

SES S.A.
Société Anonyme
Château de Betzdorf
L-6815 Betzdorf

R.C.S. Luxembourg B 81267

Annual accounts as at and for the year
ended 31 December 2020

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Audit report

To the Shareholders of
SES S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of SES S.A. (the "Company") as at 31 December 2020, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

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

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2020;
- the profit and loss account for the year then ended;
- the statement of changes in shareholders' equity; and
- the notes to the annual accounts, 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 annual accounts" 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 Company 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 annual accounts. 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 19 to the annual accounts.

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Key audit matters

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

Valuation of the shares in affiliated undertakings

The Company has investments in shares in affiliated undertakings of 7,171 million EUR (see Note 3).

Management's assessment of the recoverable amount of investments in subsidiaries requires significant judgement in the determination of the level at which the investments in affiliated undertakings are tested for impairment taking into account the substance of the business activity, interdependency of the cash flows between the different subsidiaries and their level of integration.

Moreover, the determination of the recoverable value requires significant estimates as it relates to the estimation of the forecasted cash flows and of the discount rates and long-term growth rates.

We focused on this area due to the inherent complexity and judgement in the estimate for the recoverable amount of the investments in affiliated undertakings and the materiality of the balance.

How our audit addressed the key audit matter

- We obtained an understanding of Management's process and controls related to the identification of the impairment indicators and the impairment test of the investments in affiliated undertakings;
- We evaluated Management's methodology used to estimate the recoverable amount of the investments in affiliated undertakings, including the grouping of certain investments in order to appropriately reflect the substance of the activity, interdependency of cash flows and the level of integration of their operations;
- We agreed the forecasted cash flows used for the determination of the recoverable value to the 2021 Business Plan as approved by the Board of Directors and challenged the different assumptions based on our expectations in terms of significant developments during the forecast period and evaluated whether these were appropriately reflected in the cash flows;
- We involved valuation specialists and independently recalculated the weighted average cost of capital based on the use of market data and challenged the long-term growth rate applied based on market data;
- We considered the appropriateness of the disclosures in Note 3 to the annual accounts.



Other information

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

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

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts 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 annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts 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 annual accounts.



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 annual accounts, 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 Company'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 Company'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 annual accounts 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 Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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 annual accounts 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.



Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the 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 annual accounts 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 2 April 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 8 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 24 February 2021

A large, stylized blue ink signature that loops around the text "François Mousel".

— 1.
François Mousel

SES
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Balance sheet
As at 31 December 2020

Assets	Note	2020	2019
		EUR million	EUR million
Fixed Assets			
Intangible assets		0.7	0.8
Financial assets			
Shares in affiliated undertakings	3	7,171.0	7,656.4
Loans to affiliated undertakings	3	3,430.5	3,489.7
		<u>10,602.2</u>	<u>11,146.9</u>
Current Assets			
Debtors			
Amounts owed by affiliated undertakings			
becoming due and payable within one year	4	1,288.4	1,146.6
becoming due and payable after one year	4	773.5	478.2
Other debtors			
becoming due and payable within one year		1.7	0.7
Investments			
Own shares	5	35.1	58.9
Cash at bank and cash in hand		1,020.6	1,021.4
		<u>3,119.3</u>	<u>2,705.8</u>
Prepayments		45.7	53.2
Total assets		<u><u>13,767.2</u></u>	<u><u>13,905.9</u></u>

The accompanying notes form an integral part of the annual accounts.

SES
Société Anonyme
Balance sheet
As at 31 December 2020

Liabilities	Note	2020 EUR million	2019 EUR million
Capital and reserves			
Subscribed capital	6	719.0	719.0
Share premium account	6	1,890.2	1,890.2
Reserves			
Legal reserve	7	71.9	71.9
Reserve for own shares	8	35.1	58.9
Profit brought forward		2,471.0	2,121.5
Profit for the financial year		508.8	509.8
		5,696.0	5,371.3
Creditors			
Debenture loans - Non convertible loans	9		
becoming due and payable within one year		669.3	788.1
becoming due and payable after more than one year		4,512.4	4,875.2
Amounts owed to credit institutions	9		
becoming due and payable within one year		40.7	41.2
becoming due and payable after more than one year		40.2	80.9
Trade creditors			
becoming due and payable within one year		0.7	1.5
Amounts owed to affiliated undertakings	9		
becoming due and payable within one year		1,423.5	1,651.9
becoming due and payable after more than one year		614.7	611.7
Other creditors			
Tax authorities	10	0.3	1.2
Social security authorities		0.5	0.4
Other creditors			
becoming due and payable within one year		4.8	4.3
payable after more than one year	11	764.1	478.2
		8,071.2	8,534.6
Total liabilities (Capital, Reserves, Liabilities)		13,767.2	13,905.9

The accompanying notes form an integral part of the annual accounts.

SES
Société Anonyme
Profit and loss account
For the year ended 31 December 2020

Profit and loss account	Note	2020 EUR million	2019 EUR million
Other operating income	12	18.5	24.2
Raw material and consumables and other external expenses			
Other external expenses		(34.0)	(27.4)
Staff costs	13		
Wages and salaries		(15.2)	(10.4)
Social security costs			
relating to pensions		(1.5)	(1.4)
other social security costs		(0.2)	(0.6)
Other staff costs		(0.2)	(0.1)
Other operating expenses		(6.0)	(11.5)
Income from participating interest			
derived from affiliated undertakings	14	959.0	652.7
Income from other investments and loans forming part of fixed assets			
derived from affiliated undertakings	15	98.9	66.9
Other interest receivable and similar income			
derived from affiliated undertakings	16	32.3	55.8
other interest and similar income	16	0.6	2.2
Value adjustment in respect of financial assets and of investments held as current assets	17	(240.2)	(22.5)
Interest payable and similar expenses			
concerning affiliated undertakings	18	(28.5)	(45.3)
other interest and similar expenses	18	(274.5)	(236.8)
Tax on profit or loss			64.9
Other tax not shown under the previous items		(0.2)	(0.9)
Profit or loss for the financial year		508.8	509.8

The accompanying notes form an integral part of the annual accounts.

