SES, Société Anonyme

Interim results for the six-month period ended

30 June 2022

Contents

Operational and financial review

Key business and financial highlights

€million	H1 2022	H1 2021	Δ as reported	Δ at constant FX
Average €/$ FX rate	***1.10***	*1.21*		
Revenue	**899**	875	+2.8%	-2.1%
Adjusted EBITDA	**545**	544	+0.1%	-3.8%
Adjusted Net Profit	**168**	152	+10.6%	n/a
Adjusted Net Debt / Adjusted EBITDA	**3.0 times**	3.3 times	n/a	n/a

- H1 2022 underlying revenue (excluding periodic and other) was 3.3% lower year-on-year at €888 million.

- Video underlying revenue of €501 million represents a reduction of 7.0% year-on-year including the planned impact of lower US wholesale revenue. Excluding US wholesale, Video was 4.8% lower than H1 2021 as lower volumes in mature markets were partially offset by growth in HD+ and Sports & Events. Including periodic revenue of €10 million in Q1 2022, overall Video revenue was 5.1% lower compared with H1 2021.

- At 30 June 2022, SES delivers 8,028 total TV channels to 366 million TV homes around the world, including 3,092 High Definition TV channels. 72% of total TV channels are broadcast in MPEG-4 with an additional 6% broadcast in HEVC.

- Networks underlying revenue of €387 million represented a growth of 2.1% year-on-year compared with H1 2021 with growth in Mobility (of +16.0%) and Fixed Data (of +2.8%), while the rapid US withdrawal from Afghanistan in Q3 2021 contributed to lower Government (-7.5%) albeit with new business wins in Global Government supporting positive quarter-on-quarter performance.

- Adjusted EBITDA of €545 million represented an Adjusted EBITDA margin of 60.6% (H1 2021: 62.2%) including recurring operating expenses of €354 million. Adjusted EBITDA excludes US C-band operating expenses (net of reimbursement income) of €13 million (H1 2021: €12 million) and other significant special items of €3 million (H1 2021: €6 million).

- Adjusted Net Profit (as reported) improved to €168 million including a 12.4% reduction in net interest expense, net foreign exchange gain of €26 million (H1 2021: €20 million gain), and income tax expense of €27 million (H1 2021: €20 million expense).

- At 30 June 2022, Adjusted Net Debt (including 50% of the €1,175 million of hybrid bonds as debt) was €3,310 million (down 9.5% compared with 30 June 2021) and represented an Adjusted Net Debt to Adjusted EBITDA ratio of 3.0 times. In June 2022, SES launched and priced a bond offering of €750 million senior unsecured fixed rate notes due in 2029 with a coupon of 3.5% and, because of the transaction, SES now has no senior debt maturities to be refinanced until 2024.

- Contract backlog at 30 June 2022 was €5.1 billion (€5.8 billion gross backlog including backlog with contractual break clauses).

- 2022 group revenue and Adjusted EBITDA outlook (assuming an FX rate of €1=$1.13, nominal satellite health, and nominal launch schedule) is unchanged and expected to be between €1,750-1,810 million and between €1,030-1,070 million respectively.

- On 1 August 2022, SES completed the acquisition of DRS Global Enterprise Solutions (GES) for $450 million, having obtained the necessary regulatory approvals.

- Capital expenditure (net cash absorbed by investing activities excluding acquisitions, financial investments, and US C-band repurposing) is also unchanged and expected to be €950 million in 2022 with an average of €460 million for 2023-2026.

- In March 2022, SES secured an agreement to expand access for Verizon Communications to the 3700-3800 MHz C-band block in certain US markets beyond those cleared in Phase I and earlier than the deadline for Phase II clearing. SES will earn additional payments of up to $170 million (pre-costs), subject to delivering the clearing on the agreed timeline. During Q2 2022, SES completed the first part of this clearing and expects to receive a portion of the total payment during H2 2022.

