



**FINEXSI**  
EXPERT & CONSEIL FINANCIER

Free translation of the original « *Rapport du Commissaire aux apports sur la valeur de l'apport d'actions de la société ONEWEB HOLDINGS LIMITED devant être effectué au profit de la société EUTELSAT COMMUNICATIONS SA par les Apporteurs Majoritaires* »

issued by the contribution auditor, dated August 18, 2023. French version shall prevail.

## **EUTELSAT COMMUNICATIONS SA**

Public limited company with a Board of Directors  
32 Boulevard Gallieni  
92130 Issy-les-Moulineaux  
RCS of Nanterre 481 043 040

### **Contribution auditor's report on the value of the contribution of the ONEWEB HOLDINGS LIMITED shares by Major Shareholders Contributors to EUTELSAT COMMUNICATIONS SA**

*Order of the President of the Nanterre  
Commercial Court dated December 5, 2022*



## **Contribution auditor's report on the value of the contribution of the ONEWEB HOLDINGS LIMITED shares by Major Shareholders Contributors to EUTELSAT COMMUNICATIONS SA**

Ladies and Gentlemen,

Pursuant to the assignment entrusted to us by order of the President of the Nanterre Commercial Court dated December 5, 2022, regarding the contribution of ONEWEB HOLDINGS LIMITED Class A ordinary shares to EUTELSAT COMMUNICATIONS SA, we have prepared this report on the value of the contribution, as provided for in Article L.225-147 of the French Commercial Code.

As the shares of EUTELSAT COMMUNICATIONS SA are admitted to trading on a regulated market, our assignment has been extended, with reference to position-recommendation 2020-06 of the *Autorité des Marchés Financiers* (hereinafter the "AMF"), to the assessment of the fairness of the remuneration of the proposed contribution. We have therefore issued an opinion on the consideration for the contribution, which is the subject of a separate report.

The value of the contribution was set out in the contribution agreement signed by the representatives of the companies concerned (described in paragraph 1.2 hereafter) on August 18, 2023 (hereinafter the "**Contribution Agreement**").

It is our responsibility to express a conclusion as to whether the value of the contribution is not overstated. For this purpose, we have performed our procedures in accordance with the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* applicable to this engagement. These standards require that we perform the necessary procedures to assess the value of the contribution, to ensure that it is not overstated and to verify that it corresponds at least to the nominal value of the shares to be issued by the company receiving the contribution, plus the issue premium.

No special benefit is stipulated in the context of this transaction.

Our report is intended for the persons covered by French law, in this case the shareholders of EUTELSAT COMMUNICATIONS SA. It meets the requirements of these regulations but not those of the English regulations, which apply to the shareholders of ONEWEB HOLDINGS LIMITED.

As our mission ends with the filing of our report, it is not our responsibility to update it to take into account facts and circumstances subsequent to the date of signature.

At no time did we find ourselves in one of the cases of incompatibility, prohibition or disqualification provided for by law.



Please find below our findings and conclusions presented in the following order:

1. Presentation of the proposed transaction and description of the contribution
2. Due diligence and assessment of the value of the contribution
3. Summary - key points
4. Conclusion

## **1. Presentation of the proposed transaction and description of the contribution**

### **1.1 Context of the transaction**

In a joint press release dated July 26, 2022, EUTELSAT COMMUNICATIONS SA (hereinafter "**EUTELSAT**" or the "**Beneficiary Company**") and ONEWEB HOLDINGS LIMITED (hereinafter "**ONEWEB**") announced the proposed combination by way of an exchange of shares with the aim of forming a single leading global player in the field of satellite connectivity. The definitive framework agreement for the combination between EUTELSAT and ONEWEB WAS entered into on November 14, 2022, between EUTELSAT and the principal shareholders of ONEWEB as mentioned in paragraph 1.2 hereunder (hereinafter the "**Framework Agreement**").

The objective of this combination is to create a leading global player positioned to conquer the satellite connectivity market with a complementary GEO/LEO offering<sup>1</sup>.

