SES

SES, Société Anonyme

Interim results for the six-month period ended

30 June 2024

Contents

Operational and financial review

Key business and financial highlights (at constant FX unless explained otherwise)

SES regularly uses Alternative Performance Measures (APM) to present the performance of the Group and believes that these APMs are relevant to enhance understanding of the financial performance and financial position.

€million	H1 2024	H1 2023	Δ as reported	Δ at constant FX
Average €/$ FX rate	***1.08***	*1.08*		
Revenue	**978**	987	-0.9%	-0.6%
Adjusted EBITDA	**525**	530	-1.1%	-0.9%
Adjusted Net Profit	**111**	116	-4.5%	n/m
Adjusted Net Debt / Adjusted EBITDA	**1.7x**	3.6x	n/m	n/m

"At constant FX" refers to comparative figures restated at the current period FX, to neutralise currency variations.

Networks (54% of total revenues) revenue of €523 million increased 5.0% year on year driven by higher revenue in Mobility (+11.1% including periodic revenue of €22 million in Q1 2024) and growth across the Government business (+8.4%). The year on year comparison in Fixed Data (-8.1%) was impacted by the recognition of €7 million of periodic revenue in Q1 2023 which accounted for most of the variance. In H1 2024 the business secured over €310 million of renewals and new business.

Video (46% of total revenues) revenue of €453 million represented a reduction of -6.7% compared with H1 2023, mainly driven by lower revenue in mature markets which were partially offset by double-digit year on year growth in Sports & Events revenue. In H1 2024, the business secured more than €120 million of renewals and new business.

During Q2 2024, a bankruptcy court approved the restructuring plans of SES's media customer in Brazil. While SES has secured the revenue for Full Year 2024, it is expected that the outcome of this bankruptcy process will result in lower revenue in 2025 equivalent to approximately 5% of annual Media revenue. Through continuous operational efficiency and commercialisation of the group's deal pipeline, SES expects to at least offset this impact on Adjusted EBITDA starting from 2025.

Adjusted EBITDA of €525 million represented an Adjusted EBITDA margin of 54% (H1 2023: 54%). Adjusted EBITDA excludes significant special items of €20 million in expenses (H1 2023: €31 million expenses) including net U.S. C-band income of €2 million (H1 2023: net expenses of €10 million).

Adjusted Net Profit of €111 million was €5 million lower than H1 2023, in line with the €5 million year on year reduction in Adjusted EBITDA. Adjusted Net Profit included €62 million of interest income (H1 2023: €11 million) which was largely offset by higher year on year Depreciation & Amortisation, mainly arising from a change in accounting treatment of orbital slot licence rights, and higher year on year Income Tax Expense.

Adjusted Net Profit excludes the significant special items highlighted above, as well as non-cash net impairment expense of €25 million (H1 2023: nil) and net tax benefit of €7 million (H1 2023: benefit of €7 million) associated with all the significant special items. The non-cash net impairment expense included a €34 million write down of a GEO satellite in line with the evolution of the Media business in Brazil as outlined above.

Adjusted Free Cash Flow (excluding significant special items) of €146 million was €60 million, or 69.8%, higher year on year including lower year on year investing activities of €200 million (H1 2023: €307 million) and higher interest received of €61 million (H1 2023: €10 million). These items were partly offset by higher year on year cash tax payments and changes in working capital.

Adjusted Net Debt to Adjusted EBITDA ratio (including 50% of €625 million of hybrid bond as debt) at 30 June 2024 was 1.7 times, (30 June 2023: 3.6 times; 31 December 2023: 1.5 times) including cash & cash equivalents of €2.1 billion. In January 2024, SES called and repaid the €550 million hybrid bond and, in June 2024, repaid €150 million of Schuldshein Loans. SES further expects to repay approximately €250 million of additional upcoming debt maturities during 2024-2025.

The total amount of remaining U.S. C-band clearing cost reimbursements expected to be received in future is now approximately $420 million and SES is continuing to engage with insurers regarding the claim of $472 million relating to O3b mPOWER satellites 1-4.

Contract backlog on 30 June 2024 was €3.8 billion (€4.7 billion gross backlog including backlog with contractual break clauses), of which Media backlog was €1.9 billion and Networks backlog was €1.9 billion.

The Full Year 2023 dividend of €0.50 per A-share and €0.20 per B-share was paid to shareholders on 18 April 2024. In October 2024, SES will pay an interim dividend of €0.25 per A-share (€0.10 per B-share) to shareholders, followed by a final dividend (subject to shareholder approval) of at least €0.25 per A-share (€0.10 per B-share) in April 2025.

A share buyback programme of €150 million (started in November 2023) is being executed under the authorisation given by the Annual General Meeting of shareholders. On 30 June 2024, SES had purchased 16 million A-shares at an average price of €5.50 per A-share. To maintain the 2:1 ratio of A-shares to B-shares, as required by the Articles of Association, SES will also be purchasing B-shares (which carry 40% of the economic rights of an A-share) in equal proportion. The total purchase of A-shares and B-shares shall not exceed €150 million. The shares acquired are intended to be cancelled, reducing the total number of voting and economic shares in issue.