Operational performance

REVENUE BY BUSINESS UNIT

	Revenue (€ million) as reported			Change (YOY) at constant FX		
	Q1 2022	Q2 2022	H1 2022	Q1 2022	Q2 2022	H1 2022
Average €/$ FX rate	*1.12*	*1.08*	*1.10*			
Video (total)	**261**	**250**	**511**	**-2.6%**	**-7.7%**	**-5.1%**
- Video (underlying)	**251**	**250**	**501**	**-6.4%**	**-7.7%**	**-7.0%**
- Periodic	**10**	**-**	**10**	**n/m**	**n/m**	**n/m**
Government (underlying)	71	75	146	-5.7%	-9.2%	-7.5%
Fixed Data (underlying)	58	64	122	-2.4%	+7.9%	+2.8%
Mobility (underlying)	57	62	119	+9.9%	+22.2%	+16.0%
Networks (total)	**186**	**201**	**387**	**-0.3%**	**+4.4%**	**+2.1%**
- Networks (underlying)	**186**	**201**	**387**	**-0.3%**	**+4.4%**	**+2.1%**
Sub-total	**447**	**451**	**898**	**-1.7%**	**-2.7%**	**-2.2%**
- Underlying	**437**	**451**	**888**	**-3.9%**	**-2.7%**	**-3.3%**
Other	1	-	1	n/m	n/m	n/m
Group Total	**448**	**451**	**899**	**-1.6%**	**-2.7%**	**-2.1%**

"At constant FX" refers to comparative figures restated at the current period FX to neutralise currency variations. "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. "Periodic" revenue separates revenues that are not directly related to or would distort the underlying business trends on a quarterly basis. Periodic revenue includes: the outright sale of transponders or transponder equivalents; accelerated revenue from hosted payloads during construction; termination fees; insurance proceeds; certain interim satellite missions, and other such items when material. "Other" includes revenue not directly applicable to Video or Networks

Future satellite launches

Satellite	Region	Application	Launch Date
SES-22	North America	Video (US C-band accelerated clearing)	Launched
SES-20 & SES-21	North America	Video (US C-band accelerated clearing)	Q3 2022
O3b mPOWER (satellites 1-2)	Global	Fixed Data, Mobility, Government	Q4 2022
O3b mPOWER (satellites 3-4)	Global	Fixed Data, Mobility, Government	Q4 2022
O3b mPOWER (satellites 5-6)	Global	Fixed Data, Mobility, Government	Q4 2022
SES-18 & SES-19	North America	Video (US C-band accelerated clearing)	Q4 2022
O3b mPOWER (satellites 7-8)	Global	Fixed Data, Mobility, Government	2023
O3b mPOWER (satellites 9-11)	Global	Fixed Data, Mobility, Government	2024
ASTRA 1P	Europe	Video	2024
ASTRA 1Q	Europe	Video, Fixed Data, Mobility, Government	2024
SES-26	Africa, Asia, Europe, Middle East	Video, Fixed Data, Mobility, Government	2024

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 2021, which are disclosed in full in the Annual Report 2021.

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 harmonisation 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 2022, 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

Steve Collar
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. and its subsidiaries (the "Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2022 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of cash flows and statement of changes in shareholders' equity for the six-month period then ended, and a summary of significant accounting policies 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 interim condensed consolidated 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 Group, 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, 3 August 2022

François Mousel

Interim condensed consolidated income statement

For the six-month period ended 30 June 2022

In millions of euros		**2022**	2021
Revenue		**899**	875
C-band repurposing income		**4**	47
Operating expenses		**(374)**	(396)
EBITDA		**529**	526
Depreciation expense		**(296)**	(283)
Property, plant and equipment impairment	Note 12	**(24)**	-
Amortisation expense		**(24)**	(48)
Operating profit		**185**	195
Net financing costs		**(30)**	(44)
Profit before tax		**155**	151
Income tax expense	Note 7	**(54)**	(16)
Profit for the period		**101**	135
Attributable to owners of the parent		**101**	137
Attributable to non-controlling interests		**-**	(2)

Basic and diluted earnings per share (in euro)	Note 8	**2022**	2021
Class A shares		**0.19**	0.25
Class B shares		**0.08**	0.10