SES
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Statement of changes in shareholders' equity
As at 31 December 2020

	Subscribed capital	Share premium	Legal reserve	Other reserves*	Result for the year	Total
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
At 1 January 2019	719.0	1,890.2	70.0	1,378.1	1,172.3	5,229.6
Allocation of result	-	-	1.9	1,170.4	(1,172.3)	-
Distribution of dividends	-	-	-	(368.2)	-	(368.2)
Other movements	-	-	-	0.1	-	0.1
Profit for the financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>509.8</u>	<u>509.8</u>
At 31 December 2019	<u>719.0</u>	<u>1,890.2</u>	<u>71.9</u>	<u>2,180.4</u>	<u>509.8</u>	<u>5,371.3</u>
At 1 January 2020	719.0	1,890.2	71.9	2,180.4	509.8	5,371.3
Allocation of result	-	-	-	509.8	(509.8)	-
Distribution of dividends	-	-	-	(184.1)	-	(184.1)
Profit for the financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>508.8</u>	<u>508.8</u>
At 31 December 2020	<u>719.0</u>	<u>1,890.2</u>	<u>71.9</u>	<u>2,506.1</u>	<u>508.8</u>	<u>5,696.0</u>

** Including reserves for own shares, other non available reserves and profit brought forward.*

The accompanying notes form an integral part of the annual accounts.

SES
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Notes to the annual accounts
As at 31 December 2020

Note 1 – General Information

SES S.A. (hereafter 'SES' or 'the Company') was incorporated on 16 March 2001 as a limited liability company (Société Anonyme) under the laws of the Grand-Duchy of Luxembourg for an unlimited period.

The registered office of the Company is established at the Château de Betzdorf, L-6815 Betzdorf, Luxembourg.

The purpose of the Company is to take generally any interest whatsoever in electronic media and to be active, more particularly, in the communications area via satellites and to invest, directly or indirectly, in other companies that are actively involved in the satellite communication industry.

The accounting period of the Company is from 1 January to 31 December.

The Company has a 99.94% interest in a partnership, SES Global Americas Holdings GP, whose accounts are integrated into those of the Company to the level of its share in the partnership.

In 2013 the Company established a branch in Switzerland in order to centralise the cash pooling mechanism in place for the Company and its subsidiaries ('the SES Group'). The annual accounts of the branch were also integrated into those of the Company till 31 October 2020. On 1 November 2020 the branch's activities moved from Switzerland to Luxembourg. As a consequence, all of the assets and liabilities of the branch were reallocated to the Company. Following the reallocation, the branch was closed. This transaction had no impact on the annual accounts of the Company as the branch was always integrated in its accounts.

The Company prepares consolidated financial statements for the SES Group which are drawn up in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS'), and are published according to the provisions of the Luxembourg law.

The Company's Fiduciary Deposit Receipts ('FDRs') have been listed on the Luxembourg Stock Exchange since 1998 and on Euronext Paris since 2004 under the symbol SESG. FDRs can be traded freely, and are convertible into an equal number of 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.

Note 2 – Summary of significant accounting policies and valuation rules

2.1. Basis of preparation

The annual accounts are prepared in accordance with the Luxembourg legal and regulatory requirements under the historical cost convention relating to the preparation and presentation of the annual accounts.

Accounting policies and valuation rules are, besides the ones laid down by the amended Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions are changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

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Société Anonyme
Notes to the annual accounts (continued)
As at 31 December 2020

Note 2 – Summary of significant accounting policies and valuation rules (continued)

2.1. Basis of preparation (continued)

Management makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next financial year(s). Estimates and judgments are regularly reevaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2. Significant accounting policies

The main accounting policies and valuation rules applied by the Company are the following:

2.2.1. Financial assets

Shares in affiliated undertakings held by the Company are recorded at acquisition cost.

In the case of a permanent diminution in the value of a financial fixed asset in the opinion of the Board of Directors, a value adjustment is made such that the investment is valued at the lower figure. Value adjustments are not maintained if the reasons for which they were made have ceased to apply.

In some instances, where the Board of Directors believes that it is more appropriate under the circumstances and better reflects the substance of the activity, the interdependency of cash flows between SES subsidiaries, and their level of integration, have been taken into account in assessing the carrying value of the financial assets.

In those instances, investments in certain undertakings have been grouped together for the purposes of testing them for impairment - similarly to cash generating units ('CGUs') as defined in IAS 36 "Impairment of Assets" under IFRS.

Loans to affiliated undertakings are valued at their nominal value. Value adjustments are recorded on loans which appear to be partly or wholly irrecoverable. These value adjustments are not maintained if the reasons for which they were made have ceased to apply.

2.2.2. Investments – own shares

Own shares are recorded at acquisition cost, including expenses incidental thereto. At the balance sheet date, own shares are valued at the lower of acquisition cost and a valuation calculated on the basis of weighted average cost or market value.

A value adjustment is recorded where the market value is lower than the acquisition cost. These value adjustments are not maintained if the reasons for which the value adjustments were made have ceased to apply.

2.2.3. Prepayments

Prepayments represent expenditures incurred during the financial year but relating to a subsequent financial year.

Loan origination costs are recorded at their nominal value, and are presented as prepayments. These costs are amortised over the remaining estimated loan periods based on the Company's financing strategy.

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Notes to the annual accounts (continued)
As at 31 December 2020

Note 2 – Summary of significant accounting policies and valuation rules (continued)

2.2.4. Dividends paid and received

Dividends are declared after the annual accounts for the year have been approved. Accordingly, dividends payable are recorded in the subsequent year's annual accounts. Dividends receivable on own shares are recorded as income in the year in which the dividend is approved.

