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CONSOLIDATED FINANCIAL STATEMENTS

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

AUDIT REPORT

To the Shareholders of SES S.A.

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of SES S.A. (the "Company") and its subsidiaries (the "Group") as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

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

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

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

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

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 5 to the consolidated financial statements.

KEY AUDIT MATTERS

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

Revenue recognition

The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates in the determination of the appropriate accounting treatment (lease vs. service arrangements, identification of the performance obligations and timing of revenue recognition, barter transactions, principle versus agent considerations, etc.).

We focused on this area due to the inherent complexity and judgement in applying the revenue recognition accounting standards and to the significant focus on the revenue amount (1,782 million EUR for the year ended 31 December 2021) by the users of the consolidated financial statements (see >> Note 3).

How our audit addressed the key audit matter

- We obtained an understanding of the main revenue streams and evaluated the accounting policy for revenue recognition thereof;

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- We held discussions with Management on IFRS accounting analysis of any non-standard revenue contracts, performed testing of significant new revenue contracts and verified that the underlying revenue transactions were accounted in accordance with the substance of the commercial agreement and the relevant IFRS standards;
- We performed substantive analytical procedures at year-end on revenue and revenue-related accounting in order to identify any unusual variances;
- We tested any unusual and/or significant manual journal entries made to the revenue accounts, both at local and group level;
- We evaluated the deferred revenue schedules and their reconciliation with the accounting;
- We performed substantive testing on a sample of revenue transactions;
- We considered the disclosures in >> Note 3 the consolidated financial statements and assessed their appropriateness.

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

Management revised the grouping of the cash-generating units of the Group, effectively disaggregating the GEO CGU into Europe, North America and International CGUs. The MX1 operations, formerly under the MX1 CGU, were simultaneously integrated into the GEO Europe CGU. The MEO CGU remains unchanged.

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

The Group has goodwill of 1,520 million EUR and orbital rights with indefinite useful lives of 2,065 million EUR. An impairment expense of 673 million EUR was recognised for the year ended 31 December 2021 in relation to the goodwill at the level of the GEO North America CGU (see >> Note 14).

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

How our audit addressed the key audit matter

- We tested the design and implementation of relevant internal controls;
- We evaluated Management's determination of the cash generating units as well as the method and model used for the determination of the value in use, considering the requirements of IAS 36;
- We involved valuation specialists and independently recalculated the weighted average cost of capital based on the use of market data and verified the long-term growth rate to market data;
- We agreed the forecasted cash flows used for the calculation of the value in use to the 2022 Business Plan as approved by the Board of Directors;
- We evaluated the forecasted revenue and costs assumptions, considering our expectations in terms of significant developments during the forecast period (significant new contracts or loss thereof) and corroborated these with market data in respect of demand for satellite capacity and pricing;
- We evaluated the capital expenditure assumptions, considering our expectations in terms of significant developments during the forecast period (capital expenditure programs, replacement of satellites) and the expected capital expenditure level in terminal period in order to maintain the current assets base;
- We performed sensitivity analysis of the models to changes in the key assumptions;
- We considered the appropriateness of the disclosures in >> Note 14 to the consolidated financial statements.

Impairment of satellites

The Group has a space segment assets balance, representing primarily satellites, of 3,377 million EUR as at 31 December 2021. An impairment expense of 73 million EUR and a reversal of impairment expense previously recorded of 22 million EUR were recognised for the year ended 31 December 2021 in relation to several satellites, due to the change in their forecasted future revenue (see >> Note 12).

The valuation of the satellites might be impacted by events that may or may not be under Management's control (e.g. solar array issues) or by a decrease in revenue due to unfavorable market developments.

Moreover, there is a risk of impairment of the satellites due to obsolescence in the context of rapid evolution of technology.

How our audit addressed the key audit matter

- We tested the design and implementation of relevant internal controls;
- We discussed with Management, and in particular the engineering team about any satellite health issues and evaluated their impact on the satellites' capability to generate future cash inflows, and implicitly on the recoverable amount of the satellites;
- We evaluated the forecasted revenue and cost assumptions, considering our expectations in terms of significant developments during the forecast period (significant new contracts or loss thereof) and corroborated these with market data in respect of demand for satellite capacity and pricing;
- We involved valuation specialists and validated the method used to derive the value in use of satellites presenting a risk of impairment. We independently recalculated the weighted average cost of capital based on the use of market data;
- We performed sensitivity analysis of the models to changes in the key assumptions;
- We considered the disclosures in >> Note 12 to the consolidated financial statements.

Taxation

The Group operates across a large number of jurisdictions and is subject to various tax legislations and periodic reviews by local tax authorities of a range of tax matters, including transfer pricing, during the normal course of business. Moreover, the current tax structure of the Group is evolving to reflect recent developments in international taxation.

We focused on two specific tax matters relating to the provisions for tax risks, and the recognition and recoverability of the deferred tax assets, due to the high level of judgment in the determination of the current and deferred income tax balances and the determination of the level of the tax provisions.

How our audit addressed the key audit matter

- We tested the design and implementation of controls in respect of tax accounting, including the determination of the provisions for tax risks;
- We involved tax specialists in Luxembourg, the Netherlands and the USA, representing the main tax jurisdictions where the Group has an exposure, to gain an understanding of the current tax risks and evaluated the current and deferred tax income and expense and related balances;
- We held discussions with the Group Tax Management to understand and evaluate positions taken on uncertain tax risks and assessed the Group tax provision;
- We discussed with Management the status of the open tax audits and evaluated their impact on the consolidated financial statements;
- We analysed the recognition and recoverability of the deferred tax assets and determined that it is supported by forecast future tax profits;
- We considered the appropriateness of the disclosures in >> Note 7 and >> Note 8 to the consolidated financial statements.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

RESPONSIBILITIES OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ" FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Corporate Governance Statement is included in the consolidated management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 1 April 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 9 years.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to the requirement that:

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

In our opinion, the consolidated financial statements of the Group as at 31 December 2021, identified as "SES Annual report -2021-12-31-en", have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

PricewaterhouseCoopers, Société coopérative
Represented by

François Mousel Luxembourg, 2 March 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

Consolidated Income Statement

€ MILLION		2021	2020
Revenue	>> Note 3	**1,782**	**1,876**
C-band repurposing income	>> Note 33	901	10
Cost of sales	>> Note 4	(319)	(291)
Staff costs	>> Note 4	(304)	(330)
Other operating expenses	>> Note 4	(198)	(186)
Operating expenses	>> Note 4	**(821)**	**(807)**
EBITDA	>> Note 35	**1,862**	**1,079**
Depreciation expense	>> Note 12	(575)	(625)
Property, plant and equipment impairment	>> Note 12	(51)	(183)
Amortisation expense	>> Note 14	(95)	(95)
Intangible assets impairment	>> Note 14	(673)	(94)
Operating profit	>> Note 3	**468**	**82**
Net financing costs	>> Note 6	**(71)**	**(184)**
Profit/(loss) before tax		**397**	**(102)**

€ MILLION		2021	2020
Income tax benefit	>> Note 7	49	7
Profit/(loss) after tax		**446**	**(95)**
Profit/(loss) for the year		**446**	**(95)**
Attributable to:			
Owners of the parent		453	(86)
Non-controlling interests		(7)	(9)
		446	**(95)**
Basic and diluted earnings/(loss) per share (in euro)			
Class A shares	>> Note 10	0.92	(0.30)
Class B shares	>> Note 10	0.37	(0.12)
Adjusted EBITDA (Note 35)		1,091	1,152
C-band repurposing income	>> Note 33	901	10
C-band operating expenses	>> Note 33	(122)	(43)
Restructuring expenses	>> Note 24	(8)	(40)
EBITDA		**1,862**	**1,079**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

Consolidated Statement of Comprehensive Income

€ MILLION		2021	2020
Profit/(loss) for the year		**446**	**(95)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligation		3	(3)
Income tax effect		(1)	1
Remeasurements of post-employment benefit obligation, net of tax		**2**	**(2)**
Income tax relating to treasury shares impairment expense or reversal		1	6
Total items that will not be reclassified to profit or loss		**3**	**4**
Items that may be reclassified subsequently to profit or loss			
Impact of currency translation	>> Note 9	471	(624)
Income tax effect	>> Note 9	(36)	35
Total impact of currency translation, net of tax		**435**	**(589)**

€ MILLION		2021	2020
Net investment hedge	>> Note 18	(102)	113
Income tax effect	>> Note 18	26	(29)
Total net investment hedge, net of tax		**(76)**	**84**
Total items that may be reclassified subsequently to profit or loss		**359**	**(505)**
Total other comprehensive income/(loss) for the year, net of tax		**362**	**(501)**
Total comprehensive income/(loss) for the year, net of tax		**808**	**(596)**
Attributable to:			
Owners of the parent		815	(585)
Non-controlling interests		(7)	(11)
		808	**(596)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

Consolidated Statement of Financial Position

€ MILLION		2021	2020
Non-current assets			
Property, plant and equipment	>> Note 12	3,773	4,170
Assets in the course of construction	>> Note 13	1,788	1,651
Total property, plant and equipment		**5,561**	**5,821**
Intangible assets	>> Note 14	3,790	4,192
Other financial assets		26	14
Trade and other receivables	>> Note 16	245	268
Deferred customer contract costs		9	9
Deferred tax assets	>> Note 8	568	313
Total non-current assets		**10,199**	**10,617**
Current assets			
Inventories		23	27
Trade and other receivables	>> Note 16	1,746	488
Deferred customer contract costs		3	10
Prepayments		48	72
Income tax receivable		13	11
Cash and cash equivalents	>> Note 19	1,049	1,162
Total current assets		**2,882**	**1,770**
Total assets		**13,081**	**12,387**

€ MILLION		2021	2020
Equity			
Attributable to the owners of the parent	>> Note 20	5,670	5,366
Non-controlling interests	>> Note 21	63	72
Total equity		**5,733**	**5,438**
Non-current liabilities			
Borrowings	>> Note 23	3,524	3,317
Provisions	>> Note 24	6	12
Deferred income	>> Note 15	314	296
Deferred tax liabilities	>> Note 8	399	333
Other long-term liabilities	>> Note 26	83	127
Lease liabilities	>> Note 29	22	25
Fixed assets suppliers	>> Note 27	472	1,310
Total non-current liabilities		**4,820**	**5,420**
Current liabilities			
Borrowings	>> Note 23	57	613
Provisions	>> Note 24	56	60
Deferred income	>> Note 15	404	454
Trade and other payables	>> Note 25	292	300
Lease liabilities	>> Note 29	11	12
Fixed assets suppliers	>> Note 27	1,554	67
Income tax liabilities		154	23
Total current liabilities		**2,528**	**1,529**
Total liabilities		**7,348**	**6,949**
Total equity and liabilities		**13,081**	**12,387**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

Consolidated Statement of Cash Flows

€ MILLION		2021	2020
Profit/(loss) before tax		**397**	**(102)**
Taxes paid during the year		(31)	(31)
Interest expense on borrowings	>> Note 6	96	123
Depreciation, amortisation and impairment	>> Notes 12, 14	1,394	997
Amortisation of client upfront payments		(65)	(72)
Other non-cash items in the consolidated income statement		(41)	76
Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes		**1,750**	**991**
Changes in working capital			
(Increase)/decrease in inventories		4	(6)
(Increase)/decrease in trade and other receivables		(492)	17
Decrease in prepayments and deferred charges		15	17
Decrease in trade and other payables		(25)	(73)
Increase in upfront payments and deferred income		42	103
Changes in working capital		**(456)**	**58**
Net cash generated by operating activities		**1,294**	**1,049**
Cash flow from investing activities			
Payments for purchases of intangible assets		(37)	(39)
Payments for purchases of tangible assets		(243)	(171)
Other investing activities		(3)	(7)
Net cash absorbed by investing activities		**(283)**	**(217)**

€ MILLION		2021	2020
Cash flow from financing activities			
Proceeds from borrowings	>> Note 30	159	395
Repayment of borrowings	>> Note 30	(614)	(785)
Proceeds from Perpetual bond, net of transaction costs	>> Note 20	617	–
Redemption of Perpetual bond, net of transaction costs	>> Note 20	(768)	–
Coupon paid on perpetual bond	>> Note 20	(85)	(66)
Dividends paid on ordinary shares[1]	>> Note 11	(181)	(182)
Dividends paid to non-controlling interest		(2)	–
Interest paid on borrowings		(121)	(152)
Payments for acquisition of treasury shares		(119)	(10)
Proceeds from treasury shares sold and exercise of stock options		1	9
Lease payments	>> Note 29	(14)	(15)
Payment in respect of changes in ownership interest in subsidiaries		-	(7)
Net cash absorbed by financing activities		**(1,127)**	**(813)**
Net foreign exchange movements		3	(12)
Net increase in cash		(113)	7
Cash and cash equivalents at beginning of the year	>> Note 19	**1,162**	**1,155**
Cash and cash equivalents at end of the year	>> Note 19	**1,049**	**1,162**

1 Dividends are presented net of dividends received on treasury shares of € 2 million (2020: € 2 million).

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2021

Consolidated Statement of Changes in Shareholders' Equity

	Attributable to owners of the parent									
€ MILLION	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves[2]	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
At 1 January 2021	**719**	**1,636**	**(76)**	**1,300**	**2,583**	**(86)**	**(710)**	**5,366**	**72**	**5,438**
Result for the year	–	–	–	–	–	453	–	453	(7)	446
Other comprehensive income	–	–	–	–	3	–	359	362	–	362
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**3**	**453**	**359**	**815**	**(7)**	**808**
Allocation of 2020 result	–	–	–	–	(86)	86	–	–	–	–
Issue of new Perpetual bond, net of transaction costs	–	–	–	625	(8)	–	–	617	–	617
Redemption of Perpetual bond, net of transaction costs	–	–	–	(750)	(18)	–	–	(768)	–	(768)
Coupon on perpetual bond (>> Note 20)	–	–	–	–	(85)	–	–	(85)	–	(85)
Tax on perpetual bond coupon (>> Note 20)	–	–	–	–	20	–	–	20	–	20
Dividends provided for or paid[1]	–	–	–	–	(181)	–	–	(181)	(2)	(183)
Acquisition of treasury shares	–	–	(119)	–	–	–	–	(119)	–	(119)
Share-based compensation expense (>> Note 22)	–	–	–	–	5	–	–	5	–	5
Exercise of share-based compensation	–	–	6	–	(6)	–	–	–	–	–
At 31 December 2021	**719**	**1,636**	**(189)**	**1,175**	**2,227**	**453**	**(351)**	**5,670**	**63**	**5,733**

1 Dividends are presented net of dividends received on treasury shares of € 2 million.
2 The non-distributable items included in other reserves are described in >> Note 20.

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2020

Consolidated Statement of Changes in Shareholder' Equity

	Attributable to owners of the parent									
€ MILLION	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves[2]	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
At 1 January 2020	**719**	**1,636**	**(90)**	**1,300**	**2,519**	**296**	**(207)**	**6,173**	**83**	**6,256**
Result for the year	–	–	–	–	–	(86)	–	(86)	(9)	(95)
Other comprehensive income	–	–	–	–	4	–	(503)	(499)	(2)	(501)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**4**	**(86)**	**(503)**	**(585)**	**(11)**	**(596)**
Allocation of 2019 result	–	–	–	–	296	(296)	–	–	–	–
Coupon on perpetual bond (>> Note 20)	–	–	–	–	(66)	–	–	(66)	–	(66)
Tax on perpetual bond coupon (>> Note 20)	–	–	–	–	18	–	–	18	–	18
Dividends provided for or paid[1]	–	–	–	–	(182)	–	–	(182)	–	(182)
Acquisition of treasury shares	–	–	(10)	–	–	–	–	(10)	–	(10)
Share-based compensation expense	–	–	–	–	10	–	–	10	–	10
Exercise of share-based compensation	–	–	7	–	(14)	–	–	(7)	–	(7)
Sale of treasury shares	–	–	17	–	–	–	–	17	–	17
Other movements	–	–	–	–	(2)	–	–	(2)	–	(2)
At 31 December 2020	**719**	**1,636**	**(76)**	**1,300**	**2,583**	**(86)**	**(710)**	**5,366**	**72**	**5,438**

1 Dividends are presented net of dividends received on treasury shares of € 2 million.
2 The non-distributable items included in other reserves are described in >> Note 20.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

NOTE 1 – CORPORATE INFORMATION

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

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

The consolidated financial statements of SES as at, and for the year ended, 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 23 February 2022. Under Luxembourg Law, the consolidated financial statements are approved by the shareholders at their Annual General Meeting.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB') and endorsed by the European Union ('IFRS'), as at 31 December 2021.

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

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

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS, effective from 1 January 2021 and adopted by the Group. Any new IFRS amendments, effective from 1 January 2021 and not mentioned below are not applicable to the Group.

1) **Amendments to IFRS 4 "Insurance contracts – deferral of IFRS 9"**
The amendments extend the expiry date of the temporary exemption from applying IFRS 9 from 1 January 2021 to 1 January 2023 to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Insurance Contracts. The amendments were endorsed by the EU and are effective for annual periods beginning on or after 1 January 2021. The adoption of these amendments did not have any impact on the Group's consolidated financial statements.

2) **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2**
The amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform. The amendments were endorsed by the EU and are effective for annual periods beginning on or after 1 January 2021. The adoption of these amendments did not have any impact on the Group's consolidated financial statements >> Note 23.

3) **Amendment to IFRS 16, "Leases" – COVID-19 related rent concessions**
As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment is effective for annual reporting periods beginning on or after 1 June 2021. The adoption of this amendment did not have any impact on the Group's consolidated financial statements.

BASIS OF CONSOLIDATION

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

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

Should the Group cease to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has significant influence but not control or joint control. The Group accounts for investments in associates using the equity method of accounting.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of the profit or loss of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

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

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

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

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

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

1) Judgments

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

(i) Treatment of orbital slot licence rights

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

In the cases when, on the expiry of such rights, management believes it will be able to successfully re-apply for their usage at insignificant incremental cost, then such rights are deemed to have an indefinite life. Hence these assets are not amortised, but rather are subject to regular impairment reviews to confirm that the carrying value in the Group's financial statements is still appropriate. More details are given in >> Note 14.

(ii) Taxation

The Group operates in numerous tax jurisdictions and management is required to assess tax issues and exposures across its entire operations and to accrue for potential liabilities based on its interpretation of country-specific tax law and best estimates. In conducting this review management assesses the magnitude of the issue and the likelihood, based on experience and specialist advice, as to whether it will result in a liability for the Group.

If this is deemed to be the case, then a provision is recognised for the potential taxation charges. More details are given in >> Notes 7 and >> Note 24.

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

(iii) Consolidation of entities in which the Group holds 50% or less

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

  Management has concluded that the Group controls Al Maisan Satellite Communication LLC ('Yahlive'), even though it holds a 35% economic interest in this subsidiary since it has the majority of the voting rights on the Board of Directors of Yahlive and there are no voting rights at the shareholder level which could affect SES' control.

