

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2023 and
independent auditor's report

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This version of the consolidated financial statements has been prepared based on
the ESEF version, which is the only authoritative one and is available on www.ses.com.



Audit report

To the Shareholders of
SES S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of SES S.A. (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit and Risk Committee.

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

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The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 6 to the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and orbital slot license rights (indefinite life)

Management performed the annual impairment test based on the value in use determined on the basis of a discounted cash flows model for each of the cash-generating units (CGUs).

The Group has goodwill of 140 million EUR and orbital slot license rights with indefinite useful lives of 326 million EUR as of 31 December 2023. A total impairment expense of 1,548 million EUR was recognised for the year ended 31 December 2023 in relation to the goodwill at the level of the GEO North America (989 million EUR), GEO International (340 million EUR) and MEO (219 million EUR) CGUs (see Note 15 to the consolidated financial statements). As a result, the goodwill related to all CGUs except GEO Europe has been fully impaired. A total impairment expense of 1,677 million EUR was recognised for the year ended 31 December 2023 in relation to the orbital slot license rights at the level of the GEO North America (45 million EUR), GEO International (466 million EUR) and MEO (1,166 million EUR) CGUs (see Note 15 to the consolidated financial statements). As a result, the orbital slot licence rights related to MEO CGU have been fully impaired.

We focused on this area due to the high level of judgment in relation with the assumptions used in the calculation of the recoverable amounts (forecasted cash flows, long-term growth rates, discount rates, etc.).

How our audit addressed the key audit matter

- We evaluated the design and implementation of relevant internal controls;
- We evaluated Management's determination of the CGUs as well as the method and model used for the determination of the value in use, considering the requirements of IAS 36;
- We involved valuation specialists and independently recalculated the weighted average cost of capital based on the use of market data and verified the long-term growth rate to market data;
- We agreed the forecasted cash flows used for the calculation of the value in use to the 2024 Business Plan as approved by the Board of Directors;
- We evaluated the forecasted revenue and costs assumptions, considering our expectations in terms of significant developments during the forecast period (significant new contracts or loss thereof) and corroborated these with market data in respect of demand for satellite capacity and pricing;
- We evaluated the capital expenditure assumptions, considering our expectations in terms of significant developments during the forecast period (capital expenditure programs, replacement of satellites) and the expected capital expenditure level in the terminal period in order to maintain the current assets base;



- We performed sensitivity analysis of the models to changes in the key assumptions;
- We considered the appropriateness of the disclosures in Note 15 to the consolidated financial statements.

Impairment of satellites and satellites in the course of construction

The Group has a space segment assets balance, representing primarily satellites, of 2,705 million EUR as at 31 December 2023 and space segment assets in the course of construction, representing primarily, satellites in the course of construction of 1,367 million EUR. An impairment expense of 56 million EUR and reversal of impairment of 30 million EUR was recognised for the year ended 31 December 2023 in relation to several satellites, (see Note 13 to the consolidated financial statements). In addition an impairment expense of 425 million EUR was recognized for the year ended 31 December 2023 in relation to the space segment assets under construction (see Note 14 to the consolidated financial statements).

We focused on this area due to the high level of judgment in relation with the assumptions used in the calculation of the recoverable amounts (forecasted cash flows, long-term growth rates, discount rates, etc.).

How our audit addressed the key audit matter

- We evaluated the design and implementation of relevant internal controls;
- We discussed with Management about any satellite health issues and evaluated their impact on the satellites' capability to generate future cash inflows, and implicitly on the recoverable amount of the satellites;
- We evaluated the forecasted revenue and cost assumptions, considering our expectations in terms of significant developments during the forecast period (significant new contracts or loss thereof) and corroborated these with market data in respect of demand for satellite capacity and pricing;
- We involved valuation specialists and validated the method used to derive the value in use of satellites presenting a risk of impairment. We independently recalculated the weighted average cost of capital based on the use of market data;
- We performed sensitivity analysis of the models to changes in the key assumptions;
- We considered the disclosures in Note 13 and 14 to the consolidated financial statements and assessed their appropriateness.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the consolidated management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002



on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as “Réviseur d’Entreprises Agréé” by the General Meeting of the Shareholders on 6 April 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 11 years.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to the requirement that:

- the consolidated financial statements are prepared in a valid XHTML format;
- the XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2023, identified as “SES_Annual_report_-2023-12-31-en”, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 29 February 2024

A handwritten signature in blue ink, appearing to read "F. Mousel".

François Mousel

Consolidated income statement

For the year ended 31 December 2023

€million		2023	2022
Revenue	Note 4	2,030	1,944
C-band repurposing income	Note 33	2,744	184
Other income		5	-
Cost of sales	Note 5	(436)	(351)
Staff costs	Note 5	(409)	(330)
Other operating expenses	Note 5	(252)	(205)
Operating expenses	Note 5	(1,097)	(886)
EBITDA	Note 35	3,682	1,242
Depreciation expense	Note 13	(603)	(642)
Property, plant and equipment impairment	Note 13	(26)	(194)
Assets in the course of construction impairment	Note 14	(425)	-
Amortisation expense	Note 15	(89)	(63)
Intangible assets impairment	Note 15	(3,225)	(203)
Operating (loss)/profit	Note 4	(686)	140
Net financing costs	Note 7	(42)	(88)
(Loss)/profit before tax		(728)	52
Income tax expense	Note 8	(176)	(87)
Loss after tax		(904)	(35)
Loss for the year		(904)	(35)
Attributable to:			
Owners of the parent		(905)	(34)
Non-controlling interests		1	(1)
		(904)	(35)
Basic loss per share (in euro)			
Class A shares	Note 11	(2.14)	(0.16)
Class B shares	Note 11	(0.86)	(0.06)
Diluted loss per share (in euro)			
Class A shares	Note 11	(2.12)	(0.16)
Class B shares	Note 11	(0.85)	(0.06)

The notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

€million		2023	2022
Loss for the year		(904)	(35)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligation		-	3
Income tax effect		-	(1)
Remeasurements of post-employment benefit obligation, net of tax		-	2
Income tax relating to treasury shares impairment expense or reversal		-	2
Total items that will not be reclassified to profit or loss		-	4
<i>Items that may be reclassified subsequently to profit or loss</i>			
Impact of currency translation	Note 10	(196)	295
Income tax effect	Note 10	11	(31)
Total impact of currency translation, net of tax		(185)	264
Net investment hedge	Note 19	22	(88)
Income tax effect	Note 19	(6)	24
Total net investment hedge, net of tax		16	(64)
Total items that may be reclassified subsequently to profit or loss		(169)	200
Total other comprehensive (loss)/income for the year, net of tax		(169)	204
Total comprehensive (loss)/income for the year, net of tax		(1,073)	169
Attributable to:			
Owners of the parent		(1,074)	168
Non-controlling interests		1	1
		(1,073)	169

The notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position

As at 31 December 2023

€million		2023	2022
Non-current assets			
Property, plant and equipment	Note 13	3,042	3,630
Assets in the course of construction	Note 14	1,550	1,859
Total property, plant and equipment		4,592	5,489
Intangible assets	Note 15	920	4,291
Other financial assets		21	20
Trade and other receivables	Note 17	87	111
Deferred customer contract costs		3	7
Deferred tax assets	Note 9	671	499
Total non-current assets		6,294	10,417
Current assets			
Inventories		55	34
Trade and other receivables	Note 17	860	1,033
Deferred customer contract costs		2	4
Prepayments		47	47
Income tax receivable		19	25
Cash and cash equivalents	Note 20	2,907	1,047
Total current assets		3,890	2,190
Total assets		10,184	12,607
Equity			
Attributable to the owners of the parent	Note 21	3,701	5,596
Non-controlling interests	Note 22	57	62
Total equity		3,758	5,658
Non-current liabilities			
Borrowings	Note 24	3,443	3,629
Provisions	Note 25	3	7
Deferred income	Note 16	337	359
Deferred tax liabilities	Note 9	205	434
Other long-term liabilities	Note 27	83	107
Lease liabilities	Note 30	23	30
Fixed assets suppliers	Note 28	313	740
Total non-current liabilities		4,407	5,306
Current liabilities			
Borrowings	Note 24	716	719
Provisions	Note 25	88	67
Deferred income	Note 16	224	189
Trade and other payables	Note 26	390	367
Lease liabilities	Note 30	16	15
Fixed assets suppliers	Note 28	455	264
Income tax liabilities		130	22
Total current liabilities		2,019	1,643
Total liabilities		6,426	6,949
Total equity and liabilities		10,184	12,607

The notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2023

€million		2023	2022
(Loss)/profit before tax		(728)	52
Taxes paid during the year		(442)	(186)
Interest expense on borrowings	Note 7	86	102
Interest income		(51)	(6) ¹
Depreciation, amortisation and impairment	Notes 13, 14, 15	4,368	1,102
Amortisation of client upfront payments		(45)	(69)
Other non-cash items in the consolidated income statement		173	27
Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes		3,361	1,022 ¹
Changes in working capital			
(Increase)/decrease in inventories		(26)	(6)
Decrease/(Increase) in trade and other receivables		13	442 ¹
Decrease in prepayments		(2)	4
Decrease/(increase) in trade and other payables		(4)	8
Increase in upfront payments		137	1
Changes in working capital		118	449 ¹
Net cash generated by operating activities		3,479	1,471 ¹
Cash flow from investing activities			
Payments for acquisition of subsidiary, net of cash acquired		-	(435)
Payments for purchases of intangible assets		(22)	(42)
Payments for purchases of tangible assets		(383)	(1,312)
Interest received		45	5 ¹
Other investing activities		(10)	(9)
Net cash absorbed by investing activities		(370)	(1,793) ¹
Cash flow from financing activities			
Proceeds from borrowings	Note 31, 24	-	744
Repayment of borrowings	Note 31, 24	(706)	(57)
Coupon paid on perpetual bond	Note 21	(49)	(49)
Dividends paid on ordinary shares ²	Note 12	(220)	(219)
Interest paid on borrowings		(109)	(103)
Payments for acquisition of treasury shares		(22)	-
Proceeds from treasury shares sold and exercise of stock options		1	4
Lease payments	Note 30	(22)	(17)
Payment in respect of changes in ownership interest in subsidiaries		1	2
Net cash generated by / (absorbed by) financing activities		(1,126)	305
Net foreign exchange movements		(123)	15
Net increase / (decrease) in cash		1,860	(2)
Cash and cash equivalents at beginning of the year	Note 20	1,047	1,049
Cash and cash equivalents at end of the year	Note 20	2,907	1,047

¹ Change in presentation, reflecting EUR 5 million of interest received within "Net cash absorbed by investing activities"

² Dividends are presented net of dividends received on treasury shares of EUR 3 million (2022: EUR 11 million)

The notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2023

	Attributable to owners of the parent									
	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves ²	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
€million										
At 1 January 2023	696	1,564	(80)	1,175	2,428	(34)	(153)	5,596	62	5,658
Result for the year	-	-	-	-	-	(905)	-	(905)	1	(904)
Other comprehensive income	-	-	-	-	-	-	(169)	(169)	-	(169)
Total comprehensive income for the year	-	-	-	-	-	(905)	(169)	(1,074)	1	(1,073)
Allocation of 2022 result	-	-	-	-	(34)	34	-	-	-	-
Reclassification of perpetual bond (Note 21)	-	-	-	(550)	-	-	-	(550)	-	(550)
Coupon on perpetual bond (Note 21)	-	-	-	-	(49)	-	-	(49)	-	(49)
Tax on perpetual bond coupon (Note 21)	-	-	-	-	14	-	-	14	-	14
Dividends provided for or paid ¹	-	-	-	-	(220)	-	-	(220)	-	(220)
Purchase of treasury shares	-	-	(27)	-	-	-	-	(27)	-	(27)
Share-based compensation expense (Note 23)	-	-	-	-	9	-	-	9	-	9
Exercise of share-based compensation	-	-	12	-	(10)	-	-	2	-	2
Transactions with non-controlling interest and other movements	-	-	-	-	(1)	-	1	-	(6)	(6)
At 31 December 2023	696	1,564	(95)	625	2,137	(905)	(321)	3,701	57	3,758

¹ Dividends are presented net of dividends received on treasury shares of EUR 3 million.

² The non-distributable items included in other reserves are described in Note 21.

The notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2022

	Attributable to owners of the parent									
	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves ²	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
€million										
At 1 January 2022	719	1,636	(189)	1,175	2,227	453	(351)	5,670	63	5,733
Result for the year	-	-	-	-	-	(34)	-	(34)	(1)	(35)
Other comprehensive income	-	-	-	-	4	-	198	202	2	204
Total comprehensive income for the year	-	-	-	-	4	(34)	198	168	1	169
Allocation of 2021 result	-	-	-	-	453	(453)	-	-	-	-
Cancellation of shares (Note 21)	(23)	(72)	95	-	-	-	-	-	-	-
Coupon on perpetual bond (Note 21)	-	-	-	-	(49)	-	-	(49)	-	(49)
Tax on perpetual bond coupon (Note 21)	-	-	-	-	14	-	-	14	-	14
Dividends provided for or paid ¹	-	-	-	-	(219)	-	-	(219)	-	(219)
Share-based compensation expense (Note 23)	-	-	-	-	9	-	-	9	-	9
Exercise of share-based compensation	-	-	14	-	(11)	-	-	3	-	3
Transactions with non-controlling interest	-	-	-	-	-	-	-	-	(2)	(2)
At 31 December 2022	696	1,564	(80)	1,175	2,428	(34)	(153)	5,596	62	5,658

¹ Dividends are presented net of dividends received on treasury shares of EUR 11 million.

² The non-distributable items included in other reserves are described in Note 21.

The notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

Note 1 - Corporate information

SES S.A. ('SES' or 'the Company') was incorporated on 16 March 2001 as a limited liability company (Société Anonyme) under Luxembourg Law. References to 'the Group' in the following notes are to the Company and its subsidiaries. SES trades under 'SESG' on the Luxembourg Stock Exchange and Euronext, Paris. The registered office of the Company is at: Château de Betzdorf, L-6815 Betzdorf, Luxembourg.

SES is a leader in global content connectivity solutions, leveraging a vast and intelligent network spanning satellite and ground infrastructure to create, deliver and manage video and data solutions enabling customers to connect more people in more places with content that enriches their personal stories with knowledge, entertainment and opportunity.

The consolidated financial statements of SES as at, and for the year ended, 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 28 February 2024. Under Luxembourg Law, the consolidated financial statements are approved by the shareholders at their Annual General Meeting.

Note 2 - Summary of material accounting policies

Basis of preparation

The consolidated financial statements have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB') and endorsed by the European Union ('IFRS Accounting Standards'), as at 31 December 2023.

The consolidated financial statements have been prepared on a historical cost basis, except where fair value is required by IFRS Accounting Standards.

The consolidated financial statements are presented in euro (EUR). Unless otherwise stated, all amounts are rounded to the nearest million, except share and earnings per share data and audit and non-audit fee disclosures.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS Accounting Standards, effective from 1 January 2023 and adopted by the Group. Any new IFRS Accounting Standards amendments, effective from 1 January 2023 and not mentioned below are not applicable to the Group.

Amendments to IAS 1 and IAS 8

On 12 February 2021, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" regarding the disclosure of accounting policies and as well amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" on the definition of accounting estimates. Both amendments aim to improve accounting policy disclosure and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The amendments were endorsed by the EU and are effective for annual periods beginning on or after 1 January 2023. The adoption of these amendments did not have any material impact on the Group's consolidated financial statements.

Amendments to IAS 12 deferred tax related to assets and liabilities arising from a single transaction

On 6 May 2021, the IASB published the amendments to IAS 12 "Income taxes" regarding the deferred tax related to assets and liabilities arising from a single transaction, that clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments were endorsed by the EU and are effective for annual periods beginning on or after 1 January 2023. The adoption of these amendments did not have any material impact on the Group's consolidated financial statements.

Amendments to IAS 12 International tax reform

On 23 May 2023, the IASB published “International Tax Reform – Pillar Two Model Rules”. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The amendments were endorsed by the EU. The companies shall apply the temporary exception immediately, but disclosure requirements are required for annual periods beginning on or after 1 January 2023. For more details, see Note 8 – Income taxes.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are relevant for the Group and effective for annual periods beginning on or after 1 January 2024, and have not been early adopted in preparing these consolidated financial statements:

1 Amendments to IAS 1 on classification of liabilities as current or non-current

On 23 January 2020, the IASB issued “Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)”. The amendment will affect the presentation of liabilities in the consolidated statement of financial position. The amendment clarifies that the classification of a liability as current or non-current should be based on rights in existence at the end of the reporting period to defer settlement of a liability by at least 12 months. The amendment also clarifies that the classification of a liability should be unaffected by the entity's expectations regarding whether it will exercise its rights to defer payment. The amendments were endorsed by the EU and are effective for annual reporting periods beginning on or after 1 January 2024. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

2 Amendments to IAS 1 on non-current liabilities with covenants

On 31 October 2022, the IASB issued “Non-current Liabilities with Covenants”. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The amendments were endorsed by the EU and are effective for annual reporting periods beginning on or after 1 January 2024. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

3 Amendments to IFRS 16 – Leases on sale and leaseback

On 22 September 2022, the IASB issued “Lease Liability in a Sale and Leaseback”. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The amendments were endorsed by the EU and are effective for annual reporting periods beginning on or after 1 January 2024. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

4 Amendments to IAS 7 and IFRS 7 – Supplier finance

On 25 May 2023, the IASB issued “Supplier Finance Arrangements”. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 (with transitional reliefs in the first year). The amendments were not yet endorsed by the EU. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

5 Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 ('Consolidated Financial Statements') and IAS 28 ('Investments in Associates and Joint Ventures') which clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. The IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

IFRS sustainability disclosure standards

In June 2023, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards:

1 IFRS S1 General requirements for disclosure of sustainability-related financial information

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

2 IFRS S2 Climate-related disclosures

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The Group will adopt IFRS S1 and IFRS S2 when they become effective for annual reporting periods beginning on or after 1 January 2024 subject to the adoption of the standards by local jurisdictions. The ISSB has proposed a number of transitional reliefs when adopting the new standards.

The disclosure standards require that the disclosures are prepared at the same time as annual financial statements (subject to transition relief), for the same reporting entity as financial statements, and to the extent possible, assumptions used to prepare the reporting are on the same basis as the financial statements. The IFRS Sustainability Disclosure Standards are structured using the Task Force on Climate-related Financial Disclosures (TCFD framework) four-pillar approach, which covers governance, strategy, risk management, and metrics and targets.

The IFRS sustainability disclosure standards have not been yet adopted in Luxembourg. In Europe, the Corporate Sustainability Reporting Directive adopted in December 2022 and their related European Sustainability Reporting Standards (ESRS) will be applicable to SES Group as from fiscal year 2024. In this context, SES Group is focusing on its implementation to ensure proper compliance on due time.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries, after the elimination of all inter-company transactions. Subsidiaries are fully consolidated from the date the Company obtains control until such time as control ceases. The financial statements of subsidiaries are generally prepared for the same reporting period as the Company, using consistent accounting policies. If required, adjustments are made to align any dissimilar accounting policies that may exist. For details regarding the subsidiaries included in the consolidated financial statements see Note 36.

Total comprehensive income or loss incurred by a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. Should a change in the ownership interest in a subsidiary occur, without a loss of control, this is accounted for as an equity transaction.

Should the Group cease to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture

or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests in the results and equity of subsidiaries are presented separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in joint arrangements

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method whereby the interest is initially recognised at cost and is then adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (including any long-term interest which, in substance, forms part of the Group's net investment in the joint venture), the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and a joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Financial statements of joint ventures are prepared for the same reporting year as the Group with adjustments made as necessary to bring the accounting policies used into line with those of the Group.

The Group assesses investments in joint ventures for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication of impairment exists, the carrying amount of the investment is compared with its recoverable amount, being the higher of its fair value less costs to sell and value-in-use. Where the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

The Group ceases to use the equity method of accounting on the date from which it no longer has joint control over the joint venture or when the investment is classified as held for sale.

Investments in associates

An associate is an entity in which the Group has significant influence but not control or joint control. The Group accounts for investments in associates using the equity method of accounting as described above. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount within 'Share of associates' result' in the consolidated income statement.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals, or exceeds, its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. In general, the financial statements of associates are prepared for the same reporting year as the parent company, using consistent accounting policies. If required, adjustments are made to align any dissimilar accounting policies that may exist. For details regarding the associates included in the consolidated financial statements see Note 36.

Profits and losses resulting from upstream and downstream transactions between the Group and an associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

The Group ceases to use the equity method of accounting on the date from which it no longer has significant influence over the associate, or when the interest becomes classified as an asset held for sale.

Significant accounting judgments and estimates

1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

i Treatment of orbital slot licence rights

The Group's operating companies have obtained rights to operate satellites at certain orbital locations and using certain frequency bands. These licences are obtained through applications to the relevant national and international regulatory authorities and are generally made available for a defined period. Where the Group has obtained such rights through the acquisition of subsidiaries, the rights have been identified as an asset acquired and recorded at the fair value attributed to the asset at the time of the acquisition as a result of purchase accounting procedure.

In the cases when, on the expiry of such rights, management believes it will be able to successfully re-apply for their usage at insignificant incremental cost, then such rights are deemed to have an indefinite life. Hence these assets are not amortised, but rather are subject to regular impairment reviews to confirm that the carrying value in the Group's financial statements is still appropriate. More details are given in Note 15.

ii Taxation

The Group operates in numerous tax jurisdictions and management is required to assess tax issues and exposures across its entire operations and to accrue for potential liabilities based on its interpretation of country-specific tax law and best estimates. In conducting this review management assesses the magnitude of the issue and the likelihood, based on experience and specialist advice, as to whether it will result in a liability for the Group. If this is deemed to be the case, then a provision is recognised for the potential taxation charges. More details are given in Notes 8 and 25.

One significant area of management judgement is around transfer pricing. Whilst the Group employs dedicated members of staff to establish and maintain appropriate transfer pricing structures and documentation, judgement still needs to be applied and hence potential tax exposures can be identified in the different jurisdictions where the Group operates. The Group, as part of its overall assessment of liabilities for taxation, reviews in detail the transfer pricing structures in place and records provisions where this seems appropriate on a case-by-case basis.

iii The impact of changes in inflation and interest rates

The Group has considered the potential impact of changes in inflation and interest rates during the period on its financial statements particularly in its estimations of future cash flows and assumptions about financing costs.