Dividends receivable from affiliated undertakings are recorded as income in the year in which they are approved by the subsidiary.

2.2.5. Debtors

Debtors are recorded at their nominal value. They are subject to value adjustments where their recovery is uncertain. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

2.2.6. Foreign currency translation

The Company maintains its books and records in euro (EUR). Transactions expressed in currencies other than the euro are translated into euros at the exchange rates effective at the time of the transaction.

With the exception of fixed assets, all assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Realised and unrealised gains and losses are recognised in the profit and loss account.

Fixed assets acquired in currencies other than euro, with the exception of the loans to affiliated undertakings, which are classified as fixed assets, are translated into euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

The foreign exchange result for the year has been presented on a net basis.

2.2.7. Creditors

Debenture loans and amounts owed to credit institutions are recorded at their reimbursement value. Where the amount repayable is greater than the amount received, then the difference is shown as an asset and is written off over the period of the debt based on a straight-line basis over the term of the borrowing.

2.2.8. Share-based compensation

Employees of the Company receive remuneration in the form of share-based compensation payments, whereby employees render services to the Company as consideration for equity instruments.

Four share-based payment schemes have been established by the Company and are available to members of the Company's staff and to employees of the SES Group:

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Société Anonyme
Notes to the annual accounts (continued)
As at 31 December 2020

Note 2 – Summary of significant accounting policies and valuation rules (continued)

2.2.8. Share-based compensation (continued)

- Equity settled plans:

- The Stock Appreciation Rights Plan ('STAR Plan')
- Executive Incentive Compensation Plan ('EICP')
- Long-Term Incentive Programme ('LTIP')

- Cash settled plan:

- Simulated Restricted Stock Units plan ('SRSU Plan')

A charge, representing the difference between the acquisition cost of own shares and exercise price is recognised in the profit and loss account on the exercising of share option/shares.

The SRSU Plan was inaugurated in 2017 and is replacing prospectively the Star Plan. SRSUs are delivered on 1 June following a three-year vesting period. Delivery occurs through a gross cash payment in the June payroll cycle instead of in SES FDR's.

For the cash settled plan, a charge corresponding to the number of SRSUs outstanding at the share price on 31 December 2019 is recognised in the profit and loss account on a pro-rata basis over the vesting period and is presented as wages and salaries in the profit and loss account. A corresponding liability is recorded and presented in the balance sheet as other creditors.

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Notes to the annual accounts (continued)
As at 31 December 2020

Note 3 – Financial assets

a) Shares in affiliated undertakings

	2020 EUR million	2019 EUR million
Historic cost:		
As at 1 January:	7,761.1	8,161.1
Decrease	(485.4)	(400.0)
As at 31 December	<u>7,275.7</u>	<u>7,761.1</u>
Accumulated value adjustments		
As at 1 January	(104.7)	(104.7)
As at 31 December	<u>(104.7)</u>	<u>(104.7)</u>
Net book value:		
As at 1 January	<u>7,656.4</u>	<u>8,056.4</u>
As at 31 December	<u>7,171.0</u>	<u>7,656.4</u>

The decrease in 2020 represents a share premium reduction in SES Holdings (Netherlands) B.V. in the amount of EUR 418.8 million, and a share capital reduction in SES Astra Services Europe in the amount of EUR 66.6 million. The decrease in 2019 represented the share premium reduction in SES Astra Services Europe S.A. in the amount of EUR 300.0 million and a share capital reduction in SES Participation S.A. in the amount of EUR 100.0 million.

As at 31 December 2020, the Company held the following investments:

Net book value			2020	2019
	Incorporation in:		EUR million	EUR million
SES Global – Americas, Inc.	United States	99.94%	3,477.6	3,477.6
SES Finance S.à r.l	Luxembourg	100%	1,543.0	1,543.0
SES Holdings (Netherlands) B.V. ¹	Netherlands	100%	822.6	1,241.4
SES Astra S.A.	Luxembourg	100%	1,046.8	1,046.8
SES Participations S.A.	Luxembourg	100%	106.8	106.8
SES Insurance International Re (Luxembourg) S.A.	Luxembourg	100%	90.3	90.3
SES Astra A.B.	Sweden	32.34%	50.1	50.1
SES Insurance International (Luxembourg) S.A.	Luxembourg	100%	15.2	15.2
SES Astra Services Europe S.A.	Luxembourg	100%	-	66.6
SES Latin America S.A	Luxembourg	100%	18.6	18.6
Total			7,171.0	7,656.4

¹ SES Holdings (Netherlands) B.V. has a 100% direct ownership of the entity New Skies Satellites B.V. and 100% indirect ownership of the entity O3b Networks Limited. Therefore for impairment testing purposes the investment is allocated between the SES GEO and SES MEO cash generating units.

SES
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Notes to the annual accounts (continued)
As at 31 December 2020

Note 3 – Financial assets (continued)

a) Shares in affiliated undertakings (continued)

Management identified the following CGUs for the purpose of impairment testing:

- SES GEO operations ('SES GEO'),
- SES MEO operations ('SES MEO'), and
- MX1 and other service businesses ('Services').

The investment in SES Holdings (Netherlands) B.V., amounting to EUR 822.6 million (2019: EUR 1,241.4 million), includes both SES GEO and SES MEO operations and was considered accordingly for impairment testing purposes.

Impairment testing for SES GEO operations

Affiliated undertakings listed under "SES GEO operations" form part of the "SES GEO operations" business of the SES Group. They are aggregated into one CGU for the purpose of testing their carrying values for impairment, considering the interdependency of their cash flows and their level of integration (see Note 2). Loans to/from affiliated undertakings which are part of SES GEO have also been added to the carrying values of the shares in affiliated undertakings for impairment testing. The value-in-use of this CGU is determined based on a calculation using the most recent business plan information approved by the Board of Directors which covers a period of five years. This period reflects the long-term contractual base for the satellite business. The pre-tax discount rate used was 8.04% (2019: 8.37%) and was selected to reflect market interest rates and commercial spreads; the capital structure of businesses in the SES Group's business sector, and the specific risk profile of the businesses concerned. The terminal growth rate used in the valuation was 0.5% (2019: 2.0%), which reflects the most recent long-term planning assumptions approved by the Board, and can be supported by reference to the performance of the SES business concerned over a longer period in the relevant markets.