  SES has effective control over the relevant activities of Yahlive, such as budget approval, appointment and removal of the Chief Executive Officer and senior management team members as well as the effective control over the appointment or removal of the majority of the members of the Board of Directors. The entity is therefore consolidated with a 65% non-controlling interest >> Note 21.

- **LuxGovSat S.A.**

  SES and the Luxembourg government jointly incorporated the legal entity LuxGovSat S.A. ('LuxGovSat') as a limited liability company (Société Anonyme) under Luxembourg law, subscribing equally in the equity of the new company. Management has concluded that the Group controls LuxGovSat since SES has effective control over the relevant activities of the entity. It is therefore consolidated with a 50% non-controlling interest >> Note 21.

(iv) SES Government Solutions, Inc.

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

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

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

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

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

2) Estimation uncertainty

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

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

The Group determines whether goodwill and other indefinite-life intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating units ('CGUs') to which the goodwill and other indefinite-life intangible assets are allocated. Establishing the value in use requires the Group to make an estimate of the expected future pre-tax cash flows from the CGU and to choose a suitable pre-tax discount rate and terminal growth rate to calculate the present value of those cash flows. More details are given in >> Note 14.

(ii) Impairment testing for space segment assets

The Group assesses at each reporting date whether there is any indicator that an asset may be impaired. If any such indication exists, the Group determines an estimate of the recoverable amount, as the higher of: (1) the fair value less cost of disposal and, (2) its value in use, to determine whether the recoverable amount exceeds the carrying amount included in the consolidated financial statements. For the Group's satellites, the estimation of the value in use requires estimations of the future commercial revenues to be generated by each satellite, particularly related to new markets or services, and also the impact of past in-orbit anomalies and their potential impact on the satellite's ability to provide its expected commercial service >> Note 12.

(iii) Recoverability of deferred tax assets

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

(iv) Expected credit losses on trade receivables and unbilled accrued revenue

The Group estimates expected credit losses on trade receivables and unbilled accrued revenues using a provision matrix based on loss expectancy rates and forward-looking information. The Group records additional losses if circumstances or forward-looking information cause the Group to believe that an additional collectability risk exists which is not reflected in the loss expectancy rates >> Note 16.

BUSINESS COMBINATIONS

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

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

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

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

The excess of the:

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

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

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recorded at historical cost, representing either the acquisition or manufacturing cost. Satellite cost includes the launcher and launch insurance, less depreciation and impairment losses.

The financial impact of changes resulting from a revision of management's estimate of the cost of property, plant and equipment is recognised in the consolidated income statement in the period concerned.

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

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

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

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

Asset lives

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

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

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

ASSETS IN THE COURSE OF CONSTRUCTION

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

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

Once the asset is subsequently put into service and ready to operate in the manner intended by management, the expenditure is transferred to assets in use and depreciation commences.

BORROWING COSTS

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

INTANGIBLE ASSETS

1) Goodwill

Goodwill is measured as described in accounting policy for business combinations in >> Note 2.

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

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

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

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

2) Other intangibles

(i) Orbital rights

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

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

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

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

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

IMPAIRMENT OF OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

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

INVESTMENTS AND OTHER FINANCIAL ASSETS

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

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

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

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

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

DEFERRED CUSTOMER CONTRACT COSTS

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

INVENTORIES

Inventories primarily consist of equipment held for re-sale, work-in-progress, related accessories and network equipment spares and are stated at the lower of cost and net realisable value, with cost determined on a weighted average-cost method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

TRADE RECEIVABLES

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

TRADE AND OTHER PAYABLES

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

PREPAYMENTS

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

TREASURY SHARES

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

CASH AND CASH EQUIVALENTS

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

REVENUE RECOGNITION

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

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

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

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

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

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

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

Revenue from provision of satellite capacity

For the Group's contracts to provide satellite capacity, the Group makes capacity available to customers in a series of time periods that are distinct and have the same pattern of transfer to the customer. Revenue from customers under service agreements for satellite capacity is recognised on a straight-line basis over the duration of the respective contracts, including any free-of-charge periods. Using a straight-line measure of progress most faithfully depicts the Group's performance because the Group makes available a consistent level of capacity over each distinct time period. Revenue will cease to be recognised if there is an indication of a significant deterioration in a customer's ability to pay for the remaining goods or services.

Revenue from the sale of equipment

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

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

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

The Group may offer warranties on equipment. For warranties that are separately priced or offered as extended warranties, the Group recognises revenue on a straight-line basis over the duration of the warranty period. Using a straight-line measure of progress most faithfully depicts the Group's performance due to the nature of the Group's stand ready obligation during the warranty period. The Group also offers standard warranties with contract durations which are typically one year and represent assurance-type warranties. Standard warranties do not represent performance obligations separate from the related equipment, and revenue related to standard warranties is recognised at the same time as the related equipment.

Subscription revenue

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

Proceeds from sale of transponders

The proceeds of transponder sales are recognised in the period of the transaction at the time the Group transfers control of the transponders, which generally corresponds to the timing of transfer of title and risks and rewards associated with the holding of the transponders.

Revenue generated by engineering services

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

LEASE INCOME

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

C-BAND REPURPOSING INCOME

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

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

OTHER INCOME

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

CONTRACT ASSETS AND CONTRACT LIABILITIES

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

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

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

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

DIVIDENDS

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

PROVISIONS

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

BORROWINGS

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

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

CURRENT TAXES

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

DEFERRED TAXES

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

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

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

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

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

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

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

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

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

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

TRANSLATION OF FOREIGN CURRENCIES

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

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

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

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

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

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

$ Exchange Rate

	Average rate for 2021	Closing rate for 2021	Average rate for 2020	Closing rate for 2020
$	1.1894	1.1326	1.1384	1.2271

BASIC EARNINGS PER SHARE

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

DILUTED EARNINGS PER SHARE

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

HEDGE OF A NET INVESTMENT IN A FOREIGN OPERATION

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

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

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

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

1) Financial assets

A financial asset is derecognised where:

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

2) Financial liabilities

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

Offsetting financial instruments

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

ACCOUNTING FOR PENSION OBLIGATIONS

The Company and certain subsidiaries operate defined contribution pension plans.

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

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

SHARE-BASED PAYMENTS

1) Equity-settled share-based compensation plans

Employees (including senior executives) of the Group receive remuneration in the form of share-based compensation transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model for the Stock Appreciation Rights Plan ('STAR Plan') and Equity Based Compensation Plan comprising options ('EBCP Option Plan'), and a Black Scholes Model for the Equity Based Compensation Plan comprising performance shares ('EBCP PS') and restricted shares ('EBCP RS'). Further details are given in >> Note 22. In valuing equity-settled transactions, no account is taken of any non-market performance conditions, the valuation being linked only to the price of the Company's shares, if applicable.

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share >> Note 10.

2) Cash-settled share-based compensation plans

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model, further details of which are given in >> Note 22.

DEEPLY SUBORDINATED FIXED RATE RESETTABLE SECURITIES ("PERPETUAL BOND")

The deeply subordinated fixed rate securities issued by the Company are classified as equity since the Company has no contractual obligation to redeem the securities, and coupon payments may be deferred under certain circumstances (more details are given in >> Note 20 and recorded at fair value. Subsequent changes in fair value are not recognised in equity. Coupons become payable whenever the Company makes dividend payments. Coupon accruals are considered in the determination of earnings for calculating earnings per share >> Note 10.

LEASES

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

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

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

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

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

- using a single discount rate for a portfolio of leases with similar characteristics; and
- not accounting for leases ending within 12 months of the date of the initial application, or where the underlying asset has a low value.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards and interpretations are relevant for the Group and effective for annual periods beginning on or after 1 January 2022, and have not been early adopted in preparing these consolidated financial statements:

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

On 23 January 2020, the IASB issued "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)". The amendment will affect the presentation of liabilities in the consolidated statement of financial position. The amendment clarifies that the classification of a liability as current or non-current should be based on rights in existence at the end of the reporting period to defer settlement of a liability by at least 12 months. The amendment also clarifies that the classification of a liability should be unaffected by the entity's expectations regarding whether it will exercise its rights to defer payment. The amendment is effective for annual reporting periods beginning on or after 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.

2) 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 o 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.

3) Amendments to IAS 1 and IAS 8

On 12 February 2021, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" regarding the disclosure of accounting policies and as well amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" on the definition of accounting estimates. Both amendments aim to improve accounting policy disclosure and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The amendments were 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.

4) **Amendments to IAS 12 related to assets and liabilities arising from a single transaction**
On 6 May 2021, the IASB published the amendments to IAS 12 "Income taxes" regarding the deferred tax related to assets and liabilities arising from a single transaction, that clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments were 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.

NOTE 3 – SEGMENT INFORMATION

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

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

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

When analysing the performance of the operating segment against the prior period figures, these are presented both as reported and at 'constant FX', whereby they are recomputed using the prevailing exchange rates for each corresponding month of the current period.

The segment's financial results for 2021 are set out below:

Operating Profit Reported

€ MILLION	2021	2020	Change Favourable +/- Adverse
Revenue	**1,782**	**1,876**	**-5.0%**
C-band repurposing income	901	10	N/m
Operating expenses	(821)	(807)	-1.7%
EBITDA	1,862	1,079	72.6%
EBITDA margin (%)	69.4%	57.2%	12.2% pts
Depreciation and impairment	(626)	(808)	22.5%
Amortisation and impairment	(768)	(189)	N/m
Operating profit	**468**	**82**	**N/m**
Adjusted EBITDA	**1,091**	**1,152**	**-5.2%**
Adjusted EBITDA margin	61.2%	61.4%	-0.3% pts
C-band repurposing income	901	10	N/m
C-band operating expenses	(122)	(43)	N/m
Restructuring expenses	(8)	(40)	80.0%
EBITDA	1,862	1,079	72.6%

Operating Profit at Constant FX

€ MILLION	2021	Constant FX 2020	Change Favourable +/- Adverse
Revenue	**1,782**	**1,835**	**-2.9%**
C-band repurposing income	901	11	N/m
Operating expenses	(821)	(789)	-4.1%
EBITDA	1,862	1,057	76.2%
EBITDA margin (%)	69.4%	57.6%	11.8% pts
Depreciation and impairment	(626)	(802)	21.9%
Amortisation and impairment	(768)	(190)	N/m
Operating profit	**468**	**65**	**N/m**
Adjusted EBITDA	**1,091**	**1,128**	**-3.3%**
Adjusted EBITDA margin	61.2%	61.4%	-0.3% pts
C-band repurposing other income	901	11	N/m
C-band operating expenses	(122)	(42)	N/m
Restructuring expenses	(8)	(40)	80.0%
EBITDA	1,862	1,057	76.2%

REVENUE BY BUSINESS UNIT

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

Revenue by Business Unit 2021 and 2020

€ MILLION	2021	2020	Constant FX 2020	Change Favourable +/- Adverse	Change Favourable +/- Adverse (constant FX)
SES Video	1,046	1,108	1,097	-5.6%	-4.6%
Underlying[1]	1,046	1,108	1,097	-5.6%	-4.6%
Periodic[2]	–	–	–	N/m	N/m
SES Networks	735	767	737	-4.2%	-0.4%
Underlying[1]	734	759	730	-3.3%	0.5%
Periodic[2]	1	8	7	-86.3%	-85.0%
Sub-total	**1,781**	**1,875**	**1,834**	**-5.0%**	**-2.9%**
Underlying[1]	1,780	1,867	1,827	-4.7%	-2.6%
Periodic[2]	1	8	7	-86.3%	-85.0%
Other[3]	1	1	1	N/m	N/m
Group Total	**1,782**	**1,876**	**1,835**	**-5.0%**	**-2.9%**

Revenue by Business Unit 2020 and 2019

€ MILLION	2020	2019	Constant FX 2019	Change Favourable +/- Adverse	Change Favourable +/- Adverse (constant FX)
SES Video	1,108	1,213	1,208	-8.6%	-8.3%
Underlying[1]	1,108	1,210	1,205	-8.4%	-8.0%
Periodic[2]	–	3	3	N/m	N/m
SES Networks	767	762	747	+0.6%	+2.6%
Underlying[1]	759	734	720	+3.4%	+5.3%
Periodic[2]	8	28	27	-71.5%	-70.3%
Sub-total	**1,875**	**1,975**	**1,955**	**-5.1%**	**-4.1%**
Underlying[1]	1,867	1,944	1,925	-4.0%	-3.0%
Periodic[2]	8	31	30	-74.3%	-73.3%
Other[3]	1	9	9	N/m	N/m
Group Total	**1,876**	**1,984**	**1,964**	**-5.4%**	**-4.5%**

1 "Underlying" revenue represents the core business of capacity sales, as well as associated services and equipment. This revenue may be impacted by changes in launch schedule and satellite health status.
2. "Periodic" revenue separates revenues that are not directly related to or would distort the underlying business trends. Periodic revenue includes: the outright sale of transponders or transponder equivalents; accelerated revenue from hosted payloads during the course of construction; termination fees; insurance proceeds; certain interim satellite missions and other such items when material
3 Other includes revenue not directly applicable to SES Video or SES Networks

REVENUE BY CATEGORY

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

Revenue by Category 2021

€ MILLION	Revenue recognised at a point in time	Revenue recognised over time	Total
Revenue from contracts with customers	28	1,722	1,750
Lease income	–	32	32
Total	**28**	**1,754**	**1,782**

Revenue by Category 2020

€ MILLION	Revenue recognised at a point in time	Revenue recognised over time	Total
Revenue from contracts with customers	20	1,816	1,836
Lease income	–	40	40
Total	**20**	**1,856**	**1,876**

Revenue from contracts with customers recognised at a point in time is related to sales of equipment and amounts to € 28 million in 2021 (2020: € 20 million).

REMAINING PERFORMANCE OBLIGATIONS

Our remaining performance obligations, which the Group refers to as revenue "backlog," represent our expected future revenues under existing customer contracts and include both cancellable and non-cancellable contracts. The backlog was € 5.8 billion as of December 31, 2021 (2020: € 6.1 billion), € 5.2 billion (2020: € 5.6 billion) of which related to 'protected' backlog and € 0.6 billion (2020: € 0.5 billion) of which related to 'unprotected' backlog. Approximately 25% of the backlog is expected to be recognised as revenue in 2022, approximately 21% in 2023, and approximately 17% in 2024, with the remaining thereafter.

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

REVENUE BY COUNTRY

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

Revenue by Country

€ MILLION	2021	2020
Luxembourg (SES country of domicile)	54	54
United States of America	554	590
Germany	355	368
United Kingdom	212	232
France	78	94
Others – Europe	203	196
Others	326	342
Total	**1,782**	**1,876**

No single customer accounted for 10%, or more, of total revenue in 2021, or 2020.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS BY LOCATION

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

Property, Plant and Equipment and Intangible Assets by Location

€ MILLION	2021	2020
Luxembourg (SES country of domicile)	5,767	4,754
United States of America	2,036	2,808
The Netherlands	1,206	1,183
Isle of Man	–	900
Sweden	145	160
Germany	45	48
Israel	27	30
Others	125	130
Total	**9,351**	**10,013**

NOTE 4 – OPERATING EXPENSES

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

1) Cost of sales, which excludes staff costs and depreciation, represents expenditures which generally vary directly with revenue. They are incurred in delivering services to customers and include a variety of expenses such as rental of third-party satellite capacity, third-party teleports, connectivity, equipment and equipment rental, customer support costs such as hosting, monitoring, implementation, engineering work as well as commissions. Other cost of sales detailed below include an amount of € 51 million (2020: € 12 million) for C-band repurposing related expenses >> Note 33.

Cost of Sales

€ MILLION	2021	2020
Rental of third-party satellite capacity	(68)	(82)
Customer support costs	(72)	(55)
Other cost of sales	(179)	(154)
Total cost of sales	**(319)**	**(291)**

2) Staff costs of € 304 million (2020: € 330 million) include gross salaries and employer's social security payments, payments into pension schemes for employees, charges arising under share-based payment schemes, as well as staff-related restructuring charges of € 8 million (2020: € 38 million) and C-band repurposing related expenses of € 36 million (2020: € 15 million). At the year-end the total full-time equivalent number of members of staff was 2,037 (2020: 2,095).

3) Other operating expenses of € 198 million (2020: € 186 million) are, by their nature, less variable to revenue development. Such costs include office-related and technical facility costs, in-orbit insurance costs, marketing expenses, general and administrative expenditure, consulting charges, travel-related expenditure and movements in provisions for debtors. Other operating expenses also include an amount of nil (2020: € 2 million) of restructuring charges in connection with the Group's ongoing optimisation programme >> Note 24 and as well an amount of € 35 million (2020: € 16 million) C-band repurposing related expenses >> Note 33.

NOTE 5 – AUDIT AND NON-AUDIT FEES

For 2021 and 2020 the Group recorded charges, billed and accrued, from its independent auditors, and affiliated companies thereof, as set out below:

Audit and Non-Audit Fees

€ MILLION	2021	2020
Fees for statutory audit of annual and consolidated accounts	2.1	2.2
Fees charged for other assurance services	0.1	0.1
Fees charged for other non-audit services	–	–
Total audit and non-audit fees	**2.2**	**2.3**

'Other assurance services' represent primarily comfort letters issued in connection with treasury funding operations and interim dividend reviews.

NOTE 6 – FINANCE INCOME AND COSTS

Finance Income and Costs

€ MILLION	2021	2020
Finance income		
Interest income	–	1
Net foreign exchange gains[1]	37	–
Fair value increases on financial assets[2]	13	–
Total	**50**	**1**
Finance costs		
Interest expense on borrowings (excluding amounts capitalised)	(95)	(123)
Loan fees and origination costs and other	(26)	(30)
Net foreign exchange losses[1]	–	(32)
Total	**(121)**	**(185)**

1 Net foreign exchange gains/losses are mostly related to revaluation of bank accounts, deposits and other monetary items denominated in US dollars.
2 Represents fair value increases on assets included as part of 'Other financial assets' in the consolidated statement of financial position and required to be measured at fair value following recent third-party transactions

NOTE 7 – INCOME TAXES

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

Income Taxes

€ MILLION	2021	2020
Current income tax		
Current income tax charge on result of the year	(163)	(38)
Adjustments in respect of prior periods	9	(4)
Foreign withholding taxes	(7)	(9)
Total current income tax	**(161)**	**(51)**
Deferred income tax		
Relating to origination and reversal of temporary differences	(23)	73
Relating to tax losses carried forward	251	7
Changes in tax rate	6	(12)
Adjustment of prior years	(24)	(10)
Total deferred income tax	**210**	**58**
Income tax benefit per consolidated income statement	**49**	**7**
Consolidated statement of changes in equity		
Current and Deferred Income tax related to items (charged) or credited directly in equity		
Post-employment benefit obligation	(1)	1
Impact of currency translation	(36)	35
Net investment hedge – current tax	26	(29)
Tax impact of the treasury shares impairment recorded in the stand-alone financial statements	1	6
Tax impact on perpetual bond	20	18
Current and deferred income taxes reported in equity	**10**	**31**

A reconciliation between the income tax benefit and the profit before tax of the Group multiplied by a theoretical tax rate of 25.69% (2020: 25.69%) which corresponds to the Luxembourg domestic tax rate for the year ended 31 December 2021 is as follows:

Income Tax Reported in the Consolidated Income Statement

€ MILLION	2021	2020
Profit/(loss) before tax from continuing operations	**397**	**(102)**
Multiplied by theoretical tax rate	102	(26)
Effect of different foreign tax rates	14	4
Investment tax credits	(44)	(64)
Tax exempt income	–	–
Non-deductible expenditures	2	9
Taxes related to prior years	3	4
Effect of changes in tax rate	(5)	15
Other changes in group tax provision not included in separate lines	(3)	–
Impairment on investments in subsidiaries and other assets	(107)	14
Impact of deferred taxes	(23)	31
Foreign withholding taxes	7	9
Other	5	(3)
Income tax reported in the consolidated income statement	**(49)**	**(7)**

EFFECT OF CHANGES IN TAX RATE

During 2021, the Dutch government decided to increase the general corporate income tax rate from 25% to 25.8% as of 1 January 2022 and the deferred tax assets and liabilities balances have been re-measured on this revised basis. The total impact of this re-measurement was an income tax expense of € 3 million. The above re-measurement was considered a change in accounting estimate in accordance with IAS 8.

