

Al Yah Satellite Communications Company PJSC

Condensed consolidated interim financial statements

For the six months ended 30 June 2023

Al Yah Satellite Communications Company PJSC**Condensed consolidated interim financial statements**

For the six months ended 30 June 2023



Contents	Page
Board of Directors' Report	i
Auditor's report on review of the condensed consolidated interim financial statements	ii
Condensed consolidated interim statement of profit or loss	1
Condensed consolidated interim statement of comprehensive income	2
Condensed consolidated interim statement of financial position	3
Condensed consolidated interim statement of changes in equity	4
Condensed consolidated interim statement of cash flows	5
Notes to the condensed consolidated interim financial statements	6
Index to the notes to the condensed consolidated interim financial statements	
1 General information	6
2 Significant accounting policies	6
2.1 Basis of preparation	6
2.2 New and amended standards and interpretations	6
2.3 Standards issued but not yet effective	7
3 Segment information	8
4 Revenue	10
5 Income tax	11
6 Property, plant and equipment	11
7 Equity-accounted investments	12
8 Other financial assets	12
9 Trade and other receivables	13
10 Cash and short term deposits	13
11 Non-current assets classified as held for sale	13
12 Trade and other payables	14
13 Borrowings	14
14 Deferred revenue	16
15 Capital commitments and contingent liabilities	16
16 Related party transactions	16
17 Fair value disclosures	17
18 Dividends	17
19 Earnings per share	17
20 Seasonality and cyclicity of interim operations	17
Supplemental information to the condensed consolidated interim financial statements	
Primary statements in United Arab Emirates Dirhams (AED)	18-22

Al Yah Satellite Communications Company PJSC

Board of Directors' Report

30 June 2023

The Directors have pleasure in presenting their report, together with the reviewed condensed consolidated interim financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2023.

Principal activities

The Group's principal activities include leasing of satellite communication capacity, end-to-end integrated satellite communication and managed services, and providing fixed and mobile telecommunication services via satellites to customers.

Results for the period

For the six months ended 30 June 2023, the Group reported revenue of \$205,072 thousand (30 June 2022: \$205,567 thousand) and profit for the period attributable to its shareholders of \$45,306 thousand (30 June 2022: \$45,361 thousand).

Transactions with related parties

Related party transactions are carried out as part of the normal course of business and in compliance with applicable laws and regulations. Related party transactions are disclosed in note 16 of the condensed consolidated interim financial statements.

Directors

Musabbeh Al Kaabi
H.E. Tareq Abdul Raheem Al Hosani
H.E. Rashed Al Ghafri
Badr Al Olama
Masood M. Sharif Mahmood
H.E. Maryam Eid Khamis AlMheiri
Peng Xiao
Gaston Urda
Adrian Georges Steckel

Auditors

RAI Audit and Tax Services LLC, was appointed as the external auditors ("auditors") for the financial year 2023, by the shareholders in the General Assembly on 5 April 2023.

On behalf of the Board of Directors

DocuSigned by:



9FA2035C5F534C1
Chairman of the Board
Musabbeh Al Kaabi

Date: 7 August 2023

Report on Review of
Condensed Consolidated Interim Financial Statements

To: The Shareholders of Al Yah Satellite Communications Company PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (together referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2023;
- the condensed consolidated interim statement of profit or loss for the three months and six months ended 30 June 2023;
- the condensed consolidated interim statement of comprehensive income for the three months and six months ended 30 June 2023;
- the condensed consolidated interim statement of changes in equity for the six months ended 30 June 2023;
- the condensed consolidated interim statement of cash flows for the six months ended 30 June 2023; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 - *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 - Interim Financial Reporting.

Other Matter

The condensed consolidated interim financial statements of the Group as at and for the three months and six months ended 30 June 2022 were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 8 August 2022.

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 28 February 2023.

For RAI Audit and Tax Services,



Auditor Name: **Ashraf Eradhun**
Entry Number: 5446
Date: 7 August 2023
Abu Dhabi, United Arab Emirates

Al Yah Satellite Communications Company PJSC
Condensed consolidated interim statement of profit or loss
for the six months ended 30 June 2023 (Unaudited)



	Notes	Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
		\$ 000	\$ 000	\$ 000	\$ 000
Revenue	4	104,717	106,872	205,072	205,567
Cost of revenue		(10,213)	(11,704)	(17,125)	(21,763)
Staff costs		(19,081)	(20,767)	(41,622)	(41,817)
Other operating expenses ⁽¹⁾		(13,570)	(11,052)	(24,638)	(21,060)
Other income		664	533	1,443	1,068
Adjusted EBITDA ⁽²⁾		62,517	63,882	123,130	121,995
Depreciation and amortisation		(40,360)	(35,999)	(76,028)	(71,888)
Fair value (losses)/gains ⁽³⁾		(6,366)	800	(6,366)	800
Operating profit		15,791	28,683	40,736	50,907
Finance income		5,617	795	10,972	1,370
Finance costs		(3,691)	(2,190)	(5,825)	(3,507)
Net finance income (costs)		1,926	(1,395)	5,147	(2,137)
Share of results of equity-accounted investments	7	(2,567)	(3,668)	(4,844)	(6,566)
Profit before income tax		15,150	23,620	41,039	42,204
Income tax expense		(100)	(38)	(152)	(72)
Profit for the period		15,050	23,582	40,887	42,132
Loss for the period attributable to non-controlling interests		(3,184)	(1,687)	(4,419)	(3,229)
Profit for the period attributable to the Shareholders		18,234	25,269	45,306	45,361
Earnings per share					
Basic and diluted (cents per share)	19	0.75	1.04	1.86	1.86

⁽¹⁾ Other operating expenses include expected credit losses on trade receivables and contract assets. For the three months and six months ended 30 June 2023, there was a net charge of \$1,615 thousand and \$1,812 thousand respectively. For the three months and six months ended 30 June 2022, there was a net reversal of expected credit losses of \$331 thousand and \$730 thousand respectively.

⁽²⁾ Adjusted EBITDA is a non-GAAP measure and refers to earnings before interest, tax, depreciation, amortisation, fair value gains/(losses) and share of results of equity-accounted investments.

⁽³⁾ Fair value losses/gains include fair value changes on other financial assets (refer note 8) and investment property. There were no fair value losses/gains recorded in respect of investment property in the current period (2022: \$800 thousand). Fair value losses of \$6,366 thousand were recorded in respect of other financial assets in the three months and six months ended 30 June 2023 (2022: nil).

The notes on pages 6 to 17 form part of these condensed consolidated interim financial statements.

The auditor's review report is set out on pages ii to iii.