An impairment test performed on each investment taken individually (the "line-by-line method"), would potentially lead to a different conclusion, in particular, for the investment held by the Company in SES Global-Americas, Inc. However, for the reasons stated above and as described in Note 2.2.1., the Board of Directors of the Company does not believe that the "line-by-line method" is appropriate considering the integrated nature of the SES GEO operations business and the interdependency of its cash flows.

Impairment testing for SES MEO operations

SES MEO operations, representing the O3b Networks business acquired in 2016, is considered a separate CGU, as the business currently generates cash inflows that are largely independent from SES GEO operations.

For the SES MEO CGU, the impairment test period was extended beyond the five-year business plan period, to 2034. This extension was deemed necessary to fully capture the contracted capital expenditure and expected growth of the business in connection with the O3b mPOWER constellation, which is scheduled to launch during the period 2021 - 2024, as well as to properly reflect the timing of replacement capital expenditure.

The pre-tax discount rate applied for 2020 was 7.97% (2019: 9.32%) and was selected to reflect market interest rates and commercial spreads; the capital structure of businesses in the CGU's business sector; and the specific risk profile of the businesses concerned. The terminal growth rate used in the valuations was 2.0% (2019: 2.0%), which reflects the most recent long-term planning assumptions approved by the Board of Directors and can be supported by reference to the trading performance of the companies concerned over a longer period.

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Notes to the annual accounts (continued)
As at 31 December 2020

Note 3 – Financial assets (continued)

Impairment testing for 'Services' operations

Affiliated undertakings listed under “Services” are services companies of the SES Group. They are tested for impairment individually unless their carrying value is insignificant.

Based on this impairment testing, the Board of Directors believes that no value adjustment should be recorded on the carrying values of the shares in affiliated undertakings.

Article 65, Paragraph (1) 2° of the Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the “Law”) requires the disclosure of the amount of capital and reserves and profit and loss for the last financial year of each affiliated undertaking. In conformity with Art.67 (3) of the Law, these details have been omitted as the Company prepares consolidated accounts and these consolidated accounts, and the related consolidated management report and auditors' report thereon, have been lodged with the Luxembourg Trade Registry.

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Note 3 – Financial assets (continued)

b) Loans to affiliated undertakings

Loans to affiliated undertakings as of 31 December 2020 consist of:

Counterparty	Principal and accrued interest 31 December 2020 (EUR million)	Maturity	Interest rate
SES Astra S.A. ¹	900.0	October-30	0.64%
HD Plus GmbH	30.5	October-22	4.50%
SES-10 S.à r.l.	66.7	November-22	0.41%
SES Americom Inc.	268.7	June-22	2.93%
SES Networks Lux S.à r.l.	782.1	October-29	3.33%
SES Networks Satellites S.à r.l.	379.6	October-29	3.33%
New Skies Satellites B.V.	179.6	November-23	3.87%
New Skies Satellites B.V.	331.0	November-23	3.87%
New Skies Satellites B.V.	4.6	December-24	3.87%
New Skies Satellites B.V.	214.5	December-24	3.87%
SES Holdings (Netherlands) B.V.	156.3	October-24	3.87%
SES Holdings (Netherlands) B.V.	84.4	December-24	3.87%
SES Holdings (Netherlands) B.V.	28.6	December-32	3.87%
SES DTH do Brasil Ltda	1.3	May-23	5.77%
SES DTH do Brasil Ltda	0.3	May-23	4.38%
SES DTH do Brasil Ltda	0.3	May-22	4.10%
SES DTH do Brasil Ltda	0.6	June-22	3.97%
SES DTH do Brasil Ltda	0.5	September-22	4.23%
SES DTH do Brasil Ltda	0.3	June-23	5.01%
SES DTH do Brasil Ltda	0.3	August-23	5.32%
SES DTH do Brasil Ltda	0.3	November-23	5.48%
Total	3,430.5		

¹ In the frame of a corporate restructuring process ten Luxembourg satellite companies were merged into SES Astra S.A. on 1 October 2020. All loans between those satellite entities and the Company have been settled and replaced on 1 October 2020 by a new loan between the Company and SES Astra S.A., with a principal amount of EUR 1,000 million.

The Company does not consider any balances on its loans to affiliates as being irrecoverable as at 31 December 2020.

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Notes to the annual accounts (continued)
As at 31 December 2020

Note 3 – Financial assets (continued)

b) Loans to affiliated undertakings (continued)

Loans to affiliated undertakings as of 31 December 2019 consist of:

Counterparty	Principal and accrued interest 31 December 2019 (EUR million)	Maturity	Interest rate
SES-15 S.à r.l.	160.1	January-33	1.55%
SES Astra 5B S.à r.l.	160.7	June-29	1.11%
SES Astra 2G S.à r.l.	120.0	June-30	1.19%
SES Astra 2F S.à r.l.	93.3	November-27	0.95%
SES Astra 3B S.à r.l.	70.0	June-25	0.67%
SES-10 S.à r.l.	73.4	January-32	2.29%
SES Astra 2E S.à r.l.	22.5	February-29	1.06%
SES Astra 1N S.à r.l.	21.8	November-26	0.80%
HD Plus GmbH	60.0	October-22	4.50%
SES Media Solutions GmbH	140.1	November-21	0.41%
SES Americom Inc.	259.4	June-22	2.93%
SES Networks Lux S.à r.l.	826.5	October-29	3.33%
SES Networks Satellites S.à r.l.	401.1	October-29	3.33%
New Skies Satellites B.V.	190.5	November-23	3.87%
New Skies Satellites B.V.	351.2	November-23	3.87%
New Skies Satellites B.V.	5.0	December-24	3.87%
New Skies Satellites B.V.	234.3	December-24	3.87%
SES Holdings (Netherlands) B.V.	168.1	October-24	3.87%
SES Holdings (Netherlands) B.V.	95.9	December-24	3.87%
SES Holdings (Netherlands) B.V.	30.2	December-32	3.87%
SES DTH do Brasil Ltda	1.3	May-23	2.76%
SES DTH do Brasil Ltda	0.5	May-23	4.38%
SES DTH do Brasil Ltda	0.5	May-22	4.10%
SES DTH do Brasil Ltda	0.9	June-22	3.97%
SES DTH do Brasil Ltda	0.9	September-22	4.23%
SES DTH do Brasil Ltda	0.5	June-23	5.01%
SES DTH do Brasil Ltda	0.5	August-23	5.32%
SES DTH do Brasil Ltda	0.5	November-23	5.48%
Total	3,489.7		

