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Free translation of the original « *Rapport du Commissaire aux apports sur la rémunération de l'apport d'actions de la société ONEWEB HOLDINGS LIMITED devant être effectué au profit de la société EUTELSAT COMMUNICATIONS SA par les Apporteurs Majoritaires* »

issued by the contribution auditor, dated August 18, 2023. French version shall prevail.

EUTELSAT COMMUNICATIONS SA

Public limited company with a Board of Directors
32 Boulevard Gallieni
92130 Issy-les-Moulineaux
RCS of Nanterre 481 043 040

**Contribution auditor's report on the consideration of the contribution of
ONEWEB HOLDINGS LIMITED shares by Major Shareholders
Contributors to EUTELSAT COMMUNICATIONS SA**

*Order of the President of the Nanterre
Commercial Court dated December 5,
2022*



Contribution auditor's report on the consideration of the contribution of ONEWEB HOLDINGS LIMITED shares by Major Shareholders Contributors to EUTELSAT COMMUNICATIONS SA

Ladies and Gentlemen,

Pursuant to the assignment entrusted to us by the order of the President of the Nanterre Commercial Court dated December 5, 2022, concerning the contribution of ONEWEB HOLDINGS LIMITED Class A ordinary shares to EUTELSAT COMMUNICATIONS SA, we have prepared this report on the consideration for the contribution, it being specified that our assessment of the value of the contributions is the subject of a separate report.

As the shares of EUTELSAT COMMUNICATIONS SA are admitted to trading on a regulated market, this report on the remuneration of the contribution is prepared with reference to the position recommendation 2020-06 of the *Autorité des Marchés Financiers* (hereinafter the "AMF").

The consideration for the contribution was set out in the contribution agreement signed by the representatives of the companies concerned (described in paragraph 1.2 hereafter) on August 18, 2023 (hereinafter the "**Contribution Agreement**").

Our responsibility is to express a conclusion on the fairness of the consideration for the contribution. For this purpose, we have performed our procedures in accordance with the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* ("CNCC") applicable to the assignment of the statutory auditor in charge of assessing the fairness of the consideration for the contribution. This professional doctrine requires us to perform procedures to verify that the relative values attributed to the contributions and to the shares of the company receiving the contributions are relevant and to analyze the positioning of the proposed compensation in relation to the relative values deemed relevant.

No special benefit is stipulated in the context of this transaction.

Our report is intended for the persons covered by French law, in this case the shareholders of EUTELSAT COMMUNICATIONS SA. It meets the requirements of these regulations but not those of the English regulations, which apply to the shareholders of ONEWEB HOLDINGS LIMITED.

As our mission ends with the filing of our report, it is not our responsibility to update it to take into account facts and circumstances subsequent to the date of signature.

At no time did we find ourselves in one of the cases of incompatibility, prohibition or disqualification provided for by law.



Please find below our findings and conclusions presented in the following order:

1. Presentation of the planned operation
2. Verification of the relevance of the relative values attributed to the shares of the companies participating in the transaction
3. Assessment of the fairness of the proposed compensation
4. Summary – key points
5. Conclusion

1. Presentation of the proposed operation

1.1 Context of the transaction

In a joint press release dated July 26, 2022, EUTELSAT COMMUNICATIONS SA (hereinafter "EUTELSAT" or the "**Beneficiary Company**") and ONEWEB HOLDINGS LIMITED (hereinafter "ONEWEB") announced the proposed combination by way of an exchange of shares with the aim of forming a single leading global player in the field of connectivity. The definitive framework agreement for the combination between EUTELSAT and ONEWEB was entered into on November 14, 2022 between EUTELSAT and the principal shareholders of ONEWEB as mentioned in paragraph 1.2 hereunder (hereinafter the "**Framework Agreement**").

The objective of this combination is to create a leading global player positioned to conquer the satellite connectivity market with a complementary GEO/LEO offering¹.

This newly formed entity would have an enhanced range of satellite coverage, notably with EUTELSAT's geostationary satellites (GEO) and ONEWEB's low earth orbit satellites (LEO).

It is thus envisaged that:

- (i) BHARTI SPACE LIMITED, the *Secretary of State for Science, Innovation and Technology of United Kingdom*² ("**UK Government**"), SOFTBANK GROUP CAPITAL LIMITED and HANWHA SYSTEMS UK LIMITED (the "**Major Shareholders Contributors**") and the other minority shareholders of ONEWEB (other than EUTELSAT SA) (the "**Minority Shareholders Contributors**" and together the "**Contributors**") are contributing all of the Class A ordinary shares of ONEWEB that they hold, i.e. a total of 2,186,644 shares to the Beneficiary

¹ GEO (*Geostationary Earth Orbit*) satellites are geostationary satellites that remain constantly above the same point on the Earth's surface at a distance of about 36,000 km and provide communications, television and weather services. LEO (for *Low Earth Orbit*) satellites are non-geostationary satellites that operate in low earth orbit (about 1,200 km) and provide mobile data services and mobile telephone systems.

² Following the Prime Minister's announcement of a change of government apparatus on February 7, 2023, three new government departments were created, including the Department for Science, Innovation and Technology (DSIT). By an Order in Council which came into effect on May 3, 2023, the UK government's shareholding has been transferred from the Secretary of State for Business, Energy & Industrial Strategy (BEIS) to the Secretary for State for Science, Innovation and Technology (DSIT).