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 2022

In millions of euros	**2022**	2021
Profit for the period	**101**	135
Other comprehensive income		
Items that will not be reclassified to profit or loss		
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 reversal or charge	**(2)**	2
Total items that will not be reclassified to profit or loss	**(2)**	**-**
Items that may be reclassified subsequently to profit or loss		
Impact of currency translation	**507**	186
Income tax effect	**(48)**	(14)
Total impact of currency translation, net of tax	**459**	172
Net investment hedge	**(113)**	(40)
Income tax effect	**31**	10
Total net investment hedge, net of tax	**(82)**	(30)
Total items that may be reclassified subsequently to profit or loss	**377**	142
Total other comprehensive income for the period, net of tax	**375**	142
Total comprehensive income for the period, net of tax	**476**	277
Attributable to:		
Owners of the parent	**474**	280
Non-controlling interests	**2**	(3)

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

Interim condensed consolidated statement of financial position

As at 30 June 2022

In millions of euros		**30 June 2022**	31 December 2021
Non-current assets			
Property, plant and equipment		**4,140**	3,773
Assets in the course of construction		**1,592**	1,788
Total property, plant and equipment		**5,732**	5,561
Intangible assets		**4,110**	3,790
Other financial assets		**30**	26
Trade and other receivables		**217**	245
Deferred customer contract costs		**7**	9
Deferred tax assets		**536**	568
Total non-current assets		**10,632**	10,199
Current assets			
Inventories		**30**	23
Trade and other receivables		**1,020**	1,746
Deferred customer contract costs		**4**	3
Prepayments		**55**	48
Income tax receivable		**21**	13
Cash and cash equivalents		**1,669**	1,049
Total current assets		**2,799**	2,882
Total assets		**13,431**	13,081
Equity			
Attributable to the owners of the parent		**5,908**	5,670
Non-controlling interests		**65**	63
Total equity		**5,973**	5,733
Non-current liabilities			
Borrowings	**Note 5**	**3,653**	3,524
Provisions		**7**	6
Deferred income		**311**	314
Deferred tax liabilities		**420**	399
Other long-term liabilities		**106**	83
Lease liabilities		**22**	22
Fixed assets suppliers		**557**	472
Total non-current liabilities		**5,076**	4,820
Current liabilities			
Borrowings	**Note 5**	**738**	57
Provisions		**63**	56
Deferred income		**344**	404
Trade and other payables		**253**	292
Lease liabilities		**13**	11
Fixed assets suppliers		**943**	1,554
Income tax liabilities		**28**	154
Total current liabilities		**2,382**	2,528
Total liabilities		**7,458**	7,348
Total equity and liabilities		**13,431**	13,081

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 2022

In millions of euros	**2022**	2021
Profit before tax	**155**	151
Taxes paid during the period	**(169)**	(14)
Adjustment for non-cash items	**371**	356
Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes	**357**	493
Changes in working capital	**423**	(95)
Net cash generated by operating activities	**780**	398
Cash flow from investing activities		
Payments for purchases of intangible assets	**(25)**	(10)
Payments for purchases of tangible assets	**(555)**	(83)
Other investing activities	**(1)**	(2)
Net cash absorbed by investing activities	**(581)**	(95)
Free cash flow before financing activities	**199**	303
Cash flow from financing activities		
Proceeds from borrowings	**745**	285
Repayment of borrowings	**(49)**	(585)
Proceeds from Perpetual bond, net of transaction costs	**-**	619
Redemption of Perpetual bond, including transaction costs	**-**	(768)
Coupon paid on perpetual bond	**(31)**	(80)
Dividends paid on ordinary shares[1]	**(219)**	(181)
Interest paid on borrowings	**(48)**	(71)
Payments for acquisition of treasury shares	**-**	(76)
Proceeds from treasury shares sold and exercise of stock options	**4**	-
Lease payments	**(9)**	(7)
Net cash absorbed by financing activities	**393**	(864)
Net foreign exchange movements	**28**	3
Net increase / (decrease) in cash	**620**	(558)
Cash and cash equivalents at beginning of the period	**1,049**	1,162
Cash and cash equivalents at end of the period	**1,669**	604

[1] Dividends are presented net of dividends received on treasury shares of EUR 4 million (30 June 2021: 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 2022

