consultancy costs for 3.2 million euros (2.6 million euros as of 30 June 2019), fees for 1.8 million euros (1.4 million euros as of 30 June 2019) and commissions and bank fees for 0.8 million euros (0.9 million euros as of 30 June 2019).

### 3.2.3. Other operating expenses

Other operating expenses consist mainly of attendance fees for 0.9 million euros (0.9 million euros as of 30 June 2019), taxes and duties for 0.5 million euros (0.2 million euros as of 30 June 2019) and commissions and amortised loan costs for 0.5 million euros (0.5 million euros as of 30 June 2019).

## 3.3. FINANCIAL INCOME

Financial income breaks down as follows:

| *(in millions of euros)* | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Income from holdings | 312.4 | 546.8 |
| Interest expenses | (5.5) | (7.5) |
| Other | (1.0) | 0.7 |
| **Total** | **305.9** | **540.0** |

Income from holdings comes exclusively from dividends received from the subsidiary Eutelsat S.A.

Interest charges correspond to interest on the loan set up in 2015.

## 3.4. EXCEPTIONAL INCOME

Exceptional income represents an expense of 1 million euros (a 0.2 million euro expense as of 30 June 2019). It consists mainly of treasury share buyback surpluses and losses related to the liquidity contract.

## 3.5. COMPANY TAX

### 3.5.1. Tax consolidation

The scope of the tax consolidation group includes the entities Eutelsat S.A., Eutelsat Broadband Services S.A.S, Fransat S.A and BB4A France.

The tax consolidation agreement provides that the subsidiaries bear a tax burden equal to the amount that they would have borne in the absence of the Group regime. Additional tax charges or savings resulting from the Group regime are borne by or granted to the Group's parent company in full.

As of 30 June 2020, the income tax expense payable by the tax consolidation group amounts to 70.2 million euros (105.5 million euros as of 30 June 2019).whereas the amount due by the sub-subsidiaries under the tax consolidation agreement amounts to 75 million euros (111 million euros as of 30 June 2019, releasing a profit of 4.8 million euros (5.5 million euros as of 30 June 2019).

Eutelsat Communications' losses prior to tax consolidation amount to 43.3 million euros.

### 3.5.2. Common law provisions

As of 30 June 2020, the Company's tax liability breaks down between current income and exceptional income as follows:

| *(In millions of euros)* | Income before tax | Tax due | Net income |
|---|---|---|---|
| Current | 531.3 | (4.80) | 536.0 |
| Exceptional | (1.0) | 0 | (1.0) |
| **Total** | **530.3** | (4.80) | **535.0** |

The Company's tax is calculated on the basis of the corporate income tax rate estimated at 28.9% up to 0.5 million euros and 34.43% for amounts exceeding this amount, in accordance with the provisions of the French general tax law.

### 3.5.3. Increases and reductions in future tax liability

| *(in millions of euros)* | 30 June 2019 | 30 June 2020 |
|---|---|---|
| **Reductions in future tax liability:** | | |
| Losses carried forward | 11.2 | 11.2 |
| **Total** | **11.2** | **11.2** |

# NOTE 4. NOTES ON THE BALANCE SHEET

## 4.1. FINANCIAL ASSETS

The changes to financial assets over the year are as follows:

| *(in millions of euros)* | 30 June 2019 | Acquisition / subscription | Assignment/ reduction | 30 June 2020 |
|---|---|---|---|---|
| Equity investments (including merger losses) | 2,943.4 | | 0.0 | 2,943.4 |
| Other financial assets | 5.7 | | (1.6) | 4.1 |
| Total of the gross values | **2,949.1** | **0.0** | **(1.6)** | **2,947.5** |
| Provision for depreciation | 0.0 | 0.0 | (0.5) | (0.5) |
| **Total net values** | **2,949.1** | **0.0** | **(2.1)** | **2,947.0** |

Equity investments consist of:

- shares in Eutelsat S.A. numbering 976,473,166 for an amount of 2,558.5 million euros as of 30 June 2020 and numbering 976,469,366 for an amount of 2,558.5 million euros as of 30 June 2019, i.e. an increase of 3,800 shares linked to the share buyback offers under the cashback offer of 21 October 2019;
- a merger loss allocated to Eutelsat S.A. shares for an amount of 384.9 million euros.

The value in use of the Eutelsat S.A. shares was determined on the basis of a valuation of the Eutelsat Group based on future cash flows. These cash flows were updated as of 30 June 2020 to incorporate recent available information. The resulting value in use is higher than the net book value of the assets held. Consequently, no impairment loss was recognised as of 30 June 2020.

Other financial assets consist of items relating to the liquidity contract, including:

- treasury shares for an amount of 3.7 million euros corresponding to 394,290 shares as of 30 June 2020 and for an amount of 3.6 million euros corresponding to 223,296 shares as of 30 June 2019.
- SICAV money market funds for an amount of 0.5 million euros as of 30 June 2020 and for an amount of 2.1 million euros as of 30 June 2019.