This newly formed entity would have an enhanced range of satellite coverage, notably with EUTELSAT's geostationary satellites (GEO) and ONEWEB's low earth orbit satellites (LEO).

It is thus envisaged that:

- (i) BHARTI SPACE LIMITED, the *Secretary of State for Science, Innovation and Technology of the United Kingdom*<sup>2</sup> ("**UK Government**"), SOFTBANK GROUP CAPITAL LIMITED and HANWHA SYSTEMS UK LIMITED (the "**Major Shareholders Contributors**") and the other minority shareholders of ONEWEB (other than EUTELSAT SA) (the "**Minority Shareholders Contributors**" and together the "**Contributors**") are contributing all of the Class A ordinary shares of ONEWEB held by them, representing a total of 2,186,644 shares, to the Beneficiary Company (the "**Existing Shareholders' Contributions**"), and

---

<sup>1</sup> GEO (*Geostationary Earth Orbit*) satellites are geostationary satellites that remain constantly above the same point on the Earth's surface at a distance of about 36,000 km and provide communications, television and weather services. LEO (*Low Earth Orbit*) satellites are non-geostationary satellites that operate in low earth orbit (about 1,200 km) and provide mobile data services and cell phone systems.

<sup>2</sup> Following the Prime Minister's announcement of a change of government apparatus on February 7, 2023, three new government departments were created, including the Department for Science, Innovation and Technology (DSIT). By an Order in Council which came into effect on May 3, 2023, the UK government's shareholding has been transferred from the Secretary of State for Business, Energy & Industrial Strategy (BEIS) to the Secretary for State for Science, Innovation and Technology (DSIT).



- (ii) BHARTI SPACE LIMITED and the British Government are selling to EUTELSAT all of the 4 *deferred shares* issued by ONEWEB that they hold.

(hereinafter the "**Transaction**")

It is expected that ONEWEB option holders will be able to exercise their options either (i) immediately prior to and subject to the completion of the Major Shareholders Contributors' Contributions; or (ii) during certain exercise windows between completion of the Transaction and October 10, 2024, with a view to contributing the resulting ONEWEB Class A ordinary shares to EUTELSAT, in the context of contribution in kind transactions carried out by delegation of authority by the extraordinary general meeting of EUTELSAT, and using the same exchange ratio as the one of the Contribution<sup>3</sup>.

Following the Transaction, EUTELSAT will hold, directly and indirectly through its subsidiary EUTELSAT SA, 100% of the shares issued by ONEWEB<sup>4</sup>.

This report relates to the contributions of the Major Shareholders Contributors (the "**Contribution**"), it being specified that a separate report will cover the contributions of the Minority Shareholders Contributors and that another report will cover any contributions of the Option Holders.

## 1.2 Presentation of the parties involved

### 1.2.1 EUTELSAT COMMUNICATIONS SA, beneficiary of the contribution

EUTELSAT COMMUNICATIONS SA ("**EUTELSAT**") is a French *société anonyme* with a Board of Directors, whose registered office is located at 32, Boulevard Gallieni in Issy-les-Moulineaux (92130), and which has been registered with the Paris Trade and Companies Registry since February 15, 2005, and with the Nanterre Trade and Companies Registry since October 30, 2020 under number 481 043 040.

Its share capital amounts to €248,926,325, divided into 248,926,325 ordinary shares with a par value of €1 each, all fully paid up and of the same class.

EUTELSAT's shares have been listed on compartment A of the Euronext Paris market under ISIN code FR0010221234 since December 2, 2005.

According to its bylaws, EUTELSAT's purpose is, "*in France and abroad*:"

- *to supply Space Segment capacity, and satellite communications systems and services. To that end, Eutelsat Communications undertakes any activities relating to the design,*

---

<sup>3</sup> In certain circumstances, at Eutelsat's option, the contributions in kind could be replaced by an exchange for existing shares at the same exchange ratio or by payment in cash.

<sup>4</sup> Except for one Class B share issued by ONEWEB held by the UK Government.