The main effect observed in 2023 has been a decrease in discount rates used to reflect the time value of money and adjustments to cash flows to account for the effect of general inflation principally impacting the valuation of assets. Please refer to Note 15 ('Intangible assets') for further details.

iv Consolidation of entities in which the Group holds 50% or less

The Group consolidates a subsidiary where it has: power over the subsidiary; exposure, or rights, to variable returns from that subsidiary; and, the ability to use its power over the subsidiary to affect the amount of the Group's returns.

- **Al Maisan Satellite Communication LLC (trading as 'Yahlive')**

Management has concluded that the Group controls Yahlive even though it holds a 35% economic interest in the company since it has the majority of the voting rights on Yahlive's Board of Directors and there are no voting rights at the shareholder level which could affect SES' control. SES has effective control over the relevant activities of Yahlive, such as budget approval, appointment and removal of the Chief Executive Officer and senior management team members as well as over the appointment or removal of the majority

of the members of the Board of Directors. The entity is therefore consolidated with a 65% non-controlling interest (see Note 22).

- **LuxGovSat S.A. ('LuxGovSat')**

SES and the Luxembourg government jointly incorporated LuxGovSat subscribing equally in the equity of the company. Management has concluded that the Group controls LuxGovSat since it has effective control over the relevant activities of the entity. It is therefore consolidated with a 50% non-controlling interest (see Note 22).

- **West Africa Platform Services Ltd, Ghana ('WAPS')**

Management has concluded that the Group controls WAPS even though it holds a 49% economic interest in the company since it has the majority of the voting rights on the company's board of directors and there are no voting rights at the shareholder level which could affect SES' control. Through control over the selection of key management positions and oversight of the company's day-to-day operations, the Company has the requisite powers to control and consolidate the company with a 51% non-controlling interest.

v **SES Space & Defense, Inc. ('SES SD' - formerly SES Government Solutions, Inc.)**

SES SD and its 100% subsidiary Global Enterprise Solutions Inc. acquired on 1 August 2022, are subject to specific governance rules and are managed through a Proxy Agreement agreed with the Defense Security Service ('DSS') department of the US Department of Defense ('DOD'). The DSS is a governmental authority responsible for the protection of information deemed classified or sensitive with respect to the national security of the United States of America. A proxy agreement is an instrument intended to mitigate the risk of foreign ownership, control or influence when a foreign person acquires or merges with a US entity that has a facility security clearance. A proxy agreement conveys a foreign owner's voting rights to proxy holders, comprising the proxy board. Proxy holders are cleared US citizens approved by the DSS.

The DSS requires that SES SD enter into a proxy agreement because it is indirectly owned by SES and SES SD has contracts with the DOD which contain classified information. The Proxy Agreement enables SES SD to participate in such contracts with the US Government despite being owned by a non-US corporation.

As a result of the Proxy Agreement, certain limitations are placed on the information which may be shared, and the interaction which may occur, between SES SD and other Group companies. The Proxy Holders, besides acting as directors of SES SD, are entitled to vote in the context of a trust relationship with SES on which basis their activity is performed in the interest of SES's shareholders and of US national security.

SES's assessment of the effective control over the relevant activities of SES SD encompassed the activities of operating and capital decision making, the appointment and remuneration of key management, and the exposure to the variability of financial returns based on the financial performance of SES SD.

Based on this assessment, SES concluded that, from an IFRS 10 perspective, SES has, and is able to exercise, power over the relevant activities of SES SD and has an exposure to variable returns from its involvement in SES SD - and therefore controls the entity.

2 **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year(s), are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in revisions to the assumptions when they occur.

i **Impairment testing for goodwill and other indefinite-life intangible assets**

The Group determines whether goodwill and other indefinite-life intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units ('CGUs') to which the goodwill and other indefinite-life intangible assets are allocated. Establishing the value-in-use requires the Group to make an estimate of the expected future pre-tax cash flows from the CGU and to choose a suitable pre-tax discount rate and terminal growth rate to calculate the present value of those cash flows. More details are given in Note 15.

ii Impairment testing for space segment assets including assets under construction

The Group assesses at each reporting date whether there is any indicator that an asset may be impaired. If any such indication exists, the Group determines an estimate of the recoverable amount, as the higher of: (1) the fair value less cost of disposal and, (2) its value-in-use, to determine whether the recoverable amount exceeds the carrying amount included in the consolidated financial statements. For the Group's satellites, the estimation of the value-in-use requires estimations of the future commercial revenues to be generated by each satellite, particularly related to new markets or services, and also the impact of past in-orbit anomalies and their potential impact on the satellite's ability to provide its expected commercial service (Note 13).

iii Recoverability of deferred tax assets

The Group recognises deferred tax assets primarily in connection with the carry-forward of unused tax losses and tax credits. The Group reviews the tax position in the different jurisdictions in which it operates to assess the need to recognise such assets based mainly on projections of taxable profits to be generated in each of those jurisdictions. The carrying amount of each deferred tax asset is reviewed at each reporting date and reduced to the extent that current projections indicate that it is no longer probable that sufficient taxable profits will be available to enable all, or part, of the asset to be recovered.

iv Expected credit losses on trade receivables and unbilled accrued revenue

The Group estimates expected credit losses on trade receivables and unbilled accrued revenues using a provision matrix based on loss expectancy rates and forward-looking information. The Group records additional losses if circumstances or forward-looking information cause the Group to believe that an additional collectability risk exists which is not reflected in the loss expectancy rates (Note 19).

v Insurance claim in connection with mPOWER satellites

In 2023, health issues emerged with the initial four mPower satellites, prompting SES to initiate insurance claims under its Launch + 16 month insurance policies. Given that the issues arose in 2023 and that SES is of the opinion that those issues are covered by its insurance policies, the question arises whether the Company should recognise a claim receivable in its 2023 year-end financials.

As insurance companies may seek clarification on the claim calculation assumptions before any formal negotiations begin, and no details about the size, nature or basis of the claim had been exchanged with insurers as at 31 December 2023, this remains a forward-looking fact pattern which does not allow certainty as to the outcome and timing associated with the resolution of these claims.

Consequently, in the absence of formal acceptance of the claims by the external insurers, management is of the view that these claims qualify as contingent assets in the sense of IAS 37. Accordingly, no accrued income or receivable was recognised as of 31 December 2023.

Although SES has submitted Proof-of-Loss documentation to its insurers as a subsequent event, there has so far been no formal acceptance of the claims by external insurers. Therefore, management believes there is no need for adjustments to the current financial information. Please refer also to Note 34.

vi Reimbursement of costs associated with C-band repurposing

As detailed in SES's Transition Plan initially disclosed to the public in September 2021, SES's strategy included the development of six satellites (four operational satellites and two spare satellites) to meet the deadlines for releasing the C-band spectrum. This strategy incurred significant expenditures, which are anticipated to be reimbursed and have been, and continue to be, claimed from the Relocation Payment Clearinghouse ('RPC or 'Clearinghouse' - refer also to Note 33).

As of December 31, 2023, SES had received refunds totaling USD 928 million from the Clearinghouse. However, there remains an outstanding unpaid receivable of USD 386 million or EUR 350 million as of December 31, 2023 (compared to EUR 480 million in 2022).

Management believes that this outstanding balance will be refunded based on the track record of past refunds, which indicate that the majority of SES's claims have been approved and refunded. Besides, ongoing discussions with the Clearinghouse suggest a mutual interest in expediting the remaining satellite reimbursements.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of the subsidiary is measured as the aggregate of the:

- ▲ fair value of the assets transferred;
- ▲ liabilities incurred to the former owners of the acquired business;
- ▲ equity interests issued by the Group;
- ▲ fair value of any asset or liability resulting from a contingent consideration agreement; and
- ▲ fair value of any pre-existing equity interest in the subsidiary.

For each business combination, SES measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Assets acquired, and liabilities assumed, are recognised at fair value.

The excess of the:

- ▲ consideration transferred;
- ▲ amount of any non-controlling interest in the acquired entity; and
- ▲ acquisition-date fair value of any previous equity interest in the acquired entity;

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by SES will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset, or a liability, will be recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment is initially recorded at historical cost, representing either the acquisition or manufacturing cost. Satellite cost includes the launcher and launch insurance. The impact of changes resulting from a revision of management's estimate of the cost of property, plant and equipment is recognised in the consolidated income statement in the period concerned.

Right-of-use assets are measured at cost comprising the following:

- ▲ the amount of the initial measurement of the corresponding lease liability;
- ▲ any payments made at or before the commencement date of the lease, less any lease incentives received;
- ▲ any initial direct costs; and
- ▲ restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture. Costs for the repair and maintenance of these assets are recorded as an expense.

Property, plant and equipment is depreciated using the straight-line method, generally based on the following useful lives:

▲ Buildings	25 years
▲ Space segment assets	10 to 18 years
▲ Ground segment assets	3 to 15 years
▲ Other fixtures, fittings, tools and equipment	3 to 15 years
▲ Right-of-use assets	6 to 12 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of an asset is included in the consolidated income statement in the period the asset is derecognised. The residual values, remaining useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted where necessary.

For reimbursable capitalised costs related to the procurement of satellites, launches, and upgraded ground facilities as part of the U.S. C-band repurposing project, the Group applies government grant accounting. The Group records credits to the recorded book values of the related asset when the costs have been incurred and the Group has obtained reasonable assurance that the costs will be reimbursed and that it will comply with the requirements attached to the reimbursement. See additional information in Note 33.

Assets in the course of construction

This caption includes primarily satellites under construction. Costs directly attributable to the purchase of a satellite and bringing it to the condition and location to be used as intended by management, such as launch costs and other related expenses like ground equipment and borrowing costs, are capitalised as part of the cost of the asset.

The cost of satellite construction may include an element of deferred consideration to satellite manufacturers referred to as satellite performance incentives. SES is contractually obligated to make these payments over the lives of the satellites, provided the satellites continue to operate in accordance with contractual specifications. Therefore, SES accounts for these payments as deferred financing, capitalising the present value of the payments as part of the cost of the satellites and recording a corresponding liability to the satellite manufacturers. An interest expense is recognised on the deferred financing and the liability is accreted based on the passage of time and reduced as the payments are made.

Once the asset is satellite enters operational service, the costs are transferred to assets in use and depreciation commences.

Borrowing costs

Borrowing costs directly attributable to the construction or production of a qualifying asset are capitalised during the construction period as part of the cost of the asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Intangible assets

1 Goodwill

Goodwill is measured as described in the accounting policy for business combinations set out in Note 2.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill from the acquisition date is allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

The carrying value of acquisition goodwill is not amortised, but rather is tested for impairment annually, or more frequently if required to establish whether the value is still recoverable. The recoverable amount is defined as the higher of: (1) fair value less costs to sell and, (2) value-in-use. Impairment expenses are recorded in the consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group estimates value-in-use based on the estimated discounted cash flows to be generated by a CGU, generally using the five-year business plans approved by the Board of Directors. Beyond a five-year period, cash flows are usually estimated on the basis of stable rates of growth or decline, although longer periods may be considered where relevant to accurately calculate the value-in-use.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, then the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on its disposal. Goodwill disposed of in this situation is measured based on the relative values of the operation disposed of and the portion of the CGU unit retained.

2 Other intangibles

i Orbital rights

Intangible assets consist principally of rights of usage of orbital frequencies. The Group is authorised by governments to operate satellites at certain orbital locations. Governments acquire rights to these orbital locations through filings made with the International Telecommunication Union ('ITU'), a sub-organisation of the United Nations. The Group will continue to have rights to operate at its orbital locations so long as it maintains its authorisations to do so. Those rights are reviewed at acquisition to establish whether they represent assets with a definite or indefinite life. Those assessed as being definite life assets are amortised on a straight-line basis over their estimated useful life not exceeding 30 years.

Indefinite-life intangible assets are held at cost and are subject to impairment testing in line with the treatment outlined for goodwill above. Assets with indefinite lives are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Orbital rights acquired for a non-cash consideration are initially measured at the fair value of the consideration given.

ii Customer relationships

Customer relationships relate to customer contracts acquired as part of a business combination. They are recognised at their fair value at the date of acquisition, based on internal analysis or more commonly through a third-party valuation at the time of the business combination, and are subsequently amortised on a straight-line basis over the expected useful economic life of the asset.

iii Software and development costs

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Software development costs recognised as assets are amortised over their estimated useful life, not exceeding seven years.

Impairment of other intangible assets, property, plant & equipment and assets in the course of construction

The Group assesses at each reporting date whether there is an indication that the carrying amount of the assets may not be recoverable. If such an indication exists then the recoverable amount of the asset or CGU is reviewed to determine the amount of the impairment, if any.

Impairments can arise from complete or partial failure of a satellite as well as other changes in expected discounted future cash flows. Such impairment tests are based on a recoverable value determined using estimated future cash flows and an appropriate discount rate. The estimated cash flows are based on the most recent business plans. If an impairment is identified, the carrying value will be written down to its recoverable amount.

Investments and other financial assets

The Group classifies its financial assets in the following measurement categories:

- ▲ those to be measured subsequently at fair value through profit or loss; and
- ▲ those to be measured at amortised cost.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not remeasured to fair value through the consolidated income statement, transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value and revalued through the consolidated income statement are expensed in the period when they were incurred. All regular purchases and sales of financial assets are recognised on the date that the Group is committed to the purchase or sale of the asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity investments

Unless SES has significant influence, the Group measures all equity investments at fair value. Changes in the fair value of financial assets are recognised in the consolidated income statement.

Deferred customer contract costs

Deferred customer contract costs include the cost of equipment provided to customers under the terms of their service agreements, when the equipment and services are not deemed to be distinct and are expensed over the term of those contracts.

Inventories

Inventories primarily consist of equipment held for re-sale, work-in-progress, related accessories and network equipment spares and are stated at the lower of cost and net realisable value, with cost determined on a weighted average-cost method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For impairment of trade receivables, the Group estimates expected lifetime credit losses that would typically be carried for each receivable based on the credit risk class upon the initial recognition of the receivables. Expected lifetime credit losses are estimated based on historical financial information as well as forward-looking data. Additional provisions are recognised when specific circumstances or forward-looking information lead the Group to believe that additional collectability risk exists with respect to customers that are not adequately reflected in loss expectancy rates. The Group writes off trade receivables when it has no reasonable expectation of recovery. The Group evaluates the credit risk of its customers on an ongoing basis.

Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Prepayments

Prepayments represent expenditures paid during the financial year but relating to a subsequent financial year. The prepaid expenses comprise mainly insurance, rental of third-party satellite capacity, advertising expenses as well as loan origination costs related to loan facilities which have not been drawn.

Treasury shares

Treasury shares are mostly acquired by the Group in connection with share-based compensation plans and are presented as a set off to equity in the consolidated statement of financial position. Gains and losses on the purchase, sale, issue or cancellation of treasury shares are not recognised in the consolidated income statement, but rather in the equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash on hand and in banks and short-term deposits which are held to maturity are carried at fair value.

Revenue recognition

Revenues are generated predominantly from customer service agreements for the provision of satellite capacity over contractually agreed periods, including short-term occasional use capacity, with the associated uplinking and downlinking services as appropriate. Other revenue-generating activities mainly include sale of customer equipment; platform services; subscription revenue; income received in connection with satellite interim missions; installation and other engineering services and proceeds from the sale of transponders if the revenue recognition criteria for the transaction are met.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue as and when control of a good or service is transferred to a customer.

Contract modifications are accounted for either as a separate contract or as part of the existing contract, depending on the nature of the modification. The Group accounts for a modification as a separate contract if:

- ▲ the scope of the contract increases because of the addition of distinct goods or services, and
- ▲ the price of the contract increases by an amount of consideration that reflects the stand-alone selling prices of the additional goods or services.

A modification that does not meet the above criteria to be accounted for as a separate contract is accounted for as an adjustment to the existing contract, either prospectively or through a cumulative catch-up adjustment. The determination depends on whether the remaining goods or services to be provided to the customer under the modified contract are distinct from those already provided, in which case the modification results in a prospective adjustment to revenue recognition.

For contracts in which the Group sells multiple goods and services, the Group evaluates at contract inception whether the goods and services represent separate performance obligations. When they represent separate performance obligations, the Group allocates consideration to the goods and services based on relative standalone selling prices using either an expected cost plus a margin approach or an adjusted market assessment approach. When they do not represent separate performance obligations, the Group records revenue related to the single performance obligation over the contract period.

Where a contract contains elements of variable consideration, the Group estimates the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise, for example, as a result of variable prices, incentives or other similar items. Variable consideration is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved.

The Group occasionally receives non-cash consideration as part of a revenue transaction. The Group measures non-cash consideration at fair value unless it is unable to reasonably estimate fair value, in which case the Group measures the consideration indirectly based on the standalone selling price of the goods or services promised to the customer.

Revenue from provision of satellite capacity, communications infrastructure services, and related services

For the Group's contracts to provide satellite capacity, communications infrastructure services, and related services, the Group makes the services available to customers in a series of time periods that are distinct and have the same pattern of transfer to the customer. Revenue from customers under service agreements for these services is generally recognised on a straight-line basis over the duration of the respective contracts, including any free-of-charge periods. Using a straight-line measure of progress most faithfully depicts the Group's performance because the Group makes available a consistent level of capacity over each distinct time period. For certain performance obligations, we use a cost-based input method to recognize revenue if we determine that a basis reflecting the costs incurred to date relative to the total costs expected to be incurred better reflects the pattern of transfer of control of the services to the customer. Revenue will cease to be recognised if there is an indication of a significant deterioration in a customer's ability to pay for the remaining goods or services.

Revenue from the sale of equipment

The Group recognises revenue for the sale of equipment when it transfers control of the equipment to the customer, which is typically when the Group transfers title, physical possession, and the significant risks and rewards of the equipment to the customer. The Group's equipment contracts do not typically contain a right of return.

For equipment sales requiring the Group to perform significant integration, modification, or customisation of equipment, the Group recognises revenue over time if the equipment does not have an alternative use and the Group has an enforceable right to payment for performance completed to date. For these projects, the Group recognises revenue over time on a basis reflecting the costs incurred to date relative to the total costs expected to be incurred because costs incurred best reflect the pattern of transfer of control of the asset to the customer.

The Group may offer warranties on equipment. For warranties that are separately priced or offered as extended warranties, the Group recognises revenue on a straight-line basis over the duration of the warranty period. Using a straight-line measure of progress most faithfully depicts the Group's performance due to the nature of the Group's stand ready obligation during the warranty period. The Group also offers standard warranties with contract

durations which are typically one year and represent assurance-type warranties. Standard warranties do not represent performance obligations separate from the related equipment, and revenue related to standard warranties is recognised at the same time as the related equipment.

Subscription revenue

The subscription revenue related to HD Plus services is recorded on a linear basis over the term of the subscription agreement.

Revenue generated by engineering services

For engineering services, the Group recognises revenue over time on a basis reflecting the costs incurred to date relative to the total costs expected to be incurred since this best reflects the pattern of transfer of control of the services to the customer.

Lease income

Lease income from operating leases where the Group is lessor is recognised on a straight-line basis over the lease term. The respective right-of-use assets are included in the consolidated statement of financial position together with other assets of the same category.

C-band repurposing income

Income from successfully meeting the separate Phase 1 and Phase 2 C-band Accelerated Relocation Payment deadlines was recognised when the Group had successfully completed Phase 1 and Phase 2 Accelerated Relocations, respectively, and had received validation of the respective relocation certification from the U.S. Federal Communications Commission's ("FCC") Wireless Telecommunications Bureau.

Income arising from settlements from the Clearinghouse are recognised when the expenses have been incurred and the Group has obtained reasonable assurance that the costs will be reimbursed and that it will comply with the requirements attached to the reimbursement. The Group believes it obtains such reasonable assurance either when the RPC specifically validates the costs as being reimbursable, or where the costs fall within applicable cost ranges published by the Clearinghouse in its cost catalogue. More details are given in Note 33.

Other income

Other income arising from settlements under insurance claims and decreases in provisions for in-orbit incentives are recognised when they are virtually certain of being realised. Other income is presented as part of revenue due to its relative insignificance.

Contract assets and contract liabilities

Assets and liabilities related to contracts with customers include trade receivables, unbilled accrued revenue, deferred customer contract costs, and deferred income.

Customer payments received in advance of the provision of service are recorded as contract liabilities and presented as 'deferred income' in the statement of financial position, and for significant advance payments, interest is accrued on the amount received at the effective interest rate at the time of receipt. Our contracts at times contain prepayment terms that range from one month in advance to one year in advance of providing the service. Since the period of time between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service is one year or less, the Group does not make an adjustment to the transaction price for the effects of a significant financing component.

The unbilled portion of recognised revenues is recorded as a contract asset and presented as 'unbilled accrued revenue' within 'Trade and other receivables', allocated between current and non-current as appropriate.

Customer payments are generally due in advance or by the end of the month of capacity service.

Dividends

The Company declares dividends after the consolidated financial statements for the year have been approved. Accordingly, dividends are recorded in the subsequent year's consolidated financial statements.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as origination costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Current taxes

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and laws used to compute these amounts are those enacted, or substantively enacted, at the reporting date.

Deferred taxes

Deferred tax is determined using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▲ where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▲ in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- ▲ where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▲ in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws which have been enacted, or substantively enacted, at the reporting date.

Deferred taxes are classified according to the classification of the underlying temporary difference either as income or as an expense included in profit or loss, or in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Translation of foreign currencies

The consolidated financial statements are presented in euro (EUR), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency at the exchange rate prevailing at the date of the transaction. The cost of non-monetary assets is translated at the rate applicable at the date of the transaction. All other assets and liabilities are translated at closing rates of the period. During the year, expenses and income expressed in foreign currencies are recorded at exchange rates which approximate the rate prevailing on the date they occur or accrue. All exchange differences resulting from the application of these principles are included in the consolidated income statement.

The Group considers that monetary long-term receivables or loans with a subsidiary that is a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. The related foreign exchange differences and income tax effect of the foreign exchange differences are included in the foreign currency translation reserve within equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that foreign operation is reclassified to the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The assets and liabilities of consolidated foreign operations are translated into euro at the year-end exchange rates, while the income and expense items of these foreign operations are translated at the average exchange rate of the year. The related foreign exchange differences are included in the foreign currency translation reserve within equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that foreign operation is reclassified to the consolidated income statement as part of the gain or loss on disposal.