During 2021, the commune of Betzdorf hosting SES corporate headquarters decided to increase the municipal business tax rate from 7.5% to 9% bringing the total corporate income tax rate for Luxembourg from 25.69% to 27.19% as from 1 January 2022. The deferred tax assets and liabilities balances have been re-measured on this basis. The total impact of this re-measurement was a tax income of € 8 million. The above re-measurement was considered a change in accounting estimate in accordance with IAS 8.

FOREIGN WITHHOLDING TAX

The foreign withholding tax of € 7 million includes a provision of € 4 million for Indian withholding tax retained by customers and paid to the Indian tax authorities. A final decision on Indian withholding taxes is still pending at the level of the Supreme Court.

The remaining € 3 million relates to withholding tax retained by customers in other jurisdictions.

INVESTMENT TAX CREDITS

In 2021, the continuing investment in the O3b mPOWER and SES-17 triggered the recognition of deferred tax assets for investment tax credits of € 19 million (2020: € 55 million) and € 14 million (2020: € 6 million) respectively. In 2021, SES started the procurement of 19.2° replacement satellites triggering the recognition of deferred tax assets for investment tax credits of € 9 million (2020: € 0 million).

The remaining € 2 million of deferred tax assets for investment tax credits was recognised in connection with other investments by Group companies in Luxembourg.

According to Luxembourg tax law, unused investment tax credits can be carried forward for ten years. 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.

IMPACT OF DEFERRED TAXES

GovSat-1 was launched in January 2018 and entered in operational service in March 2018. A deferred tax asset for investment tax credits of € 26 million was recognised by its owner LuxGovSat S.A. in the same year. LuxGovSat S.A. is not part of the Luxembourg fiscal unity. As a result of management's analysis of the recoverability of this deferred tax asset, an additional amount of € 11 million was reversed during 2021 (2020: € 4 million).

On the basis of a recoverability analysis, an additional net deferred tax asset of € 41 million was recognised in relation to prior year tax losses in Luxembourg, Israel and Germany.

An additional deferred tax liability of € 6 million was recorded following the transfer of the business assets of SES Satellite Leasing Ltd to SES Astra S.A.

IMPAIRMENT ON SUBSIDIARIES AND OTHER ASSETS

The aggregate impact of € 107 million comprises the following:

- The impairment charge of € 903 million (2020: € 64 million) recorded on the carrying value of subsidiary investments and other assets held by entities in Luxembourg resulting in a positive effective tax rate ('ETR') impact of € 232 million (2020: € 17 million).
- The impairment charge of € 62 million taken on the carrying value of intercompany receivables held by entities in Luxembourg resulting in a positive ETR impact of € 16 million.
- The impairment charge of € 673 million (2020: nil) recorded in connection with the goodwill attributed to the GEO North America cash-generating unit >> Note 14 resulting in a negative ETR impact of € 141 million (2020: nil).

NOTE 8 – DEFERRED INCOME TAX

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

Deferred Income Tax

€ MILLION	Deferred tax assets 2021	Deferred tax assets 2020	Deferred tax liabilities 2021	Deferred tax liabilities 2020
Losses carried forward	301	73	–	–
Tax credits	259	227	–	–
Intangible assets	23	27	(239)	(219)
Tangible assets	–	–	(160)	(123)
Trade receivables	19	13	–	–
Other	5	9	(39)	(27)
Total deferred tax assets/(liabilities)	607	349	(438)	(369)
Offset of deferred taxes	(39)	(36)	39	36
Net deferred tax assets/(liabilities)	**568**	**313**	**(399)**	**(333)**

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

In 2021 the Group recognised additional deferred tax assets for tax losses carried forward in Luxembourg for € 247 million (2020: nil). Tax losses can be carried forward in Luxembourg for 17 years. Using the estimated future taxable income based on the most recent business plan information approved by the Board of Directors, the Company has concluded that the deferred tax assets for the remaining tax losses carried forward are recoverable (€ 281 million).

In addition to the recoverable tax losses for which the Group has recognised deferred tax assets, the Group has further tax losses of € 488 million as at 31 December 2021 (31 December 2020: € 497 million) which are available for offset against future taxable profits of the companies in which the losses arose. € 329 million (31 December 2020: 431 million) of these tax losses were generated in the US. Deferred tax assets have not been recognised in respect of these losses as they cannot be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries which are not expected to generate taxable profits against which they could be offset in the foreseeable future.

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

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

Movement in deferred Income Tax Assets

DEFERRED TAX ASSETS	Losses carried forward	Tax credits	Intangible assets	Receivables	Other	Total
At 1 January 2020	**71**	**168**	**30**	**23**	**10**	**302**
(Charged)/credited to the income statement	3	60	(4)	(9)	1	51
Charged directly to equity	–	–	–	–	1	1
Exchange difference[1]	(2)	–	–	(1)	(2)	(5)
At 31 December 2020	**72**	**228**	**26**	**13**	**10**	**349**
(Charged)/credited to the income statement	227	31	(3)	5	(5)	255
Charged directly to equity	–	–	–	–	–	–
Exchange difference[1]	2	–	–	1	–	3
At 31 December 2021	**301**	**259**	**23**	**19**	**5**	**607**

Movement in deferred Income Tax Liabilities

DEFERRED TAX LIABILITIES	Intangible assets	Tangible assets	Other	Total
At 1 January 2020	**207**	**169**	**25**	**401**
Charged/(credited) to the income statement	29	(38)	2	(7)
Exchange difference[1]	(17)	(8)	–	(25)
At 31 December 2020	**219**	**123**	**27**	**369**
Charged/(credited) to the income statement	2	31	12	45
Exchange difference[1]	18	6	–	24
At 31 December 2021	**239**	**160**	**39**	**438**

1 A foreign exchange impact arises due to the translation of Group's operations with a different functional currency than euro. This amounts to € 21 million as at 31 December 2021 (2020: € 20 million)

NOTE 9 – COMPONENTS OF OTHER COMPREHENSIVE INCOME

Components of Other Comprehensive Income

€ MILLION	2021	2020
Impact of currency translation	471	(624)
Income tax effect	(36)	35
Total impact of currency translation, net of tax	**435**	**(589)**

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

The unrealised gain in 2021 of € 471 million (2020: unrealised loss of € 624 million) reflects the impact on the valuation of SES's net US dollar assets due to the strengthening of the US dollar against the euro from $ 1.2271 to $ 1.1326 (2020: the weakening of the US dollar against the euro from $ 1.1234 to $ 1.2271). This effect is partially offset by the impact of the net investment hedge >> Note 18.

NOTE 10 – EARNINGS PER SHARE

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

For 2021, a basic earnings per share of € 0.92 per Class A share (2020: basic loss per share of € 0.30), and € 0.37 per Class B share (2020: basic loss per share of € 0.12) have been calculated as follows:

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

Profit Attributable to Owners

€ MILLION	2021	2020
Profit attributable to owners of the parent	453	(86)
Assumed coupon on perpetual bond (net of tax)	(41)	(49)
Total	**412**	**(135)**

Assumed coupon accruals of € 41 million (net of tax) for the year ended 31 December 2021 (2020: € 49 million) related to the Perpetual Bonds in issue have been considered for the calculation of the basic and diluted earnings available for distribution.

The weighted average number of shares based on the capital structure of the Company as described in >> Note 20, net of own shares held, for calculating basic earnings per share was as follows:

A- and B-shares

	2021	2020
Class A shares (in million)	369.7	378.4
Class B shares (in million)	189.2	191.7
Total	**558.9**	**570.1**

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

For 2021, a diluted earnings per Class A share of € 0.92 (2020: diluted loss of € 0.30), and € 0.37 per Class B share (2020: diluted loss of € 0.12) have been calculated as follows:

Diluted Earnings per Share

€ MILLION	2021	2020
Profit attributable to owners of the parent	453	(86)
Assumed coupon on perpetual bond (net of tax)	(41)	(49)
Total	**412**	**(135)**

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

Weighted Average Number of Shares

	2021	2020
Class A shares (in million)	372.9	381.3
Class B shares (in million)	189.2	191.7
Total	**562.1**	**573.0**

NOTE 11 – DIVIDENDS PAID AND PROPOSED

Dividends declared are paid net of any withholding tax (2021: € 20 million, 2020: € 20 million).

Dividends declared and paid during the year:

Dividends Declared and Paid

€ MILLION	2021	2020
Class A dividend for 2020: € 0.40 (2019: € 0.40)	153	153
Class B dividend for 2020: € 0.16 (2019: € 0.16)	31	31
Total	**184**	**184**

Dividends proposed for approval at the annual general meeting to be held on 1 April 2022, which are not recognised as a liability as at 31 December 2021:

Dividend Proposed

€ MILLION	2022	2021
Class A dividend for 2021: € 0.50 (2020: € 0.40)	192	153
Class B dividend for 2021: € 0.20 (2020: € 0.16)	38	31
Total	**230**	**184**

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment 2021

€ MILLION	Land and buildings	Space segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2021	**278**	**11,091**	**811**	**229**	**12,409**
Additions	6	–	7	3	16
Disposals	(3)		(1)	(1)	(5)
Retirements[1]	(6)	(850)	(3)	(1)	(860)
Transfers from assets in course of construction (>> Note 13)	3	–	17	41	61
Transfers from intangible assets (>> Note 14)	–	–	3	–	3
Impact of currency translation	11	468	38	6	523
As at 31 December 2021	**289**	**10,709**	**872**	**277**	**12,147**
Depreciation					
As at 1 January 2021	**(186)**	**(7,321)**	**(562)**	**(170)**	**(8,239)**
Depreciation	(15)	(478)	(53)	(29)	(575)
Impairment expense	–	(73)	–	–	(73)
Impairment reversal	–	22	–	–	22
Disposals	–	–	1	1	2
Retirements[1]	6	850	3	1	860
Impact of currency translation	(6)	(332)	(29)	(4)	(371)
As at 31 December 2021	**(201)**	**(7,332)**	**(640)**	**(201)**	**(8,374)**
Net book value as at 31 December 2021	**88**	**3,377**	**232**	**76**	**3,773**

1 Satellites ASTRA 2B, ASTRA 1D, AMC-2, AMC-16, NSS-806 and NSS-5 were retired in 2021

Property, Plant and Equipment 2020

€ MILLION	Land and buildings	Space segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2020	**290**	**12,054**	**834**	**215**	**13,393**
Additions	5	–	8	2	15
Disposals	(2)	–	(1)	(1)	(4)
Retirements[1]	(6)	(285)	(1)	(2)	(294)
Transfers from assets in course of construction (>> Note 13)	3	–	15	23	41
Transfers between categories	–	–	1	(1)	–
Impact of currency translation	(12)	(678)	(45)	(7)	(742)
As at 31 December 2020	**278**	**11,091**	**811**	**229**	**12,409**
Depreciation					
As at 1 January 2020	**(178)**	**(7,335)**	**(536)**	**(158)**	**(8,207)**
Depreciation	(21)	(527)	(57)	(20)	(625)
Impairment expense	–	(229)	–	–	(229)
Impairment reversal	–	46	–	–	46
Disposals	–	–	1	1	2
Retirements[1]	6	285	1	2	294
Impact of currency translation	7	439	29	5	480
As at 31 December 2020	**(186)**	**(7,321)**	**(562)**	**(170)**	**(8,239)**
Net book value as at 31 December 2020	**92**	**3,770**	**249**	**59**	**4,170**

1 Satellites AMC-7 and ASTRA 1F were retired in 2020

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

The review in 2021 resulted in revisions to the remaining useful economic lives of three GEO satellites resulting in a net decrease in the depreciation expense for 2021 of € 9 million. The corresponding review in 2020 resulted in revisions to the remaining useful economic lives of four GEO satellites and five MEO satellites resulting in a net decrease in the depreciation expense for 2020 of € 17 million.

As at 31 December 2021, the amount of the property, plant and equipment pledged in relation to the Group's liabilities is nil (2020: nil).

For further information related to right-of-use assets, >> Note 29.

IMPAIRMENT OF SPACE SEGMENT ASSETS

In 2021, the net impairment expense for space segment assets recorded was € 51 million (2020: € 183 million), comprising impairment expenses of € 73 million offset by impairment reversals of € 22 million. The charges and reversals are the aggregation of impairment testing procedures on specific satellites, or combinations of co-located satellites, in the Group's geostationary fleet.

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

Impairment expenses and reversals

€ MILLION	Carrying value	Value in use	Discount rate	Impairment expense
2021 – Expense	333	260	4.9% - 8.9%	73
2021 – Reversal	66	114	4.9% - 8.9%	(22)
2021 – Net impact				51
2020 – Expense	814	585	5.8% - 7.1%	229
2020 – Reversal	140	186	5.8% - 7.1%	(46)
2020 – Net impact				183

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

Specific developments, largely in the second half of 2021, in these areas contributed to the weakening of cash flow projections for certain satellites and contributed to the recording of the impairment expenses noted above.

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

The most recent testing showed that for this category of geostationary space segment assets, then under the least favourable combination of the circumstances above (namely a 1% higher discount rate in conjunction with a 5% lower EBITDA projection) an incremental impairment of € 68 million would be recorded. A 1% increase in the discount rate at a constant EBITDA level would increase satellite impairments by € 28 million. Taken separately, a 5% decrease in EBITDA would increase satellite impairments by € 31 million.

NOTE 13 – ASSETS IN THE COURSE OF CONSTRUCTION

Assets in the Course of Construction 2021

€ MILLION	Land and Buildings	Space segment	Ground segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2021	**1**	**1,529**	**90**	**31**	**1,651**
Movements in 2021					
Additions[1]	7	360	63	9	439
Transfers to assets in use (>> Note 12)	(3)	–	(17)	(41)	(61)
Transfer to intangible assets (>> Note 14)	–	–	(10)	–	(10)
Transfer between categories	2	–	(12)	10	–
C-band repurposing (>> Note 33)[2]	–	(305)	(8)	–	(313)
Impact of currency translation	–	80	1	1	82
Cost and net book value as at 31 December 2021	**7**	**1,664**	**107**	**10**	**1,788**

1 Additions related to O3b mPOWER, SES-17, Astra 19.2E (including € 237 million non-cash transactions)
2 C-band reimbursable space segment and ground cost (non-cash)

Assets in the Course of Construction 2020

€ MILLION	Land and Buildings	Space segment	Ground segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2020	**1**	**842**	**60**	**21**	**924**
Movements in 2020					
Additions[1]	–	766	69	26	861
Transfers to assets in use (>> Note 12)	(3)	–	(15)	(23)	(41)
Transfer to intangible assets (>> Note 14)	–	–	(5)	(1)	(6)
Transfer between categories	3	–	(12)	9	–
Impact of currency translation	–	(79)	(7)	(1)	(87)
Cost and net book value as at 31 December 2020	**1**	**1,529**	**90**	**31**	**1,651**

1 Additions related to O3b mPOWER, SES-17, C-band repurposing (including € 702 million non-cash transactions)

Borrowing costs of € 6 million (2020: € 5 million) arising from financing specifically relating to satellite procurements were capitalised during the year and are included in additions to 'Space segment' in the above table.

A weighted average effective rate of 2.92% (2020: 3.34%) was used, representing the Group's average weighted cost of borrowing. Excluding the impact of the loan origination costs and commitment fees the average weighted interest rate was 2.76% (2020: 3.14%).

In connection with space segment additions in 2021, the Group recognised € 164 million (2020: € 405 million) in respect of the O3b mPOWER arrangement described >> Note 27, € 140 million (2020: € 47 million) in respect of the SES-17 construction and € 56 million in respect of procurement of satellites in connection with Astra 19.2°E replacement.

Due to the nature of the arrangements, these transactions are included in the Group's assets in the course of construction space segment and included in 'Payments for purchases of tangible assets' within the consolidated statement of cash flows only to the extent that payments were made to the suppliers.

NOTE 14 – INTANGIBLE ASSETS

Intangible Assets 2021

€ MILLION	Orbital slot licence rights (indefinite-life)	Goodwill	Orbital slot licence rights (definite life)	Other definite life intangibles	Internally generated development costs	Total
Cost						
As at 1 January 2021	**1,930**	**2,173**	**771**	**470**	**58**	**5,402**
Additions	–	–	9	–	37	46
Retirement	–	–	(567)[1]	(70)	–	(637)
Transfers from assets in course of construction	–	–	–	49	(49)	–
Transfers between categories	4	–	–	(4)	–	–
Transfers to property, plant and equipment (>> Note 12)	–	–	–	(3)	–	(3)
Transfers from assets under constructions, property, plant and equipment (>> Note 13)	–	–	–	10	–	10
Impact of currency translation	147	203	–	17	–	367
As at 31 December 2021	**2,081**	**2,376**	**213**	**469**	**46**	**5,185**
Amortisation						
As at 1 January 2021	**(14)**	**(147)**	**(630)**	**(419)**	**–**	**(1,210)**
Amortisation	–	–	(38)	(57)	–	(95)
Impairment	–	(673)	–	–	–	(673)
Retirement	–	–	567[1]	70	–	637
Impact of currency translation	(2)	(36)	–	(16)	–	(54)
As at 31 December 2021	**(16)**	**(856)**	**(101)**	**(422)**	**–**	**(1,395)**
Net book value as at 31 December 2021	**2,065**	**1,520**	**112**	**47**	**46**	**3,790**

1 Concession agreement with Luxembourg government 2001 to 2021

Intangible Assets 2020

€ MILLION	Orbital slot licence rights (indefinite-life)	Goodwill	Orbital slot licence rights (definite life)	Other definite life intangibles	Internally generated development costs	Total
Cost						
As at 1 January 2020	**2,095**	**2,398**	**776**	**458**	**39**	**5,766**
Additions	–	–	–	2	45	47
Retirement	–	–	–	(6)	–	(6)
Transfers from assets in course of construction	–	–	–	24	(24)	–
Transfers from assets under constructions, property, plant and equipment (>> Note 13)	–	–	–	7	(1)	6
Impact of currency translation	(165)	(225)	(5)	(15)	(1)	(411)
As at 31 December 2020	**1,930**	**2,173**	**771**	**470**	**58**	**5,402**
Amortisation						
As at 1 January 2020	**–**	**(134)**	**(587)**	**(360)**	**–**	**(1,081)**
Amortisation	–	–	(44)	(51)	–	(95)
Impairment	(14)	(51)	–	(29)	–	(94)
Retirement	–	–	–	6	–	6
Impact of currency translation	–	38	1	15	–	54
As at 31 December 2020	**(14)**	**(147)**	**(630)**	**(419)**	**–**	**(1,210)**
Net book value as at 31 December 2020	**1,916**	**2,026**	**141**	**51**	**58**	**4,192**

INDEFINITE-LIFE INTANGIBLE ASSETS

The Group's indefinite-life intangible assets comprise goodwill and orbital slot licence rights.