*development, construction, installation, operation and maintenance of its Space Segment and of those satellite systems and services;*

- *and more generally, to take part in any existing or future enterprise or company and to participate in any transactions of any nature, be they financial, commercial, industrial, civil, real-estate-related or other, pertaining directly or indirectly to the corporate purpose or to any similar, related or complementary purposes, and likely to promote, directly or indirectly, the aims pursued by Eutelsat Communications, its expansion into other fields, its growth and its assets.*

*The term "Space Sector" means a set of telecommunications satellites, as well as the tracking, telemetry, remote control, monitoring and other associated equipment necessary for the operation of these satellites.*

The closing date for EUTELSAT's accounts is June 30 of each year.

EUTELSAT marked the beginning of the European satellite communications services industry<sup>5</sup>. Today, the EUTELSAT group is one of the world's leading operators of commercial communications satellites and operates 36 satellites in geostationary orbit covering up to 150 countries, from 139° West to 174° East<sup>6</sup>.

Through its fleet of satellites and terrestrial infrastructure, the EUTELSAT group provides capacity to broadcasters, telecommunications operators and governmental bodies served either directly or through distributors. EUTELSAT group's business is organized since 30 June 2023 around four verticals<sup>7</sup>:

- Video (62.0% of revenues): the EUTELSAT group provides to its customers broadcasting capacity and associated services to enable them to broadcast television programs mainly to homes equipped for direct satellite reception, or to homes connected to cable or IP networks (enabling the broadcast of approximately 6,583 television channels mainly in Europe, in the Middle East and in Africa of which 2,500 are free mainly in Europe, in the Middle East and in Africa);
- Fixed connectivity (15.7% of revenues): fixed data includes enterprise networks (allowing companies to connect their network in remote areas), the connection of mobile networks (*backhaul*) and the connection to the Internet backbone<sup>8</sup> (*trunking*). Additionally, it includes internet access solutions, notably IP connectivity services;
- Government Services (12.6% of revenues): the EUTELSAT group enables reliable and rapidly deployed global communications for governments throughout the world<sup>9</sup> ;

---

<sup>5</sup> EUTELSAT's activities were originally carried out by an intergovernmental organization, the European Telecommunications Organization (IGO), which transferred all of its operational activities to EUTELSAT SA in July 2001 before it was acquired by EUTELSAT in 2005.

<sup>6</sup> As of 30 June 2023

<sup>7</sup> % based on annual consolidated revenues as of June 30, 2023.

<sup>8</sup> Very high-speed data transmission line that provides networking facilities to local internet service providers.

<sup>9</sup> Allows the interconnection of dispersed or isolated sites, the guarantee of immediate availability of capacity, as well as security and reliability, for ground or sea operations.



- Mobile connectivity (9.7% of revenues): the EUTELSAT group provides distributors/integrators and telecom operators with capacity dedicated to mobile connectivity, in-flight or maritime.

As of June 30, 2023, the EUTELSAT group had revenues of €1.1 billion and operating income of €573.5 million, with a workforce at that date of nearly 1,067 employees.

## 1.2.2 ONEWEB HOLDINGS LIMITED, A company whose securities are contributed

ONEWEB HOLDINGS LIMITED ("ONEWEB") is a *private limited company* incorporated under the laws of England and Wales with its registered office at West Works Building, 195 Wood Lane, London, W12 7 FQ. It is registered since March 25, 2020, under number 12534512.

Its capital consists of (i) 2,836,644 Class A ordinary shares<sup>10</sup> with a par value of USD 0.01 each, (ii) one Class B share with a par value of USD 0.01<sup>11</sup>, and (iii) four *deferred shares* with a par value of GBP 1.00.

The closing date for ONEWEB's accounts is March 31 of each year.

ONEWEB is a satellite communications company with a constellation of 634 low earth orbit (LEO) communication satellites<sup>12</sup> covering the entire globe. THE ONEWEB constellation of satellites are non-geostationary, low-earth orbiting satellites that provide affordable, fast, high-bandwidth, low-latency communications to businesses and consumers<sup>13</sup>.