The US dollar exchange rates used by the Group during the year were as follows:

	Average rate for 2023	Closing rate for 2023	Average rate for 2022	Closing rate for 2022
USD	1.0797	1.1050	1.0555	1.0666

Basic earnings per share

The Company's capital structure consists of Class A and Class B shares, entitled to the payment of annual dividends as approved by the shareholders at their annual meetings. Holders of Class B shares participate in earnings and are entitled to 40% of the dividends payable per Class A share. Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders, adjusted by deducting the assumed coupon, net of tax, on the perpetual bonds, by the weighted average number of common shares outstanding during the period as adjusted to reflect the economic rights of each class of shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to reflect the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Hedge of a net investment in a foreign operation

Changes in the fair value of a derivative or non-derivative instrument that is designated as a hedge of a net investment are recorded in the foreign currency translation reserve within equity to the extent that it is deemed to be an effective hedge. The ineffective portion is recognised in the consolidated income statement as a financial income or expense.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, the hedge no longer qualifies for hedge accounting, or the Group revokes the designation. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

The Group formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes allocating all derivatives that are designated as net investment hedges to specific assets and liabilities in the consolidated statement of financial position. The Group also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, the Group will discontinue hedge accounting prospectively. The ineffective portion of hedge is recognised in profit or loss.

Derecognition of financial assets and liabilities

1 Financial assets

A financial asset is derecognised where:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- the Group has transferred its rights to receive cash flows from the asset and either:
- has transferred substantially all the risks and rewards of the asset; or
- has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of that asset.

2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Accounting for pension obligations

The Company and certain subsidiaries operate defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a third-party financial institution. The Group has no legal or constructive obligation to pay further contributions if the financial institution's pension fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

1 Equity-settled share-based compensation plans

Employees (including senior executives) of the Group receive remuneration in the form of share-based compensation transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model for the Stock Appreciation Rights Plan ('STAR Plan') and Equity Based Compensation Plan comprising options ('EBCP Option Plan'). The fair value of the Equity Based Compensation Plan comprising performance shares ('EBCP PS') and restricted shares ('EBCP RS') is estimated at the date of the grant by restating discounted dividends from share price and taking into account the terms and conditions upon which the options were granted. Further details are given in Note 23. In valuing equity-settled transactions, no account is taken of any non-market performance conditions, the valuation being linked only to the price of the Company's shares, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated income statement charge or credit for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 11).

2 Cash-settled share-based compensation plans

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. Further details are given in Note 23.

Deeply Subordinated Fixed Rate Resettable Securities ("Perpetual Bond")

The deeply subordinated fixed rate securities issued by the Company are classified as equity since the Company has no contractual obligation to redeem the securities, and coupon payments may be deferred under certain circumstances (more details are given in Note 21) and recorded at fair value. Subsequent changes in fair value are not recognised in equity. Coupons become payable whenever the Company makes dividend payments. Coupon accruals are considered in the determination of earnings for calculating earnings per share (see Note 11). The Perpetual Bonds are presented as borrowings from the point at which the Group issues a Notice of Redemption to bondholders.

Leases

The determination as to whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, primarily whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group as lessee has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- ▲ fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- ▲ variable lease payments that are based on an index or a rate;
- ▲ amounts expected to be payable by the lessee under residual value guarantees;
- ▲ the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- ▲ payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. At the commencement of a lease the Group recognises a lease asset and a lease liability. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly to expense.

In its accounting policies the Group applies the following practical expedients:

- ▲ using a single discount rate for a portfolio of leases with similar characteristics; and
- ▲ not accounting for leases ending within 12 months of the date of the initial application for low value assets.

Note 3 - Business combinations

Acquisition of DRS Global Enterprise Solutions, Inc. ('GES')

On 22 March 2022, SES announced its intention to acquire all the issued and outstanding share capital of GES, a US-based subsidiary of Leonardo DRS Inc. for USD 450 million via its subsidiary SES Space & Defense Inc. ('SES SD' - formerly SES Government Solutions, Inc.). The transaction closed on 1 August 2022.

SES SD provides multi-orbit, multi-band managed satellite communication services to the US Department of Defense and other governmental agencies, operating in a similar arena to the larger GES business. The combination of the two units, with their established relationships with key governmental customers positions the extended SES SD, and the wider SES Group, as a provider of scalable solutions serving the multi-orbit satellite communications needs of the US Government and supporting missions anywhere on land, at sea, or in the air.

The purchase consideration was EUR 435 million, settled in cash.

Note 4 - Segment information

The Group does business in one operating segment, namely the provision of satellite-based data transmission capacity, and ancillary services, to customers around the world.

The Senior Leadership Team ('SLT'), which is the chief operating decision-making committee in the Group's corporate governance structure, reviews the Group's financial reporting and generates those proposals for the allocation of the Group's resources which are submitted for validation to the Board of Directors. The main sources of financial information used by the SLT in assessing the Group's performance and allocating resources are:

- ▲ analyses of the Group's revenues from its business units SES Video and SES Networks (comprising the sales verticals Fixed Data, Mobility and Government);
- ▲ cost and overall Group profitability development;
- ▲ internal and external analyses of expected future developments in the markets into which capacity is being delivered and of the commercial landscape applying to those markets.

When analysing the performance of the operating segment against the prior period figures, these are presented both as reported and at 'constant FX', whereby they are recomputed using the prevailing exchange rates for each corresponding month of the current period. The change to prior year is presented as a percentage, unless the change is not meaningful (a variance of more or less than 100%), in which case it is marked as "n/m".

The segment's financial results for 2023 are set out below:

€million	2023	2022	Change Favourable +/- Adverse
Revenue	2,030	1,944	4.4%
C-band repurposing income	2,744	184	n/m
Other income	5	-	n/m
Operating expenses	(1,097)	(886)	-23.6%
EBITDA	3,682	1,242	n/m
EBITDA margin (%)	77.0%	58.3%	+18.7% pts
Depreciation and impairment	(1,054)	(836)	-20.9%
Amortisation and impairment	(3,314)	(266)	n/m
Operating (loss)/profit	(686)	140	n/m
Adjusted EBITDA	1,025	1,105	-7.3%
Adjusted EBITDA margin	50.5%	56.9%	-6.4% pts
C-band repurposing income	2,744	184	n/m
Other income	5	-	n/m
C-band operating expenses	(47)	(30)	-56.5%
Other significant special items (Note 35)	(45)	(17)	n/m
EBITDA	3,682	1,242	n/m

€million	2023	Constant FX 2022	Change Favourable +/- Adverse
Revenue	2,030	1,911	6.2%
C-band repurposing income	2,744	171	n/m
Other income	5	-	n/m
Operating expenses	(1,097)	(877)	-25.1%
EBITDA	3,682	1,205	n/m
EBITDA margin (%)	77.0%	57.9%	+19.1% pts
Depreciation and impairment	(1,054)	(821)	-23.0%
Amortisation and impairment	(3,314)	(256)	n/m
Operating (loss)/profit	(686)	128	n/m

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Adjusted EBITDA	1,025	1,081	-5.2%
Adjusted EBITDA margin	50.5%	56.6%	-6.1% pts
C-band repurposing other income	2,744	171	n/m
Other income	5	-	n/m
C-band operating expenses	(47)	(30)	-60.9%
Other significant special items (Note 35)	(45)	(17)	n/m
EBITDA	3,682	1,205	n/m

Revenue by business unit

As reported and at constant FX, the revenue allocated to the relevant business units developed as follows:

€million	2023	Constant FX 2022	2022	Change Favourable + /- Adverse	Change Favourable +/- Adverse (constant FX)
SES Video	967	1,020	1,011	-5.2%	-4.4%
Underlying ¹	967	1,010	1,002	-4.3%	-3.5%
Periodic ²	-	10	9	n/m	n/m
SES Networks	1,062	923	899	15.1%	18.1%
Underlying ¹	1,055	919	895	14.8%	17.9%
Periodic ²	7	4	4	n/m	n/m
Sub-total	2,029	1,943	1,910	4.4%	6.2%
Underlying ¹	2,022	1,929	1,897	4.8%	6.6%
Periodic ²	7	14	13	n/m	n/m
Other ³	1	1	1	n/m	n/m
Group Total	2,030	1,944	1,911	4.4%	6.2%

€million	2022	Constant FX 2021	2021	Change Favourable + /- Adverse	Change Favourable +/- Adverse (constant FX)
SES Video	1,020	1,046	1,097	-2.5%	-4.6%
Underlying ¹	1,010	1,046	1,097	-3.4%	-4.6%
Periodic ²	10	-	-	n/m	n/m
SES Networks	923	735	737	25.6%	-0.4%
Underlying ¹	919	734	730	25.2%	0.5%
Periodic ²	4	1	7	n/m	-85.0%
Sub-total	1,943	1,781	1,834	9.1%	-2.9%
Underlying ¹	1,929	1,780	1,827	8.4%	-2.6%
Periodic ²	14	1	7	n/m	-85.0%
Other ³	1	1	1	n/m	n/m
Group Total	1,944	1,782	1,835	9.1%	-2.9%

¹ "Underlying" revenue represents the core business of capacity sales, as well as associated services and equipment. This revenue may be impacted by changes in launch schedule and satellite health status.

² "Periodic" revenue separates revenues that are not directly related to or would distort the underlying business trends. Periodic revenue includes: the outright sale of transponders or transponder equivalents; accelerated revenue from hosted payloads during the course of construction; termination fees; insurance proceeds; certain interim satellite missions and other such items when material

³ Other includes revenue not directly applicable to SES Video or SES Networks

Revenue by category

The Group's revenue analysis from the point of view of category and timing can be found below:

2023 €million	Revenue recognised at a point in time	Revenue recognised over time	Total
Revenue from contracts with customers	59	1,971	2,030
Total	59	1,971	2,030

2022 €million	Revenue recognised at a point in time	Revenue recognised over time	Total
Revenue from contracts with customers	49	1,895	1,944
Total	49	1,895	1,944

Revenue from contracts with customers recognised at a point in time is related to sales of equipment and amounts to EUR 59 million in 2023 (2022: EUR 49 million).

Remaining performance obligations

Our remaining performance obligations, which the Group refers to as revenue "backlog", represent our expected future revenues under existing customer contracts and include both cancellable and non-cancellable contracts. The backlog was EUR 5.2 billion as of December 31, 2023 (2022: EUR 5.9 billion), EUR 4.3 billion (2022: EUR 4.8 billion) of which related to 'protected' (that is, non-cancellable) backlog and EUR 911 million (2022: EUR 1.1 billion) of which related to 'unprotected' (cancellable) backlog. Approximately 32% of the backlog is expected to be recognised as revenue in 2024, approximately 22% in 2025, and approximately 17% in 2026, with the remaining thereafter.

Protected backlog includes non-cancellable contracts and cancellable contracts with substantive termination fees. For contracts with termination options that do not have substantive termination fees, protected backlog also includes contract periods up to the first optional termination date. Unprotected backlog includes revenue from contracts that are cancellable and not subject to substantive termination fees.

Revenue by country

The Group's revenue from external customers analysed by country using the customer's billing address is as follows:

€million	2023	2022
Luxembourg (SES country of domicile)	49	49
United States of America	759	660
Germany	329	345
United Kingdom	214	227
France	78	81
Others – Europe	205	193
Others	396	389
Total	2,030	1,944

One customer accounted for 11% of total revenue in 2023. No single customer accounted for 10%, or more, of total revenue in 2022.

Property, plant and equipment and intangible assets by location

The Group's property, plant and equipment and intangible assets are located as set out in the following table. Note that satellites are allocated to the country where the legal owner of the asset is incorporated.

€million	2023	2022
Luxembourg (SES country of domicile)	3,856	5,985
United States of America	972	2,303
The Netherlands	364	1,155
Sweden	112	122
Germany	40	43
Israel	23	24
Others	145	148
Total	5,512	9,780

Note 5 - Operating expenses

The operating expense categories disclosed include the following types of expenditure:

- 1 Cost of sales, which excludes staff costs and depreciation, represents expenditures which generally vary directly with revenue. They are incurred in delivering services to customers and include a variety of expenses such as rental of third-party satellite capacity, third-party teleports, connectivity, equipment and equipment rental, customer support costs such as hosting, monitoring, implementation, engineering work. Other cost of sales detailed below mainly include commissions, as well as an amount of EUR 2 million (2022: EUR 3 million) for C-band repurposing related expenses (Note 33).

€million	2023	2022
Rental of third-party satellite capacity	(141)	(94)
Customer support costs	(227)	(190)*
Other cost of sales	(68)	(67)*
Total cost of sales	(436)	(351)

* 2023 Customer support costs have been changed in order to include indirect customer related expenses, reclassified from Other cost of sales. An amount of EUR 90 million in 2022 has been reclassified from "Other cost of sales" to "Customer support costs"

- 2 Staff costs of EUR 409 million (2022: EUR 330 million) include gross salaries and employer's social security payments, payments into pension schemes for employees, charges arising under share-based payment schemes, as well as staff-related restructuring charges of EUR 27 million (2022: EUR 9 million) and C-band repurposing related expenses of EUR 29 million (2022: EUR 12 million). At the year-end the total full-time equivalent number of members of staff was 2,294 (2022: 2,298).

- 3 Other operating expenses of EUR 252 million (2022: EUR 205 million) are, by their nature, less variable with revenue and include office-related and technical facility costs, in-orbit insurance, marketing, general and administrative expenditure, consulting charges, travel-related expenditure and movements in debtor provisions.

Other operating expenses also include an amount of EUR 16 million (2022: EUR 15 million) of C-band repurposing expenses (Note 33), EUR 9 million (2022: EUR 3 million) of costs associated with the development and / or implementation of merger and acquisition activities, and EUR 9 million (2022: nil) in specific business taxes of a non-recurring nature. The 2022 charge included regulatory charges of EUR 5 million arising outside ongoing operations.

Note 6 - Audit and non-audit fees

For 2023 and 2022 the Group recorded charges, billed and accrued, from its independent auditors, and affiliated companies thereof, as set out below:

€million	2023	2022
Fees for statutory audit of annual and consolidated accounts	2.4	2.3
Fees charged for other assurance services	0.1	0.1
Fees charged for other non-audit services	-	-
Total audit and non-audit fees	2.5	2.4

'Other assurance services' represent primarily ESG related services and interim dividend reviews.

Note 7 - Finance income and costs

€million	2023	2022
Finance income		
Interest income ¹	51	6
Net foreign exchange gains ²	13	45
Total	64	51
Finance costs		
Interest expense on borrowings (excluding amounts capitalised)	(86)	(102)
Loan fees and origination costs and other	(20)	(22)
Fair value losses on financial assets ³	-	(15)
Total	(106)	(139)

1 Interest income on term deposits and money market funds: increase in 2023 reflects C-Band Accelerated Relocation Proceeds received (see Note 33)

2 Net foreign exchange gains are mostly related to revaluation of bank accounts, deposits and other monetary items denominated in US dollars.

3 Represents fair value increases/ losses on assets included as part of 'Other financial assets' in the consolidated statement of financial position and required to be measured at fair value following recent third-party transactions.

Note 8 - Income taxes

Taxes on income comprise the taxes paid or owed in the individual countries, as well as deferred taxes. Current and deferred taxes can be analysed as follows:

€million	2023	2022
Current income tax		
Current income tax charge on result of the year	(567)	(65)
Adjustments in respect of prior periods	6	6
Foreign withholding taxes	(8)	(5)
Total current income tax	(569)	(64)
Deferred income tax		
Relating to origination and reversal of temporary differences	249	121
Relating to tax losses carried forward	340	(31)
Changes in tax rate	(1)	3
Adjustment of prior years	(195)	(116)
Total deferred income tax	393	(23)
Income tax expense per consolidated income statement	(176)	(87)
Consolidated statement of changes in equity		
Current and Deferred Income tax related to items (charged) or credited directly in equity		
Post-employment benefit obligation	-	(1)
Impact of currency translation	11	(31)
Net investment hedge - current tax	(6)	24
Tax impact of the treasury shares impairment recorded in the stand-alone financial statements	-	2
Tax impact on Perpetual Bond	14	14
Current and deferred income taxes reported in equity	19	8

A reconciliation between the income tax benefit / (expense) and the profit before tax of the Group multiplied by a theoretical tax rate of 27.19% (2022: 27.19%) which corresponds to the Luxembourg domestic tax rate for the year ended 31 December 2023 is as follows:

€million	2023	2022
Profit before tax	(728)	52
Multiplied by theoretical tax rate	(198)	14
Effect of different foreign tax rates	8	4
Investment tax credits	(18)	(61)
Non-deductible expenditures	2	(8)
Taxes related to prior years	(6)	(3)
Effect of changes in tax rate	-	-
Other changes in group tax provision not included in separate lines	3	10
Impairment on investments in subsidiaries and other assets	167	-
Impact of deferred taxes	211	89
Foreign withholding taxes	8	5
Translation impact on investments in subsidiaries	-	33
Other	(1)	4
Income tax reported in the consolidated income statement	176	87

Foreign withholding tax

The foreign withholding tax of EUR 8 million includes EUR 4 million of Indian withholding tax retained by customers and paid to the Indian tax authorities. A final decision on Indian withholding taxes is still pending at the level of the Supreme Court.

The remaining EUR 4 million relates to withholding tax retained by customers in other jurisdictions.

Investment tax credits ('ITCs')

In 2023, the continuing investment in the O3b mPOWER and 19.2° East replacement satellites triggered the recognition of deferred tax assets for ITCs of EUR 5 million (2022: EUR 27 million) and EUR 10 million (2022: EUR 31 million) respectively. The remaining EUR 3 million of deferred tax assets for ITCs was recognised in connection with other investments by Group companies in Luxembourg.

Impact of deferred taxes

Considering the estimated future taxable income based on the most recent business plan information and tax losses carried forward in the Luxembourg fiscal unity as of the end of 2023 the Company has concluded that the ITCs recognised in all prior years and current year cannot be fully used due to the 10-year carry forward limitation rule. Therefore, an additional valuation adjustment of EUR 218 million (2022: EUR 110 million) on deferred tax assets for ITCs for Luxembourg fiscal unity was recorded in 2023.

Impairment on subsidiaries and other assets

The aggregate impact of EUR 167 million mainly comprises the following:

- ▲ The net impairment charge of EUR 453 million (2022: EUR 142 million) recorded on the carrying value of subsidiary investments and other assets held by entities in Luxembourg resulting in an income tax benefit of EUR 123 million (2022: EUR 38 million).
- ▲ The new impairment charges of EUR 35 million (2022: reversal of EUR 62 million) taken on the carrying value of intercompany receivables held by entities in Luxembourg resulting in an income tax benefit of EUR 9 million (2022: tax expense of EUR 17 million).
- ▲ The impairment charge of EUR 989 million (2022: EUR 77 million) recorded in connection with the goodwill attributed to the GEO North America cash-generating unit (see Note 15) resulting in a negative ETR impact of EUR 208 million (2022: EUR 16 million).

- ▲ The impairment charge of EUR 340 million (2022: nil) recorded in connection with the goodwill attributed to the GEO International cash-generating unit (see Note 15) resulting in a negative ETR impact of EUR 81 million (2022: nil).
- ▲ The impairment charge of EUR 219 million (2022: nil) recorded in connection with the goodwill attributed to MEO cash-generating unit resulting in a negative ETR impact of EUR 13 million (2022: nil).

Translation impact on investments in subsidiaries

The elimination of the tax effect on the translation impact resulting from intercompany restructurings resulted in an income tax expense of EUR 0 million (2022: EUR 33 million).

OECD Pillar Two Regulations

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy.

The Group is in the scope of the enacted or substantively enacted legislation and has performed a preliminary analysis and assessment of the Group's potential exposure to Pillar Two income taxes.

It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023 the IASB issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules.

The Group applied the temporary exception at 31 December 2023.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates (mainly in Luxembourg and other EU countries). The Ultimate Parent Entity is located in Luxembourg and, therefore, will apply Income Inclusion Rule ("IIR") for all jurisdictions where Pillar Two rules were not enacted. The legislation will be effective for the Group's financial year beginning 1 January 2024.

No current tax based on Pillar Two model rules was calculated and booked at 31 December 2023 as the legislation was not effective at the reporting date.

The group has run initial testing under the OECD transitional safe harbour rules based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities of the Group. The Group expects that the majority of jurisdictions will not be subject to top-up tax due to the application of one of the transitional safe harbour rules with the exception of the UAE where the impact is immaterial. In Luxembourg, a top-up tax could be triggered by the use or recognition of ITCs.

Note 9 - Deferred tax balances

The deferred tax positions included in the consolidated financial statements can be analysed as follows:

<i>€million</i>	Deferred tax assets 2023	Deferred tax assets 2022	Deferred tax liabilities 2023	Deferred tax liabilities 2022
Losses carried forward	658	296	-	-
Tax credits	6	206	-	-
Intangible assets	16	20	(110)	(335)
Tangible assets	5	-	(83)	(99)
Trade and other receivables	17	15	-	-
Other	5	5	(48)	(43)
Total deferred tax assets/(liabilities)	707	542	(241)	(477)
Offset of deferred taxes	(36)	(43)	36	43
Net deferred tax assets/(liabilities)	671	499	(205)	(434)

Deferred tax assets have been offset against deferred tax liabilities where they relate to the same tax authority and the entity concerned has a legally enforceable right to set off current tax assets against current tax liabilities.

Losses carried forward

In 2023 the Group recognised a deferred tax asset ('DTA') for tax losses carried forward in Luxembourg of EUR 356 million (2022: reversal of DTA of EUR 25 million). Tax losses can be carried forward in Luxembourg for 17 years. Using the estimated future taxable income based on the most recent business plan information approved by the Board of Directors, the Company has concluded that the deferred tax assets of EUR 618 million relating to the remaining tax losses are recoverable.

The Group has recognised deferred tax assets for tax losses carried forward in Germany for EUR 20 million (31 December 2022: EUR 17 million) which can be carried forward indefinitely. The Group has also recognised deferred tax assets for tax losses carried forward in the United States for EUR 20 million (31 December 2022: EUR 25 million) which can be carried forward indefinitely.