Company (the "**Existing Shareholders' Contributions**"), and

- (ii) BHARTI SPACE LIMITED and the UK Government are selling to EUTELSAT all of the 4 *deferred shares* issued by ONEWEB that they hold.

(hereinafter the "**Transaction**")

It is expected that ONEWEB option holders will be able to exercise their options either (i) immediately prior to and subject to the completion of the Major Shareholders Contributors' Contributions; or (ii) during certain exercise windows between completion of the Transaction and October 10, 2024, with a view to contributing the resulting ONEWEB Class A ordinary shares to EUTELSAT, in the context of contribution in kind transactions carried out by delegation of authority by the extraordinary general meeting of EUTELSAT, and using the same exchange ratio as the one of the Contribution³.

Following the Transaction, EUTELSAT will hold, directly and indirectly through its subsidiary EUTELSAT SA, 100% of the shares issued by ONEWEB⁴.

This report concerns the remuneration of the contributions of the Major Shareholders Contributors (hereinafter the "**Contribution**"), it being specified that a separate report will cover the remuneration of the Minority Shareholders Contributors and that another report will cover the remuneration of any contributions of the Option Holders.

1.2 Presentation of the parties involved

1.2.1 EUTELSAT COMMUNICATIONS SA, beneficiary of the contribution

EUTELSAT COMMUNICATIONS SA ("**EUTELSAT**") is a French *société anonyme* with a Board of Directors, whose registered office is located at 32, Boulevard Gallieni in Issy-les-Moulineaux (92130), and which has been registered with the Paris Trade and Companies Registry since February 15, 2005, and with the Nanterre Trade and Companies Registry since October 30, 2020, under number 481 043 040.

Its share capital amounts to €248,926,325, divided into 248,926,325 ordinary shares with a par value of €1 each, all fully paid up and of the same class.

EUTELSAT's shares have been listed on compartment A of the Euronext Paris market under ISIN code FR0010221234 since December 2, 2005.

³ In certain circumstances, at Eutelsat's option, the contributions in kind could be replaced by an exchange for existing shares at the same exchange ratio or by a payment in cash.

⁴ Except for one Class B share issued by ONEWEB held by the UK Government



According to its bylaws, EUTELSAT's purpose, "*in France and abroad*:"

- *to supply Space Segment capacity, and satellite communications systems and services. To that end, Eutelsat Communications undertakes any activities relating to the design, development, construction, installation, operation and maintenance of its Space Segment and of those satellite systems and services;*
- *and more generally, to take part in any existing or future enterprise or company and to participate in any transactions of any nature, be they financial, commercial, industrial, civil, real-estate-related or other, pertaining directly or indirectly to the corporate purpose or to any similar, related or complementary purposes, and likely to promote, directly or indirectly, the aims pursued by Eutelsat Communications, its expansion into other fields, its growth and its assets.*

The term "Space Segment" means a set of telecommunications satellites, and the tracking, telemetry, command, control, monitoring and related facilities and equipment necessary for the operation of those satellites."

The closing date for EUTELSAT's accounts is June 30 of each year.

EUTELSAT marked the beginning of the European satellite communications services industry⁵. Today, the EUTELSAT group is one of the world's leading operators of commercial telecommunications satellites and operates 36 satellites in geostationary orbit covering up to 150 countries, from 139° West to 174° East⁶.

Through its fleet of satellites and terrestrial infrastructure, the EUTELSAT group provides capacity to broadcasters, telecommunications operators and governmental bodies served either directly or through distributors. EUTELSAT group's business is organized since 30 June 2023 around four verticals⁷:

- Video (62.0% of revenues): the EUTELSAT group provides to its customers broadcasting capacity and associated services to enable them to broadcast television programs mainly to homes equipped for direct satellite reception, or to homes connected to cable or IP networks (enabling the broadcast of approximately 6,583 television channels mainly in Europe, in the Middle East and in Africa of which 2,500 are free mainly in Europe, in the Middle East and in Africa);
- Fixed connectivity (15.7% of revenues): fixed data includes enterprise networks (allowing companies to connect their network in remote areas), the connection of mobile

⁵ EUTELSAT's activities were originally carried out by an intergovernmental organization, the European Telecommunications Organization (IGO), which transferred all of its operational activities to EUTELSAT SA in July 2001 before it was acquired by EUTELSAT in 2005.

⁶ As of 30 June 2023

⁷ % based on annual consolidated revenues as of June 30, 2023.



networks (*backhaul*) and the connection to the Internet backbone⁸ (*trunking*). Additionally, it includes internet access solutions, notably IP connectivity services;

- Government Services (12.6% of revenues): the EUTELSAT group enables reliable and rapidly deployed global communications for governments throughout the world⁹ ;
- Mobile connectivity (9.7% of revenues): the EUTELSAT group provides distributors/integrators and telecom operators with capacity dedicated to mobile connectivity, in-flight or maritime.

As of June 30, 2023, the EUTELSAT group had revenues of €1.1 billion and operating income of €573.5 million, with a workforce at that date of nearly 1,067 employees.

