SPACE42

Beyond Horizons

Annual Report 2024

CONTENTS

Strategic Report

Governance Report

Pro Forma Unaudited Financial Information

Financial Statements

WHO WE ARE

We are Space42 – the UAE-based, AI-powered SpaceTech company with global reach.

Our Purpose

To enlighten the world from space by connecting people to rewire potential, informing decisions to reimagine impact, and enabling actions to redefine tomorrow.

Unlocking SpaceTech Value

We advance and create value through SpaceTech for our clients by combining satellite communications, Earth Observation and geospatial analytics, and artificial intelligence.

We offer powerful end-to-end solutions that transform industries, enhance efficiency, and integrate SpaceTech into our everyday lives.

From tracking wildfires and guiding disaster relief efforts to monitoring critical infrastructure and ensuring secure communications, Space42 combines satellite technology with AI to deliver real-time insights that drive impactful solutions.

Inspired by the space ambitions of the UAE and the evolving needs of our clients, we are accelerating purpose-driven progress with technology that goes beyond possibility.

Global Coverage
150+
countries*

Access To
80%
of the world's population, reaching 5 billion people worldwide*

* Based on global satellite services coverage

HIGHLIGHTS

Financial

Revenue
629Mn

Adjusted EBITDA
317Mn
Adjusted Margin 50%

Net Profit
166Mn
Margin 26%

Discretionary Free Cash Flow*
137Mn

Cash Capital Expenditure
348Mn

Contracted Future Revenues
>7.0Bn
as at 31 December 2024

Cash and Cash Equivalents
>1.1Bn
as at 31 December 2024

Leverage Ratio**
-1.6x

Non-Financial

Satellites in Orbit***
8
6 GEO[1] and 2 LEO[2] with 2 GEOs (Al Yah 4 and Al Yah 5) expected in 2027 and 2028, and 3 more LEOs in 2025

Population Coverage
5Bn+

Space42 Emiratization
43%

* Discretionary Free Cash Flow: net cash flow from operations less (a) advances from customers on long-term capacity contracts (e.g. T4), (b) development and maintenance capital expenditure, including additions to intangible assets but excluding additions to satellite-related capital work-in-progress, (c) investments in associates net of any dividends received and capital returned, (d) net finance costs plus (e) proceeds from disposals of assets
** Leverage ratio: Net debt to FY24 Adjusted EBITDA
*** Includes satellites launched in January 2025
[1] GEO = Geostationary Satellites
[2] LEO = Low Earth Orbit Satellites
All financial figures in USD, unless otherwise mentioned. All financial figures based on FY 2024 financial results
All figures presented throughout the Strategic Report section of this Annual Report are based on unaudited pro forma financials. Unaudited pro forma financials for Space42 have been prepared to allow for like-for-like comparison as if the merger had occurred on 1 January 2023 – these exclude any purchase price allocation adjustments. Additional information available on the Investor Relations section of the website

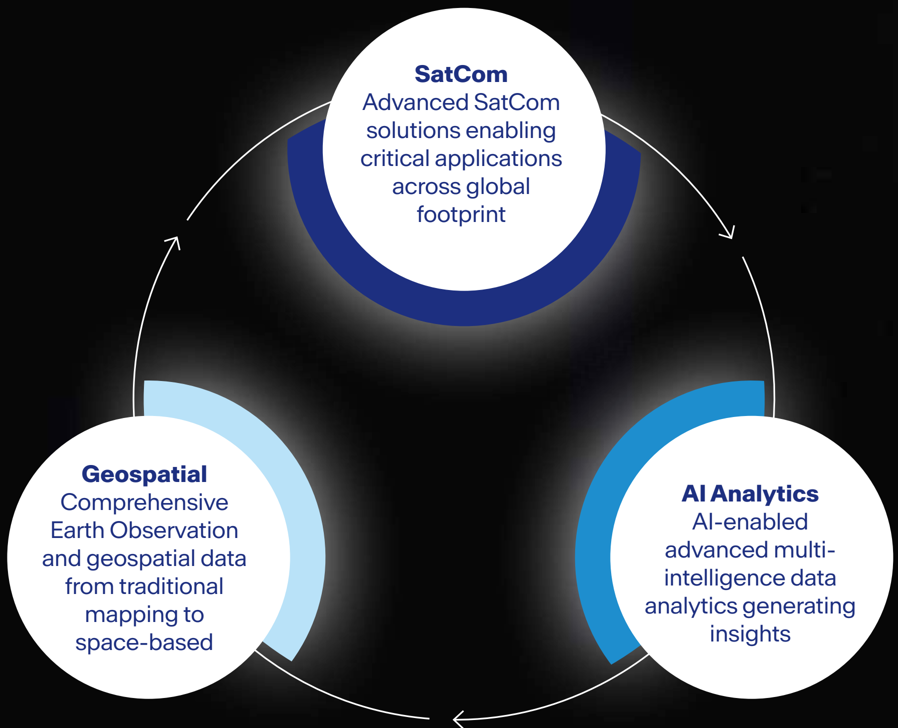
AT A GLANCE

Space42, which formed from the merger of Bayanat and Yahsat in October 2024, is at the forefront of global SpaceTech, with a unique proposition that combines latest-generation satellite communications, Earth Observation and geospatial data analytics, and artificial intelligence to deliver a broad and growing range of value-add services, solutions, and insights that drive informed, timely decision-making and beyond.

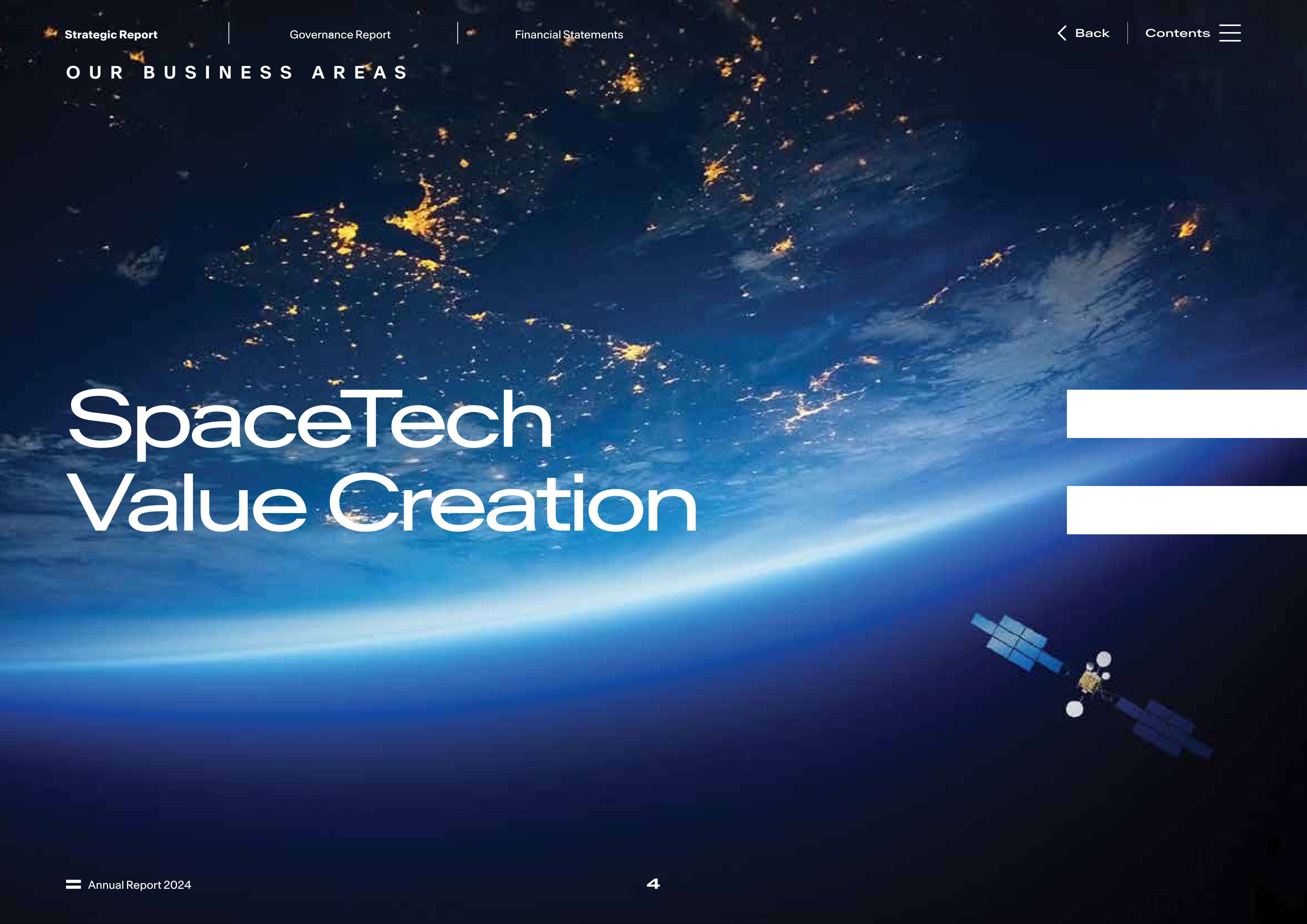
Satellite communications coverage: Europe, Africa, Middle East, Asia and Brazil*

Global Earth Observation constellation established: Foresight-1 and Foresight-2 successfully launched

Home-grown AI-powered geospatial intelligence platform: GIQ



*Joint venture with HNS Participações Empreendimentos S.A. (Hughes Network Systems - HPE Brazil)



SpaceTech Value Creation

Beyond Connectivity

Yahsat Space Services is expanding non-terrestrial networks to enable Direct-to-Device connectivity for billions of users worldwide, while advancing multi-orbit systems to deliver seamless communication across land, sea, and air.

Robust satellite communication solutions and managed services for secure government applications.

Reliable fixed and mobile satellite communications for land, sea and air, including handheld phones, broadband terminals and IoT devices for consumer and enterprise markets.

High-speed broadband connectivity for unserved and underserved communities across MENA, Southwest Asia and Africa.

For more on our Yahsat Space Services business, please see page 24 >

Unparalleled Insights

Groundbreaking Advances

Bayanat Smart Solutions is building a global multi-sensor system while expanding GIQ, its AI-driven geospatial intelligence platform, to enhance data capture, analysis, and interpretation for precise, real-time insights.

Seamless and integrated access to diverse multi-sensor data sources.

Advanced data analytics capabilities enabled through our proprietary GIQ platform.

Combining the power of advanced AI to deliver industry-specific solutions.

For more on our Bayanat Smart Solutions business, please see page 32 >

Beyond Horizons

"In 2024, Space42 launched as a transformative force in global connectivity and innovation, redefining what is possible in space technology."

H.E. Mansoor Al Mansoori
Chairman, Space42

CHAIRMAN'S LETTER TO SHAREHOLDERS CONTINUED

2024 has been a landmark year for Space42. It marks not only the debut of our organization but also a bold new chapter for the UAE as a leader in the global space industry. Space42 was born from the historic merger of Bayanat and Yahsat, a union that exemplifies our commitment to redefining possibilities. Together, we have laid the foundation for a national champion in AI-powered space technology, with aspirations that extend far beyond borders.

The integration of Bayanat's geospatial and AI capabilities with Yahsat's expertise in satellite communications has created a unique platform for innovation and growth. This merger is more than a combination of strengths; it is a convergence of vision. By uniting two pioneers with a combined legacy of 66 years, we are uniquely positioned to address some of the most complex challenges facing governments and enterprises worldwide, from secure connectivity to advanced geospatial intelligence.

Space42 represents the UAE's ambition to lead in cutting-edge technologies. With AI at the core of our operations, we are creating a sovereign capability in satellite communications, Earth Observation, and geospatial analytics. Our success this year—highlighted by the record-breaking USD 5.1 billion contract with the UAE government and the launch of our first sovereign Synthetic Aperture Radar (SAR) satellites—cements our role as a cornerstone of the nation's space agenda. As a national champion, we are driving innovation and setting new benchmarks for what is possible in space technology.

While our roots are firmly in the UAE, our vision is decidedly global. Space42's dual-pronged strategy—combining Bayanat Smart Solutions and Yahsat Space Services—positions us to serve diverse markets and sectors across the world. From pioneering Direct-to-Device connectivity to advancing autonomous mobility solutions, we are at the forefront of addressing the needs of billions of users worldwide. Our aspirations reflect the UAE's spirit of innovation and its determination to lead on the global stage.

Our achievements this year resonate far beyond the walls of Space42. They are a testament to the UAE's visionary leadership, which has transformed our nation into a global hub for space exploration and technology. The successful launch of Foresight-1 and Foresight-2, alongside the technological breakthroughs of our High-Altitude Platform Stations (HAPS), underscores the UAE's commitment to advancing humanity's understanding of our planet and beyond. We are proud to contribute to this legacy of excellence.

None of this would be possible without the partnerships that have propelled us forward. From our joint venture with ICEYE to establish satellite manufacturing capabilities in the UAE, to our strategic alliances with global technology leaders, collaboration remains at the heart of our strategy. These partnerships are not just transactional; they are transformative, enabling us to accelerate innovation, localize supply chains, and expand our global impact.

As we reflect on 2024, we do so with immense pride and optimism. Space42 is more than an organization; it is a vision for the future. Guided by our principles of foresight, boldness, and engagement, we are poised to continue redefining industries and creating lasting value for all our stakeholders.

To the UAE leadership, our employees, partners, and shareholders, thank you for your unwavering trust and support. Together, we are building a smarter, more connected, and more sustainable future. We are Space42, and we are going beyond.

H.E. Mansoor Al Mansoori
Chairman, Space42

> "Space42 represents the UAE's ambition to lead in cutting-edge technologies."

Looking Beyond the Future

"Our strategic initiatives are key to long-term growth, turning vision into reality. At Space42, we go beyond limits, pushing boundaries with space-based and AI technologies that redefine what's possible."

Karim Michel Sabbagh
Managing Director, Space42

MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS CONTINUED

Beyond is a fitting theme for Space42's debut in 2024. This milestone marks the culmination of a successful merger between Bayanat and Yahsat, united by a bold ambition: to redefine the boundaries of three critical space-related capability domains—satellite communications, Earth Observation and geospatial data analytics, and artificial intelligence.

We are a young organization born from a combined 66-year legacy, yet we are forging our own path in a pioneering territory, without an industry-proven playbook to guide us. Our vision is to create an AI-powered space technology champion with global reach. Space42 is built around two complementary businesses: Bayanat Smart Solutions and Yahsat Space Services.

Our domains are experiencing strong, sectorial growth. Satellite communications, including mobility solutions, is projected to grow at a double-digit CAGR through the end of this decade. Similarly, Earth Observation and geospatial data analytics are advancing with comparable momentum. Artificial intelligence, at the core of our capabilities, serves as a powerful enabler—propelling us beyond today's possibilities.

Riding these tailwinds, we have crafted a four-pronged strategy to address both commercial and government markets, solidifying our position as a dual-use service provider.

Under our Bayanat Smart Solutions business, we aim to develop a global multi-sensor system and scale it through increased vertical integration. Simultaneously, we are advancing our geospatial intelligence platform, GIQ, leveraging AI to optimize data capture, analysis, and interpretation—delivering actionable insights with precision and speed.

Within our Yahsat Space Services business, we are building on two solid foundations. In mobile satellite services, where Yahsat boasts nearly three decades of expertise, we aim to develop the next generation of non-terrestrial networks to capture the Direct-to-Device opportunity—bringing services to billions of customers. We are also capitalizing on our strong track record in satellite communications to expand into multi-orbit systems, delivering seamless connectivity across land, sea, and air to a wide range of customers, including our long-term government customer in the UAE.

Our strategy execution is guided by five principles. First, we focus exclusively on programmatic growth, avoiding the distractions of opportunistic projects that are all too common in the space industry. Second, we pursue strategies where we can sustain a distinct advantage. Third, we are committed to investing our economic and human capital in building capabilities that can evolve and grow over time. Fourth, we aim to scale our business globally, extending our reach and impact. Finally, we prioritize strategic capital allocation, using cash to achieve our objectives and deliver long-term, sustainable shareholder value.

From the outset, we have codified our ways of working around three guiding tenets: foresight, boldness, and engagement. Embracing the idea of going beyond, we constantly challenge ourselves to push the boundaries of what's possible, combining space-based and AI technologies that define Space42. Success in this field requires unparalleled insights and innovative solutions. It also demands boldness and resilience, qualities we bring to bear every day as we tackle opportunities and challenges. Lastly, we emphasize hands-on engagement, bringing the full strength of Space42 and our global partners to every endeavor.

In closing, we have achieved significant milestones since Space42's formation on 1 October 2024, and we look forward to an inspiring journey ahead. Gratias maximas to our employees, partners, Board members, and shareholders for their unwavering support and trust, which continue to propel us toward our ambitious vision—one that takes us beyond.

Karim Michel Sabbagh
Managing Director, Space42

> "Our vision is to become an AI-powered space technology champion with global reach."

Market Trends and Response

Across our domains, we are witnessing a period of strong growth, with satellite communications, particularly advanced D2D and IoT solutions, expected to achieve sustained high double-digit CAGR* through the decade. Likewise, Earth Observation and geospatial data analytics are advancing at a solid pace.

* Compound Annual Growth Rate

MARKET TRENDS AND RESPONSE CONTINUED

Artificial intelligence (AI) remains central to our capabilities, driving innovation and pushing the boundaries of what is possible. These shifts are unlocking new opportunities across industries, from infrastructure and defense to sustainability and finance, and beyond.

Space42 is well-positioned to capitalize on these trends and cater to the rapid growth in use cases, with its four-pronged strategy to address both commercial and government markets. By expanding service offerings, and delivering actionable insights through AI-enabled solutions, we are primed for long-term growth and leadership in a rapidly evolving market.

Embracing NewSpace

The SatCom sector is on the cusp of transformative growth, driven by emerging NewSpace opportunities such as Direct-to-Device (D2D) connectivity and Internet of Things (IoT). These advancements are reshaping global connectivity, with satellite and terrestrial networks converging to unlock unprecedented possibilities for mobility, enterprise, and government sectors.

Sustained Market Momentum

Based on our analysis, the Group's total addressable market globally presents significant growth opportunities across space services and smart solutions, with a combined market size of approximately USD 13 billion in 2023. Space services, with a market estimated at USD 6 billion in 2023, is projected to grow at a 10% CAGR through 2028, driven by advancements in mobility satellite communications, universal broadband, and commercial services. Smart solutions, with a market estimated at USD 7 billion in 2023, is set to expand at a robust 37% CAGR, fueled by geospatial intelligence and AI applications. These trends position Space42 to capitalize on high-growth segments and reinforce its leadership in transformative technologies.

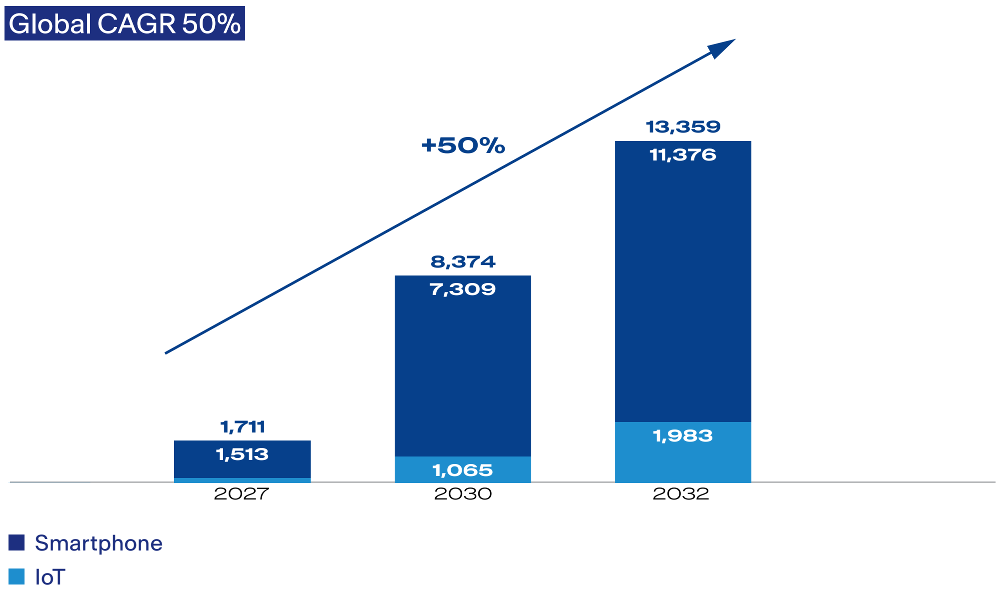
Key Market Drivers

Three factors underpin this rapid growth: Non-terrestrial networks (NTN) convergence, which integrates satellite and terrestrial networks for global connectivity; the prominence of non-geostationary satellite orbit (NGSO) systems, enhancing low-latency solutions; and regional growth opportunities, particularly in emerging markets such as the Middle East and Africa (MEA). National security and universal coverage remain critical drivers for government programs, reinforcing the strategic importance of SatCom capabilities.

Our Strategic Response

Beyond SatCom, Space42 is expanding into NewSpace segments by investing in NGSO capabilities and developing advanced D2D and IoT solutions to capture high-growth markets. The company is also focused on strengthening its leadership in MEA markets while sustaining its core business with key government partnerships. By executing projects such as AY4, AY5, and Thuraya-4, Space42 is aligning its growth strategy with global market opportunities, positioning itself to lead in this evolving landscape.

D2D Market Opportunity (USD Mn)



MARKET TRENDS AND RESPONSE CONTINUED

Capturing Opportunities in Earth Observation

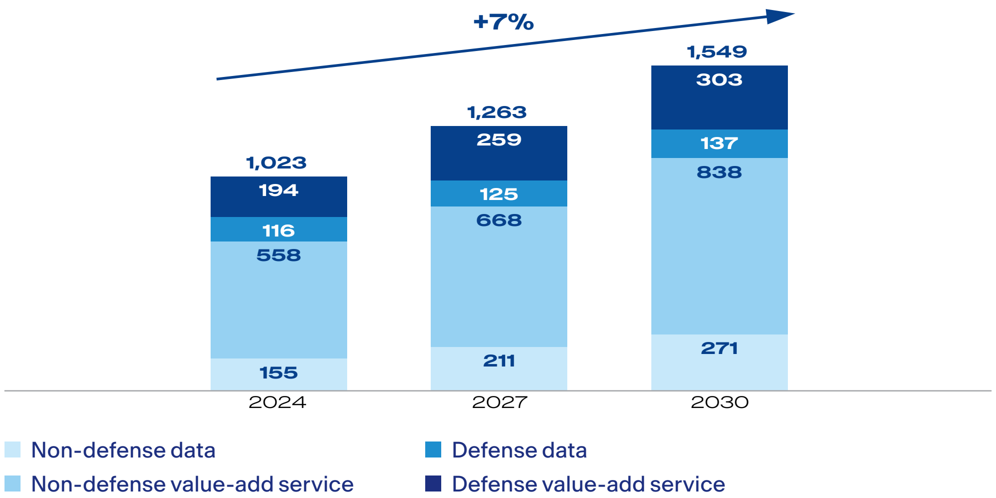
The Earth Observation (EO) sector is experiencing steady growth, driven by increasing demand for high-value, ultra-high-resolution data and its application across critical sectors, including defense, infrastructure, disaster management, and environmental monitoring. Space42 is well-positioned to address these evolving needs, leveraging its advanced capabilities to capture high-value market segments and deliver actionable insights that go beyond customer expectations, empowering smarter decision-making and innovation.

Data Market Evolution

The global EO data market is expected to grow at mid-single-digit pace through 2030, with defense as the largest segment, followed by more rapidly growing segments such as environmental and infrastructure applications. Driven by rising demand for ultra-precise imaging and climate-focused solutions, sensor technologies, such as hyperspectral and SAR, are expected to experience more rapid growth over this time horizon and beyond.

SAR Market Opportunity (USD Mn)

Global CAGR 7%



Emerging Trends and Drivers

Sector-specific growth is accelerating as markets such as environmental monitoring and disaster management gain traction, supported by emerging applications in precision agriculture, smart cities, and climate adaptation. Non-defense markets and commercial constellations are expanding, while the EO sector increasingly shifts toward service-oriented offerings, such as location-based services, to unlock new revenue streams.

Our Strategic Response

Space42 aims to enhance data quality by investing in next-generation technologies for ultra-high-resolution imaging and more frequent data captures.

In 2024 and early 2025, Space42 successfully launched the first two satellites, Foresight-1 and Foresight-2, as part of a comprehensive Foresight Constellation, scheduled to be completed by 2027. These launches strengthen the UAE's leadership in space technology and underscore our commitment to advancing geospatial intelligence.

By adopting service-oriented solutions and exploring advanced sensing technologies like hyperspectral imaging, Space42 is reaching beyond to address critical market needs and accelerate growth opportunities, targeting both UAE and international markets.

Advancing Traditional Geospatial Services

The traditional geospatial services market is expected to grow at a moderate rate, driven by demand from industries such as construction, mining, and urban planning. This growth reflects the increasing importance of precise data collection and mapping technologies in addressing global infrastructure needs, making it a critical focus for the Space42 geospatial strategy.

Geospatial Growth Across Key Segments

The market is projected to experience single-digit annual growth through 2030. Key segments include hydrographic services, cadastral services, and topographic solutions. Growth is further supported by technological advancements such as drone technology and LiDAR applications, revolutionizing data collection efficiency and accuracy.

Emerging Trends Driving Demand

Geospatial services are increasingly influenced by urbanization, infrastructure expansion, and the rise of remote data collection technologies. High-demand sectors, including oil and gas, construction, and utilities, are driving sector-specific growth, while the need for real-time mapping solutions accelerates innovation in surveying and aerial data capture.

MARKET TRENDS AND RESPONSE CONTINUED

Our Strategic Response

Space42 is capitalizing on these opportunities by pushing the boundaries to develop tailored solutions for high-growth industries, focusing on urban planning and infrastructure mapping. By investing in advanced technologies such as HAPS and drones, Space42 aims to enhance remote sensing capabilities, providing cost-effective, high-frequency, and high-resolution geospatial services, positioning Space42 as a frontrunner in meeting the evolving needs of the geospatial services market.

Unlocking Potential in AI-Driven Geospatial Analytics

The AI-enabled geospatial analytics market is forecasted to grow at mid-single-digit rate, underscoring the increasing importance of data fusion, automation, and near-real-time insights in decision-making across industries. As markets evolve, demand for embedded, subscription-based solutions continues to accelerate, driving sector-wide innovation.

Expanding Opportunities in Analytics

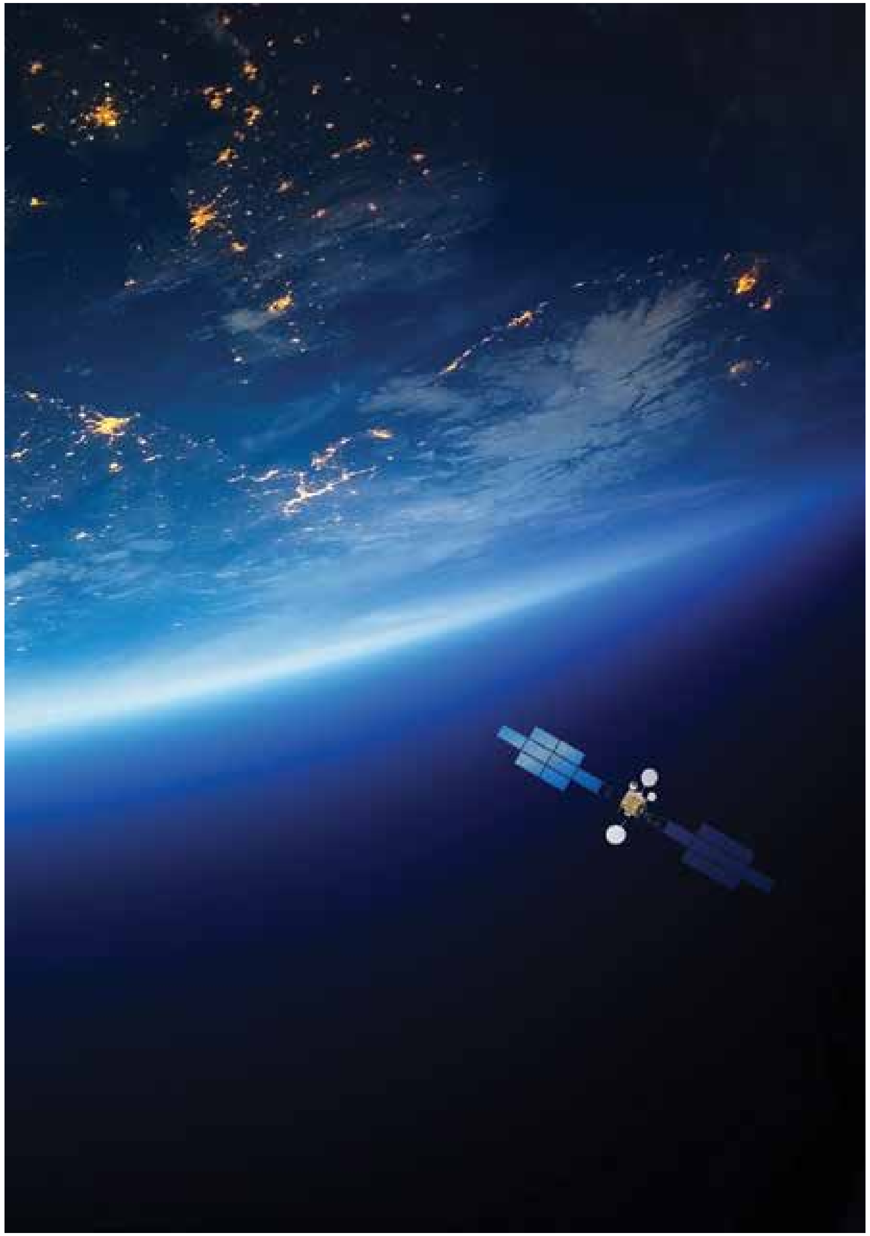
The value-add service market will continue to expand through 2030, with significant traction in specialized areas such as natural resource management, energy, and finance. Further, advancements in data resolution and multi-source integration will continue to reshape analytics capabilities.

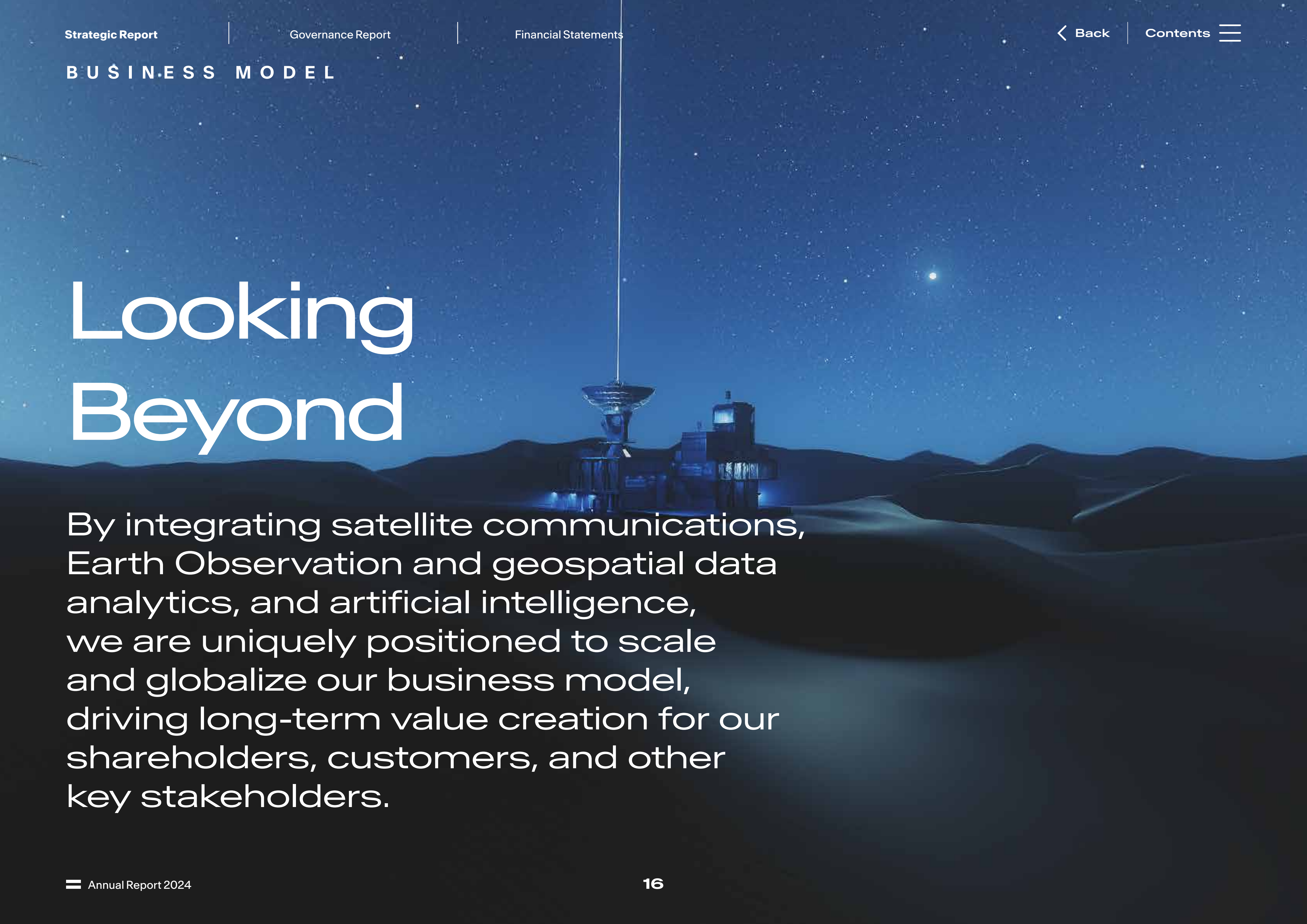
Shifting Market Dynamics

Key drivers of this growth include the evolution of business models towards embedded solutions and subscriptions, a shift to complex analytics powered by AI and Machine Learning (ML), and increasing outsourcing of defense analytics. High-value applications in finance, sustainability, and defense are pushing markets toward precision analytics that enable faster and more informed decision-making.

Our Strategic Response

Space42 is well-positioned to capitalize on these trends by investing in AI/ML capabilities to deliver advanced, high-value analytics services. We continue to innovate and develop our geospatial intelligence platform, GIQ, leveraging AI to optimize data capture, analysis, and interpretation for fast and precise actionable insights. By creating tailored solutions for finance, sustainability, and defense sectors and offering flexible service models, Space42 is transforming analytics delivery, poised for future growth by harnessing data-driven insights to redefine geospatial intelligence.





BUSINESS MODEL

Looking Beyond

By integrating satellite communications, Earth Observation and geospatial data analytics, and artificial intelligence, we are uniquely positioned to scale and globalize our business model, driving long-term value creation for our shareholders, customers, and other key stakeholders.

BUSINESS MODEL CONTINUED

The Inputs and Resources That Set Us Apart

Technology Pioneers
We are uniquely positioned to harness the combined power of SatCom, Earth Observation, geospatial data analytics and AI, creating seamless synergies that drive innovation.

World-Class Expertise
We attract and empower top-tier talent with valuable and relevant skills, enabling our employees to drive technological innovation and deliver impactful solutions that address global challenges.

Global Alliances
We foster strategic partnerships across regional and global networks, which strengthen our technological capabilities and broaden our service offerings.

UAE Space Champion
As a proud Emirati organization, we are a core contributor to the UAE's ambitions in space technology and AI, leveraging our unique, long-term partnerships with UAE government entities to enable scalability and innovation.

Scalability and Expansion
Scalability underpins the strategic focus and global expansion, ensuring we meet growing demand across our markets, as we continue extending our reach, enhancing our capabilities, and solidifying our leadership in the global space technology landscape.

Solid Financial Foundation
We operate from a position of financial strength with more than USD 1.1 billion in cash and cash equivalents, a leverage ratio of -1.6x, and more than USD 7.0 billion in contracted future revenues.

Our Unique Proposition Across the Entire Value Chain – From Earth to Space

Space Infrastructure
Geostationary Orbit (GEO), Low Earth Orbit (LEO) satellites and High-Altitude Platform Stations (HAPS) for communications and Earth Observation, along with third-party satellite partnerships.

Ground Infrastructure
Advanced ground operations with shared core infrastructure for Yahsat Space Services and Bayanat Smart Solutions.

Platforms
Core multi-intelligence AI platform along with advanced technology suite enabling secure connectivity, mobility, and advanced solutions.

Solutions
Wide range of products and solutions for governments, enterprises and communities across our coverage and beyond.

How We Generate Revenue

Yahsat Space Services

Space and ground infrastructure for communication services.

Dual-use approach combines stability from government contracts with flexibility and scalability from commercial services.

Read more about Yahsat Space Services on page 24 >

Satellite capacity leasing, Earth Observation data acquisition, and managed solutions, including operations, maintenance, and consultancy, to support the UAE Government and corporate entities.

Mobile communications and broadband connectivity solutions through Thuraya mobile L-band services and IoT/M2M capabilities, alongside broadband, backhauling, corporate networks, satellite capacity leasing, and Wi-Fi hotspot services.

Revenue Model

Combination of long-term capacity deals of 15+ years or managed service contracts for projects varying typically from one to five years.

Revenue Model

Subscription services (e.g. data, airtime), equipment leasing or sales, as well as short-to-medium-term Virtual Network Operator (VNO) wholesale capacity deals.

Bayanat Smart Solutions

Space and ground infrastructure for multi-sensor EO combined with AI-enabled geospatial analytics.

Dual-use approach combines stability from government contracts with flexibility and scalability from commercial services.

Read more about Bayanat Smart Solutions on page 32 >

Geospatial analytics providing advanced insights and integrating satellite data and AI across various sectors, including disaster management, autonomous mobility, and surveillance.

Program-based services and solutions designed to meet the unique requirements of clients for EO data-driven insights for decision-making and situational awareness.

Revenue Model

Historically project-based, now transitioning into scalable, recurring revenue model based on programs, standalone or bundled EO data analytics subscription services for both government and commercial applications, including autonomous mobility.

How We Create Value

How We Prioritize Our Capital

Investment in Organic Growth
Scalability, value-chain expansion, and innovation fueled by Yahsat Space Services' advanced satellite communication capabilities and Bayanat Smart Solutions' geospatial data analytics expertise, that result in profitable growth across our portfolio.

Investment in Inorganic Growth
Cash-generative business with strong balance sheet able to support accretive bolt-on acquisitions for growth leading to technology advancements and improved financial performance.

Maximizing Shareholder Returns
Focus on value creation and return on capital, optimized operating and financing decisions, synergy realization, effective use of cash, and direct returns to shareholders via dividends.

Long-Term Sustainable Value Creation

Shareholders
Building and maintaining shareholder trust, we focus on driving sustainable value through sustainable growth, consistent performance, and transparent communication, ensuring confidence in the ability to deliver long-term returns.

Clients
Developing long-term client loyalty, we focus on delivering customized, scalable, and reliable solutions. By addressing specific needs with innovative services, we enable clients to navigate challenges effectively and achieve their objectives.

Employees
Fostering a culture of growth and inclusivity, we empower employees through robust development opportunities, wellbeing programs, and open communication channels, ensuring they remain motivated, engaged, and aligned with our mission.

AI and Space Ecosystem Contributor
A leading force in the space and AI industries, playing a critical role in fostering an effective and innovative ecosystem, connecting partners, suppliers, governments, regulators, and academia to create value nationally, regionally, and globally.

Society and Community
By addressing societal challenges such as bridging the digital divide, overcoming environmental challenges and helping communities in times of need, we create a lasting positive impact on society worldwide.

Unlocking Vast Potential

The Space42 strategy is designed to drive growth, innovation, and value creation by leveraging our unique proposition in the global space technology ecosystem.

STRATEGY CONTINUED

Focused on accelerating impact across industries and markets, our approach integrates advanced capabilities with a long-term vision to transform connectivity, intelligence, and mobility.

By aligning strategic initiatives with a commitment to progress, we aim to shape the future beyond horizons and deliver meaningful outcomes for stakeholders worldwide.

In our Bayanat Smart Solutions business, we are developing a global multi-sensor system and scaling it through vertical integration while enhancing our AI-powered geospatial intelligence platform, GIQ, to deliver precise, actionable insights.

In Yahsat Space Services, we are building next-generation, non-terrestrial networks to expand Direct-to-Device connectivity and leveraging our expertise in satellite communications to develop multi-orbit solutions for seamless global coverage across land, sea, and air.

Strategic Pillars and Enablers

Our four core strategic pillars are designed to secure future growth through key initiatives, all supported in the longer-term by our three key enabling pillars.

STRATEGY CONTINUED

Core Pillars

Preferred partner for premium geospatial data

Build tier-1 sovereign multi-sensor Earth Observation assets and capabilities

Global leader in geospatial intelligence AI platform and services

Deliver actionable insights to global customers

Global NTN leader

Lead the non-terrestrial network (NTN) revolution with Internet of Things (IoT) and Direct-to-Device (D2D)

Trusted leader in secure connectivity

Provide multi-path critical connectivity solutions

Key Initiatives

- Build a global Synthetic Aperture Radar (SAR) constellation while developing local SAR capabilities and accelerate SAR commercialization
- Develop end-to-end HAPS proposition and commercialize solutions
- Develop sovereign optical satellite program integrating advanced optical technology within local ecosystem

- Collaborate with leading technology partners to develop cutting-edge geospatial intelligence solutions with global reach
- Develop advanced geospatial analytical products tailored for distinct sector needs, with option for white-labelling and on-premise deployment
- Continue to develop Digital Twin platforms and integrate with GIQ and IoT to enable smarter and more real-time decision-making

- Develop satellite constellation to provide Direct-to-Device (D2D) connectivity to serve the smartphone and IoT markets
- Augment our IoT value proposition leveraging Thuraya-4 cutting-edge technology and future D2D connectivity offering

- Provide bundled secured capacity over GEO for 15+ years to the UAE government through procurement of AY4 and AY5
- Develop a low-latency sovereign offering to provide secure communication services for the UAE government

Enabling Pillars

Drive in-country space value chain development

Support national capabilities and self-sufficiency

Strengthen core and adjacent R&D to ensure leadership in innovation

Drive continuous innovation and maintain the competitive edge

Embrace and adopt AI technologies across organization

Enhance processes, improve offerings, and drive efficiency

Yahsat Space Services

CEO Letter to Shareholders

Yahsat Space Services is advancing the Space42 mission by expanding into multi-orbit systems as part of our programmatic growth approach, enhancing our leadership position as a secure connectivity solutions provider, delivering seamless connectivity across mobility and broadband solutions, while driving SpaceTech innovation to deliver next-generation connectivity for government and enterprise clients.

YAHSAT SPACE SERVICES CONTINUED

We are pushing the boundaries of possibility – focused on delivering transformative satellite solutions that address critical needs of various sectors, including government, maritime, oil and gas, and telecommunications, through our mobility and data solutions. A standout achievement was securing a record-breaking USD 5.1 billion contract with our UAE Government customer, the largest in our history, to continue providing managed services and deliver critical, secure communication services for a further 17 years beyond 2026 until 2043. The contract includes two new advanced GEO satellites, Al Yah 4 and Al Yah 5, expected to be launched in 2027 and 2028 respectively.

In addition, we plan to spearhead the next generation of non-terrestrial networks to unlock mass market potential in the D2D segment, in line with our strategic pillar to become a global NTN leader. Our D2D strategy aims to deliver seamless 5G-integrated connectivity through a constellation supporting smartphone connectivity, IoT applications, and advanced Mobile Satellite Services (MSS) solutions for billions of users and devices globally.

In mobility, the launch of the Thuraya One, the first universal Android smartphone with satellite voice and SMS capability, combining everyday usability with satellite communication to ensure customers are connected anywhere across our coverage, beyond terrestrial networks. Thuraya One reflects our commitment to innovation and our ability to address diverse market demands. Additionally, the launch of Thuraya-4 in January 2025, which will be operational later in 2025, is at the core of our next generation mobility services, enhancing our capabilities in providing more secure capacity, faster speeds, and wider coverage across Africa, Europe, Central Asia, and the Middle East. Our sixth geostationary satellite launch complements our plans to launch more than 15 new products that will support a broader range of applications to enhance performance, strengthen our market position, and drive measurable success.

Through strategic collaborations, such as integrating satellite connectivity with AI-driven solutions for the oil and gas sector and partnering with South Africa's Department of Communications on a wide spectrum of satellite and ICT services, we enable communities and industries sectors across the globe. Furthermore, as a founding member of the Mobile Satellite Services Association (MSSA), we are contributing to advancing the development of D2D and IoT connectivity and extending mobile coverage globally, further reinforcing our position as a leader in satellite-enabled innovation, as we seek to redefine industry standards and drive innovation beyond expectations.

Ali Al Hashemi
Chief Executive Officer,
Yahsat Space Services, Space42

YAHSAT SPACE SERVICES CONTINUED

Yahsat Space Services advanced the Space42 vision in 2024, driving innovation in satellite communications across fixed and mobility solutions and beyond, further strengthening our leadership as a secure connectivity solution provider.

We secured landmark contracts, developed one of the largest MSS communication satellites, Thuraya-4, launched transformative technologies such as the Thuraya One smartphone, and expanded connectivity in underserved regions. By fostering collaboration, advancing portfolios, and empowering communities, we strengthened our proposition in satellite-enabled solutions across our growing global footprint.

About Yahsat Space Services

Satellite infrastructure-centric unit that focuses on upstream satellite operations for both fixed and mobility satellite solutions.

Key Service Areas:

- Robust, secure satellite communication solutions for government and mission-critical applications.
- Reliable mobile communication solutions for land, sea, and air, including handheld phones, broadband terminals and IoT devices for consumer and enterprise markets.
- High-speed, reliable broadband connectivity for unserved and underserved communities across MENA, south-west Asia and Africa.

Satellite Coverage

	Thuraya-2	Thuraya-3	Al Yah 1	Al Yah 2	Al Yah 3	Thuraya-4	Al Yah 4	Al Yah 5
Band	L	L	Ka, C, Ku	Ka	Ka	L + Ka	Ka, C	Ka, C
Launched	2003	2008	2011	2012	2018	2025	Expected to launch 2027	Expected to launch 2028

6 GEO satellites in orbit

2 new GEO satellites to be launched (Al Yah 4 and Al Yah 5)

Leading provider of satellite broadband in Africa

5Bn people in mobile coverage

Reach >80% of the world's population

>150 countries covered

#1 partner for satellite solutions to the UAE Government

1Bn people within broadband coverage

YAHSAT SPACE SERVICES CONTINUED

Yahsat Space Services is at the forefront of next generation non-terrestrial networks, expanding D2D connectivity and unlocking new opportunities for billions of users. With a strong legacy in satellite communications, we are advancing multi-orbit capabilities to deliver seamless, global connectivity across land, sea, and air, serving a diverse customer base, including our long-standing partner, the UAE Government.

Strategic Focus

In 2024, Yahsat Space Services continued to drive growth and strengthen market leadership in government and mission-critical applications by improving revenue generation, accelerating run rates, and diversifying the customer base. In alignment with the sovereign R&D initiative, it identifies optimal pathways to enhance innovation and national capabilities. Expanding its portfolio remains a key priority, whether through launching new infrastructure, leveraging partners' assets or advancing its position as a provider of innovative end-to-end ICT solutions. Additionally, Yahsat Space Services is reinforcing its presence in the enterprise and energy sectors, addressing the opportunities presented by emerging LEO technologies, and the expansion of 5G networks to ensure long-term strategic positioning.

Yahsat Space Services continued to expand mobile communications across land, sea, and air, driving growth in key sectors such as maritime, environmental monitoring, and border control. By leveraging cross-selling and upselling opportunities, it strengthened engagement with existing Space42 customers while enhancing service offerings. Looking ahead, the aim is on integrating digital solutions with data and analytics to strengthen B2B and B2G relationships and unlock new global capabilities. Leading the next generation of non-terrestrial networks, Yahsat Space Services is poised to tap into mass-market potential in the D2D segment. By leveraging open terrestrial technology standards, it aims to deliver seamless, 5G-integrated connectivity for billions of users and devices, supporting smartphone connectivity, IoT applications, and advanced MSS solutions.

Partnerships have been instrumental in driving Yahsat Space Services' progress and accelerating innovation, expanding global reach to ensure sustained growth in a rapidly evolving market landscape. By fostering strong relationships with governments and enterprises across key African nations, the Group ensured alignment with their connectivity needs and priorities. Space42 enhanced its satellite assets, expanding coverage to underserved and remote regions, providing greater reach and reliability to its customers. Throughout these efforts, the Group's unwavering commitment to excellence reinforced its reputation and position as a trusted partner in driving digital transformation across Africa and beyond.

As a testament to the operational excellence of Space42, the Abu Dhabi Teleport achieved the World Teleport Association's (WTA) highest-level Tier 4 certification, underscoring the company's commitment to delivering top-tier services in line with global standards. This prestigious certification reflects the Group's dedication to excellence in satellite communications infrastructure and operations. The Abu Dhabi Teleport plays a pivotal role in supporting Yahsat Space Services' satellite fleet, providing critical services for satellite operations and network management, thereby enabling seamless, reliable communication for government and enterprise clients globally.

Progress and Achievements in 2024

In 2024, Yahsat Space Services reinforced the Group's leadership in secure, seamless global connectivity, executing strategic initiatives that solidified the Group's position as a global force in non-terrestrial networks. With a sharp focus on shaping the future of satellite technology, it continued to drive meaningful impact worldwide, delivering advanced connectivity, data, and mobility solutions to government, enterprise, and individual customers across its footprint.

Powering Secure Connectivity Solutions for Governments and Mission-Critical Applications

Yahsat Space Services secured the largest contract in the Group's history, valued at USD 5.1 billion. Spanning 17 years, the agreement with the UAE Government encompasses capacity and managed services delivered through Al Yah 1 and Al Yah 2, and two new advanced satellites, Al Yah 4 and Al Yah 5, supported by the development of sophisticated space and ground systems. The full cost of the AY4 and AY5 procurement program, encompassing spacecraft, ground segment infrastructure, launch, and insurance, is expected to reach approximately USD 1.1 billion. Airbus was awarded the contract to manufacture the satellites, while SpaceX was selected as the launch partner. Simultaneously, Yahsat Space Services continued to deliver on its five-year managed services and technology contract with its anchor customer, maintaining operational excellence and strengthening its position as a trusted partner.

Significant progress was also made in implementing Yahsat Space Services' airborne strategy. This included launching the first Airborne Managed Solutions program, renewing and expanding capacity services, securing consultancy and certification programs, and building a strong pipeline of opportunities set for award in the coming years.

Several strategic initiatives were launched to expand capabilities. These included exploring private 5G and microwave networks with potential end-users, collaborating on EO projects, advancing NGSO opportunities, and expanding partnerships with EDGE to encompass a broader scope of business cooperation.

