yahsat الياه سات

Annual Integrated Report 2022

Innovative Unwavering Ambitious

Contents

2022 Highlights

Revenue
US$ 433m

Normalised net income
US$ 106m

Total assets
US$ 2,025m

Contracted future revenues
US$ 2.0b

Dividend per share
16.12 fils[1]

Our Vision
To be the global partner of choice for reliable, innovative and affordable satellite solutions.

Our Mission
To deliver exceptional value to our customers, shareholders and partners.

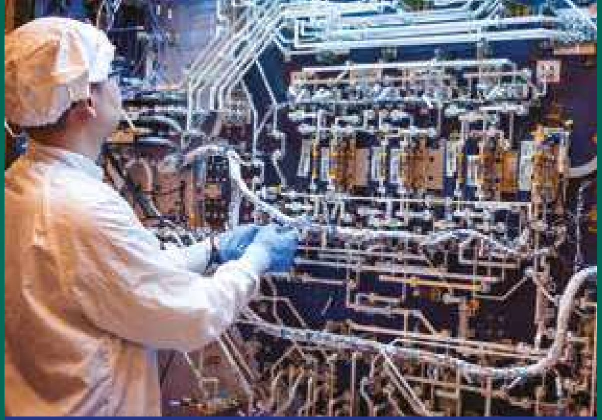
Note: Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

1. Interim dividend of 8.06 fils paid in October 2022. Board proposed final dividend of 8.06 fils subject to shareholder approval during upcoming annual general assembly meeting, taking full year dividend to 16.12 fils.

Strategic Report

Our commitment to innovation, unwavering strength and great ambition for the future propelled Yahsat and our diverse businesses through another year of strategic progress and accelerating growth, as we solidified core government business, forged new partnerships, expanded our offerings, diversified into new markets and created ever-increasing value for all our stakeholders.

Yahsat at a glance



Al Yah Satellite Communications Company PJSC (Yahsat) is a public company listed on the Abu Dhabi Securities Exchange. A subsidiary of Mubadala Investment Company, Yahsat offers multi-purpose satellite services to more than 150 countries across Europe, the Middle East, Africa, South America, Asia and Australasia.

Innovative

Read our case study on pages 32 and 33

Continuous innovation drives our multi award-winning maritime satellite voice solution with tracking and monitoring capabilities, MarineStar, making it the provider of choice for satellite connectivity over the world's busiest sea routes and fishing hotspots.

Unwavering

Read our case study on pages 34 and 35

Our global satellite footprint and market-leading solutions play a vital role in helping communities around the world that lack reliable connectivity. Our unwavering commitment to being a responsible corporate citizen by using our network and solutions to assist those in need encouraged our partnership in Zimbabwe to deliver education via our broadband services.

Ambitious

Read our case study on pages 36 and 37

In line with our ambition to become a leading international Internet of Things (IoT) player with a disruptive, direct-to-satellite service, Yahsat invested in eSAT Global. The resulting partnership is a critical step in establishing our presence in a high-growth sector to deliver low-cost, low-latency, global IoT services to customers across our footprint.

Innovative
Unwavering
Ambitious

What We Do

Yahsat provides a wide range of fixed and mobile satellite solutions for land, maritime and aero platforms to governments, enterprises, communities and individuals in over 150 countries across Europe, the Middle East, Africa, South America, Asia and Australasia. In 2020, Yahsat commenced construction of Thuraya-4 NGS, the next generation telecommunications system, which is due to enter service in 2025.

Our Global Footprint

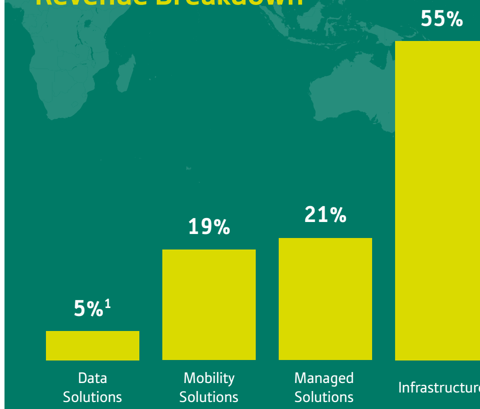
Yahsat's fleet of five geostationary satellites reaches more than 80% of the world's population, enabling critical communications including broadband, video broadcasting, backhauling, and mobile voice and data solutions.

150+ Countries covered

HQ in United Arab Emirates

5 Satellites

Revenue Breakdown



1 10% of 2022 consolidated revenues when incorporating Yahsat's 20% share of HPE.

Our Business Lines:

Infrastructure

Yahsat Government Solutions

Leasing of critical satellite capacity to the UAE Government, and satellite operation services.

YahLink

IP trunking solutions, corporate networking and backhauling capacity marketed by Managed Solutions and Data Solutions.

Managed Solutions

Yahsat Government Solutions

Managed end-to-end secure communication solutions and bespoke turnkey SatCom platforms.

Mobility Solutions

Thuraya

Mobile Satellite Services for reliable direct-to-device voice and data solutions.

Data Solutions

YahClick

High-speed satellite broadband for consumer, enterprise and government users.

Broadcast Solutions

Yahlive

Premium services for broadcasters and a select choice of TV channels.

Our journey and year in review

2007
Yahsat established.

2008
UAE Government signed as Yahsat's anchor customer.

2009
Established broadcast JV with Yahlive (SES).

2011/13
Yahsat's first and second satellites Al Yah 1 and Al Yah 2 launched.

YahClick launched for broadband across Africa, the Middle East and Asia.