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

The calculations of value in use are most sensitive to:

1) Movements in the underlying business plan assumptions

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

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

2) Changes in discount rates

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

3) Changes in perpetuity growth rates assumptions

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

REVISION TO DEFINITION OF CASH-GENERATING UNITS FOR INTANGIBLE ASSETS

With effect from 1 January 2021 the Company has revised the identification of the cash-generating units which are applied in the impairment testing of both goodwill and orbital slot rights. These changes, and the rationale for each are as set out below:

1) Discontinuation of 'MX1' as a separate cash-generating unit for goodwill impairment testing

As noted in the Group's 2020 consolidated financial statements, the goodwill for this cash-generating unit has been fully written off and hence no further impairment exposure remains. With effect from January 2021 the tangible fixed assets and working capital of MX1 have been integrated into the Group's wider Video business.

2) Disaggregation of current 'SES GEO operations' cash generating unit

The gross goodwill as at 31 December 2021 of € 2,376 million derives primarily from the acquisition of two significant GEO businesses: GE Americom in 2001 and New Skies Satellites in 2006.

Since 2012, and following on from the integration of these businesses into a single operational unit alongside the more Europe-centric SES ASTRA operations, the Group's approach to segmental reporting moved away from the former presentation of two GEO-related segments 'ASTRA' and 'World Skies' (being broadly the legacy GE Americom and New Skies Satellites business combined) to a single operating segment defined as 'the provision of satellite-based data transmission capacity, and ancillary services to customers around the world'.

From 2013 this integrated model was also adopted in the identification of cash-generating units for the purpose of goodwill impairment testing for GEO operations, with the more regionally derived components of goodwill arising in the purchase price allocation exercises for those two GEO acquisitions being grouped and monitored at the level of a single group of cash-generating units; an approach which was maintained for the eight years between 2013 and 2020.

Beginning in 2021, management has disaggregated this single cash-generating unit to revert to a regionally based reporting and monitoring of goodwill, realigning it with the approach taken for the impairment testing of orbital slot rights. This reflects the developments in the business environment of the Group, triggered by the increasing demand from market participants in various business areas (primarily telecommunications companies) for bandwidth to support the provision of data connectivity services.

These developments mean that there are increasingly two economic paths available to the Group in commercialising the valuable portfolio of orbital slot rights it has generated over many years, including through the two GEO business acquisitions noted above:

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

A specific example is the ongoing C-band repurposing project in the U.S. following the adoption by the Federal Communications Commission of its Report and Order and Order of Proposed Modification to clear a 300 MHz band of C-band downlink spectrum between 3,700 and 4,000 MHz by December 2025 >> Note 33.

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

The goodwill has been allocated between the three cash-generating units (as defined below) based on the assets acquired in the above acquisitions, with materially all the assets acquired in the GE Americom acquisition being allocated to 'North America' and materially all the assets acquired in the New Skies Satellites acquisition being allocated to 'International'. See the goodwill table below for the allocation of goodwill to the new CGUs.

3) Reduction in regional cash-generating units for impairment testing of orbital slot rights from six to three

Three regions ('Europe', 'North America' and 'International') have been defined for impairment testing procedures for both goodwill and orbital slot rights, compared to the six regions ('Europe', 'US', 'Canada', 'Mexico', 'Brazil' and 'International') used between 2012 and 2020 for procedures on orbital slot rights. Whilst there is no change to the 'Europe' region, the cash-generating units 'US', 'Canada' and 'Mexico' have been grouped into a new 'North America' unit, and 'Brazil' has been grouped with 'International'.

In the case of 'North America' this aggregation reflects the current inter-operability of spacecraft and orbital locations which can be used to serve customers in the U.S., Canada and Mexico, as well as the increasing interdependency of the contractual arrangements for significant customers in those markets which mean that the associated cash flows can no longer be seen as largely independent of each other.

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

As the Group extends its global connectivity offering integrating both GEO and MEO capacity, the level of interdependency of cash flows between the GEO International and MEO is expected to increase.

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

- GEO revenue from satellites is allocated to the GEO region primarily covered by the satellite. Non-satellite revenue is included in each CGU based on the legal entity expected to generate the revenue. MEO revenue, including GEO revenue expected to be used servicing primarily MEO contracts, is included in MEO.
- Operating expenses are allocated based on the underlying legal entity expected to incur the expense. Reallocations were performed when costs in one CGU clearly support the business of a different CGU.
- Intercompany transactions between CGUs included in the business plans of the individual legal entities were included, except where the above allocation methodologies made them no longer relevant.
- The Accelerated Relocation Payments related to the C-band repurposing >> Note 33 were allocated between the GEO North America and GEO International CGUs based on the Group's internal allocation of the proceeds, and considering the likely allocation agreed with the relevant regulatory authorities.

DISCOUNT RATES APPLIED

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

Pre-Tax discount Rates for CGU

	2021	2020
GEO Europe	6.40%	–
GEO North America	10.18%	–
GEO International	8.14%	–
GEO	–	8.04%
MEO	8.04%	7.97%
MX1	–	8.43%

These discount rates were computed using market interest rates and commercial spreads, the capital structure of businesses in the Group's business sector, and the specific risk profile of the businesses concerned. Generally, lower market risk premiums offset an increase in risk-free rates, especially on rates that are calculated with USD-based inputs.

PERPETUAL GROWTH RATE ('PGR') ASSUMPTIONS

As a result of GEO disaggregation mentioned above, separate GEO terminal growth rates by region were calculated for the first time. The terminal growth rate used in the valuations is -0.4% for GEO Europe, -4.5% for GEO North America, and +3.0% for GEO International. In 2020, a +0.5% terminal growth rate was used for GEO. The terminal growth rate used for MEO was +3.0% (2020: +2.0%).

These rates reflect the most recent long-term planning assumptions approved by the Board of Directors and can be supported by reference to the trading performance over a longer period and incorporate also projected growth rates for wide-beam and high-throughput satellites markets from external data sources. A cap has been applied to the PGRs in the case of GEO International and MEO. On a weighted-average basis, the terminal growth rate used for the GEO CGUs is comparable with the prior-year rate used for GEO. For MEO, the higher rate reflects higher the projected growth expectations approaching the end of the business planning period, which, again, is supported by external data sources.

IMPAIRMENT CHARGES RECORDED FOR 2021

1) Goodwill

As a result of the impairment tests conducted as of 31 December 2021, an impairment expense of € 673 million was recorded on GEO North America. The impairment is mainly driven by the impact of the disaggregation of the CGUs with the lower resulting attributable perpetual growth rate and, to a large extent, the recognition and receipt of the Phase I Accelerated Relocation Payment in 2021 >> Note 33.

No impairment expense was recorded on the carrying value of goodwill in GEO Europe, GEO International, or MEO.

- For GEO Europe, which mainly represents the organically grown Astra business, no impairment was necessary due to steady cash flows, low discount rates, and a minimal goodwill amount (see below).
- For GEO International, no impairment was necessary. This CGU encompasses most of the Group's GEO high-throughput satellites, which are expected to contribute to future revenue growth, although part of the value in use is also attributable to future proceeds receivable in the framework of the FCC Order as set out in more detail >> Note 33 below.
- For MEO, the valuation has increased due mainly to the increase in the PGR.

For all three CGUs, the updated business plan approved by the SES Board of Directors in December 2021 already reflects the impact of COVID-19.

Arising from the impairment reviews above, the Group's remaining goodwill has a net book value as at 31 December 2021 and 2020 by CGU as presented below:

Goodwill: Net Book Value

€ MILLION	2021	2020
GEO Europe	19	19
GEO North America	1,120	1,657
GEO International	224	207
MEO	152	138
Other (SES GS)	5	5
Total	**1,520**	**2,026**

The decrease in GEO North America reflects the € 673 million impairment mentioned above.

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

The most recent testing showed that:

- Neither GEO Europe or GEO International would record an impairment applying the most adverse combination of developments (a 1% increase in discount rates and 1% decrease in the perpetual growth rate).

- For GEO North America, the recorded impairment would increase by € 13 million in the case of a 1% decrease in the perpetual growth rate, by € 54 million in the case of a 1% increase in the discount rate, and by € 65 million in the case of both a 1% decrease in the perpetual growth rate and a 1% increase in the discount rate.
- For MEO, whilst an impairment would not be required in the case of a 1% decrease in the perpetual growth rate, it would require an impairment of € 49 million in the case of a 1% increase in the discount rate and of € 329 million were there to be a combination of a 1% higher discount rate and a 1% lower perpetual growth rate.

Taken separately from changes in discount and perpetuity growth rates, a 5% reduction in EBITDA would not lead to an impairment expense in the GEO Europe, GEO International, or MEO CGUs. The recorded impairment in GEO North America would increase by € 44 million.

2) Orbital slot licence rights

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

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

Orbital Slots Licence Rights: Pre-Tax discount Rates for CGU

	2021	2020
GEO Europe	7.40%	9.04%
GEO North America	11.18%	9.15%
GEO International	9.14%	9.15%
MEO	8.04%	7.97%

Similar to the pre-tax discount rates used for goodwill testing, these rates were selected to reflect market interest rates and commercial spreads; the capital structure of businesses in the Group's business sector; and the specific risk profile of the businesses concerned. The terminal growth rates used in the valuations are identical to those used in goodwill testing. The Group did not record any impairment expenses related to orbital slot licence rights for the year ending 31 December 2021 (2020: € 14 million).

The orbital slot license rights have a net book value as at 31 December 2021 and 2020 by CGU as presented below:

Orbital Slot Licence Rights: Net Book Value

€ MILLION	2021	2020
Europe	168	146
North America (including U.S., Canada, and Mexico in 2020)	325	300
International	447	432
MEO	1,125	1,038
Total	**2,065**	**1,916**

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

For orbital slot licence rights, the least favourable case – a combination of lower terminal growth rates and higher discount rates – would not lead to any impairment expenses of any orbital slot licence right CGU.

DEFINITE-LIFE INTANGIBLE ASSETS

The definite-life intangible assets as at 31 December 2021 have a net book value by country as presented below:

Definite Life Intangible Assets 2021

€ MILLION	2021	
	Orbital slot licence rights	Other
Luxembourg	105	25
Israel	–	2
Brazil	7	–
Other	–	20
Total	**112**	**47**

The definite-life intangible assets as at 31 December 2020 have a net book value by country as presented below:

Definite Life Intangible Assets 2020

€ MILLION	2020	
	Orbital slot licence rights	Other
Luxembourg	130	24
Israel	–	2
Brazil	7	–
Other	4	25
Total	**141**	**51**

The Group's primary definite life intangible asset has been the agreement concluded by SES ASTRA with the Luxembourg government in relation to the usage of Luxembourg frequencies in the orbital positions of the geostationary arc from 45˚ West to 50˚ East for the period from 1 January 2001 to 31 December 2021. Given the finite nature of this agreement, these usage rights – valued at € 550 million at the date of acquisition – were amortised on a straight-line basis over the 21-year term of the agreement and were retired as of 31 December 2021.

In November 2019, SES and the Luxembourg government reached an agreement to renew SES's concession to operate satellites operating under Luxembourg's jurisdiction for 20 years, effective from January 2022 when the current concession expires, with an annual fee of € 1 million payable from 2025 onwards. Under the agreement, and starting from 2022, SES will also contribute a maximum of € 7 million per year into a space sector fund.

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

As at 31 December 2021, the amount of the intangible assets pledged in relation to the Group's liabilities is nil (2020: nil).

NOTE 15 – ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

Assets and Liabilities Related to Contracts With Customers

€ MILLION	2021	2020
Current contract assets		
Trade receivables	357	393
Provision for trade receivables	(93)	(93)
Trade receivables, net of provisions	**264**	**300**
Unbilled accrued revenue	138	127
Provision for unbilled accrued revenue	(4)	(2)
Unbilled accrued revenue, net of provisions	**134**	**125**
Deferred customer contract costs	**3**	**10**
	401	435
Non-current contract assets		
Unbilled accrued revenue	254	275
Provision for unbilled accrued revenue	(9)	(7)
Unbilled accrued revenue, net of provisions	**245**	**268**
Deferred customer contract costs	**9**	**9**
	254	277
Current contract liabilities		
Deferred income	404	454
Non-current contract liabilities		
Deferred income	314	296

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

Movement in Deferred Income 2021

€ MILLION	Non-current	Current
As at 1 January 2021	**296**	**454**
Revenue recognised during the year	–	(1,132)
New billings	–	1,092
Other movements*	8	(20)
Impact of currency translation	10	10
As at 31 December 2021	**314**	**404**

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

Movement in Deferred Income 2020

€ MILLION	Non-current	Current
As at 1 January 2020	**317**	**467**
Revenue recognised during the year	–	(1,184)
New billings	–	1,236
Other movements*	(12)	(50)
Impact of currency translation	(9)	(15)
As at 31 December 2020	**296**	**454**

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

NOTE 16 – TRADE AND OTHER RECEIVABLES

Trade and Other Receivables

€ MILLION	2021	2020
Trade receivables, net of provisions	264	300
Unbilled accrued revenue, net of provisions	379	393
Other receivables	1,348	63
Total trade and other receivables	**1,991**	**756**
Of which:		
Non-current	245	268
Current	1,746	488

Unbilled accrued revenue represents revenue recognised, but not billed, under long-term customer contracts. Billing will occur based on the terms of the contracts. The non-current balance represents entirely unbilled accrued revenue. Other receivables include € 1,273 million (2020: € 21 million) to be received as part of the C-band repurposing project >> Note 33.

An amount of € 27 million (2020: € 35 million) was expensed in 2021 reflecting an increase in the impairment of trade and other receivables. This amount is recorded in 'Other operating expenses'. As at 31 December 2021, trade and other receivables with a nominal amount of € 106 million (2020: € 102 million) were impaired. Movements in the provision for the impairment of trade and other receivables were as follows:

Movement in the Provision for the Impairment of Trade and other Receivables

€ MILLION	2021	2020
As at 1 January	**102**	**113**
Increase in provision	43	77
Reversals of provision	(16)	(42)
Utilised	(32)	(39)
Other movements	3	
Impact of currency translation	6	(7)
As at 31 December	**106**	**102**

NOTE 17 – FINANCIAL INSTRUMENTS

FAIR VALUE ESTIMATION AND HIERARCHY

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

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

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

In line with 2020, as at 31 December 2021, the Group does not have any financial derivatives outstanding.

FAIR VALUES

The fair value of borrowings has been calculated with the quoted market prices except for COFACE, the LuxGovSat Fixed Term Loan Facility and the floating tranche of the Schuldschein Loan for which the discounted expected future cash flows at prevailing interest rates has been used. The fair value of foreign currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

All borrowings are measured at amortised cost. Financial assets and other financial liabilities measured at amortised cost, have a fair value that approximates their carrying amount.

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

As at 31 December 2021 – Fair Values

		Carried at amortised cost		Carried at fair value	Total
€ MILLION	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Balance Sheet
As at 31 December 2021					
Financial assets					
Non-current financial assets:					
Other financial assets	2	26	26	–	26
Trade and other receivables		245	245	–	245
Total non-current financial assets		**271**	**271**	**–**	**271**
Current financial assets:					
Trade and other receivables		1,746	1,746	–	1,746
Cash and cash equivalents		1,049	1,049	–	1,049
Total current financial assets		**2,795**	**2,795**	**–**	**2,795**
Financial liabilities					
Borrowings:					
At floating rates:					
Syndicated loan 2019*	2	–	–	–	–
COFACE	2	40	40	–	40
German Bond 2024 (€ 150 million), non-listed	2	150	152	–	150
At fixed rates:					
US Bond 2023 ($ 750 million)	2	662	682	–	662
German Bond 2025 (€ 250 million), non-listed	2	250	260	–	250
Eurobond 2026 (€ 650 million)	2	654	680	–	654
Euro Private Placement 2027 (€ 140 million) under EMTN	2	140	160	–	140
Eurobond 2027 (€ 500 million)	2	497	500	–	497
Eurobond 2028 (€ 400 million)	2	395	417	–	395
Fixed Term Loan Facility (LuxGovSat)	2	99	115		99
German Bond 2032 (€ 50 million), non-listed	2	50	60	–	50
US Bond 2043 ($ 250 million)	2	214	246	–	214
US Bond 2044 ($ 500 million)	2	430	493	–	430
Total borrowings		**3,581**	**3,805**		**3,581**
Non-current financial liabilities:		**4,101**	**4,323**	**–**	**4,101**
Non-current borrowings		3,524	3,746	–	3,524
Lease liabilities		22	22	–	22
Fixed assets suppliers		472	472	–	472
Other long-term liabilities		83	83	–	83
Current financial liabilities:		**1,914**	**1,916**	**–**	**1,914**
Current borrowings		57	59	–	57
Lease liabilities		11	11	–	11
Fixed assets suppliers		1,554	1,554	–	1,554
Trade and other payables		292	292	–	292

* As at 31 December 2021 no amount has been drawn down under this facility. As a consequence, the remaining balance of loan origination cost of the Syndicated Loan has been disclosed under prepaid expenses for an amount of € 2.2 million.