## 4.2. RECEIVABLES

Receivables amount to 508.2 million euros (277 million euros as of 30 June 2019). They mainly consist of loans granted by the Company to its subsidiary Eutelsat S.A. for 483.1 million euros (264 million euros as of 30 June 2019).

Other receivables include 21.94 million euros for corporate tax receivables as of 30 June 2020.

All receivables are due within one year.

## 4.3. CASH AND MARKETABLE SECURITIES

Cash and marketable securities break down as follows:

| *(in millions of euros)* | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Treasury shares | 1.7 | 0.0 |
| Cash | 0.4 | 2.9 |
| Deposit warrants | 1.0 | 1.0 |
| **Total** | **3.1** | **3.9** |

As of 30 June 2019, the Company held 105,068 of its own shares. These shares were fully allocated to the share capital reduction performed during the financial year ended 30 June 2020 (see Note 1.2 “Key events of the financial year”).

## 4.4. DEBT ISSUANCE COSTS

Debt issuance costs, relating to the loan taken out in March 2015, for an initial amount of 3.1 million euros, are spread over the income for 6 years for an amount of 0.5 million euros per year. Debt issuance costs remaining depreciable amount to 0.8 million euros as of 30 June 2020 (1.3 million euros as of 30 June 2019).

## 4.5. SHAREHOLDERS' EQUITY

On 18 June 2020, the company Eutelsat Communications cancelled 2,229,640 shares for a total of 22.3 million euros, breaking down into a reduction in share capital of 2.2 million and a reduction in the share premium of 20.1 million.

During the financial period, 2,124,572 shares were repurchased for 20 million euros.

As of 30 June 2020, the share capital comprised 230,544,995 ordinary shares with a face value of 1 euro per share.

On 7 November 2019, the Ordinary and Extraordinary Annual General Meeting of Shareholders was called upon to approve the annual financial statements for the period ended 30 June 2019. Having recognised a 303.8 million euro profit, the AGM decided to distribute a 1.27 euro dividend per share for a total amount of 295.3 million euros, taken from net income, the remaining balance of 8.2 million euros being allocated to retained earnings.

| *(in millions of euros)* | 30 June 2019 | Profit allocation | Distribution of dividends | Other movements | 30 June 2020 |
|---|---|---|---|---|---|
| Share capital | 232.8 | | | (2.2) | 230.6 |
| Issue, merger and acquisition premiums | 1,237.6 | | | (20.1) | 1,217.5 |
| Statutory reserve | 23.3 | | | | 23.3 |
| Retained earnings (+) | 816.2 | | 8.6 | | 824.8 |
| Income as of 30/06/2019 | 303.8 | | (303.8) | | 0.0 |
| Tax related provisions | 0.5 | | | | 0.5 |
| **Total** | **2,614.1** | | **(295.3)** | **(22.3)** | **2,296.7** |
| | | Shareholders' equity before result | | | 2,296.7 |
| | | Income for the year | | | 535.0 |
| | | **Total shareholders' equity** | | | **2,831.7** |

Tax related-provisions correspond to the accelerated depreciation of share acquisition costs.

## 4.6. FINANCIAL DEBT

Bank loans, denominated in euros, were granted in 2015 with a five-year maturity period and two one-year extension options, subject to the lenders' approval. In March 2016 and March 2017, the Company obtained the approval of all the lenders on both one-year extensions until March 2022.

Bank loans are as follows:

| *(in thousands of euros)* | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Bank borrowings | 600.0 | 600.0 |
| Accrued interest | 1.1 | 0.4 |
| **Total** | **601.1** | **600.4** |

Eutelsat Communications also has a 200 million euro revolving credit line (undrawn as of 30 June 2020) entered into in March 2015 for a five-year maturity, with two one-year extension options subject to the lenders' approval. In March 2016 and March 2017, the Company obtained the agreement of all the lenders for each of the two one-year extensions until March 2022.

The credit agreements do not carry any guarantee from the Group nor pledging of assets in favour of the lenders but contain restrictive clauses (subject to the usual exceptions provided for in this type of loan agreement) limiting the ability of Eutelsat Communications and its subsidiaries, in particular to grant security interests, incur additional indebtedness, dispose of assets, engage in mergers and acquisitions, sales of assets and leasing operations (with the exception of those carried out within the Group and expressly provided for in the loan agreement) and change the nature of the activity of the Company and its subsidiaries.

The credit agreements allow each lender to request early repayment of all sums due if there is a change of control of the Company and of its subsidiary Eutelsat S.A. or in the event of concerted action. Furthermore, the Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan.

The credit agreements provide for 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 not covered by a launch insurance policy.