	Attributable to owners of the parent									
In millions of euros	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
At 1 January 2022	**719**	**1,636**	**(189)**	**1,175**	**2,227**	**453**	**(351)**	**5,670**	**63**	**5,733**
Result of the period	-	-	-	-	-	**101**	-	**101**	**-**	**101**
Other comprehensive income	-	-	-	-	**(2)**	-	**375**	**373**	**2**	**375**
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**(2)**	**101**	**375**	**474**	**2**	**476**
Allocation of 2021 result	-	-	-	-	**453**	**(453)**	-	**-**	-	-
Coupon on perpetual bond	-	-	-	-	**(31)**	-	-	**(31)**	-	**(31)**
Tax on perpetual bond coupon	-	-	-	-	**7**	-	-	**7**	-	**7**
Dividends provided for or paid[1]	-	-	-	-	**(219)**	-	-	**(219)**	-	**(219)**
Share-based compensation expense	-	-	-	-	**4**	-	-	**4**	-	**4**
Exercise of share-based compensation	-	-	**14**	-	**(11)**	-	-	**3**	-	**3**
At 30 June 2022	**719**	**1,636**	**(175)**	**1,175**	**2,428**	**101**	**24**	**5,908**	**65**	**5,973**

[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.

Interim condensed consolidated statement of changes in shareholders' equity

For the six-month period ended 30 June 2021

	Attributable to owners of the parent									
In millions of euros	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
At 1 January 2021	**719**	**1,636**	**(76)**	**1,300**	**2,583**	**(86)**	**(710)**	**5,366**	**72**	**5,438**
Result of the period	-	-	-	-	-	**137**	-	**137**	**(2)**	**135**
Other comprehensive income	-	-	-	-	-	-	**143**	**143**	**(1)**	**142**
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**137**	**143**	**280**	**(3)**	**277**
Allocation of 2020 result	-	-	-	-	**(86)**	**86**	-	**-**	-	-
Issue of new Perpetual bond, net of transaction costs	-	-	-	**625**	**(6)**	**-**	-	**619**	-	**619**
Redemption of Perpetual bond, net of transaction costs	-	-	-	**(750)**	**(18)**	**-**	-	**(768)**	-	**(768)**
Coupon on perpetual bond	-	-	-	-	**(80)**	-	-	**(80)**	-	**(80)**
Tax on perpetual bond coupon	-	-	-	-	**14**	-	-	**14**	-	**14**
Dividends provided for or paid[1]	-	-	-	-	**(181)**	-	-	**(181)**	-	**(181)**
Acquisition of treasury shares	-	-	**(78)**[2]	-	**(41)**[3]	-	-	**(119)**	-	**(119)**
Share-based compensation expense	-	-	-	-	**3**	-	-	**3**	-	**3**
Exercise of share-based compensation	-	-	**5**	-	**(5)**	-	-	**-**	-	**-**
Other movements	-	-	-	-	**1**	-	-	**1**	-	**1**
At 30 June 2021	**719**	**1,636**	**(149)**	**1,175**	**2,184**	**137**	**(567)**	**5,135**	**69**	**5,204**

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

2 EUR 53 million for purchases of treasury shares in the framework of the share buyback programme announced in May 2021 and EUR 25 million of purchases of treasury shares in connection with the Group's stock option plans;

3 Remaining purchase commitment related to the share buyback programme announced in May 2021 for Class A and Class B shares as at the reporting date

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 2022

(In millions of euros, 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 2022 ('the Interim Financial Statements') were authorised for issue in accordance with a resolution of the directors on 3 August 2022 and have been reviewed but not audited.

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. They should therefore be read in conjunction with the Group's annual consolidated financial statements as at, and for the year ended, 31 December 2021.

Significant 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 2021.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations issued by the International Accounting Standards Board ('IASB') are relevant for the Group and effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing the Interim Financial Statements:

- **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 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 amendment is effective for annual reporting periods beginning on 1 January 2023. The amendment was not yet endorsed by the EU. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

- **Amendment to IFRS 3, IAS 16, IAS 37 and annual improvements 2018-2020**

  Amendments to IFRS 3, "Business combinations" update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

  Amendments to IAS 16, "Property, plant and equipment" prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, “Provisions, contingent liabilities and contingent assets” specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, “First-time adoption of IFRS”, IFRS 9 “Financial instruments, IAS 41 “Agriculture” and the illustrative examples accompanying IFRS 16, ‘Leases’.