In addition to the recoverable tax losses for which the Group has recognised deferred tax assets, the Group has further tax losses of EUR 305 million as at 31 December 2023 (31 December 2022: EUR 346 million) which are available for offset against future taxable profits of the companies in which the losses arose. EUR 193 million (31 December 2022: 181 million) of these tax losses were generated in the US. EUR 86 million (31 December 2022: EUR 94 million) of these tax losses were generated in Israel. EUR 8 million of tax losses (31 December 2022: EUR 3 million) were generated in Ghana. Deferred tax assets have not been recognised in respect of these losses as they cannot be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries which are not expected to generate taxable profits against which they could be offset in the foreseeable future.

Investment tax credits ('ITCs')

Considering the total tax losses carried forward and future taxable income based on the most recent business plan information for Luxembourg entities, the Company has concluded that prior year ITCs cannot be fully used due to a 10 year carry forward limitation rule. Therefore, a valuation allowance of EUR 218 million (2022: EUR 110 million) on a deferred tax asset for ITCs for the Luxembourg fiscal unity was recorded in 2023.

Considering the total tax losses carried forward and future taxable income based on the most recent business plan information for LuxGovSat S.A., the Company has concluded that LuxGovSat S.A. can recognise a DTA of EUR 6 million for future use of ITCs (2022: EUR 6 million).

Other

No deferred income tax liabilities have been recognised for withholding tax and other taxes which would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested or not subject to taxation.

Movement in deferred income tax assets and liabilities

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances, is as follows:

<i>Deferred tax assets</i>	Losses carried forward	Tax credits	Tangible assets	Intangible assets	Trade and other receivable s	Other	Total
At 1 January 2022	301	259	-	23	19	5	607
(Charged)/credited to the income statement	(7)	(53)	-	(4)	(5)	-	(69)
Exchange difference ¹	2	-	-	1	1	-	4
At 31 December 2022	296	206	-	20	15	5	542
(Charged)/credited to the income statement	363	(200)	5	(4)	3	-	167
Exchange difference ¹	(1)	-	-	-	(1)	-	(2)
At 31 December 2023	658	6	5	16	17	5	707

<i>Deferred tax liabilities</i>	Intangible assets	Tangible assets	Other	Total
At 1 January 2022	239	160	39	438
Additions through business combinations (Note 3)	65	-	-	65
(Charged)/credited to the income statement	20	(70)	4	(46)
Exchange difference ¹	11	9	-	20
At 31 December 2022	335	99	43	477
Charged/(credited) to the income statement	(217)	(14)	5	(226)
Exchange difference ¹	(8)	(2)	-	(10)
At 31 December 2023	110	83	48	241

¹ A foreign exchange impact arises due to the translation of Group's operations with a different functional currency than euro. This amounts to EUR 8 million as at 31 December 2023 (2022: EUR -16 million)

Note 10 - Components of other comprehensive income

€million	2023	2022
Impact of currency translation	(196)	295
Income tax effect	11	(31)
Total impact of currency translation, net of tax	(185)	264

The impact of currency translation in other comprehensive income relates to exchange gains and losses arising on the translation of the net assets of foreign operations from their functional currency to the euro, which is the Company's functional and presentation currency.

The unrealised loss in 2023 of EUR 196 million (2022: unrealised gain of EUR 295 million) reflects the impact on the valuation of SES's net US dollar assets due to the weakening of the US dollar against the euro from USD 1.0666 to USD 1.1050 (2022: the strengthening of the US dollar against the euro from USD 1.1326 to USD 1.0666). This effect is partially offset by the impact of the net investment hedge (Note 19).

Note 11 - Earnings per share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders of each class of shares by the weighted average number of shares outstanding during the year as adjusted to reflect the economic rights of each class of share. The net profit or loss for the year attributable to ordinary shareholders has been adjusted to include an assumed coupon, net of tax, on the Perpetual Bonds.

For 2023, a basic loss per share of EUR (2.14) per Class A share (2022: basic loss per share of EUR 0.16), and EUR (0.86) per Class B share (2022: basic loss per share of EUR 0.06) have been calculated as follows:

(Loss)/profit attributable to the owners of the parent for calculating basic earnings per share:

€million	2023	2022
(Loss)/profit attributable to owners of the parent	(905)	(34)
Assumed coupon on Perpetual Bond (net of tax)	(36)	(36)
Total	(941)	(70)

Assumed coupon accruals of EUR 36 million (net of tax) for the year ended 31 December 2023 (2022: EUR 36 million) related to the Perpetual Bonds in issue have been considered for the calculation of the basic and diluted earnings available for distribution.

The weighted average number of shares based on the capital structure of the Company as described in Note 21, net of own shares held, for calculating basic earnings per share was as follows:

	2023	2022
Class A shares (in million)	364.8	364.1
Class B shares (in million)	185.7	185.8
Total	550.5	549.9

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares which are primarily related to the share-based compensation plans. A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the difference, if it results in a dilutive effect, is considered to adjust the weighted average number of shares.

For 2023, a diluted loss per Class A share of EUR (2.12) (2022: diluted loss of EUR 0.16), and EUR (0.85) per Class B share (2022: diluted loss of EUR 0.06) have been calculated as follows:

€million	2023	2022
Loss attributable to owners of the parent	(905)	(34)
Assumed coupon on Perpetual Bonds (net of tax)	(36)	(36)
Total	(941)	(70)

The weighted average number of shares, net of own shares held, for calculating diluted earnings per share was as follows:

	2023	2022
Class A shares (in million)	369.1	368.8
Class B shares (in million)	185.7	185.7
Total	554.8	554.5

Note 12 - Dividends paid and proposed

Dividends declared are paid net of any withholding tax (2023: EUR 25 million, 2022: EUR 24 million).

Gross dividends declared and paid during the year:

€million	2023	2022
Class A dividend for 2022: EUR 0.50 (2021: EUR 0.50)	186	192
Class B dividend for 2022: EUR 0.20 (2021: EUR 0.20)	37	38
Total	223	230

Dividends proposed for approval at the annual general meeting to be held on 4 April 2024, which are not recognised as a liability as at 31 December 2023:

€million	2024
Class A dividend for 2023: EUR 0.50 (2022: EUR 0.50)	186
Class B dividend for 2023: EUR 0.20 (2022: EUR 0.20)	37
Total	223

Note 13 - Property, plant and equipment

€million	Land and buildings	Space segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2023	300	11,368	902	312	12,882
Additions	-	13	9	5	27
Disposals ¹	(8)	(151)	(3)	(6)	(168)
Retirements ²	(9)	(805)	(154)	(25)	(993)
Transfers from assets in course of construction (Note 14)	2	8	30	14	54
Impact of currency translation	(4)	(192)	(17)	-	(213)
As at 31 December 2023	281	10,241	767	300	11,589

€million	Land and Buildings	Space Segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Depreciation					
As at 1 January 2023	(215)	(8,118)	(675)	(244)	(9,252)
Depreciation	(13)	(503)	(57)	(30)	(603)
Impairment expense	-	(56)	-	-	(56)
Impairment reversal	-	30	-	-	30
Disposals ¹	8	151	3	6	168
Retirements ²	9	805	154	25	993
Impact of currency translation	2	155	11	5	173
As at 31 December 2023	(209)	(7,536)	(564)	(238)	(8,547)
Net book value as at 31 December 2023	72	2,705	203	62	3,042

1 Sale of AMC-11

2 Satellites ASTRA 1G, ASTRA 2D, AMC-18, AMC-1, AMC-4, and NSS-6 were deorbited in 2023

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€million	Land and buildings	Space segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2022	289	10,709	872	277	12,147
Additions	15	1	10	2	28
Additions through business combinations	5	-	-	5	10
Disposals	(4)	-	(3)	-	(7)
Retirements ¹	(7)	(163)	(34)	(9)	(213)
Transfers from assets in course of construction (Note 14) ²	1	490	44	18	553
Transfers between categories	(7)	5	(17)	14	(5)
Impact of currency translation	8	326	30	5	369
As at 31 December 2022	300	11,368	902	312	12,882

€million	Land and Buildings	Space Segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Depreciation					
As at 1 January 2022	(201)	(7,332)	(640)	(201)	(8,374)
Depreciation	(21)	(523)	(59)	(39)	(642)
Impairment expense	-	(194)	-	-	(194)
Disposals	2	-	2	-	4
Retirements ¹	7	163	34	9	213
Transfers between categories	2	-	8	(10)	-
Impact of currency translation	(4)	(232)	(20)	(3)	(259)
As at 31 December 2022	(215)	(8,118)	(675)	(244)	(9,252)
Net book value as at 31 December 2022	85	3,250	227	68	3,630

1 Satellites Astra 3A and AMC-8 were deorbited in 2022

2 SES-17, SES-20, SES-21 and SES-22 became operational during 2022

The Group's policy in setting the useful economic life of its satellites is to initially use the satellite design life and then, once sufficient time has passed to allow for initial anomalies to be investigated and future fuel projections to be stabilised, to adjust the depreciation life to take into account factors such as the technical condition of the satellite, its projected remaining fuel life, and replacement or redeployment plans.

The review in 2023 resulted in no revisions to the remaining useful economic lives of any satellites. The corresponding review in 2022 resulted in revisions to the remaining useful economic lives of certain MEO and three GEO satellites resulting in a net increase in the depreciation expense for that year of EUR 4 million.

As at 31 December 2023, the amount of the property, plant and equipment pledged in relation to Group liabilities was nil (2022: nil).

For further information related to right-of-use assets, see Note 30.

Impairment of space segment assets

In 2023, the net impairment expense recorded for space segment assets was EUR 26 million (2022: EUR 194 million) including EUR 30 million in reversals of previous impairments (2022: nil). The charges and reversals are the aggregation of impairment testing procedures on specific satellites, or combinations of co-located satellites, in the Group's geostationary fleet.

The following table discloses the applicable amounts and discount rates used in the impairment test for those geostationary satellites subject to impairment expenses or reversals during the year.

€million	Carrying value	Value-in-use	Discount rate	Impairment expense
2023 – Expense	596	540	7.1% - 10.5%	56
2023 – Reversal	135	177	10.5%	(30)
2023 – Net Impact				26
2022 – Expense	1,084	890	7.5% - 11.1%	194

The impairment expenses and reversals recorded reflect updated business assumptions for the satellites through to the end of their useful economic lives. In general, these updated assumptions reflect a combination of revised commercial developments and expectations, updated assessments of the regulatory environment impacting certain assets (and hence the Group's ability to achieve the forecast commercial exploitation), changes in the competitive environment in which the Group operates, and certain changes in the operation of the satellites (for example the decision to place a particular satellite into inclined orbit, or changes to the timing thereof) or associated ground segment infrastructure.

As discussed further in Note 15, specific developments in these areas, largely in the second half of 2023, contributed to the weakening of cash flow projections for certain satellites and contributed to the recording of the impairment expenses noted above.

As part of standard impairment testing procedures, the Group assesses the impact of changes in the discount rates and reductions in EBITDA. Discount rates are simulated up to 1% below and above the CGU's specific rate used in the base valuation and EBITDA projections are simulated up to 5% below and above the base valuation. In this way a matrix of valuations is generated, which reveals the potential exposure to impairment expenses based on movements in valuation parameters which are within the range of outcomes foreseeable at the valuation date.

The most recent testing showed that for geostationary satellites, under the least favourable combination of the circumstances above (namely a 1% higher discount rate in conjunction with a 5% lower EBITDA projection) an incremental impairment of EUR 74 million would be recorded. A 1% increase in the discount rate at a constant EBITDA level would increase satellite impairments by EUR 31 million. Taken separately, a 5% decrease in EBITDA would increase satellite impairments by EUR 39 million.

Note 14 - Assets in the course of construction

€million	Land and Buildings	Space segment	Ground segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2023	8	1,675	159	17	1,859
Movements in 2023					
Additions ¹	9	170	43	17	239
Transfers to assets in use (Note 13)	(2)	(8)	(30)	(14)	(54)
Transfers from/(to) intangible assets (Note 15)	-	-	(20)	-	(20)
Impairment	-	(425)	-	-	(425)
Impact of currency translation	-	(45)	(2)	(2)	(49)
Cost and net book value as at 31 December 2023	15	1,367	150	18	1,550

¹ Additions mainly related to O3b mPOWER, SES-24, SES-25, SES-26, C-band, partly offset by C-band reimbursable space segment cost of EUR 36 million and ground segment cost of EUR 2 million

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€million	Land and Buildings	Space segment	Ground segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2022	7	1,664	107	10	1,788
Movements in 2022					
Additions ¹	2	428	105	18	553
Additions through business combinations	-	-	2	-	2
Transfers to assets in use (Note 13)	(1)	(490)	(44)	(18)	(553)
Transfer between categories	-	7	(17)	6	(4)
Impact of currency translation	-	66	6	1	73
Cost and net book value as at 31 December 2022	8	1,675	159	17	1,859

¹ Additions related to C-band, O3b mPOWER, SES-17, Astra 19.2E (including EUR 37 million non-cash transactions), partly offset by C-band reimbursable space segment (EUR 311 million) and ground segment cost (EUR 13 million)

Borrowing costs of EUR 33 million (2022: EUR 16 million) arising from financing specifically relating to satellite procurements were capitalised during the year and are included under 'Space segment' additions in the table above. A weighted average effective rate of 3.10% (2022: 2.97%) was used, representing the Group's average weighted cost of borrowing. Excluding the impact of loan origination costs and commitment fees, the average weighted interest rate was 2.97% (2022: 2.87%).

The main space segment additions in 2023 were for:

- O3b mPOWER at EUR 85 million (2022: EUR 218 million);
- replacements satellites for the orbital positions 19.2°E and 57°E for EUR 71 million (2022: EUR 207 million); described in Note 28; and,
- additions of EUR 48 million (EUR 315 million) in respect of C-band satellites, substantially offset by EUR 36 million of C-band reimbursements (Note 33).

Concerning the additions for the C-band repurposing, these are included in the Group's assets in the course of construction space segment, and included in 'Payments for purchases of tangible assets' within the consolidated statement of cash flows, only to the extent that payments were made to the suppliers.

In conjunction with the annual impairment test, SES recorded an impairment charge of EUR 425 million (2022: nil) against the assets under construction related to certain mPOWER satellites, reflecting technical issues arising on those satellites during on-orbit testing and the impact of those on the commercialisation assumptions of the overall programme (see also Note 15 and Note 34).

As part of standard impairment testing procedures, the Group assesses the impact of changes in the discount rates and growth assumptions of the valuation surplus, or deficit as the case may be. Both discount rates and terminal values are simulated up to 1% below and above the specific rate used in the base valuation. In this way, a matrix of valuations is generated which reveals the potential exposure to impairment for assets under construction based on movements in the valuation parameters which are within the range of outcomes foreseeable at the valuation date.

The most recent testing showed that a 1% decrease in the perpetual growth rates (both the higher rate under the H-model (see Note 15) and the terminal growth rate) would increase the impairment by EUR 256 million. A 1% increase in the after-tax discount rate would require an impairment of EUR 324 million. Taken together, a 1% increase in the after-tax discount rate and a 1% decrease in the perpetual growth rates would increase the impairment by EUR 507 million.

Note 15 - Intangible assets

€million	Orbital slot licence rights (indefinite- life)	Goodwill	Orbital slot licence rights (definite life)	Customer relationships	Other definite life intangibles	Internally generated developme nt costs	Total
Cost							
As at 1 January 2023	2,193	2,740	234	292	507	51	6,017
Additions	-	-	-	-	2	20	22
Disposals	-	-	-	-	-	-	-
Retirement ¹	-	(2,500)	-	-	(111)	-	(2,611)
Transfers from/(to) assets in course of construction	-	-	-	-	69	(49)	20
Impact of currency translation	(69)	(100)	-	-	(5)	-	(174)
As at 31 December 2023	2,124	140	234	292	462	22	3,274

Amortisation

As at 1 January 2023	(139)	(1,002)	(113)	(8)	(464)	-	(1,726)
Amortisation	-	-	(13)	(19)	(57)	-	(89)
Impairme nt	(1,677)	(1,548)	-	-	-	-	(3,225)
Retirement ¹	-	2,500	-	-	111	-	2,611
Impact of currency translation	18	50	(1)	-	8	-	75
As at 31 December 2023	(1,798)	-	(127)	(27)	(402)	-	(2,354)

Net book value as at

31 December 2023	326	140	107	265	60	22	920
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¹ Goodwill retirements of the period relate primarily to those elements of brought forward goodwill from which no future economic benefits are expected. This includes all goodwill associated with the GEO North America, GEO International and MEO cash-generating units. Similarly, the retirements of fully amortised other definite life intangibles represent items from which no future economic benefits are expected.

€million	Orbital slot licence rights (indefinite- life)	Goodwill	Orbital slot licence rights (definite life)	Customer relationships	Other definite life intangibles	Internally generated development costs	Total
Cost							
As at 1 January 2022	2,081	2,376	213	-	469	46	5,185
Additions	-	-	20	-	3	31	54
Additions through business combinations	-	201	-	292	-	-	493
Retirement	-	-	-	-	(8)	-	(8)
Transfers from assets in course of construction	-	-	-	-	32	(32)	-
Transfers between categories	-	-	-	-	4	5	9
Impact of currency translation	112	163	1	-	7	1	284
As at 31 December 2022	2,193	2,740	234	292	507	51	6,017

Amortisation

As at 1 January 2022	(16)	(856)	(101)	-	(422)	-	(1,395)
Amortisation	-	-	(12)	(8)	(43)	-	(63)
Impairment	(126)	(77)	-	-	-	-	(203)
Retirement	-	-	-	-	8	-	8
Impact of currency translation	3	(69)	-	-	(7)	-	(73)
As at 31 December 2022	(139)	(1,002)	(113)	(8)	(464)	-	(1,726)
Net book value as at							
31 December 2022	2,054	1,738	121	284	43	51	4,291

Indefinite-life intangible assets

The Group's indefinite-life intangible assets comprise goodwill and orbital slot licence rights. See Note 2 ('Summary of material accounting policies' / 'Significant accounting judgments and estimates'), for the Group's policy on determining the useful lives of intangible assets.

Impairment testing procedures are performed annually, or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The annual impairment tests are performed as of 31 October each year. The recoverable amounts are determined based on a value-in-use calculation (Note 2) using the most recent business plan information approved by the Board of Directors, which covers a period of five years.

The calculations of value-in-use are most sensitive to:

1 Movements in the underlying business plan assumptions

Business plans are drawn up annually and provide an assessment of the expected developments for a five-year period beyond the end of the year when the plan is drawn up. These business plans reflect both the most up-to-date assumptions concerning the CGU's markets and business trends. For the provision of satellite capacity these will particularly consider the following factors:

- the expected developments in transponder fill rates, including the impact of replacement capacity, and customer pricing;
- any changes in the expected capital expenditure cycle, for example due to the technical degradation of a satellite or the need for replacement capacity; and
- any changes in satellite procurement, launch or cost assumptions, including launch schedules.

2 Changes in discount rates

Discount rates reflect management's estimate of the risks specific to each CGU. Management uses a pre-tax weighted average cost of capital as discount rate for each CGU. This reflects market interest rates of twenty-year bonds in the market concerned, the capital structure of businesses in the Group's business sector, and other factors, as necessary, applied specifically to the CGU concerned.

3 Changes in perpetuity growth rates assumptions

Growth rate assumptions used to extrapolate cash flows beyond the business plan period are based on commercial experience relating to the CGUs concerned and the expectations for developments in the markets which they serve.

Definition of cash-generating units for intangible assets

Beginning in 2021, management disaggregated the previous single global 'SES GEO operations' cash-generating unit into three component regions ('GEO Europe', 'GEO North America' and 'GEO International') which have since then been applied for impairment testing procedures for both goodwill and orbital slot rights. This change in the impairment testing of goodwill reflected developments in the business environment of the Group, triggered by demand from market participants (primarily telecommunications companies) for bandwidth to support the provision of data connectivity services.

These developments imply two paths being available to the Group in commercialising its portfolio of orbital slot rights:

- utilising these rights for the provision of services on its own satellite fleet; and
- generating economic value through entering into transactions with third parties to make these rights available to them in return for an appropriate financial compensation.

A specific example has been the C-band repurposing project in the U.S. following the adoption by the Federal Communications Commission of its Report and Order and Order of Proposed Modification to clear a 300 MHz band of C-band downlink spectrum between 3,700 and 4,000 MHz by December 2025. These repurposing activities were concluded in 2023 (see Note 33).

Since the opportunities, and hence potential cash flows, arising from this kind of commercialisation of orbital slot rights other than through conventional on-fleet operations, are by their nature arrangements with regional regulatory authorities and market participants, and since the linkage to the orbital slot rights is so strong, management re-aligned the approach to impairment testing by looking at both areas using on a regional basis and disaggregating the cash-generating units for the purpose of goodwill testing.

The goodwill was allocated between the three cash-generating units (as defined above) based on the assets acquired in the above acquisitions, with the assets acquired in the GE Americom acquisition being allocated to 'GEO North America' and the assets acquired in the New Skies Satellites acquisition being allocated to 'GEO International'. Additionally, the net assets of the Space & Defense operation - including the purchase price allocation intangibles arising on the purchase of DRS GES Inc. ('GES') in August 2022 - were allocated between four CGUs (including MEO) based on the expected value creation.

In the case of 'GEO North America' this aggregation level reflects the current inter-operability of spacecraft and orbital locations which can be used to serve customers in the U.S., Canada and Mexico, as well as the interdependency of the contractual arrangements for certain significant customers in those markets which mean that the associated cash flows are not largely independent of each other.

'GEO International' reflects the interdependency of cash flows between regions with, as an example, an increasing use of Brazilian spectrum by assets such as SES-10 and SES-17 which are also serving 'International' customers, and the fact that the Group is now also serving the Brazilian market from orbital slots other than those allocated to the unit.

Management currently identifies the Group's MEO assets and operations as a separate CGU.

The Group's business plan is approved by the Board of Directors based on consolidated data. The consolidated data is in turn based on separate data prepared for each legal entity of the Group (see Note 36). To prepare business plans for the regional CGUs, the following assumptions are made:

- ▲ GEO revenue from satellites is allocated to the GEO region primarily covered by the satellite. Non-satellite revenue is included in each CGU based on the legal entity expected to generate the revenue. MEO revenue is fully allocated to the MEO CGU.
- ▲ Operating expenses are allocated between GEO and MEO based on a detailed analysis of the nature of the costs, with a further allocation between the GEO CGUs based on the underlying legal entity expected to incur the expense.
- ▲ As GEO and MEO costs are directly allocated between those CGUs, intercompany transactions between CGUs, which generally relate to cost charge-backs, are only included between the GEO CGUs based on the individual legal entities comprising the three geographical GEO CGUs.