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As at 31 December 2020

Note 4 – Debtors

Amounts owed by affiliated undertakings

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

Amounts owed by affiliated undertakings as at 31 December 2020 consist of:

	2020 EUR million	2019 EUR million
Becoming due and payable within one year		
Intercompany current accounts	1,153.5	963.3
Short term loan to Luxembourg satellite companies	6.7	83.3
Short term loan to SES Astra S.A.	101.7	-
Short term loan to MX1 Ltd	4.3	-
Short term loan to HD Plus GmbH	30.0	30.0
Short term loan to SES Media Solutions GmbH	210.0	70.0
Value adjustments	(217.8)	-
Total	1,288.4	1,146.6
Becoming due and payable after one year		
Forward Sale Agreement with SES mPower S.à r.l.	764.1	478.2
Long term advance to SES DTH do Brasil Ltda	9.4	-
Total	773.5	478.2

Intercompany current accounts represent short-term advances bearing interest at market rates.

The Company performed an analysis of the amounts owed by affiliated undertakings and does no longer consider the following balances to be recoverable:

- Intercompany current accounts with SES ASTRA Services Europe in the amount of EUR 6.0 million;
- Intercompany current accounts with MX1 Limited in the amount of EUR 28.6 million;
- Short term loan to SES Media Solutions GmbH in the amount of EUR 183.2 million.

As at 31 December 2020 the Company recorded an overall value adjustment of EUR 217.8 million in this respect (see also Note 17).

In 2018, SES entered into a forward sale agreement with SES mPower S.à r.l (see Note 11) in connection with the fleet of seven mPower satellites divided into 2 sub-blocks (Sub-Block 1 A consisting of four satellites and sub-block 1B consisting of three satellites) currently under construction.

In August 2020 an option to procure 4 additional satellites divided into 2 sub-blocks (Sub-block 2A consisting of two Satellites and sub-block 2B consisting of 2 Satellites) was exercised.

As at 31 December 2020, SES had a receivable from SES mPower S.à r.l of USD 937.7 million (EUR 764.1 million) in the framework of this agreement (divided by Block 1A and 1B for USD 743.9 million and Block 2A and 2B for USD 193.8 million).

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Notes to the annual accounts (continued)
As at 31 December 2020

Note 5 – Investments – own shares

Own shares refer to the Company's own Fiduciary Deposit Receipts. All FDRs in respect of Class A shares owned by the Company are for use in connection with the share-based compensation plans for executives and staff of the SES Group. FDRs are valued at the lower of the weighted average cost and the market price.

As at 31 December 2020, the Company owned 4,559,818 FDRs (2019: 4,708,584) representing a carrying value of EUR 35.1 million (2019: EUR 58.9 million).

Note 6 – Subscribed capital and share premium account

SES has a subscribed capital of EUR 719.0 million (2019: EUR 719.0 million), represented by 383,457,600 Class A shares (2019: 383,457,600) and 191,728,800 Class B shares (2019: 191,728,800) with no par value. Although they constitute separate classes of shares, Class A and Class B shares have the same rights except that Class B shares, which are held by the State of Luxembourg and by two entities wholly-owned by the State of Luxembourg, entitle their holders to only 40% of the dividend, or in case the Company is dissolved, to 40% of the net liquidation proceeds paid to shareholders of Class A. Class B shares are not freely traded. Each share, whether of Class A or Class B, is entitled to one vote.

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

	Class A shares	Class B shares	Total shares
As at 1 January 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
	Class A shares	Class B shares	Total shares
As at 1 January 2019	383,457,600	191,728,800	575,186,400
Shares issued during the year	-	-	-
As at 31 December 2019	383,457,600	191,728,800	575,186,400

Note 7 – Legal reserve

In accordance with Luxembourg legal requirements, a minimum of 5% of the annual net profit is transferred to a legal reserve. This requirement is satisfied when the reserve reaches 10% of the issued share capital. This reserve may not be distributed.

Note 8 – Reserve for own shares

In accordance with the Law, the Company has created a non-distributable "reserve for own shares" for an amount of EUR 35.1 million (2019: EUR 58.9 million), corresponding to the balance of the own shares held as of year end.

Acquisition of treasury shares

SES has historically, in agreement with its shareholders, purchased FDRs in connection with executives' and employees' share-based payments plans, as well as for cancellation.

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Note 9 – Creditors

a) Debenture loans - Non convertible loans

The maturity profile of notes and bonds is as follows as at 31 December 2020.

