

# **Eutelsat Communications**

**A public limited company (French “*société anonyme*”) with a capital of 230,544,995 euros**

**Registered office: 32, boulevard Gallieni, 92130 Issy-les-Moulineaux**

**481,043,040 R.C.S. Paris**

## **ANNUAL FINANCIAL STATEMENTS AS OF 30 JUNE 2022**

# INCOME STATEMENT

<i>(in millions of euros)</i>	Note	30 June 2021	30 June 2022
Revenue		2.7	2.6
Other operating income		0.2	2.2
<b>Total operating income</b>	<b>3.1.</b>	<b>2.9</b>	<b>4.8</b>
Staff costs		(3.0)	(3.4)
Other operating expenses		(9.5)	(12.9)
<b>Total operating expenses</b>	<b>3.2.</b>	<b>(12.5)</b>	<b>(16.3)</b>
<b>Operating income</b>		<b>(9.6)</b>	<b>(11.5)</b>
Financial income		1.6	195.7
Financial expenses		(5.9)	(4.5)
<b>Financial income</b>	<b>3.3.</b>	<b>(4.3)</b>	<b>191.3</b>
<b>Current income before taxes</b>		<b>(13.9)</b>	<b>179.7</b>
<b>Exceptional income</b>	<b>3.4.</b>	<b>0.3</b>	<b>0.4</b>
Company tax	3.5.	4.3	4.8
<b>INCOME FOR THE YEAR</b>	<b>3.5.2.</b>	<b>(9.4)</b>	<b>185.0</b>

# BALANCE SHEET

<i>(in millions of euros)</i>	Note	30 June 2021 Net Amounts	30 June 2022 Net Amounts
<b>Assets</b>			
<b>Financial assets</b>	<b>4.1.</b>	<b>2,947.7</b>	<b>2,948.4</b>
Equity investments		2,943.4	2,943.4
Other financial assets		4.3	5.0
<b>Fixed assets</b>		<b>93.4</b>	<b>56.3</b>
Other receivables	4.2.	18.2	12.9
Group current accounts	4.2.	69.1	39.9
Marketable securities	4.3.	1.0	1.0
Cash	4.3.	5.1	2.4
Prepaid expenses		0.1	0.1
<b>Other assets</b>		<b>0.1</b>	<b>1.8</b>
Debt issuance costs	4.4.	0.1	1.8
<b>TOTAL ASSETS</b>		<b>3,041.1</b>	<b>3,006.4</b>

<i>(in millions of euros)</i>	Note	30 June 2021	30 June 2022
<b>Liabilities</b>			
Share capital		230.5	230.5
Issue, merger and acquisition premiums		1,217.5	1,217.5
Other reserves		0.2	0.2
Statutory reserves		23.1	23.1
Retained earnings		1,154.9	931.3
Income for the year		(9.4)	185.0
Tax related provisions		0.5	0.5
<b>Equity Capital</b>	<b>4.5.</b>	<b>2,617.4</b>	<b>2,588.1</b>
<b>Provisions</b>		<b>0.1</b>	<b>0.1</b>
Financial debts	4.6.	400.1	400.3
Other liabilities	4.7.	23.7	17.9
<b>Financial, operating and other liabilities</b>		<b>423.7</b>	<b>418.2</b>
<b>TOTAL LIABILITIES</b>		<b>3,041.1</b>	<b>3,006.4</b>

# 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 32 boulevard Gallieni 92130 Issy-les-Moulineaux, is registered with the Register of Trade and Companies under number 481,043,040.

### 1.2. KEY EVENTS OF THE FINANCIAL YEAR

None

## 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 2022, 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 corporate communications.

Revenue, which is generated exclusively in France, amounted to 2.61 million euros as of 30 June 2022 and 2.73 million euros as of 30 June 2021.

## 3.2. OPERATING EXPENSES

Operating expenses break down as follows:

<i>(in millions of euros)</i>	30 June 2021	30 June 2022
Staff costs	(3.0)	(3.4)
Other purchases and external expenses	(7.6)	(11.3)
Other operating expenses	(1.9)	(1.6)
<b>Total</b>	<b>(12.5)</b>	<b>(16.3)</b>

### 3.2.1. Staff costs

The Company has no employees.

Staff costs correspond to compensation for Board members, including share-based compensation, and amounted to 3.4 million euros (3 million euros as of 30 June 2021).

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 2.9 million euros (3.3 million euros as of 30 June 2021), fees for 4.9 million euros (1.9 million euros as of 30 June 2021) and commissions and bank fees for 1.7 million euros (0.7 million euros as of 30 June 2021).

### 3.2.3. Other operating expenses

Other operating expenses consist mainly of attendance fees for 0.9 million euros (0.8 million euros as of 30 June 2021), taxes and duties for 0.2 million euros (0.3 million euros as of 30 June 2021) and amortised loan costs for 0.4 million euros (0.8 million euros as of 30 June 2021).