Advancing Satellite-Enabled Smartphone Technology

The launch of the Thuraya One, the first 5G Android smartphone integrated with satellite connectivity, marks a groundbreaking advancement in communication technology. Designed for consumers and businesses, Thuraya One allows users not only to use it as a regular 5G android smartphone but also to

YAHSAT SPACE SERVICES CONTINUED

make calls and send SMS via satellite anywhere within our footprint, which spans Europe, Asia, and Africa. With advanced dual-mode communication technology, it ensures uninterrupted connectivity whether in urban centers, remote regions, deserts, or at sea, offering unmatched reliability and freedom for users worldwide.

During the year, market reach was also expanded through agreements aimed at strengthening mobile satellite services. A Memorandum of Understanding (MoU) signed with etisalat and (e&) UAE positioned the UAE's leading telecom operator as the first telecom partner to enable satellite connectivity for standard smartphones. Meanwhile, a partnership with Algérie Télécom Satellite secured distribution of Thuraya One phones across Algeria. These collaborations reinforce Thuraya's commitment to driving seamless global connectivity.

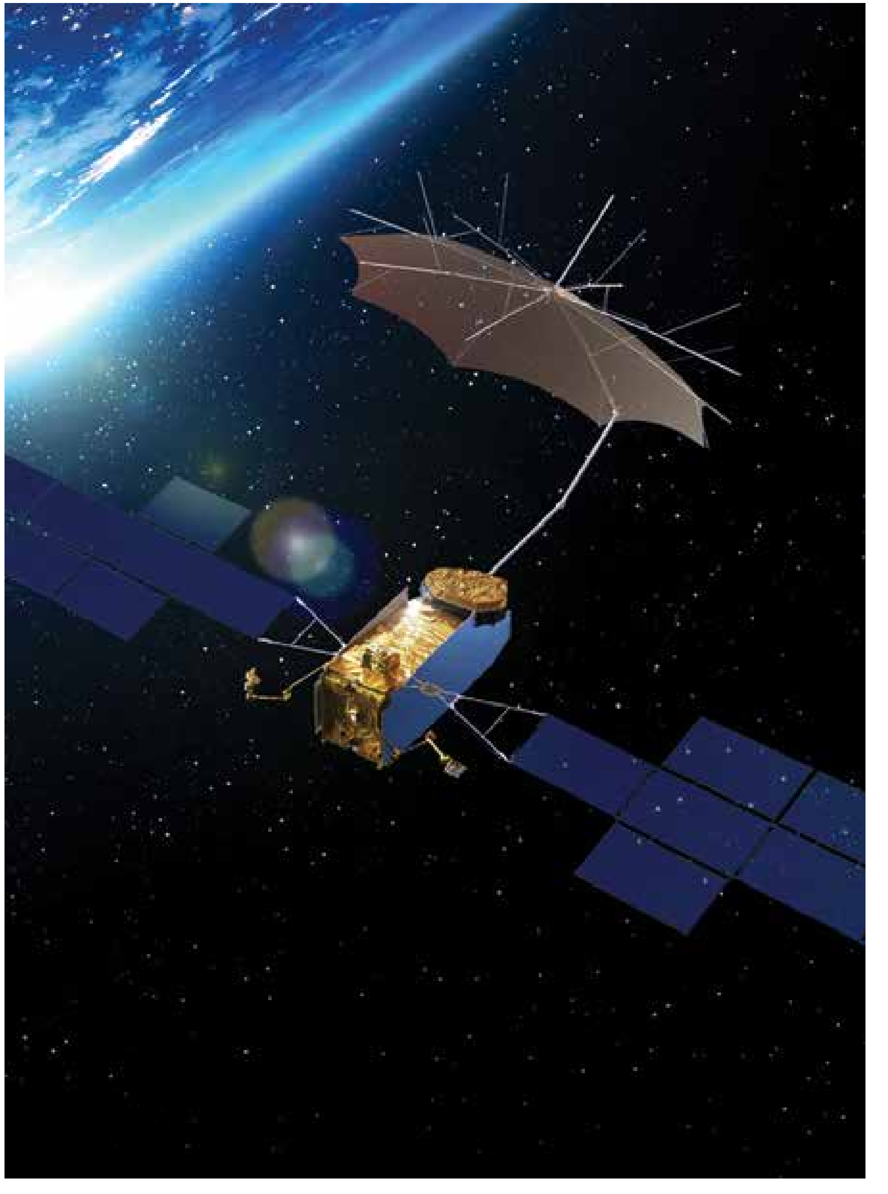
Driving the Next Generation Mobility System – Thuraya-4

Yahsat Space Services' sixth geostationary satellite, the recently launched Thuraya-4, is set to transform its offerings, enabling the introduction of more than 15 new products, including IP NEO, a Thuraya-4-ready lightweight portable satellite data terminal, capable of fast simultaneous voice and data transfer. This advanced system will continue to serve the existing products and services portfolio, while significantly enhancing capabilities beyond current offerings, supporting a broader range of applications and expanding market opportunities.

Partnerships Powering Progress

In 2024, Yahsat Space Services joined forces with Viasat, Terrestar Solutions, Ligado Networks, and Omnispace to establish the Mobile Satellite Services Association (MSSA), a pivotal initiative to support and accelerate the development of the D2D ecosystem. MSSA aims to harness over 100 MHz of allocated L- and S-band spectrum, driving integration into a broad range of mobile devices. This collaboration reinforces Yahsat Space Services' commitment to expanding D2D capabilities, delivering greater scale, flexibility, and innovation in global satellite communications.

An innovative partnership was launched with nybl, a UAE technology leader in science-based AI, to integrate satellite connectivity with the nybl AI platform, delivering a unique solution for the oil and gas sector. This collaboration enables real-time intelligence for remote monitoring and predictive maintenance of electrical submersible pumps, ensuring seamless operations even in the most inaccessible locations. By combining satellite-enabled connectivity with advanced AI, the solution reduces operational downtime, optimizes pump performance, and enhances production efficiency, showcasing the transformative potential of AI-powered mobility solutions in critical industries.



YAHSAT SPACE SERVICES CONTINUED

A series of partnerships further strengthened Yahsat Space Services' global and national network, enhancing technological capabilities and expanding market reach. Notably, an agreement with CYSEC bolstered cybersecurity and encryption protection for broadband service customers, while a trilateral MoU with e& UAE and Abu Dhabi Ports pioneered advanced maritime solutions leveraging IoT, Satcom, Geospatial, and 5G technologies.

Additionally, an MOU was signed with InfraX to jointly advance IoT in the UAE. While partnerships with Eutelsat Group and Niflink reinforced satellite broadband connectivity and telemedicine solutions respectively, driving expansion into new markets in Africa and beyond. These collaborations align with the Space42 strategic vision, supporting innovation, operational efficiency, and market expansion across key industries.

In addition, an MoU was signed with South Africa's Department of Communications and Digital Technologies. The agreement covers a wide spectrum of satellite and ICT-related services, including broadband connectivity, IoT, and Earth Observation satellites. It also explores opportunities for building ground stations, manufacturing devices, exchanging skills, and fostering investment to advance the satellite communication landscape in South Africa.

Providing Reliable Connectivity for Remote and Underserved Areas

Yahsat Space Services' expanded its broadband solutions footprint in Zimbabwe and South Africa during 2024, advancing satellite-enabled connectivity to bridge critical gaps in underserved communities. With plans to extend these efforts and grow our market share across Pakistan, the focus remained on delivering high-impact solutions, including providing connectivity to banks, medical clinics and remote regions.

To strengthen its presence in Zimbabwe, Yahsat Space Services partnered with SATCOM Technologies to enhance satellite communications infrastructure in the region, while also engaging government ministries through a high-level forum, demonstrating the transformative potential of its advanced space technologies.

One of our proudest accomplishments was the completion of the initial phase of the Zimbabwe schools project, where high-speed, reliable satellite internet to over 2,000 schools was provided, connecting over one million students to e-learning resources and virtual classrooms.

In collaboration with the Zimbabwe Government, Yahsat Space Services ensured stable access to educational platforms, promoting inclusivity and empowering communities through knowledge and skills. By overcoming geographical barriers and infrastructure limitations, the company demonstrated how satellite connectivity can transform education, create new opportunities for growth, and help break cycles of poverty across the continent.

Yahsat Space Services in 2025

Looking beyond, Yahsat Space Services will continue to build momentum as a trusted provider of advanced satellite-enabled solutions across key verticals. It will strengthen the company's position as an ICT provider for government entities by offering innovative solutions that integrate AI with satellite communication and EO technologies. Efforts will focus on advancing Non-Geostationary Orbit (NGSO) opportunities, delivering enhanced capabilities, and finalizing a multi-year framework agreement with anchor customers to secure long-term partnerships.

By leveraging the recently launched Thuraya-4, which will be fully operational in H2 2025, the company will maximize coverage and opportunities across its entire footprint, extending B2B services in key markets and developing specialized solutions tailored to unique client needs. The development of two further geostationary satellites, Al Yah 4 and Al Yah 5, which are expected to be launched in 2027 and 2028, respectively, will allow Yahsat Space Services to address critical challenges in mobile communications and broadband connectivity. Significant efforts will be dedicated to D2D in 2025, leveraging existing geostationary GEO assets as well as advancing non-geostationary satellite orbit domain activities and initiatives.

The company will continue to unlock opportunities that bridge the digital divide, empower communities, and enable transformative progress through innovation enabling connectivity in remote and underserved areas. This includes solidifying Space42 as a catalyst for digital transformation and economic growth across the regions we serve.

YAHSAT SPACE SERVICES AND BAYANAT SMART SOLUTIONS

Geostationary Orbit (GEO)

(36,000 km above earth)

Al Yah and Thuraya Satellites

Low Earth Orbit (LEO)

(160-2,000 km above earth)

SAR Constellation Satellites

Stratosphere

(10-50 km above earth)

High-Altitude Platform Stations (HAPS)

Ground Infrastructure

Cloud and Data Center -
Ground Stations -
4/5G Communication Network -
Voice, data and tracking terminals. Land, Sea, Air -
Autonomous Mobility -
Drones -
Aerial -

Bayanat Smart Solutions

CEO Letter to Shareholders

As a key driver of the Space42 vision, Bayanat Smart Solutions is exploring new horizons and innovating beyond today's limitations, rapidly progressing towards a global multi-sensor system that supports Earth Observation, autonomous mobility, and advanced connectivity.

BAYANAT SMART SOLUTIONS CONTINUED

Through innovation and strategic alignment, we laid the foundation for sustainable growth, as we build the capabilities and capacity to become the preferred partner for premium geospatial data and a leader in geospatial intelligence AI platform and services.

A major milestone was the launch of Foresight-1 and Foresight-2, which mark the critical initial phases of building our sovereign Synthetic Aperture Radar (SAR) satellite constellation by 2027. Together, they are set to take the UAE's Earth Observation capabilities to new heights, demonstrating our programmatic approach to strengthening our geospatial data capabilities and driving sustainable growth.

Our High-Altitude Platform Stations (HAPS) also achieved technological success with a series of first-ever test flights in the UAE. By bridging the gap between satellites and terrestrial systems, HAPS technology enables more precise and adaptable solutions for global challenges. The successful flights this year have reinforced its ability to enhance data collection and communication solutions for economic and social impact, including disaster management, climate, and maritime monitoring.

We made significant strides in autonomous mobility, scaling technologies locally to strengthen our leadership in smart mobility, partnering with global leaders such as Vay and a2z to drive innovation and expand our reach. Leveraging established expertise and assets to broaden service offerings and position Space42 as a leader in the autonomous mobility solutions ecosystem, these advances demonstrate our commitment to technology incubation and development to keep us at the forefront of innovation in this rapidly advancing and exciting sector.

Meanwhile, we continued to invest in our AI-based GIQ platform and Digital Twin capabilities. A key driver in our strategic ambitions in premium geospatial data, GIQ empowers our customers to make informed decisions through advanced geospatial analytics, anticipate trends with predictive insights, collaborate effectively across organizations, and streamline data workflows with customizable solutions. These capabilities enable smarter, data-driven decision-making for enhanced operational efficiency and strategic impact.

In 2024, GIQ played a pivotal role in managing the impact of the unprecedented rainstorms in the UAE. By providing real-time geospatial data and predictive insights, the platform supported authorities in identifying flood-prone areas, optimizing emergency response efforts, and mitigating risks to infrastructure and communities.

We also announced a strategic joint venture with ICEYE to establish satellite manufacturing capabilities in the UAE, building on our successful collaboration in launching the first batch of UAE-made Foresight constellation satellites. Designed to meet the rising demand for SAR satellite imagery, the partnership is set to accelerate technology transfer, enable sovereign and sustainable access to advanced capabilities, and localize the supply chain, reinforcing the UAE's position as a hub for space innovation.

By fostering collaboration, enhancing efficiency, and focusing on impactful solutions, Bayanat Smart Solutions strengthened its role as a cornerstone of the Space42 strategy. Together, we are redefining industries, creating lasting value for stakeholders worldwide, and shaping a smarter and better future.

Hasan Al Hosani
Chief Executive Officer,
Bayanat Smart Solutions, Space42

In 2024, Bayanat Smart Solutions made significant strides in advancing our technological capabilities and laying the foundation to expand beyond, driving innovation in Earth Observation, autonomous mobility, and advanced connectivity.

Through integrated capabilities and operational excellence, we unlocked synergies, created tangible value, and set the stage for sustainable growth. Positioned to meet global demands, we set to launch impactful solutions, enable smarter decisions, and redefine the future of geospatial intelligence and connectivity.

Bayanat Smart Solutions is working to develop a global multi-sensor system and scale it through increased vertical integration, while also accelerating our geospatial intelligence platform, GIQ, to deliver fast and valuable insights that drive business value and beyond.

About Bayanat Smart Solutions

The Space42 Bayanat Smart Solutions unit integrates geospatial data acquisition and processing with an AI-driven multi-intelligence platform to help customers make informed decisions.

Key Service Areas:

Data Acquisition

The foundation of our offerings is built on our unique access to a diverse range of data sources acquired from a wide range of sensors.

Data Processing

Our core strength lies within the advanced data analytics capabilities offered through our proprietary GIQ platform.

AI-Enabled Services

Leveraging the power of AI, we utilize the data collected and processed to help inform industry-specific solutions.

BAYANAT SMART SOLUTIONS CONTINUED

Bayanat Smart Solutions Generates Actionable, Meaningful Insights

1 Trusted partner and provider of traditional geospatial data sourced by:

Data Acquisition

Access and provision of a full range of geospatial data from underground up to space-based platforms.

Enabled by Yahsat Space Services

- Arial Survey
- Mobile Survey
- Hydro Survey
- Geodesy and Field Survey

New capabilities in high-tech data acquisition with own satellite constellations and HAPS

- Non-Imagery (radio, infrared, microwave)
- Synthetic Aperture Radar (SAR)
- Optical Images
- High-Altitude Platform Stations (HAPS)

2 AI-based GIQ platform:

Data Processing

Processing and application-specific analysis of complex and large datasets, extracting insights and foresight.

GIQ SPACE42

- Anticipate trends and scenarios with predictive insights
- Collaborate and drive decisions across organization
- Streamline data analysis with customizable workflow

3 Tailored industry solutions:

AI-Enabled Services

Solutions tailored to specific industry needs and use cases, leveraging the power of AI.

Operations	GIX SPACE42
Crisis Management	AID SPACE42
Oceans	GIQ SPACE42
Environment	GHAIA SPACE42

4 Pioneering new technologies:

New Tech

Incubation of new technology, often supported by geospatial data.

- Autonomous Mobility
- High-Altitude Platform Stations (HAPS)

BAYANAT SMART SOLUTIONS CONTINUED

Strategic Focus

In 2024, Bayanat Smart Solutions played a pivotal role in advancing the Space42 broader strategic vision, with a focus on integration, innovation, and delivering tangible value. Our efforts were aimed at building synergy across all areas of the business, aligning product development initiatives with our long-term goals to drive both local and global impact.

Our strategic focus throughout the year was on advancing Earth Observation (EO) capabilities, enhancing connectivity solutions, and delivering actionable intelligence to address evolving global needs. Through the development of the Foresight SAR constellation and High-Altitude Platform Stations (HAPS), we tackled critical geospatial and connectivity challenges. At the same time, we expanded the GIQ platform with specialized industry solutions, and strengthened our Digital Twin capabilities with IoT integration, enabling real-time simulations and smarter decision-making for key sectors.

This year also marked a transformative shift in our model, moving beyond a project-based approach to a product-focused model. By prioritizing the development of robust, scalable products, we are better equipped to meet the evolving needs of our global customer base. Our holistic approach now delivers a full value chain solution, leveraging enhanced technological capabilities to provide unmatched value.

A key objective for the year was increasing our In-Country Value (ICV) score, underscoring our commitment to fostering local expertise, driving economic impact, and strengthening national capabilities. This focus on localization complemented our broader efforts to integrate Bayanat Smart Solutions across Space42, creating a unified strategy that leverages our technological strengths to maximize value for stakeholders.

From a financial perspective, Bayanat Smart Solutions focused on operational efficiency, cost optimization, and strategic value creation. Significant progress was made in ensuring the successful integration of technological capabilities and strategically positioning the business across multiple key domains. This disciplined approach to efficiency and integration has strengthened our foundations for greater value creation moving forward.

By aligning innovation with impact, we have positioned Bayanat Smart Solutions as a cornerstone of the Space42 strategy – delivering advanced, AI-driven geospatial and connectivity solutions that accelerate progress, enable industry transformation, and reinforce the UAE's leadership in the global space technology landscape.

Progress and Achievements in 2024

Bayanat Smart Solutions strengthened our proposition and capabilities in 2024, as we emerge as a differentiated leader in geospatial intelligence, autonomous technologies, and advanced connectivity solutions, driving innovation, value, and beyond for stakeholders globally.

Advancing Earth Observation with Foresight-1 and Foresight-2

A landmark achievement was the launch of Foresight-1 on 16 August 2024, followed by the successful deployment of the second phase on 14 January 2025, marking the initial stages in establishing a sovereign Synthetic Aperture Radar (SAR) satellite constellation. Developed in partnership with ICEYE, this initiative strengthens our leadership in satellite innovation and geospatial intelligence. The joint venture with ICEYE has set the stage for SAR satellite manufacturing within the UAE, creating a robust local ecosystem that promotes technology transfer and talent development. Operating out of our Assembly, Integration, and Testing facilities in Abu Dhabi, this collaboration addresses the growing demand for high-resolution SAR imagery while positioning the UAE as a hub for EO innovation. The comprehensive SAR constellation is set for completion by 2027 with the aim to transform global geospatial capabilities and further the nation's industrial and economic ambitions.

BAYANAT SMART SOLUTIONS CONTINUED

Scaling Autonomous Mobility

We made significant progress in autonomous mobility, scaling up advanced technologies in Abu Dhabi while laying the groundwork for international expansion. Through strategic partnerships with entities such as DMT and Imkan, we successfully brought cutting-edge solutions to the local market, further enhancing the region's leadership in smart mobility. Our focus on technology incubation and development ensures we remain at the forefront of innovation, delivering solutions that redefine connectivity and mobility across industries. Strategic agreements, such as those signed with global leaders Vay and a2z, further reinforce our ambition to lead this transformative sector.

High-Altitude Platform Stations

We achieved major milestones with the operations of our HAPS platform, successfully conducting test flights in Africa and the UAE. This success validated the platform's capabilities and set the foundation for advancing its payload functionalities to address a diverse range of applications. By enhancing connectivity and monitoring capabilities to serve diverse applications, such as disaster management, sustainability, and maritime monitoring. HAPS positions itself as a cornerstone solution for sectors demanding flexible and scalable operational capabilities. Our continued investment aims to develop next-generation platforms that deliver unparalleled performance and reliability.

Strengthening Strategic Technologies

We deepened our commitment to innovation with continued investments in key technological areas. The GIQ platform – our flagship geospatial intelligence solution – was deployed on Microsoft Azure, enhancing accessibility and scalability for customers worldwide. Our Digital Twin capabilities were repositioned as a service, delivering tailored solutions that optimize operations and enable smarter decision-making. In parallel, we advanced SAR satellite technologies, reinforcing our ability to deliver high-precision data solutions that meet global demands for geospatial intelligence.

Driving Partnerships and Collaboration

Collaboration remained a cornerstone of our progress, as we signed multiple MoUs with leading autonomous mobility providers, including Vay and a2z. Hosting DriftX showcased our role as a facilitator of innovation, bringing together world-class mobility companies to drive technological advancements. These partnerships fueled progress in smart mobility while also unlocking opportunities for new solutions and expanded market reach.

Bayanat Smart Solutions in 2025

Looking beyond 2024, we will continue to execute our strategy with a sharp focus on driving growth synergies across the company and unlocking greater value. By leveraging our integrated capabilities, we will align operational efficiency with innovation to deliver measurable impact for customers and stakeholders.

A primary focus will be the expansion of multi-sensor EO capabilities, including SAR, optical imagery, and other advanced data acquisition technologies. These enhanced capabilities will allow us to provide diverse, high-precision geospatial data, catering to a growing demand for satellite imagery across global markets. With a clear commercialization strategy, we aim to maximize the value of our satellite imagery offerings, providing scalable solutions that address critical industry and environmental needs.

In parallel, we will strengthen our value-added analytics services, harnessing AI and advanced processing to transform complex datasets into actionable insights. By tailoring solutions for sectors such as sustainability, infrastructure, disaster management, and mobility, we will empower decision-makers with tools that optimize operations, reduce risks, and drive smarter outcomes. Expanding our market reach globally will be a core priority, as we build partnerships, enter new regions, and establish Bayanat Smart Solutions as a trusted provider of integrated geospatial intelligence.

TECHNOLOGY AND OPERATIONS

Technology and operations are the backbone and driving force behind our satellite operations and innovation.

Following the merger, the company is integrating its operations into a unified structure that expands beyond current capabilities, enhances fleet management, and delivers cutting-edge solutions across Earth Observation (EO), geospatial intelligence, and satellite communications.

Space42 made significant strides in 2024, expanding its satellite capabilities across telecommunications and EO to deliver seamless and reliable connectivity solutions. The launch of Foresight-1 in August marked the beginning of its Synthetic Aperture Radar (SAR) constellation, significantly enhancing EO capabilities. This advancement continued with the deployment of Foresight-2 in early 2025, both developed in collaboration with ICEYE. These satellites provide high-resolution, all-weather imaging, strengthening our ability to offer actionable geospatial insights to customers worldwide. In telecommunications, the successful launch of Thuraya-4, on 3 January 2025, a next-generation telecommunications satellite, reinforced the company's commitment to global connectivity and advanced IoT applications.

An integral part of the technology and operations backbone is the Spacecraft Operations Center (SOC) facility, which runs 24/7, ensuring precise control, tracking, and analysis of the satellite fleet. Leveraging advanced analytics, it optimizes orbital planning, enhances satellite performance monitoring, and maximizes service reliability. Further AI-driven technologies are currently in development to enhance tasking management automation and optimize capacity for the Foresight constellation, building on the advanced AI capabilities already in place. These innovations drive greater efficiency, reinforcing a commitment to precision and reliability for commercial and enterprise clients.

To further accelerate our advancements, strategic partnerships are integral to the Group's ambitions to go beyond. Collaborations with global technology leaders such as Microsoft and NVIDIA enhanced the integration of AI into operational workflows, while partnerships with Airbus and SpaceX ensured timely successful large-scale satellite launches. Additionally, cooperation with Esri has expanded geospatial applications across sectors such as urban planning, environmental monitoring, and autonomous mobility, underscoring our ability to deliver innovative, sector-specific solutions.

TECHNOLOGY AND OPERATIONS CONTINUED

Building on this commitment to go beyond, technology and operations also established a joint venture with ICEYE to manufacture SAR satellites in the UAE. This initiative fostered knowledge transfer, supported talent development, and strengthened local supply chains, aligning with national goals for self-reliance and industrial growth. By integrating these principles into its operations, Space42 reinforced its position as a leader in space technology innovation.

Satellite Operations

Our satellite operations are the core of its mission to redefine satellite communications and EO. Technology and operations drive the seamless deployment, management, and performance of advanced satellite systems, combining cutting-edge technology with a commitment to precision and operational excellence. This ensures secure connectivity and actionable geospatial intelligence to government, enterprise, and individual customers.

Our SOC enables real-time monitoring and management of our geostationary fleet and low-earth orbit constellation, currently comprising eight in-orbit satellites, supporting both government and commercial missions. This robust framework ensures reliable performance and supports critical services, addressing the diverse needs of an expanding customer base.

Orbit tracking and maneuver planning play a crucial role in maintaining the operational integrity of the satellite fleet. Advanced systems monitor orbital paths and nearby debris, enabling proactive collision avoidance maneuvers and minimizing risks to ensure uninterrupted service delivery.

Complementing these efforts, technical analysis identifies performance trends and optimizes functionality, reinforcing our ability to meet the stringent demands of government and commercial clients. With 100% service-level agreements (SLAs) compliance over the past decade, Yahsat Space Services demonstrates an unwavering commitment to reliability and customer satisfaction.

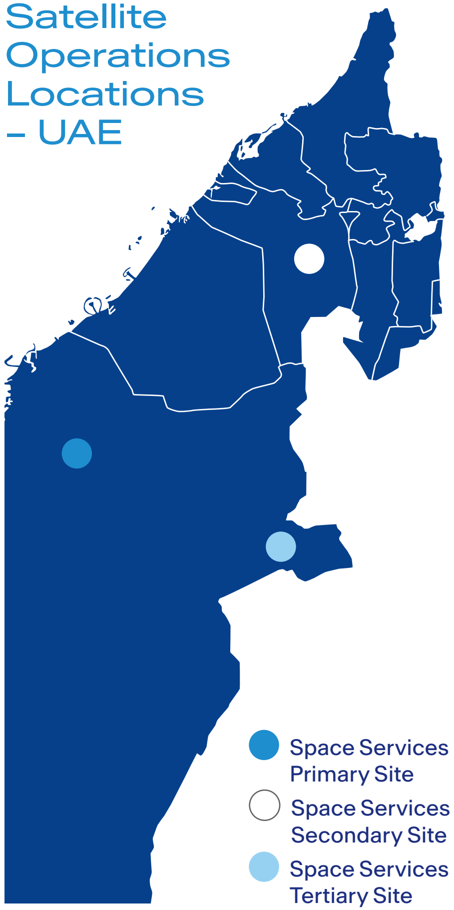
Innovation is central to our satellite operations, with technology and operations spearheading the integration of AI-driven insights and multi-orbit capabilities. These advancements enable very high temporal and spatial resolution data capture and analysis, expanding service offerings and ensuring Space42 remains at the forefront of the rapidly evolving space industry. By aligning operational excellence with strategic vision, Space42 creates value for stakeholders and strengthens the UAE's leadership in the global space ecosystem.

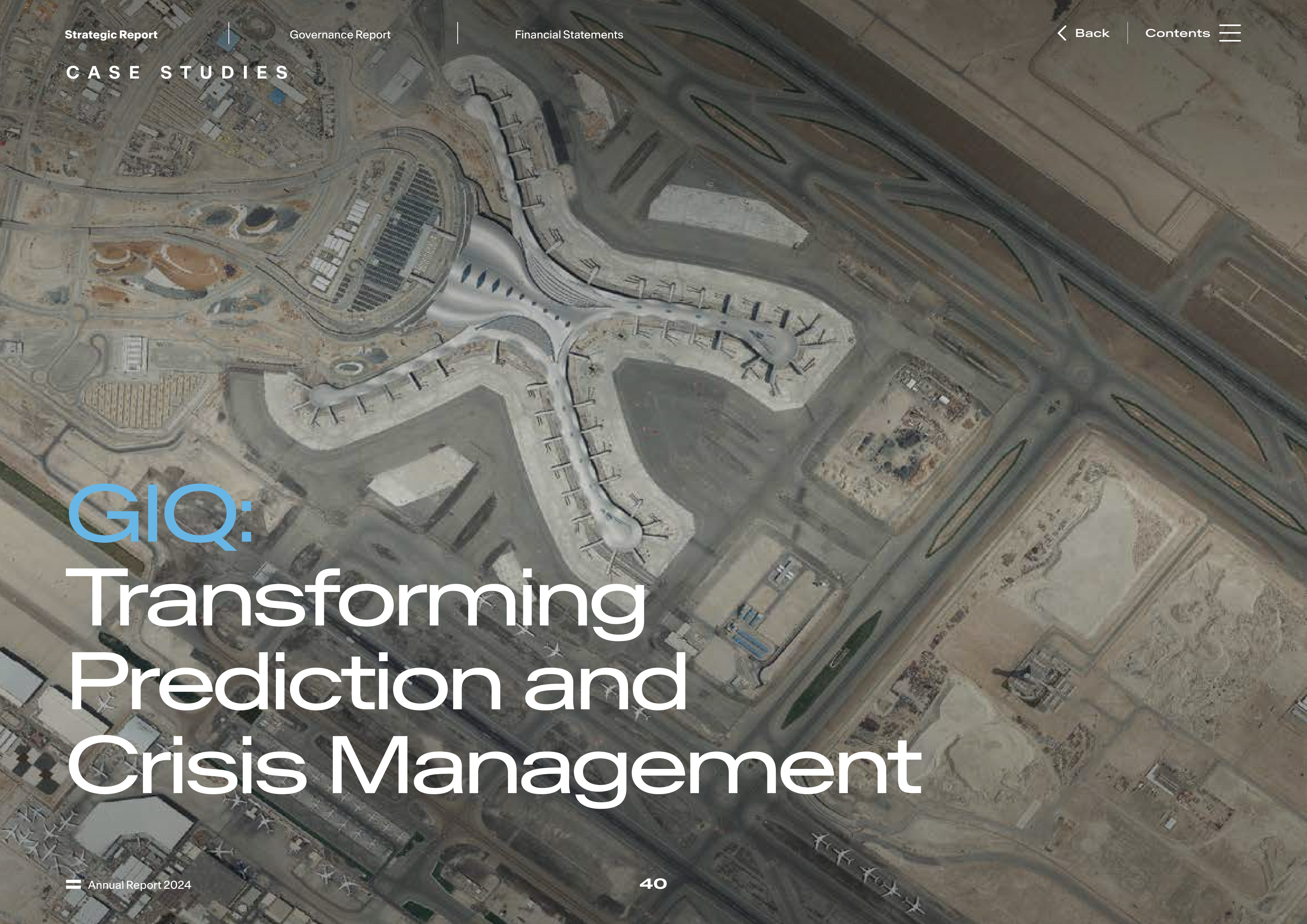
With three strategic facilities across the UAE, our satellite operations are positioned to support global ambitions. These hubs foster collaboration, innovation, and the development of satellite-enabled solutions. Through knowledge transfer, local manufacturing capabilities, and partnerships, Space42 enhances its capabilities while also advancing the UAE's vision for space excellence.

Looking Forward

Technology and operations will continue advancing multi-orbit capabilities, automating satellite management through AI, and scaling infrastructure to meet rising global demand. With a clear strategy and unwavering commitment to operational excellence, Space42 is redefining satellite technology and creating long-term value for its stakeholders. By combining operational excellence with cutting-edge technology innovation, Space42 is setting new benchmarks for space-based solutions, embodying its ambition to go beyond horizons.

Satellite Operations Locations – UAE





CASE STUDIES

GIQ: Transforming Prediction and Crisis Management

CASE STUDIES CONTINUED

Our geospatial intelligence platform, GIQ, proved its transformative potential during the 2024 floods in the UAE, providing critical insights to enhance response efforts. By integrating advanced satellite data with predictive analytics, GIQ anticipated weather patterns and acquired images of flood-prone areas to provide a fast response. Using this experience, the platform is now being enhanced to provide a comprehensive solution to identify flood-prone areas based on simulations of extreme weather events, enabling better planning and preparedness.

Our collaboration with Abu Dhabi's Emergencies, Crises, and Disasters Management Centre exemplifies the broader application of GIQ in extreme weather events. Its ability to process diverse datasets, generate predictive insights, and visualize complex scenarios ensures informed decision-making during crises. By streamlining data workflows and enabling collaboration across stakeholders, GIQ has the power to redefine how organizations respond to natural disasters.

Beyond crisis management, GIQ addresses global challenges by advancing environmental monitoring, maritime intelligence, and sustainable development. Its intuitive 3D visualization and integration of user-defined AI models foster innovation and empower organizations to act decisively. With its focus on creating actionable intelligence, GIQ serves as a catalyst for building resilience and protecting communities in the UAE and beyond.

> "The GIQ platform combines innovation and actionable intelligence to empower organizations in tackling environment challenges, extreme weather events, and fostering long-term resilience."

CASE STUDIES CONTINUED

Foresight Constellation: Transforming Earth Observation Beyond Horizons

CASE STUDIES CONTINUED

Marking a significant milestone in its EO program, Space42 successfully launched the first two satellites, Foresight-1 and Foresight-2, as part of a comprehensive Foresight constellation, scheduled to be completed by 2027. These launches strengthen the UAE's leadership in space technology and underscore our commitment to advancing geospatial intelligence.

The Foresight constellation, comprising the latest Synthetic Aperture Radar (SAR) satellites, will deliver unmatched imaging capabilities, with precise 25 centimeters resolution unaffected by weather or light conditions. These capabilities will enable global stakeholders to access high-quality data for applications ranging from environmental monitoring to land use and security. The Foresight constellation is being supported by our Assembly, Integration, and Testing (AIT) facility, the foundation of a program designed to provide high-resolution, persistent monitoring solutions and foster UAE's industrial growth through local satellite manufacturing.

The Foresight program integrates cutting-edge SAR data with proprietary AI-powered platforms such as GIQ, delivering actionable insights across industries. By offering seamless access to SAR data through contracts, distributors, and an online marketplace, Bayanat Smart Solutions is driving smarter decision-making and empowering global users with critical geospatial insights.

> "The Foresight constellation epitomizes our strategic ambition to deliver transformative capabilities, bridging innovation and impact, and advancing the UAE's leadership in Earth Observation Beyond Horizons."

CASE STUDIES CONTINUED

Thuraya-4 Launch: Elevating Space42 Global Connectivity

CASE STUDIES CONTINUED

The successful launch of Thuraya-4 marks a significant milestone in the Space42 mission to enhance global satellite communications. One of the largest next-generation mobile satellite services (MSS) communication satellites ever built, Thuraya-4 will deliver secure capacity, faster speeds, and expanded coverage across Africa, Europe, Central Asia, and the Middle East.

Thuraya-4 substantially enhances capabilities in providing secure and reliable mobile satellite connectivity to users worldwide. With advanced technology, including a 12-meter L-band antenna and a payload featuring onboard processing, the satellite offers exceptional routing flexibility for up to 3,200 channels and dynamic power allocation across multiple spot beams. It will enable the launch of over 15 innovative new products that will support a broader range of applications across the defense, government, and enterprise sectors – and beyond.

The integration of Thuraya-4 unlocks new opportunities for innovation in IoT applications and advanced data solutions. The satellite's expanded footprint and higher data rates create a versatile platform for future applications, fostering growth and collaboration across industries.

By driving progress across Space42, the launch strengthens the company's position at the forefront of satellite communications while reinforcing its alignment with the UAE's National Space Strategy 2030, showcasing innovation, enhancing connectivity, and creating impact as we continue our journey beyond horizons.

> "Thuraya-4 reflects our dedication to delivering cutting-edge solutions, empowering global connectivity, and opening new opportunities for partners and customers worldwide."

Chief Financial Officer's Review

"The Group maintained strong levels of profitability, with adjusted EBITDA of USD 317 million driving a superior margin of 50%."

Andrew Cole
Chief Financial Officer, Space42

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

In 2024, the Group delivered a resilient performance following the successful merger between Yahsat and Bayanat on 1 October 2024, positioning it at the intersection of three critical space-related capabilities: satellite communications, Earth Observation and geospatial data analytics, and AI.

2024 Financial Highlights

Revenue (USD)

629Mn

Adjusted EBITDA (USD)

317Mn

Adjusted EBITDA Margin

50%

Net Profit (USD)

166Mn

The Group maintained strong levels of profitability, with adjusted EBITDA of USD 317 million driving a superior margin of 50% compared to 42% in 2023. Net Profit of USD 166 million was lower than 2023 (-4%), reflecting the first-time adoption of Corporate Taxation in the UAE, but underlying margins remained robust at 26% compared with 22% in 2023. Although revenues of USD 629 million were down 19% year-on-year, mainly reflecting timing shifts in the execution of a major multi-year program within the Bayanat Smart Solutions business, the Group closed the year with backlog of over USD 7 billion, underpinned by the historic 17-year contract of USD 5.1 billion with the UAE Government which was signed in November 2024. Together with cash and short deposits of over USD 1.1 billion and leverage at a historic low, the Group is well-positioned to deploy capital to achieve its objectives in line with its Financial Framework and growth strategy and deliver long-term, sustainable shareholder value.

Space42 comprises two business units, Yahsat Space Services and Bayanat Smart Solutions.

In 2024, Yahsat Space Services accounted for 68% of the Group's revenue and 94% of its adjusted EBITDA. Revenues of USD 425 million reflected a modest 7% year-on-year decline due to an anomaly with the Thuraya-3 satellite previously announced in 2024. The bulk of Yahsat Space Services revenue (USD 343 million) related to contracts with government customers which saw an increase of 3% vs prior year. This mainly comprised the provision of satellite capacity to the UAE Government on our Al Yah 1 and Al Yah 2 satellites under an ongoing 15-year Capacity Services Agreement (CSA). Under this agreement revenues increased by 1% to USD 241 million. The business also saw strong momentum within its portfolio of Managed Solutions with revenues up 9% year-on-year, exceeding USD 100 million for the first time and with particularly strong growth in the oil and gas sector, up more than 35% year-on-year. The remaining Yahsat Space Services revenue (USD 82 million), relating to Mobility and Data connectivity solutions mainly for commercial customers, saw a reduction of 34% vs prior year, reflecting the impact of the Thuraya-3 anomaly, and to a lesser extent, the Group's strategic pivot towards higher margin markets across the Africa region.

Yahsat Space Services continued to deliver strong levels of profitability with EBITDA and Net Profit significantly higher than prior year. In 2024, the business recorded adjusted EBITDA and Net Income of USD 297 million (2023: USD 266 million) and USD 147 million (2023: USD 110 million) respectively, in part underpinned by USD 30 million liquidated damages in connection with the Thuraya-4 procurement and profit realized on the sale of a non-core asset.

The business is well-positioned to grow with revenues set to increase following the successful launch of the Thuraya-4 satellite early in 2025. This includes a 15-year agreement with the UAE Government that will contribute additional annual revenues of over USD 50 million once the satellite is operational, expected in H2 2025.

Additionally, the Group is progressing well with the procurement of two new satellites, Al Yah 4 and Al Yah 5, planned for launch in 2027 and 2028 respectively. In parallel, the 17-year contract with the UAE Government worth USD 5.1 billion, awarded in 2023, was signed in November 2024, and will commence upon expiry of the current CSA. This is expected to generate annual revenues of approximately USD 300 million from 2027 onwards, further strengthening the Group's revenue base.

As we enter 2025 the Group remains committed to delivering seamless connectivity to a wide range of customers, including our anchor customer, the UAE Government, and to developing the next generation of non-terrestrial networks to capture the Direct-to-Device opportunity which has the potential to significantly transform the growth trajectory of this business.

Bayanat Smart Solutions accounted for 32% and 6%, respectively, of the Group's revenue and adjusted EBITDA in 2024. This business generates its revenues primarily from the execution of government projects. Due to timing shifts in the completion of project milestones revenues can vary from one period to the other even though they remain on an upward trajectory over the long term. In 2024 revenues fell to USD 204 million, from USD 316 million in 2023, due to a timing shift in the execution of a major, multi-year program. However, new mandates expected to be awarded in 2025 are set to return the business to healthy top line year-on-year growth. As a result of the revenue shortfall, adjusted EBITDA fell from USD 59 million in 2023 to USD 20 million in 2024.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Strong Financial Performance

In USD million, unless otherwise stated

	2024	2023	%
Revenue	**629**	772	(19%)
Adjusted EBITDA	**317**	325	(3%)
Adjusted EBITDA Margin (%)	**50%**	42%	+8pp
Net Profit	**166**	174	(4%)
Net Profit Margin (%)	**26%**	22%	+4pp
Cash and cash equivalents	**1,163**	770	51%

Although the Group's adjusted EBITDA of USD 317 million was slightly below prior year (USD 325 million), the margin increased significantly (from 42% in 2023 to 50% in 2024). This reflected the award of USD 30 million in liquidated damages pursuant to the Thuraya-4 satellite procurement and USD 13 million profit on the sale of a non-core asset. On a normalized basis, adjusted for one-off, non-recurring items including merger-related costs, EBITDA fell from USD 330 million in 2023 to USD 282 million with the margin increasing from 43% in 2023 to 45%.

Net Profit of USD 166 million was marginally lower than 2023 (USD 174 million), driven by the first-time adoption of UAE Corporate Tax. Despite this headwind, the underlying margin increased, from 22% in 2023 to 26% in 2024. Excluding the impact of UAE Corporate Tax, Net Profit increased by USD 8 million. On a normalized basis, adjusted for one-off, non-recurring items, Net Profit fell from USD 179 million in 2023 to USD 135 million with the margin falling slightly (from 23% to 21%), principally reflecting the drop-through impact of the revenue shortfall within Bayanat Smart Solutions as well as the impact of UAE taxation.

Cash Flow and Balance Sheet

The Group's balance sheet remains very strong. At the end of 2024, gross debt (excluding unamortized transaction costs) stood at USD 657 million, while cash on balance sheet and short-term deposits were USD 1,163 million, resulting in negative net debt of USD 506 million.

Our net leverage (net debt to Adjusted EBITDA) was negative 1.6 times, significantly below the industry average. Together with Discretionary Free Cash Flow for the year of USD 137 million and a cash conversion ratio of 91%, the Group remains well-positioned to meet its capital expenditure commitments and retains significant headroom within its existing debt covenant arrangements and Financial Framework for further borrowing to fund new programs in line with the Space42 four-dimensional growth strategy.

Capital Expenditure and Financing

Consolidated cash capital expenditure was USD 348 million, of which the majority related to Yahsat Space Services, primarily in respect of the ongoing Al Yah 4 and 5 program (USD 228 million) which commenced in 2023. The Company was subsequently awarded a USD 5.1 billion mandate by the UAE Government to provide capacity and managed services for 17 years from 2026 onwards using the new satellites (Al Yah 4 and Al Yah 5) as well as continuing to use the two existing satellites (Al Yah 1 and Al Yah 2) beyond the current Capacity Services Agreement, which expires in November 2026. As part of this arrangement, the Group will receive an advance from the UAE Government of USD 1 billion to fund the program (the total estimated program cost). The Group secured the availability of a short-term bridge facility at competitive terms of up to USD 300 million, of which USD 250 million was drawn during 2024. In December the first USD 500 million of advances was received and the Bridge was fully repaid in January 2025. The remaining cash capital expenditure mainly related to the Thuraya-4 program, which saw the successful launch of the satellite in January 2025.

Net Finance Income

Net finance income of USD 23 million was in line with prior year (USD 23 million). The Group's all-in cost of finance increased slightly, from 2.6% in 2023 to 3.5% in 2024, reflecting the temporary and partial draw down of the Bridge facility during the year.

> "As we enter 2025 the Group remains committed to delivering seamless connectivity to a wide range of customers."

Equity-Accounted Investments

The Group continued to retain an interest in two equity partnerships, Yahlive and HPE, with SES and Hughes, respectively. Yahlive performed well, with approximately USD 5 million in cash returned to the Group during the year. HPE Brazil performed better than prior year. The launch of Jupiter 3 in 2023 has brought valuable new capacity to the business, which can be used to deliver the substantial backlog in the Enterprise segment.

Outlook

The Group has delivered a resilient financial performance in 2024 with rising margins, contracted future revenues of over USD 7 billion and a strengthened balance sheet, placing it in a unique position to execute its bold and ambitious growth strategy.

Andrew Cole
Chief Financial Officer

RISK MANAGEMENT

The deployment of effective risk management and internal control is a key success factor for realizing Space42 objectives.

Therefore, Space42 has implemented a Risk Management and Internal Control framework, which provides a comprehensive approach to risk management and internal control, as well as processes and actions to identify, assess, and mitigate the principal risks facing the organization. The underlying methodology is based on relevant principles as set forth by the International Organisation for Standards (ISO) and the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Responsibility

The ultimate accountability for risk management, internal control, governance, and compliance at Space42 lies with the Board of Directors (governing body), which delegates the oversight of implementation and effectiveness to the Audit, Risk and Compliance Committee (ARCC), including policy-setting and application of the framework.

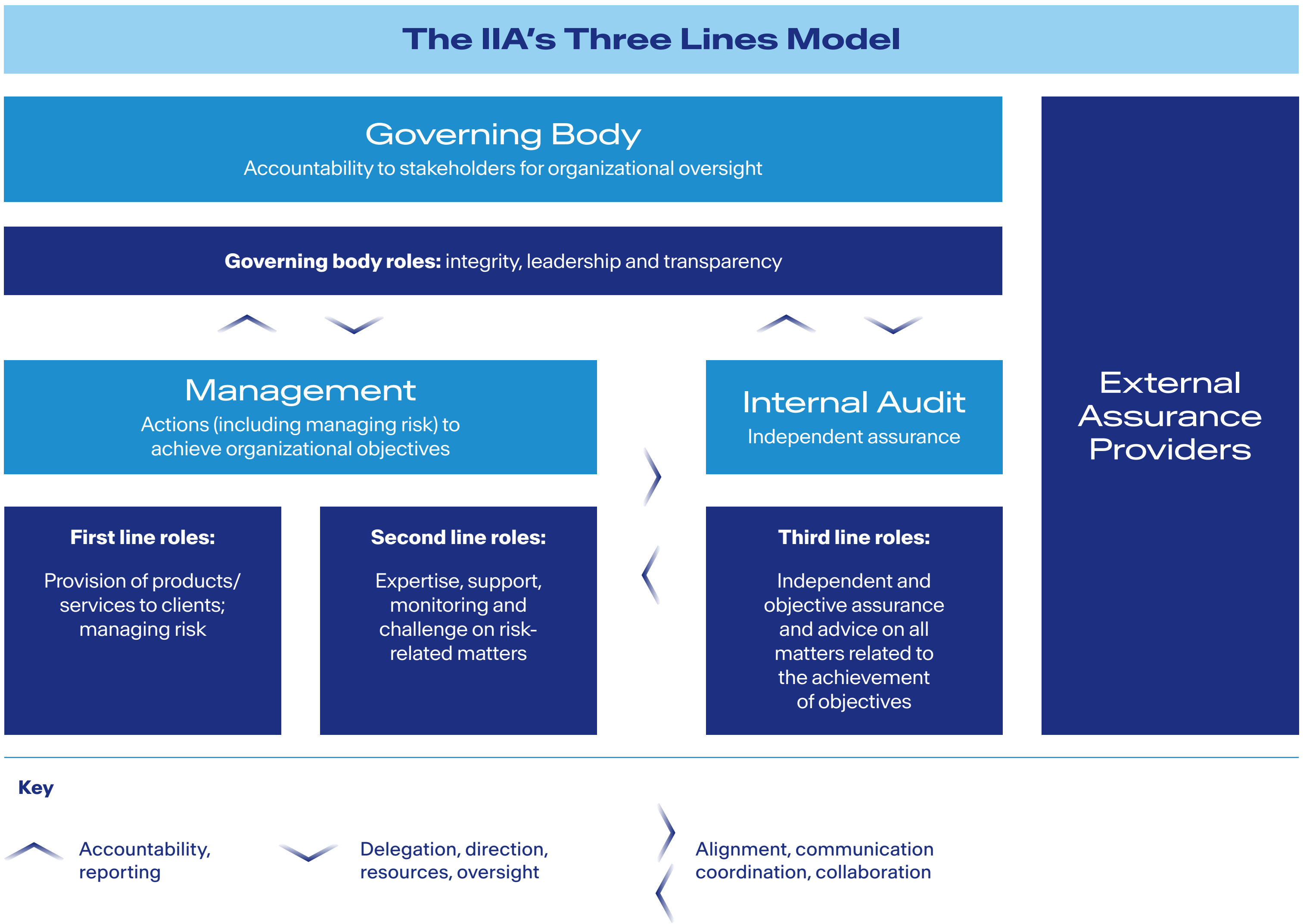
The Risk Management and Internal Control (RMIC) function is responsible for the implementation of the Group's integrated approach to risk management and internal control. In accordance with the Three Lines Model of the Institute for Internal Auditors (IIA), this approach is objective-centric and aims to ensure the effective management of risks that have the potential to obstruct Space42 from achieving its strategic objectives.

Risk Management and Internal Control Framework

The purpose of the RMIC framework is to assist the organization in integrating risk management and internal control into all of its day-to-day activities and functions. The framework is comprehensive and comprises a broad range of elements to support and sustain risk management and internal control throughout the organization, including vision, mission, principles, guidelines and policies, objectives, mandate and commitment, plans, relationships, accountabilities, resources, processes, and activities.

RISK MANAGEMENT CONTINUED

The Internal Risk and Control framework is embedded into the Group at three levels:



First Line

It is the duty of business management to effectively identify, assess, and manage the principal risks facing the Group. Each functional area has its characteristics and requires a tailored approach to risk assessments.

Second Line

The Risk Management and Compliance departments support the business functions to assess their risks by the development, communication, training, and monitoring of governance, risk and compliance-related policies, processes, and frameworks.

The Vice President of Compliance, Risk and Governance heads the compliance, risk management, and sustainability functions, which are led by dedicated Heads of Functions.

Third Line

The internal audit function provides independent and objective assurance and advice over our operations. The Vice President of Internal Audit heads the Internal Audit function and reports functionally to the ARCC and administratively to the Space42 Managing Director.

RMIC Vision and Mission

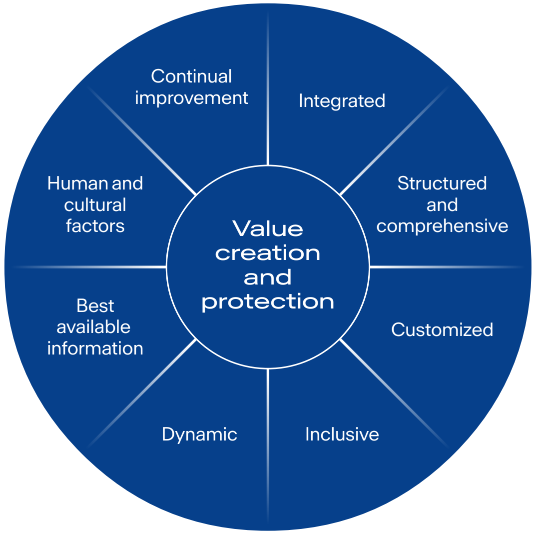
Vision

To have integrated best-in-class risk management and internal control practices in the Group's key decisions and internal processes. Enabling informed and intelligent decision-making, thereby creating and protecting stakeholder value.