As at 31 December 2020 – Fair Values

€ MILLION	Fair value hierarchy	Carried at amortised cost: Carrying amount	Carried at amortised cost: Fair value	Carried at fair value: Carrying amount	Total: Balance Sheet
As at 31 December 2020					
Financial assets					
Non-current financial assets:					
Other financial assets		14	14	–	14
Trade and other receivables		268	268	–	268
Total non-current financial assets		**282**	**282**	**–**	**282**
Current financial assets:					
Trade and other receivables		488	488	–	488
Cash and cash equivalents		1,162	1,162	–	1,162
Total current financial assets		**1,650**	**1,650**	**–**	**1,650**
Financial liabilities					
Borrowings:					
At floating rates:					
Syndicated loan 2019*	2	–	–	–	–
COFACE	2	81	81	–	81
German Bond 2024 (€ 150 million), non-listed	2	150	152	–	150
At fixed rates:					
Eurobond 2021 (€ 650 million)	2	555	560	–	555
US Bond 2023 ($ 750 million)	2	610	648	–	610
German Bond 2025 (€ 250 million), non-listed	2	249	266	–	249
Eurobond 2026 (€ 500 million)	2	496	529	–	496
Euro Private Placement 2027 (€ 140 million) under EMTN	2	140	167	–	140
Eurobond 2027 (€ 500 million)	2	497	508	–	497
Eurobond 2028 (€ 400 million)	2	395	426	–	395
Fixed Term Loan Facility (LuxGovSat)	2	115	139		115
German Bond 2032 (€ 50 million), non-listed	2	50	63	–	50
US Bond 2043 ($ 250 million)	2	197	211	–	197
US Bond 2044 ($ 500 million)	2	395	429	–	395
Total borrowings		**3,930**	**4,179**		**3,930**
Non-current financial liabilities:		**4,779**	**5,020**	**–**	**4,779**
Non-current borrowings		3,317	3,558	–	3,317
Lease liabilities		25	25	–	25
Fixed assets suppliers		1,310	1,310	–	1,310
Other long-term liabilities		127	127	–	127
Current financial liabilities:		**992**	**1,000**	**–**	**992**
Current borrowings		613	621	–	613
Lease liabilities		12	12	–	12
Fixed assets suppliers		67	67	–	67
Trade and other payables		300	300	–	300

* As at 31 December 2020 no amount has been drawn down under this facility. As a consequence, the remaining balance of loan origination cost of the Syndicated Loan has been disclosed under prepaid expenses for an amount of € 3 million.

NOTE 18 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments, other than derivatives, comprise: a syndicated loan, Eurobonds, US dollar bonds (144A), a Euro-dominated Private Placement, German Bonds ('Schuldschein'), drawings under Coface and under a committed credit facility for specified satellites under construction, cash and short-term deposits.

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

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

LIQUIDITY RISK

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

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

Liquidity is monitored regularly through a review of cash balances, the drawn and issued amounts and the availability of additional funding under committed credit lines, the two commercial paper programmes and the EMTN Programme (€ 5,010 million as at 31 December 2021 and € 4,260 million as at 31 December 2020 – more details in >> Note 23).

The table below summarises the projected contractual undiscounted cash flows based on the maturity profile as at 31 December 2021 and 2020.

Projected Contractual Undiscounted Cash Flows based on Maturity Profile as at 31 December 2021

€ MILLION	Within 1 year	Between 1 and 5 years	After 5 years	Total
As at 31 December 2021:				
Borrowings	57	1,778	1,768	3,603
Future interest commitments	98	295	641	1,034
Trade and other payables	292	–	–	292
Other long-term liabilities	–	83	–	83
Lease liabilities	12	19	8	39
Fixed assets suppliers	472	1,554	–	2,026
Total maturity profile	**931**	**3,729**	**2,417**	**7,077**
As at 31 December 2020:				
Borrowings	613	1,117	2,234	3,964
Future interest commitments	119	305	656	1,080
Trade and other payables	300	–	–	300
Other long–term liabilities	–	127	–	127
Lease liabilities	13	26	4	43
Fixed assets suppliers	67	1,310	–	1,377
Total maturity profile	**1,112**	**2,885**	**2,894**	**6,891**

FOREIGN CURRENCY RISK

SES is active in markets outside the Eurozone, with business operations in many locations throughout the world. Consequently, SES uses certain financial instruments to manage its foreign currency exposure. Derivative financial instruments are used mainly to reduce the Group's exposure to market risks resulting from fluctuations in foreign exchange rates by creating offsetting exposures. SES is not a party to leveraged derivatives and, as a matter of policy, does not use derivative financial instruments for speculative purposes.

The Group has significant foreign operations whose functional currency is not the euro. The primary currency exposure in terms of foreign operations is the US dollar and the Group has designated certain US dollar-denominated debt as net investment hedges of these operations. The Group has a corresponding exposure in the consolidated income statement, excluding the impacts of C-band repurposing, of 50.8% (2020: 51.1%) of the Group's revenue and 52.5% (2020: 56.0%) of its operating expenses being denominated in US dollars. The Group does not enter into derivative instruments to hedge these currency exposures.

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

Hedge of net investment in foreign operations

As at 31 December 2021 and 2020, certain borrowings denominated in US dollars were designated as hedges of the net investments in SES Global Americas Inc. and its subsidiaries ('SES Americas'), SES Holdings (Netherlands) BV and its subsidiaries ('SES Netherlands'), SES Satellite Leasing Limited and MX1 Ltd to hedge the Group's exposure to foreign exchange risk on these investments.

As at 31 December 2021, all designated net investment hedges were assessed to be highly effective and a total loss of € 76 million, stated net of tax of € 26 million is included as part of other comprehensive income for the period (2020: gain of € 84 million, stated net of tax of € 29 million).

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

Hedged Portions of $ Statement of Financial Position Exposure

$ MILLION	2021	2020
$ statement of financial position exposure:		
SES Americas	2,359	2,729
SES Netherlands	4,617	4,733
SES Satellite Leasing Limited, Isle of Man	–	984
MX1 Ltd, Israel	37	47
Total	**7,013**	**8,493**
Hedged with:		
US Bonds	1,500	1,500
Total	**1,500**	**1,500**
Hedged proportion	**21%**	**18%**

The following table demonstrates the sensitivity to a +/- 20% change in the US dollar exchange rate on the nominal amount of the Group's US dollar net investment, with all other variables held constant. All value changes are eligible to be recorded in other comprehensive income with no impact on profit and loss.

Sensitivity to a +/– 20% change in US Dollar Exchange Rate 2021

31 December 2021	Amount in $ million	Amount in € million at closing rate of 1.1326	Amount in € million at rate of 1.36	Amount in € million at rate of 0.91
$ statement of financial position exposure:				
SES Americas	2,359	2,083	1,735	2,592
SES Netherlands	4,617	4,076	3,395	5,074
SES Satellite Leasing Limited	–	–	–	–
MX1 Ltd, Israel	37	33	27	41
Total	**7,013**	**6,192**	**5,157**	**7,707**
Hedged with:				
US Bonds	1,500	1,324	1,103	1,648
Other external borrowings	–	–	–	–
Total	**1,500**	**1,324**	**1,103**	**1,648**
Hedged proportion	21%			
Absolute difference without hedging			(1,035)	1,515
Absolute difference with hedging			(814)	1,191

Sensitivity to a +/– 20% change in US Dollar Exchange Rate 2020

31 December 2020	Amount in $ million	Amount in € million at closing rate of 1.2271	Amount in € million at rate of 1.47	Amount in € million at rate of 0.98
$ statement of financial position exposure:				
SES Americas	2,729	2,224	1,856	2,785
SES Netherlands	4,733	3,857	3,220	4,829
SES Satellite Leasing Limited	984	802	669	1,004
MX1 Ltd, Israel	47	38	32	48
Total	**8,493**	**6,921**	**5,777**	**8,666**
Hedged with:				
US Bonds	1,500	1,222	1,020	1,531
Other external borrowings	–	–	–	–
Total	**1,500**	**1,222**	**1,020**	**1,531**
Hedged proportion	18%			
Absolute difference without hedging			(1,144)	1,745
Absolute difference with hedging			(942)	1,437

INTEREST RATE RISK

The Group's exposure to market interest rate risk relates primarily to the Group's debt portion at floating rates. In order to mitigate this risk, the Group is generally seeking to contract as much as possible of its debt outstanding at fixed interest rates, and is carefully monitoring the evolution of market conditions, adjusting the mix between fixed and floating rate debt if necessary. To mitigate the Group's interest rate risk in connection with near-term debt refinancing needs, the Group may from time to time enter into interest rate hedges through forward contracts denominated in € and $.

As per 31 December 2021 and 31 December 2020, the Group had no interest rate hedges outstanding.

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

Split of the Nominal Amount of the Group's Debt between Fixed and Floating Rate

€ MILLION	At fixed rates	At floating rates	Total
Borrowings at 31 December 2021	**3,391**	**190**	**3,581**
Borrowings at 31 December 2020	3,699	231	3,930

In 2021, the Group repaid a maturing Eurobond 2021 of € 556 million, € 41 million related to Coface instalments and € 16 million of the LuxGovSat Facility.

The following table demonstrates the sensitivity of the Group's pre-tax income to reasonably possible changes in interest rates affecting the interest charged on the floating rate borrowings. All other variables are held constant. The Group believes that a reasonably possible development in the Eurozone interest rates would be an increase of nil basis points or an increase of 12 basis points (2020: decrease of 9 basis points).

Euro interest rates

€ MILLION	Floating rate borrowings	Increase in rates Pre-tax impact	Decrease in rates Pre-tax impact
Borrowings at 31 December 2021	**190**	**0.4**	**–**
Borrowings at 31 December 2020	231	–	0.2

CREDIT RISK

Risk management

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

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

The credit verification procedures in relation to trade receivables and unbilled accrued revenue include the assessment of the creditworthiness of the customer by using sources of quality information such as external specialist reports, audited annual reports, press articles or rating agencies. Should the customer be a governmental entity, the official debt rating of the respective country is a key driver in determining the appropriate credit risk category.

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

Impairment of trade receivables and unbilled accrued revenue

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

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

The Company calculates loss expectancy rates based on the history of losses and forward-looking information to create a provision matrix. On that basis, the provision as at 31 December 2021 and 31 December 2020 is as follows:

Impairment of Trade Receivables and Unbilled Accrued Revenues 2021

€ MILLION	Current	Less than 1 month	Between 1 and 3 months	More than 3 months	Total
31 December 2021					
Average expected loss rate (by portfolio)	3.8%	4.9%	6.6%	10.9%	
Gross carrying amount – trade receivables	131	24	32	170	357
Provision	**–**	**–**	**1**	**6**	**7**

Impairment of Trade Receivables and Unbilled Accrued Revenues 2020

€ MILLION	Current	Less than 1 month	Between 1 and 3 months	More than 3 months	Total
31 December 2020					
Average expected loss rate (by portfolio)	4.1%	5.1%	7.5%	12.1%	
Gross carrying amount – trade receivables	164	40	33	156	393
Provision	**–**	**–**	**1**	**8**	**9**

The provision in respect of unbilled accrued revenue as at 31 December 2021 amounts to € 13 million and the corresponding expected credit loss is 3.4% (31 December 2020: € 9 million and the corresponding expected credit losses is 2.2%).

An amount of € 0.5 million (2020: € 6.3 million) was expensed in 2021 reflecting an increase in the IFRS 9 related provision for trade and other receivables.

Additional provisions are recorded for trade receivables balances if specific circumstances or forward-looking information lead the Group to believe that additional collectability risk exists with respect to customers that are not reflected in the loss expectancy rates. A cumulative provision for trade receivables of € 86 million has been recorded as of 31 December 2021 (31 December 2020: € 84 million).

The movement in provisions for trade receivables and unbilled accrued revenue as at 31 December 2021 and 2020 are as follows:

Movement in Provisions for Trade Receivables and Unbilled Accrued Revenue

	Provisions for trade receivables		Provisions for unbilled accrued revenue	
€ MILLION	**2021**	**2020**	**2021**	**2020**
At 1 January	**93**	**94**	**9**	**19**
Increase in provision recognised in profit or loss during the year	39	75	4	2
Receivables written off during the year as uncollectible	(32)	(28)	–	(11)
Unused amount reversed	(13)	(41)	(3)	(1)
Other movements	–	–	3	–
Impact of currency translation	6	(7)	–	–
At 31 December	**93**	**93**	**13**	**9**

C-band repurposing receivables

The Group recorded C-band repurposing receivables upon receiving validation that the Group successfully met the Phase 1 Accelerated Relocation deadline and for costs incurred related to C-band spectrum clearing for which the Group expects to be reimbursed. The Group considered the credit risk related to the C-band repurposing receivables at the end of 2021 and 2020 and concluded that an estimate of zero expected credit losses is appropriate.

The U.S. government, through the FCC, developed the rules of the C-band auction to ensure incumbent satellite operators such as the Group are paid in full even if one or more individual overlay license winners fails to pay the Group its assigned portion of the Group's relocation costs. An independent third-party Relocation Payment Clearinghouse is administering the C-band transition and related payments with FCC oversight. If an auction winner defaults on an obligation to pay the Group, the FCC could require a license to be re-auctioned with the same payment condition, or the FCC could require the other auction winners to collectively pay the Group for the shortfall as a condition for them to maintain their licenses.

Therefore, as it expects the U.S. government to regulate and ensure the auction winners' compliance with their payment obligations to the Group, the Group has estimated zero expected credit losses on the C-band repurposing receivables. Additional disclosure on the C-band clearing project is included in >> Note 33.

FINANCIAL CREDIT RISK

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

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

CAPITAL MANAGEMENT

The Group's policy is to attain and retain an investment grade rating from at least two reputable rating agencies. These investment grade ratings serve to maintain investor, creditor, and market confidence. Within this framework, the Group manages its capital structure and liquidity in order to reflect changes in economic conditions to keep its cost of debt low, maintain the confidence of debt investors at a high level and to create added value for the shareholder. The Group's dividend policy takes into account the financial performance of the year, cash flow developments and other factors such as yield and pay-out ratio.

NOTE 19 – CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

€ MILLION	2021	2020
Cash at bank and in hand	872	708
Short-term deposits	177	454
Total cash and cash equivalents	**1,049**	**1,162**

Cash at banks is subject to interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months – depending on the immediate cash requirements of the Group – and earn interest at the respective short-term deposit rates. Short-term deposits and cash at bank and in hand are held at various financial institutions meeting the credit rating criteria set out in >> Note 18 above. See also >> Note 33 in connection with the receipt of C-band Accelerated Relocation Payments around the year end.

As at 31 December 2021, there were no investments in money market funds, consistent with the year-end 2020 position.

NOTE 20 – SHAREHOLDERS' EQUITY

ISSUED CAPITAL

SES has a subscribed capital of € 719 million (2020: € 719 million), represented by 383,457,600 class A shares (2020: 383,457,600 class A shares) and 191,728,800 class B shares (2020: 191,728,800 class B shares) with no par value.

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

Issued Capital

	Class A shares	Class B shares	Total shares
As at 1 January 2021	**383,457,600**	**191,728,800**	**575,186,400**
Shares issued during the year	–	–	–
As at 31 December 2021	**383,457,600**	**191,728,800**	**575,186,400**

	Class A shares	Class B shares	Total shares
As at 1 January 2020	**383,457,600**	**191,728,800**	**575,186,400**
Shares issued during the year	–	–	–
As at 31 December 2020	**383,457,600**	**191,728,800**	**575,186,400**

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

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

A shareholder, or a potential shareholder, who seeks to acquire, directly or indirectly, more than 20% of the shares of the Company must inform the Chairman of the Board of Directors of the Company of such intention. The Chairman of the Board of Directors of the Company shall forthwith inform the government of the Grand Duchy of Luxembourg of the envisaged acquisition which may be opposed by the government within three months from such information should the government determine that such acquisition would be against the general public interest. In case of no opposition from the government, the Board shall convene an extraordinary meeting of shareholders which may decide at a majority provided for in article 450-3 of the law of 10 August 1915, as amended, regarding commercial companies, to authorise the shareholder, or potential shareholder, to acquire more than 20% of the shares. If it is an existing shareholder of the Company, it may attend the general meeting and will be included in the count for the quorum but may not take part in the vote.

SHARE BUYBACK PROGRAMME

On 6 May 2021 the Company announced a share buyback programme to be executed by 31 December 2021 under the authorisation given by the Annual General Meeting of shareholders held on 1 April 2021.

During the year the Group acquired 12 million Class A shares at a weighted average price of € 6.56 per A-share and 6 million Class B shares at a price of € 2.62 per B-share, resulting in a total cost of the programme of € 94 million. The shares acquired under the programme are expected to be cancelled before the end of 2022 to reduce the total number of voting and economic shares in issue on completion of the programme, subject to the receipt of the relevant shareholder approval.

Subject to the agreement of the shareholders, the Company purchases FDRs in respect of 'Class A' shares in connection with executives' and employees' share-based payment plans. At the year-end, the Company held FDRs relating to the above schemes as set out below. These FDRs are disclosed as treasury shares in the consolidated statement of financial position and are carried at acquisition cost as a deduction from equity.

Buy-Back of Treasury Shares

	2021	2020
FDRs held as at 31 December	19,748,429	4,559,818
Carrying value of FDRs held (€ million)	174	77
Class B shares held as at 31 December	6,000,000	–
Carrying value of Class B shares held (€ million)	15	–

€ 750,000,000 DEEPLY SUBORDINATED FIXED RATE RESETTABLE SECURITIES

In 2016 SES issued € 750,000,000 Deeply Subordinated Fixed Rate Resettable Securities (the '€ 750 million perpetual bond') at a coupon of 4.625 percent to the first call date, a price of 99.666 and a yield of 4.7 percent. Transaction costs related to this transaction amounted to € 20 million and have been deducted from 'Other reserves'. Based on the terms of issuance, the Company was entitled to call the € 750 million perpetual bond on 2 January 2022 and on subsequent coupon payment dates.

On 18 May 2021, SES announced a capped tender offer for the bond at a fixed purchase yield of -0.10% which was accepted by the required number of bondholders such that the Company was able to repurchase 84.5% of the existing bonds on 28th May at a price representing 102.838% of nominal value, and the remaining 15.5% at par, with a settlement date of 30 June 2021.

€ 625,000,000 DEEPLY SUBORDINATED FIXED RATE RESETTABLE SECURITIES

On 20 May 2021 the Company announced the successful launch and pricing of new Deeply Subordinated Fixed Rate Resettable Securities for a total amount of € 625 million, with a first reset date on 27 August 2026. The securities bear a coupon of 2.875% per annum and were priced at 99.409% of their nominal value. The proceeds of the new issuance were received on 27 May 2021.

Tender premium and transaction costs for these transactions amounted to € 26 million and have been deducted from "Other reserves".

€ 550,000,000 DEEPLY SUBORDINATED FIXED RATE RESETTABLE SECURITIES

In 2016 SES issued a second perpetual bond of € 550,000,000 (the '€ 550 million perpetual bond') at a coupon of 5.625 percent to the first call date, a price of 99.304 and a yield of 5.75 percent. Transaction costs related to this transaction amounted to € 8 million and have been deducted from 'Other reserves'. This brought the aggregate perpetual bond issued by the Group to € 1,300 million. SES is entitled to call the € 550 million perpetual bond on 29 January 2024 and on subsequent coupon payment dates.

As the Company has no obligation to redeem either of the bonds, and the coupon payments are discretionary, it classified the net proceeds from the issuance of the securities (together € 1,121 million net of transaction costs and tax) as equity. The perpetual bonds are guaranteed on a subordinated basis by SES Global Americas Holdings GP. SES used the net proceeds from the offerings for the repayment of O3b debt, the repayment of certain existing indebtedness of the Group, as well as for general corporate purposes.

Coupon payments in respect of the perpetual bonds occurred on 4 January 2021 (€ 35 million), 29 January 2021 (€ 31 million), 27 May 2021 (€ 11 million), 21 June 2021 (€ 3 million) and 27 August 2021 (€ 5 million) and have been deducted from 'Other reserves'. The corresponding payments in 2020 were on 2 January 2020 (€ 35 million) and 29 January 2020 (€ 31 million) and were also deducted from 'Other reserves'.