## 3.3. FINANCIAL INCOME

Financial income breaks down as follows:

<i>(in millions of euros)</i>	30 June 2021	30 June 2022
Income from holdings	0.0	195.3
Interest expenses	(5.9)	(4.5)
Other	1.6	0.4
<b>Total</b>	<b>(4.3)</b>	<b>191.3</b>

The income from holdings comes exclusively from the dividends received from subsidiary Eutelsat S.A. Interest expenses correspond to interest on the loan set up in 2015.

## 3.4. EXCEPTIONAL INCOME

The exceptional result represents income of 0.4 million euros (income of 0.29 million euros as of 30 June 2021). 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 Konnect Services, Fransat S.A and Konnect Africa 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 2022, the income tax expense payable by the tax consolidation group amounts to 30.9 million euros (47.3 million euros as of 30 June 2021), while the amount due by the sub-subsidiaries under the tax consolidation agreement amounts to 35.6 million euros (51.9 million euros as of 30 June 2021), releasing a profit of 4.7 million euros (4.7 million euros as of 30 June 2021).

Eutelsat Communications' losses prior to tax consolidation amount to 43.3 million euros.

### 3.5.2. Common law provisions

As of 30 June 2022, the Company's tax liability breaks down between current income and exceptional income as follows:

<i>(In millions of euros)</i>	Income before tax	Tax due	Net income
Current	179.7	(4.8)	184.6
Exceptional	0.4		0.4
<b>Total</b>	<b>180.2</b>		<b>185.0</b>

The Company's tax is calculated on the basis of the corporate income tax rate estimated at 28.41%, in accordance with the provisions of the French general tax law.

### 3.5.3. Increases and reductions in future tax liability

<i>(in millions of euros)</i>	30 June 2021	30 June 2022
<b>Reductions in future tax liability:</b>		
Losses carried forward	11.2	11.2
<b>Total</b>	<b>11.2</b>	<b>11.2</b>

## NOTE 4. NOTES ON THE BALANCE SHEET

### 4.1. FINANCIAL ASSETS

The changes to financial assets over the financial year are as follows:

<i>(in millions of euros)</i>	30 June 2021	Acquisition / subscription	Assignment/ reduction	30 June 2022
Equity investments (including merger losses)	2,943.4			2,943.4
Other financial assets	4.5	84.6	(84.2)	5.0
<b>Total of the gross values</b>	<b>2,947.9</b>	<b>84.6</b>	<b>(84.2)</b>	<b>2,948.4</b>
Provision for depreciation	(0.1)	0.0	0.1	0.0
<b>Total net values</b>	<b>2,947.7</b>	<b>84.7</b>	<b>(84.1)</b>	<b>2,948.4</b>

Equity investments consist of:

- shares in Eutelsat S.A. numbering 976,475,432 for an amount of 2,558.5 million euros as of 30 June 2022 and numbering 976,475,432 for an amount of 2,558.5 million euros as of 30 June 2021,
- 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 2022 to incorporate recent available information. The value in use as determined is greater than the net carrying amount of 2,943.4 million euros. Consequently, no impairment loss has been recognised as of 30 June 2022.

Other financial assets consist of items relating to the liquidity contract, including:

- treasury shares for an amount of 2.4 million euros corresponding to 222,950 shares as of 30 June 2022 and for an amount of 3.5 million euros corresponding to 348,369 shares as of 30 June 2021,
- SICAV money market funds for an amount of 2.5 million euros as of 30 June 2022 and for an amount of 1 million euros as of 30 June 2021.

## 4.2. RECEIVABLES

Receivables amount to 52.7 million euros (87.1 million euros as of 30 June 2021). They mainly consist of loans granted by the Company to its subsidiary Eutelsat S.A. for 39.9 million euros (69.1 million euros as of 30 June 2021).

The other receivables are composed of 11.5 million euros of company tax receivables as of 30 June 2022.

All receivables are due within one year.

## 4.3. CASH AND MARKETABLE SECURITIES

Cash and marketable securities break down as follows:

<i>(in millions of euros)</i>	30 June 2021	30 June 2022
Treasury shares	0.0	0.0
Cash	5.1	2.4
Deposit warrants	1.0	1.0
<b>Total</b>	<b>6.1</b>	<b>3.4</b>

## 4.4. DEBT ISSUANCE COSTS

Debt issuance costs, relating to the loan initially taken out in March 2015 and renegotiated in June 2021, for an amount of 2.2 million euros, are spread over the income for five years for an amount of 0.4 million euros per year. Debt issuance costs remaining depreciable amount to 1.8 million euros as of 30 June 2022 (0.1 million euros as of 30 June 2021).



## 4.5. SHAREHOLDERS' EQUITY

As of 30 June 2022, the share capital is composed of 230,544,995 ordinary shares with a nominal value of 1 euro per share.

On 4 November 2021, the Ordinary and Extraordinary Annual General Meeting of Shareholders convened to approve the annual financial statements for the period ended 30 June 2021 recognised a 9.4 million euro loss and decided to distribute a dividend of 0.93 euro per share for a total amount of 214.2 million euros, charged against retained earnings.