2015
Space Systems and Technology Programme – Cubesat (Khalifa University, UAE Space Agency, Northrop Grumman).

2018
Al Yah 3 launched, expanding YahClick further (Africa and Brazil).

Majority acquisition of Thuraya, adding mobile satellite solutions to Yahsat portfolio.

Established JV with Hughes (BCS) for Africa and West Asia using Al Yah 2/ Al Yah 3.

2019
Established JV with Hughes (HdB) for Brazil.

2020
Thuraya-4 NGS ordered, with 15-year UAE Government contract.

2021
Initial Public Offering on ADX.

Appointed by UAE Government to assess fleet expansion.

Launched Star Technologies JV.

Contracted SpaceX to launch Thuraya-4 NGS.

Partnered with Cobham SATCOM for Thuraya-4 NGS platform and products.

Launched nextgen mobility platforms.

Raised over US$ 700 million Term loan and ECA financing.

Signed several multi-year commercial contracts for both fixed and mobile solutions.

2022
Awarded US$ 247.5 Million Managed Services mandate by the UAE Government.

Invested in eSAT Global alongside a commercial agreement to develop a next generation low-cost low-data rate IoT platform.

Signed UAE Climate-Responsible Companies Pledge to support UAE Net Zero 2050.

Maintained fleet availability at 100% for the year.

Established AY4/AY5 design requirements.

Partnered with Hub71 to advance innovative technologies supporting satellite operations.

Launched several new products and services to meet increased customer demand for innovative satellite solutions in mobility and broadband sectors.

Chairman's Statement

Innovative Unwavering Ambitious

Musabbeh Al Kaabi
Chairman of the Board

In 2022, Yahsat harnessed its unique strengths to deliver strong revenue and EBITDA growth amidst a challenging macro-economic environment.

As the wider space economy and the SatCom segment continue to evolve and undergo unprecedented change, we see promising growth opportunities that play to our strengths, including a robust balance sheet, high-quality infrastructure, a global footprint with coverage of more than two-thirds of the world's population, valuable spectrum rights and a deep and experienced talent pool. As the UAE's flagship satellite solutions provider, our objective is to continue this growth trajectory, building on our core government and commercial businesses over the coming years, both organically and through opportunistic acquisition.

Clear focus on shareholder returns

In 2022 we continued to deliver on our promises to stakeholders, including our commitment to maintain a robust growth profile and an attractive, progressive dividend policy.

Top-line revenue grew 6% to US$ 433 million, resulting in Adjusted EBITDA that exceeded management and the Board's expectations. Continued strong performance amidst challenging macroeconomic environment is a testament to strength and diversification of our assets and businesses, which cover 80% of the world's population and spans across more than 150 countries. Our global footprint, continuous innovation and market-leading solutions play a vital role in serving governments, enterprises and customers around the world and providing resilient and reliable connectivity. 2022 was another year of strategic progress and accelerated growth, as we solidified core government business, forged new partnerships, expanded our offerings, diversified into new markets and created ever-increasing value for all our stakeholders. Our contracted future revenues at over four and a half times 2022 revenues, strong liquidity position and growth in free cash flow clearly distinguish Yahsat from amongst its peers in the industry and provide a strong platform for future growth.

Given these strong results the Board is pleased to recommend a final dividend of 8.06 fils per share, bringing the total dividend for 2022 to 16.12 fils per share. Based on Yahsat's share price at the end of the year, this implies a dividend yield of 6.4%, one of the highest yields amongst UAE listed equities. We reassert our commitment to grow Yahsat's dividends by at least 2% per year underscoring the Board's confidence in Yahsat's future growth potential and long-term visibility of cash flows.

Unwavering focus on growth

Yahsat's strong financial performance in 2022 was driven by its expansion in the core UAE Government business and existing verticals as well as by diversification across the SatCom value chain. The five year Managed Services Mandate, worth US$ 247.5 million, awarded at the beginning of 2022, included an expanded scope compared to the previous operations and maintenance contract, incorporating a technology upgrade for UAE Government. The commercial businesses ventured into new markets such as Myanmar and Thailand for Mobility Solutions and Morocco, Libya, Zambia and other African countries for Data Solutions, laying the foundations for future growth. This was accompanied by providing improved products and solutions to cater to our increasingly diverse customer base, meeting rising consumer demand for connectivity, and further consolidating our support of the UAE Government's requirements for satellite solutions.

We continued to pivot to recurring revenue contracts, extending our visibility of long-term earnings. The predictability of cashflows provided by this revenue backlog is a significant advantage in our planning and funding of future capital projects, including our satellite replacement programme and strategically important growth ventures we are targeting in our commercial businesses.

During 2022, we expanded our customer relationships, providing new valued-added solutions and products to meet their growing needs. We strengthened our presence in sectors strategically important to us such as energy, maritime, education and healthcare, giving us an extended scope to market new solutions that respond to rapidly changing communications and connectivity requirements.

This expansion of our government and commercial operations, combined with the increase in the number and diversity of customers and service partners, have produced a promising pipeline across all businesses and regions. We are particularly excited about the potential benefits to both government and commercial business units of the next generation T4-NGS satellite and associated products that will support many new applications. We are further considering the launch of two new satellites Al Yah 4 and Al Yah 5, which are currently in the evaluation phase. Securing the contracts for these two new satellites will ensure a smooth transition when the current Capacity Services Agreement (CSA) with the UAE Government comes to an end in 2026, thereby significantly increasing the Group's contracted future revenues and extending long-term visibility of cash flows.