For Full Year 2024, group revenue and Adjusted EBITDA (assuming an FX rate of €1=$1.09, nominal satellite health, and nominal launch schedule) are expected to be in the range of €1,940-2,000 million and €950-1,000 million respectively, with growth in Networks revenue expected to mostly offset lower year-on-year Video revenue. Adjusted EBITDA is expected to be in the upper half of the range.

Capital expenditure (net cash absorbed by investing activities excluding acquisitions, financial investments, U.S. C-band repurposing, and assuming an FX rate of €1=$1.09) is expected to be in the range of €500-550 million in 2024 with an average annual capital expenditure of approximately €350 million for the period 2025-2028.

SES Operational performance

REVENUE BY BUSINESS UNIT

	Revenue (€ million) as reported			Change (YOY) at constant FX		
	Q1 2024	Q2 2024	H1 2024	Q1 2024	Q2 2024	H1 2024
Average €/$ FX rate	*1.09*	*1.08*	*1.08*			
Video	**228**	**225**	**453**	**-5.2%**	**-8.2%**	**-6.7%**
Networks	**268**	**255**	**523**	**+9.6%**	**+0.7%**	**+5.0%**
Government	125	130	255	+6.1%	+10.7%	+8.4%
Fixed Data	59	55	114	-0.5%	-15.1%	-8.1%
Mobility	84	70	154	+24.5%	-1.5%	+11.1%
Other	2	-	2	n/m	n/m	n/m
Group Total	**498**	**480**	**978**	**+2.5%**	**-3.7%**	**-0.6%**

"At constant FX" refers to comparative figures restated at the current period FX, to neutralise currency variations.

Future SES satellite launches

Satellite	Region	Application	Launch Date
O3b mPOWER (satellites 7-8)	Global	Fixed Data, Mobility, Government	Late 2024
O3b mPOWER (satellites 9-11)	Global	Fixed Data, Mobility, Government	2025
ASTRA 1Q	Europe	Video, Fixed Data, Mobility, Government	2026
SES-26	Africa, Asia, Europe, Middle East	Video, Fixed Data, Mobility, Government	2026
EAGLE-1	Europe	Government	2026
O3b mPOWER (satellites 12-13)	Global	Fixed Data, Mobility, Government	2026

Final launch dates are subject to confirmation by launch providers

Business risks and their mitigation

For the remaining six months of the financial year, SES does not envisage any additional risks compared to the risk assessment performed for the year-end 31 December 2023, which are disclosed in full in the Annual Report 2023.

Related party transactions

Refer to note 9 - Related party transactions.

Responsibility statement

The Board of Directors and the executive management of the company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the group with reasonable accuracy at any time, and ensuring that an appropriate system of internal controls is in place to ensure that the group's business operations are carried on efficiently and transparently.

In accordance with Article 4 of the law of 11 January 2008 on the harmonization of transparency requirements in relation to information about an issuer whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the interim condensed consolidated financial statements for the half year ended 30 June 2024, prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted for use by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the year of SES and its subsidiaries included in the consolidation taken as a whole.

In addition, the management's report includes a fair view of the development and performance of the business and the position of SES and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Frank Esser
Chairman of the Board of Directors

Adel Al-Saleh
Chief Executive Officer

Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders of
SES S.A.

We have reviewed the accompanying interim condensed consolidated financial statements of SES S.A. (the "Company"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2024, and the interim condensed consolidated income statement, interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and material accounting policy information and other explanatory information.

Board of Directors' responsibility for the interim condensed consolidated financial statements

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity") as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of condensed interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Company, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 31 July 2024

Electronically signed by:
François Mousel

François Mousel

Interim condensed consolidated income statement

For the six-month period ended 30 June

€ million		**2024**	2023
Revenue	Note 4	**978**	987
C-Band repurposing income	Note 10	**5**	3
Operating expenses		**(478)**	(491)
EBITDA	Note 13	**505**	499
Depreciation expense		**(301)**	(294)
Amortisation expense	Note 11	**(68)**	(46)
Tangible and intangible assets impairment expense, net	Note 11	**(25)**	-
Operating profit		**111**	159
Finance income	Note 1	**62**	11
Finance costs		**(62)**	(58)
Net financing costs		**-**	(47)
Profit before income tax		**111**	112
Income tax expense	Note 7	**(38)**	(20)
Profit for the interim period		**73**	92
Attributable to owners of the parent		**73**	92
Attributable to non-controlling interests		**-**	-

Basic and diluted earnings per share (in euro)	Note 8	**2024**	2023
Class A shares		**0.15**	0.17
Class B shares		**0.06**	0.07