The amendments were endorsed by the EU and are effective for annual reporting periods beginning on or after 1 January 2022. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

- **Amendments to IAS 1 and 8**

  On 12 February 2021the IASB issued amendments to IAS 1 “Presentation of Financial Statements” regarding the disclosure of accounting policies and 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 Group does not expect any significant impact of these amendments on its consolidated financial statements.

- **Amendments to IAS 12 related to assets and liabilities arising from a single transaction**

  On 6 May 2021the IASB published amendments to IAS 12 “Income taxes” regarding the deferred tax related to assets and liabilities arising from a single transaction, which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

  The amendments were not yet endorsed by the EU and are effective for annual periods beginning on or after 1 January 2023. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

There are no other IFRSs or IFRIC interpretations except the ones disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2021 or disclosed herewith, that are not yet effective that would be expected to have a material impact on the Group.

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, 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 2021.

Note 4 - Segmental information

The Group continues to report its activities as a single reportable operating segment in 2022. When analysing the performance of the operating segment, the comparative prior year figures are analysed 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 2022 and the comparative prior period figures as reported and at 'constant FX', are set out below:

In millions of euros (2021 comparatives as reported)	**2022**	2021	Change Favourable / (Adverse)
Revenue	**899**	875	24
C-band repurposing income	**4**	47	(43)
Operating expenses	**(374)**	(396)	22
EBITDA	**529**	526	3
EBITDA margin (%)	58.6%	57.0%	1.6 points
Depreciation	**(296)**	(283)	(13)
Property, plant and equipment impairment	(24)	-	(24)
Amortisation	**(24)**	(48)	24
Operating profit	**185**	195	(10)
Adjusted EBITDA	**545**	544	1
Adjusted EBITDA margin (%)	60.6%	62.2%	-1.6 points
C-band repurposing income	**4**	47	(43)
C-band operating expenses	**(17)**	(59)	42
Other significant special items	**(3)**	(6)	3
EBITDA	**529**	526	3

In millions of euros (2021 comparatives restated to 'constant FX')	**2022**	2021	Change Favourable / (Adverse)
Revenue	**899**	919	(20)
C-band repurposing income	**4**	51	(47)
Operating expenses	**(374)**	(423)	49
EBITDA	**529**	547	(18)
EBITDA margin (%)	58.6%	56.4%	2.2 points
Depreciation	**(296)**	(298)	2
Property, plant and equipment impairment	(24)	-	(24)
Amortisation	**(24)**	(50)	26
Operating profit	**185**	199	(14)
Adjusted EBITDA	**545**	567	(22)
Adjusted EBITDA margin (%)	60.6%	61.7%	-1.1 points
C-band repurposing income	**4**	51	(47)
C-band operating expenses	**(17)**	(65)	48
Other significant special items	**(3)**	(6)	3
EBITDA	**529**	547	(18)

Note 5 - Fair value management of financial instruments

The Interim Financial Statements do not include all fair value management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

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 as 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.

The following table present the Group's financial assets which are measured at fair value:

	30 June 2022		31 December 2021	
In millions of euros	Fair value asset	Fair value liability	Fair value asset	Fair value liability
Derivatives:				
Forward currency exchange contracts	-	**0.1**	-	-
Total value of financial derivatives:	-	**0.1**	-	-
Of which: Non-current	-	**-**	-	-
Of which: Current	-	**0.1**	-	-

During the first half of 2022, the Group has entered into forward currency exchange contracts to hedge a portion of the USD Group FX exposure, all with expiry dates before the 31st December 2022. These are presented under 'Other long-term liabilities' in the consolidated statement of financial position as at 30 June 2022. A +/- 0.01 movement in the EUR/USD exchange rate would impact the valuation of the outstanding derivatives by +/- EUR 1.4 million.