Continued strategic progress

Yahsat's multipronged strategy resulted in notable advances in our Infrastructure, Mobility Solutions, Data Solutions and Managed Solutions businesses in 2022, which are covered in depth in the operational review section of this report. In this message to readers, I touch on a few developments to demonstrate how Yahsat is prudently managing resources to support growth, reinforcing its critically important relationship with the UAE Government, and making strategic inroads into rapidly emerging sectors.

Building on our 15-year relationship with the UAE Government, Yahsat concluded an attractive five-year managed services and technology upgrade mandate worth US$ 247.5 million that expands the scope of the previous operations and maintenance agreement and supports the utilisation of capacity contracted to the UAE Government under the Capacity Services Agreement (CSA). In addition, construction of the T4-NGS satellite is progressing well and is expected to launch in 2024 and enter service in 2025, driving further substantial revenue growth with a UAE Government contract of US$ 755 million to be recognized over a 15-year period. In addition, T4-NGS satellite will strengthen our product and service proposition with many new applications in the commercial sector.

We remain in regular discussions with the UAE Space Agency, the body responsible for the implementation of the UAE National Space Strategy 2030. In 2022, the UAE Space Agency launched a US$ 800 million National Space Fund to finance many of the Agency's objectives, programmes and initiatives, including a project to launch a LEO constellation of advanced imaging satellites. Yahsat stands ready to support the Agency in meeting the UAE's national objectives.

As previously communicated, Yahsat is pursuing opportunities in high-growth sectors including the Internet of Things (IoT) market. Accordingly, we invested in eSAT Global, a US-based business that aims to deliver disruptive direct-to-satellite connectivity to low-cost, low power, low-data-rate IoT devices, and entered a commercial partnership alongside them, to develop the IoT platform for these IoT sensing and tracking devices.

In targeting unserved and under-served sectors, we continue to build on our maritime mobile satellite solutions. A few years ago, we launched the highly successful and award-winning MarineStar product for the global fisheries industry. MarineStar's clear and reliable voice and data communications over our global satellite network, including tracking and monitoring capabilities, have made it the preferred choice for small fishing fleet owners. Yahsat has sold more than 27,000 units and in 2022, MarineStar earned international praise, receiving the ESG innovation impact award from the Mobile Satellite Users Association, and topping the Marine Technology – Satellite category part of the 2022 Middle East Technology Excellence Awards. We believe there is significant untapped potential in the maritime market for MarineStar and many other products and solutions.

Advancing on our sustainability agenda

Yahsat fully supports the objectives of international and national sustainable development goals, and we see a growing role for satellite-enabled services to aid sustainable development on Earth.

Organisationally, we have made considerable progress in 2022 towards institutionalizing sustainability throughout Yahsat's corporate culture and decision-making processes. The Board approved a comprehensive sustainability strategy focused on five areas of importance to Yahsat and its stakeholders – serving customers and communities, investing in people, reliable corporate governance, promoting environmental protection and developing the right business partnerships.

During 2022, we also continued to support several humanitarian organisations and communities around the world to provide remote communication capabilities including the ability to effectively coordinate humanitarian crisis-response activities and providing connectivity to schools and healthcare facilities.

Readers are encouraged to learn more in Yahsat's Corporate Governance and Sustainability Reports for 2022, which provide comprehensive detail regarding our ESG performance, strategy and future targets.

2023 outlook

Our robust balance sheet, relationship with the UAE government, and focus on high in- demand and newly emerging opportunities offer great scope for the continued growth of Yahsat's government and commercial businesses.

The satellite industry is undergoing significant change and technological development that has attracted many new investments. The Board and senior management regularly review Yahsat's business strategy to ensure alignment with, and develop responses to, the unfolding changes in the industry.

In our most recent strategy review, we recognised Yahsat's strong financial and operational position to create value beyond pure connectivity. To achieve this, our future efforts will focus on IoT and SatCom value-added solutions, the direct-to-device market and the UAE's emerging space economy. We will communicate more on this in the coming year as the new strategy takes shape.

In closing, and on behalf of the entire Board, I would like to thank our customers, shareholders, partners and all colleagues for their continued support – I am proud of what has been accomplished in 2022 and look forward to another successful year.

Musabbeh Al Kaabi
Chairman of the Board

Chief Executive Officer's message

Delivering results. Positioning for future growth.

Ali Al Hashemi
Chief Executive Officer

2022 Highlights

Revenue
US$ 433m

Adjusted EBITDA
US$ 258m

Normalised net income
US$ 106m

Net income
US$ 66m

In a year of significant disruption for the satellite industry and faced with global economic headwinds, the Group delivered strong top-line revenue growth, a superior margin and healthy cash flows, positioning it well to sustain and grow its dividend and invest in growth initiatives.

In addition to expanding our role as the preferred partner of the UAE Government to meet its growing satellite communication needs, we refocused our commercial businesses on areas of higher growth and profitability.

Strong performance validates focus on value-added solutions

In 2022 Yahsat reported an impressive 6% increase in revenues to US$ 433 million (2021:US$ 408 million), driven in large part by exceptional growth in the Managed Solutions business.

Adjusted EBITDA was 7% higher at US$ 258 million (2021: US$ 240 million), while net income was 6% lower at US$ 66 million (2021: US$ 70 million).

Adjusted for one-off charges, Normalised Adjusted EBITDA was 5% higher at US$ 258 million (2021: US$ 245 million), generating a margin of 60% (2021: 60%). After adjusting for a non-cash impairment charge of US$ 41 million recorded in 2022 relating to our Brazil associate investment and a further US$ 11 million in other one-off costs recorded last year, we recorded 31% growth in Normalised Net Income to reach US$ 106 million (2021: US$ 81 million).