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

Interim condensed consolidated statement of comprehensive income

For the six-month period ended 30 June

€ million	**2024**	2023
Profit for the interim period	**73**	92
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Income tax relating to treasury shares impairment charge	**6**	1
Total items that will not be reclassified to profit or loss	**6**	1
Items that may be reclassified subsequently to profit or loss		
Impact of currency translation	**126**	(116)
Income tax effect	**(6)**	11
Total impact of currency translation, net of tax	**120**	(105)
Net investment hedge	**(7)**	18
Income tax effect	**2**	(5)
Total net investment hedge, net of tax	**(5)**	13
Total items that may be reclassified subsequently to profit or loss	**115**	(92)
Total other comprehensive income for the interim period, net of tax	**121**	(91)
Total comprehensive income for the interim period	**194**	1
Attributable to:		
Owners of the parent	**194**	1
Non-controlling interests	**-**	-

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

Interim condensed consolidated statement of financial position

As at 30 June 2024

€ million		**30 June 2024**	31 December 2023
Non-current assets			
Property, plant and equipment		**3,193**	3,042
Assets in the course of construction		**1,245**	1,550
Total property, plant and equipment		**4,438**	4,592
Intangible assets		**947**	920
Other financial assets		**24**	21
Trade and other receivables		**97**	87
Deferred customer contract costs		**2**	3
Deferred tax assets		**677**	671
Total non-current assets		**6,185**	6,294
Current assets			
Inventories		**48**	55
Trade and other receivables		**767**	860
Deferred customer contract costs		**3**	2
Prepayments		**68**	47
Income tax receivable		**31**	19
Cash and cash equivalents		**2,063**	2,907
Total current assets		**2,980**	3,890
Total assets		**9,165**	10,184
Equity			
Attributable to the owners of the parent		**3,581**	3,701
Non-controlling interests		**54**	57
Total equity		**3,635**	3,758
Non-current liabilities			
Borrowings	**Note 5**	**3,456**	3,443
Provisions		**3**	3
Deferred income		**318**	337
Deferred tax liabilities		**208**	205
Other long-term liabilities		**56**	83
Lease liabilities		**27**	23
Fixed assets suppliers		**303**	313
Total non-current liabilities		**4,371**	4,407
Current liabilities			
Borrowings	**Note 5**	**16**	716
Provisions		**86**	88
Deferred income		**254**	224
Trade and other payables		**340**	390
Lease liabilities		**15**	16
Fixed assets suppliers		**425**	455
Income tax liabilities		**23**	130
Total current liabilities		**1,159**	2,019
Total liabilities		**5,530**	6,426
Total equity and liabilities		**9,165**	10,184

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

Interim condensed consolidated statement of cash flows

For the six-month period ended 30 June

€ million		2024	2023
Profit before income tax		**111**	112
Income tax paid during the period	**Note 7**	**(155)**	(38)
Adjustment for non-cash items		**373**	356
Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes		**329**	430
Changes in working capital		**(78)**	27
Net cash generated by operating activities		**251**	457
Cash flow from investing activities			
Payments for purchases of intangible assets		**(8)**	(13)
Payments for purchases of tangible assets		**(132)**	(209)
Interest received		**85**	10
Payment for acquisition of subsidiary, net of cash acquired		**(4)**	-
Other investing activities		**(4)**	(5)
Net cash absorbed by investing activities		**(63)**	(217)
Free cash flow before financing activities		**188**	240
Cash flow from financing activities			
Proceeds from borrowings		**-**	50
Repayment of borrowings	**Note 5**	**(708)**	(698)
Coupon paid on perpetual bond		**(31)**	(31)
Dividends paid on ordinary shares[1]	**Note 6**	**(216)**	(220)
Interest paid on borrowings		**(66)**	(67)
Payments for acquisition of treasury shares	**Note 1**	**(65)**	-
Proceeds from treasury shares sold and exercise of stock options		**-**	3
Lease payments		**(12)**	(10)
Net cash absorbed by financing activities		**(1,098)**	(973)
Net foreign exchange movements		**66**	19
Net (decrease) in cash and cash equivalents		**(844)**	(714)
Cash and cash equivalents at beginning of the period		**2,907**	1,047
Cash and cash equivalents at end of the period		**2,063**	333

1 Dividends are presented net of dividends received on treasury shares of EUR 7 million (2023: EUR 3 million)

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

Interim condensed consolidated statement of changes in shareholders' equity

For the six-month period ended 30 June 2024

€ million	Attributable to owners of SES S.A.								Non-controlling interests	Total equity
	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves	Retained earnings	Foreign currency translation reserve	Total		
At 31 December 2023	**696**	**1,564**	**(95)**	**625**	**2,137**	**(905)**	**(321)**	**3,701**	**57**	**3,758**
Result of the interim period	-	-	-	-	-	73	-	73	-	73
Other comprehensive income	-	-	-	-	6	-	115	121	-	121
Total comprehensive income (loss) for the interim period	-	-	-	-	6	73	115	194	-	194
Allocation of 2023 result	-	-	-	-	(905)	905	-	-	-	-
Coupon on perpetual bond	-	-	-	-	(31)	-	-	(31)	-	(31)
Tax on perpetual bond coupon	-	-	-	-	3	-	-	3	-	3
Dividends provided for or paid[1]	-	-	-	-	(216)	-	-	(216)	-	(216)
Purchase of treasury shares	-	-	(77)	-	-	-	-	(77)	-	(77)
Share-based compensation expense	-	-	-	-	9	-	-	9	-	9
Exercise of share-based compensation	-	-	20	-	(20)	-	-	-	-	-
Transactions with non-controlling interest	-	-	-	-	(2)	-	-	(2)	(3)	(5)
Other movements	-	-	-	-	-	-	-	-	-	-
At 30 June 2024	**696**	**1,564**	**(152)**	**625**	**981**	**73**	**(206)**	**3,581**	**54**	**3,635**