			2020
Creditors - Financial liabilities	Interest rate	Maturity	EUR million
a) Debenture loans - Non convertible loans			
becoming due and payable within one year*			669.3
EUR 650 million Eurobond (2021)	4.75%	March-21	556.0
Non convertible bonds due >1 Y: Accrued interest			113.3
becoming due and payable between 3 and 5 years			1,011.2
144A Bond USD 750.0 million (2023)	3.60%	April-23	611.2
German Bond issue of EUR 150.0 million (2024)	Floating	June-24	150.0
German Bond issue of EUR 250.0 million (2025)	1.71%	December-25	250.0
becoming due and payable after 5 years			3,501.2
EUR 140.0 million Private Placement (2027)	4.00%	May-27	140.0
144A Bond USD 250.0 million (2043)	5.30%	April-43	203.7
144A Bond USD 500.0 million (2044)	5.30%	March-44	407.5
German Bond issue of EUR 50.0 million (2032)	4.00%	November-32	50.0
EUR 750 million deeply subordinated fixed rate resettable securities	4.625%	N/A**	750.0
EUR 550 million deeply subordinated fixed rate resettable securities	5.625%	N/A***	550.0
EUR 500 million Eurobond (2026)	1.625%	March-26	500.0
EUR 500 million Eurobond (2027)	0.875%	November-27	500.0
EUR 400 million Eurobond (2028)	2.00%	July-2028	400.0

* Includes accrued interest of EUR 113.3 million at a 31 December 2020 (2019: EUR 138.1 million).

** First reset date January - 22

*** First reset date January - 24

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Notes to the annual accounts (continued)
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Note 9 – Creditors (continued)

a) Debenture loans - Non convertible loans (continued)

The maturity profile of notes and bonds is as follows as at 31 December 2019.

			2019
Creditors - Financial liabilities	Interest rate	Maturity	EUR million
a) Debenture loans - Non convertible loans			5,663.3
becoming due and payable within one year*			788.1
EUR 650 million Eurobond (2020)	4.625%	March-20	650.0
Non convertible bonds due >1 Y: Accrued interest			138.1
becoming due and payable between 1 and 2 years			650.0
EUR 650 million Eurobond (2021)	4.75%	March-21	650.0
becoming due and payable between 3 and 5 years			817.6
144A Bond USD 750.0 million (2023)	3.60%	April-23	667.6
German Bond issue of EUR 150.0 million (2024)	Floating	June-24	150.0
becoming due and payable after 5 years			3,407.6
EUR 140.0 million Private Placement (2027)	4.00%	May-27	140.0
144A Bond USD 250.0 million (2043)	5.30%	April-43	222.5
144A Bond USD 500.0 million (2044)	5.30%	March-44	445.1
German Bond issue of EUR 50.0 million (2032)	4.00%	November-32	50.0
EUR 750 million deeply subordinated fixed rate resettable securities	4.625%	N/A**	750.0
EUR 550 million deeply subordinated fixed rate resettable securities	5.625%	N/A***	550.0
EUR 500 million Eurobond (2026)	1.625%	March-26	500.0
EUR 500 million Eurobond (2027)	0.875%	November-27	500.0
German Bond issue of EUR 250 million (2025)	1.71%	December-25	250.0

* Includes accrued interest of EUR 138.1 million at year-end 2019 (2018: EUR 139.6 million).

** First reset date January - 22

*** First reset date January - 24

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Notes to the annual accounts (continued)
As at 31 December 2020

Note 9 – Creditors (continued)

a) Debenture loans - Non convertible loans (continued)

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 EUR 4,000 million. As at 31 December 2020, SES had issued EUR 2,096 million (2019: EUR 2,440 million) under the EMTN Programme with maturities ranging from 2021 to 2028.

EUR 650 million Eurobond (2020)

SES repaid its EUR 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 9 March 2020.

EUR 650 million Eurobond (2021)

In 2011 SES issued a EUR 650 million bond under the Company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.75%. On 30 June 2020, SES further announced the completion of a tenor offer to repurchase the aggregated principal amount of total EUR 94 million of its outstanding Eurobond 2021 (650 million) at a repurchase price of 102.75% of the nominal amount.

EUR 750.0 million Deeply Subordinated Fixed Rate Resettable Securities (2022)

On 10 June 2016 SES issued EUR 750.0 million Deeply Subordinated Fixed Rate Resettable Securities ('perpetual bond') at a coupon of 4.625% to the first call date, a price of 99.666% and a yield of 4.7%. SES is entitled to call the securities on 2 January 2022 and on subsequent coupon payment dates.

144A Bond USD 750 million (2023)

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

EUR 500 million Eurobond (2026)

In 2018 SES issued a EUR 500 million 8-year bond under the Company's European Medium-Term Note Programme. The bond bears interest at a fixed rate of 1.625% and has a final maturity date on 22 March 2026.

EUR 500 million Eurobond (2027)

On 4 November 2019, SES issued a EUR 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.

EUR 550.0 million Deeply Subordinated Fixed Rate Resettable Securities (2024)

In November 2016 SES issued a second perpetual bond of EUR 550.0 million at a coupon of 5.625% to the first call date, a price of 99.304% and a yield of 5.75%. SES is entitled to call the second perpetual bond on 29 January 2024 and on subsequent coupon payment dates.

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Notes to the annual accounts (continued)
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Note 9 – Creditors (continued)

a) Debenture loans - Non convertible loans (continued)

EUR 140 million Private Placement (2027)

In 2012 SES issued three individual tranches of a total EUR 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%.

EUR 400 million Eurobond (2028)

On 2 July 2020, SES issued a EUR 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 EUR 50 million (2032)

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

144A Bond USD 250 million (2043)

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

144A Bond USD 500 million (2044)

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

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

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

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Notes to the annual accounts (continued)
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Note 9 – Creditors (continued)

b) Amounts owed to credit institutions

Amounts owed to credit institutions as of 31 December 2020 were:

Creditors - Financial liabilities			2020
	Interest rate	Maturity	EUR million
b) amounts owed to credit institutions			
becoming due and payable within one year			40.7
COFACE facility	EURIBOR +1.70%	various in 2020	40.7
becoming due and payable after more than one year			40.2
COFACE facility	EURIBOR +1.70%	various from 2021 to 2022	40.2

Amounts owed to credit institutions as of 31 December 2019 were:

Creditors - Financial liabilities			2019
	Interest rate	Maturity	EUR million
b) amounts owed to credit institutions			
becoming due and payable within one year			41.2
COFACE facility	EURIBOR +1.70%	various in 2019	41.2
becoming due and payable after more than one year			80.9
COFACE facility	EURIBOR +1.70%	various from 2020 to 2022	80.9

Syndicated loan 2019

In June 2019 the Company renewed its previous syndicated loan facility ('Syndicated loan 2015'). The updated facility is being provided by 19 banks and has been structured as a 5-year multi-currency revolving credit facility with an option to extend until 2026 (two one-year extension options at the discretion of the lenders). The facility is for EUR 1,200.0 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 2020 and 2019, no amount has been drawn under this facility.