1.2.2 ONEWEB HOLDINGS LIMITED, a company whose securities are contributed

ONEWEB HOLDINGS LIMITED ("**ONEWEB**") is a *private limited company* incorporated under the laws of England and Wales with its registered office at West Works Building, 195 Wood Lane, London, W12 7FQ. It is registered since March 25, 2020, under number 12534512.

Its capital consists of (i) 2,836,644 Class A ordinary shares¹⁰ with a par value of USD 0.01 each, (ii) one Class B share with a par value of USD 0.01¹¹, and (iii) four *deferred shares with* a par value of GBP 1.00.

The closing date for ONEWEB's accounts is March 31 of each year.

ONEWEB is a satellite communications company with a constellation of 634 low earth orbit (LEO) communication satellites¹² covering the entire globe. The ONEWEB constellation of satellites are non-geostationary, low-earth orbiting satellites that provide businesses and consumers with an affordable, high-bandwidth, low-latency communications service¹³.

The ONEWEB constellation consists of first-generation LEO GEN 1 satellites, the first of which were deployed in February 2019. This first constellation will be replaced over time by the LEO GEN 2 constellation, which is currently being designed. These next-generation satellites are expected to have greater capacity, longer lifetime, and enhanced performance than the LEO GEN 1 satellites. The launch of the first LEO GEN 2 satellites is expected to coincide with the decommissioning of the first LEO GEN 1 satellites in 2027 or 2028.

⁸ Very high-speed data transmission line that provides networking facilities to local internet service providers.

⁹ Allows the interconnection of dispersed or isolated sites, the guarantee of immediate availability of capacity, as well as security and reliability, for ground or sea operations.

¹⁰ There are also options granted to ONEWEB employees under the *ONEWEB Executive Share Option Scheme 2021*, giving right to a maximum of 39,550 OneWeb Class A ordinary shares.

¹¹ The UK Government will keep its Class B share. The latter has no economic rights (with the exception, in the event of liquidation, of the repayment of the amount paid up in respect of the Class B share, with the same priority as the repayment of the amounts paid up in respect of the Class A ordinary shares).

¹² Following the 17th and 18th launches of ONEWEB by SPACEX and NEWSPACE INDIA respectively in March 2023.

¹³ Latency is a data transmission delay in communications. It refers to the time it takes for a data packet to travel from source to destination across a network.



Each satellite is connected to terrestrial infrastructure, which transmits data to the constellation. ONEWEB has three types of ground infrastructure to support its operations:

- TT&C stations¹⁴: these stations ensure communications during some operations on its satellites (pre-launch, orbit transfer, etc.), and in case of emergency on a spacecraft;
- SNPs¹⁵: these provide Internet access for the ONEWEB'S constellation of satellites and are distributed around the globe. They are equipped with several antennas allowing them to reach a number of satellites;
- User terminals: provide end-users with broadband Internet access from the LEO satellite constellation of ONEWEB. These terminals are capable of providing continuous service through transfers between active satellites. ONEWEB develops different user terminals to meet multiple needs, for governments, operators, enterprises, aviation, maritime and land mobility.

1.2.3 BHARTI SPACE LIMITED, the UK Government, SOFTBANK GROUP CAPITAL LIMITED and HANWHA SYSTEMS UK LIMITED - the Major Shareholders Contributors

BHARTI SPACE LIMITED

BHARTI SPACE LIMITED (“**Bharti**”) is a *private limited company incorporated in England and Wales* with its registered office at 53/54 Grosvenor Street, 2nd floor, London, W1K 3HU. It has been registered since 26 February 2021 under number 13228343. BHARTI SPACE LIMITED IS part of the Indian group BHARTI which owns AIRTEL, India's leading cell phone operator.

Bharti holds 850,000 Class A ordinary shares and 2 deferred shares in ONEWEB.

THE SECRETARY OF STATE FOR SCIENCE, INNOVATION AND TECHNOLOGY (UK Government)

The UK Government, located at 100 Parliament Street, London, SW1A 2BQ, holds 500,000 Class A ordinary shares, 1 Class B ordinary share and 2 deferred shares in ONEWEB.

SOFTBANK GROUP CAPITAL LIMITED

SOFTBANK GROUP CAPITAL LIMITED (“**SOFTBANK**”) is a *private limited company* incorporated under the laws of England and Wales with its registered office at 69 Grosvenor Street, London, W1K 3JP. It has been registered at *Companies House* since April 30, 2015 under number 09569889.

SoftBank holds 500,000 Class A ordinary shares in ONEWEB.

HANWHA SYSTEMS UK LIMITED

HANWHA SYSTEMS UK LIMITED (“**HANWHA**”) is a *private limited company* incorporated under the laws of England and Wales with its registered office at Suite A, 6 Honduras Street, London,

¹⁴ Telemetry, Tracking and Command systems

¹⁵ Satellite *Network* Portals



EC1Y 0TH. It was registered at *Companies House* on October 6, 2021 under number 13665238. HANWHA SYSTEMS UK LIMITED IS part of the South Korean HANWHA Group.

Hanwha holds 250,000 Class A ordinary shares of ONEWEB.

1.2.4 Capital links between the parties involved in the transaction

As of the date hereof, EUTELSAT SA, subsidiary of the Beneficiary Company, holds 650,000 Class A ordinary shares of ONEWEB, representing approximately 22.91% of the company's capital and voting rights (excluding the dilutive impact of options issued by ONEWEB). This equity investment¹⁶ dates from September and October 2021.