Discount rates applied

The post-tax discount rates for each CGU are presented below:

	2023	2022
GEO Europe	6.83%	7.93%
GEO North America	8.57%	9.49%
GEO International	8.53%	9.42%
MEO	8.51%	9.43%

These discount rates were computed using market interest rates and commercial spreads, the capital structure of businesses in the Group's business sector, and the specific risk profile of the businesses concerned. Generally, the lower discount rates are caused by lower market risk premiums and lower interest rates, primarily driven by lower corporate spreads.

Perpetual Growth Rate ('PGR') assumptions

Separate terminal growth rates were calculated for the GEO regions as follows: Europe -1.5% (2022: -2.2%); North America -5.2% (2022: -2.7%); and, International -1.9% (2022: +2.5%).

For MEO, management has applied a 'fading growth' statistical model, or 'H-model'. Under this model, following the five-year business plan period, cash flows are expected to continue to grow at a higher rate for a time, which then reduces for a period until the terminal growth rate is reached. Management believes this is a valid assumption as the MEO fleet, specifically the mPOWER fleet which is in the middle of its launch campaign, will not reach its maximum utilisation projection until after the business plan period. In line with growth projections at the end of the business plan period, management selected 5% as the higher growth rate (2022: 10%), which reduces on a straight-line basis over nine years until the terminal growth rate is reached. The terminal growth rate used for MEO was +3.0% (2022: +3.0%).

These rates reflect the most recent long-term planning assumptions approved by the Board of Directors and can be supported by reference to the trading performance over a longer period and incorporate also projected growth rates for wide-beam and high-throughput satellites markets from external data sources.

Business developments in 2023 impacting the outcome of the impairment testing

A number of significant events incurred in the second half of 2023, which each contributed to a material impairment charge being recorded in the current year financials statements:

1. Completion of Phase II of the C-band repurposing and recognition of Accelerated Relocation Payment income

On 10 August 2023, the Group announced that the U.S. Federal Communications Commission had validated the certification of SES's Phase II accelerated C-band clearing and relocation activities and that with this milestone and following the successful completion of its Phase I activities in 2021, SES had fulfilled its commitment to the FCC's programme to clear a portion of the C-band to allow the rapid rollout of 5G services across the continental United States.

The certification triggered the recognition of the Phase II Accelerated Relocation Payment of EUR 2,714 million and, in parallel, the recognition of value adjustments on goodwill and orbital slot rights balances for those related intangible assets recorded as part of the accounting for certain business combinations (primarily those of GE Americom and New Skies Satellites) associated with the GEO North America and GEO International CGUs.

2. Technical anomalies discovered in mPOWER MEO constellation

During the in-orbit testing of the first four satellites in the mPOWER MEO constellation in the second half of the year, technical anomalies were uncovered which will significantly impact the operational and commercial capacities of the first generation of the constellation. Six satellites are now in orbit, and seven additional mPOWER satellites are under construction which have modifications in their design intended to fully address those anomalies observed in the first-generation satellites. This constellation of seven second-generation satellites is expected to enter service in 2026.

As further described in Notes 2 and 34, an insurance claim is being submitted to the Group's insurers in connection with this matter.

The restrictions on the available capacity in the first generation of the mPOWER constellation and delay until 2026 to be able to fully exploit the capacity of the constellation have materially impacted the value in use computation of the MEO cash-generating unit in the current year and contributed to impairment charges impacting the goodwill, orbital slot rights and satellites in the course of construction associated with the MEO cash generating unit.

As noted above the MEO valuation uses a statistical H-model and two parameters of this model were updated vis-à-vis the corresponding analysis for the year ended 31 December 2022. Firstly, the growth rate assumed in the first year after the business plan period (2024 to 2028) was reduced from 10% to 5%, reflecting more cautious

assumptions pending the bringing into services of the second-generation mPOWER constellation. And secondly the period over which this growth rate reduces on a straight-line basis to a long-term inflation rate (3% in both years) was reduced from ten to nine years.

3. Other business developments in 2023

Beyond the changes in valuation parameters such as discount rates and perpetual growth rates described above, in generating the revised assumptions for its five-year business plan management also revised its cashflow projections concerning each cash generating unit. These projections took into account the increasingly competitive market environment across the Group's different business verticals and its impact on capacity volumes and pricing.

The impact of the three factors listed above on the outcome of the impairment testing is set out below in relation to intangible assets, and in Note 13 ('Property, plant and equipment') and in Note 14 ('Assets in the course of construction').

Impairment charges recorded for 2023

Goodwill

As a result of the impairment tests conducted as of 31 December 2023, an impairment expense of EUR 1,548 million (2022: EUR 77 million) was recorded, comprising impairment charges to GEO North America of EUR 989 million (2022: EUR 77 million), GEO International of EUR 340 million (2022: nil), and MEO of EUR 219 million (2022: nil). The impairment was mainly driven by the business developments described above., and reflect the foreign exchange rates in effect at the time of recognition, which may vary from those in effect at the prior year-end.

For GEO Europe, no impairment charge was recorded reflecting the limited goodwill in this CGU given that the business was mainly developed organically rather than through acquisition.

Arising from the impairment reviews above, the Group's remaining goodwill has a net book value as at 31 December 2023 and 2022 by CGU as presented below:

€million	2023	2022
GEO Europe	140	141*
GEO North America	-	1,022*
GEO International	-	350*
MEO	-	225
Total	140	1,738

* 2022 goodwill by CGU has been changed to properly reflect the allocation of historical goodwill to current CGUs. An amount of EUR 135 million has been reclassified from GEO North America and added to GEO Europe (EUR 90 million) and GEO International (EUR 45 million).

Management has integrated SES Space & Defense Inc. and GES (now combined under a common management team and branded as SES Space & Defense ["S&D"]) into the existing impairment model. To integrate goodwill created in the GES acquisition into the existing CGUs, management estimated the proportion of S&D's net assets attributable to those CGUs in December 2022. At that time, management analysed the projected 2027 revenues for S&D as well as the current regional usage of GES's network. The result of this analysis was that, of the net book value, 16% was allocated to GEO Europe, 21% to GEO North America, 33% to GEO International, and 30% to MEO. This allocation of net book value remained unchanged in the current year.

In the current impairment test, to allocate the value-in-use, management has directly allocated all revenue and costs related to MEO, such that no separate S&D allocation to MEO was necessary. Thus, management analysed the 2028 revenues of S&D, which resulted in an updated allocation of value-in-use of 37% to GEO Europe, 22% to GEO North America, and 41% to GEO International. This allocation would change each year based on an analysis of the terminal-year revenues.

As part of standard impairment testing procedures, the Group assesses the impact of changes in the discount rates and growth assumptions of the valuation surplus, or deficit as the case may be. Both discount rates and terminal values are simulated up to 1% below and above the specific rate used in the base valuation. In this way, a matrix of valuations is generated which reveals any potential exposure to impairment for each CGU based on movements in the valuation parameters which are within the range of outcomes foreseeable at the valuation date.

The most recent testing showed that:

- ▲ For GEO Europe, there would be no impairment even applying the most adverse combination of developments (a 1% increase in after-tax discount rates and a 1% decrease in the perpetual growth rate). Taken separately from changes in discount and perpetuity growth rates, a 5% reduction in EBITDA would not lead to an impairment expense in the GEO Europe CGU.
- ▲ For GEO North America, a 1% decrease in the perpetuity growth rate would increase the impairment charge by EUR 16 million and a 1% increase in the after-tax discount rate would increase the impairment charge by EUR 30 million; the combination of these two factors would increase the impairment charge by EUR 43 million. Taken separately from changes in discount and perpetuity growth rates, a 5% reduction in EBITDA would lead to an additional impairment expense of EUR 44 million. As GEO North America goodwill is fully impaired, this impairment would affect GEO North America's orbital slot licence rights.
- ▲ For GEO International, a 1% decrease in the perpetuity growth rate would increase the impairment charge by EUR 51 million and a 1% increase in the after-tax discount rate would increase the impairment charge by EUR 83 million; the combination of these two factors would increase the impairment charge by EUR 124 million. Taken separately from changes in discount and perpetuity growth rates, a 5% reduction in EBITDA would lead to additional impairment expense of EUR 32 million. As GEO International goodwill is fully impaired, this impairment would affect GEO International's orbital slot licence rights.
- ▲ For MEO, see sensitivity analysis in Note 14.

Orbital slot licence rights

The rights conveyed by orbital slot licences in different jurisdictions can have varying characteristics that make them separate and distinct from the orbital slot licence rights in other jurisdictions. The MEO orbital rights are not separable and do not generate separate cash flows, and thus are considered a single CGU, which is tested for impairment together with the related goodwill and the MEO satellites constellation in use and under construction.

The pre-tax discount rates applied to each CGU are presented below:

	2023	2022
GEO Europe	9.35%	10.02%
GEO North America	12.57%	13.62%
GEO International	12.53%	13.12%
MEO	11.77%	10.38%

Similar to the pre-tax discount rates used for goodwill testing, these rates were selected to reflect: market interest rates and commercial spreads; the capital structure of businesses in the Group's business sector; and, the specific risk profile of the businesses concerned. The terminal growth rates used in the valuations are identical to those used in goodwill testing.

The Group recorded EUR 1,677 million of impairment expense related to orbital slot licence rights for the year ending 31 December 2023 (2022: EUR 126 million), as follows:

€million	2023	2022
GEO Europe	-	-
GEO North America	45	117
GEO International	466	9
MEO	1,166	-
Total	1,677	126

The orbital slot licence rights have a net book value as at 31 December 2023 and 2022 by CGU as presented below:

€million	2023	2022
GEO Europe	95	162
GEO North America	181	233
GEO International	50	465
MEO	-	1,194
Total	326	2,054

The very material impairment charges recorded, and corresponding decrease in the carrying value of the orbital slot rights, reflect the business developments described above.

As part of standard impairment testing procedures, as with goodwill, the Group assesses the impact of changes in the discount rates and growth assumptions of the valuation surplus, or deficit as the case may be. Both discount rates and terminal values are simulated up to 1% below and above the CGU's specific rate used in the base valuation. In this way a matrix of valuations is generated which reveals the potential exposure to impairment expenses for each CGU based on movements in the valuation parameters which are within the range of outcomes foreseeable at the valuation date.

The most recent testing showed that:

- ▲ For GEO Europe and GEO North America, the least favourable case - a combination of lower terminal growth rates and higher discount rates - would not lead to any impairment expense.
- ▲ For GEO International, a 1% decrease in the perpetuity growth rate would increase the impairment charge by EUR 6 million and a 1% increase in the discount rate would increase the impairment charge by EUR 33 million; the combination of these two factors would increase the impairment charge by EUR 37 million.
- ▲ For MEO, see sensitivity analysis in Note 14.

Definite-life intangible assets

The definite-life intangible assets as at 31 December 2023 have a net book value by country as presented below:

2023			
€million	Orbital slot licence rights	Customer relationships	Other
United States of America	-	265	3
Luxembourg	105	-	46
Brazil	2	-	1
Germany	-	-	9
Other	-	-	1
Total	107	265	60

The definite-life intangible assets as at 31 December 2022 have a net book value by country as presented below:

2022			
€million	Orbital slot licence rights	Customer relationships	Other
United States of America	-	284	4
Luxembourg	105	-	30
Brazil	9	-	1
Netherlands	7	-	1
Germany	-	-	5
Other	-	-	2
Total	121	284	43

Until 2022, the Group's primary definite life intangible asset was the agreement concluded by SES ASTRA with the Luxembourg government in relation to the usage of Luxembourg frequencies in the orbital positions of the

geostationary arc from 45° West to 50° East for the period from 1 January 2001 to 31 December 2022. Given the finite nature of this agreement, these usage rights - valued at EUR 550 million at the date of acquisition - were amortised on a straight-line basis over the 22-year term of the agreement and were retired as of 31 December 2022.

In November 2019, SES and the Luxembourg government reached an agreement to renew SES's concession to operate satellites operating under Luxembourg's jurisdiction for 20 years, effective from January 2023 when the previous concession expired, with an annual fee of EUR 1 million payable from 2025 onwards. Under the new agreement, starting in 2023, SES contributes a maximum of EUR 7 million per year into a space sector fund.

The GES acquisition added EUR 292 million of definite-life intangibles with a useful life of 15 years, primarily relating due to the value of the acquired customer relationships.

The Group also holds orbital slot licence rights in Brazil, which were awarded to a Group subsidiary at auction in 2014 for a 15-year term. These rights are being amortised over a 30-year period, reflecting the Group's ability to renew the rights once in 2029 at a minimal cost, assuming they are being utilised.

As at 31 December 2023, the amount of the intangible assets pledged in relation to the Group's liabilities is nil (2022: nil).

Note 16 - Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

€million	2023	2022
Current contract assets		
Trade receivables	405	433
Provision for trade receivables	(96)	(100)
Trade receivables, net of provisions	309	333
Unbilled accrued revenue	100	160
Provision for unbilled accrued revenue	(3)	(6)
Unbilled accrued revenue, net of provisions	97	154
Deferred customer contract costs	2	4
	408	491
Non-current contract assets		
Unbilled accrued revenue	102	119
Provision for unbilled accrued revenue	(15)	(8)
Unbilled accrued revenue, net of provisions	87	111
Deferred customer contract costs	3	7
	90	118
Current contract liabilities		
Deferred income	224	189
Non-current contract liabilities		
Deferred income	337	359

The following table shows the movement in deferred income recognised by the Group:

€million	Non-current	Current
As at 1 January 2023	359	189
Revenue recognised during the year	-	(1,609)
New billings	-	1,671
Other movements*	(15)	(26)
Impact of currency translation	(7)	(1)
As at 31 December 2023	337	224

* Other movements include reclassifications (between current and non-current, upfront and deferred, as well as against trade receivables)

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€million	Non-current	Current
As at 1 January 2022	388	187
Revenue recognised during the year	-	(1,583)
New billings	-	1,484
Additions through business combinations	-	11
Other movements*	(38)	80
Impact of currency translation	9	10
As at 31 December 2022	359	189

* Other movements include reclassifications (between current and non-current, upfront and deferred, as well as against trade receivables)

Note 17 - Trade and other receivables

€million	2023	2022
Trade receivables, net of provisions	309	333
Unbilled accrued revenue, net of provisions	184	265
Other receivables	454	546
Total trade and other receivables	947	1,144
Of which:		
Non-current	87	111
Current	860	1,033

¹ Restated in order to reflect the netting of unbilled accrued revenue and deferred income as disclosed in Note 16

Unbilled accrued revenue represents revenue recognised, but not billed, under long-term customer contracts. Billing will occur based on the terms of the contracts. The non-current balance represents entirely unbilled accrued revenue. Other receivables include EUR 350 million (2022: EUR 480 million) to be received as part of the C-band repurposing project (refer to Note 33).

An amount of EUR 12 million (2022: EUR 21 million) was expensed in 2023 reflecting an increase in the impairment of trade and other receivables. This amount is recorded in 'Other operating expenses'. As at 31 December 2023, trade and other receivables with a nominal amount of EUR 114 million (2022: EUR 114 million) were impaired. Movements in the provision for the impairment of trade and other receivables were as follows:

€million	2023	2022
As at 1 January	114	106
Increase in provision	42	41
Reversals of provision	(30)	(20)
Utilised	(5)	(20)
Other movements	(3)	1
Impact of currency translation	(4)	6
As at 31 December	114	114

Note 18 - Financial instruments

Fair value estimation and hierarchy

The Group uses the following hierarchy levels for determining the fair value of financial instruments by valuation technique:

- ▲ Level 1 - Quoted prices in active markets for identical assets or liabilities;
- ▲ Level 2 - Other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly;
- ▲ Level 3 - Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active

market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

As at 31 December 2023 and 2022, the Group does not have any financial derivatives outstanding.

Fair values

The fair value of borrowings has been calculated with the quoted market prices except for the LuxGovSat Fixed Term Loan Facility and the floating tranche of the Schuldschein Loan, for which the discounted expected future cash flows at prevailing interest rates has been used. The fair value of foreign currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. All borrowings are measured at amortised cost. Financial assets and other financial liabilities measured at amortised cost, have a fair value that approximates their carrying amount.

Unless otherwise stated, the fair value of each class of financial assets and liabilities are equivalent to their carrying amount. To that effect, for instruments carried at amortised cost, the Group determined that the fair value at origination date approximates the carrying amount, either due to the short-term nature of the instruments, or because the stated rates are close to the prevailing market rates and / or there were no significant origination costs at origination date.

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements.

€ million	Carried at fair value		Carried at amortised cost	
At 31 December	2023	2022	2023	2022
Trade and other receivables	-	-	927	1,132
Cash and cash equivalents	-	-	2,907	1,047
Other financial assets*	19	17	1	1
Total assets	19	17	3,835	2,180
Borrowings – Level 1	-	-	3,943	4,117
Borrowings – Level 2	-	-	216	231
Borrowings**	-	-	4,159	4,348
Lease liabilities	-	-	39	45
Fixed asset suppliers	-	-	768	1,004
Other long-term liabilities	-	-	83	107
Trade and other payables	-	-	360	350
Total liabilities	-	-	5,409	5,854

* Level 2 hierarchy measurement

** Fair value of the borrowings in 2023 is EUR 3,880 million (2022: EUR 3,877 million)

Note 19 - Financial risk management objectives and policies

The Group's financial instruments comprise: a syndicated loan, Eurobonds, US dollar bonds (144A), a Euro-dominated Private Placement, German Bonds ('Schuldschein'), committed credit facilities for specified satellites and projects, cash, money market funds and short-term deposits.

The main purpose of the debt instruments is to raise funds to finance the Group's day-to-day operations, as well as for other general business purposes. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risks, foreign currency risks, interest rate risks and credit risks. The general policies are periodically reviewed and approved by the board.

Liquidity risk

The Group's objective is to efficiently use cash generated to maintain borrowings at an appropriate level. In case of liquidity needs, the Group can call on commercial paper programs, committed syndicated and EIB loan, uncommitted loans. In addition, if deemed appropriate based on prevailing market conditions, the Group can access additional funds through the European Medium-Term Note programme. The Group's debt maturity profile is tailored to allow the Company and its subsidiaries to cover repayment obligations as they fall due.

The Group operates a centralised treasury function which manages, amongst others, the liquidity of the Group to optimise the funding costs. This is supported by a daily cash pooling mechanism.

Liquidity is monitored regularly through a review of cash balances, the drawn and issued amounts and the availability of additional funding under committed credit lines, the two commercial paper programmes and the EMTN Programme (EUR 4,560 million as at 31 December 2023 and EUR 4,560 million as at 31 December 2022 - more details in Note 24).

The table below summarises the projected contractual undiscounted cash flows of the non-derivative financial liabilities based on the maturity profile as at 31 December 2023 and 2022.

€million	Within 1 year	Between 1 and 5 years	After 5 years	Total
As at 31 December 2023:				
Borrowings	716	1,989	1,479	4,184
Future interest commitments	133	347	580	1,060
Trade and other payables	360	-	-	360
Other long-term liabilities	-	83	-	83
Lease liabilities	17	19	9	45
Fixed assets suppliers	455	313	-	768
Total maturity profile	1,681	2,751	2,068	6,500
As at 31 December 2022:				
Borrowings	719	1,756	1,903	4,378
Future interest commitments	107	381	673	1,161
Trade and other payables	350	-	-	350
Other long-term liabilities	-	107	-	107
Lease liabilities	15	24	12	51
Fixed assets suppliers	264	740	-	1,004
Total maturity profile	1,455	3,008	2,588	7,051

Foreign currency risk

SES is active in markets outside the Eurozone, with business operations in many locations throughout the world. The Group's main exposures to foreign currency at the end of the reporting period are in respect of balances denominated in US dollars related to cash and cash equivalents (2023: EUR 2,169 million; 2022: EUR 673 million), intercompany balances (2023: EUR -1,859 million; EUR -94 million) and fixed assets suppliers (2023: EUR -342 million; EUR -430 million).

The aggregate net foreign exchange gains/ losses recognised in profit or loss were:

	2023	2022
Net foreign exchange gain included in main currencies	3	40
Net foreign exchange gain/ (loss) included in other currencies	2	(3)
Net foreign exchange gain included in foreign exchange transactions	8	8
Total	13	45

SES uses certain financial instruments to manage its exposure to fluctuations in foreign currency exposure rates. Examples used to mitigate such exposures are the spot or forward buying and selling of foreign currencies, creating natural hedges (for example intercompany loans, quasi-equity qualification of such intercompany loans, intercompany dividend distributions), and external hedging, whereby speculative foreign exchange trading is disallowed under internal policies.

The Group may enter into forward currency contracts to eliminate or reduce the currency exposure arising from individual capital expenditure projects such as satellite procurements, tailoring the maturities to each milestone payment to maximise effectiveness. Depending on the functional currency of the entity with the capital expenditure commitment, the foreign currency risk may be in euro or in US dollar. The forward contracts are in the same currency as the hedged item and can cover up to 100% of the total value of the contract. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

The Group has a corresponding exposure in the consolidated income statement, excluding the impacts of C-band repurposing, of EUR 1,239 million or 60.9% of the Group's revenue and other income (2022: EUR 1,111 million or 57.0%) and EUR 567 million or 54.0% of its operating expenses (2022: EUR 393 million or 45.8%) being denominated in US dollars. The Group does not enter into derivative instruments to hedge these currency exposures.

Hedge of net investment in foreign operations

As at 31 December 2023 and 2022, certain borrowings denominated in US dollars were designated as hedges of the net investments in SES Global Americas Inc. and its subsidiaries ('SES Americas'), SES Holdings (Netherlands) BV and its subsidiaries ('SES Netherlands') and MX1 Limited to hedge the Group's exposure to foreign exchange risk on these investments.

As at 31 December 2023, all designated net investment hedges were assessed to be highly effective and a total gain of EUR 16 million, stated net of tax of EUR 6 million is included as part of other comprehensive income for the period (2022: loss of EUR 64 million, stated net of tax of EUR 24 million).