EUR 522.9 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 were 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. In the Coface tranches outstanding as at 31 December 2021 are repayable in 17 equal semi-annual instalments as follows: Coface A has a final maturity date of 1 August 2022, Coface F will mature 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%.

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Notes to the annual accounts (continued)
As at 31 December 2020

Note 9 – Creditors (continued)

b) Amounts owed to credit institutions (continued)

European commercial paper programme

In 2012 SES incepted a joint EUR 1,000.0 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 are 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. In 2017 this programme was updated and extended. As at 31 December 2020 and 2019, no borrowings were outstanding under this programme.

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

In 2005 SES put in place a EUR 500.0 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 EUR 500.0 million or its counter value at the date of issue in any other authorised currency. On 20 May 2020, this programme was extended for one further year. As at 31 December 2020 and 2019, no borrowings were outstanding under this programme.

The aggregate maturity profile of amounts drawn from credit institutions and becoming due and payable after more than one year is as follows as at 31 December 2020 and 2019:

	2020	2019
	EUR million	EUR million
Between one and two years	40.2	80.9
Between two and five years	-	-
Total	40.2	80.9

During the year 2020, SES repaid floating rate obligations totaling EUR 41.2 million (2019: EUR 41.2 million) related to various Coface instalments.

Committed and uncommitted loan facilities

As at 31 December 2020, and as at 31 December 2019, the Company had no outstanding balances under uncommitted loan facilities.

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Notes to the annual accounts (continued)
As at 31 December 2020

Note 9 – Creditors (continued)

c) Amounts owed to affiliated undertakings

Amounts owed to affiliated undertakings of EUR 2,038.2 million (2019: EUR 2,263,6 million) include the following:

	2020	2019
	EUR million	EUR million
Long term loans (maturity after five years)	41.7	611.7
Long term loans (less than five years)	573.0	-
Current accounts	1,423.5	1,651.9
Total	2,038.2	2,263.6

“Current accounts” are linked to the daily cash pooling mechanism and represent short term debts bearing interest at market rates. The daily cash pooling mechanism supports, among others, the liquidity of the Group in order to optimize the funding costs.

As at 31 December 2020, long term loans included:

- A loan for a total amount of USD 51.2 million (EUR 41.7 million) from SES Satellites Gibraltar Ltd. with a maturity date of May 2025 and bearing interest at a rate of 4.2%;
- A loan for a total amount of USD 615.4 million (EUR 528.1 million) from SES Americom Inc. with a maturity date of March 2024 and bearing interest at a rate of 3.7%;
- In November 2020, SES Astra AB granted a new long-term loan to the Company for a total amount of SEK 450.0 million with a maturity date of November 2023 and bearing interest at a rate of 0.72%. As at 31 December 2020, the outstanding balance, including accrued interest, amounted to SEK 450.3 million (EUR: 44.9 million).

Note 10 – Other creditors - tax authorities

The Company is subject to the tax regulations in Luxembourg, in the U.S. for the partnership and till October 2020 in Switzerland for the Swiss branch. In accordance with Article 164bis of the Luxembourg income tax law, SES S.A. is the head of the Luxembourg tax unity with its direct and indirect subsidiaries as follows:

- SES Astra S.A.
- SES Asia S.A.
- SES-10 S.à r.l.
- SES Participations S.A.
- SES Engineering S.à r.l.
- SES Astra Services Europe S.A.
- SES Lux Finance S.à r.l.

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Note 10 – Other creditors - tax authorities (continued)

- SES Networks Lux S.à r.l.
- SES Techcom S.A.
- SES Latin America S.A.
- SES Insurance International (Luxembourg) S.A.
- SES Insurance International Re (Luxembourg) S.A.
- SES-17 S.à r.l.
- SES mPower S.à r.l.
- SES Networks Satellites S.à r.l.
- SES Finance S.à r.l.

The balance sheet tax position represents the net amount payable to, or receivable from, the Luxembourg tax authorities by the Company in its role as head of the tax unity.

The respective tax charge/income of each subsidiary is computed on a stand-alone basis and till the end of 2019 was recharged via intercompany accounts. From 2020 the tax charge/income of the entire Luxembourg tax unity is recorded by the Company.

Note 11 – Other creditors – payable after more than one year

Acquisition of SES mPower medium-Earth orbit constellation

In September 2017, the Company, jointly with 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 The Boeing Company.

At the end of the satellite construction period, which is foreseen in 2021, the SES Group will have the right to acquire, or lease, the satellites from the financial institution or to direct their sale to a third-party.

SES has the right to nominate the entity within the SES Group which will acquire or lease those assets shortly before the end of the construction period.

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. To this end the Company entered into a forward sale agreement with that entity as at 29 May 2018 whereby as the satellite construction process proceeds, and the Procurement Agents confirm that construction milestones are achieved, then the underlying asset-under-construction is transferred by the Company to that entity against an intercompany receivable.

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Notes to the annual accounts (continued)
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Note 11 – Other creditors – payable after more than one year (continued)

Since the underlying Satellite Purchase and Sale Agreement is directly between the financial institution and The Boeing Company then 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 construction period and hence the SES Group is accruing for the costs of this programme.