As of the date hereof, BHARTI, which is one of the Major Shareholders' Contributors, is a subsidiary of BHARTI GLOBAL LIMITED which directly holds 12,974,047 representing 5.21% of EUTELSAT's share capital and voting rights.

1.3 General terms and conditions

The terms and conditions of the Contribution, which are set out in detail in the Contribution Agreement, to which reference should be made, can be summarized as follows.

Legal regime of the Contribution

From a legal standpoint, the Contribution is subject to the common law regime for contributions in kind provided for in Article L.225-147 of the French Commercial Code.

Tax system

The Contribution will be registered free of charge in accordance with the provisions of Article 810, I of the French General Tax Code.

Date of completion of the Contribution

The Contribution will be completed on the date on which the last of the conditions precedent referred to below (§ 1.5) is satisfied or is lifted, as evidenced by a decision of the shareholders of EUTELSAT recording the definitive completion of the increase in EUTELSAT's share capital as consideration for the Existing Shareholders' Contributions (hereinafter the "**Completion Date**").

The Contribution will also take effect, for tax purposes, on the Completion Date.

¹⁶ Initial investment announced in April 2021 and completed in September 2021 then exercise of a call option in October 2021.



1.4 Description of the Contribution

1.4.1 Description of the Contribution

The contribution made by the Major Shareholders Contributors (the “**Contribution**”) consists of 2,100,000 Class A ordinary shares of ONEWEB, representing, on an undiluted basis, 74.03% of the Class A ordinary shares in the share capital of ONEWEB, with a par value of \$0.01 each, and fully paid.

Contributors	Number of shares contributed
Bharti Space Limited	850,000
UK Government	500,000
Softbank Group Capital Limited	500,000
Hanwha Systems UK Limited	250,000
Total major contributors	2,100,000

In accordance with the terms of the Contribution Agreement, each contributed Class A ordinary share of ONEWEB will be, at the date of completion of the Contribution, free of any pledge, third party right, charge or other security interest.

It is also agreed that the Major Shareholders Contributors holding the 4 ONEWEB *deferred shares*, i.e. BHARTI SPACE LIMITED and the UK Government, will transfer them to EUTELSAT with the guarantee of full title and free of any pledge, third party rights, encumbrance or other security.

Finally, following the contributions of the Major Shareholders Contributors and the Minority Shareholders Contributors, EUTELSAT will own directly and indirectly through its subsidiary EUTELSAT SA, 100% of the shares issued by ONEWEB¹⁷.

1.4.2 Valuation method and reference

The Contribution is made on the basis of the real value of the contributed shares.

The real value of the 2,100,000 ONEWEB Class A ordinary shares has been determined by reference to the transaction price agreed by the parties and indicated in the press release of 26 July 2022, i.e. €3,297 million for 100% of the share capital of ONEWEB.

The value of the 2,100,000 ONEWEB Class A ordinary shares contributed is €2,407,502,789.

¹⁷ With the exception of one Class B share issued by ONEWEB held by the UK Government.



1.4.3 Remuneration of contributions

The remuneration of the Contribution is made on the basis of the real value of the Contribution, on the one hand, and the real value of the shares of the Beneficiary Company, on the other hand.

On this basis, the Contribution will be remunerated by the allocation of 217,287,000 new EUTELSAT shares with a par value of €1 each, to be issued by the Beneficiary Company, which will increase its capital by €217,287,000. The shares issued in consideration for the Contribution, will be subject to a 6-month lock-up period from the completion date, as provided for in the EUTELSAT shareholders' agreement signed by the Major Shareholders Contributors.

The difference between (i) the total value of the Contribution, i.e. €2,407,502,789 and (ii) the total amount of the capital increase of the Beneficiary Company, i.e. €217,287,000, will constitute a contribution premium of €2,190,215,789.

Contributors	Number of shares contributed	Contribution value (€)	Number of Eutelsat shares issued	Eutelsat's capital increase (€)	Share premium (€)
Bharti Space Limited	850,000	974,465,415	87,949,500	87,949,500	886,515,915
UK Government	500,000	573,214,950	51,735,000	51,735,000	521,479,950
Softbank Group Capital Limited	500,000	573,214,950	51,735,000	51,735,000	521,479,950
Hanwha Systems UK Limited	250,000	286,607,475	25,867,500	25,867,500	260,739,975
Total major contributors	2,100,000	2,407,502,789	217,287,000	217,287,000	2,190,215,789

1.5 Conditions precedent

The completion of the Contribution is subject to the fulfillment of all conditions precedent detailed in section 8 of the Contribution Agreement:

- (i) *"the submission by the Contribution Auditor of its reports confirming (i) that the Contribution Value retained is not overvalued and that it is at least equal to the amount of the Capital Increase of the Beneficiary Company plus the Contribution Premium, and (ii) the fairness of the Exchange Ratio;*
- (ii) *filing the Exemption Document relating to the Contribution with the AMF and making it available to the public in accordance with applicable French and European regulations (including AMF Position-Recommendation DOC-2020-06); and*
- (iii) *the approval by the Shareholders' Meeting of the Contribution, of the Contribution Agreement, of the corresponding Capital Increase as well as of the amendments to the bylaws of the Beneficiary Company and of the changes in the composition of the Board of Directors of the Beneficiary Company as described in Appendix 8.1 (the "EUTELSAT Shareholders' Resolutions"), it being specified that the Shareholders' Meeting is scheduled to vote on this matter on September 28, 2023."*