The ONEWEB constellation consists of first-generation LEO GEN 1 satellites, the first of which were deployed in February 2019. This first constellation will be replaced over time by the LEO GEN 2 constellation, which is currently being designed. These next-generation satellites are expected to have greater capacity, longer lifetime, and enhanced performance than the LEO GEN 1 satellites. The launch of the first LEO GEN 2 satellites is expected to coincide with the decommissioning of the first LEO GEN 1 satellites in 2027 or 2028.

Each satellite is connected to terrestrial infrastructure, which transmits data to the constellation. ONEWEB has three types of ground infrastructure to support its operations:

- TT&C stations<sup>14</sup>: these stations ensure communications during some operations on its satellites (pre-launch, orbit transfer, etc.), and in case of emergency on a spacecraft;

---

<sup>10</sup> There are also options granted to ONEWEB employees under the *ONEWEB Executive Share Option Scheme 2021*, giving right to a maximum of 39,550 ONEWEB Class A ordinary shares.

<sup>11</sup> The UK Government will keep its Class B share. The latter has no economic rights (with the exception, in the event of liquidation, of the repayment of the amount paid up in respect of the Class B share, with the same priority as the repayment of the amounts paid up in respect of the Class A ordinary shares).

<sup>12</sup> Following the 17<sup>th</sup> and 18<sup>th</sup> launches of ONEWEB by SPACEX and NEWSPACE INDIA respectively in March 2023.

<sup>13</sup> Latency is a data transmission delay in communications. It refers to the time it takes for a data packet to travel from source to destination across a network.

<sup>14</sup> *Telemetry, Tracking and Command systems.*



- SNPs<sup>15</sup>: these provide Internet access for ONEWEB's constellation of satellites and are distributed around the globe. They are equipped with several antennas allowing them to reach a number of satellites;
- User terminals: provide end-users with broadband Internet access from the LEO satellite constellation of ONEWEB. These terminals are capable of providing continuous service through transfers between active satellites. ONEWEB develops different user terminals to meet multiple needs, for governments, operators, enterprises, aviation, maritime and land mobility.

### **1.2.3 BHARTI SPACE LIMITED, the UK Government, SOFTBANK GROUP CAPITAL LIMITED and HANWHA SYSTEMS UK LIMITED - the Major Shareholders Contributors**

#### ***BHARTI SPACE LIMITED***

BHARTI SPACE LIMITED (“**Bharti**”) is a *private limited company incorporated in England and Wales* with its registered office at 53/54 Grosvenor Street, 2<sup>nd</sup> floor, London, W1K 3HU. It has been registered since 26 February 2021 under number 13228343. BHARTI SPACE LIMITED IS part of the Indian group BHARTI which owns AIRTEL, India's leading cell phone operator.

Bharti holds 850,000 Class A ordinary shares and 2 deferred shares in ONEWEB.

#### ***THE SECRETARY OF STATE FOR SCIENCE, INNOVATION AND TECHNOLOGY (UK Government)***

The UK Government, located at 100 Parliament Street, London, SW1A 2BQ, holds 500,000 Class A ordinary shares, 1 Class B ordinary share and 2 deferred shares in ONEWEB.

#### ***SOFTBANK GROUP CAPITAL LIMITED***

SOFTBANK GROUP CAPITAL LIMITED (“**SOFTBANK**”) is a *private limited company* incorporated under the laws of England and Wales with its registered office at 69 Grosvenor Street, London, W1K 3JP. It has been registered at *Companies House* since April 30, 2015 under number 09569889.

SoftBank holds 500,000 Class A ordinary shares in ONEWEB.

#### ***HANWHA SYSTEMS UK LIMITED***

HANWHA SYSTEMS UK LIMITED (“**HANWHA**”) is a *private limited company* incorporated under the laws of England and Wales with its registered office at Suite A, 6 Honduras Street, London, EC1Y 0TH. It was registered at *Companies House* on October 6, 2021 under number 13665238. HANWHA SYSTEMS UK LIMITED IS part of the South Korean HANWHA Group.