Al Yah Satellite Communications Company PJSC
Condensed consolidated interim statement of comprehensive income
for the six months ended 30 June 2023 (Unaudited)



	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	\$ 000	\$ 000	\$ 000	\$ 000
Profit for the period	15,050	23,582	40,887	42,132
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedge - effective portion of changes in fair value	8,234	9,879	6,245	30,496
Cash flow hedge - (gain)/loss reclassified to profit or loss	(5,132)	461	(10,183)	1,402
Foreign operations - currency translation differences	2,276	(10,101)	3,297	6,766
	5,378	239	(641)	38,664
Item that may not be reclassified to profit or loss in subsequent periods:				
Remeasurement of defined benefit obligation	109	-	(81)	-
Other comprehensive income/(loss) for the period	5,487	239	(722)	38,664
Total comprehensive income for the period	20,537	23,821	40,165	80,796
Total comprehensive loss attributable to non-controlling interests	(3,213)	(1,696)	(4,534)	(3,206)
Total comprehensive income attributable to the Shareholders	23,750	25,517	44,699	84,002

The notes on pages 6 to 17 form part of these condensed consolidated interim financial statements.

The auditor's review report is set out on pages ii to iii.

Al Yah Satellite Communications Company PJSC
Condensed consolidated interim statement of financial position

As at 30 June 2023



		(Unaudited) 30 June 2023 \$ 000	(Audited) 31 December 2022 \$ 000
Assets			
Property, plant and equipment	6	1,115,395	1,144,224
Investment property		-	19,981
Right-of-use assets		5,493	5,852
Intangible assets		6,398	7,210
Equity-accounted investments	7	57,771	64,054
Trade and other receivables	9	10,382	10,382
Derivative financial instruments		30,214	32,214
Other financial assets	8	13,384	2,950
Deferred income tax assets		150	132
Total non-current assets		1,239,187	1,286,999
Inventories		11,947	7,232
Trade and other receivables	9	138,639	168,259
Derivative financial instruments		15,232	17,202
Income tax assets		182	182
Cash and short-term deposits*	10	619,335	544,699
		785,335	737,574
Non-current assets classified as held for sale	11	25,983	-
Total current assets		811,318	737,574
Total assets		2,050,505	2,024,573
Liabilities			
Trade and other payables	12	142,682	171,161
Borrowings	13	86,122	121,077
Deferred revenue	14	26,391	24,809
Income tax liabilities		232	215
Total current liabilities		255,427	317,262
Trade and other payables	12	482,359	367,679
Borrowings	13	394,428	407,251
Defined benefit obligations		9,187	9,897
Total non-current liabilities		885,974	784,827
Total liabilities		1,141,401	1,102,089
Net assets		909,104	922,484
Equity			
Share capital		664,334	664,334
Hedging reserve		44,467	48,405
Statutory reserve		20,929	20,929
Translation reserve		(20,989)	(24,353)
Remeasurement reserve		1,868	1,901
Retained earnings		131,680	139,919
Equity attributable to the Shareholders		842,289	851,135
Non-controlling interests		66,815	71,349
Total equity		909,104	922,484

*Cash and short term deposits include cash and cash equivalents of \$286,889 thousand (31 December 2022: US\$ 213,994 thousand).

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 7 August 2023 and approved on their behalf by:

DocuSigned by:

 9FA2035C5F534C1...
Chairman of the Board
Musabbah Al Kaabi

DocuSigned by:

 13AA0BE7E75B451...
Chief Executive Officer
Ali Hashem Al Hashemi

DocuSigned by:

 A6BF0B65FED14B7...
Chief Financial Officer
Andrew Francis Cole

The notes on pages 6 to 17 form part of these condensed consolidated interim financial statements.

The auditor's review report is set out on pages ii to iii.

Al Yah Satellite Communications Company PJSC
Condensed consolidated interim statement of changes in equity
for the six months ended 30 June 2023 (Unaudited)



	Attributable to the Shareholders				Total \$ 000	Non- controlling interests \$ 000	Total equity \$ 000
	Share capital \$ 000	Hedging reserve \$ 000	Other Reserves ⁽¹⁾ \$ 000	Retained earnings \$ 000			
	At 1 January 2022	664,334	5,426	(20,120)			
Profit/(loss) for the period	-	-	-	45,361	45,361	(3,229)	42,132
Other comprehensive income:							
Currency translation differences	-	-	6,743	-	6,743	23	6,766
Cash flow hedge - effective portion of changes in fair value	-	30,496	-	-	30,496	-	30,496
Cash flow hedge - net loss reclassified to profit or loss	-	1,402	-	-	1,402	-	1,402
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-
Other comprehensive income for the period	-	31,898	6,743	-	38,641	23	38,664
Total comprehensive income/(loss) for the period	-	31,898	6,743	45,361	84,002	(3,206)	80,796
Transactions with the Shareholders:							
Dividends (Note 18)	-	-	-	(52,482)	(52,482)	-	(52,482)
At 30 June 2022	664,334	37,324	(13,377)	184,623	872,904	73,496	946,400
At 1 January 2023	664,334	48,405	(1,523)	139,919	851,135	71,349	922,484
Profit/(loss) for the period	-	-	-	45,306	45,306	(4,419)	40,887
Other comprehensive income:							
Currency translation differences	-	-	3,364	-	3,364	(67)	3,297
Cash flow hedge - effective portion of changes in fair value	-	6,245	-	-	6,245	-	6,245
Cash flow hedge - net gain reclassified to profit or loss	-	(10,183)	-	-	(10,183)	-	(10,183)
Remeasurement of defined benefit obligation	-	-	(33)	-	(33)	(48)	(81)
Other comprehensive income/(loss) for the period	-	(3,938)	3,331	-	(607)	(115)	(722)
Total comprehensive income/(loss) for the period	-	(3,938)	3,331	45,306	44,699	(4,534)	40,165
Transactions with the Shareholders:							
Dividends (Note 18)	-	-	-	(53,545)	(53,545)	-	(53,545)
At 30 June 2023	664,334	44,467	1,808	131,680	842,289	66,815	909,104

⁽¹⁾ Other reserves include statutory reserve, translation reserve and remeasurement reserve.

The notes on pages 6 to 17 form part of these condensed consolidated interim financial statements.

The auditor's review report is set out on pages ii to iii.