[1] Dividends are presented net of dividends received on treasury shares of EUR 7 million (Note 6)

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

Interim condensed consolidated statement of changes in shareholders' equity

For the six-month period ended 30 June 2023

€ million	Attributable to owners of SES S.A. Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
At 31 December 2022	**696**	**1,564**	**(80)**	**1,175**	**2,428**	**(34)**	**(153)**	**5,596**	**62**	**5,658**
Result of the interim period	-	-	-	-	-	92	-	92	-	92
Other comprehensive income	-	-	-	-	1	-	(92)	(91)	-	(91)
Total comprehensive income (loss) for the interim period	-	-	-	-	1	92	(92)	1	-	1
Allocation of 2022 result	-	-	-	-	(34)	34	-	-	-	-
Coupon on perpetual bond	-	-	-	-	(31)	-	-	(31)	-	(31)
Tax on perpetual bond coupon	-	-	-	-	7	-	-	7	-	7
Dividends provided for or paid[1]	-	-	-	-	(220)	-	-	(220)	-	(220)
Share-based compensation expense	-	-	-	-	5	-	-	5	-	5
Exercise of share-based compensation	-	-	10	-	(7)	-	-	3	-	3
Transactions with non-controlling interest	-	-	-	-	-	-	-	-	(5)	(5)
Other movements	-	-	-	-	2	-	-	2	-	2
At 30 June 2023	**696**	**1,564**	**(70)**	**1,175**	**2,151**	**92**	**(245)**	**5,363**	**57**	**5,420**

[1] Dividends are presented net of dividends received on treasury shares of EUR 4 million

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

Notes to the interim condensed consolidated financial statements

As at 30 June 2024

(€ million unless indicated otherwise)

Note 1 - Corporate information

SES S.A. ("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 both the Luxembourg and Euronext Paris stock exchanges.

The Group's interim condensed consolidated financial statements as at, and for the six-month period ended, 30 June 2024 ('the Interim Financial Statements') were authorised for issue in accordance with a resolution of the directors on 31 July 2024 and have been reviewed but not audited.

Significant changes in the current period

The movements in 'Property, plant and equipment' and 'Assets in the course of construction' include the impact of the commencement of commercial service of the first six satellites of the mPOWER fleet in April 2024.

A share buyback programme of €150 million (started in November 2023) is being executed under the authorisation given by the Annual General Meeting of shareholders. During the first six months of 2024, SES purchased additional 11.7 million Class A shares at a weighted average price of €5.51 per share and no Class B shares. An accrual of €13 million was recorded in respect of Class B shares.

During the period, interest income of €62 million has been recorded, mainly related to interest received on deposits.

On 30 April 2024, SES S.A. announced an agreement to purchase 100% of the equity of Intelsat Holdings S.à .r.l. for a cash consideration of USD 3.1 billion (EUR 2.8 billion) and certain contingent value rights. The combination will create a stronger multi-orbit operator with greater coverage, improved resiliency, expanded suite of solutions, enhanced resources to profitably invest in innovation, and benefit from the collective talent, expertise, and track record of both companies.

The transaction, which is subject to relevant regulatory clearances/filings and customary provisions concerning cooperation and measures in seeking such regulatory clearances, which are expected to be received during the second half of 2025, is fully supportive of SES's financial policy and is underpinned by expected total synergies equivalent to 85% of the total equity value of the transaction.

Note 2 - Basis of preparation and accounting policies

Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS 34 ('Interim Financial Reporting') as adopted by the European Union and hence do not include all the information and disclosures required in the Group's annual consolidated financial statements. The Interim Financial Statements do not include all the note disclosures normally included in the annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements as at, and for the year ended, 31 December 2023.

Material accounting policies

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements as at, and for the year ended, 31 December 2023, except for the adoption of new and amended IFRS Accounting Standards as set out below, as well as changes in the accounting policy of orbital slot rights, as disclosed in Note 3.

New and amended IFRS Accounting Standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings:

"Borrowings are classified as current liabilities unless at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to IAS 1.

As disclosed in the consolidated financial statements as at and for the year ended 31 December 2023, the Group has financial arrangements with fixed assets suppliers. The adoption of the amendments to IAS 7 and IFRS 7 will result in the Group providing more disclosures about these arrangements in the consolidated financial statements for the year ending 31 December 2024. The new disclosures are not required to be provided in the 2024 Interim Financial Statements.