Under the satellite Purchase and Sale agreement seven satellites were procured divided into 2 sub-blocks (Sub-Block 1 A consisting of four satellites and sub-block 1B consisting of three satellites) currently under construction.

In August 2020 the priced option under the Purchase and Sale agreement to procure 4 additional satellites divided into 2 sub-blocks (Sub-block 2A consisting of two Satellites and sub-block 2B consisting of 2 Satellites) was exercised. At the end of the satellite construction period, foreseen in 2022, the SES Group will have the right to acquire, or lease, the satellites from the financial institution or to direct their sale to a third-party.

As at 31 December 2020 the total amount of EUR 764.1 million (USD 937.7 million) [2019: EUR 478.2 million (USD 537.2 million)], (divided by Block 1A and 1B USD 743.9 million and Block 2A and 2B USD 193.8 million) was recorded under the caption 'Other creditors – becoming due and payable after one year', corresponding to the constructive obligation by the Company towards the financial institution procuring the satellites. Corresponding amount due to the Company from SES mPower S.à r.l. under a forward purchase agreement, was disclosed on the balance sheet under the caption 'Amounts owed by affiliated undertakings – becoming due and payable after one year'.

Note 12 – Other operating income

Other operating income of EUR 18.5 million (2019: EUR 24.2 million) consists mainly of intra-group recharge income from advisory support services rendered to various affiliates.

Note 13 – Staff costs

As at 31 December 2020, the number of full time equivalent employees was 93 (2019: 68) and the average number of employees in the workforce for 2020 was 86 (2019: 60). Staff costs can be analysed as follows:

	2020	2019
	EUR million	EUR million
Wages and salaries	15.2	10.4
Social security costs and other staff costs	1.9	2.1
Total	17.1	12.5

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Note 14 – Income from participating interests

Income from participating interests concerning affiliated undertakings consists of the following:

	2020	2019
	EUR million	EUR million
Dividends received from affiliated undertakings	959.0	652.7
Total	959.0	652.7

Dividends received on own shares in the amount of million EUR 2.0 million (2019: EUR 4.3 million). Dividend received from affiliated undertakings EUR 957.0 million (2019: EUR 648.4 million).

Note 15 – Income from other investments and loans

Income from other investments and loans forming part of fixed assets:

	2020	2019
	EUR million	EUR million
Interest income from affiliated undertakings	98.9	66.9
Total	98.9	66.9

Note 16 – Other interest receivable and similar income

Other interest receivable and similar income includes the following:

	2020	2019
	EUR million	EUR million
Interest income from current account	0.6	2.2
Other interest income from affiliated undertakings	32.3	55.8
Total	32.9	58.0

Note 17 – Value adjustments in respect of financial assets and investments held as current assets

The loss of EUR 22.4 million (2019: loss of EUR 22.5 million) is composed of a loss on disposal of the Company's FDRs for EUR 12.3 million (2019: loss of EUR 30.0 million) and a value adjustment on outstanding FDRs as at 31 December 2020 of EUR 10.1 million (2019: EUR 7.6 million).

A value adjustment was recorded to account for the FDRs at the lower of the weighted average cost and the market price. The price of the SES FDR listed on Euronext in Paris was EUR 7.72 as at 31 December 2020 (2019: EUR 12.50).

As at 31 December 2020 the Company recorded a value adjustment of EUR 217.8 million in respect of the amounts owed by affiliated undertakings (2019: nil) (see also Note 4).

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Note 18 – Interest payable and similar expenses

a) Concerning affiliated undertakings

	2020	2019
	EUR million	EUR million
Interest charges from current account	28.5	45.3
Total	28.5	45.3

b) Other interest and similar expenses

Other interest and similar financial expenses include the following:

	2020	2019
	EUR million	EUR million
Interest charges	216.7	227.0
Loan origination costs	15.4	8.8
Loss on disposal on own shares	2.3	0.8
Foreign exchange loss, net	40.1	0.2
Total	274.5	236.8

Note 19 – Audit fees

Art. 65 Paragraph (1) 16° of the Law requires the disclosure of the independent auditor fees.

In conformity with the Law these details have been omitted as the Company prepares consolidated accounts in which this information is disclosed and these consolidated accounts and the related consolidated management report and auditors' report thereon have been lodged with the Luxembourg Trade Registry.

Fees incurred in connection with other assurance and non-audit services rendered to the Company and its controlled undertakings as defined by the Regulation (EU) N°537/2014 amounted to EUR 35,000 (2019: EUR 0.2 million) and represented comfort letters issued in connection to the Company's treasury funding operations.

Note 20 – Board of Directors' remuneration

Total payments to directors for attendance at board and committee meetings in 2020 amounted to EUR 1.1 million (2019: EUR 1.2 million). These payments are computed on a fixed and variable basis, the variable part being based upon attendance at board and committee meetings.

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Note 21 – Off balance sheet commitments

Capital commitments

On 11 September 2017, SES S.A., jointly with 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 The Boeing Company. In August 2020 the company procured additional 4 satellites. The outstanding commitments of the Company in respect of the related contracted capital expenditure as at 31 December 2020 amounting to USD 222.7 (EUR 181.5 million).

The Company is currently in the process of procuring the satellite SES-17; this satellite is expected to be launched in the second half of 2021. The Company had outstanding commitments in respect of the related contracted capital expenditure as at 31 December 2020 amounting to EUR 87.7 million.

Guarantees

On 31 December 2020 the Company had outstanding bank guarantees provided for an amount of EUR 89.1 million (2019: EUR 101.3 million) with respect to performance and warranty guarantees for services of satellite operations.

Parental guarantees

SES S.A. issued a letter of guarantee to one of its subsidiaries to provide sufficient financial support to meet its obligations in full for at least two years after the issuance date of the 31 December 2020 stand alone financial statements of the subsidiary.

Litigation

SES S.A. is not currently subject to any material legal proceedings or litigation arising in the normal course of business.

Note 22 – Subsequent events

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