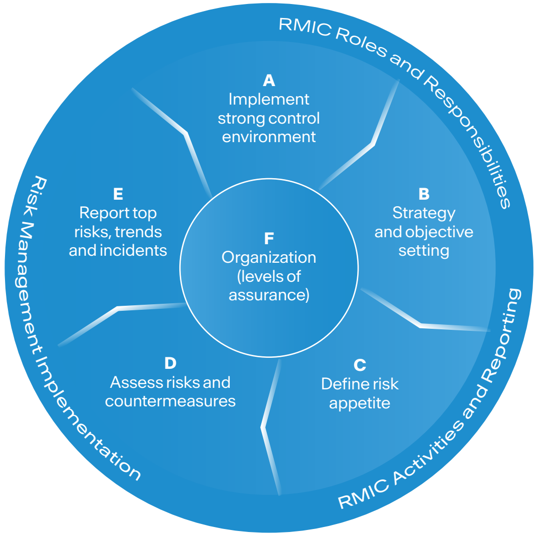
Mission

Be a trusted partner for business management, supporting management decision-making and business operations by using an integrated risk management approach and advising on risk management methods, tools, and criteria.

Risk Management Principles



Risk Management Mechanism



Internal Control Principles

Control Environment

1. Demonstrates commitment to integrity and ethical values
2. Exercises oversight responsibility
3. Establishes structure, authority, and responsibility
4. Demonstrates commitment to competence
5. Enforces accountability

Risk Assessment

6. Specifies suitable objectives
7. Identifies and analyzes risk
8. Assesses fraud risk
9. Identifies and analyzes significant change

Control Activities

10. Selects and develops control activities
11. Selects and develops general controls over technology
12. Deploys through policies and procedures

Information and Communication

13. Uses relevant information
14. Communicates internally
15. Communicates externally

Monitoring

16. Conducts ongoing and/or separate evaluations
17. Evaluates and communicates deficiencies

Source: COSO Internal Control – Integrated Framework: 2013

Source: ISO 31000:2018

RISK MANAGEMENT CONTINUED

Accomplishments and Enhancements

Space42 continuously strives to strengthen and enhance its risk management, internal control, and compliance practices. In 2024, the following activities were performed and enhancements made:

- Planned and initiated post-merger integration of risk management, compliance, and sustainability functions of Yahsat Space Services and Bayanat Smart Solutions
- Initiated a departmental risk register refresh exercise to cover entire operations of the Group
- Regular, periodic reporting to the ARCC on the key uncertainties and threats to the Group's strategic priorities
- Annual fraud risk assessment to identify main fraud risks and assess the effectiveness of fraud controls
- A short- and long-term risk management enhancement roadmap and implementation plan
- ESG integration into ERM
- Quality Assurance over the effectiveness of Internal Control Over Financial Reporting (ICOFR) framework
- Training and awareness of Space42 Group employees on risk and compliance, covering a variety of topics including, but not limited to, fraud, information security, code of ethics, trading Space42 shares, and disclosure requirements
- Continuous and ongoing monitoring of the external compliance requirements and instances of non-compliance proactively reported.

Principal Risks and Risk Appetite

The Group's principal risks can potentially prevent Space42 from meeting its strategic and operational objectives and financial targets. If these risks were to partially or fully materialize, they may also damage the Group's reputation, result in regulatory fines, or pose a threat to the security and/or safety of employees, customers, or (data) assets.

In pursuit of the Space42 strategic objectives, the Board is willing to accept measured risks in a responsible way, taking into account all key stakeholders' interests. The Board annually reviews and sets the Group's strategic objectives, considering opportunities and threats. All major investment decisions (strategic projects, mergers, and acquisitions, etc.) require Board endorsement. Space42 has a flexible risk approach to commercial investments and innovations, whereas its approach towards other risk categories could be qualified, ranging from measured to cautious. For regulatory and compliance risks, there is a zero-tolerance approach.

The Group's overall risk profile has been significantly changed to encompass the combined risk profiles of Yahsat Space Services and Bayanat Smart Solutions. Nevertheless, there have been minor changes in risk ratings, mainly due to changes in impact and/or probability affected by the macro-economic situation and the integration of the two companies.

The following list of principal risks is not an exhaustive description of all possible risks. There may be risks not known or risks not fully assessed yet.

Existing risks, which are not significant, could evolve into material exposure in the future. The Group's internal risk and control systems have been designed to identify, mitigate, and respond to risks in a timely manner. However, full assurance over all risks cannot be guaranteed.

RISK MANAGEMENT CONTINUED

Principal Risk	Description	Mitigation	Responsible Manager	Category	Strategic and Enabling Pillars
Satellite Service Disruptions	Group's ability to deliver satellite services to its customers depends on its critical network assets, including satellites and ground and IT systems Space42 could face service disruption due to technical malfunctions or physical damage caused by either natural uncontrollable events or by man-made events like terrorism, cyber-attacks, and other breaches	• Group has effective business continuity and crisis management protocols established, which are regularly reviewed and tested • Group actively monitors the age of satellites and continuously explores commercial and business cases to assess the launch of new ones to substitute the existing fleet as required • Continued implementation of regularly updated information security activities and protocols • Various back-up and redundancy measures are in place for the satellite, ground, and IT infrastructure, with certain systems being air-gapped to dramatically reduce the likelihood of external interference • Robust satellite operations and oversight processes have been implemented. The health of the satellite fleet is continuously monitored and assessed • Proactive monitoring of IT and network by Enterprise Security team to identify and mitigate security threats • Group's cyber security capability is continuously being strengthened to improve security visibility and risk intelligence • Regular communications to educate and increase awareness of personnel regarding security and privacy • In-orbit insurance policies are in place to provide for satellite failure or loss (subject to customary exclusions)	Chief Technical Officer	Operational Challenges	3 – Global NTN leader 4 – Trusted leader in secure connectivity
Satellite Development Project Risk	Space42 manages high-value, long-term satellite development projects. These projects contribute significantly to sustaining and growing the business. In addition to the regular project risks such as delays, cost overruns, and quality issues, these projects are also subject to construction and launch risks. If any of these issues or risks occur, it could have a material and adverse effect on the Group's operations and financial results	• Robust and stringent management has been established for the Al Yah 4 and Al Yah 5 programs, with frequent direct interaction with the manufacturer and regular in-country reviews of project progress • Additional time buffer is built into satellite development programs to provide a limited amount of protection against delay and schedule risk • For key suppliers, service level agreements are defined, which are closely monitored by review of deliverables (preliminary design reviews, critical design reviews, etc.) • Comprehensive launch and in-orbit insurance policies are in place to provide for satellite failure or loss	Chief Technical Officer	Strategic Challenges	3 – Global NTN leader 4 – Trusted leader in secure connectivity
Satellite Launch or In-Orbit Failure Risk	Group may experience in-orbit satellite failures or degradations in performance, which could lead to lost revenue, an increase in cash operating expenses and impaired relationships with customers. Group may experience a launch failure or damage to or destruction of a satellite during launch which could result in a total or partial satellite loss	• Group's approach to managing asset related risks is to obtain insurance. In respect of its Geostationary Equatorial Orbit (GEO) satellites, the Group manages the risks obtaining insurance cover for the satellite launch and for in-orbit operations throughout the satellite's mission life • Group also obtains third-party liability insurance for satellites while operating in-orbit • Satellite-related insurances are obtained through qualified brokers who approach the space insurance market for underwriting risks from a consortium of insurers with a good credit rating • In some cases, the underwriters may not be covering the risks resulting from certain anomalies, which are specifically excluded in the policy	Chief Financial Officer	Strategic Challenges	3 – Global NTN leader 4 – Trusted leader in secure connectivity

RISK MANAGEMENT CONTINUED

Principal Risk	Description	Mitigation	Responsible Manager	Category	Strategic and Enabling Pillars
Inability to Attract and Retain Qualified People	Failure to effectively attract, develop, and retain talent with the skills and experience to deliver on current and future requirements, could impact the Group's ability to achieve growth ambitions and operate effectively	• Reward and recognition programs have been implemented, including a LTIP for key management positions, with such total reward approach being periodically benchmarked and reviewed • Critical resources retention program is being implemented • Succession plan has been updated and a talent development program has been started • Working with the best recruitment agencies to fill vacancies • Focus on visibility of organization, being an employer of choice, and employees being Space42 ambassadors	Chief Human Capital Officer	Operational Challenges	1 – Preferred partner for premium geospatial data 2 – Global leader in geospatial intelligence AI platform and services 3 – Global NTN leader 4 – Trusted leader in secure connectivity 7 – Strengthen core and adjacent R&D to ensure leadership in innovation
Deteriorating Economic and Market Conditions	Deterioration in global and regional (MENA) economic conditions may have an adverse effect on the Group's revenue. Impact of these conditions on the overall revenue will depend on the severity of the economic issue, the countries or regions affected, and potential government responses	• Economic and market conditions in the Group's key markets are considered during the annual budget and business planning processes. Most significant risks are subject to a sensitivity analysis and related mitigating measures are identified and, if required, implemented	Chief Financial Officer	Strategic Challenges	1 – Preferred partner for premium geospatial data 2 – Global leader in geospatial intelligence AI platform and services 3 – Global NTN leader 4 – Trusted leader in secure connectivity 5 – Drive in-country space value chain development 6 – Strengthen core and adjacent R&D to ensure leadership in innovation 7 – Embrace and adopt AI technologies across organization Sectorial Priority: Become MENA's most vertically integrated autonomous mobility leader
Supplier and Supply Chain Dependency	Group relies on a limited number of third parties for key equipment, technology, and services, as well as on the supply chain to receive and deliver goods Operational results may be materially adversely affected if any of these third-party providers fails to perform as contracted. Also, any breach by these suppliers of relevant legislation such as data protection, security, export controls, sanction compliance, privacy, human rights, and/or environmental laws, could negatively impact Space42's reputation	• Central procurement processes have been established including due diligence screening of potential suppliers • Each supplier is required to confirm compliance with the Group's Business Partner Code of Conduct, with supporting evidence as appropriate • Agreements with suppliers include requirements for compliance with Space42 corporate policies (e.g. data privacy, trade controls, human rights, and environmental laws) and, if applicable, termination, exit, and right-to-audit clauses • For key suppliers, service level agreements are defined, which are closely monitored by the responsible business owners • See also satellite development project risk • Procurement department and subject matter experts continuously evaluate alternate options to minimize supply chain lag, as and when required	Chief Financial Officer, Heads of departments (Product Management, Product Design, Procurement)	Strategic Challenges	3 – Global NTN leader 4 – Trusted leader in secure connectivity 5 – Drive in-country space value chain development

RISK MANAGEMENT CONTINUED

Principal Risk	Description	Mitigation	Responsible Manager	Category	Strategic and Enabling Pillars
Increasing Business Competition – Satellite Services	Satellite communications market is highly competitive. Increased competition may arise from current competitors and/or new market entrants. Also, new technologies introduced by competitors may reduce demand for Space42 satellite services or may render Space42 technologies obsolete Above challenges could hinder or prevent the Group from implementing its business strategy and expanding its operations as planned	• Business case for new satellite programs is typically underpinned by long-term capacity agreements to justify the cost and ensure long-term utilization. For example: – UAE Government has awarded a mandate of USD 5.1 billion to provide satellite services, related managed operations, and products. Under the new mandate Space42 will provide the government with secure and reliable satellite capacity and related managed services using the Al Yah 1 and Al Yah 2 satellites, currently in orbit, and supplement this with two new satellites, Al Yah 4 and Al Yah 5, which are expected to be launched in 2027 and 2028, respectively – Long-term services agreement with the UAE Government for managed capacity services over a 15-year period supported the build costs and projected utilization rate of Thuraya-4 NGS. This contract added more than USD 700 million to contracted future revenues and provides security of future cash flows • Space42 has a dedicated strategy department that continuously assesses the Group strategy and makes updates as necessary • Emerging Competitive Pressures: – Satellite capacity is increasingly commoditized, intensifying price competition. To differentiate, Space42 is focusing on moving down the value chain by offering tailored mobility solutions (e.g. for maritime) and launching new data products – Internet of Things (IoT) services are also emerging as a key demand area and are becoming a key focus internally. Vertical integration is envisaged to leverage Thuraya-4 capabilities as well as future infrastructure that would come into play • Shift to Non-Geostationary Satellite Orbit (NGSO) Services: – Demand is rapidly shifting towards NGSO offerings due to superior service quality, posing a significant risk to the Group's GEO business. Space42 will likely need to adopt a partnership-based model for NGSO to mitigate the substantial costs and scale of such infrastructure and remain competitive in a maturing market, with dominant players like SpaceX • Mobile Satellite Services (MSS) Business at Risk from Direct-to-Device (D2D) Technology: – Emergence of Direct-to-Device (D2D) technology, enabling direct satellite to (standard) mobile communication, threatens the Group's MSS business by removing the need for specialized devices. While Space42 holds valuable assets for D2D development, it will likely need to partner with peers to build a competitive D2D constellation, given the investment and infrastructure scale required	Chief Strategy Officer, Heads of business lines	Strategic Challenges	3 – Global NTN leader 4 – Trusted leader in secure connectivity 5 – Drive in-country space value chain development

RISK MANAGEMENT CONTINUED

Principal Risk	Description	Mitigation	Responsible Manager	Category	Strategic and Enabling Pillars
Increasing Business Competition – AI and Geospatial Services	AI and geospatial market including remote sensing, photogrammetry, high-resolution imagery and analytics, Earth Observation and especially SaaS geospatial APIs by cloud providers are advancing day-by-day. New entrants and existing competitors may intensify competition, leading to price pressure, reduced market share, and margin erosion	• Technological Innovation Risk: The geospatial and satellite communications market is highly competitive, with rapid technological advancements potentially outpacing Space42 capabilities. To mitigate this risk, Space42 invests continuously in R&D to develop proprietary solutions integrating AI, geospatial technologies, and SatCom, ensuring a unique and competitive market position • Market Competition and Ecosystem Dependency: Growing competition from generalized SaaS geospatial providers and other market players could erode the Group's market share. Space42 addresses this risk by forging alliances with government agencies, global enterprises, and cloud providers to co-develop niche solutions, leveraging shared capabilities and expanding into underserved markets • Market Demand Shifts: Evolving client demands, and industry trends may render existing solutions less relevant. To address this, Space42 conducts ongoing market analysis and competitor benchmarking, using insights to shape its product roadmap and allocate resources to strategic sectors such as disaster management, sustainability, and critical infrastructure • Regional and Strategic Alignment Risks: Misalignment with national and regional initiatives could impact Space42 competitive edge and reputation. Leveraging its UAE base, Space42 aligns innovations with the UAE Space Strategy 2030, UAE AI Strategy 2031 and Vision 2071, positioning itself as a leader in the geospatial ecosystem and contributing to regional economic and sustainability goals	Chief Strategy Officer, Heads of business lines	Strategic Challenges	1 – Preferred partner for premium geospatial data 2 – Global leader in geospatial intelligence AI platform and services 6 – Strengthen core and adjacent R&D to ensure leadership in innovation Sectorial Priority: Become MENA's most vertically integrated autonomous mobility leader
Legal and Regulatory Challenges	Group can be exposed to non-compliance with laws and regulations across different jurisdictions, or a breach of internal policies, including but not limited to, those related to financial reporting compliance, bribery and corruption, fraud, insider trading, data privacy, trade sanctions, and competition law. As the Group's business spreads geographically, covering some markets with a higher exposure from a compliance point of view, the Group may face legal and regulatory risks or challenges due to changing local, regional, or global policies Non-compliance could result in fines, restrictions on business, third-party claims, and reputational and brand damage	• Group's Code of Conduct sets out the principles, standards and behaviors necessary to achieve its objectives and uphold its values. It makes it clear that it not only follows the law, but also strives to operate with the highest levels of ethics and integrity • Code of Conduct is supplemented and supported by a number of policies, including policies relating to anti-bribery and corruption, governments and regulatory authorities on insider trading, securities trading, fair competition, export control and sanctions compliance, and confidentiality and data privacy • Comprehensive Ethics and Compliance program is in place addressing compliance monitoring, reporting, risk assessments, training, and investigations • Financial reporting function is in place, responsible for compliance with financial reporting requirements • ICOFR framework being implemented and monitored • Key Ethics and Compliance controls are tested for design and effectiveness annually as part of the Group's ICOFR framework • Security screening of all new employees and contractors • Each supplier is required to confirm compliance with the Group's Business Partner Code of Conduct, with supporting evidence as appropriate • Group maintains relationships with key legal and other advisors in relevant jurisdictions to seek to remain abreast of legal and regulatory developments	General Counsel, Vice President of Compliance, Risk and Governance, Chief Financial Officer	Compliance Challenges	2 – Global leader in geospatial intelligence AI platform and services 3 – Global NTN leader 4 – Trusted leader in secure connectivity Sectorial Priority: Become MENA's most vertically integrated autonomous mobility leader

RISK MANAGEMENT CONTINUED

Principal Risk	Description	Mitigation	Responsible Manager	Category	Strategic and Enabling Pillars
Changes in Tax Regulations	Introduction of corporate income tax in the UAE and any subsequent amendment could affect the Group's financial results	• UAE Ministry of Finance (MOF) released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE Corporate Tax Law" or "Law"), and applies to taxable persons for financial years commencing on or after 1 June 2023. Accordingly, the Group's first tax year commenced on 1 January 2024. As per the Law, a 9% tax rate applies to the Group's taxable income exceeding AED 375,000 • UAE's MOF has announced that a Domestic Minimum Top-up Tax (DMTT) at a rate of 15% will be applicable to large multinational enterprises with consolidated global revenues of EUR 750 million at the ultimate parent company level. As a result, this tax will also apply to Space42 from 1 January 2025 • Group has historically been managing foreign operations, ensuring tax compliance and regularly reviewing changes in local tax legislation to ensure continued compliance	Chief Financial Officer	Financial Threats	1 – Preferred partner for premium geospatial data 2 – Global leader in geospatial intelligence AI platform and services 3 – Global NTN leader 4 – Trusted leader in secure connectivity
Spectrum Rights	Space42 is subject to obtaining spectrum rights internationally through the International Telecommunication Union (ITU) as well as the authorizations needed in each of the countries in which the Group provides services Space42 could lose access to certain spectrum or orbital rights or fail to maintain or obtain rights due to non-adherence with the ITU or national rules. This may result in the inability to perform government and commercial business plans, loss of business partners, and have a significant adverse revenue impact	• Space42 proactively participates in advocacy activities with the ITU and continuously looks for opportune orbital position filings to submit. The Group currently has more than 150 active ITU filings • Space42 Spectrum team has developed a three-year roadmap for filing maintenance, to identify filings in which Space42 is seeking to prioritize for future use • Spectrum rights have been secured for planned future satellites	Vice President of Regulatory and Spectrum Affairs	Compliance Challenges	3 – Global NTN leader 4 – Trusted leader in secure connectivity
Access to Outer Space	Space42 is subject to obtaining the authorization of the UAE and foreign national regulators, where required, for the physical operation of its satellites in outer space Failure by Space42 in the launch, operation and de-orbit of its satellites could lead to a collision or explosion, with loss of its asset and possible third-party liability towards other satellites. Failure to receive the required authorizations could lead to limitations in Space42 launching new satellites or in the operation of its existing satellites. Foreign regulators may deny access to their markets for non-compliance with their space traffic management rules	• Space42 proactively participates in advocacy activities pertaining to the developing areas of space debris management, space situational awareness, and space traffic management • Space42 obtains third-party liability insurance for its satellites • Space42 complies with space debris requirements as per IADC (Inter Agency Space Debris Coordination Committee), Artemis Accords, and the UAE Space Law • Space42 has instituted processes over the past decade to ensure the safe flight and eventual de-orbit of its satellites • Space42 ensures its satellites are registered with the UN Office of Outer Space Affairs (UNOOSA) as required under the UN Conventions on Registration of Objects Launched into Outer Space (1972)	Vice President Regulatory and Spectrum Affairs	Compliance Challenges	3 – Global NTN leader 4 – Trusted leader in secure connectivity

RISK MANAGEMENT CONTINUED

Principal Risk	Description	Mitigation	Responsible Manager	Category	Strategic and Enabling Pillars
Interest Rate Risk	Changes in market interest rates may have an adverse effect on the Group's borrowings, bank deposits, and net finance	• Group's interest-rate risk arises mainly in connection with its borrowings which typically bear variable interest rates (e.g. at Secured Overnight Financing Rate (SOFR) plus a margin). To mitigate the uncertainties associated with variable interest rates, the Group has entered into interest swap agreements to fix the interest rates for long-term debt instruments • For example, the Group entered into a cash flow hedge, by acquiring interest rate swaps (IRS), to hedge the variability in interest rates with respect to Term Loan and the ECA facility entered into in June 2021. Under the IRS agreements, the Group received a variable rate of interest equal to SOFR and pays a fixed rate on notional amounts that mirror the drawdown and repayment schedule of the loan • Group invests surplus cash in short-term bank deposits on a fixed interest rate basis	Chief Financial Officer	Financial Threats	1 – Preferred partner for premium geospatial data 2 – Global leader in geospatial intelligence AI platform and services 3 – Global NTN leader 4 – Trusted leader in secure connectivity
Sustainability Challenges	Space42 may fail to meet stakeholder expectations relating to environmental, social, and governance (ESG) or fail to comply with the growing portfolio of ESG legislation and government regulations. This could lead to customer loss, lower profits in the future, brand and reputational damage, and the inability to capitalize on emerging ESG-related market opportunities	• An ESG function was established in 2022 to lead and coordinate ESG efforts across the organization • Sustainability is a key pillar of the Space42 growth strategy, recognized as a significant market opportunity • Although sustainability framework for both Yahsat Space Services and Bayanat Smart Solutions exist, post-merger a comprehensive Group-wide sustainability framework is under development, encompassing a three-year strategy, key performance indicators (KPIs), and specific action plans for each department • ESG factors are integrated into the overall corporate scorecard and cascaded down to departmental KPIs • ESG performance directly impacts executive compensation, incentivizing strong ESG performance across all levels • Regular internal and external audits of ESG KPIs are conducted to assess progress and identify areas for improvement	Head of Department (Sustainability)	Strategic Challenges	2 – Global leader in geospatial intelligence AI platform and services 4 – Trusted leader in secure connectivity 5 – Drive in-country space value chain development 6 – Strengthen core and adjacent R&D to ensure leadership in innovation 7 – Embrace and adopt AI technologies across organization Sectorial Priority: Become MENA's most vertically integrated autonomous mobility leader
Currency Risk	Fluctuations in exchange rates of assets and liabilities held in foreign currency or changes to the USD/AED peg can adversely affect Space42 results	• Group's revenues as well as spending are predominantly priced in USD and in AED which is pegged to the US dollar • Group is exposed to currency risk in respect of its investment in its Brazilian associate (Brazilian JV – HPE), although not significant, the Group regularly monitors the movement in exchange rates to assess the sensitivity and impact on its long-term business plan and valuation	Chief Financial Officer	Financial Threats	3 – Global NTN leader 4 – Trusted leader in secure connectivity
Customer Dependency	Group is reliant on a single large customer (the UAE Government) for more than half of its revenue and the loss of, or any significant reduction in expenditure by this customer, could materially adversely affect the Group's business	• Strong relationships with the UAE Government, underpinned by a new USD 5.1 billion mandate awarded in 2023 (see further description under Risk Increasing competition – Satellite Services) • In 2024, Yahsat Space Services signed a 17-year satellite capacity and managed services agreement, which combines operations, maintenance and technology management services of ground segment satellite systems and terminals. Services will be provided through Al Yah 1 and Al Yah 2 satellites currently in orbit, and supplemented by two new satellites, Al Yah 4 and Al Yah 5, which are expected to launch in 2027 and 2028, respectively • For Bayanat Smart Solutions, the current project portfolio is majority focused on Abu Dhabi government projects. The UAE projects (Abu Dhabi and federal) will remain significant in the foreseeable future, despite diversification towards commercial and international customers • Close relationship management activities are undertaken to ensure that the UAE Government's communications and geospatial data analytics needs are understood, anticipated, and addressed with industry-leading, cost-effective solutions • Diversification initiatives in place focus on other regional governments, large enterprises, and establishing partnerships across the value chain	Managing Director, General Manager – Yahsat Government Services	Strategic Challenges	1 – Preferred partner for premium geospatial data 2 – Global leader in geospatial intelligence AI platform and services 3 – Global NTN leader 4 – Trusted leader in secure connectivity Sectorial Priority: Become MENA's most vertically integrated autonomous mobility leader

RISK MANAGEMENT CONTINUED

Principal Risk	Description	Mitigation	Responsible Manager	Category	Strategic and Enabling Pillars
Liquidity Risk	Risk that the Group will not be able to meet its financial obligations as they fall due	• Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its debt and other financial obligations when due and comply with relevant financial covenants • Group ensures that it has sufficient cash and liquid assets on demand to meet its expected operational expenses and capital expenditures; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters • Group has a robust planning and reporting process to manage its short- and longer-term cash position and requirements. Active working capital management, business planning, and rolling short- and longer-term cash flow forecasts are regularly prepared and reviewed by the Group's Chief Financial Officer • Group has historically maintained a strong cash balance, which as at December 2024, stands at USD 1,163 million with negative net leverage • Group also maintains long-standing relationships with lenders and banks which can be leveraged for short-term and/or long-term funding needs • Certain risks, for example satellite and launch in-orbit failure, are covered by insurance policies	Chief Financial Officer	Financial Threats	1 – Preferred partner for premium geospatial data 2 – Global leader in geospatial intelligence AI platform and services 3 – Global NTN leader 4 – Trusted leader in secure connectivity
Credit Risk	The Group may face financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally in relation to the Group's receivables and cash held in the bank	• Group's credit risk in respect of its government customers is considered low given the financial stability and high credit rating of its primary customer, the UAE Government, from whom the Group earns a substantial revenue • Group has credit risk exposure in respect of its commercial customers. This risk is managed by carrying out adequate due diligence and implementing the Group's Credit Policy which provides a clear framework for managing credit through all stages of the credit cycle and adequately provisioning for risks using an appropriate Expected Credit Loss (ECL) policy. Credit policy and the ECL provisions are reviewed regularly and updated if necessary • With respect to cash and short-term deposits, the Group minimizes its exposure to credit risks by entering into agreements with reputable financial institutions and banks • Under certain circumstances the Group obtains performance bonds and payments guarantees from counterparties to support their financial obligations	Chief Financial Officer	Financial Threats	1 – Preferred partner for premium geospatial data 2 – Global leader in geospatial intelligence AI platform and services 3 – Global NTN leader 4 – Trusted leader in secure connectivity

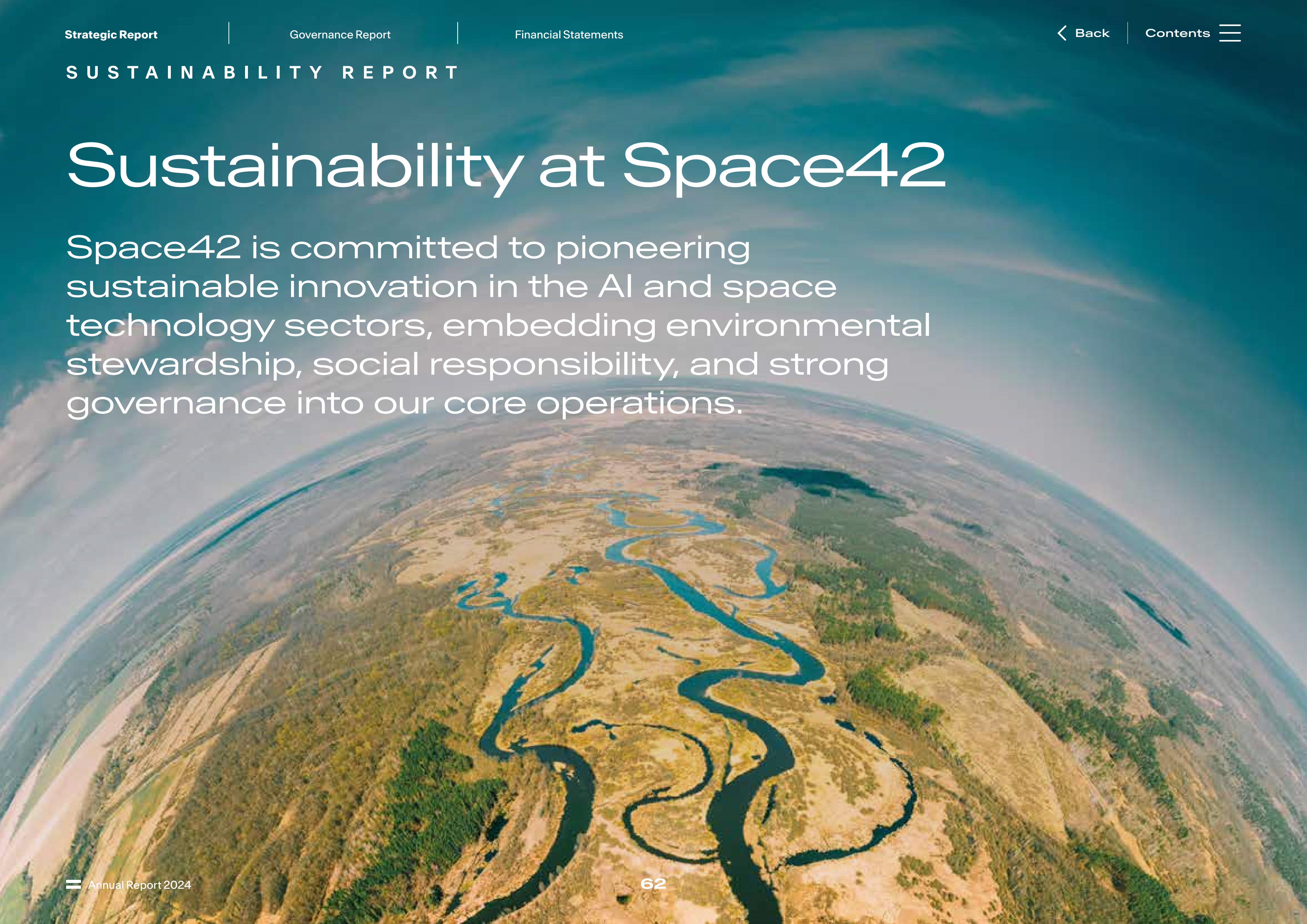
STAKEHOLDER ENGAGEMENT

	Shareholders	Clients	Employees
How We Engage	• Annual General Meeting • Press releases • Financial reports • Fact sheets • Roadshows and meetings • Investor conferences • Newsletters • Corporate website – IR section • Analyst calls • Quarterly earnings calls • Investor days • Emails and SMS	• Joint programs and partnerships • Public-Private partnership projects • Customer relationship managers and representatives • Customer service apps • Call centers • Products, services, business support system trainings • Industry events • Public reports • Corporate website • 1-to-1 meetings with commercial teams • Joint project governance meetings with senior leadership • Technology awareness workshops and training programs	• Internal communications (Line-Manager/HR Manager, emails, intranet, etc.) • Policies • Digital Employee Services • Training and Development • Employee Town Halls, campus activities, meetings, and key events during the year • Open-door policy
How Often We Engage	• Regular meetings and analyst calls • Quarterly financial announcements	Frequently	Frequently
Key Items Discussed	• Financial results • Dividend policy • Corporate strategy and growth • Latest corporate developments	• Partnership agreements • Resolutions, recoveries, and improvements • System/connectivity updates/upgrades/disruptions • Saving lives support • Proof-of-concept for new solutions • Relationship building • Performance review • Market opportunities • Contract/agreements • New offers/retention/billing • Project milestones and progress • Product developments • Customized solutions	• Key achievements • Business development • Individual performance • Employee feedback
Actions Taken or to be Taken	• Distributing press and earnings releases • Developing investor presentations explaining corporate strategy and business model • Holding meetings with investors	• Signing mobile network agreements with service partners • Involving government clients in project development and deployment • Proposals for new programs • Follow up on proposals • Delivering on customer orders • Carrying out solutions, recoveries, upgrades, improvements, and customization • Projects delivery and adaptation to dynamic requirements • Extension of services in GIQ Platform	• Maintaining open communication line with Human Capital • Employee learning sessions, workshops, etc. • Recognition program • Follow-up meetings/discussions, if necessary
Value Creation	• Keeping shareholders informed of business performance, future plans, and outlook • Fostering transparency, access to information, and openness in all communications	• The sovereign provider of satellite connectivity • Global coverage across Middle East, Asia, Europe, Africa, and Brazil* • Customized AI-powered analytics and satellite data solutions • Enhanced service partners and customer's experience, providing products and services to meet evolving needs • Commitment to excellence, reliability, and integrity • Integrated solutions • Enhanced decision-making • Cost-efficiency • Risk mitigation • Customization and scalability • Sustainability support	• Open and transparent communications • Talent development • Employee wellbeing • Engagement with Senior Management including live/remote internal communications

*Joint Venture with Hughes Brazil

STAKEHOLDER ENGAGEMENT CONTINUED

	Government and Regulatory Bodies	Society and Community	Partners and Suppliers
How We Engage	• Meetings • Press releases • Public reports • Corporate website • Industry events • Associations and memberships • Participation in government-led committees • Participation in policy briefs and Consultation papers	• Press releases • Corporate website • Community partnerships and sponsorships • Forums and public consultation • Student tours of HQ • Internships and training programs • Hackathons • Technology whitepapers • Support for university R&D programs	• Partner, Account Manager and Management meetings • Industry events • Screening and assessment of suppliers • Site visits • Products, services and business support system trainings • Forums • Joint projects • Public reports • Corporate website • New technologies and products awareness workshops
How Often We Engage	Frequently	Frequently	Frequently
Key Items Discussed	• Disaster rescue and response management • Compliance with regulations, and applicable laws • Discussion on new policies, regulations, and consultation papers • Space economy, global guidelines, policy, and long-term sustainability	• Space and AI advancements • Broadband connectivity for unserved/underserved communities • Fulfilling a need or support for a given initiative • Partnership opportunities • Youth initiatives	• Relationship building • Collaboration opportunities • Procurement policy and procurement system access • Contracting • Performance (ongoing key items with vendors) • Procurement roadmap (upcoming engagements, new projects, or renewals with suppliers)
Actions Taken or to be Taken	• Radio Frequency (RF) interference management • Review and feedback on new policies, regulations, and consultation papers	• Provision of support or services when required in disaster rescue and management • Providing satellite connectivity to bridge the digital divide and overcome geographical barriers • Enabling remote learning and eLearning in underserved regions • Designing new training programs	• Boosting in-country manufacturing capabilities • Data agreements with satellite data providers • New applications in GIQ marketplace
Value Creation	• Economic performance • Nationalization programs • Contingency planning • Business ethics • Prevention of corruption and anti-competitive behavior • Sustainable space operations • Aligned to global space guidelines	• Assisting communities where support is most needed • Saving lives – disaster rescue and recovery • Bridging the digital divide by providing internet connectivity to underserved or unserved area • eLearning • Telemedicine • Research technologies to gather vital marine data • Environment and climate research	• Automated procurement process • Local and international supplier network • In-country satellite operations and expertise • Multi-orbit operator across entire value chain • Upstream, midstream, and downstream capabilities • Providing an understanding of business priorities and processes • Market exposure enabling suppliers to reach new customers and industries



Sustainability at Space42

Space42 is committed to pioneering sustainable innovation in the AI and space technology sectors, embedding environmental stewardship, social responsibility, and strong governance into our core operations.

SUSTAINABILITY REPORT CONTINUED

Space42 is committed to pioneering sustainable innovation in the AI and space technology sectors, embedding environmental stewardship, social responsibility, and strong governance into our core operations. As a newly formed entity, Space42 is leveraging the strengths of our legacy companies to drive impactful sustainability initiatives, contribute to the UAE's national vision, and set new industry benchmarks for responsible growth and technological advancement.

In alignment with the UAE's 2024 Year of Sustainability, Space42 has made significant strides in reaffirming our commitment to sustainable development, fostering economic growth, and enhancing the UAE's global standing in the space sector. Our focus on integrating space services with smart solutions underscores our dedication to environmental stewardship, technological innovation, and the responsible utilization of resources—key drivers of long-term prosperity.

> "As we move forward, the accomplishments of 2024 serve not only as milestones but also as the foundation upon which we will continue to build our commitment to sustainability, innovation, and governance excellence in the space sector."

A testament to our commitment to sustainability is the establishment of our Environmental, Social, and Governance (ESG) function within the Governance Risk and Compliance (GRC). This division is pivotal in guiding our sustainability leadership and facilitating the implementation of critical ESG initiatives. We have adopted the Yahsat Space Services ESG Policy while simultaneously working towards developing a comprehensive ESG Governance Framework and Roadmap, ensuring that our strategies remain in line with our post-merger objectives. This framework will leverage best practices from both Yahsat Space Services and Bayanat Smart Solutions, building on their established governance and performance evaluation mechanisms.

Furthermore, Space42 has adopted the ESG Key Performance Indicators (KPIs) into both Board and Executive performance reviews, aligning our efforts with international standards as well as the UAE regulatory requirements. Our adherence to the ESG Disclosure Guidance issued by the Abu Dhabi Securities Exchange (ADX) emphasizes our commitment to transparency and accountability in our sustainability initiatives.

We actively support the UAE National Space Strategy 2030 and are dedicated to promoting sustainable practices within the space sector, driving technological innovation, and facilitating economic diversification. A notable achievement in 2024 was the signing of a joint venture with ICEYE to produce Synthetic Aperture Radar (SAR) satellites within the UAE, ensuring sovereign access to critical Earth Observation (EO) capabilities. Additionally, we are committed to nurturing Emirati talent by collaborating with the UAE Ministry of Education for the 2024 SpaceTech Educational Campaign, which offers hands-on learning experiences in the realm of space science. In our pursuit of sustainability, we have aligned our initiatives with key United Nations Sustainable Development Goals (SDGs), including Climate Action (SDG 13), Clean Energy (SDG 7), Quality Education (SDG 4), and Biodiversity Conservation (SDG 15).

As we embark on our sustainability journey, several key milestones achieved in 2024 have positioned us for future success:

- Successful Thuraya-4 Satellite Launch: We completed the launch of Thuraya-4 on 3 January 2025, further enhancing our satellite capabilities.
- Launch of GIQ Platform Campaign: We successfully launched a social media campaign for our GIQ platform, designed to enhance labor market efficiency by creating a centralized ecosystem for access to space data and knowledge sharing.
- Introduction of Foresight Satellite: In a landmark collaboration with ICEYE, we launched the Foresight-1 SAR satellite, marking the UAE's first Low Earth Orbit (LEO) SAR satellite.
- Our recognition at the Novaspace Annual Awards for Excellence in Satellite Business, where Space42 was honored with the Strategic Transaction Award under the category of Excellence in Satellite Communications, reflects our commitment to advancing SpaceTech and AI technologies.
- We were bestowed with the "Satellite Solutions Provider of the Year" award from BroadcastPRO in October 2024, and were recognized by Fast Company ME Awards as the Most Innovative Company in Logistics and Mobility for revolutionizing container tracking and safety.
- Standard and Poor's (S&P) recognized us as one of the Top 3 Sustainability Companies. Al Yah Satellite Communications Company (Yahsat), our Yahsat Space Services wing, achieved notable recognition as one of the top ten most sustainable companies in the Middle East, securing the sixth and third positions in the region and UAE rankings respectively, as per the S&P Global ESG Scores.

As we move forward, the accomplishments of 2024 serve not only as milestones but also as the foundation upon which we will continue to build our commitment to sustainability, innovation, and governance excellence in the space sector. We remain steadfast in our pursuit of a sustainable and prosperous future for the UAE and the global community.

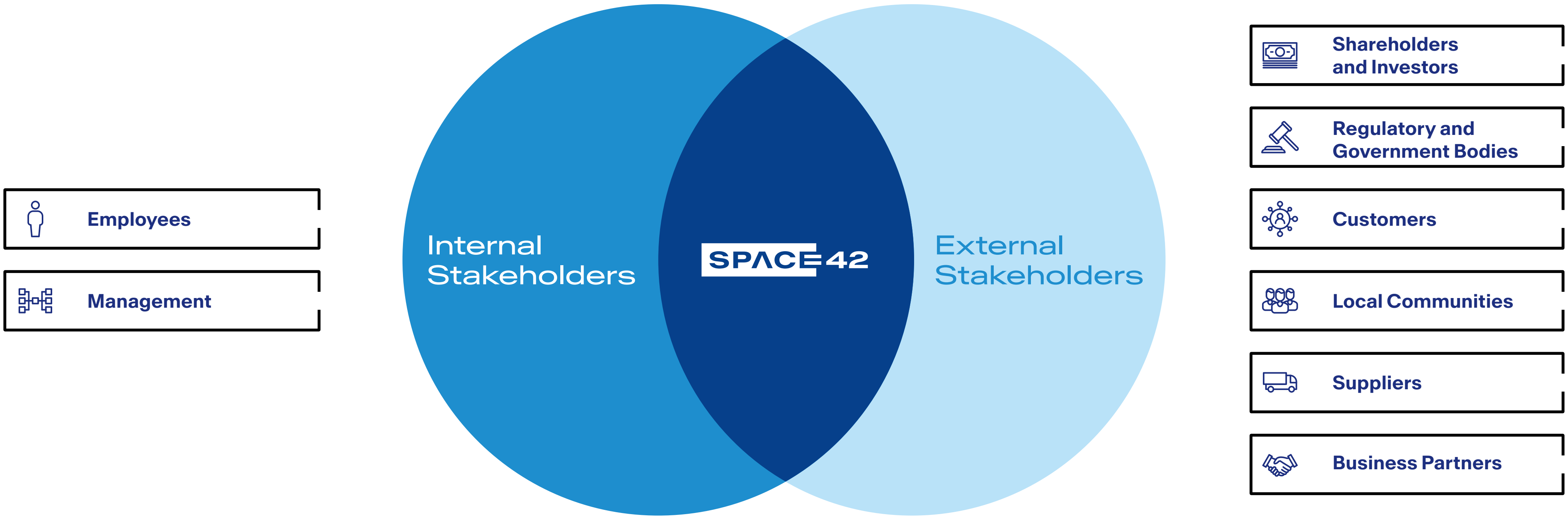
For detailed sustainability-related disclosures and ADX, GRI and SASB content index, please refer to the Space42 Sustainability Report 2024 here.

Stakeholder Engagement and Materiality Assessment

At the heart of our strategic framework lie our stakeholders, guiding our operational and business decision-making processes to align with their expectations. At the outset, we have developed a comprehensive and structured stakeholder engagement approach as the first step to our ESG journey going forward. This enables us to assess various groups that may impact or be affected by the activities and operations of Space42. We have recognized eight distinct stakeholder groups, and our engagement with them ranges across our value chain, based on the specifics of our work and the nature of our relationships.

Space42 places great importance on the principle of materiality, viewing it as fundamental to our sustainability strategy and related reporting efforts. We adhere to established sustainability reporting standards to enhance transparency and accountability to our stakeholders. Through ongoing engagement, we strive to identify key material issues and understand their potential impacts on our stakeholder community.

As part of our commitment to transparency and sustainability, we at Space42 conducted our first materiality assessment in 2024, adhering to a structured three-step process to identify and prioritize the most relevant sustainability topics.



SUSTAINABILITY REPORT CONTINUED

Identification of Material Topics

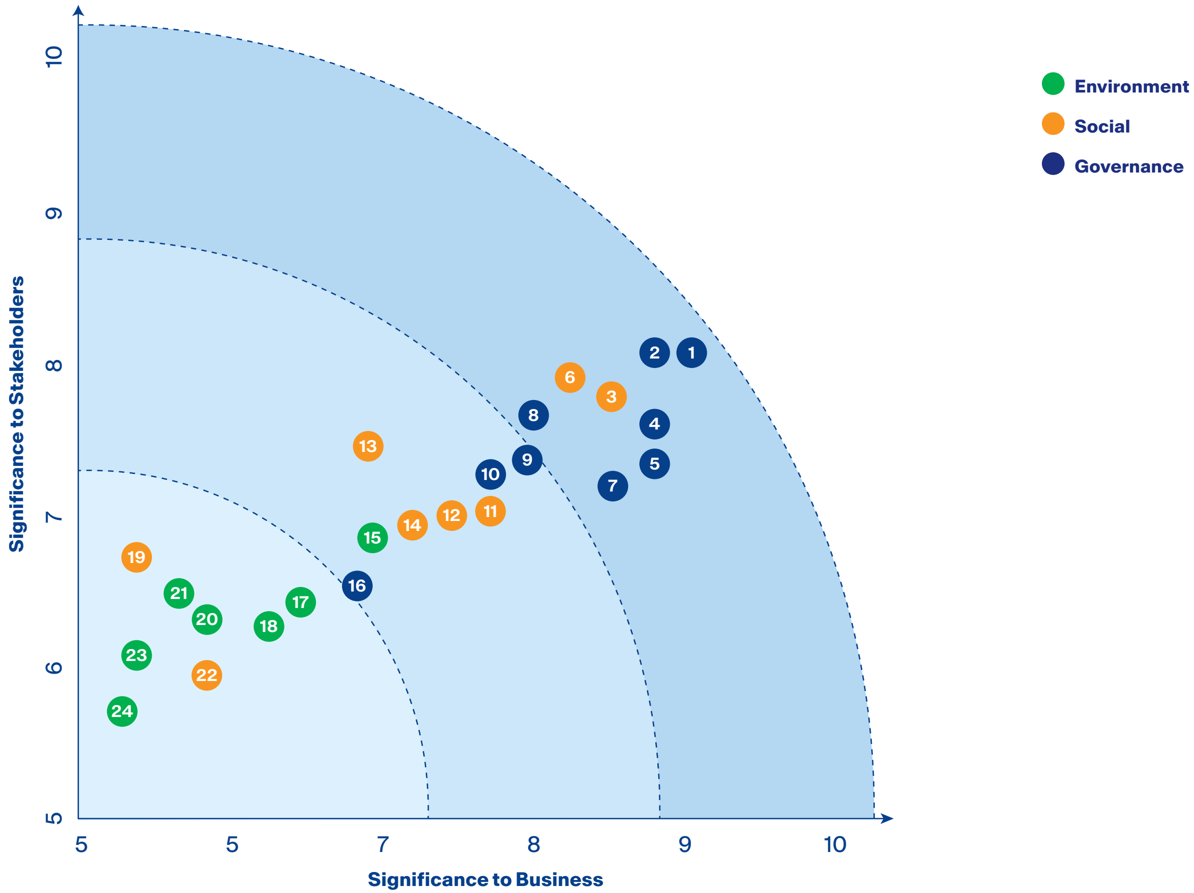
To establish a comprehensive understanding of our material topics, Space42 meticulously reviewed a variety of sources, including applicable regulatory requirements and the leading sustainability reporting standards, such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). In addition to the ESG Disclosure Guidance issued by the Abu Dhabi Exchange (ADX), we examined existing national and international sustainability ambitions, the disclosure expectations from various ESG rating agencies, and the sustainability initiatives undertaken by selected peers. We further incorporated insights drawn from our key stakeholders and assessed internal risks and opportunities. Through this extensive analysis, we arrived at a consolidated list of 24 material topics.

Stakeholder Engagement

To ensure our sustainability efforts align with the expectations of our internal as well as external stakeholders, we actively engaged with our stakeholders through a targeted survey. This engagement process aimed to capture the insights regarding the 24 identified sustainability material topics. Stakeholders were invited to evaluate the importance of these topics based on their potential impacts on Space42 as well as implications for our working relations.

Finalization of Materiality for 2024

Following the stakeholder engagement, we meticulously analyzed the survey results to distill the feedback provided by our stakeholders to identify the prioritization of our material topics. The outcome is represented to the right.



Most Important Topics

1. Business Ethics
2. Data Privacy and Security
3. Health and Safety
4. Corporate Governance
5. IP Protection and Competitive Behavior
6. Customer Relationship Management
7. Responsible Artificial Intelligence
8. Economic Performance

Very Important Topics

9. Business Continuity and Risk Management
10. Innovation, Research, and Development
11. Employee Engagement and DEI
12. Access to Communications and Community Investment
13. Disaster Response
14. Human Rights
15. Energy Management
16. Sustainable Supply Chain Management

Important Topics

17. Carbon Emissions and Climate Strategy
18. Circular Economy and Waste Management
19. Talent Attraction and Retention
20. Water Management
21. Sustainable Use of Space
22. Community Investment
23. Product and Lifecycle Management
24. Biodiversity

Our Approach to Sustainability

At Space42, sustainability is at the core of our mission to drive innovation, create long-term value, and contribute to a more resilient future. In 2024, we initiated the development of an ESG framework, providing a structured foundation for aligning our operations with ADX ESG Disclosure Guidance. This framework reflects our commitment to advancing sustainable practices across our value chain and addressing the global challenges of today and tomorrow.

As we continue our sustainability journey, Space42 is committed to developing a comprehensive ESG Strategy and Roadmap in 2025, which is built upon the legacy of our Yahsat Space Services' ESG framework and initiatives. This next step will further enhance our ESG governance and ensure that we align with international best practices and stakeholder expectations. By embedding sustainability into every aspect of our business, we aim to contribute meaningfully to the UAE's vision and global sustainable development goals.

> "Space42 is committed to advancing the UAE National Space Strategy 2030."

ESG Governance and Policy

Space42 has established an Environmental, Social, and Governance (ESG) function to drive thought leadership and support the development and implementation of various ESG programs. Space42 has currently adopted Yahsat Space Services (YSS) ESG Policy and is simultaneously working on developing a comprehensive Sustainability Strategy and Roadmap to include the entirety of Yahsat Space Services and Bayanat Smart Solutions (BSS) aligned with its strategic objectives.

At the operational level, the ESG function, being a part of Governance Risk and Compliance (GRC), currently reports to the Group's Executive Management for matters related to Sustainability. Regarding Board oversight, ESG progress and ambitions are reported to the Audit Risk and Compliance Committee (ARCC) by the ESG function every quarter. An ESG Committee will be established as part of the Space42 Sustainability Strategy and Roadmap update in 2025, and it will oversee the monitoring and implementation of the sustainability agenda across Space42 and manage the Executive Management and Board's expectations. It is important to highlight that Space42 is in compliance with the UAE Securities and Commodities Authority (SCA) Corporate Governance Guide.