HANWHA holds 250,000 Class A ordinary shares in ONEWEB.

---

<sup>15</sup> Satellite Network Portals





## 1.2.4 Capital links between the parties involved in the transaction

As of the date hereof, EUTELSAT SA, subsidiary of the Beneficiary Company, holds 650,000 Class A ordinary shares of ONEWEB, representing approximately 22.91% of the company's capital and voting rights (excluding the dilutive impact of options issued by OneWeb). This equity investment<sup>16</sup> dates from September and October 2021.

As of the date hereof, BHARTI, which is one of the Major Shareholders' Contributors, is a subsidiary of BHARTI GLOBAL LIMITED which directly holds 12,974,047 representing 5.21% of EUTELSAT's share capital and voting rights.

## 1.3 General terms and conditions

The terms and conditions of the Contribution, which are set out in detail in the Contribution Agreement, to which reference should be made, can be summarized as follows.

### *Legal regime of the Contribution*

From a legal standpoint, the Contribution is subject to the common law regime for contributions in kind provided for in Article L.225-147 of the French Commercial Code.

### *Tax system*

The Contribution will be registered free of charge in accordance with the provisions of Article 810, I of the French General Tax Code.

### *Date of completion of the Contribution*

The Contribution will be completed on the date on which the last of the conditions precedent referred to below (§ 1.5) is satisfied or is lifted, as evidenced by a decision of the shareholders of EUTELSAT recording the definitive completion of the increase in EUTELSAT's share capital as consideration for the Existing Shareholders' Contributions (hereinafter the "**Completion Date**").

The Contribution will also take effect, for tax purposes, on the Completion Date.

## 1.4 Description and evaluation of the Contribution

### 1.4.1 Description of the Contribution

The contribution made by the Major Shareholders Contributors (the "**Contribution**") consists of 2,100,000 Class A ordinary shares of ONEWEB, representing, on an undiluted basis, 74.03%

---

<sup>16</sup> Initial investment announced in April 2021 and completed in September 2021 then exercise of a call option in October 2021.





of the Class A ordinary shares in the share capital of ONEWEB, with a par value of \$0.01 each, and fully paid.

Contributors	Number of shares contributed
Bharti Space Limited	850,000
UK Government	500,000
Softbank Group Capital Limited	500,000
Hanwha Systems UK Limited	250,000
<b>Total major contributors</b>	<b>2,100,000</b>

In accordance with the terms of the Contribution Agreement, each contributed Class A ordinary share of ONEWEB will be, at the date of completion of the Contribution, free of any pledge, third party right, charge or other security interest.

It is also agreed that the Major Shareholders Contributors holding the 4 ONEWEB *deferred shares*, i.e. BHARTI SPACE LIMITED and the UK Government, will transfer them to EUTELSAT with the guarantee of full title and free of any pledge, third party rights, encumbrance or other security.

Finally, following the contributions of the Major Shareholders Contributors and the Minority Shareholders Contributors, EUTELSAT will own directly and indirectly through its subsidiary EUTELSAT SA, 100% of the shares issued by ONEWEB<sup>17</sup>.

#### 1.4.2 Valuation method and reference

The Contribution is made on the basis of the real value of the contributed shares.

The real value of the 2,100,000 ONEWEB Class A ordinary shares has been determined by reference to the transaction price agreed by the parties and indicated in the press release of 26 July 2022, i.e. €3,297 million for 100% of the share capital of ONEWEB.

The value of the Contribution is as follows per contributor (in €):

Contributors	Number of shares contributed	Contribution value (in €)
Bharti Space Limited	850,000	974,465,415
UK Government	500,000	573,214,950
Softbank Group Capital Limited	500,000	573,214,950
Hanwha Systems UK Limited	250,000	286,607,475
<b>Total major contributors</b>	<b>2,100,000</b>	<b>2,407,502,789</b>

<sup>17</sup> With the exception of one Class B share issued by ONEWEB held by the UK Government.