2. Verification of the relevance of the relative values attributed to the contributed shares and to the shares of the beneficiary company

2.1 Diligences implemented

The purpose of our mission is to inform the shareholders of EUTELSAT and ONEWEB on the relative values retained by the parties in order to determine the exchange ratio and to assess its fairness. Consequently, it is neither an audit nor a limited review within the meaning of professional standards. It cannot be assimilated to a *due diligence* mission carried out for a lender or an acquirer and does not include all the work necessary for this type of intervention. Our report cannot therefore be used in such a context.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the Compagnie Nationale des Commissaires aux Comptes (CNCC) to assess the appropriateness of the relative values attributed to the contributed shares and to the recipient company.

In this context, we performed the following principal procedures:

- We met with representatives of EUTELSAT and ONEWEB to learn about the transaction and the context in which it is taking place, and to analyze the accounting, financial, legal and tax terms and conditions envisaged;
- We have taken note of the Framework Agreement entered into on November 14, 2022 between EUTELSAT and the Major Shareholders Contributors of ONEWEB;
- We have examined the Contribution Agreement and its schedules;
- We have reviewed the Company and consolidated financial statements of ONEWEB as of March 31, 2023, unaudited P&L and balance sheet for the quarter ended, as of June 30, 2023, and the *reporting* at the end of June 2023;
- We have read the independent auditor's report on the annual and consolidated financial statements of ONEWEB as of March 31, 2023;
- We have read the consolidated financial statements of EUTELSAT as of June 30, 2023, and have examined the statutory auditors' report on EUTELSAT's annual consolidated accounts as of June 30, 2023;
- We have reviewed the budget and forecast data prepared by ONEWEB and EUTELSAT management and met with the relevant managers to discuss the appropriateness of the assumptions made;
- We have reviewed Schedule 4.2 of the Contribution Agreement, which defines the value of the Contribution and its consideration;



- We have analyzed and reviewed with EUTELSAT's financial advisor (ROTHSCHILD & CO) the valuation elements of ONEWEB and EUTELSAT contained in the Draft Exemption Document and the valuation report underlying these analyses;
- We have obtained (i) a letter of representation signed by the representatives of EUTELSAT, on the one hand, and (ii) a letter of representation signed by the representatives of ONEWEB and Major Shareholders Contributors, on the other hand, confirming the completeness of the information provided in connection with the present Transaction and, to their knowledge, the absence of any significant event (up to the date of our report) that could materially affect the consideration for the Contribution.

2.2 Relative values retained by the parties

2.2.1 Valuation of ONEWEB shares

At the end of their negotiations, the parties agreed on a value for ONEWEB of €3,297 million, or approximately €1,146.43 per share ONEWEB. On this basis, and using a diluted number of ONEWEB shares, the value of the Contribution is €2,407,502,789.

The parties have implemented a multi-criteria evaluation of ONEWEB that favors the following benchmark and methodology:

- Reference to ONEWEB's implied valuation at the time of the last transaction on the share capital of ONEWEB announced in August 2021 and completed in February 2022,
- Intrinsic discounted cash flow (DCF) method.

The following methods were not considered:

- Discounting of theoretical dividend flows,
- Stock market comparables,
- Comparable transactions,
- The net book value and the revalued net book assets.



The value of ONEWEB has been the subject of a multi-criteria valuation presented in the Draft Exemption Document. This analysis reveals the following values for ONEWEB, which are in line with the contribution value retained by the parties:

	Equity value (100%, in \$M)	Equity value (100%, in €M)
Primary Methods		
Discounted cash flows (low case)	2,889	2,802
Discounted cash flows (base case)	3,562	3,455
Discounted cash flows (high case)	4,399	4,266
Valuation at the time of the last transaction on OneWeb's capital in August 2021 (method retained by the parties)	3,400	3,297

2.2.2 Valuation of the shares of the Beneficiary Company

In order to determine the number of EUTELSAT shares to be issued as consideration for the Contribution, the parties have agreed, following their negotiations, on a value per share of €11.08 (ex-dividend).

In this context, the parties have implemented a multi-criteria evaluation approach that favors the following evaluation approaches and references:

- The reference to EUTELSAT's share price on the basis of the volume-weighted average prices over the various periods preceding the announcement of the Transaction;
- Reference to target prices published by financial analysts;
- An intrinsic approach based on the discounting of EUTELSAT's projected cash flows.

By way of illustration, the parties have also implemented:

- An analogical approach by reference to a sample of comparable listed companies, limited to SES.

The parties have rejected the reference to discounting of theoretical dividend flows, net book value, net asset value and the transactions of comparable companies.