ESG Framework and Initiatives

Space42 has developed a comprehensive, forward-looking ESG Framework by leveraging the combined expertise of Yahsat Space Services and Bayanat Smart Solutions to enhance our sustainability initiatives and service offerings and strengthen our market position through a unified ESG strategy. Our ESG Framework is aligned with international, federal, and local standards, strategies, and visions. The key ones include:

1. **United Nations (UN) Sustainable Development Goals (SDGs) –** The Space42 ESG Framework is aligned with the UN SDG 2030 'Goals, Targets, and Indicators'. The alignment to UNSDG showcases our contribution to people and the planet in a responsible manner.
2. **United Nations Global Compact (UNGC) –** Space42 plans to explore UNGC membership in 2025, following in Yahsat's footsteps, which has been a member of the UNGC for several years. The Space42 ESG framework lays the foundation to integrate the ten core UNGC principles and help Space42 align with the UN Climate Action Taskforces, committing to the adoption and dissemination of industry-leading practices to address climate change effectively. Space42 adheres to the United Nations Committee on the Peaceful Uses of Outer Space (COPUOS) guidance and the Inter-Agency Space Debris Coordination Committee (IADC) space debris mitigation guidelines.
3. **UAE National Space Strategy 2030 –** The Space42 ESG Framework is in alignment with the 'Strategic Goals, Programs, and Initiatives' of the UAE National Space Strategy 2030. Space42 is committed to advancing the UAE National Space Strategy 2030 by promoting sustainable space practices, leveraging innovative technologies, and driving economic diversification. The Space42 ESG Framework aims to promote regional and international partnerships by collaborating with global space industry leaders. Space42 is driving technological advancements while ensuring knowledge transfer and localizing the supply chain.
4. **UAE National Strategy for Artificial Intelligence 2031 –** The Space42 ESG Framework takes into account the synergies across data analytics, geospatial intelligence, and satellite communications to unlock value for customers, partners, and shareholders and advance the Group's ambition towards responsible growth. It also paves a path for a new generation of regional talent to help the UAE embark on a journey towards becoming a leader in AI and space services.
5. **Abu Dhabi Economic Vision 2030 –** In 2024, Space42 contributed to the Abu Dhabi Economic Vision 2030 through sustainable development efforts. The Space42 ESG Framework focuses on integrating sustainability across Yahsat Space Services and Bayanat Smart Solutions for socio-environmental initiatives and advanced space innovation. These initiatives support economic diversification, environmental stewardship, and corporate responsibility in line with Abu Dhabi's vision.

SUSTAINABILITY REPORT CONTINUED

Represented below is the Space42 ESG Framework 2024 and corresponding thematic areas.

Sustainability Ambition

At Space42, we aim to pioneer the future of AI-powered space technology with a steadfast commitment to sustainability. By leveraging our differentiated capabilities and tech-enabled solutions, we are driving organizational harmony and accelerated growth in a fast-growing market. Our ambition is to scale responsibly with UAE as our sandbox, expand our value chain, and foster innovation that protects our planet, empowers communities, and ensures a more equitable and resilient world.

Strategic Pillars

Thematic Areas

Foundations for Growth – = **Governance Excellence**	Connecting People – = **Social Responsibility**	Protecting Our Planet and Space – = **Environmental Stewardship**
• Fostering Ethical Governance • Building Resilience • Unlocking Responsible Innovation • Catalyzing Prosperity	• Empowering Communities • Advancing Employee Wellbeing and Inclusion • Elevating Customer Relationships	• Accelerating Resource Use Efficiency • Driving Circularity

Enablers
- Compliance and Regulatory Alignment
- Stakeholder Engagement
- Innovation and Technology
- Opportunity Creation

Drivers
- Space42 Sustainability Goals and Commitments
- National and Local Visions, Policies, and Strategies
- International Standards and Frameworks
- Stakeholders' and Shareholders' Expectations

International Standards and Frameworks
- UNSDG 2030 – United Nations Sustainable Development Goals
- Paris Climate Agreement
- UNGC – United Nations Global Compact
- United Nations Committee on the Peaceful Uses of Outer Space
- Inter-Agency Space Debris Coordination Committee

National and Local Visions, Strategies, and Guidance
- UAE Principles of the 50
- UAE Net Zero 2050
- UAE National Space Strategy 2030
- UAE National Strategy for Artificial Intelligence 2031
- Abu Dhabi Economic Vision 2030
- ESG Disclosure Guidance – Abu Dhabi Securities Exchange

SUSTAINABILITY REPORT CONTINUED

Strategic Pillar	Thematic Areas	Material Topics	Associated UN Sustainable Development Goals
Foundations for Growth = Governance Excellence Strengthening our commitment to transparency, integrity, and accountability in driving innovation responsibly	Fostering Ethical Governance	Corporate Governance	
		Business Ethics	
		IP Protection and Competitive Behavior	
	Building Resilience	Business Continuity and Risk Management	
		Data Privacy and Security	
	Unlocking Responsible Innovation	Innovation, Research, and Development	
		Responsible Artificial Intelligence	
	Catalyzing Prosperity	Sustainable Supply Chain Management	
		Economic Performance	
Connecting People = Social Responsibility Using satellite communications and geospatial data to foster social equity, bridge the digital divide, and empower communities	Empowering Communities	Access to Communities and Connecting Communities	
		Human Rights	
		Disaster Response	
		Community Investment	
	Advancing Employee Wellbeing and Inclusion	Health and Safety	
		Employee Engagement and DEI	
		Talent Attraction and Retention	
	Elevating Customer Relationships	Customer Relationship Management	
Protecting Our Planet and Space = Environmental Stewardship Minimizing ecological impact within our operations, accelerating environmental conservation beyond our operations, promoting responsible use of space, and leveraging AI for environmental conservation	Accelerating Resource Use Efficiency	Carbon Emissions and Climate Strategy	
		Energy Management	
		Water Management	
		Biodiversity	
		Sustainable Use of Space	
	Driving Circularity	Circular Economy and Waste Management	
		Product and Lifecycle Management	

Foundations for Growth – Space42 Governance Excellence

Space42 is committed to governance excellence as the foundation for sustainable growth. By upholding transparency, ethical practices, and robust accountability frameworks, the company fosters trust among stakeholders. This pillar focuses on strengthening ESG governance, aligning with global best practices, and driving long-term value creation to position Space42 as a leader in the AI and space sector.

> "Strengthening our commitment to transparency, integrity, and accountability in driving innovation responsibly."

Thematic Areas	• Fostering Ethical Governance • Building Resilience • Unlocking Responsible Innovation • Catalyzing Prosperity
UAE National Space Strategy 2030	• Effective local and international partnerships and investments in the space industry • Ensure a supporting legislative framework and infrastructure to match the future developments in the sector
UAE National Strategy for Artificial Intelligence 2031	• Build a reputation as an AI destination • Provide the data and supporting infrastructure essential to become a test bed for AI • Ensure strong governance and effective regulation
Abu Dhabi Economic Vision 2030	• Develop a sufficient and resilient infrastructure capable of supporting anticipated economic growth
Sustainable Development Goals	8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities; 12 Responsible Consumption and Production; 16 Peace, Justice and Strong Institutions

Fostering Ethical Governance

As the primary backbone of our corporate systems and practices, we recognize that ethical governance is key to building a strong foundation. In this context, the three critical material topics on which we have focused our efforts and disclosures are:

1. Corporate Governance
2. Business Ethics
3. IP Protection and Competitive Behavior

Corporate Governance

At Space42, corporate governance transcends compliance; it embodies our commitment to upholding the spirit of laws and regulations while fostering the highest standards of ethical conduct. As a publicly listed company and a leading global satellite operator, we recognize that strong governance is the cornerstone of our responsibility to shareholders, customers, employees, and the communities we serve.

Governance Overview

The Space42 Corporate Governance Framework is a cornerstone of our operations, designed to ensure compliance with local capital markets regulations and international best practices. It aligns with the requirements of the Abu Dhabi Global Market (ADGM) Companies Regulations 2020 (Companies Regulations), the Abu Dhabi Securities Exchange (ADX) Listing Rules, and the UAE Securities and Commodities Authority's (SCA) Corporate Governance Guide. Our Corporate Governance structure helps manage various risks and controls by incorporating the following key governance documents as listed below:

1. The Space42 Articles of Association (AoA)
2. Board of Directors Charter
3. Audit, Risk, and Compliance Committee (ARCC) Charter
4. Nomination and Remuneration Committee (NRC) Charter
5. Delegation of Authority (DoA) instrument
6. Corporate Policies

The Board of Directors

The Board of Directors (the Board) is collectively responsible for strategy and oversight. While operational management is delegated to the Executive Management, the Board retains responsibility for key matters, as outlined in the AoA, the Companies Regulations, and the Board of Directors Charter. The Space42 Board comprises seven distinguished individuals encapsulating the relevant industry expertise of Yahsat Space Services and Bayanat Smart Solutions. The Board structure is aligned with the Group's strategic priorities to advance into new opportunities in an ever-evolving industry which is of high significance to the UAE.

A proposal for 2024 fees for Board and Committee remuneration to all Directors will be placed before the shareholders at the Space42 Annual General Meeting for approval. Space42 aims to transparently disclose matters related to fees, additional allowances, salaries, Board and Committee remuneration, shareholdings among Board members and their immediate relatives, dividends, and quarterly ad-hoc disclosures by Board members.

Organizational Structure

The Board sets the strategic mandate with operational, financial, and sustainability goals relayed to the management, including the approval of sustainability-related governance documents such as ESG Strategy and Policy. The Executive Management team manages achieving the corporate and sustainability goals and the day-to-day operations. In executing the goals, the Executive

SUSTAINABILITY REPORT CONTINUED

Management team is supported by Governance Risk and Compliance (GRC), corporate functions, local management, and their teams.

The ESG function under the GRC currently leads the implementation of the sustainability agenda, including the Sustainability Reporting, which is overseen by Executive Management and the Board.

Executive Management of Space42 is led by the MD who is also a Board member but not the Chair of the Board (ADX G2.1).

Board Committees

The Space42 governance framework is supported by two Board-level committees:

1. **Audit Risk and Compliance Committee (ARCC):** It assists the Board of Directors in overseeing risk management, financial reporting, internal controls, and regulatory compliance.
2. **Nomination and Remuneration Committee (NRC):** It assists the Board of Directors in setting and overseeing the nomination and remuneration policies for the Board, any committees of the Board, and senior management. It plays a pivotal role in addressing human resource matters, Board composition, matters related to independence and conflict, succession planning, and executive remuneration.

The details of Board composition is provided next.

Board of Directors	ADX	Company	2022	2023	2024 – Space42
Total number of Board members	G1	YSS	9	9	7
		BSS	5	5	
% of Board seats occupied by men	G1.1	YSS	89%	89%	86%
		BSS	80%	80%	
% of Board seats occupied by women		YSS	11%	11%	14%
		BSS	20%	20%	
% of Board Committees chaired by men	G1.2	YSS	50%	50%	50%
		BSS	100%	100%	
% of Board Committees chaired by women		YSS	50%	50%	50%
		BSS	0%	0%	
% of Board seats occupied by independent members	G2.2	YSS	67%	67%	43%
		BSS	80%	60%	

YSS – Yahsat Space Services and BSS – Bayanat Smart Solutions

SUSTAINABILITY REPORT CONTINUED

Business Ethics

At Space42, business ethics form the foundation of our operations and are integral to our identity as a newly merged company. Adopting Yahsat Code of Ethics and Bayanat Code of Conduct, we have embedded the best practices to develop the Space42 Code of Conduct, which was approved on 10 February 2025 and it is set to be published in Q1 of 2025. It creates a strong ethical framework that emphasizes integrity, accountability, and professionalism in every aspect of our business by reinforcing a zero-tolerance approach to fraud, bribery, and corruption. The Space42 Code of Conduct applies to all individuals, including employees, directors, officers, and representatives of Space42 (ADX G5.1). It has been disseminated to all employees for self-awareness and upon publication all our employees will undergo mandatory training.

The Ethics & Compliance (E&C) function in Space42 leads the ethics and compliance program throughout the organization. The function is responsible for adherence to the Code of Conduct and ensuring compliance with relevant laws and regulatory requirements. The E&C function reports to ARCC on matters related to compliance and integrity in Space42's day-to-day business operations. Employees are encouraged to raise concerns without the fear of retaliation, guided by the principle, "If you see it, say it." The Code of Conduct includes a commitment to comply with all applicable laws and regulations, respect for diversity and human rights, and the protection of sensitive and confidential information. The Code also sets clear expectations for engaging with customers, business partners, and suppliers to uphold ethical conduct across our value chain.

Space42 has implemented a comprehensive suite of internal policies to reinforce our governance framework, covering anti-bribery and corruption, anti-money laundering, conflict of interest, insider trading, ethics and compliance, sanctions and trade, and whistle-blowing and non-retaliation. These policies reflect our unwavering commitment to maintaining the highest ethical standards. Through these robust governance practices, Space42 continues to set a benchmark for integrity, accountability, and long-term value creation for all our stakeholders.

For supplier evaluation, Space42 has adopted the Yahsat Business Partner Code of Conduct and Bayanat Supplier Policy, which requires adherence from all our contractors, partners, consultants, and suppliers (ADX G4.1). Space42 did not commit any violations concerning the Governance Rules and other applicable regulations for the year ended 31 December 2024. No instances of corruption, competitive behavior, discrimination, or human rights issues were reported during the reporting period from 1 January 2024 to 31 December 2024.

As we look ahead, Space42's Ethics & Compliance function will continue to lead our efforts to strengthen ethical practices, ensuring that integrity remains at the core of our operations and supports long-term sustainable growth.

IP Protection and Competitive Behavior

At Space42, we are committed to fostering fair competition and protecting intellectual property (IP) as core principles of our business operations. We actively safeguard our IP by incorporating robust policies and processes, following international commercial laws and standards, including intellectual property protections, prohibitions on insider trading, and anti-competitive conduct.

In 2024, Space42 incurred no instances of legal proceedings or associated monetary losses related to competitive behavior, such as price fixing, patent misuse, or anti-trust violations which reflect our strong commitment to ethical conduct, transparency, and fair market practices. We ensure the security of proprietary technologies and innovations while respecting the rights of others. By fostering a culture of compliance and accountability, we aim to maintain trust with stakeholders and support healthy competition across the industry.

Building Resilience

At Space42, resilience is integral to our operations and we have taken critical steps to ensure the protection of data, maintain security, and sustain business continuity in an evolving risk landscape. The two critical material topics where we have focused our efforts and disclosures under this theme are:

1. Data Privacy and Security
2. Business Continuity and Risk Management

Data Privacy and Security

At Space42, we ensure robust controls around data privacy and information security. We adhere to G42's stringent data privacy and security policies. Space42 maintains compliance with all applicable legal and regulatory requirements that help us foster a secure work environment that supports innovation while mitigating cyber risks. In 2024, we achieved key milestones in strengthening our data privacy and security framework:

- Developing the Space42 Information Security Unified Control Framework, covering ten domains and 44 capabilities along with a three-year implementation roadmap.
- Conducted a phishing attack simulation exercise and completed the migration from Kaspersky to Trellix antivirus to meet export control regulations.
- Successfully centralized the Information Security and Privacy functions post-merger, unifying policies across Yahsat Space Services and Bayanat Smart Solutions.

To enhance data privacy and information security governance, Space42 established an Information Security function built on three pillars: Governance, Risk, and Compliance (GRC); Security Operations; and Security Architecture and Engineering. We conducted an external security maturity assessment to bolster our resilience.

As per our Data Privacy Policy (ADX G6.1), Space42 ensures compliance with data protection laws across jurisdictions by adhering to eight key principles, including fairness, lawful processing, data accuracy, and limiting retention periods. The policy also encapsulates the elements of General Data Protection Regulation (GDPR) (ADX G6.2) to provide appropriate controls within our IT infrastructure.

SUSTAINABILITY REPORT CONTINUED

The Group's success in 2024 was underscored by achieving no substantiated complaints identified concerning breaches of customer privacy, nor have there been any identified leaks, thefts, or losses of customer data. Aligned with our framework, we have implemented comprehensive controls to keep a check on cyber threats, programming errors, phishing, and technical event outages. All our employees are required to attend mandatory training on data privacy and security. Post-merger, we have included information security awareness sessions as part of new employee onboarding procedures. In Q4 of 2024, 100% of our relevant employees received training on the Bayanat Smart Solutions Information Security Framework and policies, and this training will be mandated to all employees from 2025 upon publication of the unified framework. Relevant employees from Yahsat Space Services and Bayanat Smart Solutions have obtained certification on ISO 42001:2023 for AI Management Systems. Internal communications are sent to employees from time to time about various phishing emails clearly highlighting the instructions to be followed for reporting any incident, communication on technical outages, communication on the Information Security Framework, and the necessary controls.

Looking forward, Space42 remains committed to strengthening data privacy and security measures to support sustainable growth, innovation, and stakeholder trust.

Business Continuity and Risk Management

Business Continuity

Space42 has established a comprehensive Business Continuity Management System (BCMS) aligned with ISO 22301:2019 – Security and Resilience – Business Continuity Management System Requirements and the UAE's National Emergency Crisis and Disasters Management Authority (NCEMA) 7000:2021 guidelines. The system is audited annually by NCEMA and the Telecommunications and Digital Government Regulatory Authority (TDRA). In 2024, Space42 was one of only nine companies to achieve NCEMA certification, presented to the COO at the annual NCEMA ceremony in February.

As part of the unification process, our Space42 BCMS Policy, Manual, and Crisis Management Plan were developed and finalized by embedding the best practices of Yahsat Space Services and Bayanat Smart Solutions. The Space42 BCM program is set to commence in January 2025.

As part of our BCM program, we aim to address various threats such as natural disasters, extreme weather, pandemics, fires, vandalism, sabotage, theft, building collapse, power outages, cybersecurity incidents, and the loss of key personnel. It will help us with the necessary tools to respond effectively to diverse emergency situations. In the year 2024, Space42 witnessed three events of business disruption, but none of them were categorized as material events. Space42 assets of Thuraya and Yahclick also quickly recovered from a Distributed Denial of Services (DDoS) cyber-attack without any material impact on services or revenue. In 2024, we observed no instances of non-compliance for the BCMS.

Business Continuity Metrics	2022	2023	2024 – Space42
No. of major business continuity-related risks identified	17	17	17
No. of non-compliance observed	–	2	–
No. of corrective actions implemented	–	2	–

Looking ahead, Space42 plans to leverage AI and automation to enhance disaster preparedness and optimize ground infrastructure management. AI initiatives will also explore the use of satellite imagery to support global disaster response efforts.

Risk Management

The Risk Management and Internal Control (RMIC) function at Space42 is responsible for implementing the Group's integrated approach to risk management and internal control. This approach is in accordance with the Three Lines Model of the Institute for Internal Auditors (IIA). It is objective-centric and aims to ensure the effective management of risks that could obstruct us from achieving our strategic objectives.

For risk management activities, Space42 has adopted the ISO 31000:2018 Risk management – Guidelines. For internal control, we apply the COSO Internal Control – Integrated Framework: 2013 principles. The Space42 Internal Control over Financial Reporting (ICOFR) Framework complies with the requirements set forth in the Abu Dhabi Accountability Authority (ADAA) Resolution No. 1 of 2017. The RMIC function reports functionally to the ARCC and administratively to the Managing Director of Space42.

During 2024, Space42 has not been subject to any material fines or penalties imposed by any government instrumentality, statutory authority, or regulator. Additionally, no significant issues were identified with respect to non-compliance with rules or regulations, compliance, and internal controls.

SUSTAINABILITY REPORT CONTINUED

Unlocking Responsible Innovation

At Space42, innovation is driven by a commitment to technological advancement and sustainable impact. Through research and development, we pioneer cutting-edge solutions that enhance connectivity and resilience. Under this theme, we have focused our efforts and disclosures on two critical material topics:

1. Innovation, Research, and Development
2. Responsible Artificial Intelligence

Innovation, Research, and Development and Responsible Artificial Intelligence

At Space42, innovation, R&D, and responsible ethical artificial intelligence (AI) are at the core of our day-to-day operations. We are set to revolutionize the SpaceTech sector by integrating our AI-driven solutions.

Building on our Bayanat Smart Solutions, we are committed to ensuring the secure, private, and ethical use of data in developing and deploying AI models. This includes safeguarding the integrity of sensitive data and adhering to strict data governance principles to maintain trust and transparency.

In 2024, we migrated our Bayanat Smart Solutions core business services to a Microsoft Azure sovereign cloud tenant, designed with a zero-trust architecture. This migration, managed by Core42, strengthens the security and resilience of AI solutions such as Geospatial Intelligence (GIQ) while meeting the unique requirements of the satellite and AI sectors. Although sanctions policies restricted the migration of some services, like TXAI, this initiative marked a critical step in enhancing the security of the Group's AI-driven operations.

We are responsibly deploying AI-driven space services and smart solutions in applications that revolutionize industries and sectors with advanced geospatial and satellite technologies, such as disaster management and response, smart mobility, maritime surveillance for real-time communication-satellite imagery, border monitoring and insights, secure and resilient communication channels, and manned-unmanned teaming (MUMT).

To further cement our commitment, Space42 has drafted a comprehensive policy capturing AI ethics management, emphasizing the integration of AI ethics into periodic information security and privacy training programs. This approach equips employees to navigate the ethical considerations of AI and reinforces a culture of responsibility. Additionally, Space42 is implementing a dedicated data governance framework and introducing new security standards tailored to AI and satellite business requirements, ensuring alignment with emerging industry regulations and best practices.

As we advance, Space42 will continue to prioritize the ethical development of AI solutions, combining cutting-edge technology with a persistent commitment to security, privacy, and sustainability.

Catalyzing Prosperity

At Space42, we are committed to driving economic growth through innovation, strategic projects, and sustainable business practices. Our focus on Economic Performance disclosures ensures long-term value creation, financial resilience, and contributions to the broader economy. We are keen to build a culture of transparency with our stakeholders as we advance in our journey.

This theme covers two material topics:

1. Economic Performance
2. Sustainable Supply Chain Management

Economic Performance

The year 2024 marked a pivotal moment for Space42, primarily due to the ongoing processes associated with our recent merger. Despite the complexities of integration, we are pleased to report a 3% increase in the direct economic value generated by our Yahsat Space Services division compared to 2023.

The combined efforts of Yahsat Space Services and Bayanat Smart Solutions resulted in a total direct economic value of USD 717 million for the year. Of this amount, 74%, equating to USD 532 million, was distributed accordingly, as detailed in the table below. Space42 retained USD 185 million of the generated value to support our long-term growth and sustainability initiatives.

Direct Economic Value Generated	Unit	Company	2022	2023	2024 – Space42[1]
Direct economic value generated (Revenues)[2]	USD Million	YSS	445	488	501 + 216 = 717
		BSS	216	324	
Economic value distributed[3]	Sum – USD Million	YSS	314	339	338+194 = 532
		BSS	153	261	
Operating expenses	USD Million	YSS	93	111	99+147 = 246
		BSS	126	216	
Employee wages and benefits	USD Million	YSS	85	84	78+43 = 121
		BSS	21	41	
Payments to providers of capital[4]	USD Million	YSS	116	120	122+1 = 123
		BSS	1	0	
Payments to government (Total)[5]	USD Million	YSS	20	24	39+3=42
		BSS	5	4	
Economic value retained[6]	USD Million	YSS	131	149	163+22 = 185
		BSS	63	63	

[1] 2024 column presents the combined data for Yahsat Space Services and Bayanat Smart Solutions (Ex: Yahsat Space Services + Bayanat Smart Solutions = Space42)
[2] Direct economic value generated comprises revenue, other income and finance income
[3] Economic Value Distributed comprises Operating expenses, Employee wages and benefits, Payments to providers of capital and Payments to government
[4] Payments to providers of capital comprises dividends and finance costs
[5] Payments to government comprises value-added tax payments
[6] Economic value retained = Direct economic value – Economic value distributed

SUSTAINABILITY REPORT CONTINUED

At Space42, we take pride in our commitment to employee welfare, particularly regarding retirement benefit plans for our UAE National employees, and end-of-service gratuity for expatriates, as governed by the Abu Dhabi Pension Fund.

UAE National employees contribute 5% towards their retirement plans, while Space42 matches this with a 15% employer contribution. Effective October 2023, freshly graduated UAE National employees starting their first job contribute 11%, and Space42 contributes 15%. This framework aligns with the established practices of Yahsat Space Services and Bayanat Smart Solutions. In keeping with UAE Labor Law and the directives of the Abu Dhabi Pension Fund Law, we ensure that participation in pension and end-of-service benefits is fully mandatory, achieving 100% compliance by both employees and the employer where applicable.

We remain dedicated to providing a robust support system for our employees, ensuring their financial security and wellbeing as we navigate the challenges and opportunities that lie ahead.

Sustainable Supply Chain Management

At Space42, we successfully issued the Procurement Policy for Space42 as per the Delegation of Authority and principles of Yahsat's Business Partner Code of Conduct and Bayanat's Supplier Policy. Our Procurement Policy encourages responsible and ethical sourcing by integrating sustainability in our procurement practices and supplier management systems, thus ensuring we make a positive impact on people, the planet, and our business operations. In 2024, we implemented a robust approach to integrate environmental, social, and governance (ESG) principles into our supply chain, reflecting our commitment to responsible sourcing and ethical procurement. As part of our ESG integration, we included the criteria to align with our sustainability commitments and encouraged our entire supply chain to accelerate the adoption of best sustainability practices. We are also in the process of overall procurement standardization post-merger, including development of a unified Business Partner Code of Conduct and supplier database for Space42.

Environmental Responsibility

We encourage our suppliers to adopt environmentally responsible practices, such as improving resource efficiency, using recycled materials, and reducing their carbon footprints. In 2024, we requested our suppliers to disclose their greenhouse gas (GHG) emissions to monitor Scope 3 emissions from our operations.

Social Responsibility

We have embedded a comprehensive supplier due diligence process that evaluates potential suppliers against criteria such as human rights, risks of human trafficking and slavery, ethical procurement standards, and sanctioned businesses or countries. We have also integrated suppliers' certifications, such as OHSAS 18001 Health and Safety Management System into our supplier selection and onboarding process.

Governance and Compliance

All our suppliers conduct business activities by complying with the policies related to Space42, such as the Yahsat Business Partner Code of Conduct, Bayanat's Supplier Policy (ADX G4.1), and the Code of Ethics for Yahsat and Bayanat. These Codes prohibit all forms of bribery and corruption, which are illegal worldwide and may take various forms, from the obvious (e.g. cash bribes) to the subtle (e.g. job offers, commissions, lavish hospitality). In 2024, 99% of our Yahsat Space Services suppliers formally certified their compliance with the Business Partner Code of Conduct (ADX G4.2), and the remaining 1% were in the process of compliance.

At Space42, we remain committed to building a sustainable and resilient supply chain by aligning procurement practices with ESG principles and driving long-term value for our stakeholders. The number of combined local suppliers engaged by Yahsat Space Services and Bayanat Smart Solutions increased by 27% in 2024 over 2023, and the combined percentage of procurement spend on local suppliers stood at 31% in 2024.

Social responsibility is at the heart of the Space42 mission to protect and empower communities. Through initiatives that enhance connectivity, inclusivity, disaster support, and education, the company bridges gaps and nurtures innovation. By fostering talent, ensuring customer satisfaction, and prioritizing safety, Space42 creates meaningful social impact globally, while supporting the development of a knowledge-driven economy.

Supply Chain Management	Company	2022	2023	2024 – Space42[7]
Total number of local suppliers engaged (#)	YSS	165	370	311+199 = 510
	BSS	177	234	
Procurement spending on local suppliers (USD million)	YSS	46	57	97+138 = 235
	BSS	272	128	
Percentage of procurement spending on local suppliers (%)	YSS	11%	29%	31%
	BSS	97%	58%	
Total procurement spending (USD million)	YSS	408	200	416+344 = 760
	BSS	280	219	

[7] 2024 column presents the combined data for Yahsat Space Services and Bayanat Smart Solutions (Ex: Yahsat Space Services + Bayanat Smart Solutions = Space42)

All decimals have been rounded off to the nearest whole number with the exception of Energy consumption intensity

Connecting People – Social Responsibility

Empowering Communities

Space42 is dedicated to creating meaningful social impact by enhancing connectivity, safeguarding human rights, and supporting disaster response efforts. Through satellite-enabled communications, the company bridges digital divides, ensuring underserved communities have access to vital services. We contribute to upholding human rights principles, providing aid during crises and investing in community development

> "Using satellite communications and geospatial data to foster social equity, bridge the digital divide, and empower communities."

Thematic Areas	• Empowering Communities • Advancing Employee Wellbeing and Inclusion • Elevating Customer Relationships
UAE National Space Strategy 2030	• Provision of competitive and leading space services • Development of advanced local capacities in Space technology manufacturing and R&D • Creating space culture and expertise
UAE National Strategy for Artificial Intelligence 2031	• Build a reputation as an AI destination • Adopt AI across customer services to improve lives and government • Bring world-leading research capability to work with target industries • Attract and train talent for future jobs enabled by AI
Abu Dhabi Economic Vision 2030	• Drive significant improvement in the efficiency of the labor market • Developing a highly skilled, highly productive workforce
Sustainable Development Goals	3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 11 Sustainable Cities and Communities

programs. By leveraging technology for social good, we strengthen resilience, inclusion, and sustainable progress in the UAE. The material topics under this theme are:

1. Access to Communications and Connecting Communities
2. Community Investment
3. Disaster Response
4. Human Rights

Access to Communications, Connecting Communities, and Community Investment

Space42 remains persistent in our commitment to making a meaningful difference in the communities it serves. Through targeted initiatives, the company fosters education, wellbeing, and social development while inspiring future generations to explore STEM careers and space sciences. In 2024, Space42 implemented eight impactful programs that aligned with our CSR strategy, focusing on employee engagement, community empowerment, and access to communication.

We conducted a Blood Donation Drive on 24 January 2024, at Yahsat Space Services HQ as part of the "Move to Wellness" campaign. This one-day initiative brought together 28 volunteers who donated 13.05 liters of blood to support patients in need. The drive underscored our emphasis on creating shared value through employee-driven community initiatives.

In our commitment to fostering future innovators, we conducted three programs over the course of 2024. The first was the Space Enrichment Program in partnership with the National Space Science and Technology Center (NSSTC) during January and February 2024, engaging 70 high school students, including 22 girls. This unique initiative aimed to promote STEM education centered on space technologies through a series of workshops and practical activities, such as 3D modeling and CubeSat simulations. Collaborating with the Emirates Schools Establishment (ESE) and UAE University Science and Innovation Park, the program successfully enhanced awareness of space applications. In the second program, we launched the T4 Schools Tour and Workshop partnership with the UAE Ministry of Education, inspiring nearly 500 students aged 10-17 to explore careers in science and engineering. The third program, launched in October 2024, was a three-day Space Hackathon for Sustainability in Abu Dhabi, empowering youth to leverage space data for sustainable initiatives, with valuable support from the UAE Space Agency to further our outreach and educational objectives.

In 2024, we initiated a project in Zimbabwe, donating an eLearning solution to rural schools. This initiative included satellite internet, digital content, teacher training, and classroom upgrades, benefiting over 300 students. It aimed to support the Ministry of Information Communication Technology's objectives and showcased our satellite network's reliability, enhancing our reputation as a key technology provider in Zimbabwe's digital transformation.

SUSTAINABILITY REPORT CONTINUED

Yahsat Space Services has been working on bridging the digital divide by enabling access to communication and digital information through internet connectivity for communities in need. The products and services offered by Yahsat Space Services have been instrumental in providing efficient and reliable communication solutions to various communities across the world, including remote locations. Our products and services have also opened unique opportunities for communities in need by bridging the communication gap to facilitate eLearning, advanced healthcare, and telemedicine services.

Aligned with the CSR Strategy Framework of Yahsat Space Services, Space42 played a pivotal role in serving the communities and positively impacting the natural environment. In 2024, we invested USD 84,553 in community investment projects (ADX S12). Our employees actively participated in eight major CSR projects and initiatives by volunteering for 1,448 hours, which had a positive impact on 1,389 beneficiaries. Through these initiatives, Space42 continues to champion community engagement and education, reinforcing our role as a responsible corporate leader.

Disaster Response

In 2024, Space42 reinforced our commitment to global disaster response by leveraging satellite communication technologies to provide critical assistance during emergencies. From earthquakes to distress calls from land and sea, our efforts consistently highlighted the life-saving potential of satellite connectivity in crisis situations.

UAE Flood 2024 Response: In April 2024, Space42 activated our AID platform to respond to severe flooding in the UAE, mobilizing five staff members. The AID platform effectively addressed each phase of the disaster:

- **Pre-storm:** Predicted the storm through weather simulations integrated with Digital Twin models.
- **During the event:** Employed AI-driven real-time flood detection to enhance emergency response efforts to affected areas.
- **Post-storm:** Analyzed satellite imagery with AI providing actionable insights for damage assessment, supply routes, and recovery planning.

This initiative not only aligned with our corporate social responsibility (CSR) strategy, supporting environmental protection and climate action, but was a critical use of our geospatial products to contribute during a regional emergency. Collaborating with the UAE Space Agency, we effectively increased awareness of the disaster and improved information sharing, benefiting both the public and civil defense sectors.

Earthquake Response: Space42 played a pivotal role in three major earthquake incidents. On 1 January 2024, a magnitude 7.5 earthquake in Honshu, Japan, saw the activation of 43 non-active SIM cards, enabling vital communication for emergency responders. Similarly, a magnitude 7.0 earthquake in China's Xinjiang region on 23 January 2024 resulted in the activation of 44 IMEI cards, and a magnitude 7.4 earthquake in Taiwan on 3 April 2024 led to the reactivation of eight non-active SIM cards, aiding recovery efforts in all three regions.

Distress Calls at Sea: Space42 managed numerous distress calls from the Mediterranean Sea, many involving migrant boats in peril due to lack of fuel or equipment failure. In one notable instance, we facilitated the rescue of 47 individuals migrating from Libya to the EU by coordinating with the Moroccan Maritime Rescue, the Hellenic Coast Guard, and the Italian Coast Guard. On another occasion, we assisted a mixed-nationality boat, sharing Global Positioning System (GPS) coordinates and contact information despite communication challenges.

Through precise GPS tracking, SIM reactivation, multilingual coordination, and close collaboration with global coast guards and rescue organizations, the Space42 disaster response efforts underscore our unwavering dedication to saving lives and supporting communities in need.

Human Rights

At Space42, we uphold international and national human rights standards as part of our Code of Ethics (ADX S10.1), adopted from Yahsat and Bayanat. This commitment includes adherence to principles concerning employment practices, fair treatment, child labor, forced labor, and health and safety in the workplace (ADX S9.1). Following the footsteps of Yahsat Space Services, we are working to become a member of the UN Global Compact (UNGC) in 2025. With this view, we are committed to implementing the ten principles of the UNGC across our operations and supply chains, including human rights and labor-related principles.

All our business partners, including suppliers, are required to comply with the same human rights principles, particularly regarding child and forced labor (ADX S9.2), as articulated in our Business Partner Code of Conduct and Supplier Policy (ADX S10.2), adopted from Yahsat Space Services and Bayanat Smart Solutions respectively. We encourage our suppliers to proactively monitor and address their performance on human rights issues and to learn from and share best practices for effective management of these matters. We conduct thorough screening of our suppliers and business partners to assess their social performance prior to entering contractual agreements. In 2024, no grievances related to human rights issues were submitted to the Ethics and Compliance function under Governance Risk and Compliance (GRC). The GRC reports all the human rights-related cases to the Audit Risk and Compliance Committee (ARCC).

To enhance our commitment to ethical conduct, our Yahsat Space Services established a third-party whistle-blowing portal, aimed at providing a secured and confidential channel for reporting any ethical concerns or breaches. In 2024, we rebranded the platform as Space42 Voice to help us serve the same purpose as it was for Yahsat Space Services. The platform serves as a medium for internal and external stakeholders to share any information that is inconsistent with Space42 values. The platform helps in early identification and resolution of issues, cultivating a culture of integrity and ensuring that problems are addressed in a responsible manner.

In 2024, we invested in community investment projects (USD)

84,553

SUSTAINABILITY REPORT CONTINUED

Advancing Employee Wellbeing and Inclusion

Space42 prioritizes a safe, inclusive, and engaging workplace where employees can thrive. By upholding the highest health and safety standards, fostering a culture of diversity, equity, and inclusion (DEI), and investing in talent development, we empower our workforce to drive innovation and excellence. Through continuous learning, wellbeing initiatives, and strong retention strategies, we attract and nurture top talent, ensuring long-term growth and a dynamic, future-ready workforce. This thematic area covers the material topics of:

1. Talent Attraction and Retention
2. Employee Engagement and Diversity, Equity and Inclusion (DEI)
3. Health and Safety

Talent Attraction and Retention

At Space42, fostering employee growth and engagement is central to our organizational values. Our Human Capital (HC) Policy operates in compliance with UAE Labor Law and the Abu Dhabi Pension Fund. Our HC Policy sets forth our strategy for talent identification, recruitment, and onboarding individuals with required skillsets aligned with the Group's objectives. Our HC Policy outlines the transparent process of hiring individuals, employee relations, employee performance evaluation, benefits, and compensation. It encourages creating a positive and ethical work environment by facilitating requisite employee engagement programs, trainings, and career growth opportunities for overall employee development. Some of the key benefits that we provide to our employees include:

- **Employee Wellbeing:** Our policy provides a range of benefits including health insurance, and life and personal accident insurance. Health insurance coverage is also extended to eligible dependents of all the employees. We also provide interest-free loans and advances to assist our employees with their financial needs. We prioritize safety and ensure that all employees undergo safety training, especially those working at operational sites. We also offer parental leave options, child education support, and retirement provision for UAE nationals.
- **Employee Support:** We provide support to our employees throughout their career at Space42. We offer relocation assistance to employees hired from within the UAE. Our onboarding process also includes a formal orientation program to familiarize new employees with the company structure and policies. Furthermore, we ensure that employees have access to the necessary resources, including IT equipment. We also offer assistance with visa processing and other necessary documentation.
- **Work-Life Balance:** We understand the importance of work-life balance and have implemented policies to support our employees in this regard. This includes providing annual leave, sick leave, and parental leave. We also offer options for remote working to provide our employees with flexibility. Our policy also includes compensatory time off for employees who work overtime.
- **Departure Support:** We are committed to handling employee separations with professionalism and respect, and we aim to maintain positive relationships with all former employees. We also provide end-of-service benefits and repatriation assistance as appropriate. We conduct exit interviews with separating employees to gather feedback and improve our policies and procedures.
- **Commitment to Fair Practices:** We are committed to ensuring all our policies are consistently and objectively applied and that all employees are treated fairly and equitably. We have ensured that our Code of Ethics and Health and Safety are applicable to all employees equally.

With the formation of Space42, we are reinforcing our efforts in employee experience, talent acquisition, and retention by fostering a positive workplace culture for employee professional development. We encourage employees to take advantage of our learning and development opportunities to enhance their skills and capabilities. In 2024, we implemented several innovative training and development programs aimed at equipping our workforce with critical skills for the future.

A highlight of the year was the AI Learning Week, a comprehensive program designed in collaboration with leading business schools and MIT Professional Education, to develop AI competencies across various employee groups, including creators, tech teams, sales teams, and enabling functions. The program adopted a three-phase approach—Ignite, Integrate, and Innovate—to build awareness, integrate AI into business processes, and cultivate an AI-first mindset over a six-month journey. The program featured pre- and post-module assessments, tracked participant progress via dashboards, and included expert-led virtual masterclasses. Over 700 participants joined the AI Learning Week, with a satisfaction rating of 4.6/5 for key sessions.

In addition to AI training, we conducted 57 HSE (Health, Safety, and Environment) training sessions, 52 stress management and mental health awareness sessions, and 54 sessions on nutrition and healthy eating habits. We also launched a National Experts Program aligned with the UAE's priorities, which included a one-year development program with a two-month secondment. As part of this initiative, five employees were sponsored to universities in the USA and Australia. Further, through a partnership with Coursera, many employees successfully completed online courses, some of which focused on AI. We have enabled our employees to upskill through access to various training programs, both online and offline.

The effectiveness of these initiatives was measured through qualitative and quantitative feedback, knowledge assessments, and progress tracking. The programs reflect our commitment to holistic employee development, leveraging practical and interactive learning methods to ensure long-term impact and knowledge retention. The overall employment data of Space42 for 2024 is provided next.

SUSTAINABILITY REPORT CONTINUED

Employees	ADX	Company	2022	2023	Total (2024)[8]
Total number of full-time employees	S4.1	YSS	418	402	360+207 = 567
		BSS	203	233	
% of female employees		YSS	18%	17%	22%
		BSS	27%	26%	
% of male employees		YSS	82%	83%	78%
		BSS	73%	74%	
Total number of part-time employees	S5.1	YSS	0	0	0
		BSS	0	0	
Total number of contractors and/or consultants	S5.2	YSS	39	19	58+75 = 133
		BSS	66	55	
Number of full-time employees in senior management	S4.3	YSS	67	57	9+4 = 13
		BSS	6	7	
% of female employees		YSS	12%	9%	8%
		BSS	0%	14%	
% of male employees		YSS	88%	91%	92%
		BSS	100%	86%	
Number of full-time employees in middle management	S4.2	YSS	108	100	51+16 = 67
		BSS	19	14	
% of female employees		YSS	12%	10%	13%
		BSS	11%	7%	
% of male employees		YSS	88%	90%	87%
		BSS	89%	93%	
Number of full-time employees in remaining positions		YSS	243	245	300+187 = 487
		BSS	178	212	
% of female employees		YSS	22%	22%	24%
		BSS	29%	28%	
% of male employees		YSS	78%	9%	76%
		BSS	71%	72%	

Employees	ADX	Company	2022	2023	Total (2024)[8]
Nationals among total full-time workforce (#)	S11	YSS	175	165	167+67 = 234
		BSS	61	68	
% of female employees		YSS	25%	25%	30%
		BSS	47%	44%	
% of male employees		YSS	75%	75%	70%
		BSS	53%	56%	
Number of full-time employees who left the company	S3.1	YSS	52	54	29+57 = 86
		BSS	34	48	
Number of part-time employees who left the company	S3.2	YSS	0	0	0
		BSS	0	0	
Number of consultant/contractors who left the company	S3.3	YSS	13	23	12+17 = 29
		BSS	15	9	

[8] 2024 column presents the combined data for Yahsat Space Services and Bayanat Smart Solutions (Ex: Yahsat Space Services + Bayanat Smart Solutions = Space42)
All decimals have been rounded off to the nearest whole number with the exception of Energy consumption intensity

Employee Engagement and Diversity, Equity and Inclusion (DEI)

At Space42, employees are at the core of driving our business, and we are in the process of adopting practices to uplift them and propel their professional development. In this endeavor, our Human Capital (HC) policy, leveraging the robust policies of the legacy Yahsat and Bayanat, is instrumental. As part of our commitment to our employees, our HC Policy emphasizes several key areas that encourage employee engagement and DEI.

- **Employee Involvement and Feedback:** Our policy promotes a culture of continuous improvement, where feedback from employees is valued and used to enhance our work practices. We encourage all the employees irrespective of gender and nationality to contribute their perspectives to ensure that the policies are effective and relevant. We have enabled this through various avenues in their employment with us, such as our performance management system, training feedback, employee suggestions, grievance redressal procedures, and exit interviews.
- **Career Development:** We are committed to providing a work environment that is conducive to both personal and professional growth. Our policy supports merit-based career advancement through internal promotions and transfers whenever possible. We offer opportunities for employees to apply for vacant positions internally, which are advertized on our intranet. Our performance appraisal process is driven by the MBO (management by objective) system, and it includes a 360-degree appraisal mandatory for all managers.

SUSTAINABILITY REPORT CONTINUED

- **Recognition and Rewards:** We recognize and reward employees for their contributions and achievements. This includes financial rewards for employee referrals that lead to successful hires as well as performance-based rewards, such as annual increments and bonuses, to further motivate our employees to achieve their best.

Space42 is committed to embracing DEI, as we aim to nurture a diverse workforce and the diverse communities we serve. Aligned with the Code of Ethics of Yahsat and Bayanat, we stand firm in our belief in equality, ensuring fair treatment for all (ADX S6). We also endorse and implement fair and transparent remuneration. Annual median compensation between male and female employees at Space42 was 1.2:1 (ADX S2) in 2024.

The HC policy and its associated initiatives collectively work to create a positive and supportive work environment, where our employees can thrive and contribute to our success as we move forward.

Health and Safety

At Space42, the health, safety, and wellbeing of our employees, partners, and stakeholders are core to our operational ethos. Following the merger, Space42 adopted Yahsat well-established Health, Safety, and Environmental (HSE) Management System Framework including the HSE Management System Manual and the HSE Policy (ADX S8), ensuring the highest standards of safety and ethical employment across the organization. At Space42, we remain committed to maintaining the ISO 45001:2018 certification which we received for Yahsat Space Services' three key locations, i.e. Yahsat Space Services HQ, Thuraya Towers and Primary Gateway – Sharjah Branch. We are working towards the recertification process which is due in 2025 while ensuring ongoing compliance with ISO 45001:2018.

Our Code of Ethics underscores our dedication to maintaining a safe and healthy work environment, aligning with international health and safety standards, and promoting dignity, fairness, and respect in the workplace. In 2024, employees, contractors, and workers participated in a range of training programs, including Safety and Security Induction, ISO 45001:2018 Internal Auditor Training, Emergency Evacuation Chair Training, Fire Warden Responsibilities, Emergency Preparedness, Return of Experience, Public Address and Voice Alarm Systems (PAVA) Training, Scaffolding Inspection and Erector Training, Stress Management and Mental Health Awareness, Nutrition and Healthy Eating Habits, and Health and Fitness. As a result of these mandatory and periodic training sessions, amounting to 704 man-hours, no incidents of injuries, ill-health, or fatalities were recorded among employees, workers, or contractors at Space42 (ADX S7) in 2024.

As part of our commitment to fostering a culture of health and safety, Space42 organized a dedicated HSE Week – Move to Wellness in 2024. The event featured numerous activities designed to promote wellbeing and engagement, including 29 health screenings, 144 blood donation tests, and 35 doctor consultations. Employees participated in 57 HSE training sessions, 52 stress management and mental health awareness workshops, and 54 sessions on nutrition and healthy eating habits, totaling 244.5 man-hours of training. We encouraged team-building exercises, football matches, table tennis games, trivia contests, and a healthy food counter, further underscoring the focus on employee wellness. Participation extended across all sites, with one international staff member from Singapore winning the trivia contest. The week achieved remarkable outcomes, including the donation of 13.05 liters of blood to Abu Dhabi Health Services Company PJSC (SEHA), widespread employee engagement, and, most importantly, zero accidents during the activities.

These initiatives, coupled with our adherence to international standards and continuous training efforts, demonstrate the Group's unwavering commitment to maintaining a safe, healthy, and inclusive work environment for all.

> "Space42 is committed to embracing DEI, as we aim to nurture a diverse workforce and the diverse communities we serve."

SUSTAINABILITY REPORT CONTINUED

Elevating Customer Relationships

Space42 is committed to delivering exceptional customer experiences by fostering trust, responsiveness, and innovation. Through proactive engagement, support channels, and robust customer relationship management, we ensure seamless connectivity and service excellence. By continuously striving to enhance customer satisfaction, we strengthen our long-term partnerships and remain a trusted provider in the AI and space technology sectors.

Customer Relationship Management

Customer care remains a core focus for Space42, reflecting our commitment to delivering exceptional service and fostering trust with our diverse customer base. In 2024, we achieved key milestones to enhance customer relationship management. We publicly disclosed our customer relationship commitment and policy, showcasing our dedication to customer satisfaction. We have also established quantitative targets for customer satisfaction for all the customer segments, ensuring continuous improvement in service delivery.

Space42 developed a dedicated tool to monitor and address concerns related to customer privacy breaches, enabling robust internal and external reviews. To further enhance customer experience, we expanded our support channels and introduced self-service options, making it easier for customers to access assistance and resolve issues. These advancements underscore our proactive approach to customer care, aligning with the mission to deliver cutting-edge solutions, while prioritizing the needs and expectations of our clients. Our Customer Care team has maintained exceptional response time targets for Thuraya and YahClick tickets. Throughout the year, Yahsat Space Services consistently upheld a 99.8% availability rate for all the Satellite Network/Services we offer.

Satellite Availability	2022	2023	2024
Thuraya availability (%)	99.98%	99.93%	99.82%
Total service time (Hours)	8,760	8,760	8,784
Service interruption time (Hours)	1.58	6.48	16
YahClick availability (%)	99.98%	99.99%	99.93%
Total service time (Hours)	8,760	8,760	8,784
Service interruption time (Hours)	1.66	1.31	6

SUSTAINABILITY REPORT CONTINUED

Protecting the Planet and Space

At Space42, we remain steadfast in our mission to safeguard both earth and space ecosystems. We continue to push the boundaries of sustainable space operations, cutting-edge environmental solutions, and advanced monitoring technologies to address the world's most pressing challenges—Climate Change, Resource Management, and Planetary Resilience. This pillar reinforces our dedication to reducing environmental impact and advancing sustainable practices, paving the way for a cleaner, more sustainable future.

Accelerating Resource Use Efficiency

Space42 is committed to minimizing our environmental footprint by optimizing resource consumption and integrating sustainable practices across our operations. Through calculation of our carbon footprint, plans for energy efficiency initiatives, water conservation efforts, biodiversity protection, and responsible space practices, we are striving for long-term environmental resilience. By leveraging innovation and technology, we intend to advance sustainable resource management, contributing to a cleaner, more efficient, and environmentally responsible future. The material topics under this thematic area are:

1. Energy Management
2. Carbon Emissions and Climate Strategy
3. Water Management
4. Biodiversity
5. Sustainable Use of Space

"Minimizing our ecological footprint through sustainable operations, advancing environmental conservation beyond our direct impact, championing the responsible use of space, and harnessing AI to drive environmental stewardship."

Thematic Areas	• Accelerating Resource Use Efficiency • Driving Circularity
UAE National Space Strategy 2030	• Ensure a supporting legislative framework and infrastructure to match the future developments in the sector
UAE National Strategy for Artificial Intelligence 2031	• Provide the data and supporting infrastructure essential to become a test bed for AI
Abu Dhabi Economic Vision 2030	• Develop a sufficient and resilient infrastructure capable of supporting anticipated economic growth
Sustainable Development Goals	

Energy Management, Carbon Emissions, and Climate Strategy

At Space42, Energy Management is a core element of our environmental sustainability strategy. Building on Yahsat's alignment with ISO 50001:2018 Energy Management Systems (ADX E7.3), we continue to implement initiatives that reduce environmental impact, enhance operational efficiency, and promote clean energy adoption across our operations.

In collaboration with the UAE Ministry of Climate Change and Environment, we expanded the deployment of air quality sensors, aligning with national sustainability goals. We proactively manage our environmental planning and resource usage by conducting regular assessments of our annual environmental performance (ADX E8). The environmental sustainability performance of Space42 is also communicated to the Board through the ESG function of GRC (ADX E9).

As Space42 became operational in Q4 2024, following the merger of Yahsat and Bayanat, there has been an expansion in our asset inventory, which has led to higher energy consumption and greenhouse gas emissions across Scope 1, Scope 2, and Scope 3, compared to the individual data of both companies in the years prior to the merger. We are currently in the process of unifying our common activities and processes. Additionally, we are working on a detailed greenhouse gas inventory for all assets and activities under our operational and financial control. Due to data availability challenges following the merger for some of our assets and activities, we have relied on estimates for direct and indirect energy consumption and emissions wherever necessary. Our approach aligns with global and national benchmarks while adhering to the relevant disclosure requirements.