Discretionary free cash flow remained strong at US$ 225 million (2021: US$ 180 million) and covers our proposed 2022 dividend by more than 2 times.

At 31 December 2022, the Group's net leverage (net debt to Adjusted EBITDA) was negative (2021: 0.6x), with cash and short-term deposits of US$ 545 million, up 36% from the prior year (2021: US$ 400 million).

Expanding core government business

Governments, in particular the UAE Government, and related entities are serviced through two operating segments – Infrastructure and Managed Solutions. In 2022, we maintained strong momentum to develop and grow both of these businesses.

Our largest segment, **Infrastructure**, continued to anchor the Group's overall business, contributing 55% of total revenue and 69% of Adjusted EBITDA in 2022 (2021: 58% and 76%, respectively). The segment provides long-term satellite capacity leases and satellite operation services, enjoying stable and predictable revenues from a single Capacity Services Agreement ('CSA') that runs until November 2026.

In 2022, we continued to move forward with the T4-NGS satellite procurement programme. With the UAE government acting as the anchor customer, the new satellite will provide capacity and services to the UAE Government through a contract worth over US$ 700 million in future contracted revenue. This will support future revenue growth in the Infrastructure segment from 2025 onwards, when we expect the T4-NGS satellite to commence commercial operations.

Separately, the procurement process for two new potential satellites Al Yah 4 and Al Yah 5 is progressing well, with the Group in advanced discussions with the UAE Government regarding the evaluation of manufacturer responses prior to selecting a preferred satellite manufacturing partner.

The new satellites will play a critical role in Yahsat's future as they will ensure the continuity of long-term reliable satellite communications to the UAE Government beyond the end of the current CSA.

Our **Managed Solutions** business unit delivered a superb performance, with full-year revenues of US$ 91 million (2021: US$ 64 million), 41% higher than the prior year and contributing 21% to overall Group revenue (2021: 16%). Revenue growth was largely driven by delivery of the first year of a new five-year managed services mandate, worth US$ 247.5 million, for full services and technology management provided to the Government, reflecting the Group's on-going focus on providing fully managed, end-to-end, solutions, enhancing its long-term cash flows and revenue visibility.

The business reinforced its strong position in the oil and gas sector, providing additional solutions to anchor customer ADNOC. We also secured deals in newly targeted sectors, such as energy and logistics and continued to expand our geographical footprint beyond the UAE.

The government business was further augmented by broadening our solutions across the SatCom value chain to provide additional revenue-generating services, such as integrated beyond-line-of-sight Satcom solutions and Information Communication Technology (ICT) systems.

In addition, it established an Advanced Progam Management unit to develop its own satellite modems in partnership with Tawazun and capture higher margins by vertically integrating across the value-chain. This will be an important focus area for us in addition to exploring opportunities in Earth Observation (EO) and remote sensing to support the UAE Space Agency's ambitions.

The **Mobility Solutions** business unit, which comprises our 90% shareholding in Thuraya, delivered a solid performance. Despite the challenging trading conditions, we recorded an increase in revenues at US$ 81 million (2021: US$ 80 million) and positioned the business well to capitalise on high growth areas in 2023 and beyond, including IoT, government and maritime.

We broadened the footprint of our maritime business across the broader South-East Asia and Africa regions. We also developed and launched a variety of new and innovative products to cater to and anticipate our customers' needs. These included: (i) Thuraya Push-to-Talk (PTT), allowing users across a wide spectrum of industries to extend the range of their voice communications beyond line of sight (BLOS); (ii) Go Silent, providing government clients with an encryption solution for using commercial systems that do not, on their own, meet stringent security requirements; (iii) the SatTrack application enabling web-based tracking, monitoring, and geo-fencing capabilities using Thuraya's T2M-Dual product; and (iv) the SM-3700 core module enabling new product development for the M2M segment and for specific use cases such as container tracking.

In line with our strategic focus on IoT sector, we acquired a minority stake in eSAT Global, with whom we also signed a commercial agreement, to develop a next-generation platform to cater for fast-growing low-cost, low power and low-data-rate IoT sub-segment, which remains significantly under-penetrated.

At the same time, we continued to make excellent progress on building capacity and developing new products for T4-NGS which we anticipate will allow us to sell new advanced mobile satellite services to commercial customers in addition to the Government as anchor customer.

Our **Data Solutions** business, branded as YahClick, reported gross revenue of US$ 23 million (2021: US$ 27 million), while Adjusted EBITDA of US$ 1 million (2021: US$ 4 million loss) was positive for the first time.

The business continued a trend of strong growth in broadband subscribers, posting a 21% increase versus 2021. This growth was driven by continued expansion in key markets across Africa, especially in Zimbabwe. YahClick leveraged on our extensive network and portfolio of solutions to partner with ZARNet, Zimbabwe's statutory ICT authority, to roll out broadband internet services to the country's education, healthcare and government sectors.

In the enterprise sector, YahClick continued to offer tailor-made solutions to greatly enhance productivity with new wholesale and virtual network operator (VNO) capacity contracts, including the provision of cellular backhaul services to mobile network operators across Africa.

During the year we appointed a new Chief Commercial Officer, Sulaiman Al Ali, to drive commercial synergies across our Mobility and Data Solutions businesses and leverage complimentary offerings with our service partner network to meet our customers' diverse SatCom needs. We started to realise operational efficiencies in 2022 with both our commercial businesses, Mobility Solutions and Data Solutions, achieving cost optimisation and improved margins.