Al Yah Satellite Communications Company PJSC
Condensed consolidated interim statement of cash flows
for the six months ended 30 June 2023 (Unaudited)



	2023 \$ 000	2022 \$ 000
Operating activities		
Profit before income tax	41,039	42,204
Adjustments for:		
Share of results of equity-accounted investments	4,844	6,566
Depreciation and amortisation	76,028	71,888
Allowance for (reversal of) expected credit losses	1,812	(730)
Loss allowance for inventories	137	181
Fair value losses/(gains)	6,366	(800)
Finance income	(10,972)	(1,370)
Finance costs	5,825	3,507
Write-off of property, plant and equipment	79	18
Current service cost/charge for the period	597	998
Operating profit before working capital changes	125,755	122,462
Working capital changes:		
Trade and other receivables ⁽¹⁾	12,055	(48,992)
Inventories	(4,852)	(163)
Trade and other payables ⁽²⁾	90,623	(2,885)
Deferred revenue	1,582	3,925
Payments for defined benefit obligations	(1,615)	(138)
Income tax paid	(153)	(90)
Net cash from operating activities	223,395	74,119
Investing activities		
Purchases of property, plant and equipment	(57,162)	(88,010)
Additions to intangible assets	(211)	(479)
Return of investment in an associate	5,005	-
Acquisition of other financial assets	(1,050)	(300)
Receipt of short-term deposits with original maturity of over three months	247,400	20,423
Investments in short-term deposits with original maturity of over three months	(249,141)	(135,075)
Interest received	10,972	1,370
Net cash used in investing activities	(44,187)	(202,071)
Financing activities		
Proceeds from term loans	7,146	46,469
Repayment of term loans	(60,000)	-
Payment of lease liabilities	(59)	(2,664)
Interest received / (paid) net of derivative settlements	40	(5,680)
Dividend paid to the Shareholders	(53,545)	(52,482)
Net cash used in financing activities	(106,418)	(14,357)
Net increase/(decrease) in cash and cash equivalents	72,790	(142,309)
Net foreign exchange difference	105	310
Cash and cash equivalents at the beginning of the period	213,994	277,738
Cash and cash equivalents as at the end of the period	286,889	135,739

⁽¹⁾ Includes non-cash transaction relating to conversion of trade receivable into Convertible Loan. Also refer to note 8.

⁽²⁾ Amount for the six months ended 30 June 2023 includes receipt of the second instalment of the T4-NGSA Advance Payment of \$150 million.

The notes on pages 6 to 17 form part of these condensed consolidated interim financial statements.

The auditor's review report is set out on pages ii to iii.

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
 for the six months ended 30 June 2023 (Unaudited)



1 General information

Al Yah Satellite Communications Company (the "Company") was incorporated on 23 January 2007 as a private joint stock company in Abu Dhabi, United Arab Emirates (UAE). UAE Federal Decree-Law No. 32 of 2021 (the "Commercial Companies Law") is applicable to the Company and has come into effect on 2 January 2022.

On 16 June 2021, the Company was converted into a public joint stock company and on 14 July 2021, the Company's shares were listed on the Abu Dhabi Securities Exchange.

The Company is a subsidiary of Mubadala Investment Company PJSC (the "Parent Company" or the "Shareholder"), an entity wholly owned by the Government of Abu Dhabi.

These condensed consolidated interim 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's principal activities include leasing of satellite communication capacity, end-to-end integrated satellite communication and managed services, and providing fixed and mobile telecommunication services via satellites to customers.

2 Significant accounting policies

2.1 Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and comply where appropriate, with the Articles of Association and applicable requirements of the laws of the UAE.

These condensed consolidated interim financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The same accounting policies and methods of computation are followed in the condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements, except for new and amended standards applicable from 1 January 2023 as disclosed in note 2.2 below.

Basis of measurement

These condensed consolidated interim 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

These condensed consolidated interim financial statements are presented in United States Dollars ("USD" or "\$"), the functional currency of the Company and the presentation currency of the Group. 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.

Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements except for the below:

- i) change in useful life of satellites (note 6); and
- ii) significant estimate relating to fair value of Convertible Loan (note 8)

2.2 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 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. This standard did not have any impact on the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendment clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendment is effective for annual periods beginning on or after 1 January 2023. The amendment did not have a material impact on the Group.

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2023 (Unaudited)



2 Significant accounting policies (continued)

2.2 New and amended standards and interpretations (continued)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements

The amendment refined its definition of material and issued non-mandatory practical guidance on applying the concept of materiality. The amendment is effective for annual periods beginning on or after 1 January 2023. The amendment did not have a material impact on the Group.

Amendments to IAS 8: Definition of Accounting Estimate

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment is effective for annual periods beginning on or after 1 January 2023. The amendment did not have a material impact on the Group.

2.3 Standards issued but not yet effective

At the date of the condensed consolidated interim financial information, the following standards, amendments and Interpretations have not been effective and have not been early adopted by the Group:

New and amended standards not effective and not yet adopted by the Group	Effective date
<i>Amendments to IAS 1: Classification of Liabilities as Current or Non-current</i>	1 January 2024
<i>Amendments to IFRS 16: Lease Liability in a Sale and Leaseback</i>	1 January 2024
<i>Amendments to IAS 1: Non-current Liabilities with Covenants</i>	1 January 2024
<i>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</i>	Deferred indefinitely
<i>Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules</i>	Note 1
<i>Amendments to IAS 7 and IFRS 7: Disclosures: Supplier Finance Arrangements</i>	1 January 2024

Note 1: The amendments are effective immediately upon issuance. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

These new and amended standards are not expected to have a material impact on the Group's condensed consolidated interim financial statements.

Al Yah Satellite Communications Company PJSC

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2023 (Unaudited)



3 Segment information

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

Accounting policies

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

Information on segments

The CODM monitors the operating results of the segments for the purpose of making decisions, allocating resources and assessing performance. The segments are based on lines of business as follows:

- Infrastructure segment, which primarily provides long-term satellite capacity leases, and satellite operation services. This is the largest operating segment.
- Managed Solutions segment includes end-to-end managed solutions provided mainly to government customers (Yahsat Government Solutions) and other industry solutions.
- Mobility Solutions segment provides narrow-band satellite solutions under the trade name Thuraya.
- Data Solutions (BCS) segment primarily represents the Group's Yahclick business providing broadband satellite solutions in Africa, Middle East and Asia.
- 'Others' include two segments: a) Data Solutions - Brazil representing the Group's Brazilian associate HPE and b) Broadcast segment representing the Group's associate Al Maisan.