Tax on the perpetual bond coupon accrual of € 20 million (2020: € 18 million) has been credited to 'Other reserves".

OTHER RESERVES

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly statutory net profit of the Company is transferred to a legal reserve which is non-distributable. This requirement is satisfied when the reserve reaches 10% of the issued share capital. As at 31 December 2021 a legal reserve of € 72 million (2020: € 72 million) is included within other reserves.

Other reserves include a non-distributable amount of € 189 million (2020: € 77 million) linked to treasury shares, and an amount of € 181 million (2020: € 228 million) representing the net worth tax reserve for 2015-2018, for which the distribution would result in the payment of net worth tax at a rate of up to 20% of the distributed reserve in accordance with Luxembourg law requirement.

NOTE 21 – NON-CONTROLLING INTEREST

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

Summarised Financial Information for each subsidiary that has Non-Controlling Interests, material to the Group: Balance Sheet

€ MILLION	LuxGovSat S.A. (50% NCI)*		Al Maisan Satellite Communications LLC, UAE (65% NCI)*	
Summarised balance sheet	**2021**	**2020**	**2021**	**2020**
Current assets	18	39	14	12
Current liabilities	(18)	(27)	(3)	(4)
Current net assets	**–**	**12**	**11**	**8**
Non-current assets	159	178	27	28
Non-current liabilities	(83)	(100)	–	–
Non-current net assets	**76**	**78**	**27**	**28**
Net assets	**76**	**90**	**38**	**36**
Accumulated NCI	38	45	25	24
Transactions with non-controlling interests	–	–	–	–

* Refer to Note 2

Summarised Financial Information for each subsidiary that has Non-Controlling Interests, material to the Group: Statement of Comprehensive Income

€ MILLION	LuxGovSat S.A. (50% NCI)		Al Maisan Satellite Communications LLC, UAE (65% NCI)	
Summarised statement of comprehensive income	**2021**	**2020**	**2021**	**2020**
Revenue	23	21	9	7
Operating expenses	(15)	(16)	(4)	(8)
Profit/(loss) for the period	**(15)**	**(13)**	**1**	**(4)**
Other comprehensive income	–	–	–	–
Total comprehensive income	**(15)**	**(13)**	**1**	**(4)**
Profit/(loss) allocated to NCI	(7)	(6)	1	(3)
Dividend paid to NCI	–	–	–	–

Summarised Financial Information for each subsidiary that has Non-Controlling Interests, material to the Group: Cash Flows

€ MILLION	LuxGovSat S.A. (50% NCI)		Al Maisan Satellite Communications LLC, UAE (65% NCI)	
Summarised cash flows	**2021**	**2020**	**2021**	**2020**
Cash flows from/(absorbed by) operating activities	6	8	4	3
Cash flows from/(absorbed by) investing activities	(1)	–	(3)	–
Cash flows from/(absorbed by) financing activities	(38)	6	–	–
Net foreign exchange movements	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	**(33)**	**14**	**1**	**3**

NOTE 22 – SHARE-BASED COMPENSATION PLANS

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

1) The Stock Appreciation Rights Plan ('STAR Plan')

The STAR Plan is an equity-settled plan available to non-executive staff of Group subsidiaries, where share options are granted. In January 2011, the STAR Plan was amended and, for all options granted 2011 onwards, a third of the share options vest and can be exercised each year. After being fully vested, the share options have a four-year exercise period.

Stock Appreciation Rights Plan

	2021	2020
Outstanding options at the end of the year	700,553	1,134,170
Weighted average exercise price in euro	27.61	27.31

All of the 700,553 outstanding options as at 31 December 2021 (2020: 1,134,170), are fully vested and exercisable. No options were exercised in 2021 or in 2020.

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

Stock Appreciation Rights Plan: Movements in the Number of Share Options Outstanding and their Related Weighted Average Exercise Price

	2021		2020	
	Average exercise price per share option	**Number of options**	**Average exercise price per share option**	**Number of options**
As at 1 January	27.31	1,134,170	26.52	1,594,540
Forfeited	26.81	(433,617)	24.58	(460,370)
Exercised	–	–	–	–
At 31 December	**27.61**	**700,553**	**27.31**	**1,134,170**

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

Stock Appreciation Rights Plan: Share Options Outstanding at the End of The Year

Grant	Expiry date	Exercise price per share options	Number of options	
			2021	**2020**
2016	2023	24.39	428,639	488,338
2015	2022	32.73	271,914	313,802
2014	2021	26.50	–	332,030
			700,553	**1,134,170**

2) Simulated Restricted Share Units ('SRSU')

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

During 2021, 850,783 SRSU have been granted (2020: 864,428). During the same period, 153,050 SRSUs have been forfeited (2020: 98,645) and 307,754 SRSU have been vested (2020: 221,056). A liability of € 5,453,399 has been recognised in the consolidated statement of financial position as of 31 December 2021 (31 December 2020: € 4,591,628) based on the 1,793,435 outstanding SRSUs (31 December 2020: 1,403,456) measured at the Group's share price at the end of the year on a pro-rata basis over 3 years vesting period.

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

The EBCP Option is available to Group executives. Under the plan, the "date of Option Grant" means the first business day that follows fifteen (15) market trading days for Shares after the Allocation Period during which the Fair Market Value is fixed. Generally, one-quarter of the entitlement vests on each 1 January of the four years following the Date of Option Grant, but for one grant, one fifth of the entitlement vests on each 1 June of the five years following the Date of Option Grant. Once vested, the options can be exercised until the tenth anniversary of the original grant. For 2021 EBCP Option Plan grants, one third of the options vest on each 1 June of the following three years.

Equity Incentive Compensation Plan

	2021	2020
Outstanding options at the end of the year	18,767,922	18,364,300
Weighted average exercise price in euro	13.17	15.29

Out of 18,767,922 outstanding options as of the end of 2021 (2020: 18,364,300), 9,800,000 options are exercisable (2020: 12,241,571). In 2021 134,836 treasury shares were delivered at a weighted average price of € 5.97 each, while in 2020 no options were exercised. On average, in 2021, the related weighted average share price at the time of exercise was € 6.47 per share.

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

Equity Incentive Compensation Plan: Movements in the Number of Share Options Outstanding and their Related Weighted Average Exercise Prices

	2021		2020	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
At 1 January	15.29	18,364,300	18.6	14,908,795
Granted	6.40	3,418,751	5.97	4,824,735
Forfeited	19.00	(2,880,293)	18.61	(1,369,230)
Exercised	5.97	(134,836)	–	–
At 31 December	**13.17**	**18,767,922**	**15.29**	**18,364,300**

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

Equity Incentive Compensation Plan: Expiry Date and Exercise Prices

Grant	Expiry date	Exercise price per share options	Number of options	
			2021	2020
2021	2031	6.40	3,328,751	0
2020	2030	5.97	4,589,286	4,816,869
2019	2029	15.01	1,953,847	2,262,401
2018	2028	18.23	407,000	407,000
2018	2028	12.67	3,657,848	4,294,036
2017	2027	21.15	2,000,274	2,511,089
2016	2026	24.39	1,407,479	1,864,557
2015	2025	32.73	546,735	750,640
2014	2024	26.5	432,030	605,363
2013	2023	23.51	230,955	315,092
2012	2022	18.1	213,717	313,392
2011	2021	17.57	–	223,861
			18,767,922	**18,364,300**

4) Equity Based Compensation Plan ('EBCP')

The EBCP is also a programme for executives, and senior executives, of the Group, comprising performance shares ('EBCP PS') and restricted shares ('EBCP RS'). Under the plan, restricted shares are allocated to executives at the beginning of May each year and these vest on the 1 June following the third anniversary of the grant. Senior executives also have the possibility to be allocated performance shares whose granting is dependent on the achievement of defined performance criteria which are a) individual objectives and b) the economic value added ('EVA') target established by the Board from time to time. These shares also vest on the 1 June following the third anniversary of the original grant. For 2021 EBCP grants, EVA was replaced by the total shareholder return ('TSR') as the financial performance criteria for vesting of performance shares.

Long-term Incentive Programme

	2021	2020
Restricted and performance shares outstanding at the end of the year	2,252,136	2,026,147
Weighted average fair value in euro	6.58	8.65

During 2021, 332,257 restricted shares (2020: 262,731) and 632,226 (2020: 676,743) performance shares were granted; 33,175 restricted shares (2020: 26,298) and 262,959 performance shares (2020: 75,436) were forfeited; and 268,442 performance shares (2020: 266,385) and 173,918 restricted shares (2020: 91,574) were exercised.

The fair value of equity-settled shares (restricted and performance shares) granted is estimated as at the date of grant using a binomial model for STARs and EBCP Option and a Black & Scholes model for EBCP, taking into account the terms and conditions upon which the options (restricted and performance shares) were granted. The following table lists the average value of inputs to the model used for the years ended 31 December 2021 and 31 December 2020.

Long-term Incentive Programme: average Value of Inputs to the Model used for 2021

2021	EBCP Option	EBCP PS and EBCP RS
Dividend yield (%)	7.43%	7.09%
Expected volatility (%)	32.85%	35.53%
Risk-free interest rate (%)	-0.58%	-0.68%
Expected life of options (years)	10	3
Share price at inception (€)	6.22	6.22
Fair value per option/share (€)	0.78	5.00
Total expected cost for each plan (In € M)	**2.25**	**6.01**

Long-term Incentive Programme: average Value of Inputs to the Model used for 2020

2020	EBCP Option	EBCP PS and EBCP RS
Dividend yield (%)	6.89%	6.61%
Expected volatility (%)	30.42%	35.12%
Risk-free interest rate (%)	-0.62%	-0.64%
Expected life of options (years)	10	3
Share price at inception (€)	6.34	6.34
Fair value per option/share (€)	0.77-0.90	5.12-5.53
Total expected cost for each plan (In € M)	**3.64**	**4.38**

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

The total charge for the year for share-based compensation amounted to € 8 million (2020: € 10 million), out of which equity-settled € 5 million (2020: € 9 million) and cash-settled € 3 million (2020: € 1 million).

NOTE 23 – INTEREST-BEARING BORROWINGS

As at 31 December 2021 and 2020, the Group's interest-bearing borrowings were:

Interest-Bearing Borrowings 2021

€ MILLION	Effective interest rate	Maturity	Amounts outstanding 2021, carried at amortised cost
Non-current			
US Bond ($ 750 million)	3.60%	April 2023	662
German bond (€ 150 million), non-listed	EURIBOR 6M + 0.80%	June 2024	150
German bond (€ 250 million), non-listed	1.71%	December 2025	250
Eurobond 2026 (€ 650 million)	1.625%	March 2026	654
Euro Private Placement 2027 (€ 140 million under EMTN)	4.00%	May 2027	140
Eurobond 2027 (€ 500 million)	0.875%	November 2027	497
Eurobond 2028 (€ 400 million)	2.00%	July 2028	395
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	82
German bond (€ 50 million), non-listed	4.00%	November 2032	50
US Bond ($ 250 million)	5.30%	April 2043	214
US Bond ($ 500 million)	5.30%	March 2044	430
Total non-current			**3,524**
Current			
Coface	EURIBOR 6M + 1.70%	Various in 2021	40
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	17
Total current			**57**

Interest-Bearing Borrowings 2020

€ MILLION	Effective interest rate	Maturity	Amounts outstanding 2020,carried at amortised cost
Non-current			
Coface	EURIBOR 6M + 1.70%	Various 2022	40
US Bond ($ 750 million)	3.60%	April 2023	610
German bond (€ 150 million), non-listed	EURIBOR 6M + 0.80%	June 2024	150
German bond (€ 250 million), non-listed	1.71%	December 2025	249
Eurobond 2026 (€ 500 million)	1.625%	March 2026	496
Euro Private Placement 2027 (€ 140 million under EMTN)	4.00%	May 2027	140
Eurobond 2027 (€ 500 million)	0.875%	November 2027	497
Eurobond 2028 (€ 400 million)	2.00%	July 2028	395
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	98
German bond (€ 50 million), non-listed	4.00%	November 2032	50
US Bond ($ 250 million)	5.30%	April 2043	197
US Bond ($ 500 million)	5.30%	March 2044	395
Total non-current			**3,317**
Current			
Coface	EURIBOR 6M + 1.70%	Various in 2021	41
Eurobond 2021 (€ 650 million)	4.75%	March 2021	556
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	16
Total current			**613**

European Medium-Term Note Programme ('EMTN')

SES has an EMTN Programme enabling SES, or SES Global Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of € 4,000 million. As at 31 December 2021, SES had issued € 1,690 million (2020: € 2,096 million) under the EMTN Programme with maturities ranging from 2026 to 2028.

€ 650 million Eurobond (2020)

SES repaid its € 650 million 10-year bond under the Company's European Medium-Term Note Programme issued 2010, with a fixed interest rate of 4.625% on March 9, 2020.

€ 650 million Eurobond (2021)

In 2021 SES fully repaid a € 650 million bond under the Company's European Medium-Term Note Programme, with a fixed rate coupon of 4.75%.

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

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

€ 650 million Eurobond (2026)

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

€ 500 million Eurobond (2027)

On 4 November 2019, SES issued a € 500 million bond under the Company's European Medium-Term Note Programme. The bond has an 8-year maturity and bears interest at a fixed rate of 0.875% and has a final maturity date on 4 November 2027.

€ 140 million Private Placement (2027)

In 2012 SES issued three individual tranches of a total € 140 million Private Placement under the Company's European Medium-Term Note Programme with ING Bank N.V. The Private Placement has a 15-year maturity, beginning 31 May 2012, and bears interest at a fixed rate of 4.00%.

€ 400 million Eurobond (2028)

On 2 July 2020, SES issued a € 400 million bond under the Company's European Medium-Term Note Programme. The bond has an 8-year maturity and bears interest at a fixed rate of 2.00% and has a final maturity date on 2 July 2028.

German bond issue of € 50 million (2032)

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

144A Bond $ 750 million (2023)

In 2013 SES completed a 144A offering in the US market issuing $ 750 million 10-year bond with a coupon of 3.60% and a final maturity date on 4 April 2023.

144A Bond $ 250 million (2043)

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

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

Syndicated loan 2019
The facility is being provided by 19 banks and has been structured as a 5-year multi-currency revolving credit facility. In 2021 the Company extended the Termination date from 26 June 2025 to 26 June 2026. The facility is for € 1,200 million and the interest payable is linked to a ratings grid. At the current SES credit rating of BBB- / Baa2, the interest rate is 45 basis points over EURIBOR/LIBOR.

As at 31 December 2021 and 2020, no amount has been drawn under this facility.

€ 523 million Coface facility
In 2009 SES signed a financing agreement with Compagnie Française d'Assurance pour le Commerce Extérieur ('Coface') in respect of the investment in four geostationary satellites (ASTRA 2E, ASTRA 2F, ASTRA 2G, ASTRA 5B). The facility is divided into five loans. The drawings under the facility are based on invoices from the supplier of the satellites.

The first drawing was done on 23 April 2010 and all loan tranches became fully drawn in November 2014. Each Coface tranche is repayable in 17 equal semi-annual instalments where Coface A has a final maturity date of 1 August 2022, Coface F matured on 21 May 2021 and Coface C and D will mature on 3 October 2022. The entire facility bears interest at a floating rate of six-month EURIBOR plus a margin of 1.7%. In November 2017, SES opted to execute voluntary prepayment clauses pursuant to the Agreement and repaid the remaining outstanding amount of Coface tranche B as per 21 November 2017. All other Coface tranches remain in place as contracted.

€ 115 million Credit Facility (LuxGovSat)
In 2015 LuxGovSat S.A. signed a financing agreement with BGL BNP Paribas for € 115 million at a fixed rate coupon of 3.30%. The facility is repayable in 14 semi-annual installments and has a final maturity date of 1 December 2027.

As at 31 December 2021, total borrowings of € 99 million were outstanding under the fixed term facility.

Negotiable European Commercial Paper "NEU CP" (formerly French Commercial paper programme)
In 2005 SES put in place a € 500 million 'NEU CP' programme in accordance with articles L.213-1 to L213-4 of the French Monetary and Financial Code and article 6 of the order of 30 May 2016 and subsequent amendments. The maximum outstanding amount of 'NEU CP' issuable under the programme is € 500 million or its counter value at the date of issue in any other authorised currency. On 21 May 2021, this programme was extended for one further year.

As at 31 December 2021 and 2020, no borrowings were outstanding under this programme.

European Commercial paper programme
In 2012 SES signed the documentation for the inception of a joint € 1,000 million guaranteed European commercial paper programme of SES S.A. and SES Global Americas Holdings GP. Issuances under the programme represent senior unsecured obligations of the issuer and any issuance under the programme is guaranteed by the non-issuing entity. The programme is rated by Moody's Investors Services and is compliant with the standards set out in the STEP Market Convention. On 9 July 2021, this programme was updated and extended.

As at 31 December 2021 and 2020, no borrowings were outstanding under this programme.

IBOR Reform
Certain benchmark rates used in financing agreements and financial derivatives are currently being modified and either have been terminated (GBP LIBOR or CHF LIBOR) or are planned to be terminated during the next few years (EURIBOR, USD LIBOR). The Group has financing arrangements which are based on two of these benchmark rates (EURIBOR or USD LIBOR). These changes did not have any material impact on the Group's consolidated financial statements.

NOTE 24 – PROVISIONS

Provisions

€ MILLION	2021	2020
Non-current	6	12
Current	56	60
Total	**62**	**72**

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

Movements in Each Class of Provisions

€ MILLION	Group tax provision	Restructuring provision	Other provisions	Total
As at 1 January 2021	**46**	**23**	**3**	**72**
Additional provisions recognised	2	8	–	10
Unused amounts reversed	(7)	–	–	(7)
Used during the year	–	(15)	(1)	(16)
Reclassification to income tax payable	–	–	–	–
Impact of currency translation	3	–	–	3
As at 31 December 2021	**44**	**16**	**2**	**62**
Non-current	4	–	2	6
Current	40	16	–	56
As at 1 January 2020	**52**	**8**	**3**	**63**
Additional provisions recognised	11	40	–	51
Unused amounts reversed	(3)	(5)	–	(8)
Used during the year	(8)	(18)	–	(26)
Reclassification to income tax payable	–	(1)	–	(1)
Impact of currency translation	(6)	(1)	–	(7)
As at 31 December 2020	**46**	**23**	**3**	**72**
Non-current	9	–	3	12
Current	37	23	–	60

GROUP TAX PROVISION

Group tax provision mainly relates to Indian withholding taxes and potential associated interest charges. The decrease in the Group tax provision was mainly due to the reversal of provisions following the elimination of the uncertainties that gave rise to the recognition of these provisions.

RESTRUCTURING PROVISION

Expenses of the period include an amount of € 8 million (2020: € 40 million) of charges associated with the reorganisation of the Group's operations, mainly in the framework of the Group's 'Simplify & Amplify' programme. These comprise primarily personnel measures such as the implementation of an incentive programme for early retirement and measures to adjust staffing levels and structures in certain areas, as well as the cessation of operations in certain locations.