Investing in our people

Our business relies on our people, which is why we continually look to enhance our working culture by providing the best benefits and development opportunities. In 2022, benefits included a new gender equity policy and introduction of a long-term incentive plan. Yahsat continued to prioritise the development of the knowledge and skills of all our employees during 2022 and built on previous successful engagement with the UAE space agency by collaborating to provide opportunities for our engineers to be seconded to the Venus probe programme.

Our commitment to attracting, developing and creating rewarding careers for UAE nationals has never been stronger. During 2022, we increased our Emiratisation rate to 52.5%, provided a unique experience for a number of our talented Emirati engineers to gain deeper industry expertise and global exposure by working at one of our international project sites, and finalised plans to launch the third cohort of our successful 'Train to Work' programme next year, which provides on-the-job training leading to full-time work opportunities for Emirati graduates.

As a responsible employer, we listen to our employees and strive to continuously improve our employee value proposition. Our successful employee engagement was clearly reflected in our highest-ever response rate of 97% in our latest Employee Satisfaction Survey. We are proud to have achieved an 82-point engagement score that is above regional benchmarks, as well as an Employee Net Promoter Score (eNPS) of 48. While there is still much work to be done, including implementing a range of programs and initiatives launched to address areas identified through the survey process, these outstanding results show how much our people love being part of the Yahsat family.

Our ambitions for the future

Our impressive financial performance in 2022 together with our strong balance sheet positions Yahsat well to invest in growth initiatives in areas such as government services (Al Yah 4 and Al Yah 5 satellites and associated managed solutions), direct-to-device (D2D) technology, end-to-end SatCom solutions and the Internet of Things (IoT).

We see promising growth opportunities that play to our many strengths, including our strong balance sheet, high quality infrastructure, large geographic footprint, valuable spectrum rights and the knowledge and skills of our people. During 2022 we undertook a strategic exercise to review emerging trends and identify growth opportunities, reflecting our ambition to expand our satellite operatorship role toward becoming a 'spacetech' player, with a particular focus on the following areas:

- Direct-to-Device – our L-band spectrum rights put us in a unique position to pioneer the direct-to-device opportunity (D2D) by developing partnerships with leading global players;
- SatCom value-added solutions – we will strengthen our data solutions with an accelerated transition into becoming a high value-added SatCom solutions provider whilst seeking to maintain strong growth in our broadband business;
- IoT – our focus will be to deliver end-to-end IoT solutions that require satellite connectivity to connect billions of devices across the globe in multiple verticals;
- UAE Space Economy – our role as a sovereign satellite operator has national strategic importance, and therefore we plan to further expand our government offering including the development of Earth Observation (EO) and remote sensing capabilities, and by creating advanced manufacturing capabilities in the UAE.

Acknowledgements

In closing, we have recorded a strong set of financial results in 2022 and firmly believe that there are a number of significant growth opportunities across our four segments. I am confident that with the continued support and input of the Board, the senior leadership team, Yahsat's employees and partners, we will be able to capitalise on these opportunities and create further shareholder value in the future.

Ali Al Hashemi
Group Chief Executive Officer

Key differentiators

Global connectivity enabler providing critical solutions

Covering >150 countries and potential to reach >2/3 of world's population[1].

Differentiated mobile and fixed satellite services in emerging and high-growth markets.

Deep, long-standing relationships with UAE Government and key partners across GCC, Africa, Asia and Brazil.

The UAE Government's preferred partner

Provider of secure, mission critical connectivity services and solutions to the UAE Government.

Strong relationship dating back more than a decade and underpinned by significant long-term contracts that provide visibility and security of future cash flows.

Uniquely positioned to capitalise on upcoming growth opportunities and to further deepen the relationship.

Pursuing sizeable and well-identified areas of growth

Significant growth opportunities across our Government and Commercial businesses.

Potential to deepen participation across value chain and deliver integrated Satcom solutions.

New partnerships, channels and products under development ahead of Thuraya-4 NGS' launch.

High-quality, well-invested asset base

Fleet of five active geostationary satellites and sixth expected to begin operations in 1H 2025.

Incorporating a wide range of technologies, including valuable Ka and L-band frequency bands.

Best-in-class ground infrastructure based in the UAE and internationally.

Industry pioneer in fast-growing emerging markets

Differentiated offering in high-growth, underserved markets, underpinned by pioneering technology.

Hybrid go-to-market model in the Middle East, Africa, Asia and Australasia, leveraging partnerships and direct-to-market channels.

Flexible and scalable capacity model with opportunity to leverage in-market differentiation for new technologies.

Proven senior leadership and supportive shareholder

Highly experienced management team with deep industry expertise and a strong track record of delivering results.

Board of Directors with diverse industry and functional expertise.

Strong backing from our majority shareholder Mubadala.

Highly attractive financial profile

~73%[2] of revenue driven by highly-rated UAE Government contracts under long-term commitments.

High-margin business, strong cash flow, well-funded balance sheet and low net debt/EBITDA leverage.

Robust growth profile and growing dividend capacity with a commitment to dividend growth of at least 2% per year.

1 For mobility solutions (MSS).
2 For year 2022, from UAE Government & Government-related entities.

Board of Directors

Full biographies can be found in the Corporate Governance section on pages 72 and 73.

Musabbeh Al Kaabi
Chairman

Musabbeh Al Kaabi is the Executive Director of Low Carbon Solutions & International Growth at ADNOC Group. Prior to this, he served as the Chief Executive Officer of Mubadala's UAE Investments platform. He was also a member of Mubadala's Investment Committee, playing a strategic role advising on all major investment decisions related to the full range of the Company's sectors and businesses.