Segment revenue is measured in a manner consistent with that in the condensed consolidated interim statement of profit or loss. The performance of the segments is evaluated on the following basis:

- Infrastructure and Managed Solutions segments are evaluated based on segment Adjusted EBITDA, a measure broadly consistent with Group Adjusted EBITDA.
- Data Solutions (BCS) and Mobility Solutions segments are evaluated based on segments' Adjusted EBITDA and segments' profit or loss which is measured consistently with profit for the period in the condensed consolidated interim financial statements.
- Data solutions (Brazil) and Broadcast segments are evaluated based on the Group's share of results in the respective equity accounted investments (associates).

Elimination of inter-segment revenue, income, costs and other consolidation adjustments, if any, are presented under the column 'Reconciliation'.

Capital expenditure includes additions during the period 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 4.

The segment information for the six months ended 30 June 2023 is as follows:

	Infra- structure	Managed solutions	Mobility solutions	Data solutions (BCS)	Others	Recon- ciliation	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
External revenue	119,899	38,817	34,852	11,504	-	-	205,072
Inter-segment revenue	1,258	200	131	348	-	(1,937)	-
Total revenue	121,157	39,017	34,983	11,852	-	(1,937)	205,072
Adjusted EBITDA	90,795	23,945	8,438	(48)	-	-	123,130
Depreciation and amortisation	(46,160)	(312)	(9,619)	(19,937)	-	-	(76,028)
Fair value losses	(1,045)	-	(5,321)	-	-	-	(6,366)
Finance income	12,913	-	472	2,903	-	(5,316)	10,972
Finance costs	(9,269)	-	(148)	(1,724)	-	5,316	(5,825)
Share of results - HPE	-	-	-	-	(5,555)	-	(5,555)
Share of results - Al Maisan	-	-	-	-	711	-	711
Income tax expense	-	-	(4)	(148)	-	-	(152)
Profit/(loss) for the period	47,234	23,633	(6,182)	(18,954)	(4,844)	-	40,887
Loss for the period attributable to non-controlling interests	-	-	(628)	(3,791)	-	-	(4,419)
Profit/(loss) for the period attributable to the Shareholders	47,234	23,633	(5,554)	(15,163)	(4,844)	-	45,306
Capital expenditure	42,060	4,007	5,820	617	-	-	52,504

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2023 (Unaudited)



3 Segment information (continued)

The segment information for the six months ended 30 June 2022 is as follows:

	Infra- structure	Managed solutions	Mobility solutions	Data solutions (BCS)	Others	Recon- ciliation	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
External revenue	118,574	39,234	36,437	11,322	-	-	205,567
Inter-segment revenue	1,770	200	127	374	-	(2,471)	-
Total revenue	120,344	39,434	36,564	11,696	-	(2,471)	205,567
Adjusted EBITDA	92,026	20,152	10,552	(735)	-	-	121,995
Depreciation and amortisation	(45,528)	(173)	(9,489)	(16,698)	-	-	(71,888)
Fair value gains on investment property	-	-	800	-	-	-	800
Finance income	6,326	-	34	607	-	(5,597)	1,370
Finance costs	(8,709)	-	(370)	(25)	-	5,597	(3,507)
Share of results - HPE	-	-	-	-	(7,685)	-	(7,685)
Share of results - Al Maisan	-	-	-	-	1,119	-	1,119
Income tax expense	-	-	(4)	(68)	-	-	(72)
Profit/(loss) for the period	44,115	19,979	1,523	(16,919)	(6,566)	-	42,132
Loss for the period attributable to non-controlling interests	-	-	155	(3,384)	-	-	(3,229)
Profit/(loss) for the period attributable to the Shareholders	44,115	19,979	1,368	(13,535)	(6,566)	-	45,361
Capital expenditure	81,097	13	6,442	1,303	-	-	88,855

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 16.

	Six months ended 30 June	
	2023	2022
	\$ 000	\$ 000
United Arab Emirates	174,894	174,421
Europe	9,217	11,070
Asia	10,117	9,114
Africa	8,763	8,178
North America	1,515	2,194
Others	566	590
Revenue	205,072	205,567

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2023 (Unaudited)



4 Revenue

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
		\$ 000	\$ 000	\$ 000	\$ 000
Services rendered		96,987	101,027	194,929	193,367
Sale of equipment and accessories		7,730	5,845	10,143	12,200
		104,717	106,872	205,072	205,567
Revenue from related parties is disclosed in Note 16.					
Revenue includes:					
Revenue from contracts with customers (IFRS 15)		71,777	73,671	139,178	139,560
Income from operating leases (IFRS 16)		32,940	33,201	65,894	66,007
		104,717	106,872	205,072	205,567
Disaggregation of revenue by operating segment:					
Services rendered:					
Infrastructure		59,950	59,287	119,899	118,574
Managed solutions		19,266	24,043	38,817	39,234
Mobility solutions		12,800	12,499	25,559	24,788
Data solutions - BCS		4,971	5,198	10,654	10,771
Sale of equipment and accessories					
Mobility solutions		7,283	5,468	9,293	11,649
Data solutions - BCS		447	377	850	551
	3	104,717	106,872	205,072	205,567
Timing of recognition of revenue from contracts with customers:					
Over time		63,996	57,598	128,984	117,130
At a point in time		7,781	16,073	10,194	22,430
		71,777	73,671	139,178	139,560

Revenue by geography is disclosed in note 3.

	Notes	30 June 2023 \$ 000	31 December 2022 \$ 000
Contract balances (IFRS 15)			
Trade receivables, net of loss allowance	9	79,940	87,584
Contract assets	9	20,939	55,332
Contract liabilities:			
Advances from customers - related parties		415,993	280,157
Advances from customers - others	12	1,647	1,460
Deferred revenue	14	26,391	24,809

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2023 (Unaudited)



5 Income tax

The taxes mainly relate to the subsidiaries in the Netherlands, Nigeria and South Africa and are not significant.

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. Accordingly, the Group's first tax year will commence on 1 January 2024.

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. The Law is now considered to be 'substantively enacted' and accordingly the standard corporate tax rate of 9% is expected to apply to the Group. As required by IAS 12 Income Taxes, the Group assessed and concluded that no material temporary differences will arise in the financial statements of the Company and its UAE-based subsidiaries. For consolidated interim financial statements, the Group has not identified any material consolidation adjustments that would trigger any deferred taxes, as of and for the six-month period ended 30 June 2023. In performing this assessment, the Group considered the provisions of the Law and the Cabinet Decisions issued. The Group will review future Cabinet decisions to assess if there is any impact on previously concluded position on deferred tax.