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

Differences were identified in the following category of financial instruments at 30 June 2022:

Borrowings: *In millions of euros*	Fair value hierarchy	Carrying amount	Fair value
Eurobond 2026 (EUR 650 million)	2	654	628
Eurobond 2027 (EUR 500 million)	2	498	435
Eurobond 2028 (EUR 400 million)	2	396	361
Eurobond 2029 (EUR 750 million)	2	745	730
US Bond 2023 (USD 750 million)	2	722	718
US Bond 2043 (USD 250 million)	2	234	200
US Bond 2044 (USD 500 million)	2	462	402
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	2	140	145
German Bond 2032 (EUR 50 million)	2	50	49
German Bond 2024 (EUR 150 million)	2	150	151
German Bond 2025 (EUR 250 million)	2	250	243
Fixed Term Loan Facility (LuxGovSat)	2	90	91
Total borrowings		**4,391**	**4,153**

On 7 June 2022 the Company announced the successful launch and pricing of a bond offering in which the Company has agreed to sell senior unsecured fixed rate notes due in 2029 for a total amount of EUR 750 million. The new notes bear a coupon of 3.50% and were priced at 99.725% of their nominal value, representing a credit spread of 175bps and yield-to-maturity of 3.55%.

Note 6 - Dividends declared and paid during the period

In millions of euros	Six-month period ended 30 June **2022**[1]	 2021[2]
Class A dividend (2021: EUR 0.50, 2020: EUR 0.40)	162	134
Class B dividend (2021: EUR 0.20, 2020: EUR 0.16)	37	31
Total dividends declared and paid during the period	199	165

[1] Net of withholding tax of EUR 24 million

[2] Net of withholding tax of EUR 20 million

Note 7 - Income tax

The income tax expense of EUR 54 million recognised for the period ended 30 June 2022 comprises the current income tax expense for the period of EUR 27 million and the net deferred tax expense of EUR 27 million. The current income tax expense mainly represents tax on profits of the current year (EUR 24 million) and withholding tax charges in various jurisdictions (EUR 3 million). The deferred tax expense is a combination of the recognition of new deferred tax assets for investment tax credits and net operating losses for a total of EUR 37 million and the use of tax losses of prior years, and the recognition of deferred tax liabilities for temporary differences, for a total of EUR 64 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 26 million. Given the availability of tax losses to be carried forward in Luxembourg, these investment tax credits are not being utilised against Luxembourg current income tax during the period but have been recognised as a deferred tax asset which is available for offset against future corporate income taxes in Luxembourg. SES believes that it is probable that sufficient taxable profits will be available in the Luxembourg fiscal unity in the future to use all the available investment tax credits.

In addition, the Company is liable to pay the Luxembourg Net Wealth Tax for an amount of EUR 3 million (2021: EUR 3 million) which is included within the operating expenses.

Tax paid during the period of EUR 169 million was significantly higher compared to prior year (2021: EUR 14 million) mainly due to tax paid on income arising in connection with C-Band repurposing activities (see Note 11).

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 2022, basic earnings per share of EUR 0.19 per Class A share (2021: EUR 0.25), and EUR 0.08 per Class B share (2021: EUR 0.10) have been calculated on the following basis:

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

In millions of euros	Six-month period ended 30 June	
	2022	2021
Profit attributable to owners of the parent	101	137
Assumed coupon on perpetual bond (net of tax)	(18)	(23)
Total	83	114

Assumed coupon accruals of EUR 18 million (net of tax) for the period ended 30 June 2022 (2021: EUR 23 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	
	2022	2021
Class A shares (in million)	363.7	376.1
Class B shares (in million)	185.7	191.7
Total	549.4	567.8

For the period ended 30 June 2022, diluted earnings per share of EUR 0.19 per Class A share (2021: EUR 0.25), and EUR 0.08 per Class B share (2021: EUR 0.10) 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. The weighted average number of shares, net of own shares held, for calculating diluted earnings per share is as follows:

	Six-month period ended 30 June	
	2022	2021
Class A shares (in million)	367.1	378.0
Class B shares (in million)	185.7	191.7
Total	552.8	569.7

Note 9 - Related party transactions

No related party transactions have occurred during the six-month period ended 30 June 2022 which have a significant impact on the financial position or results of the Group.