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 after 1 January 2024, and have not been early adopted in preparing the Interim Financial Statements:

IFRS 18 Presentation and Disclosure in Financial Statements

On 9 April 2024, the IASB issued 'IFRS 18 Presentation and Disclosure in Financial Statements'. This new standard focuses on updates to the statement of profit or loss. The key concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (management-defined performance measures) and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1, many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. IFRS 18 has not yet been endorsed by the EU. The Group has yet to assess the impact to its consolidated financial statements of the changes in presentation and disclosure required by IFRS 18.

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

On 30 May 2024, the IASB issued 'Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments'. These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The amendments have not yet been endorsed by the EU. The Group has yet to assess the impact of these amendments to its consolidated financial statements.

Note 3 - Significant accounting judgements and estimates

The preparation of the Interim Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, management has made three changes to the judgments and estimates applied for the financial year ended 31 December 2023 as described below:

i. *The alignment of the treatment of orbital slot rights to be all definite life assets*

The group's accounting estimate concerning the appropriate useful economic life of orbital slot rights has been that they will be of indefinite life unless there was something in the terms of the licence to indicate that they could either not be renewed at the end of the term, or that such a renewal would not be at insignificant cost. Following this assumption, the group disclosed EUR 326 million of indefinite life orbital slot rights as at the end of 2023 and EUR 107 million of definite life rights.

The default presumption of indefinite life was also that the Company will maintain operations at all the relevant orbital locations and hence is consistent with the provision in paragraph 88 of IAS 38 below:

> *"An intangible asset shall be regarded by the entity as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity"*

However, the Company is now evolving more in the direction of a multi-orbit provider of satellite services, and hence is diverting a large part of its capital expenditure to non-GEO orbit satellite procurement. For that reason the number of occupied operational GEO slots is likely to decline over time and hence management no longer believes that the level of certainty as to foreseeable future operations implied by paragraph 88 of IAS 38 above is met.

For that reason management has updated its estimate in this area to one which assumes all orbital slot rights are definite-life assets. For those rights which were formerly presented as indefinite life assets then their residual carrying value will generally be amortised over the remaining life of the on-station satellite operating at that orbital position. Where more than one satellite is collocated at one position, then the latest end of depreciation life amongst those satellites is used. Where a replacement satellite for an orbital position has already been contracted, then the expected end of life of that replacement satellite is taken. Similarly, where the likelihood of procuring a replacement satellite is probable, then management calculates the end of life of that uncommitted replacement and applies that in computing the amortisation life of the relevant orbital slight rights.

ii. *Disaggregation of regional cash-generating units used in the monitoring of GEO orbital slot rights*

In recent years the company has tested the carrying value of its orbital slot rights by grouping them into three regional groupings (Europe, North America and International). These regional groupings were based on the assumption of inter-operability of our services from different slots within the same region and hence the view that these inflows did not meet the threshold for mutual independence required for separate cash generating units under IAS 38.

Reflecting the comments in point i above, it is likely that less investment in specifically GEO orbit satellites will occur – and hence the options for interoperability of regional GEO operations will decline. Furthermore we have anyway few examples in recent years where the provision of customer services was switched between different satellites in the same region. For these reasons, management believes that this interoperability premise – and resultant regional groupings of orbital slot rights for the impairment testing of orbital slot rights - should be revised. Whilst this switch of investment to non-GEO constellations has been a trend for some time, the significant additional investment recently signed for new mPOWER satellites on mid-Earth orbit very much reinforces this trend.

Hence management has elected to disaggregate those regional cash-generating units and instead look at the carrying value of our orbital slot rights on a slot-by-slot basis; combined as a CGU with the satellite(s) operating at that specific orbital position as described in section i above.

iii. *Grouping of regional cash-generating units used in the impairment testing of GEO goodwill*

For the financial years from 2021 to 2023, management disaggregated the former single global GEO CGU into three regions (Europe, North America and International) to align it with the approach taken for the testing of orbital slot rights and to reflect the material regional cash inflows expected to be realised through the commercialisation of the group's portfolio of orbital slot rights; specifically in North America due to 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.

The Company completed the activities necessary to implement that repurposing in 2023 and received the final tranche of the C-Band Accelerated Relocation Payments in that year. No projects of similar materiality are currently foreseen and the specific organisational and reporting activities associated with that C-Band activity have been disbanded.

The combination of the above with the withdrawal of the regional CGUs for the impairment testing purposes of orbital slot rights, leads management to believe that the return to a single global GEO better reflects how the remaining goodwill is being monitored, and has hence reverted to this approach for 2024.

The above changes in estimates triggered an update to the impairment analysis of the brought-forward carrying values of these assets. The results of this impairment testing are set out in Note 11.

Otherwise, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at, and for the year ended, 31 December 2023.

Note 4 - Segmental information

The Group continues to report its activities as a single reportable operating segment in 2024. When analysing the performance of the operating segment, the comparative prior year figures are analysed both 'as reported' and at 'constant FX' - recomputed using the exchange rates applying for each month in the current period.