SUSTAINABILITY REPORT CONTINUED

> At Space42, we are dedicated to pioneering sustainable space operations by adhering to internationally recognized standards and leading industry practices."

Energy Consumption	ADX	Company	2022	2023	2024 – Space42[9]
Direct energy consumption (GJ)	E3.1 & E5	YSS	679	679	1,089[10] + 2,506 = 3,595
		BSS	-	-	
Petrol consumption from vehicles (Liters)		YSS	2,255	2,255	17,394 + 74,792 = 92,186[11]
		BSS	-	-	
Diesel consumption from operations (back-up power) (Liters)		YSS	15,764	15,764	13,213
		BSS	-	-	-
Indirect energy consumption (GJ)	E3.2 & E5	YSS	69,999	71,909	69,030+5,237 = 74,267
		BSS	-	-	
Electricity consumption (kWh)		YSS	19,444,134	19,974,661	19,175,111
		BSS	-	-	1,454,800[12]
Energy consumption intensity (GJ/employee)	E4	YSS	169	181	137.32
		BSS	-	-	-

[9] 2024 column presents the combined data for Yahsat Space Services and Bayanat Smart Solutions (Ex: Yahsat Space Services + Bayanat Smart Solutions = Space42). All decimals have been rounded off to the nearest whole number with the exception of Energy consumption intensity

[10] Direct energy consumption, measured in gigajoules (GJ), includes both petrol and diesel usage. The increase in petrol consumption by Yahsat Space Services has directly contributed to a rise in the overall direct energy consumption

[11] There is an increase in the petrol consumption for Yahsat Space Services in 2024, as until last year the data for petrol consumption was only provided by Facilities Management. This year the data was also collected from Administration Department that included six leased vehicles used by Yahsat Space Services and accounted for 16,274 liters of Petrol. Facilities Management's pickup activities accounted for 1,120 liters, so total petrol consumption was 1,120+16,274 = 17,394 liters. Additionally, petrol consumption of Bayanat Smart Solutions, represents an estimated consumption of 74,792 liters based on the actual expenditure of AED 214,966 for year 2024

Carbon Emissions[13]	ADX	Company	2022	2023	2024[14] – Space42
Scope 1 GHG emissions (tons CO_2 eq.)	E1.1	YSS	248.21	231.43	283 + 366 = 649
		BSS	-	-	
Scope 2 GHG emissions (tons CO_2 eq.)		YSS	4,275.6	4,528.32	6,711 + 1,015 = 7,726
		BSS			
Scope 3 GHG emissions (tons CO_2 eq.)		YSS	28,004.54	23,718.64	24,249+48,638 = 72,887
		BSS	-	-	
Total GHG emissions (tons CO_2 eq.)	E1	YSS	32,528.39	28,478.39	31,243 + 50,019 = 81,262
		BSS	-	-	
GHG emissions intensity (Scope 1 + Scope 2 tCO_2 eq./employee)		YSS	14.23	14.38	14.77
		BSS	-	-	-

[12] Indirect energy consumption for Bayanat Smart Solutions for 2024 was not available. We have used the total floor area (covering Bayanat Smart Solutions Office, Printing Press, and Wafra) and the benchmarks for average kWh/m^2/year to arrive at the indirect energy consumption

[13] Space42's emissions reporting follows the Greenhouse Gas (GHG) Protocol, covering Scope 1, 2, and 3 emissions. Scope 1 encompasses direct emissions from company-owned sources, including fuel combustion in fleet vehicles and backup generators, refrigeration, air conditioning equipment and fire suppression sources. Scope 2 accounts for indirect emissions from purchased electricity used in operations and data centers. This includes actual as well as estimated data based on data availability. Scope 3 encompasses value chain emissions, and five categories have been considered for the calculations for Space42's GHG inventory in 2024. These include purchased goods and services, capital goods, business travel, employee commuting and waste generated in operations

[14] 2024 column presents the combined data for Yahsat Space Services and Bayanat Smart Solutions (Ex: Yahsat Space Services + Bayanat Smart Solutions = Space42). All decimals have been rounded off to the nearest whole number with the exception of GHG emissions intensity

Space42 is committed to support the Net Zero 2050 ambition of the UAE, continuing from the work done by Yahsat in the past. We are also aligning ourselves with the UAE Federal Decree-Law No. (11) of 2024, "On the Reduction of Climate Change Effects," which will be effective from 30 May 2025 and aims to accelerate the country's commitment to Net Zero 2050. In alignment with the Federal Decree-Law No. (11), we plan to undertake a detailed GHG inventory exercise for Space42 in 2025 for our entire operational and financial controls assets as applicable. This detailed assessment will help us build a strong decarbonization roadmap by identifying the key hotspots and realistic decarbonization levers that need to be implemented to contribute towards the UAE Net Zero ambition. We also plan to undertake a climate risk assessment for Space42 to help us outline the appropriate mitigation and adaptation actions to enhance our climate resilience and related investments.

As we continue our journey in 2025 as Space42, we aim to implement our Sustainability Strategy roadmap, and the key foundations of UAE Federal Decree-Law No. (11) of 2024. This will allow for more precise energy and emission tracking, along with enhanced transparency, and better-informed decision-making on our decarbonization plan.

Water Management

At Space42, water conservation and responsible wastewater management are integral to our Sustainability Strategy. In 2024, we took a major step forward by installing a new Sewage Treatment Plant (STP) to reduce wastewater discharge while maximizing water reuse. This advanced STP system enables the treatment and repurposing of wastewater for landscaping irrigation, significantly reducing our reliance on freshwater resources. The initiative not only enhances water efficiency but also contributes to environmental sustainability by minimizing water wastage.

With the increase in the operational scope and scale of Space42 post-merger, our total water consumption has increased. However, by leveraging an estimated approach for Bayanat Smart Solutions' water consumption, we have proactively developed water efficiency strategies to optimize usage across the organization. Our focus remains on reducing unnecessary withdrawals, increasing water recycling, and ensuring responsible water management in alignment with our sustainability goals.

In 2024, Space42 installed a wastewater recycling system in the Yahsat Space Services headquarters in Abu Dhabi. The system has significantly improved water conservation and cost efficiency. It recycles six million liters of water annually, reducing reliance on external wastewater tankers and saving AED 220,000 per year in water and tanker costs. Additionally, the system contributes to environmental sustainability by cutting 52 tons of CO_2 emissions annually, including 23 tons from reduced tanker trips and 30 tons from lower desalination demand, reinforcing the Group's commitment to sustainable resource management.

As we continue to expand our water conservation initiatives, our focus remains on optimizing water efficiency across both Yahsat Space Services and Bayanat Smart Solutions. We are committed to further enhancing wastewater recycling, reducing water footprint, and implementing innovative solutions to align with global sustainability standards.

By integrating advanced STP technologies, AI-driven water monitoring, and data-driven estimations for Bayanat Smart Solutions' water use, we are taking a proactive approach to ensure sustainable water management while supporting the broader vision of environmental stewardship.

Water and Effluents	ADX	Company	2022	2023	2024[15] – Space42
Total water withdrawal (Mega liters)	–	YSS	107	110	109
		BSS[16]	–	–	22
Total water consumption (Mega liters)	E6.1	YSS	104	107	104
		BSS	–	–	21
Total water reclaimed (Mega liters)	E6.2	YSS	0	0	4
		BSS	–	–	0
Total wastewater generated (Mega liters)	–	YSS	3	3	5
		BSS	–	–	1

[15] All decimals have been rounded off to the nearest whole number
[16] As Bayanat Smart Solutions is a part of a government campus, water consumption data is maintained at the campus level. Currently we have estimated the Water Consumption data by using the UAE specific benchmark for water consumption in litres/capita/day. Going forward, we plan to maintain and monitor water consumption and wastewater generation data to optimize our resource use

"Space42 is committed to support the Net Zero 2050 ambition of the UAE."

Biodiversity

At Space42, we leverage AI, satellite technology, and data analytics to enhance biodiversity monitoring and conservation across terrestrial and marine ecosystems. One of our key projects that contributed to biodiversity conservation and management is highlighted as follows:

- Fish.AI Project: Utilizing advanced AI and satellite data, Fish.AI supports fisheries management, oceanography research, and marine conservation, ensuring sustainable aquatic ecosystems and contributing to SDG 14 – Life Below Water.

Through cutting-edge technology and environmental intelligence, we remain committed to preserving biodiversity and fostering sustainable ecosystems for future generations.

Sustainable Use of Space

At Space42, we are dedicated to pioneering sustainable space operations by adhering to internationally recognized standards and leading industry practices. In alignment with ISO 24113:2023 – Space Systems – Space debris mitigation requirements, we ensure that all spacecraft and launch vehicle orbital stages are designed, operated, and decommissioned responsibly, preventing space debris generation throughout their operational lifetimes. These efforts are guided by the Space42 Space Debris Mitigation Plan, first introduced in 2023 by our Yahsat Space Services.

Reinforcing our commitment to the long-term sustainability of space, we also comply with the United Nations Committee on the Peaceful Uses of Outer Space (COPUOS) guidelines and the Inter-Agency Space Debris Coordination Committee (IADC) mitigation standards. A robust collision prevention strategy safeguards our satellites and actively minimizes unintended space debris. This strategy includes end-of-life disposal procedures, controlled de-orbiting to graveyard orbits, energy depletion, and passivation to eliminate risks of post-mission fragmentation.

Beyond space, we leverage data analytics and AI-driven insights to support global sustainability efforts. Its AI-powered predictive models optimize space debris tracking and collision avoidance, ensuring safer orbital operations. In addition to sustainability-driven innovations, we ensure responsible spectrum management, operating exclusively within licensed frequency bands to prevent interference with other users. On a national level, we align with the UAE National Space Strategy 2030, actively contributing to four of its six strategic goals and supporting the nation's vision for sustainable and responsible space exploration.

Waste Management	ADX	Company	2022	2023	2024[17] – Space42
Total waste generated (tons)	–	YSS	112	205	166.62 + 136[18] = 302.62
		BSS	–	–	
Total waste recycled (tons)[19] (includes electronic waste)	–	YSS	–	92	1
		BSS	–	–	
Total waste sent to disposal (tons)	–	YSS	–	113	302
		BSS	–	–	
% Waste diverted from disposal	–	YSS	–	45%	0.23%
		BSS	–	–	
Electronic waste recycled (tons)	–	YSS	34	35.00	–
		BSS	–	–	

[17] All decimals have been rounded off to the nearest whole number

[18] As Bayanat Smart Solutions is a part of a government campus, waste management data is maintained at the campus level. Currently we have estimated the Waste generation data by using the UAE specific benchmark from Ministry of Climate Change and Environment for waste generation in kg/person/day. Going forward, we plan to maintain and monitor waste generation data from our sites to optimize our resource use

[19] Waste recycled (tons) – Also includes electronic waste recycled. For the previous years, the data was only available for electronic waste recycling but not for other waste streams, that is hazardous waste and non-hazardous waste, hence the total waste recycled data for 2020, 2021 and 2022 is not provided

> "We are committed to optimize the use of natural resource consumption, promoting reuse of materials, decreasing energy consumption, increasing recycling rates, and reducing the generation of waste and wastewater."

Driving Circularity

At Space42 we are keen to take up the commitment of embedding circular economy principles by minimizing waste in our operations, as well as extending our product lifecycles. Through sustainable waste management and responsible product lifecycle strategies, we envision reduced environmental impact. By prioritizing recycling, reusability, and innovative end-of-life solutions, we aim to foster a more sustainable and regenerative approach to space technology.

The material topics in this thematic area are:

1. Circular Economy and Waste Management
2. Product and Lifecycle Management

Circular Economy and Waste Management

At Space42, we recognize the importance of an effective Environmental Management System aligned with ISO 14001:2015. Drawing from the experience of our Yahsat HSE Management System Manual that encapsulates environmental management system (ADX E7.1) aspects, we are committed to optimize the use of natural resource consumption, promoting reuse of materials, decreasing energy consumption, increasing recycling rates, and reducing the generation of waste and wastewater.

We recognize that effective waste management is a critical pillar of environmental sustainability. In 2024, we continued to refine our waste categorization and disposal practices, ensuring alignment with our broader sustainability goals. With the increase in our operational assets, we witnessed an increase in total waste generation. Despite this, we remain committed to enhancing efficiency, reducing landfill contributions, and implementing responsible disposal measures. Building on the structured waste classification practiced by Yahsat, we continue to categorize waste into three key streams:

- Hazardous Waste – Including batteries and other potentially harmful materials.
- Non-Hazardous Waste – Comprising general waste, cartons, wood, mixed scrap, and agricultural waste.
- Electronic Waste – Covering telecom and other electronic equipment.

No electronic and steel waste was generated in 2024, leading to a drop in recycling levels compared to 2023. We envisage the adoption of circular economy principles, ensuring that we maximize resource efficiency, extend product life cycles, and integrate waste reduction strategies into our operations. Post the formation of Space42, we acknowledge that our existing Yahsat Supplier Code of Conduct and Bayanat Supplier Policy needs unification as part of the merger where we also aim to integrate circular economy criteria into our supplier evaluation process going forward. This will ensure that our partners align with our commitment to resource efficiency and responsible waste management.

Product and Lifecycle Management

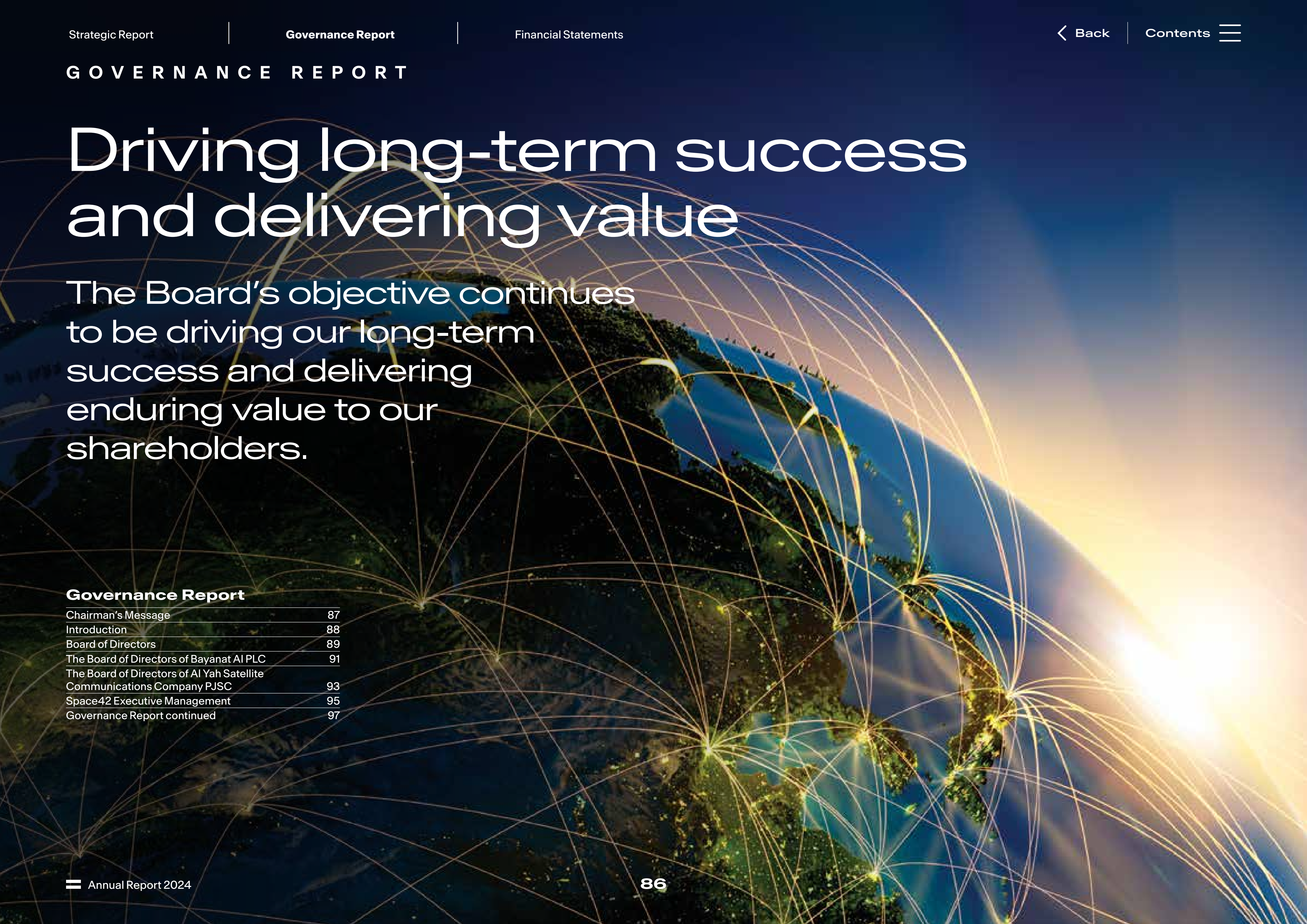
At Space42, we design and operate sustainable and high-performance satellites, adhering to rigorous standards for reliability and longevity. To mitigate space debris, we implement end-of-life decommissioning, relocating satellites to graveyard orbits for responsible disposal.

In 2024, we introduced the Thuraya Sky-phone, a rugged satellite communication device that ensures seamless connectivity in remote regions with uninterrupted voice and data services. Beyond satellite technology, we leverage advanced geospatial intelligence through innovative platforms such as:

- GIQ platform utilizes optical satellite data that tracks sandstorms in real-time, predicts propagation, and enhances early warning systems.
- Digital Twin offers high-fidelity simulations of sea-level changes, including impacts on infrastructure, ecosystems, and coastal communities for 2030 and beyond. By integrating satellite imagery, oceanographic data, and climate projections, it aids in sustainable urban planning and coastal resilience strategies.
- Underwater Monitoring Solution uses advanced sensors and analytics to assess marine ecosystems, water quality, and underwater infrastructure, reinforcing sustainability, regulatory compliance, and stakeholder trust.
- Rig Move Project leverages data analytics to optimize rig movement operations, minimizing environmental impact and ensuring responsible resource management.

Together, these innovations reinforce our commitment to fostering environmental sustainability and delivering next-generation space technological solutions, ensuring a connected, efficient, and sustainable future for all.

“At Space42, we design and operate sustainable and high-performance satellites, adhering to rigorous standards for reliability and longevity. To mitigate space debris, we implement end-of-life decommissioning, relocating satellites to graveyard orbits for responsible disposal.”



GOVERNANCE REPORT

Driving long-term success and delivering value

The Board's objective continues to be driving our long-term success and delivering enduring value to our shareholders.

Governance Report

CHAIRMAN'S MESSAGE

Beyond the historic merger that gave rise to Space42, the Board's objective continues to be driving our long-term success and delivering enduring value to our shareholders. As a responsible business and a national champion in AI-powered space technology, we are committed to conducting all activities with integrity while upholding the highest standards of legal compliance, ethics, and governance.

We prioritize fostering a culture of transparency and inclusion, firmly believing that our strong corporate governance framework—aligned with international best practices—positions Space42 well for domestic and international growth and innovation in pursuit of our global vision. Therefore, it is essential to maintain the adaptability of our governance framework and practices to effectively fulfill our responsibilities and set new benchmarks for what is possible in space technology and beyond.

Since Space42's inception in October 2024, we have focused on enhancing our governance practices, with particular attention to Space42's core purpose, strategic priorities, and corporate values.

H.E. Mansoor Al Mansoori
Chairman, Space42

INTRODUCTION

On 1 October 2024, Bayanat AI PLC merged with Al Yah Satellite Communications Company PJSC to form Space42 PLC (**Space42** or the **Company**), with Bayanat AI PLC as the surviving entity. Accordingly, and as a result of the merger:

(a) Al Yah Satellite Communications Company PJSC was delisted and dissolved and its assets and liabilities were transferred to Bayanat AI PLC;

(b) the legal name of Bayanat AI PLC was changed to Space42 PLC;

(c) a new board of directors was appointed; and

(d) new articles of association were adopted.

This Governance Report includes an overview of the governance practices for Bayanat AI PLC up to 30 September 2024 and for Space42 PLC from 1 October 2024, with some references also to aspects of Al Yah Satellite Communications Company PJSC governance prior to that time.

Space42 is built around two complementary businesses: Bayanat Smart Solutions and Yahsat Space Services. Integration of Bayanat Smart Solutions' geospatial and AI capabilities with Yahsat Space Services' expertise in satellite communications has created an AI-powered space technology champion with scale and expertise to play a central role in the next stage of the UAE's economic development, as well as that of the broader region and beyond. Space42 is expected to benefit from economies of scale that will best position the organization for innovation and profitable growth.

Space42's approach to corporate governance extends beyond mere compliance with laws and regulations. We place emphasis on understanding the spirit of these standards, ensuring that our commitment looks beyond ticking boxes. We critically analyze our practices to consistently achieve the highest standards of conduct.

We continue to believe that being a good corporate citizen begins with strong values. To expect high standards of conduct from others, we recognize the importance of demonstrating these standards ourselves. As a listed company and a national champion in AI-powered space technology, we strive to set an example by exhibiting strong corporate governance practices, acknowledging its significance to our shareholders, customers, employees, and the communities we serve.

Over many years, the teams at Bayanat Smart Solutions and Yahsat Space Services respectively have built a robust framework of values and governance that is continued now by Space42. Our corporate values guide our business conduct, emphasizing integrity and a zero-tolerance approach towards fraud, bribery, and corruption.

This Governance Report addresses the charters, policies, and mechanisms that govern Space42's governance practices. It covers aspects such as the Space42 Board of Directors, the Board's Committees and their responsibilities, Board members' remuneration, and their transactions involving the Company's securities.

Governance Overview

The Board of Directors at Space42 is dedicated to upholding corporate governance standards that align with both local capital markets regulations and international best practices in reflection of our global vision. This commitment has given rise to Space42's Corporate Governance Framework, a pivotal tool that significantly influences the Company's culture, business practices, and adherence to regulatory requirements.

The Corporate Governance Framework:

- is aligned with applicable regulatory guidelines and also reflects the Space42 strategic objectives;
- accords with the corporate governance requirements applicable to public limited companies incorporated in the Abu Dhabi Global Market (**ADGM**) and listed on the Abu Dhabi Securities Exchange (**ADX**), taking guidance where applicable from the UAE Securities and Commodities Authority (SCA) Board Resolution No. (3/R.M) of 2020 concerning adopting the Corporate Governance Guide for Public Joint-Stock Companies (the SCA Corporate Governance Guide);
- is designed to provide oversight of the effective implementation of laws, regulations, policies, and procedures applicable to Space42 and to assist Space42 management in ensuring that the range of risks facing Space42 are properly managed and mitigated within an effective internal control framework; and
- is centered around a strong and unerring commitment to the Space42 Code of Conduct.

BOARD OF DIRECTORS

Board of Directors of Space42

Pursuant to resolutions approved by the shareholders of Bayanat AI PLC, at a General Assembly Meeting on 25 April 2024, the Board of Directors of Space42, as at the date of the merger (and pursuant to the Merger Agreement) on 1 October 2024, was constituted as follows:

H.E. Mansoor Al Mansoori
Chairman
Non-Independent/Non-Executive

H.E. Mansoor Al Mansoori is a member of the Abu Dhabi Executive Council and the Chairman of the Department of Health in Abu Dhabi. He brings a diverse range of experience across government and the private sector, including telecommunications, energy, and technology. He was previously Chairman of Bayanat AI PLC, overseeing its highly successful IPO as Group Chief Operating Officer of G42.

Dr. Bakheet Al Katheeri
Vice-Chairman
Independent/Non-Executive

Dr. Bakheet Al Katheeri is the Chief Executive Officer of Mubadala's UAE Investments platform, where he is responsible for building national, world-class champions across multiple sectors, including aerospace, technology, infrastructure, and more. He serves on various industry boards and committees, including Mubadala Energy, Emirates Global Aluminum (EGA), Abu Dhabi Future Energy Company (Masdar), and National Central Cooling Company (Tabreed).

H.E. Tareq Abdul Raheem Al Hosani
Member
Non-Independent/Non-Executive

H.E. Tareq Abdulraheem Al Hosani is the Secretary General of Tawazun Council, with a track record of managing acquisition, industrial development, and regulations for the defence and security industry. Currently, he holds Board positions at National Cooperation for Tourism & Hotels (NCTH), Tawazun Technology & Innovation (TTI), Al Forsan Holding, Royal Jet, and Al Yah Satellite Communications Company PJSC. He previously served as CEO of Al Yah Satellite Communications Company PJSC and Chairman of the Board of Bayanat AI PLC.

H.E. Maryam Eid Khamis AlMheiri
Member
Independent/Non-Executive

H.E. Maryam AlMheiri is the Director General of the Abu Dhabi Media Office (ADMO), overseeing Abu Dhabi's media ecosystem, which includes the Creative Media Authority and Abu Dhabi Media Network under ADMO's umbrella. As such, she is responsible for the strategic direction of all forms of media in the emirate. Maryam is also Vice-Chair of the UAE Special Olympics' Board of Trustees and serves on the Board of Mohamed bin Zayed University for Humanities, Emirates Red Crescent, and Fatima Bint Mubarak Ladies Sports Academy. Additionally, she is an Honorary Advisor to the Board of Abu Dhabi University.

Karim Michel Sabbagh
Managing Director
Non-Independent/Executive

Karim Michel Sabbagh is the Managing Director of Space42 and brings a wealth of experience and a successful track record in the space sector. He previously held the position of Managing Director at E-Space, where he played a key role in the company's operations in space-based hyperscale IoT. He is also the former President and CEO of SES where he led its restructuring into a multi-service and multi-orbit satellite operator.

Prior to his industry roles, Karim served as a Senior Partner with Booz&Co (formally Booz Allen) where he delivered strategic advisory to global satellite and telecom operators, demonstrating his deep understanding of the sector.

Ismail Ali Mohammad Sulaiman Abdulla
Member
Independent/Non-Executive

Ismail Ali Abdulla is the Managing Director of Strata and Head of Clusters at Mubadala Investment Company, having been involved in finance and business development at Strata since its inception in 2009. As the Managing Director of Strata, Ismail is committed to enhancing the competitiveness of the UAE aerospace industry globally, developing capabilities for the Fourth Industrial Revolution (4IR), and integrating local suppliers into the global aerospace supply chain. He also previously led the Nibras Al Ain Aerospace Park project.

Kiril Evtimov
Member
Non-Independent/Non-Executive

Kiril Evtimov is a seasoned technology and business leader with extensive in start-ups and Fortune 500 companies. He is currently the CTO of Group42 and the CEO of Core42.

He previously built FairSignals where he was co-founder and CEO. Kiril has also held leadership roles as Vice President and General Manager of Unified Data Architecture Platform Technologies at Teradata, Vice President of Program Management at MicroStrategy, and eBay, where he delivered cutting-edge products and scalable data platforms across various industries.

BOARD OF DIRECTORS CONTINUED

Space42 Director Remuneration and Board Committee Remuneration

For 2024, a proposal to pay fees for Board and Committee remuneration to all Directors for the period from 1 October to 31 December 2024 will be placed before shareholders at Space42's Annual General Meeting for approval.

Fees/Additional Allowances, Salary, and Fees Other than Board/Committee Remuneration

- The Managing Director of Space42 received remuneration and other allowances for his role as Managing Director during the period 1 October to 31 December 2024. Otherwise, no Space42 Director has received a salary from the Company as part of his or her role as a Director during 2024.
- No other fees or additional allowances were paid or payable to any of the Space42 Directors during the period 1 October to 31 December 2024.

Interests Held in Space42 Shares and Transactions in 2024 (from 1 October) by Space42 Board Members

The Space42 Directors held the following interests in Space42 shares as at 31 December 2024:

Director's Name	Shareholder (Director/Relative)	Shareholding at 1 October 2024	Shares sold in 2024	Shares purchased in 2024	Shareholding at 31 December 2024
H.E. Mansoor Al Mansoori	Chairman	2,750,000	Nil	Nil	2,750,000
Dr. Bakheet Saeed Bakheet Salem Al Katheeri	Vice-Chairman	Nil	Nil	Nil	Nil
H.E. Tareq Abdul Raheem Al Hosani	Director	953,991	Nil	Nil	953,991
H.E. Maryam Eid Khamis AlMheiri	Director	100,000	Nil	Nil	100,000
Karim Michel Sabbagh	Managing Director	Nil	Nil	Nil	Nil
Ismail Ali Mohammad Sulaiman Abdulla	Director	32,647	Nil	Nil	32,647
Kiril Evtimov	Director	Nil	Nil	Nil	Nil

THE BOARD OF DIRECTORS OF BAYANAT AI PLC

The Board of Directors of Bayanat AI PLC provided strategic leadership and oversaw the performance of Bayanat AI PLC until 30 September 2024. At that time, the Board of Directors was composed of five (5) members, the majority of whom were independent, non-executive members.

H.E. Tareq Al Hosani	Chairman, Independent/Non-Executive
Xiaoping Zhang	Vice-Chairman, Non-Independent/Non-Executive
H.E. Ahmed Al Kuttab	Member, Independent/Non-Executive
Hasan Al Hosani	Managing Director, Non-Independent/Executive
Elham Al Qasim	Member, Independent/Non-Executive

Bayanat AI PLC Director Remuneration and Board Committee Remuneration

At the Bayanat AI PLC General Assembly Meeting held on 29 August 2024, remuneration of the members of the Board of Directors in consideration for their duties was approved by the shareholders of Bayanat AI PLC.

The total Board and Committee remunerations of the Bayanat AI PLC Board and Committee members for the period from 1 January to 30 September 2024 amounted to AED 1,820,000, covering membership in the Board and its Committees along with the allowances for attendance of the Board Committee meetings.

The following table sets out the details of the Bayanat AI PLC Board and Committee remunerations (AED) for the period 1 January 2024 to 30 September 2024:

Director's Name	Title	Board Remuneration 2024 (to 30 September) AED	ARCC Remuneration 2024 (to 30 September) AED	NRC Remuneration 2024 (to 30 September) AED
H.E. Tareq Al Hosani	Chairman	500,000	n/a	n/a
Xiaoping Zhang	Vice-Chairman and NRC Chair	400,000	n/a	75,000
H.E. Ahmed Al Kuttab	Board Member and (until 6 March 2023) ARCC Chair	300,000	75,000*	n/a
Elham Al Qasim	Board Member and ARCC Member	300,000	70,000	n/a
Waheed Alzaaki	Board Member (until 8 August 2023)	100,000*	n/a	n/a
Hasan Al Hosani	Board Member and Managing Director	Nil	n/a	n/a
Maymee Kurian	NRC Member	n/a	n/a	Nil
Stephene Thomas	ARCC Member	n/a	Nil	n/a

* Approved at the General Assembly Meeting on 29 August 2024 as remuneration for 2023

THE BOARD OF DIRECTORS OF BAYANAT AI PLC CONTINUED

Bayanat AI PLC Fees/Additional Allowances, Salary, and Fees Other than Board/Committee Remuneration

- The Managing Director of Bayanat AI PLC received a salary and other allowances for his role as Managing Director during the period 1 January to 30 September 2024. Otherwise, no other Bayanat AI PLC Director has received a salary from Bayanat AI PLC as part of his or her role as a Director during 2024.
- No fees other than Board fees (as disclosed above) were paid or payable to any of the Bayanat AI PLC Directors during 2024.

Interests Held in Bayanat AI PLC Shares and Transactions in 2024 (until 30 September) by Directors

The Bayanat AI PLC Directors held the following interests as at 30 September 2024. Details of any sales of shares in Bayanat AI PLC during the period 1 January 2024 to 30 September 2024 are also stated:

Director's Name	Shareholder (Director/Relative)	Shareholding at 1 January 2024	Shares sold in 2024 (up to 30 September)	Shares purchased in 2024 (up to 30 September)	Shareholding at 30 September 2024
H.E. Tareq Al Hosani	Chairman	749,549	Nil	204,442	953,991
Xiaoping Zhang	Vice-Chairman	1,000,000	Nil	Nil	1,000,000
H.E. Ahmed Al Kuttab	Board Member	847,952	847,952	Nil	Nil
Hasan Al Hosani	Board Member	3,260,000	Nil	Nil	3,260,000
Elham Al Qasim	Board Member	Nil	Nil	Nil	Nil
Waheed Alzaaki	Board Member (until 8 August 2023)	Nil	Nil	Nil	Nil

THE BOARD OF DIRECTORS OF AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC

The Board of Directors of Al Yah Satellite Communications Company PJSC provided strategic leadership and oversaw the performance of Al Yah Satellite Communications Company PJSC until 30 September 2024. The initial term of that Board of Directors ended with the Annual General Assembly Meeting of Al Yah Satellite Communications Company PJSC held on 25 April 2024. For the period from 1 January 2024 until 30 September 2024, the Board of Directors was constituted as follows:

i. For the period from 1 January 2024 until 24 April 2024:

Musabbeh Helal Musabbeh Ali Al Kaabi	Chairman, Independent/Non-Executive
H.E. Tareq Abdul Raheem Ahmed Rashed Al Hosani	Vice Chairman, Non-Independent/Non-Executive
H.E. Rashed Ahmed Salem Alghanah Al Ghafri	Member, Non-Independent/Non-Executive
H.E. Masood Mohamed Mohamed Sharif Mahmood	Member, Non-Independent/Non-Executive
H.E. Maryam Eid Khamis AlMheiri	Member, Independent/Non-Executive
H.E. Badr Salim Ahmad Sultan Al Olama	Member, Independent/Non-Executive
Adrian Georges Steckel	Member, Independent/Non-Executive
Gaston Urda	Member, Independent/Non-Executive
Peng Xiao	Member, Independent/Non-Executive

ii. For the period from 25 April 2024 until 30 September 2024:

Dr. Bakheet Saeed Bakheet Salem Al Katheeri	Chairman, Independent/Non-Executive
H.E. Tareq Abdul Raheem Ahmed Rashed Al Hosani	Vice Chairman, Non-Independent/Non-Executive
H.E. Rashed Ahmed Salem Alghanah Al Ghafri	Member, Non-Independent/Non-Executive
H.E. Masood Mohamed Mohamed Sharif Mahmood	Member, Non-Independent/Non-Executive
H.E. Maryam Eid Khamis AlMheiri	Member, Independent/Non-Executive
Ismail Ali Mohammad Sulaiman Abdulla	Member, Independent/Non-Executive
Adrian Georges Steckel	Member, Independent/Non-Executive
Gaston Urda	Member, Independent/Non-Executive
Karim Michel Sabbagh	Member, Independent/Non-Executive

THE BOARD OF DIRECTORS OF AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC CONTINUED

Al Yah Satellite Communications Company PJSC Director Remuneration and Board Committee Remuneration

At the Al Yah Satellite Communications Company PJSC Annual General Meeting held on 25 April 2024, the Board of Directors' Remuneration Policy issued by Al Yah Satellite Communications Company PJSC was approved by its shareholders.

The total remunerations of the Board and committee members for the year 2023 amounted to AED 6,500,000 (paid in 2024), while the Board and committee remunerations for the year 2024 up to 30 September amounted to AED 4,787,126 covering membership in the Board and its Committees along with the allowances for attendance of the Board Committees' meetings.

The following table sets out the details of the Board and committee remunerations for 2024:

Director's Name	Title	Board Remuneration 2024 (to 30 September) AED	ARCC Remuneration 2024 (to 30 September) AED	NRC Remuneration 2024 (to 30 September) AED
Musabbeh Helal Musabbeh Ali Al Kaabi	Chairman (until 25 April)	317,808	n/a	n/a
Dr. Bakheet Al Katheeri	Chairman (from 25 April)	421,918	n/a	n/a
Tareq Al Hosani	Board Member	517,808	n/a	n/a
Rashed Al Ghafri	Board Member, NRC Member	443,836	n/a	36,986
Maryam AlMheiri	Board Member, NRC Chairperson	443,836	n/a	73,973
Masood Mahmood	Board Member, NRC Member	443,836	n/a	36,986
Badr Al Olama	Board Member, ARCC Chairperson (until 25 April)	190,685	31,781	n/a
Adrian Steckel	Board Member, ARCC Member, NRC Member	443,836	36,986	36,986
Gaston Urda	Board Member, ARCC Member	443,836	36,986	n/a
Peng Xiao	Board Member (until 25 April)	190,685	n/a	n/a
Ismail Abdulla	Board Member, ARCC Member, NRC Member (from 25 April)	253,151	21,096	21,096
Karim Michel Sabbagh	Board Member, ARCC Chairperson (from 25 April)	253,151	42,192	n/a
Madian Al Hajji	ARCC Member	n/a	15,890	n/a
Amal Al Ameri	ARCC Member	n/a	15,890	n/a
Amer Siddiqui	NRC Member (until 25 April)	n/a	n/a	15,890

Al Yah Satellite Communications Company PJSC Fees/Additional Allowances, Salary, and Fees Other than Board/Committee Remuneration

- No Director received a salary from Al Yah Satellite Communications Company PJSC as part of his or her role as a Director, either in 2024 or any prior year.
- No fees other than Board fees (as disclosed above) were paid or payable to any of the Directors during 2024.

SPACE42 EXECUTIVE MANAGEMENT

The Executive Management of Space42, that oversaw the day-to-day operations of the Company during 2024 with effect from 1 October, were as follows:

Karim Michel Sabbagh
Managing Director

Karim Michel Sabbagh is the Managing Director of Space42, bringing a wealth of experience and a successful track record in the space sector. He previously held the position of Managing Director at E-Space, where he played a key role in the company's operations in space-based hyperscale IoT. He is also the former President and CEO of SES where he led its restructuring into a multi-service and multi-orbit satellite operator.

Prior to his industry roles, Karim served as a Senior Partner with Booz&Co (formally Booz Allen) where he delivered strategic advisory to global satellite and telecom operators, demonstrating his deep understanding of the sector.

Hasan Al Hosani
Chief Executive Officer, Bayanat Smart Solutions

Hasan Al Hosani is the Chief Executive Officer of Bayanat Smart Solutions, Space42's unit that integrates geospatial data acquisition and processing with its AI-driven multi-intelligence platform, GIQ. Previously, he was the Managing Director of Bayanat AI PLC, overseeing the company during its initial public offering on the Abu Dhabi Securities Exchange in 2022 and subsequent merger with Al Yah Satellite Communications Company PJSC to create Space42 in 2024. Before joining Bayanat AI PLC, Mr. Al Hosani was a key contributor to G42's strategic growth during its transition from EDIC to G42 and co-founder of SECUIRA. He is a Patron Board Member of the World Geospatial Industry Council.

Ali Al Hashemi
Chief Executive Officer, Yahsat Space Services

Ali Al Hashemi is the CEO of Yahsat Space Services, Space42's unit focused on upstream satellite operations for fixed and mobility satellite solutions. Previously, he was the Group CEO of Al Yah Satellite Communications Company PJSC, overseeing the business during its merger with Bayanat AI PLC to create Space42 in 2024 and its initial public offering on the Abu Dhabi Securities Exchange in 2021. Mr. Al Hashemi is also a member of the UAE International Investors Council (UAEIIC), and the National Space Science and Technology Center (NSSTC).

Andrew Cole
Chief Financial Officer

Andrew Cole oversees financial strategy and reporting as the Chief Financial Officer at Space42. He is a qualified chartered accountant with extensive experience in IPOs and debt restructuring. Andrew previously served as CFO of the Al Yah Satellite Communications Company PJSC, successfully leading the company's listing on the Abu Dhabi Securities Exchange in 2021. Before joining that company, Andrew held key roles as Group Controller at SES Satellites and Director at EY.

Maymee Kurian
Acting Chief Human Capital Officer

Maymee Kurian is the Chief Human Capital Officer at Space42, responsible for enhancing employees' experience and leadership development. She brings over 20 years of experience in organizational development, strategic talent management, and culture transformation across complex matrix structures in the Middle East. Maymee is also Group Chief Human Capital Officer at G42 and previously she served as Group Head of HR at the Chalhoub Group.

Abdulla Al Shamsi
Chief Operations Officer, Bayanat Smart Solutions

Abdulla Al Shamsi is the Chief Operations Officer of Bayanat Smart Solutions at Space42, bringing over 20 years of leadership experience across various industries. He was formerly the Chief Operating Officer at Bayanat AI PLC, where he focused on operational efficiency and strategic growth. Abdulla has a proven track record in managing multi-billion-dollar projects and transforming procurement divisions within UAE governmental entities.

SPACE42 EXECUTIVE MANAGEMENT CONTINUED

Christian Andersen
Senior Vice President
Marketing

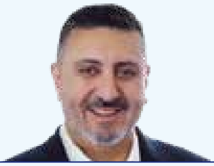
Christian Andersen serves as the Senior Vice President of Marketing at Space42, bringing over 25 years of extensive experience in the B2B ICT sector. Before joining Space42, Christian built a strong track record of successfully developing global marketing teams at renowned organizations, including IBM, Deutsche Telekom, and Mastercard.

Michael Dhassiah
Vice President
Internal Audit

Michael Dhassiah is the Vice President of Internal Audit at Space42, bringing over 19 years of Internal Audit experience across aviation, hospitality, and space industries. He is responsible for developing and overseeing the implementation of risk-based assurance and advisory strategies to enhance corporate governance, internal control, and risk management practices at Space42. He previously served as Vice President and Head of Internal Audit at Al Yah Satellite Communications Company PJSC and held various roles at PwC Middle East. He is a Certified Internal Auditor (CIA®), Certified Information Security Auditor (CISA®), and Cybersecurity Audit Specialist (CSXA).

Gary Hodgson
General Counsel

Gary Hodgson served as the General Counsel at Space42, overseeing legal and compliance matters. With over 25 years of experience, he has expertise in aviation, military procurement, and M&A transactions. Gary previously served as General Counsel for the Al Yah Satellite Communications Company PJSC, Strata Manufacturing PJSC, and AMROC, as well as Senior Legal Counsel at Mubadala Investment Company, where he negotiated complex cross-border transactions and established legal departments.



Amit Somani
Chief Strategy Officer

Amit Somani served as the Chief Strategy Officer at Space42, overseeing the formulation and implementation of Space42's growth strategy and spearheading its global strategic partnerships and alliances. He brings over two decades of experience in the technology and communications sectors, spanning both operations and strategy. Previously, he was the Chief Strategy and Growth Officer at Al Yah Satellite Communications Company PJSC, contributing to the firm's IPO on ADX in 2021.

The Executive Management of Bayanat AI PLC, that oversaw its day-to-day operations until 30 September 2024, were as follows:

Hasan Al Hosani	Managing Director
Abdulla Al Shamsi	Chief Operating Officer
Fan Zhu	Chief Technology Officer
Renyl Rauf	Chief Financial Officer
Ahmed Hadeed	General Counsel

The Executive Management of Al Yah Satellite Communications Company PJSC, that oversaw its day-to-day operations until 30 September 2024, were as follows:

Ali Al Hashemi	Chief Executive Officer
Andrew Francis Cole	Chief Financial Officer
Amit Somani (from 1 April 2024)	Chief Strategy Officer
Adnan Al Muhairi	Chief Technology Officer
Muna AlMheiri	Chief Human Capital and Administration Officer
Eisa Al Shamsi	General Manager, Yahsat Government Solutions
Sulaiman Al Ali	Chief Commercial Officer and Chief Executive Officer, Thuraya
Khalid Al Kaf	Chief Operations Officer
Khalid Al Awadhi	Chief Advanced Programs Management Officer
Gary Hodgson	General Counsel

GOVERNANCE REPORT CONTINUED

Organizational Structure

The Space42 Board of Directors sets the strategic mandate with operational, financial, and sustainability goals relayed to management. The Space42 Executive Management team manages the achievement of these goals and the day-to-day operations. In executing the goals, the Space42 Executive Management team is supported by several corporate functions and local management and their teams.

Corporate Governance Framework

Space42 is a public company limited by shares incorporated in the ADGM and subject to the Abu Dhabi Global Market Companies Regulations 2020 (as amended) (**Companies Regulations**) and other applicable laws and regulations in the ADGM. The Company is committed to the principles of good corporate governance. The Board of Directors believes that good corporate governance practices align the interests of all stakeholders by having structures in place that ensure the business is managed with integrity and efficiency, thereby maximizing the profitability and long-term value creation of the Company for all stakeholders. This Governance Report is intended to provide an overview of the Space42 corporate governance framework for the year ended 31 December 2024.

The Company has designed its corporate governance structure in compliance with its Articles of Association, the ADX Listing Rules, the Companies Regulations, and other applicable laws, rules and regulations, and international best practices (collectively **Governance Rules**). The corporate governance framework identifies the responsibilities of the Board of Directors, individual Directors, Committees of the Board, Executive Management, and the organization's support and control functions.

The Board of Directors

Space42's governance framework is supervised by the Board of Directors. The Board of Directors is collectively responsible for the Company's management and strategy. The tasks, responsibilities, and procedures of the Board are set out in the Articles of Association, the Companies Regulations and the Board of Directors Charter. The Board has delegated the operational management of the business to the Executive Management, apart from certain reserved matters.

The appointment, retirement, and re-election of Directors is governed by the Articles of Association of the Company and the Governance Rules.

Board Committees

The Board of Directors of Space42 has established two (2) Board-level committees: (i) the Audit, Risk, and Compliance Committee (**ARCC**); and (ii) the Nomination and Remuneration Committee (**NRC**).

Audit, Risk, and Compliance Committee

The ARCC assists the Board in discharging its responsibilities relating to financial reporting, external and internal audits, and controls, including reviewing and monitoring the integrity of our financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the relationship with external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of our internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The ARRC will give due consideration to the applicable laws and regulations of the UAE, the ADGM, the SCA, and the ADX.

ARCC Charter and Mandate

The mandate of the ARCC is set out in its Charter and is to report to, and assist, the Board of Directors in overseeing the following matters:

- integrity of the financial reporting and disclosure process of the Company;
- compliance with listing and disclosure rules and other legal requirements related to financial reporting;
- operations and activities of the External Auditors, Internal Auditor, and internal finance departments of the Company;
- internal control, risk management, and compliance frameworks and practices;
- compliance with laws, the Code of Conduct, agreements, and policies; and
- conduct investigations into any matters within its mandate.

The members of the ARCC of Space42 are:

H.E. Tareq Abdul Raheem Ahmed Rashed Al Hosani
Chairman

Ismail Ali Mohammad Sulaiman Abdulla
Member

Arvind Ramamurthy (Chief of Market Development at ADGM)
Member

GOVERNANCE REPORT CONTINUED

Nomination and Remuneration Committee

The NRC assists the Board of Directors in setting and overseeing the nomination and remuneration policies in respect of the Board, any committees of the Board and senior management. In such capacity, it is responsible for evaluating the hiring of the Space42 Executive Management, evaluating the balance of skills, knowledge, and experience of the Board and committees of the Board and, in particular, monitoring the independent status of the independent Directors. It is also responsible for periodically reviewing the Board's structure and identifying, where relevant, potential independent candidates to be appointed as Directors or committee members as the need may arise. In addition, the NRC assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters, and governance framework of our remuneration policy and determining the individual remuneration and benefits package of the Executive Management.

NRC Charter and Mandate

The mandate of the NRC, as set out in its Charter, is to assist the Board in discharging its responsibilities relating to:

- the composition of the Board and its committees by recommending suitable persons for nomination;
- assessing the performance of the Board members;
- monitoring the independence of independent Board members;
- appointment and succession planning of the Executive Management;
- evaluating the balance of skills, knowledge, diversity, and experience, as well as making appropriate recommendations to the Board on such matters;
- determining its responsibilities in relation to setting, recommending, and monitoring the level of remuneration; and
- verifying that the remuneration and benefits granted to the Executive Board members and Executive Management are reasonable and in line with the Company's performance.

The members of the NRC of Space42 are:

H.E. Maryam Eid Khamis AlMheiri
Chairperson

Dr. Bakheet Saeed Bakheet Salem Al Katheeri
Member

Kiril Evtimov
Member

Internal Control and Risk Management

(i) Risk and Controls Systems

The Board of Directors acknowledges its responsibilities for ensuring the effectiveness of the Space42 internal risk and control system.

The deployment of effective risk management and internal control is a key success factor towards realizing the Space42 strategic objectives. Therefore, Space42 has implemented an integrated risk management and internal control approach. The underlying methodology is based on relevant principles set forth by the International Standards Organization (ISO) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(ii) Risk and Controls Approach

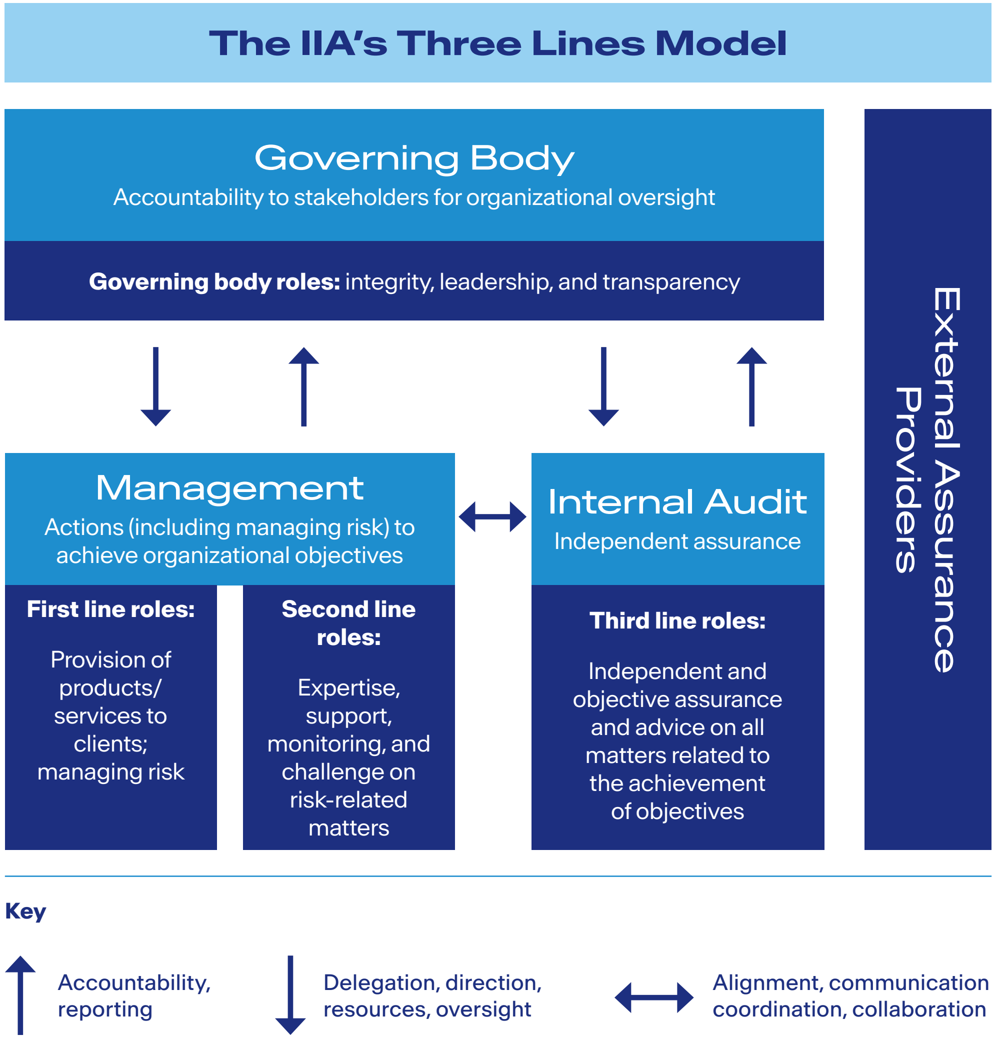
The Space42 approach has been developed in accordance with the Three Lines Model of the Institute for Internal Auditors (IIA). It is objective-centric and aims to ensure the effective management of risks that have the potential to obstruct Space42 from achieving its strategic objectives.