The following table sets out the hedged portion of USD statement of financial position exposure as at 31 December:

	2023	2022
\$million		
USD statement of financial position exposure:		
SES Americas	281	1,652
SES Netherlands	1,899	4,575
MX1 Limited, Israel	30	38
Total	2,210	6,265
Hedged with:		
US Bonds	750	1,500
Total	750	1,500
Hedged proportion	34%	24%

The following table demonstrates the sensitivity to a +/- 20% change in the US dollar exchange rate on the nominal amount of the Group's US dollar net investment, with all other variables held constant. All value changes are eligible to be recorded in other comprehensive income with no impact on profit and loss. 2023 was marked by EUR/USD fluctuation. The macro-outlook and global uncertainties along with worries regarding high energy prices and inflation result in the maintenance of a wide sensitivity range.

	Amount in USD million	Amount in EUR million at closing rate of 1.105	Amount in EUR million at rate of 1.33	Amount in EUR million at rate of 0.88
31 December 2023				
USD statement of financial position exposure:				
SES Americas	281	255	212	320
SES Netherlands	1,899	1,718	1,428	2,158
MX1 Limited, Israel	30	27	22	34
Total	2,210	2,000	1,662	2,512
Hedged with:				
US Bonds	750	679	564	852
Other external borrowings	-	-	-	-
Total	750	679	564	852
Hedged proportion	34%			
Absolute difference without hedging			(339)	511
Absolute difference with hedging			(224)	338

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	Amount in USD million	Amount in EUR million at closing rate of 1.0666	Amount in EUR million at rate of 1.28	Amount in EUR million at rate of 0.85
31 December 2022				
USD statement of financial position exposure:				
SES Americas	1,652	1,549	1,291	1,943
SES Netherlands	4,575	4,290	3,575	5,383
SES Satellite Leasing Limited	-	-	-	-
MX1 Ltd, Israel	38	35	29	44
Total	6,265	5,874	4,895	7,370
Hedged with:				
US Bonds	1,500	1,406	1,172	1,765
Other external borrowings	-	-	-	-
Total	1,500	1,406	1,172	1,765
Hedged proportion	24%			
Absolute difference without hedging			(979)	1,497
Absolute difference with hedging			(745)	1,139

Interest rate risk

The Group's exposure to market interest rate risk relates primarily to the its debt portion at floating rates. In order to mitigate this risk, the Group generally contracts its debt at fixed rates, and monitors carefully the evolution of market conditions, adjusting the mix between fixed and floating rate debt if necessary.

To mitigate the Group's interest rate risk in connection with near-term debt refinancing needs, the Group may from time to time enter into interest rate hedges. As per 31 December 2023 and 31 December 2022, the Group had no interest rate hedges outstanding.

The table below summarises the split of the carrying amount of the Group's debt between fixed and floating rate.

€million	At fixed rates	At floating rates	Total
Borrowings at 31 December 2023	4,009	150	4,159
Borrowings at 31 December 2022	4,198	150	4,348

As of 31 December 2023, the interest rate applying to the floating rate instrument (EUR 150 million German bond) has been fixed through to its maturity date in June 2024. Thus, there is no residual interest-rate risk on this floating rate instrument.

Euro interest rates €million	Floating rate borrowings	Increase in rates Pre-tax impact	Decrease in rates Pre-tax impact
Borrowings at 31 December 2023	150	0.0	-
Borrowings at 31 December 2022	150	0.7	-

Credit risk

Risk management

The Group has the following types of financial assets subject to the 'expected credit loss' model: trade receivables; unbilled accrued revenue; and, C-band repurposing reimbursement receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. To measure expected credit losses on trade receivables and unbilled accrued revenue, they are grouped based on shared credit risk characteristics, country and days past due. Unbilled accrued revenues have substantially the same risk characteristics as trade receivables for the same types of contracts and so management believes that the expected loss rates for trade receivables are a reasonable approximation of those for unbilled accrued revenue.

The credit verification procedures in relation to trade receivables and unbilled accrued revenue include the assessment of the creditworthiness of the customer by using sources of quality information such as external specialist reports, audited annual reports, press articles or rating agencies. Should the customer be a

governmental entity, the official debt rating of the respective country is a key driver in determining the appropriate credit risk category.

Following this credit analysis, the customer is classified into a credit risk category which can be as follows: 'Prime' (typically publicly rated and listed entities), 'Market' (usually higher growth companies with higher leverage), 'Sub-prime' (customers for which viability is dependent on continued growth with higher leverage), or Government (governments or governmental institutions, subject to the corresponding country meeting minimum credit rating criteria). The credit profile is updated at least once a year for all key customers with an ongoing contractual relationship.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Impairment of trade receivables and unbilled accrued revenue

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables and unbilled accrued revenue by measuring the loss allowance at an amount equal to lifetime expected credit losses. To measure the expected credit losses, trade receivables and unbilled accrued revenue have been grouped in portfolios based on shared credit risk characteristics (credit risk profile: Prime, Market, Sub-prime, and Government), country and the days past due.

In order to compute the provision, the gross trade receivables balance is reduced for any portion representing deferred revenue and any securities held. Trade receivables and unbilled accrued revenue are written off when there is no reasonable expectation of recovery. The Group's largest customers are large media companies and government agencies, and hence the credit risk associated with these contracts is assessed as low.

The Company calculates loss expectancy rates based on the history of losses and forward-looking information to create a provision matrix. On that basis, the provision as at 31 December 2023 and 31 December 2022 is as follows:

€million

31 December 2023	Current	Less than 1 month	Between 1 and 3 months	More than 3 months	Total
Average expected loss rate (by portfolio)	3.0%	4.1%	6.5%	9.8%	
Gross carrying amount – trade receivables	162	66	48	129	405
Provision	2	-	-	11	13

31 December 2022	Current	Less than 1 month	Between 1 and 3 months	More than 3 months	Total
Average expected loss rate (by portfolio)	3.5%	4.7%	7.7%	11.8%	
Gross carrying amount – trade receivables	196	50	21	166	433
Provision	-	-	1	10	11

The provision in respect of unbilled accrued revenue as at 31 December 2023 amounts to EUR 18 million and the corresponding expected credit loss is 9.0% (31 December 2022: EUR 14 million, 5.0%).

An amount of EUR 6 million (2022: EUR 5 million) was expensed in 2023 reflecting an increase in the IFRS 9 related provision for trade and other receivables.

Additional provisions are recorded for trade receivable balances if specific circumstances or forward-looking information lead the Group to believe that additional collectability risk exists with respect to customers that are not reflected in the loss expectancy rates. A cumulative provision for trade receivables of EUR 83 million has been recorded as of 31 December 2023 (31 December 2022: EUR 89 million).

The movement in provisions for trade receivables and unbilled accrued revenue as at 31 December 2022 and 2021 are as follows:

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€million	Provisions for trade receivables		Provisions for unbilled accrued revenue	
	2023	2022	2023	2022
At 1 January	100	93	14	13
Increase in provision recognised in profit or loss during the year	41	38	1	3
Receivables written off during the year as uncollectible	(13)	(20)	8	-
Unused amount reversed	(29)	(16)	(1)	(4)
Other movements	-	-	(3)	1
Impact of currency translation	(3)	5	(1)	1
At 31 December	96	100	18	14

C-band repurposing receivables

The Group records reimbursement receivables for capital expenditure and operational costs only when the expenses have been incurred and the Group has obtained reasonable assurance that the costs will be reimbursed and that it will comply with the requirements attached to the reimbursement. In both cases, the Group believes it obtains such reasonable assurance when either the Clearinghouse specifically validates the costs as being reimbursable, or the costs fall within cost ranges for the applicable costs as published by the FCC in a cost catalogue. Hence the Group believes the credit risk related to the C-band repurposing receivables at the end of 2023 and 2022 is insignificant and concluded that the expected credit losses is zero. (See also Note 33)

Financial credit risk

With respect to the credit risk relating to financial assets, this exposure relates to the potential default of the counterparty, with the maximum exposure being equal to the carrying amount of these instruments. The counterparty risk from a cash management perspective is reduced by the implementation of several cash pools, accounts and related paying platforms with different counterparties.

To mitigate the counterparty risk, the Group only deals with recognised financial institutions with an appropriate credit rating - generally 'A' and above - and in adherence to a maximum trade limit for each counterparty which has been approved for each type of transactions. All counterparties are financial institutions which are regulated and controlled by the national financial supervisory authorities in the relevant jurisdiction. The counterparty risk portfolio is analysed on a quarterly basis. Moreover, to mitigate any counterparty risk, the portfolio is diversified as regards the main counterparties ensuring a well-balanced relation for all categories of products (derivatives as well as deposits).

Capital management

The Group aims to have a balanced mix of equity and debt capital. In addition, it is the Group's policy is to attain and retain an investment grade rating from at least two reputable rating agencies. These investment grade ratings serve to maintain investor, creditor, and market confidence. Within this framework, the Group manages its capital structure and liquidity in order to reflect changes in economic conditions to keep its cost of debt low, maintain the confidence of debt investors at a high level and to create added value for shareholders.

The Group's dividend policy takes into account the financial performance of the year, business plan cash flow requirements and other factors such as yield and pay-out ratio.

On 4 December 2023 the Company issued a Notice of Redemption to the holders of the EUR 550 million Deeply Subordinated Fixed Rate Resettable Securities with a call date on 29 January 2024. This has resulted in it being reclassified to 'Borrowings' within current liabilities.

Note 20 - Cash and cash equivalents

€million	2023	2022
Cash at bank and in hand	283	388
Term deposits	1,336	359
Money market funds	1,288	300
Total cash and cash equivalents	2,907	1,047

Cash at banks and money market funds are subject to interest at floating rates based on daily bank rates. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group - and earn interest at the respective deposit rates. Cash and cash equivalents are held at various financial institutions meeting the credit rating criteria set out in Note 19 above. See also Note 33 in connection with the receipt of C-band Accelerated Relocation Payments around the year end.

Note 21 - Shareholders' equity

Issued capital

SES has a subscribed capital of EUR 696 million (2022: EUR 696 million), represented by 371,457,600 Class A shares (2022: 371,457,600 Class A shares) and 185,728,800 Class B shares (2022: 185,728,800 Class B shares) with no par value.

The movement between the opening and closing number of shares issued per class of share can be summarised as follows:

	Class A shares	Class B shares	Total shares
As at 1 January 2023	371,457,600	185,728,800	557,186,400
Shares issued during the year	-	-	-
Shares cancelled during the year	-	-	-
As at 31 December 2023	371,457,600	185,728,800	557,186,400
	Class A shares	Class B shares	Total shares
As at 1 January 2022	383,457,600	191,728,800	575,186,400
Shares issued during the year	-	(6,000,000)	(18,000,000)
Shares cancelled during the year	(12,000,000)	-	(12,000,000)
As at 31 December 2022	371,457,600	185,728,800	557,186,400

Fiduciary Deposit Receipts ('FDRs') with respect to Class A shares are listed on the Luxembourg Stock Exchange and on Euronext Paris. They can be traded freely and are convertible into Class A shares at any time and at no cost at the option of the holder under the conditions applicable in the Company's articles of association and in accordance with the terms of the FDRs.

All Class B shares are currently held by the State of Luxembourg, or by Luxembourg public institutions. Dividends paid for one share of Class B equal 40% of the dividend for one share of Class A.

A shareholder, or a potential shareholder, who seeks to acquire, directly or indirectly, more than 20% of the shares of the Company must inform the Chairman of the Board of Directors of the Company of such an intention. The Chairman of the Board of Directors of the Company shall forthwith inform the government of the Grand Duchy of Luxembourg of the envisaged acquisition which may be opposed by the government within three months should the government determine that such an acquisition would be against the general public interest.

In case of no opposition from the government, the Board shall convene an extraordinary meeting of shareholders which may decide at a majority provided for in article 450-3 of the law of 10 August 1915, as amended, regarding commercial companies, to authorise the shareholder, or potential shareholder, to acquire more than 20% of the shares. If it is an existing shareholder of the Company, it may attend the general meeting and will be included in the count for the quorum but may not take part in the vote.

Share buyback programme

On 3 August 2023 the Company announced a share buyback programme under the authorisation given by the Annual General Meeting of shareholders held on 6 April 2023. In connection with this programme, during the year the Group acquired 4,039,700 FDRs at a weighted average price of EUR 5.46 per FDR and no Class B shares. An accrual of EUR 4 million was recorded in respect of Class B shares.

Subject to the agreement of the shareholders, the Company also purchases FDRs in connection with executives' and employees' share-based payment plans. At the year-end, the Company held 5,575,410 FDRs relating to such plans. These FDRs are disclosed as treasury shares in the consolidated statement of financial position and are carried at acquisition cost as a deduction from equity.

	2023	2022
FDRs held as at 31 December	9,615,110	6,565,553
Carrying value of FDRs held (€million)	90	81
Class B shares held as at 31 December	-	-
Carrying value of Class B shares held (€million)	-	-

EUR 550 million Deeply Subordinated Fixed Rate Resettable Securities

In November 2016 SES issued Deeply Subordinated Fixed Rate Resettable Securities for an amount of EUR 550 million, with a first call on 29 January 2024. The securities bear a coupon of 5.625% per annum to the first call date and were priced at 99.304% of their nominal value. Tender premium and transaction costs for this transaction amounted to EUR 8 million and were deducted from "Other reserves".

On 4 December 2023 the Company issued a Notice of Redemption to holders of these securities to their first call date on 29 January 2024. This resulted in them being reclassified to 'Borrowings' and presented within current liabilities (see Note 24).

EUR 625 million Deeply Subordinated Fixed Rate Resettable Securities

In May 2021 SES issued Deeply Subordinated Fixed Rate Resettable Securities for an amount of EUR 625 million, with a first call date on 27 August 2026. The securities bear a coupon of 2.875% per annum and were priced at 99.409% of their nominal value. Tender premium and transaction costs for this transaction amounted to EUR 26 million and were deducted from "Other reserves".

Coupon payments in respect of the Deeply Subordinated Fixed Rate Resettable Securities occurred on 30 January 2023 (EUR 31 million), 28 August 2023 (EUR 18 million) and have been deducted from 'Other reserves'. The corresponding payments in 2022 were on 31 January 2022 (EUR 31 million), 29 August 2022 (EUR 18 million) and were also deducted from 'Other reserves'. Tax on the Perpetual Bonds coupon accrual of EUR 14 million (2022: EUR 14 million) has been credited to 'Other reserves'.

Other reserves

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly statutory net profit of the Company is transferred to a legal reserve which is non-distributable. This requirement is satisfied when the reserve reaches 10% of the issued share capital. As at 31 December 2023 a legal reserve of EUR 72 million (2022: EUR 72 million) is included within other reserves.

Other reserves include a non-distributable amount of EUR 95 million (2022: EUR 80 million) linked to treasury shares, and an amount of EUR 101 million (2022: EUR 142 million) representing the net worth tax reserve for 2018-2019, for which the distribution would result in the payment of net worth tax at a rate of up to 20% of the distributed reserve in accordance with Luxembourg law requirement.

Note 22 - Non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests (NCI) that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

€million	LuxGovSat S.A. (50% NCI)*		AI Maisan Satellite Communications LLC, UAE (65% NCI)*	
	2023	2022	2023	2022
Summarised balance sheet				
Current assets	12	11	5	11
Current liabilities	(22)	(20)	(2)	(3)
Current net (liabilities)/assets	(10)	(9)	3	8
Non-current assets	137	150	20	26
Non-current liabilities	(50)	(67)	-	-
Non-current net assets	87	83	20	26
Net assets	77	74	23	34
Accumulated NCI	39	37	15	22
Transactions with non-controlling interests	-	-	-	-

* Refer to Note 2

€million	LuxGovSat S.A. (50% NCI)		AI Maisan Satellite Communications LLC, UAE (65% NCI)	
	2023	2022	2023	2022
Summarised statement of comprehensive income				
Revenue	31	27	7	9
Operating expenses	(12)	(15)	(4)	(5)
Profit/(loss) for the period	4	(2)	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	4	(2)	-	-
Profit/(loss) allocated to NCI	2	(1)	-	-
Dividend paid to NCI	-	-	-	-

€million	LuxGovSat S.A. (50% NCI)		AI Maisan Satellite Communications LLC, UAE (65% NCI)	
	2023	2022	2023	2022
Summarised cash flows				
Cash flows from/(absorbed by) operating activities	16	10	5	6
Cash flows from/(absorbed by) investing activities	-	-	-	-
Cash flows from/(absorbed by) financing activities	(16)	(10)	(12)	(7)
Net foreign exchange movements	-	-	(1)	-
Net increase/(decrease) in cash and cash equivalents	-	-	(8)	(1)

Note 23 - Share-based compensation plans

The Group has four share-based compensation plans which are detailed below. In the case of the Stock Appreciation Rights Plan and Equity Incentive Compensation Plan the relevant strike price is defined as the average of the market price of the underlying shares over a period of 15 trading days before the date of the grant.

The Stock Appreciation Rights Plan ('STAR Plan')

The STAR Plan is an equity-settled plan available to non-executive staff of Group subsidiaries, where share options are granted. A third of the share options vest and can be exercised each year. After being fully vested, the share options have a four-year exercise period. There were no outstanding options as at 31 December 2023 (2022: 372,942). No options were exercised in 2023 or in 2022.

	2023	2022
Outstanding options at the end of the year	-	372,942
Weighted average exercise price in euro	-	24.37

Movements in the number of share options outstanding and their related weighted average exercise prices in euro are as follows:

	2023 Average exercise price per share option	Number of options	2022 Average exercise price per share option	Number of options
As at 1 January	24.37	372,942	27.61	700,553
Forfeited	24.39	(372,942)	31.31	(327,611)
Exercised	-	-	-	-
At 31 December	-	-	24.37	372,942

Share options outstanding at the end of the year have the following expiry date and exercise prices in euro:

Grant	Expiry date	Exercise price per share options	Number of options	
			2023	2022
2016	2023	24.39	-	372,942
			-	372,942

Simulated Restricted Share Units ('SRSU')

In 2017 the Group introduced a new compensation plan which has progressively replaced the STAR Plan. SRSU are cash-settled awards delivered on 1 June following a three-year vesting period. The liability for the cash-settled awards is measured initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, taking into account the terms and conditions on which the stock appreciation rights were granted and recognised to the extent to which the employees have rendered services to date.

During 2023, 1,233,352 SRSU have been granted (2022: 940,222). During the same period, 172,473 SRSUs have been forfeited (2022: 230,131) and 652,648 SRSU have been vested (2022: 245,995). A liability of EUR 7,290,615 has been recognised in the consolidated statement of financial position as of 31 December 2023 (31 December 2022: EUR 6,886,104) based on the 2,665,762 outstanding SRSUs (31 December 2022: 2,257,531) measured at the Group's share price at the end of the year on a pro-rata basis over 3 years vesting period.

Equity Based Compensation Plan comprising options ('EBCP Option')

The EBCP Option is usually available to Group executives. Under the plan, the "date of Option Grant" means the first business day that follows fifteen (15) market trading days for Shares after the Allocation Period during which the Fair Market Value is fixed. For EBCP Option grants till year 2020 inclusive and prior, one-quarter of the entitlement vests on each 1 January of the four years following the Date of Option Grant. For EBCP Grants from 2021 onwards a 3-year cliff vesting on June 1 (Y+3) was introduced. One EBCP Grant has an exceptional vesting

arrangement whereby one fifth of the entitlement vests on each 1 June of the five years following the Date of Option Grant. There was no stock option issuance in year 2023. Once vested, the options can be exercised until the tenth anniversary of the original grant.

	2023	2022
Outstanding options at the end of the year	19,049,997	20,348,470
Weighted average exercise price in euro	11.88	12.09

Out of 19,049,997 outstanding options as the end of 2023 (2022: 20,348,470), 11,242,584 options are exercisable (2022: 10,456,400). In 2023 147,451 treasury shares were delivered at a weighted average price of EUR 6.11 each, while in 2022 715,431 treasury shares were delivered at a weighted average price of EUR 5.97 each. On average, in 2023, the related weighted average share price at the time of exercise during 2023 was EUR 6.69 per share.

Movements in the number of share options outstanding and their related weighted average exercise prices in euro are as follows:

	2023 Average exercise price per share option	Number of options	2022 Average exercise price per share option	Number of options
At 1 January	12.09	20,348,470	13.17	18,767,922
Granted	-	-	8.26	4,286,464
Forfeited	16.32	(1,151,022)	16.25	(1,990,485)
Exercised	6.11	(147,451)	5.97	(715,431)
At 31 December	11.88	19,049,997	12.09	20,348,470

Share options outstanding at the end of the year have the following expiry date and exercise prices in euro:

Grant	Expiry date	Exercise price per share options	Number of options	
			2023	2022
2022	2032	8.40	3,805,164	3,925,594
2022	2032	6.00	247,307	247,307
2021	2031	6.40	3,069,930	3,183,714
2020	2030	5.97	3,434,330	3,657,372
2019	2029	15.01	1,638,010	1,755,453
2018	2028	18.23	407,000	407,000
2018	2028	12.67	3,038,030	3,253,658
2017	2027	21.15	1,600,721	1,757,123
2016	2026	24.39	1,084,398	1,181,646
2015	2025	32.73	407,535	447,665
2014	2024	26.5	317,572	347,511
2013	2023	23.51	-	184,427
			19,049,997	20,348,470

Equity Based Compensation Plan ('EBCP')

The EBCP is also a programme for executives and senior executives of the Group, comprising performance shares ('EBCP PS') and restricted shares ('EBCP RS'). Under the plan, restricted shares are allocated to executives at the beginning of May each year and these vest on the 1 June following the third anniversary of the grant. Performance shares are allocated at the beginning of May each year. Vesting for performance shares will be subject to the achievement of the Total Shareholder Return ("TSR"), measured on a relative basis to the median TSR performance of a panel of comparable companies and reviewed by the Remuneration Committee prior to the Share Vesting Date. In addition, from 2023, the vesting performance shares for members of the Senior Leadership Team, will also be subject to Environmental, Social and Governance ("ESG") metrics which will apply as a modifier to TSR and to be reviewed by the Remuneration Committee prior to the Share Vesting Date.

	2023	2022
Restricted and performance shares outstanding at the end of the year	4,215,486	3,473,504
Weighted average fair value in euro	5.44	6.07

During 2023, 1,287,594 restricted shares (2022: 1,041,237) and 451,705 (2022: 763,102) performance shares were granted; 67,853 restricted shares (2022: 48,270) and 86,772 performance shares (2022: 67,256) were forfeited; and 604,047 performance shares (2022: 313,357) and 238,645 restricted shares (2022: 144,736) were exercised.