Other Directorships

Mubadala Energy (C), Abu Dhabi Future Energy Company PJSC – Masdar (BM), National Central Cooling Company PJSC – Tabreed (BM), First Abu Dhabi Bank (BM), Emirates Global Aluminium (BM)

Tenure

1.9 years

Committee membership

HE Tareq Al Hosani
Vice Chairman

HE Tareq Abdulraheem Al Hosani is the Secretary General of Tawazun Council, the government authority responsible for acquisition management, industrial development and the setting of regulations, standards and governance for the defence and security industry. He manages the day-to-day business activities of Tawazun Council.

Other Directorships

Bayanat (C), Tawazun Technology & Innovation (C), Munich Health Daman Holding Limited (C), Al Forsan Holding Company (VC), Royal Jet Group (BM), Rabdan Academy (BM)

Tenure

9.0 years

Committee membership

HE Maryam AlMheiri
Director

HE Maryam AlMheiri is Director General of the Abu Dhabi Media Office (ADMO), having overseen its growth from launch to becoming the emirate's central source of news, information and stories about Abu Dhabi for a local and global audience.

Other Directorships

Executive Committee of Executive Council (Member), UAE Special Olympics Board of Trustees (VC), Honorary Advisor to the Board of Abu Dhabi University (BM), Mohamed bin Zayed University for Humanities (BM), Emirates Red Crescent (BM), Fatima Bint Mubarak Ladies Sports Academy (BM)

Tenure

1.5 years

Committee membership

NRC

Peng Xiao
Director

Peng Xiao is the Chief Executive Officer of Group 42 Ltd. (G42), where his responsibilities include shaping G42's business and product strategies, and overseeing G42's operating companies across numerous industry verticals, including smart city, healthcare, energy, finance and education.

Other Directorships

Group 42 Holding Ltd (BM), Various private limited liability subsidiaries of Group 42 Holding Ltd (C/BM)

Tenure

1.5 years

Committee membership

HE Rashed Al Ghafri
Director

HE Rashed Al Ghafri is a representative on the UAE's Supreme Council of National Security and previously was the President of Strategic Projects at EDGE Group, with more than 30 years' experience in the electrical engineering field.

Other Directorships

Thuraya Telecommunications Company (C)

Tenure

9.0 years

Committee membership

NRC

Badr Al Olama
Director

Badr Al Olama is the Executive Director of the UAE Clusters unit within Mubadala's UAE Investments platform, which has been formed to accelerate the UAE's economic transformation by investing in national champions, fostering vibrant industrial and commercial clusters, and partnering with world-class global organisations.

Other Directorships

Emirates Post Group (C), Strata Manufacturing (C), The Sanad Group (C), Shariket Kahraba Hadjret En Nouss SKH spa (C), Mubadala Health (BM), SHUAA Capital (BM), Oumolat Security Printing (BM), YAS Holding (BM), TASIAP GmbH (BM), SAFAV/SAPPL/SAFMMA/AMS/RMA - AUTOMOTIVE JV'S (BM)

Tenure

1.9 years

Committee membership

ARCC

HE Masood M. Sharif Mahmood
Director

HE Masood Mahmood is the Chief Executive Officer of Etisalat UAE by e&, having previously held the role of Director General at the Department of Finance of the Government of Abu Dhabi and, prior to that, serving as the Chief Executive Officer of Yahsat for nearly nine years. He has over 20 years of experience in investment management, telecommunications and the space sector.

Other Directorships

Emirates Nuclear Energy Corporation (BM), UAE Space Agency (BM), Wio Bank (BM)

Tenure

1.9 years

Committee membership

NRC

Adrian Steckel
Director

Adrian Steckel has been focussed on technology and connectivity for the last 20 years. He was the CEO of OneWeb from September 2018 until November 2020, upon its emergence from Chapter 11, with investment from the UK government and Bharti Global.

Other Directorships

CONX Corp (BM), InfoBionic (BM), Hyper Reality Partners (BM), Uphold Limited (BM)

Tenure

1.5 years

Committee membership

ARCC NRC

Gaston Urda
Director

Gaston Urda is the Sr. Advisor to the Chief Executive Officer of the UAE investment platform at Mubadala. Since Joining Mubadala in 2008, his primary responsibilities have been to oversee and manage investments across different geographies and sectors including logistics, transportation, mining, aerospace services, real estate investment management, renewables and utilities.

Other Directorships

The Sanad Group (BM), Virgin Orbit Holdings (BM), SR Technics Switzerland AG (BM), Al Masar Investments (BM)

Tenure

1.5 years

Committee membership

ARCC

Other Directorships Key

C Chairperson; VC Vice Chairperson; BM Board Member

Committee Membership Key

ARCC Audit Risk and Compliance Committee

NRC Nomination and Remuneration Committee

Senior Management

Full biographies can be found in the Corporate Governance section on pages 82 to 83.

Ali Al Hashemi
Chief Executive Officer, Yahsat Group

Ali Al Hashemi was appointed as Chief Executive Officer of the Yahsat Group in April 2021. He has been with Yahsat since 2013, having previously served in concurrent roles as the General Manager of Yahsat Government Solutions (YGS) and Chief Executive Officer of Thuraya.

Andrew Cole
Chief Financial Officer

Andrew Cole is Chief Financial Officer of the Yahsat Group. He joined Yahsat in 2020. In this role, he is responsible for the financial management of Yahsat including investor relations and procurement, working with all stakeholders, including Mubadala and key partners. Andrew has 25 years of cross-sector experience in senior finance, operational and advisory roles.

Muna Almheiri
Chief Human Capital and Administration Officer

Muna Almheiri is the Chief Human Capital and Administration Officer. She joined Yahsat in 2007, prior to which she was with Thuraya. In this role, she is responsible for talent acquisition, learning and development, leadership development, Emiratisation, organisational development, compensation and benefits, and employee relations and administration.