The segment's financial results for the six-month period ended 30 June 2024 and the comparative prior period figures as reported and at 'constant FX', are set out below:

€ million (comparatives 'as reported')	**2024**	2023	Change: favourable / (adverse)
Revenue	**978**	987	-9
C-Band repurposing income	**5**	3	+2
Operating expenses	**(478)**	(491)	+13
EBITDA	**505**	499	+6
EBITDA margin (%)	**51.7%**	50.6%	+1 points
Property, plant and equipment depreciation	**(301)**	(294)	-7

Property, plant and equipment impairment	**(105)**	--	-105
Intangible assets amortisation	**(68)**	(46)	-22
Intangible assets impairment reversal	**80**	-	+80
Operating profit	**111**	159	-48

€ million (comparatives at 'constant FX')	2024	2023	Change: favourable / (adverse)
Revenue	**978**	984	-6
C-Band repurposing income	**5**	3	+2
Operating expenses	**(478)**	(488)	+10
EBITDA	**505**	499	+6
EBITDA margin (%)	**51.7%**	50.7%	+1 points
Property, plant and equipment depreciation	**(301)**	(293)	-8
Property, plant and equipment impairment	**(105)**	-	-105
Intangible assets amortisation	**(68)**	(46)	-22
Intangible assets impairment reversal	**80**	-	+80
Operating profit	**111**	160	-49

Note 5 - Fair value management of financial instruments

The carrying amount of financial assets and liabilities (other than borrowings) approximate to their fair value.

Differences were identified in the following category of financial instruments at:

	Carried at amortised cost	
€ million	**30 June 2024**	**31 December 2023**
Borrowings – Level 1	3,365	3,943
Borrowings – Level 2	107	216
Total borrowings*	**3,472**	**4,159**

* Fair value of the borrowings at 30 June 2024 is EUR 3,150 million (31 December 2023: EUR 3,880 million)

On 29 January 2024 the Company settled its EUR 550 million Deeply Subordinated Fixed Rate Resettable Securities. In June 2024, the Company repaid its EUR 150 million German bond.

As of 30 June 2024, the Group did not have any financial derivatives outstanding (2023: nil).

Note 6 - Dividends declared and paid during the period

Dividends declared are paid net of withholding tax (2024: EUR 25 million, 2023: EUR 25 million).

Gross dividends declared and paid during the period were:

	Six-month period ended 30 June	
€ million	**2024**	**2023**
Class A dividend EUR 0.50 (2023: EUR 0.50)	186	182
Class B dividend EUR 0.20 (2023: EUR 0.20)	37	38
Total	223	220

Note 7 - Income tax

The income tax expense of EUR 38 million recognised for the period ended 30 June 2024 comprises the current income tax expense for the period of EUR 43 million and the net deferred tax income of EUR 5 million. The current income tax expense mainly represents tax on profits of the current year (EUR 40 million) and withholding tax charges in various jurisdictions (EUR 3 million). The deferred tax income is a combination of reversal of deferred tax assets due to the use of net operating losses for a total of EUR 31 million and the reversal of deferred tax liabilities for temporary differences for a total of EUR 36 million.

Note that taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss on a full-year basis.

Luxembourg fiscal unity

The investments made by the Group in the period, mainly in the framework of the procurement programmes for the mPOWER constellation and 19.2°E replacement satellites, gave rise to investment tax credits of EUR 8 million. 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 current year ITCs cannot be fully used due to a 10 year carry forward limitation rule. Therefore, a valuation allowance of EUR 8 million (2022: 0) on a deferred tax asset for ITCs for the Luxembourg fiscal unity was recorded for the period ended June 2024.

In addition, the Company is liable to Luxembourg Net Wealth Tax of EUR 4 million (2023: EUR 5 million) which is included within income tax.

OECD Pillar Two Regulations

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Luxembourg, the jurisdiction in which the Ultimate Parent Entity is incorporated, and came into effect from 1 January 2024. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Group applies Income Inclusion Rule (“IIR”) for all jurisdictions where Pillar Two rules were not enacted.

The top-up tax due under Pillar Two model rules was calculated based on the OECD transitional safe harbour rules except for Singapore where a full-fledged calculation was performed. According to these calculations there is no current tax expense related to Pillar II.

Tax paid during the period of EUR 155 million was significantly higher than in the prior period (2023: EUR 38 million) mainly due to tax paid in 2024 on income arising in connection with C-Band repurposing activities (see Note 10).

Note 8 - Earnings per share

Earnings per share and diluted earnings per share have been computed consistently with the prior period.

For the period ended 30 June 2024, basic earnings per share of EUR 0.15 per Class A share (2023: EUR 0.17), and EUR 0.06 per Class B share (2023: EUR 0.07) have been calculated on the following basis.

Profit attributable to the owners of the parent for calculating basic earnings per share:

€ million	Six-month period ended 30 June	
	2024	**2023**
Profit attributable to owners of the parent	**73**	92
Assumed coupon on perpetual bond (net of tax)	**(8)**	(18)
Total	**65**	74

Assumed coupon accruals of EUR 8 million (net of tax) for the period ended 30 June 2024 (2023: EUR 18 million) related to the perpetual securities in issue have been considered for the calculation of the basic and diluted earnings available for distribution.