The internal risk and control system is embedded in Space42 in three levels:

- Management's duty to effectively identify, assess, and manage the main risks of Space42 ("First Line").
- The risk, internal control, information security, business continuity, health and safety, and compliance functions facilitate the business in assessing their risks by the development, communication, training, and monitoring of governance, risk, and compliance-related policies, processes, and frameworks ("Second Line").
- Space42's internal audit function provides independent objective assurance and advice over Space42 operations ("Third Line").

(iii) Risk and Controls Organization

a. Risk Management and Internal Control (Second Line)



Space42 Risk Management and Internal Control (RMIC) is an assurance function designed to create and safeguard value for the Group. As noted above, effective risk management and internal control is a key success factor for realizing Space42 strategic objectives. The RMIC team endeavours to assist the Group in embedding risk management and internal control into existing/regular business processes, strengthening the first line. This includes integration into critical processes such as strategic planning, financial reporting, business planning, budgeting, investment planning (CAPEX), procurement, information security, and satellite operations.

For risk management activities, Space42 has adopted the ISO 31000:2018 principles. For internal control, Space42 applies the COSO Internal Control – Integrated Framework: 2013 principles. Space42's Internal Control over Financial Reporting (ICOFR) framework complies with the requirements set forth in the Abu Dhabi Accounting Authority (ADAA) Resolution No. 1 of 2017.

b. Ethics and Compliance (Second Line)

The primary responsibility of the Space42 Ethics and Compliance (E&C) function is to ensure adherence to the Space42 Code of Conduct and compliance with relevant laws, regulatory requirements, policies, and procedures. The E&C function plays a key role in developing and supporting all facets of the Space42 Group Ethics and Compliance program. It regularly provides reports to the ARCC on compliance and integrity in the day-to-day operations of Space42.

c. Internal Audit (Third Line)

The Space42 Internal Audit function is an independent, objective assurance and consulting activity designed to improve and add value to Space42 operations and activities. It provides assurance to the ARCC on the 'in control status' of Space42 and advises management on risk management, compliance, and integrity in the day-to-day business. This encompasses operational, financial, IT, and compliance audits and enterprise risk management coordination.

The Internal Audit function is governed by adherence to the Institute of Internal Auditors' mandatory guidance, including definition of Internal Audit, Code of Ethics, and International Standards for the Professional Practice of Internal Audit (Standards, IPPF). Its activities are conducted in a manner based on a continuous evaluation of perceived business risks and has full and unrestricted access to all activities, documents, records, properties, and staff. The Internal Audit Department issued the Internal Audit plan for 2024 to the ARCC and completed three assurance assignments and four Space42 integration assignments during 2024.

The Internal Audit function reports administratively to the Space42 Managing Director and functionally to the ARCC.

GOVERNANCE REPORT CONTINUED

(iv) Risk and Controls Framework

The Risk Management and Internal Control (RMIC) framework strives to assist the organization to integrate risk management and internal control into all its activities and functions. The framework is designed to be a comprehensive set of components that support and sustain risk management and internal control throughout the organization, including vision, mission, principles, guidelines (and policies), objectives, mandate and commitment, plans, relationships, accountabilities, resources, processes, and activities.

Space42 uses a top-down approach for enterprise-wide risk management. A bottom-up approach is used for specific business units' risk management. Risk assumptions are routinely revisited to evaluate Space42 readiness in treatment of the risks and are updated as necessary.

Space42 has created an enhanced enterprise-wide top risks catalog based on the risk assumptions. The top risks are evaluated quarterly with each responsible division head to update the risk trend of each risk and the corresponding risk treatment plans, or to add any new risks. Enterprise-wide top risks are presented to ARCC quarterly.

In the pursuit of the Space42 strategic objectives, it is willing to accept measured risks in a responsible way, taking into account our stakeholders' interests. The Space42 Board annually reviews and sets the Space42 strategic objectives, while considering opportunities and threats. All major investment decisions (strategic projects, mergers, and acquisitions) need Board endorsement or approval. Space42 has a flexible risk approach to technological innovation. With respect to other risk categories, the approach of the Company towards risks could be qualified as cautious, and as zero tolerance for regulatory and compliance risks.

The Board has delegated certain authority to management (predominantly pursuant to its Delegation of Authority document (DOA)), after performing a data-based quantification of the operational requirements. Commitments, investments, and other strategic decisions beyond the applicable delegated limits in the DOA are presented to the Space42 Board of Directors for their review and approval.

In line with Abu Dhabi Accounting Authority (ADAA) Resolution No. 1 of 2017, Space42 has implemented an Internal Control over Financial Reporting (ICOFR) framework. ICOFR is monitored and reviewed at the second level (the RMIC function) and third level (Internal Audit function) and reviewed by Space42 external auditors for independent assurance twice a year. An efficient ICOFR framework provides reasonable assurance over financial reporting to all stakeholders. The ICOFR updates are reported to the ARCC as a standing agenda item in the scheduled quarterly meetings.

Related Party Transactions in 2024

The Company did not enter into any new related party transactions for the year ended 31 December 2024, apart from related party transactions already disclosed in the financial statements of the Company.

Violations Committed by the Company During 2024

The Company did not commit any violations with respect to the Governance Rules and other applicable regulations for the year ended 31 December 2024.

Conflicts of Interest

The Governance Rules and the Company's compliance policies require its employees and directors to disclose any conflicts of interest that may be actual, perceived, or potential. The Company has developed a series of procedures for compliance with laws and internal policies regarding conflicts of interest management and mitigation.

Company Policies

In addition to the Governance Rules, the Company has supplemented its internal governance and compliance framework by adopting a number of internal policies and procedures that cover anti-bribery and corruption, anti-money laundering, conflict of interest, insider trading, ethics and compliance, sanctions and trade, and whistle-blowing and non-retaliation.

Emiratization

Bayanat AI PLC's and Al Yah Satellite Communications Company PJSC's Emiratization rates as at 31 December 2023 were 33% and 52% respectively, and Space42's Emiratization rate as at 31 December 2024 was 43%.

Gender Diversity

Space42 has adopted policies regarding gender diversity that apply to Board-level appointments and also to the Company-wide approach to gender diversity.

At the end of 2024, the number of female Directors of the Company amounted to 14% (one out of seven). The Company's senior management includes one female at C-Level, the Chief Human Capital Officer, Maymee Kurian.

Health and Safety

The corporate governance of Health, Safety, and Environment (HSE) matters at Space42 is the process by which the Board provides direction and oversight of HSE. This includes both the activity of the Board itself and its supporting committees. The relationship between Board members and senior members of safety leadership within management at Space42, led by the Managing Director and Chief Executive Officer (Yahsat Space Services), and Chief Executive Officer (Bayanat Smart Solutions) provides the structure through which the vision and commitment to safety is set, the means of attaining safety objectives are agreed, the framework for monitoring performance is established, and compliance with legislation is ensured.

2024 was a landmark year for HSE at Space42, marked by dynamic internal changes and challenges. Despite these, the HSE team excelled by achieving 100% of its Key Performance Indicators. Some of the achievements on HSE corporate governance are highlighted below:

- Key Performance Indicators:
  - Zero fatalities
  - Zero lost-time incidents
  - Zero recordable incidents
  - Zero environmental incidents
- ISO 45001:2018 Certification: Yahsat Space Services maintained its certification for the Occupational Health and Safety Management System standard, with two audits conducted to ensure compliance and assess system robustness. Both audits reported zero nonconformities.
- Employee Inductions: Both Bayanat Smart Solutions and new Space42 staff were effectively inducted into HQ operations, ensuring seamless integration with HSE protocols.

Corporate Social Responsibility Contributions

At the Annual General Meeting of the Shareholders of Al Yah Satellite Communications Company PJSC on 25 April 2024 it was resolved to approve allocation during 2024 towards social contributions (Corporate Social Responsibility) in an amount not exceeding 0.5% of Al Yah Satellite Communications Company PJSC average net profits of 2023.

During 2024 Al Yah Satellite Communications Company PJSC made social contributions (Corporate Social Responsibility) in an aggregate amount of USD 84,554, which did not exceed the expenditure amount previously approved by shareholders at the Annual General Meeting on 25 April 2024.

External Assurance

(i) The Company's External Auditor

Deloitte & Touche (M.E). Level 11, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island Abu Dhabi UAE, was appointed as the Space42 PLC external auditor for the fiscal year 2024.

Deloitte provides audit, tax, and consulting services to a broad range of domestic and international, public and private sector clients in the United Arab Emirates. The financial year 2024 was the third year of Deloitte's appointment as Space42 PLC's external auditor.

Number of years served as Company's external auditor	3 (FY 2022, 2023, and 2024)
Partner name	Monah Adnan Abou-Zaki
Number of years served as Company's external audit partner	3 (FY 2022, 2023, and 2024)
Total fees for auditing the financial statements of 2024 (including provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting) out of which AED 515,000 was approved in the last Annual General Meeting while the remaining amount will be submitted for approval in the upcoming Annual General Meeting	AED 2,271,156
Fees and costs for 2024 in relation to quarterly reviews and xBRL filings	AED 209,335
Agreed upon procedures and tax compliance services	AED 764,615
Statement of the other services performed by an external auditor other than the Company's auditor in 2024 (if any)	Refer to table below

Deloitte has issued an unqualified audit opinion with respect to the Space42 PLC audited consolidated financial statements for the year 2024. Furthermore, Deloitte issued an unqualified opinion regarding its review of each of the Space42 PLC quarterly and half-year condensed consolidated interim financial statements during 2024.

(ii) Other Services Performed by an External Auditor Other Than the Company's External Auditor in 2024

The fees paid/payable for services by audit firms other than the Company's external auditor in 2024 amounted to AED 1,538,394. These fees were against assurance and advisory services including purchase price allocation for the Space42 group of companies. The audit firms which delivered these services were:

1. Crowe Peak
2. SNG Grant Thornton
3. NCS and Associates PSC
4. KPMG
5. Adebayo Adefeegbe & Co
6. PricewaterhouseCoopers
7. Ernst & Young

Bayanat AI PLC Annual General Meeting 2024

The Annual General Meeting of the shareholders of Bayanat AI PLC was held on 25 April 2024. The agenda comprised the following:

Ordinary Resolutions:

1. Approve the Board of Directors' report on Bayanat AI PLC's activity and its financial position for the financial year ended 31 December 2023.
2. Approve the external auditor's report for the financial year ended 31 December 2023.
3. Approve Bayanat AI PLC's consolidated audited financial statements for the financial year ended 31 December 2023.
4. Approve the recommendation of the Board of Directors not to distribute dividends for the financial year ended 31 December 2023.
5. Absolve the members of the Board of Directors of liability for the financial year ended 31 December 2023.
6. Absolve the auditors of Bayanat AI PLC of liability for the financial year ended 31 December 2023.
7. Endorse the Board of Directors' decision to appoint the external auditors of Bayanat AI PLC for the financial year 2024 and to determine their fees.

Special Resolutions:

1. Approve the proposed merger (the Merger) of Bayanat AI PLC and Al Yah Satellite Communications Company PJSC to be effected by way of a merger pursuant to Article 285(1) of UAE Decree by Federal Law No. 32 of 2021 Concerning Commercial Companies (the Law) and the relevant provisions of the Companies Regulations 2020, through the issuance of 0.897821 new ordinary shares in the capital of Bayanat AI PLC for every one share in Al Yah Satellite Communications Company PJSC, subject to the terms and conditions of the Merger Agreement.
2. The Merger Agreement entered into between Bayanat AI PLC and Al Yah Satellite Communications Company PJSC in connection with the Merger in accordance with Article 287(1) of the Law and the Companies Regulations 2020 (the Merger Agreement) and the indicative timeline for the Merger.
3. The increase of the issued share capital of Bayanat AI PLC by an amount of up to AED 219,047,697.90 (corresponding to the issuance of up to 2,190,476,979 ordinary shares of AED 0.10 each in the capital of Bayanat AI PLC), authorization of the Board of Directors of Bayanat AI PLC to allot such shares to Al Yah Satellite Communications Company PJSC shareholders and the disapplication of any rights of pre-emption applicable thereto, subject to the terms and conditions of the Merger Agreement and with effect from the Merger becoming effective.
4. The adoption of the amended and restated Articles of Association of Bayanat AI PLC substantially in the form posted on Bayanat AI PLC's website (subject to the inclusion of Bayanat AI PLC's share capital as and from the date the Merger becomes effective) and the change of Bayanat AI PLC's legal name from "Bayanat AI PLC" to "Space42 PLC," subject to the approval of the relevant authorities and the terms and conditions of the Merger Agreement, with effect from the Merger becoming effective.
5. The approval of the appointment of seven members to the Board of Directors of the Company, subject to the terms and conditions of the Merger Agreement with effect from the Merger becoming effective, such members being:

   (a) H.E. Mansoor Al Mansoori
   (b) Dr. Bakheet Al Katheeri
   (c) H.E. Tareq Abdel Raheem Al Hosani
   (d) H.E. Maryam AlMheiri
   (e) Karim Michel Sabbagh
   (f) Ismail Ali Abdulla
   (g) Kiril Evtimov

6. The authorization of the Board of Directors of Bayanat AI PLC, or any person so authorized by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions including, without limitation, to: (a) approach the TDRA for confirmation and registration of the amended and restated Articles of Association of Bayanat AI PLC; (b) apply for a certificate to be issued by the Securities and Commodities Authority and a direction notice to be issued by the ADGM Registration Authority to declare the merger of Bayanat AI PLC and Al Yah Satellite Communications Company PJSC and the increase in share capital of Bayanat AI PLC effective; (c) finalize and file the amended and restated Articles of Association of Bayanat AI PLC with the ADGM Registration Authority; (d) apply for the listing of new ordinary shares of Bayanat AI PLC on the Abu Dhabi Securities Exchange; and (e) correspond and negotiate with any person, entity (official or otherwise) within and outside the United Arab Emirates (including, for the avoidance of doubt, the ADGM), adopt such resolutions, and take any such action as may be necessary to obtain the necessary approvals to effect the Merger.

Bayanat AI PLC General Assembly Meeting 2024

A General Assembly Meeting of Bayanat AI PLC was held on 29 August 2024. The agenda comprised the following:

1. Approve a remuneration of the members of the Board of Directors in consideration for their duties.

All resolutions presented to the Bayanat AI PLC General Assembly Meeting were passed by a majority of the shares represented at the meeting.

GOVERNANCE REPORT CONTINUED

Al Yah Satellite Communications Company PJSC's Annual General Meeting 2024

The Annual General Meeting of the shareholders of Al Yah Satellite Communications Company PJSC was held on 25 April 2024. The Agenda comprised the following:

Ordinary Resolutions:

1. Consider and approve the Board of Directors' report on Al Yah Satellite Communications Company PJSC's activity and its financial position for the financial year ended 31 December 2023.
2. Consider and approve the auditor's report for the financial year ended 31 December 2023.
3. Consider and approve Al Yah Satellite Communications Company PJSC's balance sheet and profit and loss account for the financial year ended 31 December 2023.
4. Consider and approve the Board of Directors' recommendation to distribute a final cash dividend in the amount of AED 200,793,093 (8.23 fils per share) and to approve the interim dividends declared on 21 September 2023, bringing the total cash dividend for the financial year ended 31 December 2023 to AED 401,586,186 (16.46 fils per share).
5. Approve the Board of Directors remuneration for the financial year ended 31 December 2023.
6. Discharge the members of the Board of Directors from liability for the financial year ended 31 December 2023.
7. Consider and approve the auditor's additional fees for the financial year ended 31 December 2023.
8. Discharge the auditors from liability for the financial year ended 31 December 2023.
9. Appoint the auditors for the financial year 2024 and determine their fees.

Election of Board Members:

1. The Annual General Meeting will elect nine (9) Board members to represent Al Yah Satellite Communications Company PJSC shareholders, as the term of the current Board will end after the General Assembly of the shareholders in 2024.

Special Resolutions:

1. The approval of the proposed merger (the Merger) of Al Yah Satellite Communications Company PJSC and Bayanat AI PLC, to be effected by way of a merger pursuant to Article 285(1) of UAE Decree by Federal Law No. 32 of 2021 Concerning Commercial Companies (the Law) through the issuance of 0.897821 new Bayanat AI PLC shares for every one share in Al Yah Satellite Communications Company PJSC, subject to the terms and conditions of the Merger.
2. The approval of the merger agreement entered into between Bayanat AI PLC and Al Yah Satellite Communications Company PJSC in accordance with Article 287(1) of the Law (the Merger Agreement).
3. The approval of the special resolutions 1, 2, 3, 4, 5, and 6 adopted by the shareholders of Bayanat AI PLC at the general assembly meeting held by Bayanat AI PLC shareholders.
4. The approval of the dissolution of Al Yah Satellite Communications Company PJSC, subject to the terms and conditions of the Merger and with effect from the Merger becoming effective, and termination of the corporate personality of Al Yah Satellite Communications Company PJSC and for Bayanat AI PLC to become the legal successor of Al Yah Satellite Communications Company PJSC in all its assets, rights, and obligations.
5. The authorization of the Board of Directors, or any person so authorized by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions including, without limitation, to apply for a certificate to be issued by the Securities and Commodities Authority to declare the Merger, and the dissolution of Al Yah Satellite Communications Company PJSC, effective. The Board of Directors be authorized to communicate with the Securities and Commodities Authority, TDRA, and the Competent Authority to de-register Al Yah Satellite Communications Company PJSC and further to be authorized to take all necessary action to amend the records and register the Merger with all persons and entities whether official or otherwise including the registration that Bayanat AI PLC shall become the legal successor in all rights and obligations of Al Yah Satellite Communications Company PJSC.
6. Approve the proposal of allocating towards social contributions (Corporate Social Responsibility) not exceeding 0.5% of Al Yah Satellite Communications Company PJSC 's average net profits of the last year (2023), during 2024 and authorize the Board of Directors (with the right to subdelegate) to determine the beneficiaries at its own discretion, subject to the requirements of the Federal Decree-Law No. (32) of 2021, concerning Commercial Companies and the applicable laws and regulations.

Al Yah Satellite Communications Company PJSC General Assembly Meeting 2024

A General Assembly Meeting of Al Yah Satellite Communications Company PJSC was held on 26 September 2024. The Agenda comprised the following:

Ordinary Resolutions Agenda Items:

1. Approve the interim cash dividend of AED 204,940,703 (8.40 fils per share) for the first half of 2024, which was distributed to shareholders based on a resolution adopted by the Board of Directors on 2 September 2024.

2. Approve the Board of Directors remuneration for the period starting from the beginning of the current financial year 2024 until the date of this meeting.

3. Discharge the members of the Board of Directors from liability for the period starting from the beginning of the current financial year 2024 until the date of this meeting, or dismiss them and file claim against them.

All resolutions presented to the Al Yah Satellite Communications Company PJSC General Assembly Meeting were passed by majority of the shares represented at the meeting.

Space42 and the Capital Market

Space42 debuted on the ADX on 1 October 2024, following the successful merger of Bayanat AI PLC and Al Yah Satellite Communications Company PJSC. This milestone introduced investors to the UAE's first AI-powered SpaceTech company with global reach, closely aligned with the National Space Strategy 2030 and AI Strategy 2031, further strengthening the country as a global leader in the space and AI sectors.

Establishing Investor Engagement and Market Presence

Since inception, the Investor Relations department has made rapid progress in establishing Space42's presence in the capital markets and beyond. Key achievements include hosting the Company's inaugural Investor Day, unveiling the five-year corporate strategy, defining its investment narrative, delivering its first financial results presentation, and actively engaging with investors at regional conferences. Space42 also appointed QMM, an established market-maker, to enhance share liquidity – an essential first step in supporting a newly listed company with bold growth ambitions.

As the primary interface between Space42 and the investment community, the Investor Relations department ensures clear, consistent, and transparent communication with investors and sell-side analysts. Through proactive engagement, the department keeps stakeholders regularly informed about the Company's strategy, financial performance, and key developments, fostering trust and confidence in the Space42 long-term vision.

Building Relationships with the Financial Community and Beyond

Space42 is committed to two-way engagement with institutional and retail investors, analysts, and other financial stakeholders beyond the quarterly earnings cycle. This is achieved through multiple channels, including:

- One-on-one and group meetings, conference calls, and non-deal roadshows
- Participation in regional and global investor conferences
- Quarterly financial results presentations on a pre-announced calendar
- Published investor materials, such as annual reports and fact sheets
- Timely disclosures and market updates throughout the year
- Social media, SMS, and direct e-mails

Since listing, the Investor Relations department has actively engaged with over 100 institutional and retail investors, brokerage firms, and analysts, building strong relationships, driving investor confidence, and increasing market visibility.

Commitment to Transparency and Best Practices

Space42 is dedicated to accurate, fair, and timely disclosure in full compliance with regulatory requirements and industry best practices. Investor materials–including reports, presentations, and announcements—are available on the Space42 Investor Relations website, with regulatory disclosures first published on the ADX website before wider dissemination.

Share Price Performance

The performance of the Space42 share price was primarily influenced by a shift in investor base following the launch of Space42. During the initial weeks of trading, the Company experienced a shift in investor profile, with short-term focused institutional and retail investors exiting, while long-term institutional investors entered, which are more closely aligned with the long-term ambitions of Space42. Although this transition led to share price decline during October 2024, the shift in investor profile laid the foundation for share price stabilization, with the share price trading at around AED 2.00 until the end of the year.

General Information Regarding Space42 Shares

As at 31 December 2024, Space42 had 4,761,905,551 issued shares.

Shareholders

The following table shows the shareholders whose ownership exceeds 5% of the Space42 capital as at 31 December 2024:

Name of Shareholder	% of Capital
Group 42 Holding LTD	41.6%
Mamoura Diversified Global Holding PJSC	29.0%
International Tech Group – Sole Proprietorship LLC	8.1%

GOVERNANCE REPORT CONTINUED

Investor Relations – Engagement with Shareholders

The Investor Relations Department of Space42 is led by Mr. Bruno Priuli, Vice President of Investor Relations, who brings over 20 years of experience working in corporate finance and investor relations.

Investor Relations Contact:

Email: ir@space42.ai

Telephone: +971 2510 0000

Signature and Official Stamp:

Chairman of Space42	Signature of Chairman of the Audit, Risk, and Compliance Committee	Signature of Chairperson of the Nomination and Remuneration Committee	Signature of the Vice President, Internal Audit

Date: March 2025

Official Stamp of the Company:

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report contains "forward-looking statements" with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include, but are not limited to, statements with respect to: growth projections relating to the industry or segments thereof over specified periods; competitive positioning and growth potential; expectations of the Group's future financial condition, performance, or results of operations (including stated financial guidance); the Group's contracted future revenues; ability to secure new revenue opportunities (currently identifiable or otherwise); potential for diversification; financial ability to pursue future opportunities; expected date of commencement of commercial operations on new missions; ability to deliver anticipated new products and services that will meet or exceed expectations and stimulate demand; factors expected to stimulate demand or uptake; future prospects of certain technologies and solutions; price evolution of products and services; and the characteristics of, and ability to deliver against, our progressive dividend policy. Forward-looking statements are sometimes, but not always, identified by their use of a timeframe or date in the future or such words as "will," "anticipates," "positioned," "set to," "set for," "poised", "expects," "believes," and "intends" (including in their negative form or other variations). By their nature, forward-looking statements are inherently predictive, speculative, and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: general economic and political conditions of the jurisdictions in which the Space42 Group operates; changes to legal, regulatory, and tax environments; lower than expected rates of industry investment and growth; increased competition; levels of investment and the Group's ability to deploy new technologies, products, and services; the (in)ability of new products and services to perform in accordance with expectations; changes in strategy and presentation of unanticipated opportunities; the Group's ability to generate and grow revenue; a lower than expected impact of new or existing products, services, or technologies on the industry as a whole and the Group's competitive positioning, future revenue, cost structure, and capex; slower than expected customer growth, reduced customer retention, reductions or changes in customer spending, and increased pricing pressure; delay or default in payment from contract counterparties; the Group's ability to secure timely performance or delivery from suppliers; loss of suppliers, disruption of supply chains, and changes in prices of hardware components, network hardware, and satellite communications equipment; failure to meet agreed service levels or targeted delivery or deployment dates due to unforeseen and unprovided circumstances; the impact of a failure or significant interruption to the Group's satellites, ground networks, or IT systems; the Group's ability to secure, or realize expected benefits from partnerships, joint ventures, or other arrangements with third parties; the extent of any future write-downs or impairment charges; developments in the Group's financial condition, earnings, capex requirements, and distributable funds and other factors that the Board takes into account in determining the level of dividends; the Group's ability to satisfy working capital requirements; changes in foreign exchange rates; changes in the regulatory framework in which the Space42 Group operates; the impact of legal or other proceedings against the Space42 Group.

No assurances can be given that the forward-looking statements in this document will be realized. Subject to compliance with applicable law and regulations, Space42 does not intend to update these forward-looking statements and does not undertake any obligation to do so. You are therefore cautioned not to place any undue reliance on forward-looking statements.

FINANCIAL STATEMENTS

Space42 PLC (formerly Bayanat AI PLC)

Consolidated financial statements for the year ended 31 December 2024

Pro Forma Unaudited Financial Information

Financial Statements

SPACE42 PLC
PRO FORMA FINANCIAL INFORMATION
31 December 2024 (Unaudited)

Basis of Preparation

The Pro forma consolidated financial information forma financial illustrates the effects on the statement of financial position and financial performance of the transaction whereby Al Yah Satellite Communications Company PJSC ("Yahsat") merged into Bayanat AI PLC ("Bayanat"), the surviving entity rebranded as Space42 PLC ("Space42"). The merger was effected on 1 October 2024 through a share swap arrangement. Further details of the merger are provided in note 1 and note 37 to the consolidated financial statements of Space42 for the year ended 31 December 2024.

The Pro forma financial information consists of the unaudited consolidated statement of financial position of Space42 as at 31 December 2024 and its unaudited consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2024. These statements are prepared as if the transaction had taken place as at 1 January 2023 at the same purchase consideration as at the date of the merger. Further, these statements do not include the financial effects of the Purchase Price Allocation (PPA) exercise and consider the difference between the fair value of the consideration and the book value of net assets acquired as provisional goodwill. Please refer to Note 37 of the consolidated financial statements for the actual results of the PPA.

Number of shares issued by Bayanat to Yahsat shareholders (A)	2,190,476,191
Market value of per share of Bayanat as at the date of the transaction (AED) (B)	2.38
Total purchase consideration (AED'000) (AxB)	5,213,333
Total purchase consideration (USD'000) (C)	1,419,560
Less: net assets of Yahsat as at 1 January 2023 (USD'000) (D)	(851,135)
Provisional goodwill/intangible assets as at 1 January 2023 (USD'000) (C-D)	**568,425**

The purpose of the Pro forma financial information is to show the material effects that the transaction would have had on the historical consolidated statement of financial position and historical consolidated statement of profit or loss and comprehensive income of Space42 and its subsidiaries (together referred to as the "Group") as if the merger happened on 1 January 2023. The presentation of the Pro forma financial information of the Group is based on certain pro forma assumptions and has been prepared for illustrative purposes only and, because of its nature, the Pro forma financial information addresses a hypothetical situation and, therefore, does not represent and may not give a true picture of the financial position of the Group as at 31 December 2024 and 31 December 2023 and its financial performance for the years ended 31 December 2024 and 2023.

The Pro forma financial information does not take into consideration the effects of expected synergies or costs incurred to achieve these synergies as a result of the transaction. The Pro forma financial information gives no indication of the results and future financial situation of the Group.

The Pro forma financial information has been compiled based on the accounting policies adopted by the Group for the preparation of 31 December 2024 audited consolidated financial statements and in a manner consistent with International Financial Reporting Standards ("IFRS"). Based on our assessment, the accounting policies of Yahsat align with those of Space42 in all material respects. Space42 is considered to be the accounting acquirer as per IFRS 3 Business Combinations.

SPACE42 PLC
PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2024 (Unaudited)

	2024 $ 000	2023 $ 000
Revenue	629,255	772,490
Cost of revenue	(168,132)	(263,266)
Staff costs	(120,493)	(125,142)
Other operating expenses	(77,331)	(63,534)
Other income	53,336	4,653
Adjusted EBITDA	**316,635**	**325,202**
Depreciation and amortisation	(155,877)	(158,100)
Fair value losses	(4,754)	(13,578)
Operating profit	**156,004**	**153,523**
Finance income	34,896	34,756
Finance costs	(12,190)	(11,711)
Net finance income	22,706	23,044
Share of results of equity-accounted investments	(3,391)	(9,914)
Profit before income tax	175,319	166,653
Income tax expense	(16,469)	(1,213)
Profit for the year	**158,850**	**165,440**
Loss for the year attributable to non-controlling interests	(7,492)	(8,202)
Profit for the year attributable to the Shareholders	**166,342**	**173,642**

SPACE42 PLC
PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024 (Unaudited)

	2024 $ 000	2023 $ 000
Profit for the year	**158,850**	165,440
Other comprehensive (loss) income:		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge – effective portion of changes in fair value	9,259	6,288
Cash flow hedge – gain reclassified to profit or loss	(18,188)	(20,638)
Foreign operations – currency translation differences	(7,292)	3,043
	(16,221)	**(11,307)**
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	**(166)**	**(355)**
Other comprehensive loss for the year	**(16,387)**	**(11,662)**
Total comprehensive income for the year	**142,463**	**153,778**
Total comprehensive loss attributable to non-controlling interests	(7,522)	(8,291)
Total comprehensive income attributable to the Shareholders	**149,985**	**162,069**

SPACE42 PLC
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2024 (Unaudited)

	2024 $000	2023 $000
Assets		
Property, plant and equipment	1,449,455	1,182,760
Right-of-use assets	18,641	5,812
Provisional goodwill/intangible assets relating to business combination (refer basis of preparation)	568,425	568,425
Intangible assets	16,794	15,298
Equity-accounted investments	34,594	49,912
Trade and other receivables	367	10,610
Derivative financial instruments	15,854	22,390
Other financial assets	762	5,865
Contract costs	2,378	–
Deferred income tax assets	3,863	199
Total non-current assets	**2,111,133**	**1,861,271**
Inventories	26,123	14,357
Trade and other receivables	177,642	207,040
Contract assets	301,029	202,144
Contract costs	13,156	1,346
Derivative financial instruments	9,882	12,574
Income tax assets	182	182
Cash and short-term deposits	1,162,610	769,585
	1,690,624	**1,207,228**
Non-current assets classified as held for sale	–	28,040
Total current assets	**1,690,624**	**1,235,268**
Total assets	**3,801,757**	**3,096,539**

	2024 $000	2023 $000
Liabilities		
Trade and other payables	348,289	301,568
Contract liabilities	51,885	59,182
Borrowings	388,746	61,327
Lease liabilities	3,301	1,759
Income tax liabilities	19,334	276
Total current liabilities	**811,555**	**424,112**
Trade and other payables	64,483	139,919
Contract liabilities	795,721	310,978
Borrowings	257,913	373,292
Lease liabilities	15,014	4,935
Defined benefit obligations	12,253	11,078
Deferred income tax liabilities	1,575	965
Total non-current liabilities	**1,146,959**	**841,167**
Total liabilities	**1,958,514**	**1,265,279**
Net assets	**1,843,243**	**1,831,260**
Equity		
Share capital	129,664	129,664
Share premium	1,514,253	1,514,253
Hedging reserve	(23,279)	(14,350)
Statutory reserve	22,807	20,556
Translation reserve	(4,173)	3,098
Remeasurement reserve	(478)	(320)
Retained earnings	168,913	115,301
Equity attributable to the Shareholders	**1,807,707**	**1,768,202**
Non-controlling interests	35,536	63,058
Total equity	**1,843,243**	**1,831,260**

SPACE42 PLC
BOARD OF DIRECTORS' REPORT
31 December 2024

The Directors have pleasure in presenting their report, together with the audited consolidated financial statements of Space42 PLC (formerly Bayanat AI PLC) (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024.

Principal activities

The Group is organized into two business units and its principal activities are:

1) Yahsat Space Services (YSS): YSS provides robust, secure satellite communication solutions for government and mission-critical applications; reliable mobility and communication solutions; and high-speed data connectivity solutions.

2) Bayanat Smart Solutions (BSS): BSS provides earth observation and geospatial solutions using a multi-sensor system, advanced data analytics using GIQ platform, and industry-specific solutions using advanced Artificial Intelligence (AI).

Results for the year

For the year ended 31 December 2024, the Group reported revenue of $331,209 thousand (2023: $315,752 thousand) and profit for the year attributable to the owners of Space42 Plc of $62,311 thousand (2023: $63,275 thousand).

Transactions with related parties

Related party transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations. Related party transactions are disclosed in note 20 of the consolidated financial statements.

Directors

Current Board members:

H.E. Mansoor Al Mansoori	Chairman (effective since 1 October 2024)
Dr. Bakheet Al Katheeri	Vice Chairman (effective since 1 October 2024)
H.E. Tareq Abdul Raheem Al Hosani	Member
H.E. Maryam Eid Khamis AlMheiri	Member (effective since 1 October 2024)
Karim Michel Sabbagh	Managing Director (effective since 1 October 2024)
Ismail Abdulla	Member (effective since 1 October 2024)
Kiril Evtomov	Member (effective since 1 October 2024)

Past Board members who served during the year:

H.E. Tareq Abdul Raheem Al Hosani	Chairman (effective till 30 September 2024)
Xiaoping Zhang	Vice Chairman (effective till 30 September 2024)
H.E. Ahmed Tamim Hisham Al Kuttab	Member (effective till 30 September 2024)
Elham Abdulghafoor Alqasim	Member (effective till 30 September 2024)
Hasan Ahmed Al Hosani	Member (effective till 30 September 2024)

So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware and they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor are aware of that information.

Independent Auditors

Deloitte & Touche (M.E.) LLP, were appointed as the external auditors ("auditors") for the financial year 2024, by the shareholders in the General Assembly on 25 April 2024.

On behalf of the Board of Directors

H.E. Mansoor Al Mansoori
Chairman of the Board

Date: 26 February 2025

SPACE42 PLC
INDEPENDENT AUDITOR'S REPORT

Deloitte.

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To The Shareholders of Space42 Plc (Formerly Bayanat AI Plc)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Space42 PLC (formerly Bayanat AI PLC) (the "Company"), and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority (ADAA) Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the Abu Dhabi Global Market (ADGM), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

SPACE42 PLC
INDEPENDENT AUDITOR'S REPORT CONTINUED

Key Audit Matters continued

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group earned revenue of USD 331 million during the year ended 31 December 2024 (2023:USD 316 million). Revenue from contracts with customers is recognized when control over goods and services is transferred to a customer. The Group's contracts with customers include various performance obligations. Revenue from certain contracts is recognized over time whilst revenue from other contracts is recognized at a point in time. The determination of revenue to be recognized requires management to apply significant judgements and make significant estimates. These include: • in relation to contracts which were only partially fulfilled at the reporting date, determining the percentage of performance obligations completed at this date; • in relation to contracts with multiple performance obligations, identifying distinct performance obligations from the contract and allocating standalone transaction price; and • identification of the lease and non-lease components in contracts and classification of leases. The nature of these judgements results in them being susceptible to management override and increases the risk of revenue being recognised in an incorrect period. Further, the Group relies on information technology ("IT") systems used in initiating, processing and recording a large volume of transactions in the Group's mobility solutions revenue stream. We considered revenue recognition to be a key audit matter due to the quantitative significance of revenue to the consolidated financial statements and the inherent risk of misstatement of revenue. Refer note 5 for the accounting policy; critical accounting judgements and key sources of estimation uncertainty, and details of the amounts and types of revenue recognized during the year.	We performed the following procedures, inter alia, in relation to revenue recognition: • We obtained an understanding of the revenue business process flow and performed walkthroughs to understand the key processes and identify key controls; • We assessed the key controls over revenue to determine if they had been designed and implemented appropriately and tested these controls to determine if they were operating effectively; • We involved our IT specialists to test the general IT environment and key controls in relevant IT systems and supporting tools, including interface controls between different IT systems; • We performed substantive testing of selected samples of revenue transactions recorded during the year by reviewing relevant agreements, invoices, customer acceptance certificates, and determined that transactions were recorded in accordance with the substance of the relevant agreements; • For material contracts identified, we have reviewed the contract terms and verified assumptions made in determining the amount of revenue to be recognised, including consideration of discounts, performance penalties and other cost implications of the contract; • For material contracts with multiple performance obligations identified, we have reviewed management's assessment of distinct performance obligations in the contract and the allocation of the total contract price to each performance obligation. • We evaluated lease and non-lease elements of selected contracts included in the infrastructure revenue to determine if the classification is in accordance with IFRSs; • We performed analytical procedures by comparing the gross margins for the different types of revenue streams to the prior year. If we identified an unexpected margin, we carried out more focused testing on these revenue streams; • We performed procedures to assess whether the revenue recognition criteria adopted by the Group is appropriate and is in accordance with the Group accounting policies and the requirements of IFRS Accounting Standards; and • We assessed the disclosure in the consolidated financial statements relating to revenue recognition against the requirements of IFRS Accounting Standards.

SPACE42 PLC
INDEPENDENT AUDITOR'S REPORT CONTINUED

Key Audit Matters continued

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on contract assets arising from smart solutions At 31 December 2024, gross contract assets from smart solutions were USD 271 million against which an allowance for expected credit losses ("ECL") of USD 7 million was recorded. These assets represent 7% of the total current assets presented in the consolidated financial statements. Gross contract assets from smart solutions include balances of USD 132 million which have been outstanding for more than one year. Further, contract assets include balances of USD 75 million relating to contracts which have been awarded and are in the process of being finalized. The Group assesses at each reporting date whether the contract assets are credit-impaired. Management has applied the simplified approach for the measurement of the allowance for ECL on contract assets which are not credit impaired. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to the Group's billing and collections experience. We have considered the recoverability and impairment of contract assets from smart solutions as a key audit matter due to the identification of delays in the billing of contract assets which results in the application of significant auditor judgement regarding the accounting estimates made by management in determining the ECL allowance. In addition, contract assets are a quantitatively significant amount in the consolidated financial statements. Refer to notes 2 and 3 for the accounting policy and critical estimates made and judgements applied for determining the allowance for ECL respectively.	We performed the following procedures, inter alia, in relation to the allowance for ECL: • We obtained an understanding of the process and identified the relevant controls over the measurement and determination of the allowance for ECL; • We assessed the design of these controls and determined if they had been implemented appropriately; • We utilised our internal specialists to assist us in comparing the ECL model developed by management against the requirements of IFRS Accounting Standards and reviewed the methodology against accepted best practice; • We tested the arithmetical accuracy of the model; • For material contract assets balances, including those outstanding for more than one year, we held meetings with project managers and management and evaluated if there is a significant increase in credit risk since initial recognition based on the contracts' status, latest communication with customers and expected billing. • We tested key assumptions, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also considered the incorporation of forward-looking factors to reflect the impact of future events on expected credit losses; • We agreed the results of the output of the ECL model developed by management to the amounts reported in the consolidated financial statements; and • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

SPACE42 PLC
INDEPENDENT AUDITOR'S REPORT CONTINUED

Key Audit Matters continued

Key audit matter	How our audit addressed the key audit matter

Acquisition of Yahsat
On 1 October 2024, the Group acquired Al Yah Satellite Communications Company PJSC ("Yahsat"), which was determined to be a business combination as defined by IFRS Accounting Standards, for a consideration of USD 1.4 billion. The consideration was settled through the issuing of equity to the previous shareholders of Yahsat.
 	
This acquisition required management to identify all assets and liabilities of Yahsat at the acquisition date ("the purchase price allocation"), including those that were not recognised in the accounting records of Yahsat, and measure these assets and liabilities at fair value. The excess of the transaction price over the fair value of the net assets acquired at the acquisition is recognised as goodwill.
 	
An independent external valuation specialist ("valuer") was engaged by the Group to perform the purchase price allocation.
 	
Based on the purchase price allocation for the acquisition, the Group recognised goodwill of USD 173 million and customer contracts and relationships of USD 514 million, which have been presented as part of intangible assets.
 	
We have identified the acquisition of Yahsat as a key audit matter due to the quantitative significance of the transaction relative to the consolidated financial statements and the following significant judgements applied and estimates made by management:
• allocation of purchase price to the identifiable assets acquired and liabilities assumed;
• fair valuation of the assets acquired including the valuation of intangible assets and goodwill; and
• adjustments made to align accounting policies of the newly acquired assets with those of the Group.
 	
Refer to note 37 for the accounting policy and disclosure related to this matter.
	We performed the following procedures, inter alia, in relation to the business acquisition and purchase price allocation:
	• We obtained an understanding of the process adopted by management to determine the fair value of assets acquired and liabilities assumed of Yahsat and the related accounting for the initial recognition of the acquisition, including the key controls in this process;
	• We assessed the above mentioned key controls to determine if they had been appropriately designed and implemented;
	• We reviewed the merger agreement to assess if the recording of the acquisition was in accordance with the requirements of IFRS Accounting Standards and that the effective date of the acquisition had been correctly identified;
	• We determined if management's assumptions in relation to the initial recognition of the acquisition were in accordance with the requirements of IFRS Accounting Standards;
	• We assessed the skills, competence, objectivity and independence of the valuers engaged by the Group to perform the purchase price allocation exercise and reviewed the terms of their engagement with the Group to determine if the scope of their work was sufficient for audit purposes;
	• We performed the following procedures, with the assistance of our internal experts, over the purchase price allocation:
	  ◦ determined, if all assets acquired and liabilities assumed had been identified;
	  ◦ evaluated the valuation methodologies and significant inputs used by the Group including the identification of intangible assets and the determination of the useful lives of the identified intangible assets;
	  ◦ assessed if the inputs into the valuation of the assets and liabilities were reasonable;
	  ◦ analysed the fair value adjustments recognized by management and evaluated whether the adjustments made were in accordance with the requirements of IFRS Accounting Standards;
	  ◦ reperformed the mathematical accuracy of the purchase price allocation; and
	  ◦ assessed goodwill and identified intangible assets recognised by management and evaluated whether it was accounted for in accordance with the requirements of IFRS Accounting Standards.
	• We reconciled the carrying amounts of the assets acquired and liabilities assumed to the audited non-statutory consolidated financial statements of Yahsat as at 30 September 2024;
	• We agreed the results of the purchase price allocation to the amounts reported in the consolidated financial statements; and
	• We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

SPACE42 PLC
INDEPENDENT AUDITOR'S REPORT CONTINUED

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we will read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the applicable provisions of the Articles of Association of the Company and ADGM Companies Regulations 2020, Companies Regulations (International Accounting Standards) Rules 2015, and ADGM Financial Services Regulatory Authority Market Rules, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

SPACE42 PLC
INDEPENDENT AUDITOR'S REPORT CONTINUED

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements continued

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the provisions of the ADGM Companies Regulations 2020, Companies Regulations (International Accounting Standards) Rules 2015 and ADGM Financial Services Regulatory Authority Market Rules ("Rules and Regulations", we report that:

- the consolidated financial statements of the Group have been prepared, in all material respects, in accordance with the requirements of the said Rules and Regulations;
- the information given in the Board of Directors' report is consistent with the Group's consolidated financial statements for the year ended 31 December 2024;
- adequate accounting records have been kept by the Group; and
- the Group's consolidated financial statements are in agreement with the accounting records of the Group.

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2024, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2024:

(i) its Articles of Association; and

(ii) relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

Deloitte & Touche (M.E.) LLP

Monah Adnan Abou Zaki
Partner

26 February 2025
Abu Dhabi
United Arab Emirates

SPACE42 PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2024

	Notes	2024 $ 000	2023 $ 000
Revenue	5	331,209	315,752
Cost of revenue – goods and services	6	(147,047)	(206,632)
Staff costs	7	(59,473)	(40,679)
Other operating expenses(1)	8	(41,581)	(9,547)
Other income	9	21,353	203
Adjusted EBITDA(2)		**104,461**	**59,097**
Depreciation and amortisation	10	(42,221)	(3,588)
Fair value losses	18	(1,384)	–
Operating profit		**60,856**	**55,509**
Finance income	11	13,589	7,978
Finance costs	11	(3,867)	(212)
Net finance income		**9,722**	**7,766**
Share of results of equity-accounted investments	17	(1,178)	–
Profit before income tax		**69,400**	**63,275**
Income tax expense	12	(6,592)	–
Profit for the year		**62,808**	**63,275**
Profit for the year attributable to non-controlling interests	16	497	–
Profit for the year attributable to the Owners of Space42 Plc		**62,311**	**63,275**
Earnings per share			
Basic and diluted (cents per share)	35	1.998	2.461

(1) Other operating expenses include expected credit losses on trade receivables and contract assets (refer note 21). For the year ended 31 December 2024, there was a net charge of expected credit losses of $8,088 thousand (2023: net reversal of $117 thousand)
(2) Adjusted EBITDA is a non-GAAP measure and refers to earnings before interest, tax, depreciation, amortisation, fair value losses and share of results of equity-accounted investments

The accompanying notes form an integral part of these consolidated financial statements
The auditor's report is set out on pages 113 to 118

SPACE42 PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024

	Notes	2024 $000	2023 $000
Profit for the year		**62,808**	**63,275**
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge – effective portion of changes in fair value		6,846	–
Cash flow hedge – gain reclassified to profit or loss	11	(3,984)	–
Foreign operations – currency translation differences		(2,806)	–
		56	**–**
Items that may not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	30	**121**	**–**
Other comprehensive income for the year		**177**	–
Total comprehensive income for the year		**62,985**	63,275
Total comprehensive income attributable to non-controlling interests	16	425	–
Total comprehensive income attributable to the Owners of Space42 Plc		**62,560**	63,275

The accompanying notes form an integral part of these consolidated financial statements.
The auditor’s report is set out on pages 113 to 118

SPACE42 PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2024

	Notes	2024 $000	2023 $000
Assets			
Property, plant and equipment	13	1,422,394	60,061
Right-of-use assets	14	18,642	663
Intangible assets	15	693,103	458
Equity-accounted investments	17	28,080	–
Trade and other receivables	21	367	–
Derivative financial instruments	28	15,854	–
Other financial assets	18	762	–
Contract costs	22	2,378	–
Deferred income tax assets	12	5,470	–
Total non-current assets		**2,187,050**	**61,182**
Inventories	19	26,123	–
Trade and other receivables	21	177,643	89,236
Contract assets	21	301,028	180,508
Contract costs	22	13,156	1,265
Derivative financial instruments	28	9,882	–
Income tax assets		181	–
Cash and short-term deposits*	23	1,162,610	207,505
Total current assets		**1,690,623**	**478,514**
Total assets		**3,877,673**	**539,696**
Liabilities			
Trade and other payables	25	348,288	143,370
Contract liabilities	26	51,884	33,684
Borrowings	27	388,746	–
Lease liabilities	14	3,301	334
Income tax liabilities		19,334	–
Total current liabilities		**811,553**	**177,388**
Trade and other payables	25	64,483	–
Contract liabilities	26	795,721	1,820
Borrowings	27	257,913	–
Lease liabilities	14	15,014	271
Defined benefit obligations	30	12,253	2,149
Deferred income tax liabilities	12	47,281	–
Total non-current liabilities		**1,192,665**	**4,240**
Total liabilities		**2,004,218**	**181,628**
Net assets		**1,873,455**	**358,068**

	Notes	2024 $000	2023 $000
Equity			
Share capital	31	129,664	70,018
Share premium	31	1,514,253	154,339
Hedging reserve	28	2,862	–
Other reserve	32	13,687	11,436
Translation reserve		(2,727)	–
Remeasurement reserve		114	–
Retained earnings		182,335	122,275
Equity attributable to the Owners of Space42 Plc		**1,840,188**	**358,068**
Non-controlling interests	16	33,267	–
Total equity		**1,873,455**	**358,068**

* Cash and short term deposits include cash and cash equivalents of $732,545 thousand (31 December 2023: $207,505 thousand)

These consolidated financial statements were authorized for issue by the Board of Directors on 26 February 2025 and approved on their behalf by:

H.E. Mansoor Al Mansoori
Chairman of the Board

Karim Michel Sabbagh
Managing Director

Andrew Francis Cole
Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.
The auditor's report is set out on pages 113 to 118

SPACE42 PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024

	Attributable to the Owners of Space42 Plc						
	Share capital $000 (Note 31)	Share premium $000 (Note 31)	Other reserves(1) $000	Retained earnings $000	Total $000	Non-controlling interests $000 (Note 16)	Total equity $000
At 1 January 2023	**70,018**	**154,339**	**5,818**	**64,360**	**294,535**	**–**	**294,535**
Total comprehensive income for the year	–	–	–	63,275	63,275	–	63,275
Transfer to statutory reserve	–	–	5,618	(5,618)	–	–	–
Waiver of interest payable to a related party (note 20)	–	–	–	258	258	–	258
At 31 December 2023	**70,018**	**154,339**	**11,436**	**122,275**	**358,068**	**–**	**358,068**
At 1 January 2024	**70,018**	**154,339**	**11,436**	**122,275**	**358,068**	**–**	**358,068**
Profit for the year	–	–	–	62,311	62,311	497	62,808
Other comprehensive income (loss):							
Currency translation differences	–	–	(2,727)	–	(2,727)	(79)	(2,806)
Cash flow hedge – effective portion of changes in fair value	–	–	6,846	–	6,846	–	6,846
Cash flow hedge – net gain reclassified to profit or loss (Note 11)	–	–	(3,984)	–	(3,984)	–	(3,984)
Remeasurement of defined benefit obligation (note 30)	–	–	114	–	114	7	121
Other comprehensive income (loss) for the year	**–**	**–**	**249**	**–**	**249**	**(72)**	**177**
Total comprehensive income for the year	**–**	**–**	**249**	**62,311**	**62,560**	**425**	**62,985**
Transfer to statutory reserve	–	–	2,251	(2,251)	–	–	–
Issuance of new shares (note 31)	59,646	1,359,914	–	–	1,419,560	–	1,419,560
Non-controlling interests arising on business combination (note 37)	–	–	–	–	–	32,842	32,842
At 31 December 2024	**129,664**	**1,514,253**	**13,936**	**182,335**	**1,840,188**	**33,267**	**1,873,455**

(1) Other reserves include hedging reserve, statutory reserve relating to subsidiaries, translation reserve and actuarial remeasurement reserve

The accompanying notes form an integral part of these consolidated financial statements.
The auditor's report is set out on pages 113 to 118

SPACE42 PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2024

	Notes	2024 $000	2023 $000
Operating activities			
Profit before income tax		69,400	63,275
Adjustments for:			
Share of results of equity-accounted investments	17	1,178	–
Depreciation and amortisation	10	42,221	3,588
Allowance for expected credit losses	8	8,088	(117)
Allowance for inventories	19	749	–
Fair value losses	18	1,384	–
Finance income	11	(13,589)	(7,978)
Finance costs	11	3,867	212
Gain on disposal of non-current assets classified as held for sale	9	(12,578)	–
Current service cost	30	362	824
Loss on disposal of property, plant and equipment		–	2
Operating profit before working capital changes		**101,082**	**59,806**
Working capital changes:			
Trade and other receivables		29,191	(557)
Contract assets		(100,082)	(106,239)
Contract costs		(2,567)	(1,118)
Inventories		3,770	–
Trade and other payables		(233,843)	54,447
Contract liabilities		645,464	30,346
Cash generated from operations		**443,015**	**36,685**
Payments for defined benefit obligations	30	(795)	(225)
Income tax paid		(125)	–
Net cash from operating activities		**442,095**	**36,460**
Investing activities			
Purchases of property, plant and equipment		(113,844)	(57,628)
Additions to intangible assets	15	(2,398)	(316)
Proceeds on disposal of non current assets classified as held for sale	24	41,294	–
Proceeds on disposal of property, plant and equipment		–	1
Proceeds of term deposits with original maturities more than three months		222,500	136,147
Term deposits placed with original maturities more than three months		(305,102)	
Return of investment in an associate	17	3,250	–
Business acquisition, cash acquired	37	246,896	–
Interest received		14,599	8,364
Net cash from investing activities		**107,195**	**86,568**
Financing activities			
Proceeds from term loans	27	23,106	–
Repayment of term loans	27	(39,835)	–
Repayment of loans from related parties	20	–	(2,337)
Payment of lease liabilities	14	(2,178)	(90)
Interest paid including derivative settlements		(5,099)	(99)
Net cash used in financing activities		**(24,006)**	**(2,526)**
Net increase in cash and cash equivalents		**525,284**	**120,502**
Net foreign exchange difference		(244)	–
Cash and cash equivalents at 1 January		207,505	87,003
Cash and cash equivalents as at 31 December	23	**732,545**	**207,505**

Non-cash transactions:

The summary of non-cash transactions (other than the acquisition referred in Note 37) are provided below.