Adnan Al Muhairi
Chief Technology Officer

Adnan Al Muhairi was appointed as Chief Technology Officer of the Yahsat Group in 2021. He has been with Yahsat since 2009. In this role, he is responsible for managing the Group's satellite fleet, as well as designing and developing end-to-end space systems and technological solutions to better serve Yahsat customers.

Khalid Al Kaf
Chief Operations Officer

Khalid Al Kaf was appointed as Chief Operations Officer of the Yahsat Group in 2021. He has been with Yahsat since 2017. In this role, his focus is on addressing the strategic operational issues that influence business performance and efficiencies of cost.

Sulaiman Al Ali
Chief Commercial Officer

Sulaiman Al Ali was appointed as Chief Commercial Officer of the Yahsat Group in 2022. In this role, he leads both Thuraya, the mobility solutions business of Yahsat and YahClick, the data solutions business of Yahsat and is responsible to expand customer solutions, drive growth and deliver operational synergies across both Thuraya and YahClick businesses.

Eisa Al Shamsi
General Manager, Yahsat Government Solutions (YGS)

Eisa Al Shamsi joined Yahsat in 2010 and in this role, he is responsible for Yahsat's government business involving the engineering and delivery of state-of-the-art turnkey and fully managed end-to-end solutions to meet the strategic and tactical, resilient and secure connectivity needs of various UAE and regional government entities.

Khalid Al Awadhi
Chief Advance Program Management Officer

Khalid Al Awadhi was appointed as Chief Advance Program Management Officer of the Yahsat Group in 2022. He has been with Yahsat since 2009. In this role, he is responsible for development of advanced space technologies, operational concepts and capabilities for future commercialization, in-country industrialization and further business expansion.

Ali Al Fahim
General Counsel

Ali Al Fahim was appointed as General Counsel of the Yahsat Group in 2022. In this role, he is responsible for management of the Group's legal department and corporate governance function. He has over 13 years' experience as legal counsel, specialising in mergers and acquisitions and corporate law.

Market overview
A year of accelerating transformation

2022 was another year of continued transformation for the satellite services industry, with substantial investments, the emergence of new challenger business models, further industry consolidation and growing demand for connectivity across all segments and geographies as satellite coverage, capabilities and pricing improve.

Large and Growing Market Opportunities

- With a global **space race underway, the overall space economy continues to grow into the hundreds of billions of US dollars**[1] in private and public annual expenditures within the industry – we see this growth trend continuing well into this decade and beyond.
- **Government and Military sub-segment expected to grow** at mid-single digit rate over the next ten years[1].
- **Space data traffic is expected to increase multiple fold** by the end of the decade[2].
- **Fixed Satellite Services (FSS) revenues are forecast to grow** at mid-single digit rate over the next ten years[2].
- **Mobile Satellite Services (MSS) revenues are forecast to grow** at low single digit rate over the next ten years[2].

1 Euroconsult – Annual Space Economy Report.
2 NSR (Northern Sky Research).

Key Satellite Industry Trends and our response to them

Ubiquitous data

- Increasing global data connectivity needs.
- Higher demand for MSS (mainly within vessels and planes).
- Internet of Things (IoT) and Direct-to-Device (D2D) technology gaining traction, increasing demand for narrowband satellite communication.
- Continuing decline in broadcast as demand shifts from linear to over-the-top (OTT) media services.

How Yahsat is responding

- Yahsat is growing its FSS business across Africa and the Middle East. We continue to competitively structure and price our offerings in response to specific market demands of our service providers (for onward sale to end users) as well as value added resellers.
- Yahsat is uniquely positioned to capture market share in the MSS subsegment. Thuraya's expertise and assets, including the forthcoming launch of the T4-NGS satellite and valuable narrowband spectrum rights, allow it to offer new products and play an important role in the evolving IoT and D2D space. The T4-NGS satellite will allow us to develop more than a dozen new applications for use across industry verticals. In 2022, we also invested in an IoT device and platform developer, to capitalize on high growth opportunities for low power, low data rate satellite-enabled sensing and tracking services.
- In response to increased use of LEO constellations for both MSS and FSS services, we are currently exploring opportunities to partner strategically and/or invest in other constellations to strengthen our offerings and leverage our unique mobility assets, experience and client portfolio.

Space back on national agendas

- Governments increasing defence budgets and satellite communications expenditure.
- Expanded coverage ambitions and bridging the digital divide.
- Increased government collaboration with private sector to enhance satellite communication capabilities, which have emerged as a key tactical element in conflict zones.

How Yahsat is responding

- Yahsat is developing ambitious programs to enhance and reinforce its core government business with several new FSS and MSS products dedicated to the government and defence sectors.
- This includes the launch of a new MSS satellite currently under construction, T4-NGS, as well as two new potential FSS satellites, Al Yah 4 and Al Yah 5, which will ultimately replace Al Yah 1 and Al Yah 2, and serve the UAE Government's satellite communication needs.
- Yahsat is exploring adjacent satellite services, aiming to become a one-stop-shop for the UAE Government and other Government entities for all satellite services, taking into account the renewed interest in the Space sector and the recent launch of the US$ 800 million UAE Space Fund.
- Yahsat is committed to developing a joint program with Tawazun for the establishment of facilities in the UAE to manufacture satellite communications terminals and achieve vertical integration across the value chain.

Technological acceleration

- Technological evolution improving satellite economics, reducing overall capital expenditure requirements.
- Next generation satellites with more flexibility and reconfigurability.
- Increased traction in Direct-To-Device (D2D) technology to enable satellite communication on consumer handheld device.