6 Property, plant and equipment

	30 June 2023 \$ 000	31 December 2022 \$ 000
At the beginning of the period/year	1,144,224	1,131,294
Additions	52,293	146,534
Depreciation	(74,662)	(135,238)
Transfer from investment property	-	1,834
Transfer to non-current assets classified as held for sale (note 11)	(6,002)	-
Write-off	(79)	(17)
Exchange differences	(379)	(183)
At the end of the period/year	1,115,395	1,144,224

During the period, the Group submitted an insurance claim as a result of certain anomalies impacting the estimated useful life of the Al Yah 3 satellite (AY3).

In order to safeguard the future operability of the satellite, the Group has, in conjunction with recommendations from the satellite manufacturers, implemented immediate and long-term remedial actions. A revised estimate of the satellite's remaining lifetime has been completed during the second quarter using operational data from the two previous quarters. The satellite meanwhile continues to operate normally, despite the anomalies, and no loss of service to customers has occurred.

In accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' the Group has updated the remaining useful life of AY3 and related ground assets prospectively from 1 April 2023 to reflect the change in estimate. This has increased the depreciation charge for the current six-month period by \$5.2 million. For the full year ending 31 December 2023, the increase is expected to be \$15.4 million (from \$12.5 million to \$27.9 million) and for the year ending 31 December 2024, the increase is expected to be \$17.7 million (from \$12.5 million to \$30.2 million).

There is no change in the end of life of the other four satellites (AY1, AY2, T2 and T3) which continue to operate normally, with no impact on satellite services.

Capital work in progress of \$405.9 million (31 December 2022: \$359.8 million) is included in property, plant and equipment as of the end of the reporting period of which \$393.4 million (31 December 2022: \$349.7 million) relates to the Thuraya 4 satellite (T4-NGS) under construction. Additions during the period relating to T4-NGS amounted to \$43.7 million.

Additions to property, plant and equipment during the six months ended 30 June 2022 amounted to \$88.4 million of which additions to T4-NGS amounted to \$82.2 million.

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2023 (Unaudited)



7 Equity-accounted investments

	30 June 2023 \$ 000	31 December 2022 \$ 000
At the beginning of the period/year	64,054	116,203
Return of investment from Al Maisan	(5,005)	(4,225)
Share of results for the period/year	(4,844)	(53,303)
Exchange differences	3,566	5,379
At the end of the period/year	57,771	64,054
of which Investment in HPE	44,807	46,796
of which Investment in Al Maisan	12,964	17,258

Share of results for the six months ended 30 June 2022 was a loss of \$6,566 thousand (also refer to note 3).

8 Other financial assets

	30 June 2023 \$ 000	31 December 2022 \$ 000
Preference shares (i)	2,955	2,950
Convertible loan (ii)	10,429	-
	13,384	2,950

i) In 2022, the Group invested in convertible preference shares ("preferred stock") of eSAT Global Inc. ("eSAT Global"), 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) are non-cumulative, carry an option to convert into common stock and carry certain preferential rights upon dissolution. As the preferred stock does not carry any residual interest, the Group accounts for the investment at fair value through profit or loss. Based on an independent valuation exercise, the Group determined that the fair value of the preferred stock as at 30 June 2023, was \$2,955 thousand thereby recording a loss of \$1,045 thousand reported in the condensed consolidated interim statement of profit or loss under 'Fair value (losses)/gains'.

ii) During the period, the Group entered into a Convertible Loan Agreement ("CLA") with a customer for a total Convertible Loan ("Loan") amount of \$17,500 thousand. At the date of signing the CLA, trade receivable balances amounting to \$15,750 thousand due from the customer were settled through conversion to the Loan. The key terms of the CLA are as follows:

- 1) The maturity date of the loan is 31 December 2026.
- 2) The loan carries a simple interest of 8% per annum which is payable upon conversion, a redemption event, or maturity date, whichever occurs first.
- 3) The Group has the right to convert the outstanding amounts of the Loan (Loan amount and accrued interest) on the date of conversion (Loan amount and accrued interest) into equity at any time before the maturity date. The conversion price is determined based on a pre-money valuation of qualifying financing rounds, subject to a cap.
- 4) In the event, the conversion option is not exercised, the outstanding amounts at the maturity date will be repaid to the Group.

The conversion option meets the definition of a derivative since the Loan (which has a fixed value) may be settled by the customer in the future, by exchanging it for a variable number of its shares whose value may change according to the underlying performance of its business. Therefore, the CLA is classified as a Hybrid contract with an embedded derivative which comprises both a host asset (the Loan) and a derivative (the conversion option), and accordingly measured at fair value through profit or loss in accordance with the requirements of IFRS 9 'Financial Instruments'. Management determined the fair value of the Loan as \$10,429 thousand (against the carrying amount of \$15,750 thousand) and accordingly recognized a fair value loss of \$5,321 thousand in the condensed consolidated interim statement of profit or loss under 'Fair value (losses)/gains'.

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2023 (Unaudited)



9 Trade and other receivables

	30 June 2023 \$ 000	31 December 2022 \$ 000
Trade receivables	97,971	103,826
Allowance for expected credit losses	(18,031)	(16,242)
Trade receivables, net of allowance	79,940	87,584
Contract assets - accrued income	20,939	55,332
Prepayments - orbital services	10,000	10,000
Prepayments - others	5,409	1,936
Advances	19,542	13,384
Other receivables, net of allowance	13,191	10,405
Total trade and other receivables	149,021	178,641
of which non-current	10,382	10,382
of which current	138,639	168,259

10 Cash and short term deposits

	30 June 2023 \$ 000	31 December 2022 \$ 000
Cash on hand and in banks	7,697	27,222
Cash in banks - related parties	274,756	125,620
Short-term deposits with banks - related parties *	230,003	266,172
Short-term deposits with banks - others *	106,879	125,685
Cash and short-term deposits	619,335	544,699
Less: Short-term deposits with original maturities of over three months	(332,446)	(330,705)
Cash and cash equivalents	286,889	213,994

* During the period, the Group a) placed short term deposits with banks (related parties \$161,169 thousand and others \$115,880 thousand) and b) received maturity proceeds on short term deposits (related parties \$197,338 thousand and others \$131,499 thousand).

11 Non-current assets classified as held for sale

	Notes	30 June 2023 \$ 000	31 December 2022 \$ 000
Investment property		19,981	-
Property, plant and equipment	6	6,002	-
		25,983	-

On 3 April 2023, the Board of Directors approved a proposal to initiate sale of Thuraya's property located in Dubai and appointed a committee to manage the sale process. The majority of the property has previously been classified as an investment property and thus accounted for at fair value, with the remainder of the building occupied by Thuraya and accounted under Property, Plant and Equipment at historical cost depreciated over its remaining useful life. Since the date of Board approval, the property, a non-current asset under Mobility solutions segment, meets the criteria for classification as held for sale on the basis that its carrying amount is expected to be recovered principally through a sale transaction. As per the requirements of IFRS-5 'Non-current Assets Held for Sale and Discontinued Operations' the property has been classified as held for sale and is carried at the lower of its carrying amount and fair value less costs to sell.