	Notes	2024 $000	2023 $000
Loans from related parties set-off against due from related parties	20	**–**	13,493
Waiver of related party interest payable	20	**–**	258

The accompanying notes form an integral part of these consolidated financial statements.
The auditor's report is set out on pages 113 to 118

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

1 Corporate information

Space42 PLC (formerly, Bayanat AI PLC) (the "Company") is registered in Abu Dhabi Global Market (ADGM) under license number 000008474 as a Public Company Limited by Shares. The Company was incorporated on 28 September 2022 (the "inception date"). The registered address of the Company is Al Sarab Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company's ordinary shares are listed on the Abu Dhabi Stock Exchange (ADX).

The Group's parent company and controlling party is Group 42 Holding Ltd (the "Parent Company"), a private company registered in Abu Dhabi Global Market.

On 1 October 2024, the Company and Al Yah Satellite Communications Company PJSC (Yahsat), a global satellite operator, merged to create Space42, a UAE-based AI-powered SpaceTech company with a global reach, integrating satellite communications, geospatial analytics, and artificial intelligence capabilities. On this date, Yahsat was dissolved and its shares delisted from Abu Dhabi Securities Exchange (ADX). Its assets and liabilities were transferred to the Company in exchange for newly issued shares. Following the merger, the legal name of the Company was changed from Bayanat AI PLC to Space42 PLC (note 31 and 37).

These consolidated financial statements include the financial performance and position of the Company, its subsidiaries (collectively referred to as the "Group") and the Group's interest in its equity-accounted investees.

The Group is organized into two business units and its principal activities are:

1) Yahsat Space Services (YSS): YSS provides robust, secure satellite communication solutions for government and mission-critical applications; reliable mobility and communication solutions; and high-speed data connectivity solutions

2) Bayanat Smart Solutions (BSS): BSS provides earth observation and geospatial solutions using a multi-sensor system, advanced data analytics using GIQ platform, and industry-specific solutions using advanced Artificial Intelligence (AI).

Details of the Company's subsidiaries and its equity-accounted investees are set out in Notes 16 and 17.

2 Material accounting policy information

2.1 Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IASB) and comply where appropriate, with the Articles of Association and applicable requirements of Abu Dhabi Global Market ("ADGM") Companies Regulations 2020 (as amended), and Companies Regulations (International Accounting Standards) Rules 2015.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, and other financial assets, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

Subsequent to the merger with Yahsat (note 37), the functional currency of the Company was changed from United Arab Emirates Dirhams ("AED") to United States Dollars ("USD" or "$") being the currency that mainly influences sales price for its goods and services as well as the currency that mainly influences cost of providing goods or services. Consequently, the presentation currency of the Company as well as the Group was also changed to USD. The Group has applied the change in functional currency prospectively from the date of change i.e. 1 October 2024 while the change in presentation currency has been applied retrospectively. Since AED is pegged to USD, the change did not result in any material impact on the amounts recognised in the consolidated financial statements of the Group for the year ended 31 December 2023.

Subsidiaries and its equity-accounted investees determine their own functional currency and items included in the financial statements of these companies are measured using that functional currency. All financial information presented in USD has been rounded to the nearest thousand ("$ 000"), unless stated otherwise.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. The basis of consolidation is referred in the following notes:

Basis of consolidation	Note
(i) Subsidiaries	16
(ii) Investments in associates	17
(iii) Transactions eliminated on consolidation	16, 17
(iv) Business combinations	37

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

2 Material accounting policy information continued

2.3 Summary of material accounting policy information

The Group has applied these accounting policies consistently to all periods presented in these consolidated financial statements.

A) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Non-derivative financial assets

The Group's non-derivative financial assets comprise receivables and cash and short-term deposits.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (FVOCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. However, the Group may make an irrevocable election at initial recognition to classify its equity instruments which are not held for trading as measured at FVOCI. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit or loss (FVTPL).

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, amounts due from related parties and other receivables.

The Group does not have financial assets carried at FVOCI.

The Group derecognises a financial asset only when the contractual rights to the cash flows of the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Cash and cash equivalents comprise cash balances and short-term deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

The Group's non-derivative financial liabilities comprise trade payables, amounts due to related parties, borrowings, other payables and accruals.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or at amortized cost (loans and borrowings or payables), or as derivatives designated as hedging instruments, as appropriate.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when, and only when, the obligation under the liability is discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

2 Material accounting policy information continued

2.3 Summary of material accounting policy information continued

A) Financial instruments continued

(iii) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Derivative financial instruments including hedge accounting: Refer to Note 28.

B) Revenue from contract with customers

Refer Note 5.

C) Leases – the Group as a lessor

Refer Note 5.

D) Finance costs and finance income

Refer Note 11.

E) Other income

Refer Note 9.

F) Property, plant and equipment

Refer Note 13.

G) Leases – the Group as a lessee

Refer Note 14.

H) Intangible assets

Refer Note 15.

I) Borrowing costs

Refer Note 11.

J) Impairment

Financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments not carried at FVTPL. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information including actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counter party's ability to meet its obligations.

Financial assets carried at amortised cost

The Group recognizes lifetime expected credit loss (ECL) for trade receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using loss rates applied against each customer segment for each revenue type to measure expected credit losses. The Group determines the loss rates based on historical credit loss experience, analysis of the debtor's current financial position adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of current and forecast direction of conditions at the reporting date, including, where appropriate, time value of money.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited in the consolidated statement of profit or loss. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets and equity accounted investments

The carrying amounts of the Group's non-financial assets and equity accounted investments are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

In order to estimate recoverable amount, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

2 Material accounting policy information continued

2.3 Summary of material accounting policy information continued

J) Impairment continued

Non-financial assets and equity accounted investments continued

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss and in case of impairment loss on equity accounted investments, these are included within share of results recognised in profit or loss.

Impairment losses recognised on non-financial assets excluding goodwill and equity accounted investments in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

K) Foreign currency

The Group's share of results and share of movement in other comprehensive income of equity accounted investments are translated into USD at average exchange rates for the year. At the end of each reporting period, translation differences relating to equity accounted investments and monetary assets and liabilities that form part of a net investment in a foreign operation are calculated at the rates prevailing at that date and recognised in the consolidated statement of other comprehensive income. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

L) Employee terminal benefits

Refer Note 7.

M) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

N) Income tax

Refer Note 12.

O) Government Grants

Refer Note 29.

P) Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:
- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period

Or

- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:
- expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period

Or

- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Q) Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes as explained below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The levels of fair value hierarchy are defined as follows:
Level 1: Measurement using quoted prices (unadjusted) from the active market.
Level 2: Measurement using valuation methods with parameters derived directly or indirectly from observable market data.
Level 3: Measurement using valuation methods with parameters not based exclusively on observable market data.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

2 Material accounting policy information continued

2.4 Changes in material accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The Group applied these amendments for the first time in the current year which did not have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group applied these amendments for the first time in the current year which did not have a material impact on the Group's consolidated financial statements.

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The Group applied these amendments for the first time in the current year which did not have a material impact on the Group's consolidated financial statements.

2.5 Standards issued but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New and amended standards issued but not effective and not yet adopted by the Group	Effective date
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 9 and IFRS 7: Power Purchase Agreements	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Amendment to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IAS 21: Lack of exchangeability	1 January 2025
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between investor and its associate or joint venture	Deferred indefinitely

The above stated new standards and amendments are not expected to have any significant impact on consolidated financial statements of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the consolidated financial statements of the Group.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Significant accounting judgements

Judgements relating to revenue from contract with customers

Refer Note 5.

Classification of investments

The Group applies significant judgement with respect to the classification of investments, control (including de-facto control), joint control and significant influence exercised on those investments made by the Group. For assessing control, the Group considers power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. In case, where the Group has less than majority of the voting or similar rights in an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee and de-facto control on listed securities. Management's assessment considers the Group's ability to exercise control in the event of a deadlock situation with other vote holders and in situations where the Group holds convertible instruments, the Group considers potential voting rights.

Based on management's assessment, the classification of the Group's investments do not require any change as at 31 December 2024.

Impairment of non-financial assets excluding goodwill

At the end of each reporting period, management applies the guidance in IAS 36 Impairment of Assets to identify whether there is any objective evidence of impairment of its non-financial assets excluding goodwill. In such instances, the assets are subject to an impairment test by comparing their carrying amounts at the balance sheet date to their recoverable amounts. The recoverable amount for an individual asset is estimated and is the higher of its fair value less costs of disposal and its value in use. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is determined. An estimate of fair value less cost of disposal or the value in use of the CGU (or asset) is made, using estimated future cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (asset). The assumptions and judgements made in assessing the recoverable value include expectations of contract renewals, price increases on existing contracts and inflation rates.

Significant accounting estimates

Impairment of equity-accounted investments

At the end of each reporting period, management applies the guidance in IAS 28 Investments in Associates and Joint Ventures to identify whether there is any objective evidence of impairment of its equity-accounted investments. In such instances, the investments are subject to impairment tests by comparing the carrying amount to the recoverable amount of each investment. Considering the long term nature of these investments, the recoverable amount is determined based on discounted cash flows calculations. Estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The assumptions and judgements made in assessing the fair value less costs of disposal include expectations of contract renewals, price changes on existing contracts and inflation rates.

At the end of the year, management has not identified any indicator that suggests that the Group's investments in equity accounted investees are impaired.

Impairment of goodwill

For impairment testing, goodwill acquired as a result of the business combination (note 37) is allocated to the Infrastructure and Managed solutions CGUs. At the end of the year, the Group performed its first annual impairment test of the goodwill which did not indicate any impairment loss to be recognised in these consolidated financial statements. The key assumptions used in the estimation of the recoverable amount of each CGU are disclosed in note 15.

Impairment losses on receivables and contract assets

The Group reviews its receivables and contract assets to assess impairment on a regular basis. In determining whether impairment losses should be recorded in the consolidated statement of profit or loss and consolidated statement of comprehensive income, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses (ECL) to be recognised from initial recognition of the receivables. An impairment analysis is performed at each reporting date using loss rates applied against each customer segment to measure expected credit losses. The provision rates are based on historical patterns of default for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and age profile). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions.

As at 31 December 2024, the Group is carrying an allowance for expected credit losses of $33.8 million (2023: $6.5 million) (refer note 21).

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

3 Significant accounting judgements, estimates and assumptions continued

Significant accounting estimates continued

Useful lives of property, plant and equipment and intangible assets

Management assigns useful lives to property, plant, equipment, and intangible assets based on the intended use of assets and the economic lives of those assets. Subsequent change in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives differing from initial estimates. For satellite systems, management reviews the satellite health reports including estimates of the fuel life of the satellites, in determining if any adjustments are required to the useful life. Management also considers other factors including inputs from the satellite insurance markets on total insurable life and availability of underwriters for insurance of the satellite payloads.

Management has reviewed the useful lives of major items of property, plant and equipment and intangible assets and determined that current year estimates do not differ from previous estimates.

Fair value of derivative financial instruments

Refer Note 28

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The Group applied incremental borrowing rates ranging from 4.11% to 7.25% to the lease liabilities.

4 Segment information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments.

Material accounting policy information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) who is the Managing Director. The CODM makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

Information on segments

Consequent to the merger, the Group's operating model was changed organizing the Group into two business units, namely, Yahsat Space Services or YSS (comprising the businesses acquired from Yahsat as part of the merger) and Bayanat Smart Solutions or BSS (comprising the business carried out by the Group before the merger). BSS combines all the four segments that were reported separately prior to the merger namely Smart Geospatial Solutions, Smart Mobility Solutions, Smart Operations Solutions and Smart Space Solutions.

Each business unit is headed by a Chief Executive Officer (CEO), who reports to the Managing Director, who is also the Chief Operating Decision Maker (CODM). The CODM assesses the financial performance and financial position of the business units and the Group, in making decisions to allocate resources.

The business units meet the definition of operating segments as per IFRS 8 Operating Segments. The details of the operating segments are as follows:

1) Yahsat Space Services (YSS): YSS provides robust, secure satellite communication solutions for government and mission-critical applications; reliable mobility and communication solutions; and high-speed data connectivity solutions

2) Bayanat Smart Solutions (BSS): BSS provides earth observation and geospatial solutions using a multi-sensor system, advanced data analytics using GIQ platform, and industry-specific solutions using advanced Artificial Intelligence (AI).

Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss. The performance of the segments are evaluated based on Adjusted EBITDA.

Capital expenditure includes additions during the year to property, plant and equipment, right-of-use assets and intangible assets.

The breakdown of revenue from external customers by nature of business activity is provided in note 5.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

4 Segment information continued

The segment information for the year ended 31 December 2024 is as follows. The information pertaining to Yahsat Space Services is for the post-acquisition period from 1 October 2024 to 31 December 2024.

	Yahsat Space Services $000	Bayanat Smart Solutions $000	Total $000
Revenue	**126,948**	**204,261**	**331,209**
Cost of revenue	(21,967)	(125,080)	(147,047)
Staff costs	(16,493)	(42,980)	(59,473)
Other operating expenses	(20,102)	(21,479)	(41,581)
Other income	16,474	4,879	21,353
Adjusted EBITDA	**84,860**	**19,601**	**104,461**
Depreciation and amortisation	(38,291)	(3,930)	(42,221)
Fair value losses	(1,384)	–	(1,384)
Operating profit	**45,185**	**15,671**	**60,856**
Finance income	6,646	6,943	13,589
Finance costs	(2,988)	(879)	(3,867)
Net finance income	**3,658**	**6,064**	**9,722**
Share of results	(1,178)	–	(1,178)
Profit before income tax	**47,665**	**21,735**	**69,400**
Income tax expense	(4,489)	(2,103)	(6,592)
Profit for the year	**43,176**	**19,632**	**62,808**
Profit for the year attributable to non-controlling interests	497	–	497
Profit for the year attributable to the Owners of Space42 Plc	**42,679**	**19,632**	**62,311**
Capital expenditure	119,830	41,278	161,108

The segment information for the year ended 31 December 2023 is as follows:

	Yahsat Space Services $000	Bayanat Smart Solutions $000	Total $000
External revenue	**–**	**315,752**	**315,752**
Cost of revenue	–	(206,632)	(206,632)
Staff costs	–	(40,679)	(40,679)
Other operating expenses	–	(9,547)	(9,547)
Other income	–	203	203
Adjusted EBITDA	**–**	**59,097**	**59,097**
Depreciation and amortisation	–	(3,588)	(3,588)
Operating profit	**–**	**55,509**	**55,509**
Finance income	–	7,978	7,978
Finance costs	–	(212)	(212)
Net finance income	**–**	**7,766**	**7,766**
Profit for the year	**–**	**63,275**	**63,275**
Capital expenditure	–	58,635	58,635

Geographical information

The information on Group's revenue by geography has been compiled based on the principal location of the customers. The Group's principal place of operations is the United Arab Emirates.

Information on significant revenues from a single customer is provided in note 20.

	2024 $000	2023 $000
United Arab Emirates	**309,890**	315,752
Asia	**14,694**	–
Africa	**3,833**	–
Europe	**1,963**	–
North America	**662**	–
Others	**167**	–
Revenue	**331,209**	315,752

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

4 Segment information continued

Geographical information continued

The Group's non-current assets other than financial instruments and deferred taxes by geography are presented below. The satellites are allocated to the country where the legal owner of the asset is incorporated.

	2024 $000	2023 $000
United Arab Emirates	2,134,979	61,182
South America	17,693	–
Europe	7,933	–
Africa	1,614	–
	2,162,219	61,182

5 Revenue

Material accounting policy information

The Group is in the business of leasing of satellite communication capacity and providing telecommunication services via satellite to customers. The Group also provides services of development, installation and maintenance of various software and artificial intelligence products for specialised business operations which are long term in nature. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Yahsat Space Services segment includes revenue from leasing of satellite capacity and related services including end-to-end integrated satellite communication and managed solutions mainly to government customers. The segment also serves commercial customers by providing narrow-band satellite solutions under the trade name 'Thuraya' and broadband satellite solutions in Africa, Middle East and Asia under the brand name 'Yahclick'. Thuraya provides mobile satellite services (airtime revenue – voice, data and messaging services) and sale of related equipment and accessories. Yahclick revenue includes revenue from provision of satellite broadband services to customers and sale of related equipment and accessories.

Lease revenue is recognised in accordance with IFRS 16 (refer to Leases – the Group as a lessor). Service revenue is recognised over the period in which the services are provided. Revenue is typically recognized in profit or loss based on milestones reached, time elapsed or units delivered. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, the associated costs or the possible return of the goods or the rejection of the services provided.

Revenue from the sale of goods (i.e. equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed. Revenue is recognised net of returns, upfront discounts and sales commissions. Revenue from the sale of prepaid cards is recognized on the actual utilisation of the prepaid card and is deferred (included in contract liabilities) until the customer uses the airtime, or the credit expires.

Bayanat Smart Solutions segment includes revenue from development of software and artificial intelligence services which is recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the performance milestones of the contract. Management has assessed that the stage of completion of performance milestones as at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15 – Revenue from Contracts with Customers. In certain short-term contracts, as the transfer of control of a product or service to a customer is immediate, revenue is recognized as point in time.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., discount). In determining the transaction price for the sale of goods or rendering of services, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Generally, the Group receives short-term advances from its customers, the Group uses the practical expedient in IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers in respect of its long-term contracts which includes the provision of capacity services from satellites which are under construction. When a significant financing component is identified. the transaction price for such contracts is adjusted for time value of money, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception. The interest is accrued during the advance period and the transaction price is increased by a corresponding amount. Such interest is accounted for within finance costs in the consolidated statement of profit or loss.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Payment for installation of software services is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation services are performed representing the entity's right to consideration for the services performed to date.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

5 Revenue continued

Material accounting policy information continued

Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Contract Costs

The Group recognises any incremental cost incurred to obtain a contract with customer as an asset (contract cost) where:

- The Group expects to recover such costs from the customer,
- The contract is for a duration of at least 1 year or more, and
- The incremental costs would not have been incurred unless the contract was obtained.

The Group recognises these costs (which includes specific incentives in relation to obtaining the contract) as an asset because these costs would not have incurred if the contract had not been obtained and are expected to be recovered through the revenue earned from the contract.

The Group also recognises costs to fulfill the contract as asset when the cost are directly related to the contract, generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future and these costs are expected to be recovered.

Contract costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Leases – the Group as a lessor

Where the Group leases satellite capacity to customers over a long-term, satellite capacity lease payments are recorded on a straight-line basis over the term of the contract concerned. Advance lease rentals represent the unearned balances remaining from amounts received from customers.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases where the Group transfers substantially all of the risks and benefits of ownership of the asset through its contractual arrangements to the customer are considered as a finance lease. Leases in which the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases.

Income from operating leases are recognised in profit or loss on a straight-line basis over the lease term.

Revenue	Notes	2024 $000	2023 $000
Services rendered		312,784	315,752
Sale of equipment and accessories		18,425	–
		331,209	**315,752**
Revenue from related parties is disclosed in Note 20.			
Revenue includes:			
Revenue from contracts with customers (IFRS 15)		298,342	315,752
Income from operating leases (IFRS 16)		32,867	–
		331,209	**315,752**
Disaggregation of revenue by reportable segment:	4		
Services rendered:			
Space services		108,523	–
Smart solutions		204,261	315,752
Sale of equipment and accessories:			
Space services		18,425	–
		331,209	315,752
Timing of recognition of revenue from contracts with customers:			
Over time		263,618	219,711
At a point in time		34,724	96,041
		298,342	**315,752**
Revenue by geography is disclosed in note 4.			
Contracted future revenues			
a) Remaining performance obligations from contracts with customers, expected to be recognised as revenue:			
Within one year		425,657	279,548
More than one year		6,334,995	268,586
		6,760,652	**548,134**
b) Future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor	34	241,569	–
Total contracted future revenues		**7,002,221**	**548,134**

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

5 Revenue continued

Leases – the Group as a lessor continued

Revenue	Notes	2024 $ 000	2023 $ 000
Contract balances:			
Trade receivables, net of loss allowance	21	140,672	78,796
Contract assets, net of loss allowance	21	301,028	180,508
Contract liabilities	26	847,605	35,504
Revenue recognised from contract liabilities at the beginning of the year		31,432	3,248

The disclosure on remaining performance obligations does not include the expected consideration related to performance obligations in respect of satellite services for which the Group elects to recognize revenue in the amount it has a right to invoice (e.g. subscription revenue on fixed and mobile satellite services).

Trade receivables including due from related parties are non-interest bearing and are generally on terms ranging from 30 to 60 days.

The future minimum lease payments under operating lease arrangements, where the Group is a lessor, are disclosed in Note 34.

Significant accounting judgements and estimates

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining whether contract awards pending detailed agreements meet the definition of contract under IFRS 15

In relation to certain projects, primarily within Bayanat Smart Solutions, with the UAE Government entities, performance obligations are fulfilled based on contract awards pending detailed agreements. Management considers such contract awards meet the definition of a 'contract with customer' under IFRS 15 since the Group and the customers agree upon the essential elements of a contract and any other lawful conditions. Pending matters of detail to be agreed upon later, the contract is deemed to be binding even in the absence of agreement on these matters of detail.

Determination of transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, the existence of any significant financing component, non-cash consideration and consideration payable to the customer (if any).

The Group has a T4-NGS capacity services agreement with a government entity (T4-NGSA) for a total contract value of $708.4 million. The term of the T4-NGSA is 15 years from the date of commencement of Operational services of T4-NGS. Pursuant to the terms of T4-NGSA, the Group is entitled to receive an aggregate amount of $300 million as "Advance Payment" in two equal instalments starting from June 2022. Accordingly, the Group received the two instalments of $150 million each during July 2022 and June 2023, respectively. The Advance Payment will be offset against the quarterly payments for satellite services in equal instalments starting from the date of commencement of Operational services. In January 2025, T4-NGS satellite was successfully launched into orbit and is expected to commence commercial operations in second half of 2025.

Management has determined that the contract contains significant financing component based on the following factors.

- There is a significant time gap between the receipt of the advance payment and the provision of services; and
- There is a significant difference between the amount of promised consideration and the cash selling price of the promised services.

In making its judgement, the Group's management considered the terms and conditions of the T4-NGSA and relevant accounting standard. Hence, as required by IFRS 15, the Group has adjusted the transaction price to include the financing component of $90.4 million bringing the total transaction price to $798.9 million. The significant financing component was calculated using a discount rate of 3.22% p.a. Interest is accrued on the Advance Payment during the term of the contract and revenue will be recognized over time on a straight line basis from the date of commencement of Operational services.

Determining the timing of satisfaction of performance obligations

The Group recognises revenue over time as it performs continuous transfer of control of goods or services to the customers. Because customers simultaneously receive and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation (POs). In determining the method for measuring progress for these POs, the Group considered the nature of these goods and services as well as the nature of its performance.

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group perform;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

5 Revenue continued

Significant accounting judgements and estimates continued

Contract assets

Contract assets represent amounts relating to work performed which is yet to be billed to customers. The contract assets expected to be realised after a period of one year from the reporting date are classified and presented as non-current. Significant judgments are involved in management's assessment of the amounts of revenue and contract assets recognised and the recoverability of these amounts. These judgments are reviewed as events occur and accordingly any changes thereon may have an impact on the amount of revenue and contract assets recognised in these consolidated financial statements.

The Group receives advance payments from customers. Where contracts do not specify how advances will be recovered against satisfaction of performance obligations, the allocation of proceeds against related contract assets (primarily relating to Bayanat Smart Solutions) is determined based on management's judgment.

Classification of leases

The Group has a Capacity Services Agreement ("CSA") with a government entity, for a period of 15 years. The capacity services include the lease of capacity of satellite transponders on the AY1 and AY2 satellites and provision of services relating to the operation of satellite network. The capacity charges payable under the terms of the CSA include a lease element and a service element which corresponds to the capacity lease and provision of services respectively.

The Group has made various judgements in the process of determining – a) whether this arrangement contains a lease, b) whether it is an operating lease or a finance lease and c) how the capacity charges relating to the lease element and service element will be accounted.

In making its judgements, the Group's management considered the terms and conditions of the CSA, the requirements of relevant standards and the relevant industry practice. The relevant standards include i) IFRS 16 – Leases and ii) IFRS 15 – Revenue from contracts with customers.

Based on the matters mentioned in the preceding paragraphs the Group management has determined that:

a) the arrangement contains a lease, as it conveys a right to use the asset and the fulfilment of the arrangement is dependent on the use of a specified asset

b) the lease element of the arrangement will be accounted as an operating lease as the Group does not transfer substantially risks and rewards incidental to ownership of the assets to the customer and

c) the service element of the arrangement will be accounted as revenue to be recognized over time.

6 Cost of revenue – goods and services

	2024 $ 000	2023 $ 000
Cost of services*	126,279	173,357
Cost of equipment and materials	20,768	33,275
	147,047	**206,632**

* Cost of services relates to supplies procured by Yahsat Space Services (managed solutions and mobility solutions businesses) and Bayanat Smart Solutions (subcontracting costs of various projects)

7 Staff costs

Material accounting policy information

Employee terminal benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

The Group operates unfunded defined benefit plan. Provision for employees' end of service benefits for non-UAE nationals is made in accordance with the Projected Unit Cost method as per IAS 19 Employee Benefits taking into consideration the UAE Labour Laws and ADGM Employment Regulations 2019. The provision is recognised based on the present value of the defined benefit obligations. The calculation of the present value of the defined benefit obligation is performed annually by a qualified actuary using assumptions on the average annual rate of increase in salaries, average period of employment of non-UAE nationals and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate. The discount rates are set in line with the best available estimate of market yields currently available at the reporting date with reference to high quality corporate bonds or other basis, if applicable.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

7 Staff costs continued

Material accounting policy information continued

Employee terminal benefits continued

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. When there is a plan amendment, curtailment or settlement occurs during the annual reporting period, the Group determines the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability reflecting the benefits offered under the plan after that event. The Group also determines the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability reflecting the benefits offered under the plan after that event, and the discount rate used to remeasure that net defined benefit liability.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Pension contributions, a defined contribution plan, are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to the profit or loss during the employees' period of service.

	Note	2024 $000	2023 $000
Employee costs		48,651	37,595
Outsourced staff costs		10,822	3,084
		59,473	**40,679**
Employee costs include:			
Pension contributions made in respect of UAE national employees in accordance with the UAE Federal Law No. (2), 2000		1,709	925
Current service cost/charge on defined benefit obligations, net	30	362	824

The average number of persons employed by the Group during the year ended 31 December 2024 is 298 (2023: 220).

8 Other operating expenses

	Notes	2024 $000	2023 $000
Satellite services operations costs		2,987	–
Allowance (reversal of allowance) for expected credit losses	21	8,088	(117)
Marketing expenses		5,175	1,679
Consultancy, legal and advisory expenses		7,319	1,142
Insurance expenses		3,753	852
Facilities and asset maintenance costs		2,892	779
IT support costs		5,424	2,674
Business travel expenses		1,272	383
Currency exchange losses – net		(45)	163
Board and committee fees	20	938	–
Registration and filing expenses		360	156
Bank fees and charges		518	698
Learning and development expenses		418	135
Allowance for inventories	19	749	–
Other expenses		1,733	1,003
		41,581	**9,547**

The Group did not make any material social contributions during the current year and prior year.

9 Other income

Material accounting policy information

The Group recognises income from claims for liquidated damages in profit or loss as other income or a reduction to operating costs when a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. When such claims do not relate to compensations for loss of income or are not towards incremental operating costs, the amounts are taken to the consolidated statement of financial position and recorded as a reduction in the cost of the related asset.

Insurance proceeds received from loss claims relating to assets insured is recognised in profit or loss as other income when the Group has an unconditional contractual right to receive the compensation.

Rental income from lease of investment property is recognized on a straight-line basis over the term of the lease.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

9 Other income continued

	Notes	2024 $000	2023 $000
Gain on sale of non-current assets classified as held for sale	24	12,578	–
Income from insurance claims*		3,390	–
Rental income from investment property		497	–
Reversal of liability no longer required		1,861	–
Grant income	29	2,868	–
Others		159	203
		21,353	**203**

* Represents amount receivable, net of claim fees, resulting from the Group's insurance claim against an anomaly relating to Al Yah 3 satellite.

10 Depreciation and amortisation

	Notes	2024 $000	2023 $000
Depreciation of property, plant and equipment	13	32,754	3,332
Depreciation of right-of-use assets	14	1,090	29
Amortisation of intangible assets	15	8,377	227
		42,221	**3,588**

11 Finance costs and Finance income

Material accounting policy information

Finance costs and finance income

The Group's finance costs include interest on borrowings, contract liabilities, reclassification of net gains/losses previously recognised in OCI on derivative financial instruments and other finance costs. Finance income comprises interest income on funds invested with banks.

Finance cost or finance income is recognised as it accrues in consolidated profit or loss using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time the assets are substantially ready for their intended use.

Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. In the case of general borrowings, a capitalisation rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying assets and included in the cost of the asset.

A borrowing originally made to develop a qualifying asset is treated as part of general borrowings when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense when incurred.

Finance costs and Finance income	Notes	2024 $000	2023 $000
Finance income			
Interest on deposits with banks – third parties		42	–
Interest on deposits with banks – related parties	20	13,547	7,978
Total finance income		**13,589**	**7,978**
Finance costs			
Interest expense on borrowings – term loans		(10,800)	–
Interest expense on borrowings – lease liabilities	14	(402)	(3)
Interest expense on loans from related parties	20	–	(35)
Interest on contract liabilities	20	(2,802)	(110)
Other interest and finance charges		(260)	(64)
Net fair value gain on derivative financial instruments transferred from other comprehensive income		3,984	–
		(10,280)	**(212)**
Capitalised borrowing costs	13	**6,413**	**–**
Total finance cost		**(3,867)**	**(212)**
Net finance income		**9,722**	**7,766**

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

12 Income tax

Material accounting policy information

The tax expense/credit for the year comprise current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period in the UAE and countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities offset when:
a) a legally enforceable right exists to offset current income tax assets against current income tax liabilities
b) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

UAE Corporate Tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE Corporate Tax Law" or "Law"). The Law became effective on 25 October 2022, and applies to taxable persons for financial years commencing on or after 1 June 2023. The UAE Cabinet of Ministers Decision No. 116/2022, which came into effect in January 2023, confirmed that AED 375,000 is the threshold of income over which the 9% tax rate would apply. Accordingly, the Group's first tax year commenced on 1 January 2024 and the standard corporate tax rate of 9% is applicable.

As required by IAS 12 Income Taxes, the Group assessed deferred tax implications in its consolidated financial statements and recorded deferred tax liabilities arising on taxable temporary differences.

The other income taxes related to the subsidiaries in the Netherlands, Nigeria and South Africa and Japan are not significant.

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

	2024 $000	2023 $000
Current income tax	10,204	–
Deferred tax (relating to origination and reversal of temporary differences)	(3,612)	–
Income tax expense reported in the consolidated statement of profit or loss	**6,592**	**–**

The total income tax recognised in profit or loss for the year can be reconciled to the profit for the year as follows:

	2024 $000	2023 $000
Accounting profit before income tax for the year	69,400	63,275
UAE Corporate Income tax at 9% (2023: nil)	6,246	–
Tax effects of different tax rates of subsidiaries operating in other jurisdictions	34	–
Tax effects of other non-deductible/non-taxable items	121	–
Changes in estimates related to prior years	142	–
Others	49	–
Income tax expense reported in the consolidated statement of profit or loss	**6,592**	**–**

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

12 Income tax continued

UAE Corporate Tax continued

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2024 $000	2023 $000	**2024 $000**	2023 $000
Property, plant and equipment*	58	–	709	–
Intangible assets*	(45,607)	–	(652)	–
Others	70	–	(1)	–
Unutilized tax losses**	3,668	–	(3,668)	–
Net deferred tax (liabilities)/ assets	**(41,811)**	**–**	**(3,612)**	**–**

Reflected in the consolidated statement of financial position as follows:

	2024 $000	2023 $000
Deferred tax assets	5,470	–
Deferred tax liabilities	(47,281)	–
Net deferred tax (liabilities)/ assets	**(41,811)**	**–**

Reconciliation of deferred tax (liabilities)/assets, net

	2024 $000	2023 $000
At 1 January	–	–
Acquisition (note 37)	(45,403)	–
Recognised in profit or loss	3,612	–
Translation differences	(20)	–
At 31 December	**(41,811)**	**–**

* Deferred tax mainly relates to differences in accounting base and tax base arising from fair valuation of identified assets upon merger (note 37) and consolidation adjustments for borrowing costs capitalized on qualifying assets (PPE)

** The Group has unutilised tax losses relating to a subsidiary that are expected to be utilised in future years against taxable income of the Group. Hence, deferred tax asset has been recognised as at 31 December 2024

There are no temporary differences associated with investments in the Group's subsidiaries and associates since these investments qualify for participation interest exemption allowed under the UAE Corporate Tax Law pursuant to which substantially all income and expenses related to these investments are exempt except certain scenarios which are not applicable to the Group.

Global Minimum Tax

In an effort to end tax avoidance and to address concerns regarding the erosion of the global corporate tax base, a global framework for corporate taxation has been formed by the OECD/G20 Inclusive Framework and is supported by over 135 jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another, in order to reduce global tax obligations in corporate structures and introduce a minimum 15% tax rate by jurisdiction ("Pillar Two").

On 9 December 2024, the UAE Ministry of Finance has announced a 15% Domestic Minimum Top-up Tax (DMTT) for multinational enterprises (MNE) with global revenues of Euro 750 million at the ultimate parent level, aligning with the OECD Pillar Two framework. Subsequent to the reporting period, the UAE Cabinet resolution no. 142 of 2024 (the "resolution") concerning 'Imposition of UAE Qualified Domestic Minimum Top-up Taxes ("QDMTT") on Multinational Enterprises (MNE)' was issued which is effective from 1 January 2025. The resolution accompanies detailed provisions, rules and procedures on the QDMTT.

Space42 PLC and its subsidiaries will be subject to QDMTT since the global revenues of the Company's ultimate parent entity cross the minimum threshold of EUR 750 million and therefore meet the definition of constituent entities that are member of an MNE Group defined under the resolution. The Group is in the process of assessing the impact of the imposition of QDMTT on its future earnings.

The Group applies mandatory exception to recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes in accordance with amendments to IAS 12 (International Tax Reform – Pillar Two Model Rules). The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information about the Group's exposure arising from Pillar Two income taxes. The legislation of QDMTT is substantively enacted in January 2025 and the Group will provide this disclosure in the financial statements in 2025.

13 Property, plant and equipment

Material accounting policy information

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of a qualifying asset are capitalised.

The Group capitalises all costs relating to assets as capital work in progress, until the date of completion and commissioning of these assets. These costs are transferred from capital work in progress to the appropriate asset category upon completion and commissioning and depreciated over their useful economic lives from the date of such completion and commissioning.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gains or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income/other expenses in profit or loss.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the financial year-end and adjusted if appropriate.

The estimated useful lives used in both the current and comparative periods are as follows:

Asset category	Years
Buildings	15-40
Satellite systems	5-18
Plant and machinery	10-20
Equipment, vehicles and fixtures	
Furniture and fixtures	3-4
Leasehold improvements	5-10
Office equipment and vehicles	3-5
Computers and software	3

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

13 Property, plant and equipment continued

	Land and building $000	Satellite systems $000	Plant and machinery $000	Equipment, vehicles and fixtures $000	Capital work in progress $000	Total $000
Cost						
At 1 January 2023	–	–	–	19,092	–	19,092
Additions	–	–	–	31,122	26,505	57,627
Disposals	–	–	–	(4)		(4)
At 31 December 2023	**–**	**–**	**–**	**50,210**	**26,505**	**76,715**
Depreciation						
At 1 January 2023	–	–	–	13,324	–	13,324
Charge for the year	–	–	–	3,332	–	3,332
Disposals	–	–	–	(2)	–	(2)
At 31 December 2023	**–**	**–**	**–**	**16,654**	**–**	**16,654**
Net book value	**–**	**–**	**–**	**33,556**	**26,505**	**60,061**
Cost						
At 1 January 2024	–	–	–	50,210	26,505	76,715
Acquisition (note 37)	64,948	3,023,317	18,292	42,362	753,569	3,902,488
Additions	–	6	–	657	145,766	146,429
Transfers	–	138	639	409	(1,186)	–
Transfer to inventories	–	–	–	–	(37)	(37)
Disposals	–	–	–	(2)	–	(2)
Exchange differences	–	–	–	(356)	(35)	(391)
At 31 December 2024	**64,948**	**3,023,461**	**18,931**	**93,280**	**924,582**	**4,125,202**
Depreciation and impairment						
At 1 January 2024	–	–	–	16,654	–	16,654
Acquisition (note 37)	33,970	2,560,041	12,206	38,130	–	2,644,347
Charge for the year	303	32,717	413	(679)	–	32,754
Capitalised to contract cost	–	–	–	9,327	–	9,327
Disposals	–	–	–	(2)	–	(2)
Exchange differences	–	–	–	(272)	–	(272)
At 31 December 2024	**34,273**	**2,592,758**	**12,619**	**63,158**	**–**	**2,702,808**
Net book value	**30,675**	**430,703**	**6,312**	**30,122**	**924,582**	**1,422,394**

13 Property, plant and equipment continued

Capital work in progress as of the end of the reporting period mainly relates to satellite systems under construction comprising of the Thuraya 4 satellite (T4-NGS) program, AY4/5 satellites program and development of low earth orbit (LEO) and high-altitude platform systems (HAPS) amounting to $892.3 million (2023: $26.3 million). Additions during the year mainly relate to satellites systems amounting to $119.9 million (2023: $26.3 million). In January 2025, T4-NGS satellite was successfully launched into orbit.

Equipment, vehicles and fixtures include office equipment, computers, vehicles, furniture and fixtures and leasehold improvements.

Borrowing costs capitalised during the year amounted to $6,413 thousand at a capitalisation rate of 3% per annum (year ended 31 December 2023: nil) (refer note 11).

14 Leases – Group as a Lessee

This note provides information for leases where the group is a lessee, related right-of-use assets and lease liabilities.

Material accounting policy information

Leases, where the Group is a lessee, are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

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

a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
b) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
c) amounts expected to be payable by the group under residual value guarantees
d) the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
e) payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

a) where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
b) uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee which does not have recent third party financing, and
c) makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

a) the amount of the initial measurement of lease liability
b) any lease payments made at or before the commencement date less any lease incentives received
c) any initial direct costs, and
d) restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases or lease of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

A lease modification is a change in scope of the lease, or the consideration for the lease that was not part of the original terms of the lease. When a modification increases the scope of the lease adding more underlying assets and the consideration is commensurate, the modification is accounted as a separate lease contract. However, if a modification increases the scope of the lease without adding the right to use of more underlying assets, or the increase in lease consideration is not commensurate, the modification is accounted for by remeasuring the existing lease. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss. The lease liability is remeasured at the effective date of modification, using a revised discount rate, with a corresponding adjustment to the right of use asset. The lessee uses the incremental borrowing rate as the revised discount rate if the rate implicit in the lease for the remainder of the lease term is not readily determinable.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

14 Leases – Group as a Lessee continued

Material accounting policy information continued

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The estimated useful lives of right-of-use assets are as follows:

Asset category	Years
Right-of-use assets – buildings	2-10
Right-of-use assets – satellite capacity	2
Right-of-use assets – naming rights	10

A) Right-of-use assets

Carrying amounts and movements during the year	Satellite capacity $000	Buildings $000	Naming rights $000	Total $000
At 1 January 2023	–	–	–	–
Additions	–	692	–	692
Depreciation expense	–	(29)	–	(29)
At 31 December 2023	**–**	**663**	**-**	**663**
At 1 January 2024	–	663	–	663
Acquisition (note 37)	2,154	4,633	–	6,787
Additions	3,045	1,930	7,307	12,282
Depreciation expense	(144)	(581)	(365)	(1,090)
At 31 December 2024	**5,055**	**6,645**	**6,942**	**18,642**

'Naming rights' represents the Group's right to display its name on a building for advertising and promotion purposes for a period of ten years.

B) Lease liabilities

The table below provides the changes in the lease liabilities arising from financing activities, including both cash and non-cash changes:

	Notes	2024 $000	2023 $000
Lease liabilities			
At 1 January		605	–
Acquisition (note 37)		7,149	–
Additions		12,282	692
Accretion of interest	11	402	3
Payments		(2,178)	(90)
Exchange differences		55	–
At 31 December		**18,315**	**605**
of which current		3,301	334
of which non-current		15,014	271
Amounts recognized in consolidated profit or loss in relation to leases			
Depreciation expense of right-of-use assets		1,090	29
Interest expense on lease liabilities		402	3
Expense relating to of short-term leases and low-value assets (included in other operating expenses)		95	269
Total		**1,587**	**301**
Cash flow information			
Total cash outflows for leases		1,224	90

The Group has lease agreements for office premises, warehouse, premises to host its satellite gateway equipment, satellite capacity assets and naming rights. Rental contracts are typically made for fixed periods of 2 years to 10 years, but may have extension options (2023: 2 years).

During the year, the Group entered into lease agreements for satellite capacity leases, office spaces and naming rights for a period ranging from 2 years to 10 years. These additions were non-cash.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased asset may not be used for borrowing purposes.

The maturity analysis of lease liabilities is disclosed in Note 36.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

15 Intangible assets

Material accounting policy information

Licenses, representing a right to transmission of telecommunication signals utilizing geo-stationary satellite and use of associated radio frequencies, are capitalized at cost only when future economic benefits are probable. Cost includes purchase price together with any directly attributable expenditure.

Expenditure on research activities is recognised in consolidated profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Refer note 37 Business combinations, for accounting policy on goodwill.

The estimated useful lives for current and comparative periods are as follows:

Asset category	Years
Licenses	10
Development costs (user terminal development)	3-5
Software (including operation and billing support systems)	2-10
Customer contracts and relationships	15-19

	Goodwill $000	Development costs $000	Customer contracts and relationships $000	Software and licenses $000	Total $000
Cost					
At 1 January 2023	–	–	–	2,850	2,850
Additions	–	–	–	316	316
At 31 December 2023	**–**	**–**	**–**	**3,166**	**3,166**
Amortisation					
At 1 January 2023	–	–	–	2,481	2,481
Charge for the year	–	–	–	227	227
At 31 December 2023	–	–	–	2,708	2,708
Net book value at 31 December 2023	–	–	–	458	458
Cost					
At 1 January 2024	–	–	–	3,166	3,166
Acquisition (note 37)	173,310	75,685	513,986	26,438	789,419
Additions	–	1,625	–	773	2,398
Exchange differences	–	–	–	9	9
At 31 December 2024	**173,310**	**77,310**	**513,986**	**30,386**	**794,992**
Amortisation					
At 1 January 2023	–	–	–	2,708	2,708
Acquisition (note 37)		73,348		17,449	90,797
Charge for the year	–	211	7,243	923	8,377
Exchange differences	–	–	–	7	7
At 31 December 2024	**–**	**73,559**	**7,243**	**21,087**	**101,889**
Net book value at 31 December 2024	**173,310**	**3,751**	**506,743**	**9,299**	**693,103**

Acquisition during the year

The customer contracts and relationships were acquired as part of the merger (see note 37 for details). The customer contracts were recognized as part of the merger and include the long-term satellite capacity contracts with the UAE Government relating to Yahsat Space Services, while the customer relationships represent the Group's long-term relationships with customers relating to managed solutions business.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

15 Intangible assets continued

The Group recognised goodwill of $173.3 million arising on a business combination during the year (see note 37 for details). For impairment testing, the goodwill is allocated to the respective CGUs where synergies are expected from business combination, as follows.

	Notes	2024 $ 000	2023 $ 000
Infrastructure		46,096	–
Managed solutions		127,214	–
At 31 December	37	**173,310**	**–**

Infrastructure CGU:

The infrastructure segment primarily provides long-term satellite capacity leases, long-term capacity services and satellite operation services. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows using inputs to the valuation technique that fall under Level 3 of the fair value hierarchy. The recoverable amount as at 31 December 2024 has been determined using cash flow projections from the budget and business plan approved by the Board of Directors for the years 2025-2029. The cash flow projections are discounted using an estimated discount rate of 7.8%. The impairment test at 31 December 2024 determined that the recoverable amount of the Infrastructure CGU far exceeds its carrying value and no impairment was required.

Managed solutions CGU:

Managed solutions segment includes end-to-end managed solutions provided mainly to government customers (Yahsat Government Solutions) and other industry solutions. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows using inputs to the valuation technique that fall under Level 3 of the fair value hierarchy. The recoverable amount as at 31 December 2024 has been determined using cash flow projections from the budget and business plan approved by the Board of Directors for the years 2025-2029. The cash flow projections were extrapolated into perpetuity at a 3% growth rate and discounted using an estimated discount rate of 9.8%. The impairment test at 31 December 2024 determined that the recoverable amount of the Managed solutions CGU far exceeds its carrying value and no impairment was required.

Sensitivity analysis:

Sensitivities to the key assumptions such as discount rate and perpetual growth rate were also tested for the above CGUs and the Group has determined that no reasonably possible changes would give rise to impairment at 31 December 2024.

16 Group information

A) Subsidiaries

Material accounting policy information

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights of an entity that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Adjustments are made to the amounts reported by subsidiaries, when necessary, to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements.

The consolidated financial statements of the Group include:

Name	Principal activities	Country	Equity % 2024	Equity % 2023
Bayanat GIQ PJSC	Geospatial analytics, BPO and smart mobility solutions utilizing artificial intelligence.	UAE	100%	100%
Mira Aerospace Ltd	Unmanned aerial vehicle (drone) services and research and experimental development on natural sciences and engineering	UAE	100%	100%
Bayanat Investments Ltd*	Proprietary investment	UAE	100%	100%
Mira Aerospace Manufacturing – Sole Proprietorship L.L.C.	Airplanes manufacturing and aircrafts parts and accessories manufacturing	UAE	100%	100%

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

16 Group information continued

A) Subsidiaries continued

Name	Principal activities	Country	Equity % 2024	Equity % 2023
Subsidiaries acquired during the year (note 37):				
Al Yah Advanced Satellite Communication Services PJSC (Al Yah Advanced)	Leasing of satellite communication capacity	UAE	100%	–
Star Satellite Communications Company PJSC (Star)	Telecommunication services via Satellite and integrated satellite communication and managed services	UAE	100%	–
Yahsat Treasury Sole Proprietorship LLC	Group corporate treasury	UAE	100%	–
Thuraya (Mobility solutions business)				–
Thuraya Telecommunications Company PJSC (Thuraya)	Mobile telecommunication services via Satellite	UAE	89.83%	–
Thuraya Telecommunications Japan Co. Ltd.	Mobile telecommunication services via Satellite	Japan	89.83%	–
BCS (Data solutions business)				–
Broadband Connectivity Solutions (Restricted) Limited (BCS Holdco)	Holding company	UAE	80%	–
BCS Investments LLC (BCS Opco)	Telecommunication services via satellite	UAE	80%	–
Star Network Marketing Services Company (Proprietary) Limited (SNMS)	Marketing support office	South Africa	80%	–
Al Najm Communications Company LLC (Al Najm)	Telecommunication services via satellite	UAE	80%	–
Yala B.V. (Yala)	Telecommunication services via satellite	Netherlands	80%	–
Broadband Connectivity Solutions Limited (BCS Nigeria)	Telecommunication services via satellite	Nigeria	80%	–
YahClick – Prestação de Serviços, (SU), LDA (BCS Angola)*	Telecommunication services via satellite	Angola	80%	–

* These subsidiaries are dormant and had no operations in the current year

B) Material partly-owned subsidiaries

Financial information of subsidiaries that have significant non-controlling interests is provided below.