For the record, the results of the multi-criteria valuation of EUTELSAT presented in the Draft Exemption Document are as follows:

	Equity value (100%, in €M)
Primary Methods	
Last trading price on July 22, 2022	2,403
1 month - VWAP	2,485
3 months - VWAP	2,493
6 months - VWAP	2,391
12 months - VWAP	2,521
Target price published by financial analysts	2,793
Discounted cash flows (low case)	2,651
Discounted cash flows (base case)	3,177
Discounted cash flows (high case)	3,853
Methods for illustrative purposes	
Comparable companies (EV/EBITDA june23)	2,330
Comparable companies (EV/EBITDA june24)	2,239

2.3 Assessment of the relevance of relative values

The assessment of the relative values retained by the parties calls for the following comments on our part:

- With regard to the assessment of compensation in the context of negotiations between independent third parties, the parties and their advisors have assessed the compensation in the light of criteria that we consider to be customary and appropriate in view of the activities and respective characteristics of the companies concerned;
- EUTELSAT and ONEWEB operate in the same sector. The assessment of the compensation implies the use of adapted valuation methods based on homogeneous assumptions;
- It should be noted that the calculations of relative values do not include the synergies expected from the Operation.
- The relative values retained in the approaches carried out by the parties are based on data prior to the date of the announcement of the Transaction, namely July 26, 2022. While this approach appears to be consistent with the needs of the parties in the context of the determination of the compensation, it does not allow for the taking into account of any events that may have occurred since that date, which could have an impact on the relative values retained. The management of EUTELSAT and ONEWEB have confirmed to us in a letter of affirmation that no events have occurred since that date that would call into question the parameters and data used by the parties as part of the intrinsic approach to set the compensation.



In the context of our assignment, we have also implemented alternative or similar valuation approaches to those of the parties with our own parameters, by reference to data updated to a recent date, and carried out sensitivity analyses.

Therefore, we implemented a multi-criteria evaluation of ONEWEB and EUTELSAT based on the following approaches:

- An approach based on the intrinsic value of ONEWEB and EUTELSAT by discounting projected cash flows (DCF). This approach, based on our own discounting parameters, determined in a consistent manner for Eutelsat and ONEWEB, was carried out on the basis of forecasts provided to us by the management of both companies;
- As EUTELSAT is a listed company whose stock is liquid and is regularly monitored by analysts, we believe that the valuation of Eutelsat's stock is essential, even in the absence of an equivalent criterion for ONEWEB. In this context, we have assessed the remuneration of the Contribution by comparing the volume-weighted average price (VWAP) of EUTELSAT shares and the reference to the last transaction in ONEWEB shares, i.e. the last transaction on the share capital of OneWeb announced in August 2021 and completed in February 2022, which resulted in an implied value of \$3,400m for 100% of ONEWEB share capital.

With regard to the valuation methods used, we have no comment to make on the fact that we did not use the book value, the revalued book value and the discounted cash flow.

We also agree with the parties that the comparable transactions criterion should not be used. We have examined this approach but decided not to use it because of the difficulties involved in implementing it given the lack of sufficient public information for the transactions identified concerning the particularities of each transaction (possible earn-out clauses, historical context of the negotiations, control premiums, expected synergies, etc.).

Similarly, we did not apply the comparable listed companies approach due to the absence of any company sufficiently comparable to EUTELSAT.

2.3.1 Elements of the transition from enterprise value to equity value

The elements of the transition from enterprise value to equity value have been determined on the basis of the latest published accounts of the companies concerned, namely: (i) on the basis of the annual consolidated accounts at 30/06/2023 for EUTELSAT, and (ii) on the basis of the annual consolidated accounts at 31/03/2023 for ONEWEB.

2.3.2 Discounting of projected cash flows

This method consists of determining the intrinsic value of a company by discounting the cash flows from its business plan at a rate that reflects the market's requirement for profitability with respect to the company, taking into account an exit value at the horizon of this plan.



This method makes it possible to recognize the value attributable to the development prospects of the company being valued and seems to us to be appropriate to the situation of ONEWEB and EUTELSAT, and to their comparison.

Our work was based on the business plans established by the management of both companies:

- The EUTELSAT business plan for the period 2023-2033, including extrapolation by Management over the 2027-2023 period, presented to the EUTELSAT Board of Directors on January 19, 2023; and the updates presented to the EUTELSAT Board of Directors on July 27, 2023 (on the C-band¹⁸ phase 2 release product and the €/€ exchange rate);
- The ONEWEB business plan established for the period 2023-2028, approved by the ONEWEB Board of Directors on March 21, 2023. This business plan only includes forecasts for the 1^{ère} generation LEO satellites (GEN1). The latest forecast incorporating GEN2 satellites was prepared by the company in April 2021;
- The ONEWEB business plan, established by EUTELSAT's management in October 2022, for the period 2023-2033 as well as the sensitivity analyses presented to EUTELSAT's Board of Directors on July 27, 2023.

The business plans of the companies have been extrapolated and restated, where necessary, in order to implement the valuation approach based on flows determined in a manner that is consistent with the elements used in our transition from Enterprise Value to Equity Value.

The cash flows were discounted at the weighted average cost of capital, determined in a consistent manner according to the characteristics of each company. The discount rates used are close to (i) the rates mentioned in EUTELSAT's analysts' notes that were brought to our attention, and (ii) the rates used in the impairment tests of the two companies.

Our sensitivity tests on (i) the discount rate, (ii) normative growth and (iii) normative operating margin, show a range of EUTELSAT shares to be issued as consideration for the Contribution of between 215.2 and 223.1 million.