Reflecting these activities, the consolidated statement of financial position includes a provision of € 16 million (2020: € 23 million). No new initiatives are expected under the current restructuring programme which would result in additional charges in the following years.

NOTE 25 – TRADE AND OTHER PAYABLES

Trade and Other Payables

€ MILLION	2021	2020
Trade creditors	91	94
Payments received in advance (please also see >> Note 26)	1	40
Interest on borrowings	31	51
Personnel-related liabilities	75	35
Tax liabilities other than for income tax	20	19
Other liabilities	74	61
Total	**292**	**300**

Tax liabilities mainly relate to VAT payables in the amount of € 14 million as of 31 December 2021 (2020: € 11 million).

NOTE 26 – OTHER LONG-TERM LIABILITIES

Other Long-Term Liabilities

€ MILLION	2021	2020
Employee benefits obligations	17	27
Payments received in advance	48	80
Other long-term liabilities	18	20
Total	**83**	**127**

EMPLOYEE BENEFITS OBLIGATIONS

In the Group's US operations certain employees benefit from an externally insured post-retirement health benefit plan. During 2021, changes to the plan's rules resulted in a reduction in the corresponding employee benefit obligation provision of € 10 million, included under 'Staff costs' in the consolidated income statement. As at 31 December 2021, accrued premiums of € 9 million (2020: € 19 million) are included in this position.

Contributions made in 2021 to Group pension schemes totalled € 2 million (2020: € 2 million), which are recorded in the consolidated income statement under 'staff costs'.

In addition, certain employees of the US operations benefit from defined contribution pension plans. A liability of € 10 million has been recognised as at 31 December 2021 (2020: € 11 million) in this respect, out of which € 3 million is included under 'Trade and other payables' (2020: € 3 million).

PAYMENTS RECEIVED IN ADVANCE

In the framework of receivables securitisation transactions completed in June 2018 and June 2019 the Group received a net cash amount of € 88 million and € 59 million, respectively, from a financial institution as advance settlement of future receivables arising until 2022 under contracts with a specific customer.

A corresponding aggregate liability of € 82 million (2020: € 119 million), representing SES's obligation towards the financial institution to continue to provide services to the customer in accordance with the terms of the customer contract, is recorded in the consolidated statement of financial position as at 31 December 2021 under 'Other long-term liabilities' for € 48 million (2020: € 80 million) and under 'Trade and other payables' for € 34 million (2020: € 39 million).

OTHER LONG-TERM LIABILITIES

The other long-term liabilities include customer collateral deposits amounting to € 18 million (2020: € 20 million).

NOTE 27 – FIXED ASSETS SUPPLIERS

Fixed Assets Suppliers

€ MILLION	2021	2020
Non-current	472	1,310
Current	1,554	67

Fixed assets suppliers represent liabilities for assets being either acquired directly through procurement contracts with asset manufacturers, or in the framework of agreements whereby the asset is being acquired by an intermediary but where in substance SES bears the risks and rewards of the procurement.

In the latter case the Company accrues for construction-related liabilities on the basis of pre-determined milestones agreed between the manufacturer and the relevant parties, see also >> Note 28. Non-current fixed assets suppliers are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method.

The main procurements under this caption are:

- The O3b mPOWER medium-Earth orbit constellation: € 1,046 million (2020: € 860 million);
- The SES-17 satellite programme: € 248 million (2020: € 189 million);
- Six satellites being procured in connection with the C-band repurposing activities: € 655 million (2020: € 313 million) >> Note 33;
- Two satellites for the replacement of Astra 19.2°E satellites: € 56 million (2020: € nil)

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

On 11 September 2017, the Company, jointly with its subsidiary O3b Networks Limited, entered as Procurement Agents into a Master Procurement Agency and Option Agreement with a financial institution in connection with the procurement by that financial institution of seven medium-Earth orbit satellites from a satellite manufacturer. The satellites were divided into 2 sub-blocks (sub-Block 1 A consisting of four satellites and sub-block 1B consisting of three satellites) currently under construction. At the end of the satellite construction period, which is foreseen in 2021, the Group will have the right to acquire, or lease, the satellites from the financial institution or to direct their sale to a third-party.

In August 2020 the Company exercised the option under the Purchase and Sale agreement to procure four additional O3b mPOWER satellites. The Company, jointly with its subsidiary O3b Networks Limited, entered as Procurement Agent into a second Master Procurement Agency and Option Agreement with a financial institution in connection with the procurement by that financial institution of the additional satellites. At the end of the satellite construction period, foreseen in 2022, the Group will have the right to acquire, or lease, the satellites from the financial institution or to direct their sale to a third-party.

Since the underlying Satellite Purchase and Sale Agreements are directly between the financial institutions and the satellite manufacturer, there is no contractual obligation on the side of the Procurement Agents during the satellite construction process. However, SES management takes the view that there is a constructive obligation arising over the procurement period and hence the Group is accruing for the costs of this programme. SES has the right to nominate shortly before the end of the construction period the entity within the Group which will acquire or lease those assets. SES management expects that the satellites will be acquired or leased in due course by the company SES mPOWER S.à r.l. in Luxembourg.

NOTE 28 – COMMITMENTS AND CONTINGENCIES

CAPITAL EXPENDITURE COMMITMENTS

The Group had outstanding commitments in respect of contracted capital expenditure totalling € 712 million as at 31 December 2021 (2020: € 948 million). These commitments largely reflect the procurement of satellites and satellite launchers and are stated net of liabilities under these programmes which are already disclosed under “Fixed assets suppliers”, >> Note 27. The commitments as at 31 December 2021 also include € 87 million (2020: € 87 million) in connection with the renewal of the agreement with Luxembourg government in respect of SES’s concession to operate satellites under Luxembourg’s jurisdiction, as disclosed in >> Note 14 –“Intangible assets”.

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

Capital Expenditure Commitments

€ MILLION	2021	2020
Within one year	512	497
After one year but not more than five years	147	395
After more than five years	53	56
Total	**712**	**948**

OTHER COMMITMENTS

The Group’s other commitments mainly comprise transponder service agreements for the purchase of satellite capacity from third parties under contracts with a maximum life of eight years, as well as € 70 million capital contribution into a Luxembourg space sector fund in connection with the renewal of the agreement with Luxembourg government in respect of SES’s concession to operate satellites under Luxembourg’s jurisdiction.

Other Commitments

€ MILLION	2021	2020
Within one year	68	150
After one year but not more than five years	126	160
After more than five years	75	60
Total	**269**	**370**

The total expense recognised for transponder service agreements in 2021 was € 68 million (2020: € 82 million).

LITIGATION

There were no significant litigation claims against the Group as at 31 December 2021, or as at 31 December 2020.

GUARANTEES

On 31 December 2021 the Group had outstanding bank guarantees of € 67 million (2020: € 89 million) with respect to performance and warranty guarantees for services of satellite operations.

NOTE 29 – LEASES

1) LESSOR

During 2021 the Group recognised leasing income of € 32 million (2020: € 40 million) related to one (2020: one) customer lease contract. The lease matured in November 2021, so there is no related carrying amount of property, plant and equipment leased as at 31 December 2021 (31 December 2020: € 69 million).

2) LESSEE

The Group has recognised right-of-use assets, and associated liabilities, in relation to contracts previously classified as “operating leases” under the provision of IAS 17. These assets and liabilities were measured at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate of 2.76% as at 31 December 2021 (3.14% as at 31 December 2020). The difference between the operating lease commitments and the right-of-use assets recognised represents impact of discounting over the outstanding lease term.

i) Amounts recognised in the consolidated statement of financial position

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

Group leases of Offices, Ground Segment, Assets and other Fixtures, Tools and Equipment, Information 2021

€ MILLION	Buildings	Ground segment	Other fixtures and fittings, tools and equipment	31 December 2021
Right-of-use assets				
Cost	42	15	3	60
Accumulated depreciation	(19)	(9)	(2)	(30)
Total	**23**	**6**	**1**	**30**

Group leases of Offices, Ground Segment, Assets and other Fixtures, Tools and Equipment, Information 2020

€ MILLION	Buildings	Ground segment	Other fixtures and fittings, tools and equipment	31 December 2020
Right-of-use assets				
Cost	39	13	4	56
Accumulated depreciation	(14)	(6)	(2)	(22)
Total	**25**	**7**	**2**	**34**

There were no material additions to the right-of-use assets during 2021, depreciation charge for the year was € 11 million (2020: € 15 million).

Lease liabilities are presented below as at 31 December:

Lease Liabilities

€ MILLION	2021	2020
Maturity analysis – contractual undiscounted cash flows		
Within one year	12	13
After one year but not more than five years	19	26
More than five years	8	4
Total	**39**	**43**
Lease liabilities included in the statement of financial position at 31 December		
Current	11	12
Non-current	22	25
Total	**33**	**37**

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

ii) Amounts recognised in the consolidated income statement

Depreciation charge of right-of-use assets:

Depreciation Charge of Right-of-Use Assets

€ MILLION	2021	2020
Buildings	7	11
Ground segment	3	3
Other fixtures and fittings, tools and equipment	1	1
Total	**11**	**15**

Finance cost:

Finance Cost

€ MILLION	2021	2020
Interest expense	1	1
Total	**1**	**1**

The total cash outflow for leases in 2021 was € 14 million (2020: € 15 million).

NOTE 30 – CASH FLOW INFORMATION

NON-CASH INVESTING ACTIVITIES

Purchases of property, plant and equipment or intangible assets not included as a cash outflow in the consolidated statement of cash flows are disclosed in >> Notes 12, 13 and 14.

NET DEBT RECONCILIATION

This section sets out an analysis of net debt and the movements in net debt for 2021 and 2020.

Net debt 2021 and 2020

€ MILLION	2021	2020
Cash and cash equivalents	1,049	1,162
Borrowings – repayable within one year	(57)	(613)
Borrowings – repayable after one year	(3,524)	(3,317)
Net debt [1]	**(2,532)**	**(2,768)**
Cash and cash equivalents	1,049	1,162
Borrowings – floating rates	(190)	(231)
Borrowings – fixed interest rates	(3,391)	(3,699)
Net debt[1]	**(2,532)**	**(2,768)**

[1] Net debt excludes current and non-current lease liabilities. Including these, net debt as at 31 December 2021 was € 2,565 million (2020: € 2,805 million)

Movements in Net Debt for 2021 and 2020

€ MILLION	Cash and cash equivalents	Borrowings – repayable within one year	Borrowings – repayable after one year	Total
Net debt as at 1 January 2021	**1,162**	**(613)**	**(3,317)**	**(2,768)**
Cash flows (net)	(116)	614	(159)	339
Foreign exchange adjustments	3	–	(101)	(98)
Transfers	–	(57)	57	–
Other non-cash movements*	–	(1)	(4)	(5)
Net debt as at 31 December 2021	**1,049**	**(57)**	**(3,524)**	**(2,532)**
Net debt as at 1 January 2020	**1,155**	**(691)**	**(3,737)**	**(3,273)**
Cash flows (net)	19	785	(395)	409
Foreign exchange adjustments	(12)	–	113	101
Transfers	–	(707)	707	–
Other non-cash movements*	–		(5)	(5)
Net debt as at 31 December 2020	**1,162**	**(613)**	**(3,317)**	**(2,768)**

* related to loan origination costs

During 2021 the Group issued European Commercial Paper for € 275 million (2020: € 159 million) and reimbursed € 275 million (2020: € 159 million). These have been presented net in the consolidated statement of cash flows.

NOTE 31 – RELATED PARTIES

The state of Luxembourg holds a direct 11.58% voting interest in the Company and two indirect interests, both of 10.88% each, through two state owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Crédit et d'Investissement. These shares constitute the Company's Class B shares, as described in >> Note 20.

The total remuneration to directors for attendance at board and committee meetings in 2021 amounted to € 1.1 million (2020: € 1 million). These amounts are computed on a fixed and variable basis, the variable part being based upon attendance at board and committee meetings.

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

Group Management Compensation

€ MILLION	2021	2020
Remuneration including bonuses and other benefits	7	5
Pension benefits	1	1
Share-based compensation plans	2	2
Total	**10**	**8**

The total outstanding amount in respect of share-based payment instruments allocated to key management as at 31 December 2021 were 4,916,470 (2020: 3,843,944).

NOTE 32 – IMPLICATIONS OF COVID-19

The continuing COVID-19 pandemic has had, and continues to have, widespread economic implications across nearly all economic sectors, including our own, and management continues to monitor carefully the impact on different aspects of our financial performance and to respond accordingly to protect the financial interests of the Group.

We have set out our analysis below into four areas of current, or potential, impact:

OPERATIONAL RISK

Overall, COVID-19 has continued to have a pronounced short and medium-term impact, significantly challenging the contract base, renewals and dampening growth across Mobility, Energy, Government, as well as stretching cash flows across much of the industry, and accelerating a restructuring / consolidation process in some parts of the sectors the Group serves.

While the pandemic has impeded the Group's short-term growth, the second half of 2021 has shown the first signs of improvement, with customer's returning to normal service as well as a validation of early indications of a consumer bounce-back with strong appetite for reliable and high-performance connectivity. This has been seen across the Mobility segment as well as in Fixed Data, including interest in ubiquitous rural connectivity, and in Government where connectivity for morale, welfare and recreation has received renewed focus.

The overall revenue decrease versus prior year which can be directly attributed to COVID-19 was € 22 million, all attributed to Networks.

- **Video**
  For Video, the COVID-19 impact was not significant and was mainly related to Sports & Events activities due to the cancellation or postponement of some tournaments and events. However, year-on-year revenues in this area are increasing again in 2021 versus prior year reflecting the return of main tournaments in 2021.
- **Networks**
  For Networks, a year-on-year reduction of € 22 million of revenue is attributable to COVID-19, mainly driven by aero and maritime customers in the Mobility area.

In its business planning, which serves as a basis for the computation of value-in-use amounts in the framework of impairment testing, the revenue and cost projections have been adjusted to reflect the 2021 impact on the Group's operating results of the pandemic and management's best estimate of a likely recovery profile based on the information available at the time of the approval of those plans in December 2021.

RISK TO THE MEASUREMENT OF ASSETS AND LIABILITIES

As noted above, the pandemic has impacted customers in both Video and Networks operations and, in the early stages of the pandemic, the Group worked constructively as a business partner with specific customers to support their financial operations during the periods of enforced restriction of their businesses whilst maintaining and developing the respective business relationships for the longer term. While the impact on the Group's operating cash flow in 2020 was, in aggregate circa € 72 million, the impact in 2021 was relatively insignificant.

LIQUIDITY RISK

After a severe impact on credit spreads in 2020 due to the unknown impact of COVID-19, credit spreads were favourable to investment grade issuers throughout 2021, which has allowed SES to refinance borrowings at favourable rates, as set out >> Note 23. While interest rate increases are possible over the 2022-2024 time horizon, there is currently no elevated refinancing risk for SES related to COVID-19.

The Group manages its liquidity by monitoring the available cash holdings and the forecast cash-flow projections for the business. As of 31 December 2021, the Group has cash and cash equivalents of € 1,049 million, a solid contribution to the 2022 operational cash needs of the Group. Phase 1 C-Band Accelerated Relocation Payments of $ 391 million have been received in December 2021 and the remaining $ 586 million in January 2022 >> Note 33 further bolstering liquidity profile for 2022 and 2023. In addition, the Group has a revolving credit facility for € 1,200 million in place until 2026 which is currently undrawn. Together these sources of immediately available funds represent € 2,249 million.

The continuing strong operating cash flows, the current cash holdings, including C-Band Phase 1 proceeds received in December 2021 and January 2022, the availability of the full revolving credit facility and the continuing access to liquid debt markets indicate to management that there is no significant liquidity risk for the Group at the date of the issuance of these financial statements.

GOING CONCERN RISK

Based on the information presented above, management does not believe that the impact on the Group's activities is such that there is any reason to cast doubt on the Group's ability to continue as a going concern or that there would be a material uncertainty in this regard.

NOTE 33 – C-BAND REPURPOSING

At its Open Commission Meeting held on 28 February 2020, the Federal Communications Commission ('FCC') adopted a Report and Order and Order of Proposed Modification ('the FCC Order') in connection with the clearing of a 300 MHz band of C-band downlink spectrum between 3,700 and 4,000 MHz by December 2025 to support the rapid deployment of terrestrial 5G services in the contiguous United States ('CONUS').

On 26 May 2020, SES officially committed to an accelerated version of the C-band clearing programme proposed in the FCC Order, which aims at ensuring a faster deployment of 5G capabilities in the United States. On 1 June 2020, the FCC's Wireless Telecommunications Bureau confirmed that a sufficient number of eligible space station operators had filed similar accelerated relocation elections, triggering the adoption of the accelerated programme pursuant to the schedule set out below:

- Phase I: By 5 December 2021, SES will relocate all of its commercial services out of the 3,700-3,820 MHz band over the CONUS. This will require making equipment changes on all associated incumbent earth stations located in 46 of the top 50 Partial Economic Areas, supplementing telemetry, tracking and control ("TT&C") operations to enhance two earth stations located in Hawley (Pennsylvania, U.S.A.) and Brewster (Washington, U.S.A.) and beginning the consolidation of gateway services currently located at other SES locations, as well as any customer or user gateway services, to Hawley and / or Brewster.
- Phase II: By 5 December 2023, SES will relocate all its CONUS commercial services out of the full 3,700-4,000 MHz band, making necessary equipment changes on all associated incumbent earth stations located in all CONUS Partial Economic Areas, completing its gateway consolidation to the Hawley and Brewster sites and completing TT&C upgrades across SES teleports.

SES filed its Phase I Certification of Accelerated Relocation with the FCC on 1 October 2021 and an amended certificate on 26 October 2021. The FCC validated the amended certificate on 24 November 2021, at which time the € 839 million ($ 977 million) of Accelerated Relocation Payments were fully earned. SES received the Accelerated Relocation Payments on 29 December 2021 and 3 January 2022.

The Group will receive a further $ 2,991 million (€ 2,641 million) for Phase II if it successfully completes the clearing of the spectrum as described above. In the case of delays in achieving the Phase II spectrum clearing milestone, then the Accelerated Relocation Payments will decrease on a sliding scale to zero over the six-month period beginning 5 December 2023.

The FCC held a public auction for the repurposed spectrum which began on 8 December 2020 with the winning bidders being announced on 24 February 2021.

To facilitate the clearing of the spectrum SES is procuring six C-band satellites and launch vehicles and is consolidating and upgrading its ground facilities to comply with the provisions of the FCC Order. In parallel, customers and affiliated earth stations are being equipped with special filters, new antennae and/or other technology capabilities so that they can be migrated to work with services operating in the remaining 200 MHz of spectrum (between 4,000 MHz and 4,200 MHz) available to satellite operators.

The SES Board of Directors approved an investment envelope of € 1.4 billion ($ 1.6 billion) for the implementation of the accelerated clearing programme including the procurement and launch of the new satellites and other equipment and services described above. SES expects these spectrum clearing costs to be reimbursed by the Clearinghouse which is administering the transition and related payments with FCC oversight.