In addition, these credit agreements are backed by a financial covenant which provides for a total net debt to annualised EBITDA ratio less than or equal to 4.0 to 1, determined on the basis of the Group's consolidated financial statements. As of 30 June 2020, the Company complied with this banking covenant.

### 4.7. OTHER DEBTS

Operating debts break down as follows:

| *(in thousands of euros)* | 30 June 2019 | 30 June 2020 |
|---|---|---|
| Accounts payable | 3.2 | 3.5 |
| State liabilities | 0.0 | 0.6 |
| Staff liabilities | 3.1 | 2.8 |
| Tax consolidation current accounts | 8.8 | 21.2 |
| **Total** | **15.2** | **28.0** |

All debts are due within one year.

## NOTE 5. OTHER INFORMATION

### 5.1. RELATED PARTY TRANSACTIONS

#### 5.1.1. Executive Management compensation

Gross compensation (including employer's contributions) paid by the Company to members of the administrative and management bodies is as follows;

| *(in millions of euros)* | 30/06/2019 | 30/06/2020 |
|---|---|---|
| Short-term benefits | 3.1 | 3.2 |
| Attendance fees paid | 0.8 | 1.0 |

91% of these expenses are charged back to Eutelsat S.A. for the activities described in Note 1.1 "Company's activity".

**Share based compensation**

The expense (excluding social security contributions) recorded for the three other plans whose features are presented below amounts to 0.4 million euros (0.3 million euros as of 30 June 2019).

The free share allocation plan of April 2017 matured in June 2019. In respect of this plan, the Company granted 0.5 million euros.

Under the plans listed below, phantom shares were granted to directors and corporate officers in November 2017, November 2018 and November 2019. Their allocation is contingent on an attendance requirement and the achievement of performance conditions.

| Features of the plans | November 2017 plan | November 2018 plan | November 2019 plan |
|---|---|---|---|
| Vesting period | July 2017 - June 2020 | July 2018 - June 2021 | July 2019 - June 2022 |
| Maximum number of shares attributable to directors and corporate officers at inception | 64,176 | 73,485 | 84,660 |
| Number of recipients | 3 | 3 | 3 |
| **Number of shares and performance requirements for phantom share plans** | | | |
| Number of outstanding shares | 63,570 | 65,704 | 84,046 |
| Performance objectives | Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan | Revenue, Discretionary Free-Cash-Flow Relative TSR(1) | Revenue, Discretionary Free-Cash-Flow Relative CSR |
| **Expense for the financial year (in millions of euros)** | **(0.1)** | **(0.1)** | **(0.2)** |

*(1) Relative TSR (total shareholder return) measures the shareholder return for Eutelsat shares compared to that of other benchmarks or indices. This performance condition is only applicable to directors and corporate officers for the plans granted in 2018 and 2019.*

**Non-compete clauses**

In the event of termination of office of the CEO and one of the Deputy CEOs, a non-compete clause provides for payment of 50% of the fixed compensation over an 18-month period. Under such a clause, the CEO and the Deputy CEO are required during this period to refrain from working directly or indirectly for any satellite operator.

### 5.1.2. Related parties other than executive managers

Related parties are those direct or indirect shareholders who exercise significant influence, which is presumed when the investor holds more than 20% or when the investor holds a position on the Board of Directors of a subsidiary of the Company, or of companies other than subsidiaries in which Eutelsat has an interest and "key managers".

During the 2020 financial year, Eutelsat S.A. and its related parties did not enter into any material transactions under unusual market conditions.

## 5.2. 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 an accounting 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 years 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 adjustments, for which Eutelsat believes that it has solid defences.

An accounting audit was also performed on the Company's accounts in respect of the financial years ended 30 June 2016 and 2017 and, in December 2019, the Company received a tax adjustment notification relating to these two financial years. The Company replied to this tax adjustment notification, contesting nearly all of the reassessment charges. The Tax Audit Department has yet to respond to the comments submitted by the Company.

### 5.2. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet purchase commitments amount to 0.6 million euros as of 30 June 2020.

### 5.3. INFORMATION ABOUT SUBSIDIARIES AND EQUITY INTERESTS

The table below contains the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2020:

| | Capital | Shareholders' equity other than capital as of 30 June (local accounts) | Share of capital held (in %) | Last financial year | | Gross book value of investments held | Provision for impairment of investments | Loans and advances granted | Pledges and guarantees granted | Dividends received |
|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | | | | revenue (local accounts) | Net income (local accounts) | | | | | |
| Eutelsat SA<br>RCS no. 422,551,176 Paris Registered office located in Paris (financial year ended 30/06/2020) | 658.6 | - | 96.38% | 990.3 | 435 | 2,558.0 | - | 483.1 | - | 546.8 |

### 5.4. SUBSEQUENT EVENTS

None.