Sensitivity analyses of the ONEWEB business plan and the updates of EUTELSAT's business plan, presented to the EUTELSAT Board of Directors on July 27, 2023, do not call into question the ranges obtained.

¹⁸ See Note 2.2 to EUTELSAT's consolidated financial statements at June 30, 2023 ("**C-band release process**"): "As part of the release of 3.7 - 4 GHz (C-band) frequencies in the United States following the federal decision published by the Federal Communication Commission (FCC – the US communications regulator) on March 3, 2020, the Group has set up a transition plan comprising two phases, each corresponding to the release of certain frequencies and giving rise to the payment of financial incentives amounting to 125 million U.S. dollars for the first phase and 382 million U.S. dollars for the second phase."



This approach makes it possible to give an objective and homogeneous reference value, on a stand-alone basis, for the two entities to be valued, irrespective of the synergies that will be generated by the merger, which will benefit all shareholders, as we will come back to later.

2.3.3 Volume-weighted average price of EUTELSAT shares compared to the value of ONEWEB implied by the last transaction on the share capital of ONEWEB

We have analyzed the evolution of EUTELSAT'S share price over the last 12 months (prior to July 22, 2022, corresponding to the last trading date not polluted by rumors of a merger between EUTELSAT and ONEWEB) and also calculated volume-weighted average prices (VWAP) over more or less long periods.

Volume-Weighted Average Price	in €/share	Volume exchanged (in K)		Capital exchanged (in K)		% of capital		% of free float	
		Average	Cumulative	Average	Cumulative	Exchanged volume	Capital turnover	Exchanged volume	Float rotation
Spot (22/7/2022)	10,43	309	309	3 234	3 234	0,13 %	0,13 %	0,19 %	0,19 %
VWAP 1 month	10,77	291	6 103	3 130	65 723	0,13 %	2,65 %	0,18 %	3,68 %
VWAP 60 days	10,83	325	19 494	3 520	211 186	0,14 %	8,47 %	0,20 %	11,74 %
VWAP 3 months	10,81	340	22 414	3 670	242 205	0,15 %	9,73 %	0,20 %	13,53 %
VWAP 6 months	10,40	408	52 240	4 244	543 267	0,18 %	22,69 %	0,25 %	31,55 %
VWAP 12 months	10,87	513	132 942	5 580	1 445 321	0,22 %	57,73 %	0,34 %	86,95 %
VWAP 24 months	10,06	603	310 361	6 061	3 121 523	0,26 %	134,78 %	0,40 %	205,42 %
12-month high (15/11/2021)	13,39								
12-month low (7/3/2022)	8,96								
24-month high (15/11/2021)	13,39								
24-month low (2/10/2020)	8,11								

As ONEWEB is not listed, we could not rely on an observable market value to value it. We have therefore sought to capture this value through a valuation derived from the last transaction in the company's shares, i.e., the last transaction on the share capital of ONEWEB corresponding to the entry of HANWHA in the share capital of ONEWEB announced in August 2021 and completed in February 2022

Based on this approach, the number of EUTELSAT shares to be issued as consideration for the Contribution is in the range of 209.1 million and 226.1 million.

For information purposes, we have also analyzed EUTELSAT's share price since July 22, 2022, which has followed a downward trend and shows 1-to-6-month VWAPs of between 6.08€/share and 6.26€/share, as of August 1, 2023. The calculation of the remuneration on this basis results in a higher dilution for EUTELSAT's shareholders.

2.3.4 Summary of relative values

The relative values obtained from our multi-criteria valuation work are higher than those determined by the parties, which is explained by the use in our work of more recent projections than those used by the parties.



3. Assessment of the fairness of the compensation

3.1 Remuneration of the Contribution retained by the parties

The proposed exchange ratio is 103.47 new EUTELSAT shares for one ONEWEB share contributed, determined on the basis of the value of the Contribution on the one hand, and the value of the EUTELSAT share on the other, as presented in §2.2. This results in the issue of 217,287,000 EUTELSAT shares for the Major Shareholders Contributors.

This remuneration was determined on the basis of negotiations between the parties, which resulted in a relative weighting of EUTELSAT and ONEWEB shareholders of 50% of EUTELSAT's share capital at the end of the contributions (reduced to 52.4% / 47.6% on a non-diluted basis of the ONEWEB options and taking into account the payment of part of EUTELSAT's dividend in shares in accordance with the decision of the general meeting of 10 November 2022).

3.2 Diligences implemented

We performed the procedures we considered necessary in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes (CNCC) to assess the fairness of the consideration for the Contribution.

In particular, we relied on the work described above (§ 2.3) in order to verify the relevance of the relative values attributed to the contributed shares and the shares of the Beneficiary Company.

On this basis, we assessed the fairness of the proposed remuneration, in particular through

- The analysis of the positioning of the remuneration in relation to the values considered relevant;
- The impact of the compensation on the future situation of EUTELSAT's shareholders.

3.3 Assessment and positioning of the remuneration of the contribution

In order to assess the compensation retained by the parties, we have determined the number of EUTELSAT shares to be issued as consideration for the Contribution, using a multi-criteria approach.

The relative values examined, determined on the basis of the criteria that we consider relevant, would lead to the issuance of a number of EUTELSAT shares between 209,144,317 and 226,073,519.