The C-band spectrum clearing operational activities are headed by a member of the Group's Senior Leadership Team supported by a team of dedicated functional managers and full-time and part-time resources. The financial impact of these operations is monitored as part of the ongoing financial reporting to the Group's management and Board.

The C-band repurposing project is not the result of a contract with a customer and therefore proceeds from the contract are not accounted for as revenue under IFRS 15 – 'Revenue from contracts with customers', but rather as C-band repurposing income. The FCC is a U.S. governmental agency that developed the rules of the auction, including requiring the Group to clear the lower 300 MHz of C-band spectrum and requiring overlay license auction winners to reimburse the Group for reasonable relocation costs and pay the Group accelerated relocation payments if earned in accordance with the FCC Order. In consideration of the substance of the FCC's rulemaking, the Group believes the payments the FCC requires auction winners to make to the Group are akin to a government grant. Accordingly, the Group is applying the requirements of IAS 20 ('Accounting for Government Grants and Disclosure of Government Assistance') to account for the C-band repurposing income related to reimbursements of reasonable relocation costs and accelerated relocation payments.

For capitalised costs related to the procurement of the C-band satellites, launches, and upgraded ground facilities, the Group records credits to the recorded book values of the related asset when the costs have been incurred and the Group has obtained reasonable assurance that the costs will be reimbursed and that it will comply with the requirements attached to the reimbursement. The costs and expected reimbursements recorded in the consolidated statement of financial position under "Assets in the course of construction" >> Note 13 are presented in the table below:

Assets in the course of construction

€ MILLION	Space segment	Ground segment	Total
Cost as at 1 January 2021	**316**	**8**	**324**
Additions	309	28	337
Impact of currency translation	43	1	44
Cost as at 31 December 2021	**668**	**37**	**705**
Expected reimbursements as at 1 January 2021	**(11)**	**–**	**(11)**
Additions	(642)	(36)	(678)
Impact of currency translation	(15)	(1)	(16)
Expected reimbursements as at 31 December 2021	(668)	(37)	(705)
Net balance as at 31 December 2021	**–**	**–**	**–**

In 2021 the Group expended € 337 million of capital expenditures which have been fully offset by expected reimbursements as per the above. Additionally, as per >> Note 13, the Group reclassified € 313 million of assets under construction to other receivables due to the expected reimbursements.

The Group records operating expenses as incurred for both equipment transferred to customers and affiliated earth stations to facilitate their migration to the upper 200 MHz of the C-band and other associated spectrum clearing costs. The Group records C-band repurposing reimbursement income related to these expenses when the expenses have been incurred and the Group has obtained reasonable assurance that the costs will be reimbursed and that it will comply with the requirements attached to the reimbursement.

In both cases, the Group believes it obtains such reasonable assurance when either the Clearinghouse validates the costs as being reimbursable or the costs fall within cost ranges for the applicable costs as published by the FCC in a cost catalogue.

In 2021 the Group recorded C-band repurposing income of € 901 million (2020: € 10 million) including € 839 million of accelerated relocation payments recognised pursuant to the FCC's confirmation of Phase 1 completion. C-band-related expenses of € 122 million (2020: € 43 million) represent cost of sales of € 51 million (2020: € 12 million), accumulated staff costs of € 36 million (2020: € 15 million) and other operating expenses (including travel and consulting charges) of € 35 million (2020: € 16 million).

As at 31 December 2021, in connection with the accelerated relocation payments, operating expenses, and capital expenditures above, the Group has other receivables of € 1,273 million (2020: € 21 million) related to the C-band repurposing project >> Note 16.

Once the accelerated clearing programme had been confirmed, the Group began the amortisation of the remaining balance of deferred charges in connection with the C-band repurposing of € 10 million (31 December 2020: € 14 million). These deferred charges, which are presented under 'Prepayments' in the Statement of Financial Position are to be amortised on a straight-line basis through to the completion of Phase II in December 2023.

SES has entered into procurement agreements with three satellite manufacturers to acquire the six satellites needed to facilitate the repurposing of the C-band spectrum representing an aggregate commitment of € 755 million, out of which € 655 million (2020: € 313 million) is presented under non-current 'Fixed assets suppliers' in the consolidated statement of financial position >> Note 27.

SES's other commitments for C-band repurposing expenditures represent € 8 million (2020: € 52 million).

NOTE 34 – POST-BALANCE SHEET EVENTS

Management notes the recent developments in the Ukraine, and the sanctions being imposed on Russia by many countries as a result. Given the Group's limited direct activities in the region, management's view is that these developments and sanctions are unlikely to have a significant direct adverse impact on the financial results of the Group going forward. Nonetheless, since the situation continues to evolve it remains difficult at this stage to estimate all the direct and indirect impacts which may arise from these emerging developments. Management continues to monitor the developments closely and to take all necessary actions.

There have been no other material events occurring between the reporting date and the date when the consolidated financial statements were authorised by the Board of Directors.

NOTE 35 – ALTERNATIVE PERFORMANCE MEASURES

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

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

1) Net debt

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

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

Net Debt

€ MILLION	2021	2020
Borrowings – non-current	3,524	3,317
Borrowings – current	57	613
Borrowings, less	3,581	3,930
Cash and equivalents	1,049	1,162
Net debt	**2,532**	**2,768**

2) EBITDA and EBITDA margin

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

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

EBITDA

€ MILLION	2021	2020
Profit/(loss) before tax	397	(102)
Add: Depreciation and impairment expense	626	808
Add: Amortisation and impairment expense	768	189
Add: Net financing costs	71	184
EBITDA	**1,862**	**1,079**

The following table provides a reconciliation of EBITDA margin:

EBITDA Margin

€ MILLION	2021	2020
Revenue	1,782	1,876
C-band repurposing income	901	10
EBITDA	1,862	1,079
EBITDA Margin (%)	**69.4%**	**57.2%**

3) 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 € 5 million at first recognition need to be approved by management and primarily consist of restructuring charges announced in the framework of the Group's 'Simplify and Amplify' programme, and other special factors or distortions linked to the C-band repurposing.

Adjusted EBITDA

€ MILLION	2021	2020
EBITDA	1,862	1,079
Deduct: C-Band repurposing income (>> Note 33)	(901)	(10)
Add: C-Band repurposing expenses (>> Note 33)	122	43
Add: Restructuring expenses (>> Note 24)	8	40
Adjusted EBITDA	**1,091**	**1,152**

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

Adjusted EBITDA Margin

€ MILLION	2021	2020
Revenue	1,782	1,876
Adjusted EBITDA	1,091	1,152
Adjusted EBITDA Margin (%)	**61.2%**	**61.4%**

4) Operating profit and operating profit margin

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

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

Operating Profit

€ MILLION	2021	2020
Profit/(loss) before tax	397	(102)
Add: Net financing costs	71	184
Operating profit	**468**	**82**

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

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

Operating Profit Margin

€ MILLION	2021	2020
Revenue	1,782	1,876
Operating profit	468	82
Operating profit margin	**26.3%**	**4.4%**

5) Adjusted Net Debt

Adjusted Net Debt is defined as current and non-current borrowings less cash and cash equivalents, all as disclosed on the consolidated financial position and also includes 50% of the Group's € 1.3 billion of the perpetual bonds (consistent with rating agencies' methodology). The Group believes that Adjusted Net Debt is relevant to investors, since it gives an indication of the absolute level of non-equity funding of the business. This can be compared to the income and cash flows generated by the business, and available undrawn facilities.

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

Adjusted Net Debt

€ MILLION	2021	2020
Borrowings – non-current	3,524	3,317
Borrowings – current	57	613
Total borrowings	3,581	3,930
50% of the Group's € 1.2 billion (2020: € 1.3 billion) of perpetual bonds	588	650
Less: Cash and cash equivalents	1,049	1,162
Adjusted Net Debt	**3,120**	**3,418**

6) Adjusted EBITDA ratio

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

Adjusted Net Debt to Adjusted EBITDA ratio

€ MILLION	2021	2020
Adjusted Net Debt	3,120	3,418
Adjusted EBITDA	1,091	1,152
Adjusted Net debt to Adjusted EBITDA ratio	**2.86 times**	**2.97 times**

7) Adjusted Net Profit and Adjusted Earnings per Share

Adjusted Net Profit is defined as profit or loss of the period attributable to shareholders of the group adjusted to exclude the after-tax impact of significant special items. Significant special items exceeding the threshold of € 5 million on first recognition, need to be approved by management and primarily consist of restructuring charges announced in the framework of the Group's 'Simplify and Amplify' programme, and other special factors or distortions linked to the C-band repurposing, 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:

Adjusted Net Profit

€ MILLION	2021	2020
Profit/ (loss) of the group attributable to share-holders of the parent	453	(86)
C-band net of income / operating expenses	(779)	33
Restructuring expenses	8	40
Impairment expenses	724	277
(Less)/Add: Total significant special items	**(47)**	**350**
Tax on C-Band operating expenses (net of income), at 21%	164	(7)
Tax on restructuring expenses, at 24% (2020: 22%)	(2)	(9)
Tax on impairment expenses, at 1.8% (2020: 14.4%)	(13)	(40)
Add/(Less): Tax on significant special items	**149**	**(56)**
Less: Tax benefit in respect of impairment expenses on the carrying value of subsidiary investments and other assets eliminated at consolidation level	(232)	(17)
Adjusted Net Profit	**323**	**191**

Adjusted Earnings per Share is the reported earnings share adjusted for the after-tax impact of significant special items as described above. For the year 2021, Adjusted Earnings per Share of € 0.63 per Class A share (2020: € 0.31), and € 0.25 per Class B share (2020: € 0.13) have been calculated on the following basis:

Adjusted Earnings for computation of adjusted earnings per share

€ MILLION	2021	2020
Adjusted Net Profit	323	191
Assumed coupon on perpetual bond (net of tax)	(41)	(49)
Total	**282**	**142**

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:

Weighted average number of shares

€	2021	2020
Class A shares (in million)	369.7	378.4
Class B shares (in million)	189.2	191.7
Total	**558.9**	**570.1**

Adjusted Earnings per Share

€	2021	2020
Class A shares	0.63	0.31
Class B shares	0.25	0.13

8) Free cash flow before dividend and treasury activities

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

Free Cash Flow

€ MILLION	2021	2020
Net cash generated by operating activities	1,294	1,049
Net cash absorbed by investing activities	(283)	(217)
Free cash flow before financing activities	**1,011**	832
Interest paid on borrowings	(121)	(152)
Lease payments	(14)	(15)
Free cash flow before equity distributions and treasury activities	**876**	**665**

NOTE 36 – CONSOLIDATED SUBSIDIARIES, ASSOCIATES

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

Group's Subsidiaries and Associates

	Economic interest (%)		Method of consolidation	
	2021	2020	2021	2020
SES ASTRA S.A., Luxembourg	100	100	Full	Full
SES Global-Americas Inc., U.S.A.	100	100	Full	Full
SES Global Americas Holdings General Partnership, U.S.A.	100	100	Full	Full
SES Participations S.A., Luxembourg	100	100	Full	Full
SES Finance S.à r.l., Luxembourg	100	100	Full	Full
SES Holdings (Netherlands) B.V., Netherlands	100	100	Full	Full
SES Astra Services Europe S.à r.l., Luxembourg[3]	100	100	Full	Full
SES Latin America S.à r.l., Luxembourg[3]	100	100	Full	Full
SES Belgium S.p.r.l, Belgium[2]	–	100	–	Full
SES Insurance International (Luxembourg) S.A., Luxembourg	100	100	Full	Full
SES Insurance International Re (Luxembourg) S.A., Luxembourg	100	100	Full	Full
SES Networks Lux S.à r.l., Luxembourg	100	100	Full	Full
Ciel Satellite Holdings Inc., Canada[2]	–	100	–	Full
Ciel Satellite Limited Partnership, Canada[2]	–	100	–	Full
Northern Americas Satellite Ventures, Inc., Canada	100	100	Full	Full
SES TechCom S.A., Luxembourg	100	100	Full	Full
Redu Operations Services S.A., Belgium	48	48	Equity	Equity
Redu Space Services S.A., Belgium	52	52	Full	Full
HD Plus GmbH, Germany	100	100	Full	Full
SES Germany GmbH, Germany	100	100	Full	Full
SES Media Solutions GmbH, Germany	100	100	Full	Full
MX1 (Thailand) Ltd, Thailand[2]	100	100	Full	Full
PT MX1 Smartcast Indonesia, Indonesia	100	100	Full	Full
ASTRA Deutschland GmbH, Germany	100	100	Full	Full
SES ASTRA Iberica S.A., Spain[2]	–	100	–	Full

	Economic interest (%)		Method of consolidation	
	2021	2020	2021	2020
ASTRA France S.A., France	100	100	Full	Full
ASTRA (GB) Limited, United Kingdom	100	100	Full	Full
ASTRA CEE Sp. z o.o, Poland[2]	100	100	Full	Full
SES ASTRA (Romania) S.r.l., Romania	100	100	Full	Full
SES HD Plus Ghana Limited Company), Ghana	84.7	84.7	Full	Full
SES ENGINEERING (Luxembourg) S.à r.l., Luxembourg	100	100	Full	Full
SES ASTRA AB, Sweden	100	100	Full	Full
Sirius Satellite Services SIA, Latvia	100	100	Full	Full
SES SIRIUS Ukraina, Ukraine	100	100	Full	Full
SES-10 S.à r.l., Luxembourg	100	100	Full	Full
LuxGovSat S.A., Luxembourg	50	50	Full	Full
SES Satellite Leasing Ltd, Isle of Man[2]	100	100	Full	Full
Al Maisan Satellite Communications Company LLC, UAE	35	35	Full	Full
Satellites Ventures (Bermuda) Ltd, Bermuda	50	50	Full	Full
SES ASTRA Africa Proprietary Limited, South Africa	100	100	Full	Full
SES AMERICOM Inc., U.S.A.	100	100	Full	Full
SES Telecomunicações do Brasil Ltda., Brazil	100	100	Full	Full
SES Government Solutions, Inc., U.S.A.	100	100	Full	Full
Sistemas Satelitales de Mexico, S. de R.L. de C.V., Mexico	100	100	Full	Full
SES Telecommunicaciones de Mexico S. de R.L. de C.V., Mexico	100	100	Full	Full
SES Satellites International, LLC, U.S.A.	100	100	Full	Full
SES Satellites (Gibraltar) Ltd., Gibraltar	100	100	Full	Full
SES AMERICOM (Asia 1A) LLC, U.S.A.	100	100	Full	Full
AMERICOM Asia Pacific LLC, U.S.A.	100	100	Full	Full
QuetzSat Directo S. de R.L. de C.V., Mexico	100	100	Full	Full
SES Engineering (US) Inc., U.S.A.	100	100	Full	Full

	Economic interest (%)		Method of consolidation	
	2021	2020	2021	2020
AOS Inc., U.S.A.[2]	–	100	–	Full
QuetzSat S. de R.L. de C.V., Mexico	100	100	Full	Full
Satelites Globales S. de R.L. de C.V., Mexico	100	100	Full	Full
SES Satelites Directo Ltda, Brazil	100	100	Full	Full
SES DTH do Brasil Ltda, Brazil	100	100	Full	Full
SES Satélites Ibérica, S.L. (formerly SES Global South America Holding, S.L.), Spain	100	100	Full	Full
New Skies Satellites B.V., The Netherlands	100	100	Full	Full
SES Engineering (Netherlands) B.V., The Netherlands	100	100	Full	Full
New Skies Satellites, LLC, U.S.A.	100	100	Full	Full
New Skies Satellites Mar B.V., The Netherlands	100	100	Full	Full
New Skies Satellites Ltda, Brazil	100	100	Full	Full
SES New Skies Marketing B.V., The Netherlands	100	100	Full	Full
New Skies Satellites Argentina B.V., The Netherlands	100	100	Full	Full
New Skies Satellites Australia Pty Ltd, Australia	100	100	Full	Full
New Skies Satellites Licensee B.V., The Netherlands	100	100	Full	Full
SES Asia S.à r.l., Luxembourg[3]	100	100	Full	Full
SES Finance Services AG, Switzerland	100	100	Full	Full
SES World Skies Singapore Pte Ltd, Singapore	100	100	Full	Full
O3b Networks Limited, Jersey, Channel Islands	100	100	Full	Full
O3b Limited, Jersey, Channel Islands	100	100	Full	Full
O3b Africa Limited, Mauritius[2]	100	100	Full	Full
O3b Sales B.V., The Netherlands	100	100	Full	Full
O3b Networks USA LLC, U.S.A.	100	100	Full	Full
O3b Teleport Services (Australia) Pty Limited, Australia	100	100	Full	Full
O3b Teleport Serviços (Brasil) Ltda, Brasil	100	100	Full	Full
O3b Networks (Brasil) Ltda, Brasil	100	100	Full	Full
O3b Services (Portugal) Ltda, Portugal	100	100	Full	Full
O3b Teleport Services (Peru) SAC, Peru	100	100	Full	Full
SES mPOWER S.à r.l., Luxembourg	100	100	Full	Full
SES Networks Satellites S.à r.l., Luxembourg	100	100	Full	Full

	Economic interest (%)		Method of consolidation	
	2021	2020	2021	2020
West Africa Platform Services Ltd, Ghana	49	49	Full	Full
MX1 Ltd, Israel	100	100	Full	Full
MX1 LLC, U.S.A.[4]	100	100	Full	Full
GSN GoSat Distribution Network Ltd, Cyprus[2]	100	100	Full	Full
EMP Media Port Ltd, Cyprus[2]	100	100	Full	Full
SES Services Romania S.R.L., Romania	100	100	Full	Full
MX1 Korea Ltd., Korea[2]	–	100	–	Full
SES-17 S.à r.l., Luxembourg	100	100	Full	Full
SES Defence UK Ltd, United Kingdom	100	100	Full	Full
SES Techcom Afrique S.A. S.U., Burkina Faso	100	100	Full	Full
SES Satellite Nigeria Limited, Nigeria	100	100	Full	Full
SES Networks GmbH, Germany	100	100	Full	Full
SES Satellites India Private Limited, India	100	100	Full	Full
SES 5G Customer Services LLC, U.S.A.	100	100	Full	Full
SES US Satellite Holdings LLC, U.S.A.	100	100	Full	Full
SES Telecomunicaciones de Colombia S.A.S., Colombia	100	100	Full	Full
SES Telecomunicaciones de Colombia Zona Franca S.A.S., Colombia[2]	100	100	Full	Full
SES Telecomunicaciones de Chile SpA, Chile	100	100	Full	Full
SES LU Satellite Holdings S.à r.l., Luxembourg	100	100	Full	Full
Luxembourg Space Sector Development General Partner S.à r.l, Luxembourg[1]	100	–	Full	–
Luxembourg Space Sector Development SCSp, Luxembourg[1]	50	–	Full	–
SES LU US Holdings S.à r.l, Luxembourg[1]	100	–	Full	–

1 Entity created in 2021
2 Entity sold, merged, liquidated, or merger or liquidation process initiated, in 2021
3 Change in legal form of entity in 2021 from S.A. to S.à r.l.
4 Change in legal form of entity in 2021 from Inc to LLC.