Weighted average number of shares, net of own shares held, for calculating basic earnings per share:

	Six-month period ended 30 June	
	2024	2023
Class A shares (in million)	**357.5**	364.7
Class B shares (in million)	**185.7**	185.7
Total	**543.2**	550.4

For the period ended 30 June 2024, diluted earnings per share of EUR 0.15 per Class A share (2023: EUR 0.17), and EUR 0.06 per Class B share (2023: EUR 0.07) have been calculated on the following basis:

Profit attributable to the owners of the parent for calculating diluted earnings per share is consistent with the one above for calculating basic earnings per share. Weighted average number of shares, net of own shares held, for calculating diluted earnings per share:

	Six-month period ended 30 June	
	2024	2023
Class A shares (in million)	**360.3**	367.3
Class B shares (in million)	**185.7**	185.7
Total	**546.0**	553.0

Note 9 - Related party transactions

No related party transactions have occurred during the six-month period ended 30 June 2024 which have a significant impact on the financial position or results of the Group.

Note 10 - C-Band repurposing

In 2023, the Company completed its plan to clear the 300 MHz band of C-Band downlink spectrum between 3,700 and 4,000 MHz by December 2025 to comply fully with the Report and Order and Order of Proposed Modification issued by the U.S. Federal Communications Commission (“the FCC”) in the first quarter of 2020.

The Company is entitled to reimbursements of expenditures incurred to facilitate the repurposing, of which the company has received USD 1,023 million from the beginning of the programme up through 30 June 2024 (30 June 2023: USD 864 million). The Company has other receivables of USD 283 million (EUR 264 million) as of 30 June 2024 (30 June 2023: USD 418 million or EUR 385 million) that the Company expects to collect in the next twelve months.

In the first half of 2024 the Group received EUR 55 million of reimbursements related to prior years’ spending, presented under ‘Payments for purchases of tangible assets’ in the interim condensed consolidated statement of cash flows and EUR 24 million of interest reimbursements received, presented under ‘Interest received’ in the interim condensed consolidated statement of cash flows.

Income of EUR 5 million (2023: EUR 3 million) and costs of EUR 3 million (2023: EUR 13 million) were recognised in the period in connection with these activities.

Note 11 - Analysis of impairment indicators

We refer to the changes in impairment testing procedures set out in Note 3 under “Significant accounting judgements and estimates”. There were no changes to the MEO CGU.

As disclosed in Note 3, the change from indefinite to definite lives for the Group's orbital slot rights is an impairment indicator under IAS 36 and an impairment test was triggered as of the date in the change in estimate. This impairment test was done at the level of the Group's slot-satellite CGUs. As a result of this impairment test, a reversal of prior impairments to orbital slot rights of EUR 93 million was recorded, as well as an impairment to satellites of EUR 64 million.

Management used the new GEO CGU definitions to monitor its performance in the first half of 2024. In reviewing the valuations of assets in the framework of its analysis of impairment indicators as of 30 June 2024, management reviewed the results of operations, specific transactions and events of the period, and more general changes in conditions in the Group's markets. Management also considered the impact of internal and external factors on the discount rates used to discount the Group's future cash flows.

The conclusion of this analysis was that there were indicators of asset impairment in connection with certain of the Group's slot-satellite CGUs requiring a more detailed analysis as to the recoverable amount of those assets. The triggering events were the termination of a significant customer on one satellite, and other smaller negative variances observed on certain of the group's satellites. As a result of this analysis, management recorded an impairment charge of EUR 54 million on five slot-satellite CGUs for the six-month period ended 30 June 2024, of which EUR 13 million relates to orbital slot rights and EUR 41 million relates to satellites.

Thus, in total, for the six months ended 30 June 2024, the Group's consolidated income statement shows a total impairment of property, plant and equipment of EUR 105 million (a EUR 64 million impairment recorded from the change in accounting estimate and a EUR 41 million impairment from the mid-year impairment assessment) and a net reversal of intangible asset impairment of EUR 80 million (a EUR 93 million reversal recorded from the change in accounting estimate partially offset by a EUR 13 million impairment recorded as part of the mid-year impairment assessment).

No impairment tests were required to be performed on goodwill and there were no additional impairment indicators for those assets which were subject to impairment charges as at 31 December 2023.

Note 12 - Events occuring after the reporting date

There were no material events occurring between the reporting date and the date when the Interim Financial Statements were authorised by the Board of Directors.

Note 13 - 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 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.

i. *Net debt*

The following table reconciles net debt to the relevant balance sheet line items:

€ million	**30 June 2024**	30 June 2023
Borrowings - non-current	**3,456**	3,460
Borrowings - current	**16**	217
Borrowings, *less*	**3,472**	3,677
Cash and equivalents	**(2,063)**	(333)
Net debt	**1,409**	3,344

ii. EBITDA and EBITDA Margin

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

€ million	**30 June 2024**	30 June 2023
Profit before tax	**111**	112
Add: Depreciation expense	**301**	294
Add: Property, plant and equipment impairment	**105**	--
Add: Amortisation expense	**68**	46
Add: Intangibles impairment reversal	**(80)**	--
Add: Net financing costs	--	47
EBITDA	**505**	499

The following table provides a reconciliation of EBITDA Margin:

€ million	**30 June 2024**	30 June 2023
Revenue	**978**	987
C-Band repurposing income	**5**	3
EBITDA	**505**	499
EBITDA Margin (%)	**51.4%**	50.4%

iii. 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 and costs associated with the development and / or implementation of merger and acquisition activities.