### 1.4.3 Remuneration of Contribution

The remuneration of the Contribution is made on the basis of the real value of the Contribution, on the one hand, and the real value of the shares of the Beneficiary Company, on the other hand.

On this basis, the Contribution will be remunerated by the allocation of 217,287,000 new EUTELSAT shares with a par value of €1 each, to be issued by the Beneficiary Company, which will increase its capital by €217,287,000. The shares issued in consideration for the Contribution will be subject to a 6-month lock-up period from the completion date, as provided for in the EUTELSAT shareholders' agreement signed by the Major Shareholders Contributors.

The difference between (i) the total value of the Contribution, i.e. €2,407,502,789 and (ii) the total amount of the capital increase of the Beneficiary Company, i.e. €217,287,000, will constitute a contribution premium of €2,190,215,789.

Contributors	Number of shares contributed	Contribution value (€)	Number of Eutelsat shares issued	Eutelsat's capital increase (€)	Share premium (€)
Bharti Space Limited	850,000	974,465,415	87,949,500	87,949,500	886,515,915
UK Government	500,000	573,214,950	51,735,000	51,735,000	521,479,950
Softbank Group Capital Limited	500,000	573,214,950	51,735,000	51,735,000	521,479,950
Hanwha Systems UK Limited	250,000	286,607,475	25,867,500	25,867,500	260,739,975
<b>Total major contributors</b>	<b>2,100,000</b>	<b>2,407,502,789</b>	<b>217,287,000</b>	<b>217,287,000</b>	<b>2,190,215,789</b>

### 1.5 Conditions precedent

The completion of the Contribution is subject to the fulfillment of all conditions precedent detailed in section 8 of the Contribution Agreement:

- (i) *“the submission by the Contribution Auditor of its reports confirming (i) that the Contribution Value retained is not overvalued and that it is at least equal to the amount of the Capital Increase of the Beneficiary Company plus the Contribution Premium, and (ii) the fairness of the Exchange Ratio;*
- (ii) *filing the Exemption Document relating to the Contribution with the AMF and making it available to the public in accordance with applicable French and European regulations (including AMF Position-Recommendation DOC-2020-06); and*
- (iii) *the approval by the Shareholders' Meeting of the Contribution, of the Contribution Agreement, of the corresponding Capital Increase as well as of the amendments to the bylaws of the Beneficiary Company and of the changes in the composition of the Board of Directors of the Beneficiary Company as described in Appendix 8.1 (the “EUTELSAT Shareholders' Resolutions”), it being specified that the Shareholders' Meeting is scheduled to vote on this matter on September 28, 2023.”*



## 2. Due diligence and assessment of the value of the contribution

### 2.1 Diligences carried out

The purpose of our mission is to inform the shareholders of EUTELSAT on the absence of overvaluation of the contribution to be made by the Major shareholders of ONEWEB. Consequently, it does not fall within the scope of an audit engagement or a limited review engagement within the meaning of professional standards. It cannot be compared to a *due diligence* mission performed for a lender or an acquirer and does not include all the work required for this type of intervention. Our report cannot therefore be used in such a context.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*):

- Control the ownership and free transferability of the shares contributed;
- Analyze the individual value of the contributed shares proposed in the Contribution Agreement;
- Verify that the actual value of the Contribution taken as a whole is at least equal to the Contribution Value proposed in the Contribution Agreement;
- Ensure, up to the date of this report, that there are no facts or events that could call into question the value of the Contribution.

In this context, we performed the following principal procedures:

- We met with representatives of EUTELSAT and ONEWEB to learn about the transaction and the context in which it is taking place, and to analyze the accounting, financial, legal and tax terms and conditions envisaged;
- We have taken note of the Framework Agreement entered into on November 14, 2022 between EUTELSAT and the Major Shareholders Contributors of ONEWEB;
- We have examined the Contribution Agreement and its schedules;
- We have read the corporate and consolidated financial statements of ONEWEB as of March 31, 2023, unaudited P&L and balance sheet for the quarter ended as of June 30, 2023, and the *reporting* at the end of June 2023;
- We have read the independent auditor's report on the annual and consolidated financial statements of ONEWEB as of March 31, 2023;
- We have verified compliance with the applicable accounting regulations regarding the valuation of contributions;