Note 10 - Other significant special items

Other significant special items comprise the following:

- restructuring expenses of EUR 1 million of (2021: EUR 6 million) and
- costs associated with the acquisition and integration of new subsidiaries (see Note 13) of EUR 2 million (2021: nil).

The restructuring expenses relate to charges associated with the reorganisation of the Group's operations, mainly in the framework of the Group's 'Simplify & Amplify' programme. Reflecting these activities, the interim condensed consolidated statement of financial position includes a provision of EUR 11 million (2021: EUR 16 million).

Note 11 - C-Band repurposing

The Company continues to execute on 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 had already met all required submission milestones with respect to completing Phase I of the clearing in October 2021, for which the Company received EUR 839 million (USD 977 million) of Accelerated Relocation Payments in December 2021 and January 2022.

The Company has also provided periodic updates to the FCC indicating progress made and internal objectives being completed.

In the first half of 2022 the Group incurred EUR 832 million of payments for purchases of tangible assets, partly offset by EUR 481 million of reimbursements received. The EUR 351 million net cash outfow is presented under 'Payments for purchases of tangible assets' in the interim condensed consolidated statement of cash flows.

Note 12 - Analysis of impairment indicators

In reviewing the valuations of assets in the framework of its analysis of impairment indicators as of 30 June 2022, 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 GEO satellites requiring a more detailed analysis as to the recoverable amount of those assets. Arising from this analysis, EUR 24 million of impairment charges were recorded during the six-month period ended 30 June 2022, being the difference between their net book value of EUR 459 million and the value in use of EUR 435 million. The pre-tax discount rate applied to these satellite assets ranged from 7.3% to 10.1%. The impairment charges are related to specific developments weakening the cash flow projections for those satellites and/or increases in the discount rates applied due to market developments.

Other than the above, no additional impairment indicators for intangible assets or property, plant and equipment were identified.

Note 13 - Post balance sheet events

On 22 March 2022, the Company announced an agreement to acquire 100% of DRS Global Enterprise Solutions Inc. ('GES'), a US-based subsidiary of Leonardo DRS for USD 450 million via its subsidiary SES Government Solutions Inc. The transaction closed on 1 August 2022 and hence GES will be included in the Group's consolidated financial reporting as of that date.

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

Note 14 - 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:

In millions of euros	**30 June 2022**	30 June 2021
Borrowings - non-current	**3,653**	3,490
Borrowings - current	**738**	182
Borrowings, *less*	**4,391**	3,672
Cash and equivalents	**(1,669)**	(604)
Net debt	**2,722**	3,068

ii. *EBITDA and EBITDA Margin*

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

In millions of euros	**30 June 2022**	30 June 2021
Profit before tax	**155**	151
Add: Depreciation expense	**296**	283
Add: Property, plant and equipment impairment	***24***	-
Add: Amortisation expense	**24**	48
Add: Net financing costs	**30**	44
EBITDA	**529**	526

The following table provides a reconciliation of EBITDA Margin:

In millions of euros	**30 June 2022**	30 June 2021
Revenue	**899**	875
C-band repurposing income	**4**	47
EBITDA	**529**	526
EBITDA Margin (%)	**58.6%**	57.0%

iii. *Adjusted EBITDA and Adjusted EBITDA Margin*

Adjusted EBITDA is defined as EBITDA adjusted to exclude significant special items. Significant special items exceeding the threshold of EUR 5 million at first recognition need to be approved by management and primarily consist of the net impact of the repurposing of US C-band spectrum, restructuring charges, and costs associated with the acquisition and integration of new subsidiaries. The following table reconciles Adjusted EBITDA to the income statement line items from which it is derived:

In millions of euros	**30 June 2022**	30 June 2021
EBITDA	**529**	526
Deduct: C-band repurposing income (Note 11)	**(4)**	(47)
Add: C-Band repurposing expenses (Note 11)	**17**	59
Add: Other significant special items *(Note 10)*	**3**	6
Adjusted EBITDA	**545**	544