The fair value of STARs and EBCP Option granted is estimated as at the date of the grant using a binomial model. The fair value of EBCP PS and EBCP RS is estimated at the date of the grant by restating discounted dividends from share price and taking into account the terms and conditions upon which the options were granted.

The following table lists the average value of inputs to the model used for the years ended 31 December 2023 and 31 December 2022.

2023	EBCP PS and EBCP RS	
Dividend yield (%)		10.22%
Risk-free interest rate (%)		2.74%
Expected life of options (years)		3
Share price at inception (EUR)		5.59
Fair value per option/share (EUR)		4.16
Total expected cost for each plan (€million)		8.60
2022	EBCP Option	EBCP PS and EBCP RS
Dividend yield (%)	6.40%-10.18%	6.29%-9.71%
Expected volatility (%)	32.33%-33.19%	33.54%-34.04%
Risk-free interest rate (%)	0.66%-1.71%	0.42%-1.54%
Expected life of options (years)	10-9.66	3-2.66
Share price at inception (EUR)	8.59-5.86	8.59-5.86
Fair value per option/share (EUR)	1.376-0.645	7.1-4.41
Total expected cost for each plan (€million)	4.72-0.1	8.95-2.54

The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may or may not necessarily be the actual outcome.

The total charge for the year for share-based compensation amounted to EUR 13 million (2022: EUR 12 million), out of which equity-settled EUR 9 million (2022: EUR 9 million) and cash-settled EUR 4 million (2022: EUR 3 million).

Note 24 - Borrowings

As at 31 December 2023 and 2022, the Group's interest-bearing borrowings were:

€million	Effective interest rate	Maturity	Amounts outstanding 2023, carried at amortised cost
Non-current			
German bond (EUR 250 million)	1.71%	December 2025	250
Eurobond 2026 (EUR 650 million)	1.625%	March 2026	652
Euro Private Placement 2027 (EUR 140 million under EMTN)	4.00%	May 2027	140
Eurobond 2027 (EUR 500 million)	0.875%	November 2027	497
Eurobond 2028 (EUR 400 million)	2.00%	July 2028	397
Eurobond 2029 (EUR 750 million)	3.50%	January 2029	745
Fixed Term Loan (LuxGovSat), non-listed	3.30%	December 2027	50
German bond (EUR 50 million)	4.00%	November 2032	50
US Bond (USD 250 million)	5.30%	April 2043	220
US Bond (USD 500 million)	5.30%	March 2044	442
Total non-current			3,443
Current			
Perpetual Bond (EUR 550 million)	5.625%	January 2024	550
German bond (EUR 150 million), non-listed	EURIBOR 6M + 0.80%	June 2024	150
Fixed Term Loan (LuxGovSat), non-listed	3.30%	December 2027	16
Total current			716

€million	Effective interest rate	Maturity	Amounts outstanding 2022, carried at amortised cost
Non-current			
German bond (EUR 150 million), non-listed	EURIBOR 6M + 0.80%	June 2024	150
German bond (EUR 250 million)	1.71%	December 2025	250
Eurobond 2026 (EUR 650 million)	1.625%	March 2026	653
Euro Private Placement 2027 (EUR 140 million under EMTN)	4.00%	May 2027	140
Eurobond 2027 (EUR 500 million)	0.875%	November 2027	498
Eurobond 2028 (EUR 400 million)	2.00%	July 2028	396
Eurobond 2029 (EUR 750 million)	3.50%	January 2029	745
Fixed Term Loan (LuxGovSat), non-listed	3.30%	December 2027	65
German bond (EUR 50 million)	4.00%	November 2032	50
US Bond (USD 250 million)	5.30%	April 2043	228
US Bond (USD 500 million)	5.30%	March 2044	454
Total non-current			3,629
Current			
US Bond (USD 750 million)	3.60%	April 2023	703
Fixed Term Loan (LuxGovSat), non-listed	3.30%	December 2027	16
Total current			719

European Medium-Term Note ('EMTN') programme

SES has an EMTN programme enabling SES, or SES Global Americas Holdings Inc., to issue as and when required notes up to a maximum aggregate amount of EUR 4,000 million. As at 31 December 2023, SES had issued EUR 2,440 million (2022: EUR 2,440 million) under the EMTN Programme with maturities ranging from 2026 to 2028.

German bond issue of EUR 400 million (2024/2025)

In 2018 the Group issued EUR 400 million in the German bond ('Schuldschein') market. The transaction consisted of two individual tranches - a EUR 150 million tranche with a floating interest rate of a six-month EURIBOR plus a margin of 0.8% and a final maturity date on 18 June 2024 as well as a EUR 250 million tranche with a fixed interest rate of 1.71% and a final maturity date on 18 December 2025.

EUR 650 million Eurobond (2026)

In 2018 SES issued a EUR 500 million 8-year bond under the EMTN programme. On the 22 June 2021 SES announced the successful launch and pricing of a tap of its 1.625% Notes in which it has agreed to sell incremental senior unsecured fixed rate notes for a total amount of EUR 150 million. The new notes were priced at 106.665% of their nominal value. The bond bears interest at a fixed rate of 1.625% and has a final maturity date on 22 March 2026.

EUR 500 million Eurobond (2027)

In November 2019, SES issued a EUR 500 million bond under the EMTN programme. The bond has an 8-year maturity and bears interest at a fixed rate of 0.875% and has a final maturity date on 4 November 2027.

EUR 140 million Private Placement (2027)

In 2012 SES issued three individual tranches of a total EUR 140 million Private Placement under the EMTN programme with ING Bank N.V. The Private Placement has a 15-year maturity, beginning 31 May 2012, and bears interest at a fixed rate of 4.00%.

EUR 400 million Eurobond (2028)

In July 2020, SES issued a EUR 400 million bond under the EMTN programme. The bond has an 8-year maturity and bears interest at a fixed rate of 2.00% and has a final maturity date on 2 July 2028.

EUR 750 million Eurobond (2029)

On 14 June 2022, SES issued a EUR 750 million bond under the EMTN programme. The bond has a 7-year maturity, bears interest at a fixed rate of 3.50%, and has a final maturity date on 14 January 2029.

German bond issue of EUR 50 million (2032)

In 2012 the Group signed an agreement to issue EUR 50 million in the German bond ('Schuldschein') market. The German bond bears a fixed interest rate of 4.00% and matures on 12 November 2032.

144A Bond USD 750 million (2023)

In 2013 SES completed a 144A offering in the US market issuing USD 750 million 10-year bond with a coupon of 3.60%. The Bond was settled in full at maturity on 4 April 2023.

144A Bond USD 250 million (2043)

In 2013 SES completed a 144A offering in the US market issuing USD 250 million 30-year bond with a coupon of 5.30% and a final maturity date on 4 April 2043.

144A Bond USD 500 million (2044)

In 2014 SES completed a 144A offering in the US market issuing USD 500 million 30-year bond with a coupon of 5.30% and a final maturity date of 25 March 2044.

Syndicated loan 2019

The facility is being provided by 19 banks and has been structured as a 5-year multi-currency revolving credit facility. In 2021 the Company extended the termination date from 26 June 2025 to 26 June 2026. The facility is for EUR 1,200 million and the interest payable is linked to a ratings grid. At the current SES credit rating of BBB/ Baa3, the interest rate is 45 basis points over EURIBOR/SOFR. As at 31 December 2023 and 2022, no amount had been drawn under this facility.

European Investment Bank ('EIB') Financing Facility EUR 300 million (2029)

On 16 December 2022 SES signed a seven-year contract with the EIB which will support the funding of SES's three fully digital satellites serving Western Europe, Africa and the Middle East. The facility is available for disbursement at fixed or floating rates linked to a ratings grid. At the current SES credit rating of BBB/ Baa3 this equates to 0.42% per annum over EURIBOR (in case of a floating rate) or over a base rate as determined by the EIB (in the case of a fixed rate). As at 31 December 2023 no amount has been drawn under this facility.

2016 Perpetual Bond for EUR 550 million

In November 2016 SES issued a Perpetual Bond of EUR 550 million at a coupon of 5.625 percent. On 4 December 2024 the Company issued the Notice of Redemption to Holders of the EUR 550 million Deeply Subordinated Fixed Rate Resettable Securities with a call date on 29 January 2024 triggering its reclassification from equity to short-term borrowings.

EUR 115 million Credit Facility (LuxGovSat)

In 2015 LuxGovSat S.A. signed a financing agreement with BGL BNP Paribas for EUR 115 million at a fixed rate coupon of 3.30%. The facility is repayable in 14 semi-annual instalments and has a final maturity date of 1 December 2027. As at 31 December 2023, total borrowings of EUR 66 million were outstanding under the fixed term facility and the company is in compliance with the covenants specified in the facility.

Negotiable European Commercial Paper "NEU CP" (formerly French Commercial paper programme)

In 2005 SES put in place a EUR 500 million 'NEU CP' programme in accordance with articles L213-1 to L213-4 of the French Monetary and Financial Code and article 6 of the order of 30 May 2016 and subsequent amendments. The maximum outstanding amount of 'NEU CP' issuable under the programme is EUR 500 million or its counter value at the date of issue in any other authorised currency. On 25 April 2023, this programme was extended for one further year. As at 31 December 2023 and 2022, no borrowings were outstanding under this programme.

European Commercial Paper programme

In 2012 SES signed the documentation for the inception of a joint EUR 1,000 million guaranteed European commercial paper programme of SES S.A. and SES Global Americas Holdings Inc.. Issuances under the programme represent senior unsecured obligations of the issuer and any issuance under the programme is guaranteed by the non-issuing entity. The programme is rated by Moody's Investors Services and Fitch Ratings and is compliant with the standards set out in the STEP Market Convention. On 9 July 2021, this programme was updated and extended. As at 31 December 2023 and 2022, no borrowings were outstanding under this programme.

IBOR Reform

Regulatory authorities have identified and recommended alternative benchmark rates and best practice to support the transition of IBORs to respective alternatives (e.g. SOFR, €STR, SONIA). These changes have been reviewed and do not have any material impact on the Group's consolidated financial statements and future funding capabilities.

Note 25 - Provisions

€million	2023	2022
Non-current	3	7
Current	88	67
Total	91	74

Movements in each class of provision during the financial year are set out below:

€million	Group tax provision	Restructuring provision	Other provisions	Total
As at 1 January 2023	58	14	2	74
Additional provisions recognised	7	27	-	34
Unused amounts reversed	-	-	(1)	(1)
Used during the year	-	(10)	-	(10)
Reclassification to income tax payable	(3)	-	-	(3)
Impact of currency translation	(3)	-	-	(3)
As at 31 December 2023	59	31	1	91
Non-current	2	-	1	3
Current	57	31	-	88
€million	Group tax provision	Restructuring provision	Other provisions	Total
As at 1 January 2022	44	16	2	62
Additional provisions recognised	15	9	-	24
Unused amounts reversed	-	-	-	-
Used during the year	-	(13)	-	(13)
Reclassification to income tax payable	1	-	-	1
Impact of currency translation	(2)	2	-	-
As at 31 December 2022	58	14	2	74
Non-current	5	-	2	7
Current	53	14	-	67

Group tax provision

Group tax provision mainly relates to Indian withholding taxes and potential associated interest charges. The increase in the Group tax provision was mainly due to a refund of withholding taxes under litigation and higher associated interest charges.

Restructuring provision

Expenses of the year include an amount of EUR 27 million (2022: EUR 9 million) of staff-related restructuring expenses (Note 5). The consolidated statement of financial position includes a provision of EUR 31 million (2022: EUR 14 million).

Note 26 - Trade and other payables

€million	2023	2022
Trade creditors	60	81
Payments received in advance (please also see Note 27)	25	25
Interest on borrowings	52	47
Personnel-related liabilities	90	69
Tax liabilities other than for income tax	31	17
Other liabilities	132	128
Total	390	367

Tax liabilities mainly relate to VAT payables in the amount of EUR 22 million as of 31 December 2023 (2022: EUR 11 million).

Note 27 - Other long-term liabilities

€million	2023	2022
Employee benefits obligations	13	15
Payments received in advance	47	70
Other long-term liabilities	23	22
Total	83	107

Employee benefits obligations

In the Group's US operations certain employees benefit from an externally insured post-retirement health benefit plan. As at 31 December 2023, accrued premiums of EUR 6 million (2022: EUR 7 million) are included in this position.

There were no contributions made in 2023 to Group pension schemes (2022: nil).

In addition, certain employees of the US operations benefit from defined contribution pension plans. A liability of EUR 10 million has been recognised as at 31 December 2023 (2022: EUR 11 million) in this respect, out of which EUR 2 million is included under 'Trade and other payables' (2022: EUR 3 million).

Payments received in advance

In the framework of receivables securitisation transactions completed in June 2019 the Group received a net cash amount of EUR 59 million, from the financial institution as advance settlement of future receivables arising between 2022 and 2024 under contracts with a specific customer. From the outstanding balance of EUR 49 million as at 31 December 2022, an amount of EUR 25 million was repaid to the financial institution in January 2023.

In June 2022, the Company received a net cash amount of EUR 47 million from the financial institution as advance settlement of future receivables arising between 2024 and 2025 under contracts with a specific customer, which is presented under 'Other long-term liabilities'.

A corresponding aggregate liability of EUR 72 million (2022: EUR 95 million), representing SES's obligation towards the financial institution to continue to provide services to the customer in accordance with the terms of the customer contract, is recorded in the consolidated statement of financial position as at 31 December 2023 under 'Other long-term liabilities' for EUR 47 million (2022: EUR 70 million) and under 'Trade and other payables' for EUR 25 million (2022: EUR 25 million).

Other long-term liabilities

The other long-term liabilities include customer collateral deposits amounting to EUR 23 million (2022: EUR 22 million).

Note 28 - Fixed assets suppliers

€million	2023	2022
Non-current	313	740
Current	455	264

Fixed assets suppliers represent liabilities for assets being either acquired directly through procurement contracts with asset manufacturers, or in the framework of agreements whereby the asset is being acquired by an intermediary but where in substance SES bears the risks and rewards of the procurement. In the latter case the Company accrues for construction-related liabilities on the basis of pre-determined milestones agreed between the manufacturer and the relevant parties, see also Note 29. Non-current fixed assets suppliers are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The main procurements under this caption are:

- ▲ Satellites for the mPOWER MEO constellation: EUR 377 million (2022: EUR 545 million)
- ▲ Three replacement GEO satellites for 19.2°E and 57°E: EUR 330 million (2022: 262 million EUR)
- ▲ One GEO satellite already in orbit: EUR 31 million (2022: EUR 157 million)

Acquisition of the SES O3b mPOWER medium-Earth orbit constellation and launchers

In September 2017, the Company, jointly with its subsidiary O3b Networks Limited, entered as Procurement Agent into a Master Procurement Agency and Option Agreement with a financial institution in connection with the procurement by that financial institution of seven medium-Earth orbit satellites from a satellite manufacturer. At the end of the satellite construction period the Group has the right to acquire, or lease, the satellites from the financial institution or to direct their sale to a third-party.

In August 2020 the Company exercised the option under the Purchase and Sale agreement to procure four additional O3b mPOWER satellites. The Company, again jointly with its subsidiary O3b Networks Limited, entered as Procurement Agent into a second Master Procurement Agency and Option Agreement with a financial institution in connection with the procurement by that financial institution of the additional satellites. At the end of the satellite construction period, foreseen in 2023, the Group again has the right to acquire, or lease, the satellites from the financial institution or to direct their sale to a third-party.

In November 2023 the Company exercised the option under the Purchase and Sale agreement to procure two additional O3b mPOWER satellites to be delivered in 2026.

Since the underlying Satellite Purchase and Sale Agreements are directly between the financial institutions and the satellite manufacturer, there is no contractual obligation on the side of the Procurement Agents during the satellite construction process. However, SES management takes the view that there is a constructive obligation arising over the procurement period and hence the Group is accruing for the costs of this programme.

SES has the right to nominate shortly before the end of the construction period the entity within the Group which will acquire or lease those assets. SES management expects that the satellites will be acquired or leased in due course by the company SES mPOWER S.à r.l. in Luxembourg.

Note 29 - Commitments and contingencies

Capital expenditure commitments

The Group had outstanding commitments in respect of contracted capital expenditure totalling EUR 376 million as at 31 December 2023 (2022: EUR 404 million). These commitments largely reflect the procurement of satellites and satellite launchers and are stated net of liabilities under these programmes which are already disclosed under "Fixed assets suppliers", see Note 28. The commitments as at 31 December 2023 also include EUR 67 million (2022: EUR 68 million) in connection with the renewal of the agreement with Luxembourg government in respect of SES's concession to operate satellites under Luxembourg's jurisdiction, as disclosed in Note 15 - "Intangible assets".

The capital expenditure commitments arising under these agreements as at 31 December are as follows:

€million	2023	2022
Within one year	258	252
After one year but not more than five years	72	103
After more than five years	46	49
Total	376	404

Other commitments

The Group's other commitments mainly comprise transponder service agreements for the purchase of satellite capacity from third parties under contracts with a maximum life of eight years, as well as EUR 67 million (2022: EUR 68 million) capital contribution into a Luxembourg space sector fund in connection with the renewal of the agreement with Luxembourg government in respect of SES's concession to operate satellites under Luxembourg's jurisdiction.

€million	2023	2022
Within one year	152	126
After one year but not more than five years	130	162
After more than five years	47	51
Total	329	339

The total expense recognised for transponder service agreements in 2023 was EUR 141 million (2022: EUR 94 million).

Litigation

There were no significant litigation claims against the Group as at 31 December 2023, or as at 31 December 2022.

Guarantees

On 31 December 2023 the Group had outstanding bank guarantees of EUR 48 million (2022: EUR 72 million) with respect to performance and warranty guarantees for services of satellite operations.

Note 30 - Leases

Lessor

During 2023 the Group did not recognise any leasing income (2022: EUR nil million) related to customer lease contract.

Lessee

The Group has recognised right-of-use assets, and associated liabilities, in relation to contracts previously classified as "operating leases" under the provision of IFRS 16. These assets and liabilities were measured at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate of 2.97% as at 31 December 2023 (2.87% as at 31 December 2022). The difference between the operating lease commitments and the right-of-use assets recognised represents impact of discounting over the outstanding lease term.

Amounts recognised in the consolidated statement of financial position

The Group leases office buildings, ground segment assets and other fixtures and fittings, tools and equipment, information about which is presented below.

€million	Buildings	Transponders (included within Space Segment)	Ground segment	Other fixtures and fittings, tools and equipment	31 December 2023
Right-of-use assets					
Cost	49	15	14	2	80
Accumulated depreciation	(29)	(7)	(5)	(1)	(42)
Total	20	8	9	1	38

€million	Buildings	Transponders (included within Space Segment)	Ground segment	Other fixtures and fittings, tools and equipment	31 December 2022
Right-of-use assets					
Cost	51	5	13	2	71
Accumulated depreciation	(23)	(4)	(3)	(1)	(31)
Total	28	1	10	1	40

There were no material additions to the right-of-use assets during 2023, depreciation charge for the year was EUR 19 million (2022: EUR 19 million).

Lease liabilities are presented below as at 31 December:

€million	2023	2022
Maturity analysis - contractual undiscounted cash flows		
Within one year	17	15
After one year but not more than five years	19	24
More than five years	9	12
Total	45	51
Lease liabilities included in the statement of financial position at 31 December		
Current	16	15
Non-current	23	30
Total	39	45

The leases of office buildings typically run for a period of 2-10 years and leases of ground segment assets for 5 years. Some leases include an option to renew the lease for an additional period after the end of the contract term. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Amounts recognised in the consolidated income statement

Depreciation charge of right-of-use assets:

€million	2023	2022
Buildings	6	10
Transponders (included within Space Segment)	9	4
Ground segment	3	4
Other fixtures and fittings, tools and equipment	1	1
Total	19	19

Finance cost:

€million	2023	2022
Interest expense	2	2
Total	2	2

The total cash outflow for leases in 2023 was EUR 22 million (2022: EUR 17 million).

Note 31 - Cash flow information

Non-cash investing activities

Purchases of property, plant and equipment or intangible assets not included as a cash outflow in the consolidated statement of cash flows are disclosed in Notes 13, 14 and 15.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for 2023 and 2022.

€million	2023	2022
Cash and cash equivalents	2,907	1,047
Borrowings - repayable within one year	(716)	(719)
Borrowings - repayable after one year	(3,443)	(3,629)
Net debt¹	(1,252)	(3,301)

€million	2023	2022
Cash and cash equivalents	2,907	1,047
Borrowings - floating rates	(150)	(150)
Borrowings - fixed interest rates	(4,009)	(4,198)
Net debt¹	(1,252)	(3,301)

¹Net debt excludes current and non-current lease liabilities. Including these, net debt as at 31 December 2023 was EUR 1,291 million (2022: EUR 3,346 million)

€million	Cash and cash equivalents	Borrowings repayable within one year	Borrowings repayable after one year	Total
Net debt as at 1 January 2023	1,047	(719)	(3,629)	(3,301)
Cash flows (net)	1,983	706	-	2,689
Foreign exchange adjustments	(123)	-	36	(87)
Transfers (see Note 24)	-	(700)	150	(550)
Other non-cash movements*	-	(3)	-	(3)
Net debt as at 31 December 2023	2,907	(716)	(3,443)	(1,252)

€million	Cash and cash equivalents	Borrowings repayable within one year	Borrowings repayable after one year	Total
Net debt as at 1 January 2022	1,049	(57)	(3,524)	(2,532)
Cash flows (net)	(17)	57	(744)	(704)
Foreign exchange adjustments	15	-	(90)	(75)
Transfers	-	(719)	719	-
Other non-cash movements*	-	-	10	10
Net debt as at 31 December 2022	1,047	(719)	(3,629)	(3,301)

* related to loan origination costs

During 2023 the Group issued European Commercial Paper for EUR 260 million (2022: EUR nil million) and reimbursed EUR 260 million (2022: EUR nil million). These have been presented net in the consolidated statement of cash flows.

Note 32 - Related parties

The state of Luxembourg holds a direct 11.58% voting interest in the Company and two indirect interests, both of 10.88% each, through two state owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Crédit et d'Investissement. These shares constitute the Company's Class B shares, as described in Note 21.

The total remuneration paid to directors for attendance at board and committee meetings in 2023 amounted to EUR 1.2 million (2022: EUR 1.0 million). These amounts are computed on a fixed and variable basis, the variable part being based upon attendance at board and committee meetings.