<i>(in millions of euros)</i>	30 June 2021	Profit allocation	Distribution of dividends	Other movements	30 June 2022
Share capital	230.5				230.5
Issue, merger and acquisition premiums	1,217.5				1,217.5
Legal reserve	23.1				23.1
Statutory reserve	0.2				0.2
Retained earnings (+)	1,154.9	(223.6)			931.3
Income as of 30/06/2018	(9.4)	9.4			0.0
Tax related provisions	0.5				0.5
<b>Total</b>	<b>2,617.3</b>	<b>(214.2)</b>			<b>2,403.1</b>
			Shareholders' equity before result		2,403.1
			Income for the year		185.0
			<b>Total shareholders' equity</b>		<b>2,588.1</b>

Tax-related provisions correspond to the accelerated depreciation of share acquisition costs.

## 4.6. FINANCIAL DEBT

Bank loans, denominated in euros, were contracted in June 2021 with a five-year maturity period and two one-year extension options, subject to the lenders' approval. The first one-year extension was obtained.

The bank loans are as follows:

<i>(in thousands of euros)</i>	30 June 2021	30 June 2022
Bank borrowings	400.0	400.0
Accrued interest	0.1	0.3
<b>Total</b>	<b>400.1</b>	<b>400.3</b>

Eutelsat Communications also has a 200 million euro revolving credit line (undrawn as of 30 June 2021) entered into in June 2021 with a five-year maturity, with two one-year extension options subject to the lenders' approval. The first one-year extension was obtained.

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 2022, the Company complied with this banking covenant.

## 4.7. OTHER DEBTS

Operating debts break down as follows:

<i>(in thousands of euros)</i>	30 June 2021	30 June 2022
Accounts payable	4.1	4.3
State liabilities	0.5	0.2
Staff liabilities	2.5	2.3
Tax consolidation current accounts	16.6	11.1
<b>Total</b>	<b>23.7</b>	<b>17.9</b>

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. Sixty-two per cent of these costs are charged back to Eutelsat S.A. for the activities outlined in Note 1.1 “Company’s activity”.

<i>(in millions of euros)</i>	30 June 2021	30 June 2022
Short-term benefits	2.9	3.3
Attendance fees paid	0.8	0.9
Post-employment benefits	Cf. below	Cf. below
Share-based payments	Cf. Note 4.5.2	Cf. Note 4.5.2

#### Share-based compensation

The expense (excluding social security contributions) recorded for the three other plans whose features are presented below amounts to 0 million euros (0 million euros as of 30 June 2021).

The free phantom share allocation plan, granted in November 2018, matured in June 2021. In respect of this plan, the Company granted 0.2 million euros.

Under the plans listed below, phantom shares were granted to the directors and corporate officers in November 2019 and free shares were granted to the directors and corporate officers in November 2020, November 2021 and January 2022.

Their allocation is contingent on an attendance requirement and the achievement of performance conditions.

Features of the plans	November 2019 plan	November 2020 plan	November 2021 plan	January 2022 plan
Vesting period	July 2019 - June 2022	July 2020 - June 2023	July 2021 - June 2024	January 2022 - December 2024
Maximum number of shares attributable to directors and corporate officers at inception	84,660	224,963	58,581	75,736
Number of recipients	1	1	1	1
<b>Number of shares and performance requirements for phantom share plans</b>				
Number of outstanding shares	33,007	-	-	-
Performance objectives	Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan Relative TSR <sup>(1)</sup>	Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan Relative TSR <sup>(1)</sup>	Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan Relative TSR <sup>(1)</sup>	Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan Relative TSR <sup>(1)</sup>
<b>Expense for the financial year (in millions of euros)</b>	0	0	0	0

(1) The relative TSR (total shareholder return) measures the shareholder return for Eutelsat shares compared to that of other benchmarks or indices.

### Non-compete clauses

In the event of termination of office of the Chief Executive Officer and the Deputy CEO, 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. In this respect, 0.7 million euros were paid to the former Chief Executive Officer in 2022.

#### 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 2022 financial year, Eutelsat Communications 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.

The company has also been the subject of a tax audit in respect of the financial years ended 30 June 2015, 2016 and 2017 and, in December 2018 then in December 2019, the Company received proposed upwards tax adjustment notifications relating to these financial years. The Company has responded to these proposed tax increases, contesting virtually all of the reassessment charges. At the end of May 2022, the tax audit department responded to the company's comments, indicating that it was maintaining most of the initial adjustments. The company is contesting this position and has initiated all the pre-trial appeals to this end.

A tax audit of the company is also under way in respect of the financial years ended 30 June 2018, 2019 and 30 June 2020. The company has received a Notice of Deficiency which extends the statute of limitations relating to the financial year ended 30 June 2018 which it has contested in its entirety. The audit operations are ongoing with regard to the 2019 and 2020 financial years.

### 5.3. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet purchase commitments amount to 0.5 million euros as of 30 June 2022.

### 5.4. 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 2022:

<i>(in millions of euros)</i>	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
				Revenue (local accounts)	Net income (local accounts)					
Eutelsat SA RCS No.422,551,176 Paris Registered office located in Paris (financial year ended 30 June 2022)	658.6	-	96.38%	985.0	363.5	2,558.5	-	39.9	-	195.3

### 5.5. SUBSEQUENT EVENTS

None