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

€ million	**30 June 2024**	30 June 2023
EBITDA	**505**	499
Adjust for significant special items:		
Deduct: C-Band repurposing income (Note 10)	**(5)**	(3)
Add: C-Band repurposing expenses (Note 10)	**3**	13
Add: Restructuring expenses	**13**	13
Add: Acquisition and integration costs	**9**	8
Adjusted EBITDA	**525**	530

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

€ million	**30 June 2024**	30 June 2023
Revenue	**978**	987
Adjusted EBITDA	**525**	530
Adjusted EBITDA Margin (%)	**53.6%**	53.7%

iv. *Operating Profit and Operating Profit Margin*

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

€ million	**30 June 2024**	30 June 2023
Profit before tax	**111**	112
Add back: Net financing costs	**0**	47
Operating Profit	**111**	159

The following table provides a reconciliation of Operating Profit Margin:

€ million	**30 June 2024**	30 June 2023
Revenue	**978**	987
Operating Profit	**111**	159
Operating Profit Margin (%)	**11.3%**	16.2%

v. *Adjusted Net Debt*

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

€ million	**30 June 2024**	30 June 2023
Borrowings – non-current	**3,456**	3,460
Borrowings – current	**16**	217
Total borrowings	**3,472**	3,677
50% of the Group's EUR 625 million (2023: EUR 1.2 billion) of perpetual bonds	**313**	588
Less: Cash and cash equivalents	**(2,063)**	(333)
Adjusted Net Debt	**1,722**	3,932

vi. *Adjusted Net Debt to Adjusted EBITDA ratio*

€ million	**30 June 2024**	30 June 2023
Adjusted Net Debt	**1,722**	3,932
Twelve-month rolling Adjusted EBITDA*	**1,020**	1,090
Adjusted Net debt to Adjusted EBITDA ratio	**1.69 times**	3.61 times

* Rolling Adjusted EBITDA was calculated as follows:

€ million	**30 June 2024**	30 June 2023
Adjusted EBITDA for current half-year period	**525**	530
Add: Adjusted EBITDA for previous calendar year	**1,025**	1,105
Less: Adjusted EBITDA for prior half-year period	**(530)**	(545)
Twelve-month rolling Adjusted EBITDA	**1,020**	1,090

vii. *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 and the tax rate applied to the restructuring expenses and impairment expenses represents the computed weighted average tax rate of the jurisdictions where the expenses occurred:

€ million	30 June 2024	30 June 2023
Profit of the group attributable to shareholders of the parent	**73**	**92**
Significant special items	**20**	**31**
Impairment expenses	**25**	**-**
Add: Total material exceptional items	**45**	**31**
Tax on impairment expenses, at 2.4%	**(1)**	-
Tax on significant special items	**(6)**	(7)
Less: Tax on material exceptional items	**(7)**	(7)
Add: *Tax expense in respect of reversal of impairment expenses on the carrying value of subsidiary investments eliminated at consolidation level*	**-**	-
Adjusted Net Profit	**111**	116

For the first half of 2024, Adjusted Earnings per Share of EUR 0.24 per Class A share (2023: EUR 0.22), and EUR 0.10 per Class B share (2023: EUR 0.09) have been calculated on the following basis:

€ million	30 June 2024	30 June 2023
Adjusted Net Profit	**111**	116
Assumed coupon on perpetual bond (net of tax)	**(8)**	(18)
Total	**103**	98

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 (Note 8):

	Six-month period ended 30 June	
	2024	2023
Class A shares (in million)	**357.5**	364.7
Class B shares (in million)	**185.7**	185.7
Total	**543.2**	550.4

Adjusted Earnings per Share	30 June 2024	30 June 2023
Class A shares	**0.24**	0.22
Class B shares	**0.10**	0.09

viii. *Free cash flow before equity distributions and treasury activities*

€ million	30 June 2024	30 June 2023
Net cash generated by operating activities	**251**	457
Net cash absorbed by investing activities	**(63)**	(217)
Free cash flow before financing activities	**188**	240
Coupon paid on perpetual bond	**(31)**	(31)
Interest paid on borrowings	**(66)**	(67)
Lease payments	**(12)**	(10)
Free cash flow before equity distributions and treasury activities	**79**	132

ix. *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	**30 June 2024**	30 June 2023
Free cash flow before equity distributions and treasury activities	**79**	132
Payments for acquisition of subsidiary, net of cash acquired	**(4)**	-
C-Band cash flows	**(33)**	56
Payments in respect of other significant special items	**(30)**	(10)
Exclude: Total cash flows related to significant special items	**(67)**	46
Adjusted Free Cash Flow	**146**	86