Since the fair value less costs to sell of the property as at 30 June 2023 (which have been determined by an independent valuation specialist) exceed the carrying amount of \$25,983 thousand, no fair value adjustments have been made.

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2023 (Unaudited)



12 Trade and other payables

	Notes	30 June 2023 \$ 000	31 December 2022 \$ 000
Trade payables		15,941	48,630
Accruals		38,858	35,699
Advance from customers - related party	16	558,002	443,115
Advance from customers - others		1,647	1,460
Other payables		10,593	9,936
Total trade and other payables		625,041	538,840
of which non-current		482,359	367,679
of which current		142,682	171,161

13 Borrowings

	30 June 2023 \$ 000	31 December 2022 \$ 000
The carrying amount of borrowings are as follows:		
A) Term loans:		
Principal amounts	486,395	535,208
Unamortised transaction costs	(13,042)	(14,045)
Term loans - net of unamortised transaction costs	473,353	521,163
B) Lease liabilities	7,197	7,165
Total borrowings	480,550	528,328
of which current	86,122	121,077
of which non-current	394,428	407,251

A) Term loans

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 30 June 2023				
Term loan 5	2022-2026	280,000	(2,749)	277,251
Term loan 6	2024-2032	206,395	(10,293)	196,102
		486,395	(13,042)	473,353
At 31 December 2022				
Term loan 5	2022-2026	340,000	(3,210)	336,790
Term loan 6	2024-2032	195,208	(10,835)	184,373
		535,208	(14,045)	521,163

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2023 (Unaudited)



13 Borrowings (continued)

The table below provides the changes in the term loans arising from financing activities, including both cash and non-cash changes:

	30 June 2023 \$ 000	31 December 2022 \$ 000
The movements in term loans are as follows:		
At the beginning of the period/year	521,163	515,701
Additions (cash)	7,146	61,687
Additions (interest capitalised)	4,041	1,671
Transaction costs	-	969
Amortisation of transaction costs	1,003	2,104
Repayments (cash)	(60,000)	(60,969)
At the end of the period/year	473,353	521,163

The principal amounts of the term loans are repayable as follows:

	Term loan 5 \$ 000	Term loan 6 \$ 000	Total \$ 000
At 30 June 2023			
Within one year	85,000	-	85,000
1 - 2 years	80,000	24,282	104,282
2 - 5 years	115,000	72,845	187,845
Beyond 5 years	-	109,268	109,268
	280,000	206,395	486,395
At 31 December 2022			
Within one year	120,000	-	120,000
1 - 2 years	50,000	11,483	61,483
2 - 5 years	170,000	68,897	238,897
Beyond 5 years	-	114,828	114,828
	340,000	195,208	535,208

During the period, an amount of \$7,146 thousand was drawn from the ECA Facility (Term loan 6) and interest amounting to \$4,041 thousand was capitalised into the principal amount. As of 30 June 2023, the unutilised facility amounted to \$65.65 million (31 December 2022: \$76.84 million). The Group also repaid second instalment of Term loan 5 amounting to \$60,000 thousand during the period.

During the six months ended 30 June 2022, additions amounting to \$46,469 thousand were made and interest amounting to \$458 thousand was capitalised into the principal amount.

B) Lease liabilities

	30 June 2023 \$ 000	31 December 2022 \$ 000
The movements in lease liabilities are as follows:		
At the beginning of the period/year	7,165	16,536
Additions	-	5,886
Accretion of interest	114	836
Termination	(15)	(11,258)
Payments	(59)	(4,824)
Exchange differences	(8)	(11)
At the end of the period/year	7,197	7,165

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2023 (Unaudited)



14 Deferred revenue

	30 June 2023 \$ 000	31 December 2022 \$ 000
Unutilized airtime balances from prepaid scratch cards	13,891	14,149
Others *	12,500	10,660
Total deferred revenue	26,391	24,809

* Mainly include deferred revenue from managed services, Orbital resources (Channel bandwidth) and airtime contracts.

15 Capital commitments and contingent liabilities

	30 June 2023 \$ 000	31 December 2022 \$ 000
Capital commitments - committed and contracted	197,444	157,836
Contingent liabilities - performance bonds provided by banks in the normal course of business	30,367	36,439

Capital commitments mainly relate to T4-NGS project.

On 16 June 2023, the Group signed an Authorization-To-Proceed (ATP) with Airbus Defence and Space SAS to commence initial activities in relation to the Al Yah 4 and Al Yah 5 satellite programme. The ATP will preserve the programme schedule, pending execution of the satellite procurement contract (Contract) by the end of the financial year, with the commencement of initial activities such as system requirements review, design work and procurement activities for long-lead items (ATP activities). The ATP commenced on 1 June 2023 and is valid for a period of 3 months, with an option to extend by a further 4 months up to 31 December 2023, by when the Contract is required to be executed.

An initial payment of \$15.3 million has been made in respect of the first ATP on 5 July 2023 and, if the Group extends the ATP term to the end of the year, a second payment of \$28.1 million will be payable by 31 August 2023. Both payments will be adjusted against the purchase price of the satellite upon execution of the Contract.

16 Related party transactions

	Six months ended 30 June	
	2023 \$ 000	2022 \$ 000
Transaction with related parties		
Revenue		
Entities under common control*	152,699	150,260
Associate	766	732
Total	153,465	150,992
Interest income on short term deposits		
Entities under common control	7,693	522
Interest expense on term loans, net of hedges		
Entities under common control	(7,248)	2,246
Interest on contract liability		
Entities under common control	2,274	-
Outsourced expenses, office lease rent, systems support		
Entities under common control	424	705
Cost of sales		
Entities under common control	66	66
Associate	578	578
Total	644	644
Advance from a related party		
Entities under common control **	150,021	150,021
Key management personnel compensation		
Short term employment benefits	2,218	2,361
Post-employment benefits	170	197

Al Yah Satellite Communications Company PJSC
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2023 (Unaudited)



16 Related party transactions (continued)

Board of directors and committee fees charged to condensed consolidated interim statement of profit or loss during the period were \$878 thousand (six months ended 30 June 2022: \$1,158 thousand).

* Revenue from entities under common control includes \$149.4 million (six months ended 30 June 2022: \$144.2 million) from a single customer. Revenue from such customer is recorded under infrastructure, managed solutions and mobility solutions segments.