	31 December 2024		31 December 2023	
	Thuraya $ 000	**BCS $ 000**	Thuraya $ 000	BCS $ 000
Proportion of equity interest held by non-controlling interests	10.17%	20.00%	–	–
Non-controlling interests	15,078	18,189	–	–
Profit (loss) attributable to non-controlling interests	1,096	(599)	–	–

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations. The summarised statement of comprehensive income and cash flows relates to the acquired subsidiaries, Thuraya and BCS, for the post-acquisition period.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

16 Group information continued

B) Material partly-owned subsidiaries continued

	31 December 2024		31 December 2023	
Summarised statement of comprehensive income:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Revenue	27,910	5,445	–	–
Adjusted EBITDA	**14,067**	**1,785**	**–**	**–**
Depreciation, amortisation and impairment	(2,955)	(4,564)	–	–
Operating profit (loss)	**11,112**	**(2,779)**	**–**	**–**
Net finance income	119	206	–	–
Income tax expense	(451)	(423)	–	–
Profit (loss) for the year	**10,780**	**(2,996)**	**–**	**–**
Other comprehensive income (loss)	20	(370)	–	–
Total comprehensive income (loss)	**10,800**	**(3,366)**	**–**	**–**
Attributable to:				
Owners of Space42 Plc	9,702	(2,693)	–	–
Non-controlling interests	1,098	(673)	–	–

	31 December 2024		31 December 2023	
Summarised statement of financial positions:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Current assets (Inventories, receivables and cash balances)	106,165	44,540	–	–
Non-current assets (Property, plant and equipment and other assets)	82,183	57,945	–	–
Current liabilities (Trade and other payables, deferred revenue and borrowings)	(32,969)	(10,845)	–	–
Non-current liabilities (Borrowings and other liabilities)	(7,115)	(694)	–	–
Net assets/Total equity	**148,264**	**90,946**	**–**	**–**
Attributable to:				
Owners of Space42 Plc	133,186	72,757	–	–
Non-controlling interests	15,078	18,189	–	–

Summarised cash flow information:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Operating	(3,144)	1,130	–	–
Investing	36,982	7,254	–	–
Financing	(29)	(854)	–	–
Net increase in cash and cash equivalents	**33,809**	**7,530**	**–**	**–**

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

17 Equity-accounted investments

Material accounting policies

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Please refer to note 37 for the Group's accounting policies on acquisition of an associate in a business combination.

The group's associates are:

Name	Principal activities	Country	**Equity % 2024**	Equity % 2023
Sindan-Additive Manufacturing Center of Excellence L.L.C*	Engineering, design and consultancy using 3D printing technology	UAE	25%	25%
Associates acquired during the year (note 37):				
Al Maisan Satellite Communication Company LLC (Al Maisan)**	Leasing of satellite capacity primarily for broadcasting customers	UAE	65%	–
HNS Participações Empreendimentos S.A. (HPE; Brazil JV Co)	Telecommunication services via satellite	Brazil	20%	–

* The Group has 25% ownership in Sindan-Additive Manufacturing Center of Excellence ("Sindan" or the "Associate") which was incorporated on 15 June 2023 as a Limited Liability Company in Abu Dhabi, UAE. The shares were allocated to the Group in consideration for the contribution of the necessary know-how to Sindan. During the year, the shareholders of Sindan approved to transfer their ownership in Sindan to another party for nil consideration. As at 31 December 2024, the legal formalities for the transfer of shares were in progress and were completed on 23 January 2025. The commercial operations of Sindan have not commenced and the Group has not contributed its know-how or any other contribution to Sindan as at the year end

** Although the Group holds more than 50% of the equity in Al Maisan, it does not control the financial and/or operating policies of Al Maisan. This is pursuant to an agreement, which provides the majority board representation to other shareholder of Al Maisan. However, as the Group has the power to participate in the financial and operating policy decisions of Al Maisan due to its representation on the board, it accounts for its investment as an associate

Movement in the investments in associates:	**2024 $000**	2023 $000
At 1 January	–	–
Acquisition (note 37)	34,893	–
Return of investment from Al Maisan	(3,250)	–
Share of results for the year	(1,178)	–
Exchange differences	(2,385)	–
At 31 December	**28,080**	**–**

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

17 Equity-accounted investments continued

Transactions eliminated on consolidation continued

	31 December 2024		31 December 2023	
Aggregate financial information of associates:	**HPE $000**	**Al Maisan $000**	HPE $000	Al Maisan $000
Proportion of equity interests held by the Group	20%	65%	20%	65%
Statement of comprehensive income (from the date of acquisition (100%))				
Revenue	28,643	2,795	–	–
Loss for the year	(2,590)	(1,015)	–	–
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	**(2,590)**	**(1,015)**	**–**	**–**
Group's share of total comprehensive loss	**(518)**	**(660)**	**–**	**–**
Statement of financial position (100%)				
Current assets	47,466	4,196	–	–
Non-current assets	63,336	14,005	–	–
Current liabilities	(18,598)	(1,408)	–	–
Non-current liabilities	(4,934)	(813)	–	–
Net assets 100%	**87,270**	**15,980**	**–**	**–**
Group's share in net assets	17,454	10,387	–	–
Other costs relating to the investment	239	–	–	–
Carrying amount of the investments	**17,693**	**10,387**	**–**	**–**

18 Other financial assets

	Notes	2024 $000	2023 $000
Promissory note (i)		762	–
		762	**–**

Movement in the other financial assets:	Notes	2024 $000	2023 $000
At 1 January		–	–
Acquisition (note 37)		2,146	–
Fair value changes		(1,384)	–
At 31 December		**762**	**–**

i) The Group had investment in convertible preference shares ("preferred stock") of a start-up venture which aims to provide direct-to-satellite, ultra-low power, two-way, and low-latency narrowband connectivity solutions for IoT devices anywhere on earth. The preferred stock (Series-A) were non-cumulative, carried an option to convert into common stock and certain preferential rights upon dissolution. As the preferred stock did not carry any residual interest, the Group accounted for the investment at fair value through profit or loss

During the year, the Group's preference shares were exchanged for a promissory note with substantially different terms which led to derecognition of preference shares and recognition of a promissory note at fair value. The difference between the fair value of the preference shares and the fair value of the promissory note amounting to $1,384 thousand was recognised in the consolidated profit or loss for the year ended 31 December 2024. The promissory note is subsequently measured at amortized cost. The principal amount of the promissory note is $4 million which carries simple interest of 3.7% per annum and is repayable in October 2033

ii) The Group has a Convertible Loan Agreement ("CLA") with a customer for a total Convertible Loan ("Loan") amount of $17,500 thousand. The Loan has a maturity date of 31 December 2026 and carries an option to convert into equity. As at 31 December 2024, the fair value of the CLA is nil due to the prevailing critical financial situation of the customer

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

19 Inventories

Material accounting policy information

Inventories are stated at the lower of cost and net realisable value, after making loss allowance to account for obsolete or slow moving items. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories	Notes	**2024 $ 000**	2023 $ 000
Equipment and accessories – satellite services		31,993	–
Ground operations spares		1,606	–
		33,599	**–**
Loss allowance		(7,476)	–
		26,123	**–**
Movement in loss allowance for inventories:			
At 1 January		–	–
Acquisition (note 37)		6,727	–
Charge during the year		749	–
At 31 December		**7,476**	**–**

During the year, $14,226 thousand (2023: nil) of inventories were recognised as cost of equipment and accessories sold.

20 Related party transactions and balances

Identity of related parties

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in International Accounting Standard 24 Related Party Disclosures.

The Group has a related party relationship with the Parent Company and business entities over which the Parent Company can exercise control or significant influence; entities which are under common control of the shareholders of the Parent Company and associates. The Group has assessed that the Government of Abu Dhabi and its entities meet the definition of related party and hence has disclosed them under 'Government entities'.

The Group maintains significant balances with these related parties, which arise from commercial transactions.

a) Related party transactions:

Transaction with key management personnel	**2024 $ 000**	2023 $ 000
Key management personnel compensation:		
Short term employment benefits*	9,253	3,596
Post-employment benefits	239	214

* Includes Board of directors and committee fees charged to consolidated profit or loss during the year amounting to $938 thousand (2023: nil) (note 8)

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

20 Related party transactions and balances continued

Related party transactions continued

Transaction with other related parties	Notes	2024 $000	2023 $000
Revenue			
Government entities		228,412	148,235
Entities under common control		57,260	165,802
Associate		369	–
Total		**286,041**	**314,037**
Purchase of services and materials			
Government entities		109	–
Entities under common control		50,880	49,225
Associate		416	–
Total		**51,405**	**49,225**
Interest income on short term deposits – with banks			
Other related parties	11	13,547	7,978
Interest on term loans from banks, net of hedges			
Other related parties		(3,072)	–
Interest on loans from related parties			
Other related parties	11	–	(35)
Interest on contract liability			
Government entities	11	2,802	110
Bank charges incurred on behalf of a related party			
Entities under common control		–	355
Outsourced expenses, office lease rent, systems support			
Parent Company		3,555	–
Entities under common control		4,834	2,680
Other related parties		167	–
		8,556	**2,680**
Acquisition of property and equipment			
Entities under common control		–	28,000
Acquisition of intangible assets			
Entities under common control		–	49

During the year ended 31 December 2023, the Group entered into a settlement agreement with the lender (an entity under common control) to offset the loan facility outstanding amount of $10 million against a receivable balance due from another entity under common control (a related party). Interest accrued on the loan facility amounting to $258 thousand has been waived under the same settlement agreement.

During the year ended 31 December 2023, the Group has entered into another settlement agreement with the lender (a shareholder) to partially offset the loan facility balance amounting to $3,263 thousand and the interest accrued of $229 thousand against a receivable balance due from another entity under common control (a related party).

b) Related party balances

	Notes	2024 $000	2023 $000
Trade and other receivables due from related parties			
Government entities		53,248	63,910
Entities under common control		31,990	13,955
Parent Company		2,868	–
Other related parties		3,609	–
Associate		176	–
	21	**91,891**	**77,865**
Less: expected credit loss allowance		(1,960)	(1,431)
		89,931	**76,434**
Contract assets due from related parties			
Government entities		185,381	98,737
Entities under common control		117,213	86,634
Associate		167	–
		302,761	**185,371**
Less: expected credit loss allowance		(8,341)	(4,892)
	21	**294,420**	**180,479**
Wakala and other short-term deposits with related party banks			
Entities under common control	23	676,361	186,219
Current account balances with related party banks			
Entities under common control	23	468,954	21,283
Trade and other payables due to related parties			
Government entities		141,441	8,400
Entities under common control		4,304	1,861
Other related parties		197	–
Associate		3	–
Total	25	**145,945**	**10,261**
Contract liabilities due to related parties			
Government entities		824,304	31,298
Entities under common control		29	140
Associate		202	–
Total	26	**824,535**	**31,438**

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

20 Related party transactions and balances continued

b) Related party balances continued

(i) Transactions with a government entity

a) The Group provides capacity services pursuant to the Capacity Services Agreement ("CSA") with a government entity. The capacity charges payable under the CSA are billed semi-annually in advance. The future payments pertaining to the lease element included in the capacity charges, where the Group is the lessor, are provided in the table below.

In terms of the CSA, an aggregate amount of $291 million (the "Down Payment") was payable by the customer in three annual instalments starting June 2008, as an advance. Accordingly, the Group received the first instalment of $116.4 million in June 2008 and further two instalments of $87.3 million, in June 2009 and June 2010, respectively from the customer. The Down Payment is being set off against the capacity charges in equal instalments from 1 January 2023 until the termination of the agreement.

The Group has a T4-NGS capacity services agreement with a government entity (T4-NGSA) for a total contract value of $708.4 million. The term of the T4-NGSA is 15 years from the date of commencement of Operational services of T4-NGS which is expected in the first half of 2025. Pursuant to the terms of T4-NGSA, the Group is entitled to receive an aggregate amount of $300 million as "Advance Payment" in two equal instalments starting from June 2022. Accordingly, the Group received the two instalments of $150 million each during July 2022 and June 2023, respectively. The Advance Payment will be offset against the quarterly payments for satellite services in equal instalments starting from the date of commencement of Operational services. Management has determined that the contract contains a significant financing component (see note 5).

b) The Group has entered into various contracts with the government entity for the provision of end-to-end integrated satellite communication and managed services which include operation, maintenance, system capability management and technology refresh services. Revenue from such contracts are reported as revenue from government entities. The balance due from the government entity at the reporting date, includes amounts invoiced to date in relation to the afore-mentioned contracts.

c) The Government has allocated a plot of land (Secondary site in the emirate of Abu Dhabi) to the Company and has granted permission to the Company to construct and access a Satellite Ground Control Station on the plot. Title to the plot of land has not been transferred to the Company and accordingly the plot has not been recognized in the consolidated financial statements. In addition, refer to note 29 to the consolidated financial statements which discloses information about another plot of land (Primary site) received by the Company.

Future revenue from capacity charges pertaining to lease element	**2024 $ 000**	2023 $ 000
Year 1	128,184	–
Year 2	109,723	–
At 31 December	**237,907**	**–**

(ii) Transactions with other government entities and entities under common control

Star has also entered into contracts with various entities under common control for the provision of managed services.

(iii) Transactions with associates

a) Star charges both associates, Al Maisan and HPE for satellite operations support services.

b) Star also leases satellite capacity from Al Maisan to facilitate the requirements of its customers relating to managed services contracts.

The outstanding amounts at year end, except for advance from related parties which carry specific terms as specified above, are expected to be settled in cash.

Also refer note 27 for other related party transactions.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

21 Trade and other receivables and contract assets

Trade and other receivables

	Notes	2024 $000	2023 $000
Trade receivables – third parties		80,751	2,362
Trade receivables – related parties*		85,363	77,865
Sub total		**166,114**	**80,227**
Allowance for expected credit losses		(25,442)	(1,431)
Trade receivables, net of allowance		**140,672**	**78,796**
Prepayments		4,605	571
Advances to suppliers – third parties		9,123	2,355
Advances to suppliers – related parties*		30	–
Other receivables – third parties		17,082	7,514
Other receivables – related parties*		6,498	–
Sub total		**37,338**	**10,440**
Total trade and other receivables		**178,010**	**89,236**
of which non-current		367	–
of which current		177,643	89,236
Additional information:			
*Total due from related parties	20	91,891	77,865

Movement in the allowance for expected credit losses (trade receivables):	2024 $000	2023 $000
At 1 January	1,431	5,194
Acquisition (note 37)	19,294	–
Allowance for expected credit losses, net	4,733	15
Written off during the year as uncollectible	–	(3,778)
Exchange differences	(16)	–
At 31 December	**25,442**	**1,431**

The ageing of trade receivables is as follows:	2024 $000	2023 $000
Not past due	63,767	886
Past due 0 to 90 days	27,994	50,853
Past due 91 to 180 days	12,365	1,500
Past due above 180 days	61,988	26,988
	166,114	**80,227**

Advances to suppliers represent advances paid for procurement of goods and services mainly relating to managed solutions business.

Other receivables include staff-related receivables of $6,489 thousand (2023: $9 thousand). As at 31 December 2023, other receivables included refundable deposits placed with a bank against performance guarantees issued to customers amounting to $6,761 thousand which were refunded during the year.

Contract assets

	Notes	2024 $000	2023 $000
Related parties			
Contract assets – space services		33,430	–
Contract assets – smart solutions		269,331	185,372
Less: allowance for expected credit losses		(8,341)	(4,893)
		294,420	**180,479**
Third parties			
Contract assets – space services		4,753	–
Contract assets – smart solutions		1,882	164
Less: allowance for expected credit losses		(27)	(135)
		6,608	**29**
Contract assets		**301,028**	**180,508**

Contract assets relate to the Group's right on consideration for goods and services provided but not billed at the reporting date. Contract assets are recognised for any work performed in line with a series of performance related milestones under software development, installation and support service contracts and managed services contracts in excess of amounts billed to the customer. The contract assets are transferred to receivables when the rights become unconditional which usually occurs when the Group issues an invoice to the customer. All the contract assets are expected to be realized within one year hence classified under current assets.

Movement in the allowance for expected credit losses (contract assets):	2024 $000	2023 $000
At 1 January	5,028	5,160
Allowance (reversal of allowance) for expected credit losses, net	3,355	(132)
Exchange differences	(15)	–
At 31 December	**8,368**	**5,028**

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

21 Trade and other receivables and contract assets continued

The table below provides customer segmentation of trade receivables and contract assets along with loss allowance:

	2024		2023	
	Gross carrying amount $000	**Loss allowance $000**	Gross carrying amount $000	Loss allowance $000
Categories of trade receivables and contract assets				
Smart solutions, government customers	192,180	(7,589)	165,160	(6,459)
Smart solutions, general category	151,178	(1,585)	100,603	–
Space services, infrastructure and managed solutions business	55,385	(1,507)	–	–
Space services, mobility and data solutions business	76,767	(23,129)	–	–
	475,510	**(33,810)**	**265,763**	**(6,459)**

The Group's exposure to credit risk is disclosed in note 36.

22 Contract costs

	Notes	**2024 $000**	2023 $000
Cost to fulfil the contract		12,450	1,097
Cost to obtain the contract		3,084	168
Contract costs		**15,534**	**1,265**
of which non-current		2,378	–
of which current		13,156	1,265

Costs to obtain a contract relates to specific incentives in relation to obtaining a certain contract with a customer.

23 Cash and short-term deposits

	Notes	**2024 $000**	2023 $000
Cash on hand and in banks		17,210	3
Cash at banks – related parties	20	468,954	21,283
Short-term deposits with banks – third parties		85	–
Short-term deposits with banks – related parties	20	578,996	–
Wakala deposits – related parties	20	97,365	186,219
Cash and short-term deposits		**1,162,610**	**207,505**
Less: Short-term deposits with original maturities of over three months		(430,065)	–
Cash and cash equivalents		**732,545**	**207,505**

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group have assessed that there is no impairment loss required to be recorded against balances with banks.

Wakala deposits have maturities of 2 weeks to 3 months (31 December 2023: 2 weeks to 3 months) from the date of placement and carry profit rates ranging on average from 4.0% to 5.2% (31 December 2023: 4.7% to 5.2%). Deposits are placed on recurring basis and can be terminated anytime without prior notice and with a deduction of Wakala fee and a performance incentive from the actual realised investment profit. Income on Wakala deposits for the year ended 31 December 2023 amounted to $6,943 thousand (2023: $4,415 thousand).

During the year, the Group a) placed short term deposits with banks (related parties $654,112 thousand and others $5,446 thousand) and b) received maturity proceeds on short term deposits (related parties $532,500 thousand and others $8,169 thousand). These deposits have maturities of 1 month to 12 months and carry interest rates on average ranging from 3.15% to 5.5% per annum (2023: nil).

Bank account under the name of a related party with balance of $5 thousand (2023: $5 thousand) has been assigned for the beneficial interest of the Group.

For purposes of the consolidated statement of cash flows, changes in lease liabilities and borrowings arising from financing activities are disclosed in notes 14(B) and 27, respectively.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

24 Non-current assets classified as held for sale

Material accounting policy information

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. The measurement requirements of IFRS 5 do not apply to investment property which continues to be measured at fair value as per the requirements of IAS 40 'Investment Properties'.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

	Notes	**2024 $ 000**	2023 $ 000
At 1 January		–	–
Acquisition (note 37)		28,390	–
Disposed off during the year		(28,390)	–
At 31 December		**–**	**–**

During the year, the Group disposed off non-current assets classified as held for sale comprising an investment property and property, plant and equipment related to a building which was acquired as part of the merger transaction (note 37). The disposal resulted in gain of $12,578 thousand, net of broker commission of $1,200 thousand, recognised in the consolidated statement of profit or loss for the year ended 31 December 2024.

25 Trade and other payables

	Notes	**2024 $ 000**	2023 $ 000
Trade payables – third parties		121,736	82,091
Trade payables – related parties*		828	10,261
Accruals		138,169	48,915
Other payables – third parties		6,921	2,103
Other payables – related parties*		4,991	–
Advance lease rentals – related parties*	20	140,126	–
Total trade and other payables		**412,771**	**143,370**
of which non-current		64,483	–
of which current		348,288	143,370
Additional information:			
*Trade and other payables due to related parties	20	145,945	10,261

The average credit period on the purchase of goods is 30-60 days (2023: 30-60 days). The Group has financial risk management policies in place to ensure that all payables are paid within credit period.

Accruals include employee-related accruals of $9,902 thousand (2023: $8,093 thousand).

26 Contract liabilities

	Notes	**2024 $ 000**	2023 $ 000
Space services – related parties*(1)		821,054	–
Space services – third parties		20,815	–
Smart solutions – related parties*		3,481	31,438
Smart solutions – third parties		2,255	4,066
Contract liabilities		**847,605**	**35,504**
of which non-current		795,721	1,820
of which current		51,884	33,684
*Contract liabilities with related parties	20	824,535	31,438

The contract liabilities primarily relate to advance consideration received from customers for satellite communication services, managed services, orbital resources (Channel bandwidth), airtime contracts, unutilized airtime balances from prepaid scratch cards and SIM cards and software development, installation and support services

(1) Represents advances received by Yahsat Space Services from the UAE Government under a) the T4-NGSA contract $318.6 million and b) the 17-year contract for provision of capacity services, operation & maintenance services using the Government payload in the existing fleet of satellites and the Al Yah 4 and Al Yah 5 satellites which are under construction. As per the terms of this contract, the Group received the first instalment of $500 million in December 2024. The Advance Payment will be offset against the quarterly payments for services commencing from 9 November 2026 in equal instalments during the first eight years

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

27 Borrowings

	Notes	2024 $000	2023 $000
The carrying amount of borrowings are as follows:			
Principal amounts		657,360	–
Unamortised transaction costs		(10,701)	–
Term loans – net of unamortised transaction costs		**646,659**	**–**
of which current		388,746	–
of which non-current		257,913	–

The breakdown of the carrying amounts of the term loans is as follows:

	Repayment tenor Years	Principal amount $000	Unamortised transaction costs $000	Carrying amount $000
At 31 December 2024				
Term loan 1	2022-2026	170,000	(1,646)	168,354
Term loan 2	2024-2032	237,360	(9,055)	228,305
Term loan 3	2024-2025	250,000	–	250,000
		657,360	**(10,701)**	**646,659**

The table below provides the changes in the term loans arising from financing activities, including both cash and non-cash changes:

	2024 $000	2023 $000
At 1 January	–	–
Acquisition (note 37)	662,814	–
Additions (cash)	23,106	–
Additions (interest capitalised)	12	–
Amortisation of transaction costs (non-cash)	562	–
Repayments (cash)	(39,835)	–
At 31 December	**646,659**	**–**

The principal amounts of the term loans are repayable as follows:

	Term loan 1 $000	Term loan 2 $000	Term loan 3 $000	Total $000
At 31 December 2024				
Within one year	110,000	29,670	250,000	389,670
1 – 2 years	60,000	29,670	–	89,670
2 – 5 years	–	89,010	–	89,010
Beyond 5 years	–	89,010	–	89,010
	170,000	**237,360**	**250,000**	**657,360**

Term loan 1: The Group has a Term Facility of $400 million (Term loan 1 or 2021 Term Loan $400m Facility) with a tenor of five years and is repayable in eight semi-annual instalments starting from 14 December 2022. Term loan 1 bears interest at compounded reference rate plus margin of 1.30%. The compounded reference rate is based on Secured Overnight Financing Rate (SOFR) and credit adjustment spread. During the year, the Group repaid $25,000 thousand.

Term loan 2: The Group has an export credit agency facility through a BPIFAE Facility Agreement (Term loan 2 or ECA Facility) to partly fund the capital expenditure relating to the T4-NGS. The total amended facility amount is $273 million with a tenor of 8.5 years and an availability period starting from 14 June 2021 until the date falling 5 months after the starting point of credit. During the year, the Group repaid an amount of $14,835 thousand against the loan.

The ECA Facility bears interest at compounded reference rate plus margin of 0.60%. During the year, an amount of $23,118 thousand was drawn from this facility including interest capitalization of 12 thousand. As of 31 December 2024, the unutilised facility amounted to $19,855 thousand (2023: nil).

Term loan 3: The Group has a short-term Bridge Facility Agreement (Bridge Facility) to finance the capital expenditure relating to AY4/5 Satellite Program. The total facility amount is $300 million with a repayment period of 12 to 18 months from the date of the agreement. The Bridge Facility bears interest at SOFR plus margin of 0.68% per annum. As of 31 December 2024, the Group has drawn $250 million (2023: nil). Subsequent to the year end, the Group has fully repaid this loan.

Term loan 1, 2 and 3 contain customary representations, warranties, covenants and undertakings including limitations on incurrence of financial indebtedness, mergers, acquisitions, disposals and negative pledge in relation to certain assets of the Group except, in each case, as permitted under the terms of the facility documents. The Group is required to maintain an interest cover ratio of not less than 4.00:1 and a net leverage ratio of no more than 3.00:1, in each case on a calculation date (which occurs on 30 June and 31 December in each financial year).

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

27 Borrowings continued

Borrowings include outstanding balances due to related party banks aggregating to $48,875 thousand (2023: nil). The net interest on loans from related party banks was net credit of $3,072 thousand as a result of 'in the money' position of derivative financial assets (2023: nil).

28 Derivative financial instruments

Material accounting policy information

Derivative financial instruments including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

The Group has an obligation to pay interest at variable rates in connection with its borrowings. Interest rate sensitivity is disclosed in note 36.

Interest rate swaps – fair value	2024 $000	2023 $000
A) Derivative financial assets	25,736	–
of which current	9,882	–
of which non-current	15,854	–
B) Hedge reserve	2,862	–

A) Derivative financial assets

	2024 $000	2023 $000
Contractual maturities		
Within one year	9,882	–
1 – 2 years	4,960	–
2 – 5 years	8,189	–
After 5 years	2,705	–
	25,736	–
Notional amount outstanding	387,635	–

B) Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash-flow hedging instruments related to forecasted transactions.

Accounting estimates and judgements

Fair value of derivative financial instruments

The fair value of derivative financial instruments is based on their quoted market price, if available. Where the fair value of such instruments cannot be derived from active markets, it is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of derivative financial instruments.

The fair value measurement classification of the derivative financial instruments is disclosed in note 36.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

29 Government grants

Material accounting policy information

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Non-monetary government grants

The Group receives certain assets, primarily in the form of land, from entities related to the Government of the Emirate of Abu Dhabi, as grants to carry out its operations. When it is probable that future economic benefits will flow to the Group, such land received is recognised in the consolidated financial statements at nominal value.

Monetary government grants

Monetary grants that compensate the Group for expenses to be incurred are initially recognised in the consolidated statement of financial position as a deferred liability. Subsequent to initial recognition, such grants are released to profit or loss on a systematic basis over the periods in which the related expenses are recognised.

Where monetary government grants compensate for the cost of assets, such assets are carried at cost, less the value of the monetary government grants received. Asset values so derived are depreciated over the useful life of the relevant asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The Group has a plot of land (Primary site) received from the Urban Planning Council, of the Government of Abu Dhabi as a government grant. The plot of land has been used to construct the Satellite Ground Control Station, which forms an integral part of the satellite system. Accordingly, the plot of land has been classified as property, plant and equipment.

During the year, the Group recognised reimbursement of expenses of $2,868 thousand as a result of an incentive to enhance artificial intelligence capabilities of the Group. There are no unfulfilled conditions or other contingencies attaching to this incentive (note 9).

30 Defined benefit obligations

Material accounting policies

For material accounting policies on defined benefit obligations, refer note 7.

In the prior years, the Company was calculating the provision for end of service benefits for non-UAE nationals in accordance with the UAE Labour i.e. the liability represented the amount that would arise if the employment of all staff were terminated at the reporting date. However, after the merger, the Group carried out an actuarial valuation of the present value of the defined benefit obligations as at 31 December 2024 and for each prior period presented i.e. 31 December 2023 and 1 January 2023 by engaging an independent actuarial valuation specialist. The present value of defined benefit obligations and the related current and past service cost, were measured using the Projected Unit Credit Method. As a result of the actuarial valuation, management determined that the impact on the equity and comparative amounts disclosed for each prior period presented is not material and hence did not restate the comparative information.

	2024 $000	2023 $000
Unfunded plan		
Present value of defined benefit obligation	12,253	2,149

The movement in defined benefit obligation is as follows:	2024 $000	2023 $000
At 1 January	2,149	1,550
Acquisition (note 37)	10,178	–
Current service cost	792	824
Past service cost	(430)	–
Interest cost	202	–
Benefits paid	(795)	(225)
Transfers	117	–
Other movements	161	–
Actuarial gain	(121)	–
At 31 December	**12,253**	**2,149**

The amounts recognised in the consolidated statement of profit or loss are as follows:	2024 $000	2023 $000
Current service cost	792	824
Past service cost	(430)	–
Interest cost	202	–
	564	**824**

Following are the significant assumptions used in the actuarial valuation:	2024 $000	2023 $000
Discount rate	5.13%	–
Price inflation	2.00%	–
Salary growth rate	2.25%	–

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

30 Defined benefit obligations continued

Sensitivity analysis

The calculations of the defined benefit obligations are sensitive to the significant actuarial assumptions set out above. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the percentages shown below:

	Impact on defined benefit obligation	
	2024 $ 000	2023 $ 000
Discount rate		
0.5% increase	(-3.80%)	–
0.5% decrease	4.00%	–
Salary growth rate		
0.5% increase	4.30%	–
0.5% decrease	(-4.10%)	–

The sensitivity analyses above may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

As at 31 December 2024, the weighted average duration of the defined benefit obligation was 8.17 years (2023: nil).

31 Share capital

	2024 $ 000	2023 $ 000
Issued and fully paid:		
4,761,905,551 shares of $0.027 each (AED 0.10 each) (2023: 2,571,428,572 shares of $0.027 each (AED 0.10 each))	**129,664**	**70,018**

The movement in the share capital is as follows:

	2024 $ 000	2023 $ 000
At 1 January	70,018	70,018
Issue of new shares*	59,646	–
At 31 December	**129,664**	**70,018**

* On 1 October 2024, the Company merged with Yahsat and its name was changed to Space42 Plc. Consequently, Yahsat was delisted and its assets and liabilities were transferred to the Company in exchange for the issuance of 2,190,476,979 new ordinary shares of AED 0.1 each to former Yahsat shareholders (note 1 and note 37) resulting into share premium of $1,359,914 thousand. As at 31 December 2024, the Company's share premium amounts to $1,514,253 thousand (2023: $154,339 thousand)

On 13 October 2022, pursuant to the public offering, the share capital of the Company was increased to $70,018 thousand (AED 257,143 thousand divided into 2,571,428,572 shares of AED 0.1 each), with 571,428,572 shares being offered for public subscription. The Company's offer price was set at AED 1.1 per share and was fully subscribed, resulting into share premium of $154,339 thousand (AED 571,429 thousand). Share issue costs amounted to $1,258 thousand (AED 4,620 thousand)

32 Other reserve

The UAE Federal Decree-Law No.32 of 2021 requires that 10% of the Public Companies' profit (5% of the Limited Liability Companies' profit) be transferred to a non-distributable reserve until the amount of the reserve becomes equal to 50% of the paid-up share capital. The consolidated financial statements include statutory reserve of the Company's subsidiaries since the Company is not required by ADGM regulations to transfer its profits to statutory reserve.

33 Capital commitments and contingent liabilities

	2024 $ 000	2023 $ 000
Capital commitments – committed and contracted	639,670	60,605
Contingent liabilities – performance bonds and letter of credits provided by banks in the normal course of business	136,600	108,680

Capital commitments mainly relate to T4-NGS project, AY4/5 Satellite Program and low earth orbit (LEO) and high-altitude platform systems (HAPS) assets under construction.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

34 Leases – Group as a Lessor

The future minimum lease rental receivables under non-cancellable operating leases are as follows:

	Note	2024 $ 000	2023 $ 000
Satellite capacity leases – related party	20 (i)	237,907	–
Other leases:*			
Satellite capacity leases – third parties		254	–
Gateway hosting – third parties		3,408	–
At 31 December		**241,569**	**–**
* The future minimum lease rental receivables under non-cancellable operating leases relating to other leases are as follows:			
Year 1		2,856	–
Year 2		806	–
At 31 December		**3,662**	**–**

35 Earnings per share

	2024	2023
Profit for the year attributable to the Owners of Space42 Plc (in $'000)	62,311	63,275
Weighted average number of ordinary shares outstanding ('000)	3,119,048	2,571,429
Basic and diluted earnings per share (cents)	1.998	2.461
Basic and diluted earnings per share (fils)	7.337	9.037

On 1 October 2024, the Company issued 2,190,476,979 new ordinary shares of AED 0.1 each (note 31), accordingly the number of shares have been adjusted for the purpose of calculating weightage average number of ordinary shares.

36 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables, derivative financial instruments, other financial assets and cash held at bank.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	2024 $ 000	2023 $ 000
Derivative financial assets	28	25,736	–
Other financial assets	18	762	–
Trade receivables	21	140,672	78,796
Other receivables	21	23,580	7,514
Contract assets	21	301,028	180,508
Cash and short-term deposits	23	1,162,610	207,505
		1,654,388	**474,323**

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

36 Financial risk management continued

Credit risk continued

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. New customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using loss rates applied against each customer segment to measure expected credit losses. The provision rates are based on historical patterns of default for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and age profile). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The analysis and segmentation of customers is determined for Yahsat Space Services by business (infrastructure, managed solutions, mobility solutions and data solutions) and for Smart solutions by customer (Government, others).

The Group does not hold collateral as security. The Group considers the risk of concentration as low, with respect to trade receivables and contract assets, since credit risk is mitigated by the financial stability of its customers of which approximately 50% (2023: 61%) are government related entities. Moreover, a substantial portion of the remaining customers are located in several jurisdictions and industries and operate in largely independent markets.

Derivative financial instruments and bank balances

The Group has credit risk arising from its derivatives used for hedging, which are settled on a net basis. With respect to these derivatives and cash and short-term deposits, management manages its credit risk by only dealing with reputable banks.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it has sufficient cash and liquid assets on demand to meet its operational and capital expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Summarised below in the table is the maturity profile of financial liabilities based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Within one year $000	1–2 years $000	2–5 years $000	Beyond 5 years $000	Total $000
2024					
Term loans	409,796	101,252	110,517	97,038	718,603
Lease liabilities	4,853	2,210	3,367	2,903	13,333
Trade and other payables (excluding advances)	272,645	–	–	–	272,645
At 31 December 2024	**687,294**	**103,462**	**113,884**	**99,941**	**1,004,581**
2023					
Lease liabilities	362	278	–	–	640
Trade and other payables	143,370	–	–	–	143,370
At 31 December 2023	**143,732**	**278**	**–**	**–**	**144,010**

The facility amounts relating to the Group's term loans are disclosed in note 27.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Group is exposed to currency risk in respect of transactions denominated in currencies other than USD. In respect of transactions denominated in the UAE Dirham ("AED"), the Group is currently not exposed to currency risk as the AED is pegged to USD. There are no significant transactions denominated in currency other than USD and AED.

The Group is also exposed to currency risk in respect of its investment in its Brazilian associate. The Group regularly monitors the movement in exchange rates to assess the sensitivity and impact to its long term business plan.

ii) Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps. Short-term deposits earn fixed rates of interest.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

36 Financial risk management continued

Interest rate sensitivity continued

The Group's profit before tax for the year is affected through the impact on floating rate borrowings as follows. Amounts shown represent impact on profit if the market risk variables had been different at the end of the reporting period with all other variables held constant and has been computed on the basis of assumptions and indices used and considered by other market participants.

	2024 $ 000	2023 $ 000
Interest expense		
- 25 basis points	100	–
+ 25 basis points	(100)	–

Fair values

Derivatives

The fair value of interest rate swaps is based on broker quotes, which are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Derivatives fall into Level 2 of the fair value hierarchy.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2 of fair value hierarchy).

The fair values of borrowings and other financial assets and financial liabilities approximate their carrying values.

There were no transfers between Level 1, Level 2 and Level 3 during 2024 and 2023.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio within a range to meet the business needs of the Group. The Group includes within net debt, interest bearing borrowings and cash and short-term deposits. Capital includes share capital, reserves and retained earnings.

	Notes	2024 $ 000	2023 $ 000
Interest bearing borrowings (excluding unamortised transaction costs)	27	657,360	–
Less: cash and short-term deposits	23	(1,162,610)	(207,505)
Net cash		(505,250)	(207,505)
Total equity		1,873,455	358,068
Total equity and net debt		**1,368,205**	**150,563**
Gearing ratio (%)		N/A	N/A

Since the Group has net cash position as at the end of the current and prior reporting periods, gearing ratio has not been calculated.

37 Business combinations and changes in ownership interests

This note provides information on changes to the group structure in the current and previous years and the material accounting policies followed by the Group.

Material accounting policy information

Business combinations

Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

37 Business combinations and changes in ownership interests continued

Material accounting policy information continued

Business combinations continued

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognized less (when appropriate) cumulative amortisation recognized in accordance with the requirements for revenue recognition.

Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

a) Represents a separate major line of business or geographical area of operations;

b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

c) Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Merger with Al Yah Satellite Communications Company PJSC (Yahsat):

On 1 October 2024, the Company and Yahsat, a global satellite operator, merged to create Space 42, a UAE-based AI-powered SpaceTech company with a global reach, integrating satellite communications, geospatial analytics, and artificial intelligence capabilities.

On the date of the merger, Yahsat was dissolved and its shares de-listed from Abu Dhabi Securities Exchange (ADX). All assets and liabilities of Yahsat were transferred to the Company in exchange for newly issued shares of the Company, which were allocated to former Yahsat shareholders at a ratio of 0.897821 new shares in the Company for every one Yahsat share. Following the merger, the legal name of the Company was changed from Bayanat AI PLC to Space42 PLC.

The acquisition of Yahsat's assets and liabilities qualifies as a business combination in accordance with IFRS 3 Business Combinations. The Group has elected to measure the non-controlling interests in the acquiree at their proportionate share of the acquired net identifiable assets.

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

37 Business combinations and changes in ownership interests continued

Material accounting policy information continued

Merger with Al Yah Satellite Communications Company PJSC (Yahsat): continued

The fair values of the identifiable assets and liabilities of Yahsat as at the date of acquisition were:

	Notes	Fair value recognised on acquisition $ 000
Assets		
Property, plant and equipment	13	1,258,141
Right-of-use assets	14	6,787
Intangible assets	15	525,312
Equity-accounted investments	17	34,893
Other financial assets	18	2,146
Deferred income tax assets	12	233
Inventories		30,605
Contract costs		2,378
Trade and other receivables (net of allowance for ECL of $19,294 thousand)		123,692
Contract assets		23,793
Derivative financial instruments		27,603
Income tax assets		182
Cash and short-term deposits		594,359
Non-current assets classified as held for sale	24	28,390
		2,658,514
Liabilities		
Trade and other payables		477,752
Contract liabilities		166,637
Borrowings	27	662,814
Lease liabilities	14	7,149
Income tax liabilities		9,256
Defined benefit obligations	30	10,178
Deferred income tax liabilities	12	45,636
		1,379,422
Total identifiable net assets at fair value		**1,279,092**
Less: Non-controlling interests		(32,842)
Goodwill arising on acquisition	15	173,310
Purchase consideration transferred		**1,419,560**

The goodwill of $173,310 thousand is attributed to the expected synergies arising from the acquisition. Goodwill has been allocated to the Group's Infrastructure and Managed solutions CGUs (see note 15 for details). None of the goodwill is expected to be deductible for income tax purposes.

The Company issued 2,190,476,979 ordinary shares as consideration for the acquisition of assets and liabilities of Yahsat. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was AED 2.38 per share ($0.65 per share). The fair value of the consideration given was therefore $1,419,560 thousand (AED 5,213,335 thousand).

From the date of acquisition, the acquired business contributed $126,948 thousand of revenue and $50,376 thousand to profit before tax of the Group. If the business combination had taken place at the beginning of the year, consolidated pro forma revenue and profit before tax of the Group for the year ended 31 December 2024 would have been $629,255 thousand and $175,319 thousand respectively.

Analysis of cash inflows on acquisition:

	2024 $ 000
Cash and short-term deposits acquired	594,359
Less: Short-term deposits with original maturities of over three months	(347,463)
Net cash and cash equivalents acquired (included in cash flows from investing activities)	**246,896**

SPACE42 PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

38 Changes in presentation of comparatives

Prior to the merger, the Group adopted 'analysis of expenses by function' method of presentation of the statement of profit or loss in accordance with IAS 1. During the year, management reassessed the presentation of profit or loss after merger with Yahsat (note 37) and adopted 'analysis of expenses by nature' method of presentation as it is more relevant to the users of the consolidated financial statements of the Group. As a result, the comparative figures have also been reclassified to conform to the current year presentation.

	Year ended 31 December 2023		
	As previously reported $000	Reclassification $000	As presented $000
Revenue	315,752	–	315,752
Cost of revenue	–	(206,632)	(206,632)
Direct Cost	(219,028)	219,028	–
Gross Profit	**96,724**	**(96,724)**	**–**
Staff costs	–	(40,679)	(40,679)
Other operating expenses	–	(9,547)	(9,547)
Other income	203	–	203
Adjusted EBITDA	**–**	**59,097**	**59,097**
General and administrative expenses	(40,674)	40,674	–
Expected credit loss on financial assets	117	(117)	–
Depreciation and amortisation	–	(3,588)	(3,588)
Operating profit	–	55,509	55,509
Finance costs	(1,073)	861	(212)
Finance income	3,563	4,415	7,978
Income from Wakala deposits	4,415	(4,415)	–
Net finance income	**–**	**7,766**	**7,766**
Profit for the year	**63,275**	**–**	**63,275**

Certain items of the consolidated statement of financial position have also been reclassified to conform to the current year presentation.

	31 December 2023		
	As previously reported $000	Reclassification $000	As presented $000
Assets			
Property, plant and equipment	60,061	–	60,061
Right-of-use assets	663	–	663
Intangible assets	458	–	458
Total non-current assets	**61,182**	**–**	**61,182**
Trade and other receivables	5,633	83,603	89,236
Due from related parties	76,842	(76,842)	–
Contract assets	180,508	–	180,508
Contract costs	1,265	–	1,265
Refundable deposits	6,761	(6,761)	–
Cash and short-term deposits	207,505	–	207,505
Total current assets	**478,514**	**–**	**478,514**
Total assets	**539,696**	**–**	**539,696**
Liabilities			
Trade and other payables	166,793	(23,423)	143,370
Due to related parties	10,261	(10,261)	–
Contract liabilities	–	33,684	33,684
Lease liabilities	334	–	334
Total current liabilities	**177,388**	**–**	**177,388**
Trade and other payables	1,820	(1,820)	–
Contract liabilities	–	1,820	1,820
Lease liabilities	271	–	271
Defined benefit obligations	2,149	–	2,149
Total non-current liabilities	**4,240**	**–**	**4,240**
Total liabilities	**181,628**	**–**	**181,628**
Net assets	**358,068**	**–**	**358,068**
Equity			
Share capital	70,018	–	70,018
Share premium	154,339	–	154,339
Other reserves	11,436	–	11,436
Retained earnings	122,275	–	122,275
Total equity	**358,068**	**–**	**358,068**

SPACE42 PLC
Supplemental information to the consolidated financial statements
for the year ended 31 December 2024

The consolidated financial statements are presented in United States Dollars (“USD” or "$"), the functional currency of the Company and the presentation currency of the Group. The following selected supplemental information is presented in United Arab Emirates Dirhams (AED) solely for convenience. AED amounts have been translated at the rate of AED 3.6725 to USD 1, except for share capital and additional paid-in capital which are translated using historical rates. For the purpose of this translation, numbers have been rounded where necessary.

i) Consolidated statement of profit or loss

	2024 AED 000	2023 AED 000
Revenue	1,216,365	1,159,599
Cost of revenue – goods and services	(540,030)	(758,856)
Staff costs	(218,415)	(149,394)
Other operating expenses	(152,706)	(35,061)
Other income	78,419	746
Adjusted EBITDA	**383,633**	**217,034**
Depreciation and amortisation	(155,057)	(13,177)
Fair value losses	(5,083)	–
Operating profit	**223,493**	**203,857**
Finance income	49,906	29,299
Finance costs	(14,202)	(779)
Net finance income	**35,704**	**28,520**
Share of results of equity-accounted investments	(4,326)	–
Profit before income tax	**254,871**	**232,377**
Income tax expense	(24,209)	–
Profit for the year	230,662	232,377
Profit for the year attributable to non-controlling interests	1,825	–
Profit for the year attributable to the Owners of Space42 Plc	228,837	232,377
Earnings per share		
Basic and diluted (fils per share)	7.338	9.038

ii) Consolidated statement of comprehensive income

	2024 AED 000	2023 AED 000
Profit for the year	**230,662**	**232,377**
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge – effective portion of changes in fair value	25,142	–
Cash flow hedge – gain reclassified to profit or loss	(14,631)	–
Foreign operations – currency translation differences	(10,305)	–
	206	–
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	444	–
Other comprehensive income for the year	650	–
Total comprehensive income for the year	**231,312**	**232,377**
Total comprehensive income attributable to non-controlling interests	1,561	–
Total comprehensive income attributable to the Owners of Space42 Plc	**229,751**	**232,377**

SPACE42 PLC
Supplemental information to the consolidated financial statements
for the year ended 31 December 2024

iii) Consolidated statement of financial position

	2024 AED 000	2023 AED 000
Assets		
Property, plant and equipment	5,223,742	220,574
Right-of-use assets	68,463	2,433
Intangible assets	2,545,421	1,684
Equity-accounted investments	103,124	–
Trade and other receivables	1,348	–
Derivative financial instruments	58,224	–
Other financial assets	2,798	–
Contract costs	8,733	–
Deferred income tax assets	20,089	–
Total non-current assets	**8,031,942**	**224,691**
Inventories	95,937	–
Trade and other receivables	652,394	327,719
Contract assets	1,105,525	662,916
Contract costs	48,315	4,646
Derivative financial instruments	36,292	–
Income tax assets	665	–
Cash and short-term deposits	4,269,685	762,062
Total current assets	**6,208,813**	**1,757,343**
Total assets	**14,240,755**	**1,982,034**

	2024 AED 000	2023 AED 000
Liabilities		
Trade and other payables	1,279,089	526,527
Contract liabilities	190,544	123,704
Borrowings	1,427,670	–
Lease liabilities	12,123	1,227
Income tax liabilities	71,004	–
Total current liabilities	**2,980,430**	**651,458**
Trade and other payables	236,814	–
Contract liabilities	2,922,285	6,684
Borrowings	947,185	–
Lease liabilities	55,139	995
Defined benefit obligations	44,999	7,892
Deferred income tax liabilities	173,639	–
Total non-current liabilities	**4,380,061**	**15,571**
Total liabilities	**7,360,491**	**667,029**
Net assets	**6,880,264**	**1,315,005**
Equity		
Share capital	476,191	257,141
Share premium	5,561,094	566,810
Hedging reserve	10,511	–
Other reserve	50,266	41,999
Translation reserve	(10,015)	–
Remeasurement reserve	419	–
Retained earnings	669,625	449,055
Equity attributable to the Owners of Space42 Plc	**6,758,091**	**1,315,005**
Non-controlling interests	122,173	–
Total equity	**6,880,264**	**1,315,005**

SPACE42 PLC
Supplemental information to the consolidated financial statements
for the year ended 31 December 2024

iv) Consolidated statement of changes in equity

	Attributable to the owners of Space42 Plc						
	Share capital AED 000	Share premium AED 000	Other Reserves(1) AED 000	Retained earnings AED 000	Total AED 000	Non-controlling interests AED 000	Total equity AED 000
At 1 January 2023	**257,141**	**566,810**	**21,367**	**236,362**	**1,081,680**	**–**	**1,081,680**
Total comprehensive income for the year	–	–	–	232,377	232,377	–	232,377
Transfer to statutory reserve	–	–	20,632	(20,632)	–	–	–
Waiver of interest payable to a related party	–	–	–	948	948	–	948
At 31 December 2023	**257,141**	**566,810**	**41,999**	**449,055**	**1,315,005**	**–**	**1,315,005**
At 1 January 2024	**257,141**	**566,810**	**41,999**	**449,055**	**1,315,005**	**–**	**1,315,005**
Profit for the year	–	–	–	228,837	228,837	1,825	230,662
Other comprehensive income (loss):							
Currency translation differences	–	–	(10,015)	–	(10,015)	(290)	(10,305)
Cash flow hedge – effective portion of changes in fair value	–	–	25,142	–	25,142	–	25,142
Cash flow hedge – net gain reclassified to profit or loss	–	–	(14,631)	–	(14,631)	–	(14,631)
Remeasurement of defined benefit obligation	–	–	419	–	419	26	445
Other comprehensive income (loss) for the year	**–**	**–**	**915**	**–**	**915**	**(264)**	**651**
Total comprehensive income for the year	**–**	**–**	**915**	**228,837**	**229,752**	**1,561**	**231,313**
Transfer to statutory reserve	–	–	8,267	(8,267)	–	–	–
Issuance of new shares	219,050	4,994,284	–	–	5,213,334	–	5,213,334
Non-controlling interests arising on business combination	–	–	–	–	–	120,612	120,612
At 31 December 2024	**476,191**	**5,561,094**	**51,181**	**669,625**	**6,758,091**	**122,173**	**6,880,264**

SPACE42 PLC
Supplemental information to the consolidated financial statements
for the year ended 31 December 2024

v) Consolidated statement of cash flows

	2024 AED 000	2023 AED 000
Operating activities		
Profit before income tax	254,872	232,377
Adjustments for:	–	–
Share of results of equity-accounted investments	4,326	–
Depreciation and amortisation	155,057	13,177
Allowance for expected credit losses	29,703	(430)
Allowance for inventories	2,751	–
Fair value losses	5,083	–
Finance income	(49,906)	(29,299)
Finance costs	14,202	779
Gain on disposal of non-current assets classified as held for sale	(46,193)	–
Current service cost	1,329	3,026
Loss on disposal of property, plant and equipment	–	7
Operating profit before working capital changes	**371,224**	**219,637**
Working capital changes:		
Trade and other receivables	107,204	(2,045)
Contract assets	(367,551)	(390,163)
Contract costs	(9,427)	(4,106)
Inventories	13,845	–
Trade and other payables	(858,788)	199,957
Contract liabilities	2,370,467	111,446
Cash generated from operations	**1,626,974**	**134,726**
Payments for defined benefit obligations	(2,920)	(826)
Income tax paid	(459)	–
Net cash from operating activities	**1,623,595**	**133,900**

	2024 AED 000	2023 AED 000
Investing activities		
Purchases of property, plant and equipment	(418,092)	(211,639)
Additions to intangible assets	(8,807)	(1,161)
Proceeds on disposal of non current assets classified as held for sale	151,652	–
Proceeds on disposal of property, plant and equipment	–	4
Proceeds of term deposits with original maturities more than three months	817,131	500,000
Term deposits placed with original maturities more than three months	(1,120,487)	–
Return of investment in an associate	11,936	–
Business acquisition, net of cash acquired	906,726	–
Interest received	53,615	30,717
Net cash from investing activities	**393,674**	**317,921**
Financing activities		
Proceeds from term loans	84,857	–
Repayment of term loans	(146,294)	–
Repayment of loans from related parties	–	(8,583)
Payment of lease liabilities	(7,999)	(331)
Interest paid including derivative settlements	(18,726)	(364)
Net cash used in financing activities	**(88,162)**	**(9,278)**
Net increase in cash and cash equivalents	**1,929,107**	**442,543**
Net foreign exchange difference	(897)	–
Cash and cash equivalents at 1 January	762,062	319,519
Cash and cash equivalents as at 31 December	**2,690,272**	**762,062**
Non-cash transactions:		
Loans from related parties set-off against due from related parties	–	49,553
Waiver of related party interest payable	–	948

SPACE42

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