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

In millions of euros	**30 June 2022**	30 June 2021
Revenue	**899**	875
Adjusted EBITDA	**545**	544
Adjusted EBITDA Margin (%)	**60.6%**	62.2%

iv. *Operating Profit and Operating Profit Margin*

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

In millions of euros	**30 June 2022**	30 June 2021
Profit before tax	**155**	151
Add back: Net financing costs	**30**	44
Operating Profit	**185**	195

The following table provides a reconciliation of Operating Profit Margin:

In millions of euros	**30 June 2022**	30 June 2021
Revenue	**899**	875
Operating Profit	**185**	195
Operating Profit Margin (%)	**20.5%**	22.3%

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:

In millions of euros	**30 June 2022**	30 June 2021
Borrowings – non-current	**3,653**	3,490
Borrowings – current	**738**	182
Total borrowings	**4,391**	3,672
50% of the Group's EUR 1.2 billion of perpetual bonds (2021: EUR 1.2 billion)	**588**	588
Less: Cash and cash equivalents	**(1,669)**	(604)
Adjusted Net Debt	**3,310**	3,656

vi. Adjusted Net Debt to Adjusted EBITDA ratio

In millions of euros	**30 June 2022**	30 June 2021
Adjusted Net Debt	**3,310**	3,656
Twelve-month rolling Adjusted EBITDA*	**1,092**	1,114
Adjusted Net debt to Adjusted EBITDA ratio	**3.03 times**	3.28 times

* 2021 rolling Adjusted EBITDA was calculated as follows:

In millions of euros	**30 June 2022**	30 June 2021
Adjusted EBITDA as at 30 June 2022/2021	**545**	544
Add: Adjusted EBITDA as at 31 December 2021	**1,091**	1,152
Less: Adjusted EBITDA as at 30 June 2021/2020	**(544)**	(582)
Twelve-month rolling Adjusted EBITDA	**1,092**	1,114

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. Significant special items exceeding the threshold of EUR 5 million on first recognition need to be approved by management and primarily consist of the net impact of the repurposing of US C-band spectrum, restructuring charges, and costs associated with the acquisition and integration of new subsidiaries, as well as the impairment expenses, including the tax impact of impairment charges on shareholdings arising at SES S.A. or at the 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:

In millions of euros	**30 June 2022**	30 June 2021
Profit of the group attributable to shareholders of the parent	**101**	137
C-band operating expenses (net of income)	**13**	12
Other significant special items	**3**	6
Impairment expenses	**24**	-
Add: Total material exceptional items	**40**	18
Tax on impairment expenses, at 26%	**(6)**	-
Tax on C-band operating expenses (net of income), at 21%	**(3)**	(2)
Tax on other significant special items, at 26% (2021: 22%)	**(1)**	(1)
Less: Tax on material exceptional items	**(10)**	(3)
Add: *Tax expense in respect of reversal of impairment expenses on the carrying value of subsidiary investments eliminated at consolidation level*	**37**	-
Adjusted Net Profit	**168**	152

For the first half of 2022, Adjusted Earnings per Share of EUR 0.34 per Class A share (2021: EUR 0.28), and EUR 0.14 per Class B share (2021: EUR 0.11) have been calculated on the following basis:

In millions of euros	**30 June 2022**	30 June 2021
Adjusted Net Profit	**168**	152
Assumed coupon on perpetual bond (net of tax)	**(18)**	(23)
Total	**150**	129

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):

Earnings per Share	**30 June 2022**	30 June 2021
Class A shares	**0.19**	0.25
Class B shares	**0.08**	0.10
Adjusted Earnings per Share	**30 June 2022**	30 June 2021
Class A shares	**0.34**	0.28
Class B shares	**0.14**	0.11

viii. Free cash flow before equity distributions and treasury activities

In millions of euros	**30 June 2022**	30 June 2021
Net cash generated by operating activities	**780**	398
Net cash absorbed by investing activities	**(581)**	(95)
Free cash flow before financing activities	**199**	303
Interest paid on borrowings	**(48)**	(71)
Lease payments	**(9)**	(7)
Free cash flow before equity distributions and treasury activities	**142**	225