There are no revenues from an individual customer, except as disclosed above, that represent 10 percent or more of the Group's total revenue.

** On 17 June 2021, the Group signed the 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 first instalment during July 2022 amounting to \$150 million and the second instalment of \$150 million during June 2023.

17 Fair value disclosures

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.

The fair value of the derivative financial instruments 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.

The fair value measurement for the Thuraya building classified as held for sale as at 30 June 2023 (Investment property as at 31 December 2022) is classified as Level 2. The fair value has been determined by an external valuer based on transactions observable in the market.

The fair value measurement of the preference stock is classified as Level 2. The fair value was determined by an external valuation expert giving due weightage to both Market and Income approaches. Market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business while Income approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

The fair value of the Convertible loan was determined using the discounted cash flow method by converting the projected cash flows to their present value using a discount rate commensurate with the risk associated with the cashflows of the CLA. The fair value measurement of the CLA is classified as level 3.

There were no transfers between Level 1, Level 2 and Level 3 during current and previous periods.

The fair values of the Group's current financial assets and liabilities are equal to their carrying amounts. The fair values of the Group's borrowings, which bear interest at variable rates, approximate their carrying amounts. These are determined using discounted cash flows.

18 Dividends

On 27 February 2023, the Board of Directors proposed a final dividend of \$53.5 million representing 2.19 cents (8.06 fils) per share for the second half of the financial year 2022 bringing the total dividends per share to 4.39 cents (16.12 fils) per share for the year ended 31 December 2022. The proposed dividend was approved by the shareholders at the annual general assembly held on 5 April 2023 and paid on 3 May 2023.

During the six months ended 30 June 2022, the Company paid a final dividend of \$52.5 million representing 2.15 cents (7.90 fils) per share for the second half of the financial year 2021 bringing the total dividends per share to 4.30 cents (15.80 fils) per share for the year ended 31 December 2021.

19 Earnings per share

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
Profit for the period attributable to the Shareholders (in \$'000)	18,234	25,269	45,306	45,361
Weighted average number of ordinary shares outstanding ('000)	2,439,770	2,439,770	2,439,770	2,439,770
Basic and diluted earnings per share (cents)	0.75	1.04	1.86	1.86
Basic and diluted earnings per share (fils)	2.74	3.80	6.82	6.83

20 Seasonality and cyclicity of interim operations

There are no items of seasonal or cyclical nature in the interim operations during the six months ended 30 June 2023 and 2022.

AI Yah Satellite Communications Company PJSC**Supplemental information to the condensed consolidated interim financial statements**

for the six months ended 30 June 2023 (Unaudited)

The condensed consolidated interim 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) Condensed consolidated interim statement of profit or loss

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	AED 000	AED 000	AED 000	AED 000
Revenue	384,573	392,487	753,127	754,945
Cost of revenue	(37,507)	(42,983)	(62,892)	(79,925)
Staff costs	(70,075)	(76,267)	(152,857)	(153,573)
Other operating expenses ⁽¹⁾	(49,836)	(40,588)	(90,483)	(77,343)
Other income	2,439	1,957	5,299	3,922
Adjusted EBITDA	229,594	234,606	452,194	448,026
Depreciation and amortisation	(148,222)	(132,206)	(279,213)	(264,009)
Fair value (losses)/gains ⁽²⁾	(23,379)	2,938	(23,379)	2,938
Operating profit	57,993	105,338	149,602	186,955
Finance income	20,628	2,920	40,295	5,031
Finance costs	(13,555)	(8,043)	(21,392)	(12,879)
Net finance income (costs)	7,073	(5,123)	18,903	(7,848)
Share of results of equity-accounted investments	(9,427)	(13,471)	(17,790)	(24,114)
Profit before income tax	55,639	86,744	150,715	154,993
Income tax expense	(367)	(140)	(558)	(264)
Profit for the period	55,272	86,604	150,157	154,729
Loss for the period attributable to non-controlling interests	(11,693)	(6,196)	(16,229)	(11,859)
Profit for the period attributable to the Shareholders	66,965	92,800	166,386	166,588
Earnings per share				
Basic and diluted (fils per share)	2.74	3.80	6.82	6.83

⁽¹⁾ Other operating expenses include expected credit losses on trade receivables and contract assets. For the three months and six months ended 30 June 2023, there was a net charge of AED 5,931 thousand and AED 6,654 thousand respectively. For the three months and six months ended 30 June 2022, there was a net reversal of expected credit losses of AED 1,216 thousand and AED 2,681 thousand respectively.

⁽²⁾ Fair value losses/gains include fair value changes on other financial assets (refer note 8) and investment property. There were no fair value losses/gains recorded in respect of investment property in the current period (2022: AED 2,938 thousand). Fair value losses of AED 24,371 thousand were recorded in respect of other financial assets in the three months and six months ended 30 June 2023 (2022: nil).

Al Yah Satellite Communications Company PJSC**Supplemental information to the condensed consolidated interim financial statements**

for the six months ended 30 June 2023 (Unaudited)

ii) Condensed consolidated interim statement of comprehensive income

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	AED 000	AED 000	AED 000	AED 000
Profit for the period	55,272	86,604	150,157	154,729
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedge - effective portion of changes in fair value	30,239	36,281	22,935	111,997
Cash flow hedge - (gain)/loss reclassified to profit or loss	(18,847)	1,693	(37,397)	5,149
Foreign operations - currency translation differences	8,359	(37,096)	12,109	24,848
	19,751	878	(2,353)	141,994
Item that may not be reclassified to profit or loss in subsequent periods:				
Remeasurement of defined benefit obligation	400	-	(297)	-
Other comprehensive income/(loss) for the period	20,151	878	(2,650)	141,994
Total comprehensive income for the period	75,423	87,482	147,507	296,723
Total comprehensive loss attributable to non-controlling interests	(11,800)	(6,230)	(16,651)	(11,775)
Total comprehensive income attributable to the Shareholders	87,223	93,712	164,158	308,498