The key management of the Group, defined as the Senior Leadership Team, received compensation as follows:

€million	2023	2022
Remuneration including bonuses and other benefits*	10	7
Share-based compensation plans	1	3
Total	11	10

* 2023 remuneration of SLT members includes EUR 1.6 million of contractual severance payment for departing Senior Leadership Team members

The total outstanding amount in respect of share-based payment instruments allocated to key management as at 31 December 2023 was 3,868,807 (2022: 5,455,577).

Note 33 - C-band repurposing

The Group continued to fulfil its obligations under the Federal Communications Commission's Report and Order and Order of Proposed Modification dated 28 February 2020 ('the Order') in connection with the clearing of a 300 MHz band of C-band downlink spectrum between 3,700 and 4,000 MHz by December 2025 to support the rapid deployment of terrestrial 5G services in the continental United States ('CONUS').

To facilitate the clearing of the spectrum SES procured six C-band satellites and necessary launch vehicles. The Group's ground facilities were also consolidated and upgraded to comply with the provisions of the Order, with customers and affiliated earth stations being equipped with special filters, new antennae and/or other capabilities so that they can be migrated to work with services operating in the remaining 200 MHz of spectrum (between 4,000 MHz and 4,200 MHz) available to satellite operators.

SES filed its Phase II Certification of Accelerated Relocation with the FCC on 10 July 2023. The FCC validated the certificate on 9 August 2023, at which time the EUR 2,714 million (USD 2,991 million) of Accelerated Relocation Payments were fully earned. SES received the Accelerated Relocation Payments between 24 August 2023 and 13 October 2023.

Since the C-band repurposing project is not the result of a contract with a customer, the proceeds are not accounted for as revenue but rather as 'C-band repurposing income'.

For capitalised costs related to the procurement of the C-band satellites, launches, and upgraded ground facilities, the Group recorded credits to the recorded book values of the related asset when the costs had been incurred and the Group had obtained reasonable assurance that the costs will be reimbursed and that it will comply with the requirements attached to the reimbursement. The costs and expected reimbursements recorded in the consolidated statement of financial position under "Assets in the course of construction" (Note 14) are presented in the following table:

€million	Space segment	Ground segment	Total
Cost as at 1 January 2022	668	37	705
Additions	315	14	329
Impact of currency translation	39	2	41
Cost as at 31 December 2022	1,022	53	1,075
Expected reimbursements as at 1 January 2022	(668)	(37)	(705)
Additions	(311)	(13)	(324)
Repayments	679	1	680
Impact of currency translation	(45)	(2)	(47)
Expected reimbursements as at 31 December 2022	(345)	(51)	(396)

€million	Space segment	Ground segment	Total
Cost as at 1 January 2023	1,022	53	1,075
Additions	48	4	52
Impact of currency translation	(37)	(2)	(39)
Cost as at 31 December 2023	1,033	55	1,088
Expected reimbursements as at 1 January 2023	(345)	(51)	(396)
Additions	(36)	(2)	(38)
Repayments	129	1	130
Impact of currency translation	9	2	11
Expected reimbursements as at 31 December 2023	(243)	(50)	(293)

In 2023 the Group incurred EUR 52 million (2022: EUR 329 million) in capital expenditure which has been partially offset by expected reimbursements as per the table above of EUR 38 million (2022: EUR 324 million) and hence reclassified from 'Assets-under-construction' to 'Other receivables'.

The Group records repurposing operating expenses as incurred and corresponding reimbursement income when the Group has obtained reasonable assurance that the costs will be reimbursed and that it will comply with any associated requirements.

In 2023 the Group recorded C-band repurposing income of EUR 2,744 million (2022: EUR 184 million), including the Accelerated Relocation Payments mentioned above. The 2022 C-band repurposing income included EUR 173 million of Verizon accelerated clearing proceeds (nil in 2023). C-band-related expenses of EUR 47 million (2022: EUR 30 million) represent cost of sales of EUR 2 million (2022: EUR 3 million), accumulated staff costs of EUR 29 million (2022: EUR 12 million) and other operating expenses (including travel and consulting charges) of EUR 16 million (2022: EUR 15 million).

During 2023 EUR 424 million of income tax was paid in respect of the Accelerated Relocation Payments.

As at 31 December 2023, in connection with the operating expenses and capital expenditures above, the Group had other receivables of EUR 350 million (2022: EUR 480 million) related to the C-band repurposing project.

The Group has been amortising certain deferred charges in connection with the C-band repurposing through to the end of 2023 such that their carrying value is now EUR nil million (31 December 2022: EUR 5 million).

As at 31 December 2023, SES's other commitments for C-band repurposing expenditures represent EUR 3 million (2022: EUR 22 million).

Note 34 - Subsequent events

Submission of mPOWER Proof-of-Loss for mPOWER satellites

On 22 February 2024 the company issued Proof-of-Loss documentation to its insurers in connection with the first four satellites of its MEO mPOWER constellation. The aggregate amount of the claim being made is USD 472.2 million.

Settlement of EUR 550 million Deeply Subordinated Fixed Rate Resettable Securities

On 4 December 2023 the Company issued a notice of redemption to holders of its EUR 550 million Deeply Subordinated Fixed Rate Resettable Securities with a call date on 29 January 2024, on which date the Company fully settled those securities.

Other than the above, there have been no material events occurring between the reporting date and the date when the consolidated financial statements were approved by the Board of Directors.

Note 35 - Alternative performance measures

SES regularly uses alternative performance measures to present the performance of the Group.

These measures may not be comparable to similarly titled measures used by other companies and are not measurements under IFRS Accounting Standards or any other body of generally accepted accounting principles, and thus should not be considered substitutes for the information contained in the Group's financial statements.

1 Net debt

Net debt is defined as current and non-current borrowings less cash and cash equivalents, all as disclosed on the consolidated statement of financial position. The Group believes that net debt is relevant to investors, since it gives an indication of the absolute level of non-equity funding of the business. This can be compared to the income and cash flows generated by the business, and available undrawn facilities.

The following table reconciles net debt to the relevant statement of financial position line items:

€million	2023	2022
Borrowings - non-current	3,443	3,629
Borrowings – current	716	719
Borrowings – total	4,159	4,348
Less: Cash and equivalents	(2,907)	(1,047)
Net debt¹	1,252	3,301

¹ Net debt excludes current and non-current lease liabilities. Including these, net debt as at 31 December 2023 was EUR 1,291 million (2022: EUR 3,346 million)

2 EBITDA and EBITDA margin

EBITDA is defined as profit or loss for the period before the impact of depreciation, amortisation, net financing costs and income tax. EBITDA Margin is defined as EBITDA divided by the sum of revenue and other income including C-band repurposing income. The Group believes that EBITDA and EBITDA margin are useful supplemental indicators that may be used to assist in evaluating a Company's operating performance.

The following table reconciles EBITDA to the consolidated income statement line items from which it is derived:

€million	2023	2022
(Loss)/profit before tax	(728)	52
Add: Depreciation and impairment expense	1,054	836
Add: Amortisation and impairment expense	3,314	266
Add: Net financing costs	42	88
EBITDA	3,682	1,242

The following table provides a reconciliation of EBITDA margin:

€million	2023	2022
Revenue	2,030	1,944
C-band repurposing income	2,744	184
Other income	5	-
EBITDA	3,682	1,242
EBITDA Margin (%)	77.0%	58.3%

3 Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA is defined as EBITDA adjusted to exclude 'significant special items'. Significant special items need to be approved as such by management and individually exceed a threshold of EUR 5 million at first recognition. The current significant special items relate primarily to the impact of C-Band repurposing, restructuring charges, costs associated with the development and / or implementation of merger and acquisition activities, as well as specific business taxes of a non-recurring nature.

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€million	2023	2022
EBITDA	3,682	1,242
Deduct: C-band repurposing income (Note 33)	(2,744)	(184)
Deduct: Other income (Note 4)	(5)	-
Add: C-band repurposing expenses (Note 33)	47	30
Add: Other significant special items (Note 4)	45	17
Adjusted EBITDA	1,025	1,105

Other significant special items include restructuring charges of EUR 27 million (2022: EUR 9 million), costs associated with the development and / or implementation of merger and acquisition activities EUR 9 million (2022: EUR 3 million), specific business taxes of a non-recurring nature EUR 9 million (2022: nil) and regulatory charges arising outside ongoing operations of nil (2022: EUR 5 million).

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue. The following table provides a reconciliation of the Adjusted EBITDA Margin:

€million	2023	2022
Revenue	2,030	1,944
Adjusted EBITDA	1,025	1,105
Adjusted EBITDA Margin (%)	50.5%	56.9%

4 Operating profit and operating profit margin

Operating profit is defined as profit or loss for the year before the impact of net financing charges, income tax, the Group's share of the results of associates. The Group uses operating profit to monitor its financial return after both operating expenses and a charge representing the cost of usage of both its property, plant and equipment and definite-life intangible assets.

The following table reconciles operating profit to the income statement line items from which it is derived:

€million	2023	2022
(Loss)/profit before tax	(728)	52
Add: Net financing costs	42	88
Operating (loss)/profit	(686)	140

Operating profit margin is defined as operating profit as a percentage of revenue. SES believes that operating profit margin is a useful measure to demonstrate the proportion of revenue that has been realised as operating profit, and therefore an indicator of profitability.

The following table provides a reconciliation of the operating profit margin:

€million	2023	2022
Revenue	2,030	1,944
Operating (loss)/profit	(686)	140
Operating profit margin	-33.8%	7.2%

5 Adjusted Net Debt

Adjusted Net Debt is defined as current and non-current borrowings less cash and cash equivalents, all as disclosed on the consolidated statement of financial position, and also includes 50% of the Group's Perpetual Bonds (consistent with rating agencies' methodology). The Group believes that Adjusted Net Debt is relevant to investors, since it gives an indication of the absolute level of non-equity funding of the business. This can be compared to the income and cash flows generated by the business, and available undrawn facilities.

The following table reconciles Adjusted Net Debt to the relevant line items on the statement of financial position from which it is derived:

€million	2023	2022
Borrowings – non-current	3,443	3,629
Borrowings – current	716	719
Borrowings – total	4,159	4,348
50% of the Group's EUR 625 million (2022: EUR 1.2 billion) of Perpetual Bonds	313	588
Less: Cash and cash equivalents	(2,907)	(1,047)
Adjusted Net Debt	1,565	3,889

6 Adjusted Net Debt to Adjusted EBITDA ratio

The Adjusted Net Debt to Adjusted EBITDA ratio is defined as Adjusted Net Debt divided by Adjusted EBITDA. The Group believes that the Adjusted Net Debt to Adjusted EBITDA ratio is a useful measure to demonstrate to investors its ability to generate the recurring income needed to be able to settle its borrowings as they fall due.

€million	2023	2022
Adjusted Net Debt	1,565	3,889
Adjusted EBITDA	1,025	1,105
Adjusted Net Debt to Adjusted EBITDA ratio	1.53 times	3.52 times

7 Adjusted Net Profit and Adjusted Earnings per Share

Adjusted Net Profit is defined as profit or loss of the period attributable to shareholders of the group adjusted to exclude the after-tax impact of significant special items (as defined above) and impairment charges and related valuation allowance adjustments on deferred tax assets on ITCs, as well as the tax impact of impairment charges on shareholdings arising at the Company or subsidiary level.

The tax rate applied to the pre-tax impact of the C-band operating expenses is the US tax rate. The rate applied for other special significant items and impairment expenses represents the computed weighted average tax rate of the relevant jurisdictions:

€million	2023	2022
Loss of the group attributable to shareholders of the parent	(905)	(34)
<i>C-band net income</i>	<i>(2,697)</i>	<i>(154)</i>
<i>Other income</i>	<i>(5)</i>	<i>-</i>
<i>Other significant special items</i>	<i>45</i>	<i>17</i>
<i>Impairment expenses</i>	<i>3,676</i>	<i>397</i>
<i>Add: Total significant special items</i>	<i>1,019</i>	<i>260</i>
<i>Tax on C-band net income, at 18% (2022: 18.3%)</i>	<i>484</i>	<i>28</i>
<i>Tax on other significant special items, at 25% (2022: 25%)</i>	<i>(9)</i>	<i>(3)</i>
<i>Tax on impairment expenses, at -10.7% (2022: 8.3%)*</i>	<i>(394)</i>	<i>33</i>
<i>Add: Tax on significant special items</i>	<i>81</i>	<i>58</i>
<i>Add: Tax expense in respect of impairment expenses on the carrying value of subsidiary investments and other assets eliminated at consolidation level</i>	<i>20</i>	<i>16</i>
Adjusted Net Profit	215	300

* Includes valuation allowance on deferred tax assets for ITCs, triggered by impairments. Comparatives have been adjusted by EUR 110 million.

Adjusted Earnings per Share is the Adjusted Net (Loss)/Profit, including an assumed coupon net of tax, divided by the weighted average number of shares. For 2023, Adjusted Earnings per Share of EUR 0.41 per Class A share (2022: EUR 0.60), and EUR 0.16 per Class B share (2022: EUR 0.24) have been calculated on the following basis:

€million	2023	2022
Adjusted Net Profit	215	300
Assumed coupon on perpetual bond (net of tax)	(36)	(36)
Total	179	264

The weighted average number of shares, net of own shares held, for calculating Adjusted Earnings per Share – unchanged from the numbers of shares applied in the calculation of basic earnings per share:

	2023	2022
Class A shares (in million)	364.8	364.1
Class B shares (in million)	185.7	185.8
Total	550.5	549.9

Adjusted Earnings per share	2023	2022
Class A shares	0.41	0.60
Class B shares	0.16	0.24

8 Free cash flow before dividend and treasury activities

Free cash flow before financing activities is defined as net cash generated by operating activities, adjusted for the net cash absorbed by investing activities. In addition, free cash flow before dividend and treasury activities considers the effect of the coupon paid on perpetual bond, interest paid on borrowings and lease payments on the computed free cash flow before financing activities. The Group believes that the free cash flow before dividend and treasury activities is relevant to the investors, since it gives an indication of the Group's ability to generate cash after payment taxes and other committed financing charges.

€million	2023	2022
Net cash generated by operating activities	3,479	1,471
Net cash absorbed by investing activities	(370)	(1,793)
Free cash flow before financing activities	3,109	(322)
Coupon paid on perpetual bond	(49)	(49)
Interest paid on borrowings	(109)	(103)
Lease payments	(22)	(17)
Free cash flow before equity distributions and treasury activities	2,929	(491)

9 Adjusted Free Cash Flow

Adjusted Free Cash Flow is defined as **Free cash flow before financing activities excluding the effect of cash flows generated by significant special items.**

€million	2023	2022
Free cash flow before equity distributions and treasury activities	2,929	(491)
Payments for acquisition of subsidiary, net of cash acquired	-	(435)
C-band cash flows	2,516	138
Payments in respect of other significant special items	(18)	(13)
Exclude: Total cash flows related to significant special items	2,498	(310)
Adjusted Free Cash Flow	431	(181)

Note 36 - Consolidated subsidiaries, associates

The consolidated financial statements include the financial statements of the Group's subsidiaries and associates listed below:

	Country	Economic interest % 2023	Consolidation method 2023	Economic interest % 2022	Consolidation method 2022
Luxembourg Space Sector Development General Partner S.à r.l.	Luxembourg	100	Full	100	Full
Luxembourg Space Sector Development SCSp	Luxembourg	50	Full	50	Full
LuxGovSat S.A.	Luxembourg	50	Full	50	Full
SES-10 S.à r.l. ¹	Luxembourg	-	-	100	Full
SES-17 S.à r.l.	Luxembourg	100	Full	100	Full
SES Asia S.à r.l.	Luxembourg	100	Full	100	Full
SES Astra S.A.	Luxembourg	100	100	100	100
SES Astra Services Europe S.à r.l.	Luxembourg	100	Full	100	Full
SES Engineering (Luxembourg) S.à r.l.	Luxembourg	100	Full	100	Full
SES Finance S.à r.l. ²	Luxembourg	100	Full	100	Full
SES Insurance International (Luxembourg) S.A.	Luxembourg	100	Full	100	Full
SES Insurance International Re (Luxembourg) S.A.	Luxembourg	100	Full	100	Full
SES Latin America S.à r.l.	Luxembourg	100	Full	100	Full
SES LU Satellite Holdings S.à r.l.	Luxembourg	100	Full	100	Full
SES LU US Holdings S.à r.l.	Luxembourg	100	Full	100	Full
SES mPOWER S.à r.l.	Luxembourg	100	Full	100	Full
SES Participations S.A. ²	Luxembourg	100	Full	100	Full
SES Networks Lux S.à r.l.	Luxembourg	100	Full	100	Full
SES Networks Satellites S.à r.l.	Luxembourg	100	Full	100	Full
SES Techcom S.A.	Luxembourg	100	Full	100	Full
Société Européenne des Satellites Telecomunicaciones de Argentina S.A.	Argentina	100	Full	100	Full
New Skies Satellites Australia Pty Ltd	Australia	100	Full	100	Full
O3b Teleport Services (Australia) Pty Limited	Australia	100	Full	100	Full
Redu Operations Services S.A. ³	Belgium	48	Equity	48	Equity
Redu Space Services S.A.	Belgium	52	Full	52	Full
Satellites Ventures (Bermuda) Ltd	Bermuda	50	Full	50	Full
New Skies Satellites Ltda	Brazil	100	Full	100	Full
SES DTH do Brasil Ltda	Brazil	100	Full	100	Full
SES Satelites Directo Ltda	Brazil	100	Full	100	Full
SES Telecomunicações do Brasil Ltda.	Brazil	100	Full	100	Full
Northern Americas Satellite Ventures, Inc.	Canada	100	Full	100	Full
SES Telecomunicaciones de Chile SpA	Chile	100	Full	100	Full
SES Telecomunicaciones de Colombia S.A.S.	Colombia	100	Full	100	Full
GSN GoSat Distribution Network Limited	Cyprus	100	Full	100	Full
ASTRA France S.A.	France	100	Full	100	Full
HD Plus GmbH	Germany	100	Full	100	Full
ASTRA Deutschland GmbH ¹	Germany	-	-	100	Full
SES Germany GmbH	Germany	100	Full	100	Full
SES Media Solutions GmbH	Germany	100	Full	100	Full
SES Networks GmbH ¹	Germany	-	-	100	Full
SES Technologies Verwaltungs GmbH ¹	Germany	-	-	100	Full
SES HD Plus Ghana Limited Company	Ghana	84.7	Full	84.7	Full
West Africa Platform Services Limited	Ghana	49	Full	49	Full
SES Satellites (Gibraltar) Limited	Gibraltar	100	Full	100	Full

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Jio Space Technology Limited ⁴	India	49	Equity	49	Equity
Orbitconnect India Private Limited ⁵	India	75	Full	100	Full
SES Satellites India Private Limited	India	100	Full	100	Full
PT MX1 Smartcast Indonesia	Indonesia	100	Full	100	Full
SES Satellite Leasing Limited	Isle of Man	100	Full	100	Full
MX1 Limited	Israel	100	Full	100	Full
O3b Limited	Jersey	100	Full	100	Full
O3b Networks Limited	Jersey	100	Full	100	Full
Sirius Satellite Services SIA ²	Latvia	100	Full	100	Full
QuetzSat Directo S. de R.L. de C.V.	Mexico	100	Full	100	Full
QuetzSat S. de R.L. de C.V.	Mexico	100	Full	100	Full
Satelites Globales S. de R.L. de C.V.	Mexico	100	Full	100	Full
SES Mexico, S. de R.L. de C.V.	Mexico	100	Full	100	Full
New Skies Satellites BV	Netherlands	100	Full	100	Full
New Skies Satellites Argentina BV	Netherlands	100	Full	100	Full
New Skies Satellites Licensee BV	Netherlands	100	Full	100	Full
New Skies Satellites Mar BV	Netherlands	100	Full	100	Full
O3b Sales B.V. ¹	Netherlands	-	-	100	Full
SES Engineering (Netherlands) BV	Netherlands	100	Full	100	Full
SES Holdings (Netherlands) BV	Netherlands	100	Full	100	Full
SES New Skies Marketing BV	Netherlands	100	Full	100	Full
SES Satellite Nigeria Limited	Nigeria	100	Full	100	Full
O3b Teleport Services (Peru) SAC	Peru	100	Full	100	Full
O3b Services (Portugal) Ltda	Portugal	100	Full	100	Full
SES Services Romania S.R.L.	Romania	100	Full	100	Full
SES World Skies Singapore Pte Limited	Singapore	100	Full	100	Full
SES ASTRA Africa Proprietary Limited	South Africa	100	Full	100	Full
SES Satélites Ibérica, S.L.	Spain	100	Full	100	Full
SES Astra AB	Sweden	100	Full	100	Full
SES Finance Services AG	Switzerland	100	Full	100	Full
SES Sirius Ukraina	Ukraine	100	Full	100	Full
Al Maisan Satellite Communications Company LLC	UAE	35	Full	35	Full
ASTRA (GB) Limited	UK	100	Full	100	100
SES Defence UK Limited	UK	100	Full	100	Full
Americom Asia Pacific LLC	USA	100	Full	100	Full
Global Enterprise Solutions Inc.	USA	100	Full	100	Full
Global Networks Services LLC ¹	USA	-	-	100	Full
MX1 LLC ¹	USA	-	-	100	Full
O3b Networks USA LLC	USA	100	Full	100	Full
SES 5G Customer Services LLC	USA	100	Full	100	Full
SES Americom (Asia 1A) LLC	USA	100	Full	100	Full
SES Americom Inc.	USA	100	Full	100	100
SES Engineering (US) Inc. ¹	USA	-	-	100	Full
SES Global-Americas Inc.	USA	100	Full	100	Full
SES Global Americas Holdings Inc.	USA	100	Full	100	Full
SES Satellites International, LLC	USA	100	Full	100	100
SES Space & Defense, Inc.	USA	100	Full	100	Full
SES US Satellite Holdings LLC	USA	100	Full	100	Full
TSI International LLC ¹	USA	-	-	100	Full

1. Entity sold, merged, or liquidated in 2023

2. Entity sold, merged or liquidated after the reporting date

3. Redu Operations Services S.A. is a service provider in the area of ground operations

4. Jio Space Technology Limited is a sales entity established in connection with SES's cooperation with Reliance Jio

5. Formerly SES Marketing India Private Limited