- We have examined the valuation methods used by the parties for the contribution and have performed our own valuation of the contributed shares using a multi-criteria approach;
- We have obtained (i) a letter of representation signed by the representative of EUTELSAT, on the one hand and, (ii) a letter of representation signed by the representatives of ONEWEB and Major Shareholders Contributors on the other hand, confirming the completeness of the information provided in connection with the present Transaction and, to their knowledge, the absence of any significant event (up to the date of our report) that could call into question the value of the Contribution.

## **2.2 Assessment of the valuation method of the Contribution and its compliance with accounting regulations**

The 2,100,000 ONEWEB Class A ordinary shares contributed are retained at their real value.

This contribution, representing 74.03% of ONEWEB's capital, gives EUTELSAT control of ONEWEB.

From an accounting standpoint, it is therefore treated as a partial contribution of assets and falls within the scope of the *Autorité des Normes Comptables* (“ANC”) Regulation 2014-03 on the treatment of merger and similar transactions.

However, insofar as this contribution is made by legal entities incorporated in England to a French beneficiary company, in accordance with Article 720-1 of ANC Regulation 2014-03, the contribution valuation methods defined by French accounting regulations apply unless local regulations impose a contrary method.

Under French rules, in the case of a contribution made between companies under separate control, it should be valued on the basis of its actual value, in accordance with Article 743-1 of ANC Regulation 2014-03.

By retaining the fair value, the parties have therefore used a valuation method for the contribution that complies with current French accounting regulations, which does not call for any particular comment on our part.

## **2.3 Reality of the contribution**

We have ascertained the ownership of the securities transferred from the securities movement register and ONEWEB's shareholder accounts which designate the Major Shareholders Contributors as the owners of the shares contributed.

Furthermore, we have received confirmation by letter of representation from the Major Shareholders Contributors and ONEWEB that there are no restrictions on the transfer of the Class A ordinary shares of ONEWEB contributed to EUTELSAT.



## **2.4 Assessment of the value of the contribution**

The Contribution consists of 2,100,000 ONEWEB Class A ordinary shares representing 74.03% of its share capital.

As the Contribution consists solely of the shares of ONEWEB, and as the same unit value is used for each share contributed, our assessment of the individual value and the overall value of the Contribution is identical.

### **2.4.1 Value retained by the parties**

The value of the Contribution corresponds to the real value of the 2,100,000 ONEWEB Class A ordinary shares contributed, based on a multi-criteria valuation approach that favors the following reference and method:

- Reference to ONEWEB's implied valuation at the time of the last transaction on the share capital of ONEWEB announced in August 2021 and completed in February 2022,
- Intrinsic discounted cash flow (DCF) method.

The following methods were discarded:

- Discounting of theoretical dividend flows,
- Stock market comparables,
- Comparable transactions,
- The net book value and the revalued net book assets.

The value of 100% of the share capital of ONEWEB finally retained amounts to €3,297m and corresponds to the value of \$3,400m<sup>18</sup> induced by the entry of HANWHA SYSTEMS UK LIMITED in the company's capital announced in August 2021 and completed in February 2022.

The criteria selected seem to us to be complementary and to reflect the value of the ONEWEB group, with a different relative relevance for each of them in the context of the Transaction and according to the way they are implemented.

We have reviewed the valuation work performed by the parties and their counsel.

### **2.4.2 Work carried out by the contribution auditor**

In order to assess the value of the Contribution, we conducted our own valuation based on a multi-criteria approach.

---

<sup>18</sup> At a one-month \$/€ conversion rate of 1.0311 on July 20, 2022



We rejected the net book value and net asset value methods, as they do not reflect the future prospects of ONEWEB, whose constellation has just been fully deployed and should be operational by the end of 2023.

Similarly, given the absence of earnings to date, the methods of stock market comparisons, comparable transactions and discounting of future dividends could not be applied.