# APPENDIX 3

## TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL PERIODS

## (ART. R225-102 OF CODE DE COMMERCE)

In €

| Balance sheet date<br>Financial year duration (months) | 30/06/20<br>12 | 30/06/2019<br>12 | 30/06/2018<br>12 | 30/06/2017<br>12 | 30/06/2016<br>12 |
|---|---|---|---|---|---|
| **CAPITAL AT YEAR END** | | | | | |
| Share capital | 230 544 995 | 232 774 635 | 232 774 635 | 232 774 635 | 232 774 635 |
| Number of shares | | | | | |
| - ordinary | 230 544 995 | 232 774 635 | 232 774 635 | 232 774 635 | 232 774 635 |
| - preferred dividend | | | | | |
| Maximum number of shares to be issued | | | | | |
| - by converting bonds | | | | | |
| - for each subscription right | | | | | |
| **OPERATIONS AND RESULTS** | | | | | |
| Revenues excl. Taxes | 3 334 171 | 4 084 367 | 3 393 669 | 1 790 031 | 3 707 643 |
| Earning before taxes, employees' profit-sharing, depreciation, and amortisation | 530 599 759 | 299 183 868 | 292 367 455 | 245 785 618 | 255 742 002 |
| Income tax | (4 793 779) | (5 608 343) | (21 025 626) | 305 759 | (6 084 129) |
| Mandatory employee profit-sharing scheme | | | | | |
| Depreciation and amortisation | 348 589 | 996 923 | 437 657 | 480 400 | (315 204) |
| Net income | 535 044 950 | 303 795 288 | 312 955 424 | 244 999 460 | 262 141 334 |
| Amount distributed | 205 185 046 | 295 623 786 | 295 623 786 | 281 657 308 | 255 828 463 |
| **EARNINGS PER SHARE** | | | | | |
| Earning after taxes, employees' profit-sharing, depreciation, and amortisation | 2.32 | 1.31 | 1.35 | 1.05 | 1.12 |
| Earning before taxes, employees' profit-sharing, depreciation, and amortisation | 2.32 | 1.31 | 1.34 | 1.05 | 1.13 |
| Dividend distributed | 0.89 | 1.27 | 1.27 | 1.21 | 1.1 |
| **STAFF** | | | | | |
| Average headcount | 3 | 3 | 3 | 3 | 3 |
| Total payroll | 2 402 385 | 2 461 718 | 2 671 723 | 2 200 764 | 1 768 612 |
| Amounts paid in employee benefits<br>(Social security, corporate social fund, etc.) | 800 885 | 901 038 | 909 276 | 758 157 | 630 366 |

# APPENDIX 4

## TABLE OF STATUTORY AUDITORS' FEES

For the table of statutory auditor's fees, please refer to note 10 of Eutelsat Communications consolidated annual statements.

# APPENDIX 5

## VERIFICATION REPORT FOR SOCIAL AND ENVIRONMENTAL INFORMATION

# Report by the independent third-party body, on the consolidated non-financial statement included shown in the Group management report

For the year ended June 30, 2020

*This is a free translation into English of the report on the consolidated non-financial statement issued in French by the independent third-party body and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as an independent third party of Eutelsat Communications and accredited by COFRAC under number n°3-1080[40], we hereby report to you on the consolidated non-financial statement for the year ended June 30, 2020 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

**The entity's responsibility**

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

**Independence and quality control**

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

**Responsibility of the independent third-party body**

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

[40] whose scope is available at www.cofrac.fr

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of anti-corruption;
- the compliance of products and services with the applicable regulations.

## Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights, anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
    - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
    - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[41];
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes[42] that we considered to be the most important, we implemented:

[41] **Qualitative information relating to the following sections**: "Participating in the effort to bridge the digital divide"; "Relations with stakeholders"; "Territorial impact of the Group's activities on employment and regional development".

[42] **Quantitative social information:** total workforce and breakdown by gender, age and geographic region; Hirings and departures on permanent contracts; Number of work accidents with absence; Number of days of absence due to accidents; Number of hours of training. **Quantitative environmental information:** Quantity of non-hazardous waste; Water consumption; Electricity and fuel oil consumption; Greenhouse gas emissions including satellite missions.

- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
- tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[43] and covers 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests.

- we assessed the overall consistency of the Statement based on our knowledge of the entity the consolidated entities.

We believe that the work performed, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

**Means and resources**

Our work was carried out by a team of four people between February and July 2020.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted interviews with people responsible for preparing the Statement.

**Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Neuilly-sur-Seine, 17th of July 2020

*Original French report signed by:*

Independent third-party body

**Grant Thornton**
**French member of Grant Thornton International**

| Vincent Frambourt | Tristan Mourre |
|---|---|
| Partner | Director |

[43] Eutelsat S.A.