AI Yah Satellite Communications Company PJSC**Supplemental information to the condensed consolidated interim financial statements**

for the six months ended 30 June 2023 (Unaudited)

iii) Condensed consolidated interim statement of financial position

	30 June 2023 AED 000	31 December 2022 AED 000
Assets		
Property, plant and equipment	4,096,288	4,202,163
Investment property	-	73,380
Right-of-use assets	20,173	21,491
Intangible assets	23,497	26,479
Equity-accounted investments	212,164	235,238
Trade and other receivables	38,128	38,128
Derivative financial instruments	110,961	118,306
Other financial assets	49,153	10,834
Deferred income tax assets	551	485
Total non-current assets	4,550,915	4,726,504
Inventories	43,875	26,560
Trade and other receivables	509,152	617,931
Derivative financial instruments	55,940	63,174
Income tax assets	668	668
Cash and short-term deposits*	2,274,508	2,000,407
	2,884,143	2,708,740
Non-current assets classified as held for sale	95,423	-
Total current assets	2,979,566	2,708,740
Total assets	7,530,481	7,435,244
Liabilities		
Trade and other payables	524,001	628,590
Borrowings	316,283	444,655
Deferred revenue	96,921	91,111
Income tax liabilities	852	790
Total current liabilities	938,057	1,165,146
Trade and other payables	1,771,464	1,350,301
Borrowings	1,448,537	1,495,629
Defined benefit obligations	33,739	36,347
Total non-current liabilities	3,253,740	2,882,277
Total liabilities	4,191,797	4,047,423
Net assets	3,338,684	3,387,821
Equity		
Share capital	2,439,770	2,439,770
Hedging reserve	163,305	177,767
Statutory reserve	76,862	76,862
Translation reserve	(77,086)	(89,440)
Remeasurement reserve	6,860	6,980
Retained earnings	483,595	513,853
Equity attributable to the Shareholders	3,093,306	3,125,792
Non-controlling interests	245,378	262,029
Total equity	3,338,684	3,387,821

*Cash and short term deposits include cash and cash equivalents of AED 1,053,600 thousand (31 December 2022: AED 785,893 thousand).

AI Yah Satellite Communications Company PJSC**Supplemental information to the condensed consolidated interim financial statements**

for the six months ended 30 June 2023 (Unaudited)

iv) Condensed consolidated interim statement of changes in equity

	Attributable to the Shareholders				Total AED 000	Non- controlling interests AED 000	Total equity AED 000
	Share capital	Hedging reserve	Other Reserves ⁽¹⁾	Retained earnings			
	AED 000	AED 000	AED 000	AED 000			
At 1 January 2022	2,439,770	19,927	(73,894)	704,180	3,089,983	281,688	3,371,671
Profit/(loss) for the period	-	-	-	166,588	166,588	(11,859)	154,729
Other comprehensive income:							
Currency translation differences	-	-	24,764	-	24,764	84	24,848
Cash flow hedge - effective portion of changes in fair value	-	111,997	-	-	111,997	-	111,997
Cash flow hedge - net loss reclassified to profit or loss	-	5,149	-	-	5,149	-	5,149
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-
Other comprehensive income for the period	-	117,146	24,764	-	141,910	84	141,994
Total comprehensive income/(loss) for the period	-	117,146	24,764	166,588	308,498	(11,775)	296,723
Transactions with the Shareholders:							
Dividends	-	-	-	(192,740)	(192,740)	-	(192,740)
At 30 June 2022	2,439,770	137,073	(49,130)	678,028	3,205,741	269,913	3,475,654
At 1 January 2023	2,439,770	177,767	(5,598)	513,853	3,125,792	262,029	3,387,821
Profit/(loss) for the period	-	-	-	166,386	166,386	(16,229)	150,157
Other comprehensive income:							
Currency translation differences	-	-	12,355	-	12,355	(246)	12,109
Cash flow hedge - effective portion of changes in fair value	-	22,935	-	-	22,935	-	22,935
Cash flow hedge - net gain reclassified to profit or loss	-	(37,397)	-	-	(37,397)	-	(37,397)
Remeasurement of defined benefit obligation	-	-	(121)	-	(121)	(176)	(297)
Other comprehensive income/(loss) for the period	-	(14,462)	12,234	-	(2,228)	(422)	(2,650)
Total comprehensive income/(loss) for the period	-	(14,462)	12,234	166,386	164,158	(16,651)	147,507
Transactions with the Shareholders:							
Dividends	-	-	-	(196,644)	(196,644)	-	(196,644)
At 30 June 2023	2,439,770	163,305	6,636	483,595	3,093,306	245,378	3,338,684

⁽¹⁾ Other reserves include statutory reserve, translation reserve and remeasurement reserve.

AI Yah Satellite Communications Company PJSC**Supplemental information to the condensed consolidated interim financial statements**

for the six months ended 30 June 2023 (Unaudited)

v) Condensed consolidated interim statement of cash flows

	Six months ended 30 June	
	2023	2022
	AED 000	AED 000
Operating activities		
Profit before income tax	150,715	154,993
Adjustments for:		
Share of results of equity-accounted investments	17,790	24,114
Depreciation and amortisation	279,213	264,009
Allowance for (reversal of) expected credit losses	6,655	(2,681)
Loss allowance for inventories	503	665
Fair value losses/(gains)	23,379	(2,938)
Finance income	(40,295)	(5,031)
Finance costs	21,392	12,879
Write-off of property, plant and equipment	290	66
Current service cost/charge for the period	2,192	3,665
Operating profit before working capital changes	461,834	449,741
Working capital changes:		
Trade and other receivables ⁽¹⁾	44,272	(179,923)
Inventories	(17,819)	(599)
Trade and other payables ⁽²⁾	332,813	(10,595)
Deferred revenue	5,810	14,415
Payments for defined benefit obligations	(5,931)	(507)
Income tax paid	(562)	(331)
Net cash from operating activities	820,417	272,201
Investing activities		
Purchases of property, plant and equipment	(209,927)	(323,217)
Additions to intangible assets	(775)	(1,759)
Return of investment in an associate	18,381	-
Acquisition of other financial assets	(3,856)	(1,102)
Receipt of short-term deposits with original maturity of over three months	908,577	75,003
Investments in short-term deposits with original maturity of over three months	(914,970)	(496,063)
Interest received	40,295	5,031
Net cash used in investing activities	(162,275)	(742,107)
Financing activities		
Proceeds from term loans	26,244	170,657
Repayment of term loans	(220,350)	-
Payment of lease liabilities	(217)	(9,784)
Interest received / (paid) net of derivative settlements	147	(20,860)
Dividend paid to the Shareholders	(196,644)	(192,740)
Net cash used in financing activities	(390,820)	(52,727)
Net increase/(decrease) in cash and cash equivalents	267,322	(522,633)
Net foreign exchange difference	385	1,141
Cash and cash equivalents at the beginning of the period	785,893	1,019,993
Cash and cash equivalents as at the end of the period	1,053,600	498,501

⁽¹⁾ Includes non-cash transaction relating to conversion of trade receivable into Convertible Loan. Also refer to note 8.

⁽²⁾ Amount for the six months ended 30 June 2023 includes receipt of the second instalment of the T4-NGSA Advance Payment of AED 550.95 million.