We have selected :

- The reference to ONEWEB's value in the last transaction on the share capital of ONEWEB announced in August 2021 and completed in February 2022: the company HANWHA SYSTEMS UK LIMITED acquired 250,000 ONEWEB shares corresponding to 8.81% of the capital for a total of \$300m, resulting in a 100% value of ONEWEB of \$3,400m.
- We assessed the intrinsic value of the company by discounting the projected future cash flows (DCF) derived from (i) ONEWEB's business plan drawn up by ONEWEB's management for the period 2023-2028<sup>19</sup> and (ii) ONEWEB's business plan drawn up by EUTELSAT's management for the period 2023-2033<sup>20</sup>. These business plans incorporate the assumptions and ambitions of the respective management teams, the main difference being a more proactive view of the medium-term market outlook, as adopted by ONEWEB compared with that adopted by EUTELSAT, since the parties have based themselves mainly on the market studies carried out by EUROCONSULT and NSR respectively.

Regarding the evaluation parameters and results obtained:

- For the terminal value, we have assumed a level of profitability equivalent to that of the last year of the business plan (extrapolated to 2033 for ONEWEB's management business plan, in order to fully reflect the launch of the GEN 2 satellites);
- The discount rate is calculated on the basis of observed market parameters and reflects the level of risk attached to the cash flow forecasts. The rate used to discount cash flows is 11.0%, which is close to the rate used by the company ONEWEB for its *impairment* tests and within the range used by the parties to value the contributions using the DCF method<sup>21</sup>;
- We have assumed a growth rate to infinity of 3.0%;
- We performed sensitivity analyses on the key parameters, namely the discount rate and the perpetual growth rate, as well as the normative EBITDA margin rate.
- The elements for the transition from enterprise value to equity value have been determined on the basis of the annual consolidated financial statements of ONEWEB as of March 31, 2023, which have been certified by the statutory auditor.

---

<sup>19</sup> Business plan approved by ONEWEB's Board of Directors on March 21, 2023

<sup>20</sup> Business plan established in October 2022

<sup>21</sup> 10% to 11.5% range



The values obtained by discounting the cash flows on the basis of these two business plans are higher than the Contribution value and therefore do not call into question the value retained in the context of this Contribution.

### 3. Summary – Key points

In summary of our assessments, we would like to draw your attention to the following points:

The Contribution relates to 2,100,000 Class A ordinary shares of ONEWEB representing 74.03% of the share capital of ONEWEB. In this context, the overall value of 100% of the share capital of ONEWEB, set by the parties at 3,297 m€, is the result of their negotiations and of the *due diligence* process carried out by EUTELSAT as the beneficiary of the Contribution.

This Transaction enables EUTELSAT to take control of ONEWEB and gives its shareholders access to deferred liquidity (6-month lock-up period) for the Major Shareholders Contributors, and immediate liquidity for the Minority Shareholders Contributors.

EUTELSAT SA holds three seats on ONEWEB's Board of Directors since it acquired its stake in September 2021, and chairs the Technical Committee. As such, EUTELSAT has a good knowledge of ONEWEB's specificities and the market in which it operates.

The value thus determined is corroborated by a multi-criteria valuation integrating the intrinsic value of ONEWEB on the basis of discounted cash flow forecasts estimated by ONEWEB's management, on the one hand, and by EUTELSAT's management, on the other hand.

Our valuation estimates are based on a *standalone* approach not including any of the synergies anticipated by the parties, which are estimated at a total amount of over €1.5 billion (discounted and after-tax, net of implementation costs).

We have verified with ONEWEB and EUTELSAT that, to their knowledge, there is nothing that would significantly call into question the data provided to us and which we have used in our work.

In the end, the values arrived at by our valuation work and the sensitivity analyses to key parameters do not call into question the value of the Contribution.





#### **4. Conclusion**

On the basis of our work and as of the date of this report, we are of the opinion that the value of the Contribution amounting to €2,407,502,789 is not overvalued and, consequently, that it is at least equal to the amount of the capital increase of the Beneficiary Company, plus the contribution premium.