The number of EUTELSAT shares to be issued as consideration is 217,287,000, within the range of the multi-criteria analyses developed above.



We also analyzed the weight of each category of post-contribution shareholders resulting from our multi-criteria analysis, with regard to the weight induced by the parity retained by the parties¹⁹.

	Allocation according to agreement between the parties	DCF		Share price	
		Low case	High case	Low case	High case
OneWeb	47,6 %	47,4 %	48,3 %	46,7 %	48,6 %
Eutelsat	52,4 %	52,6 %	51,7 %	53,3 %	51,4 %

In our assessment of the fairness of the proposed compensation, we note that the compensation selected by the parties falls within the range of our primary approaches and therefore appears fair to the current shareholders of EUTELSAT.

3.4 Impact of the transaction on the various shareholder groups

Following the completion of the Existing Shareholders' contributions (i.e. after Majority and Minority Contributions), EUTELSAT's shareholders will hold a significantly smaller stake in EUTELSAT's share capital and voting rights than they currently do, since they will only hold 52.4% of the enlarged group's share capital after the completion²⁰, i.e. a dilution of around 47.6%.

Given the profile of ONEWEB, which is in the start-up phase of its constellation, the enlarged EUTELSAT-ONEWEB post-Contribution accounts are expected to show a short-term loss, which will result in no dividend being paid over the next three years, as stipulated in the Exemption Document.

EUTELSAT will gain control of ONEWEB and EUTELSAT's shareholders will benefit in the longer term from the synergies described below.

The parties announced that the combination is expected to generate operating synergies estimated over €1.5 billion, in present value after tax, net of implementation costs. These include cost, investment and revenue synergies, enabling savings on upstream operating expenses and optimizing operational efficiency.

Their implementation will be progressive after the completion of the Existing Shareholders' contributions (i.e. after Majority and Minority Contributions) and it has been confirmed to us that due to the strong complementarity of the companies in terms of satellite connectivity offer, there should not be significant dysnergies. Updates presented to the EUTELSAT Board of Directors on July 27, 2023 confirmed the anticipated level of synergies.

¹⁹ On a non-diluted basis of the ONEWEB options and taking into account the payment of a part of the EUTELSAT dividend in actions pursuant to the decision of the general meeting dated 10 November 2022.

²⁰ On a non-diluted basis of the ONEWEB options and taking into account the payment of a part of the EUTELSAT dividend in actions pursuant to the decision of the general meeting dated 10 November 2022.



These synergies have not been included in our assessment of the relative values of ONEWEB and EUTELSAT, but they will benefit all groups of shareholders and are therefore an important element in assessing the fairness of the compensation that they reinforce.

After taking into account the value (discounted and after tax) of these synergies in addition to the equity values of the two entities that we have obtained, and on the basis of the number of EUTELSAT shares after remuneration of the Major Shareholders Contribution and the Minority Shareholders Contribution, the value per share for an EUTELSAT shareholder appreciates by almost 50% as a result of the combination.

Moreover, for ONEWEB shareholders, who will now be shareholders in a listed company, the Transaction will give them access to liquidity (long-term for the Major Shareholders Contributors and immediate for the Minority Shareholders Contributors) that they did not have before.

4. Summary - Key points

In summary of our assessment of the operation as a whole, we wish to draw your attention to the following points:

- This transaction aims to create a leading global player in satellite connectivity and will enable the EUTELSAT group to be positioned in the connectivity market with a complementary GEO/LEO offering.
- The parties independently negotiated the financial terms of the combination and the governance of the new group, and reached an agreement announced on July 26, 2022 that will result in EUTELSAT shareholders owning 52.4% of the enlarged entity (on a non-diluted basis);
- The proposed remuneration has been determined on the basis of a ONEWEB value of €3,297m and a EUTELSAT share value of €11.08, resulting in the issuance of 226,252,053²¹ EUTELSAT shares in respect of all the contributions of the Existing Shareholders. The valuation work presented to us and set out in the draft Exemption document has been reviewed by us and appears to us to be appropriate to determine the value of the contributed ONEWEB Class A Ordinary shares on the one hand, and of EUTELSAT on the other. We have also performed our own valuation work, the results of which do not call into question those presented by the parties. In particular, the remuneration retained by the parties falls within the valuation range of the discounted cash flow approach, which is, in our opinion, the most relevant approach;

²¹ This number being increased to 230,344,291 in case of contribution by the ONEWEB options holders of the maximum number of ONEWEB Class A ordinary shares under options (39,550 ONEWEB Class A ordinary shares)



- In addition, the Transaction is expected to create significant value through synergies estimated by the parties of over €1.5 billion (discounted and after-tax, net of implementation costs), which will benefit all shareholders;
- Lastly, the Transaction gives control of ONEWEB to EUTELSAT and provides access to liquidity for ONEWEB shareholders, both over time (with a 6-month holding period) for the Major Shareholders Contributors who are signatories to the EUTELSAT shareholders' agreement, and immediately for the Minority Shareholders Contributors.



5. Conclusion

On the basis of our work and as of the date of this report, we are of the opinion that the consideration proposed by the parties for the Contribution, leading to the issuance of 217,287,000 EUTELSAT shares, is fair.