How Yahsat is responding

- Yahsat is closely monitoring the many technological developments taking place in the sector, and maintaining an open dialogue with key innovators to explore potential partnerships and joint offerings.
- We are currently constructing our latest MSS satellite, T4-NGS, which will spur growth across many industry verticals, offering a wide range of unique features including higher speeds, more than double the capacity of Thuraya 2 and Thuraya 3 satellites within our fleet, an enlarged coverage area, higher security and flexible performance.
- Two new potential satellites, Al Yah 4 and Al Yah 5, will offer enhanced FSS services at more competitive pricing compared to the cost of the original procurement programme of Al Yah 1 and Al Yah 2 which they will ultimately replace.
- Yahsat is currently exploring potential opportunities in D2D and other growth areas, leveraging its experience in MSS and its spectrum assets.
- Yahsat has recently signed a partnership with Hub71 to advance technological innovations that support the development of the UAE's mobile satellite capabilities. The first contract resulting from the new partnership is an agreement between Yahsat and Hub71-based start-up, Mental VR, a Virtual Reality (VR) software development company.

Shifting business landscape

- New applications and use-cases enabled: enterprise, tele-medicine, virtual education, etc.
- Consolidation and collaboration between industry players, both horizontally and vertically.
- New challenger business models emerging, including adoption of a hybrid constellation approach.
- Growing interest and capital directed towards space sector (record investment in 2022).

How Yahsat is responding

- Yahsat is developing new initiatives that capitalise on the new business models observed with the objective to test them on the ground from early 2023 including a new community Wi-Fi programme for the African market.
- Yahsat keeps capitalising on the highly attractive local ecosystem of start-ups and incubators (including Hub71) to explore new use-cases levering new technologies such as AI and Virtual Reality.
- We strongly support cross-collaboration with space and tech sectors companies. Yahsat is currently discussing with several players for join initiatives that should bring competitive advantage and improve company's positioning on the market.

Our business model

Our strengths enable...

Finance

Sizeable contracted future revenue providing visibility and security on top line revenue and dividends.

Lean cost structure with strong cost discipline across business.

Stringent capital allocation with robust governance.

High cash conversion ratio.

Robust capital structure – strong balance sheet, low net debt and low leverage.

Spectrum

~200 active ITU filings to support future missions and strategy.

Good access to markets across footprint.

Unique spectrum rights including valuable L-band.

Human Capital

Experienced, long-serving team with proven track record of delivering growth.

Internationally diverse and highly-specialised workforce.

Long track record of developing and attracting local talent.

UAE-based team with security clearance necessary to support government needs.

Technology and Assets

Well-invested infrastructure assets across space and ground segments.

Fleet of five satellites spanning five continents, with one more under construction.

Modern infrastructure spanning both FSS and MSS.

Business and Relationships

UAE's flagship satellite operator.

Recognised industry leader, nationally and internationally.

Strong distribution presence and partnerships.

Strong relationship as a trusted partner with the UAE Government.

Deep partnerships with global industry leaders.

sustainable value creation...

Our Vision

To be the global partner of choice for reliable, innovative and affordable satellite solutions.

Our Mission

To deliver exceptional value to our customers, shareholders and partners by focussing on:

Quality
Being an industry centre of excellence for our customers and partners by offering innovative, reliable and affordable satellite solutions.

Human Capital
Empowering our employees to succeed and become proud role models in their communities.

Growth
Anticipating and fulfilling the satellite communications needs of governments, enterprises, communities and individuals across our footprint.

Our values underpin everything we do...

for our stakeholders

Our Value Proposition

A leading fixed and mobile satellite services operator offering integrated satellite communications solutions to over 150 countries.

Enabling critical communications including broadband, broadcasting, backhauling, and mobile voice and data solutions.

Wide range of C, Ku, Ka, and L-band solutions for land, maritime and aero platforms to governments, enterprises, communities and individuals.

A fleet of five satellites reaching more than two-thirds of the world's population, with a sixth under construction.

Fixed Satellite Services

Al Yah 1 | Al Yah 2 | Al Yah 3

Mobile Satellite Services

Thuraya-2 | Thuraya-3 | Thuraya-4 NGS (under construction)

Our Business Lines

Infrastructure		Managed Solutions	Mobility Solutions	Data Solutions	Broadcast Solutions
Yahsat Government Solutions Leasing of critical satellite capacity to the UAE Government and satellite operation services.	**YahLink** IP trunking solutions, corporate networking and backhauling capacity marketed by Managed Solutions and Data Solutions.	**Yahsat Government Solutions** Managed end-to-end secure communication solutions and bespoke turnkey SatCom platforms.	**Thuraya** Mobile Satellite Services for reliable direct-to-device voice and data solutions.	**YahClick** High-speed satellite broadband for consumer, enterprise and government users.	**Yahlive** Premium services for broadcasters and a select choice of TV channels.

Respect | Reliability | Agility | Customer Focus | Creativity

Our Customers

(Governments, enterprises, communities and individuals)

Secured, reliable and multi-purpose connectivity solutions.

Affordable satellite solutions to connect the unconnected across more than 150 countries.

Strategic and sovereign advanced satellite solutions for the UAE Government.

Enriched and value-added solutions.

Countries covered

150+

Our Employees

Exciting technical and business work environment to develop and maximise potential.

Progression, learning, diversity and inclusion.

Strong leadership, experience and opportunity for growth.

Number of nationalities

46

Our Shareholders

Attractive and progressive dividends.

High-growth and value creation opportunities.

Solid investment opportunity reinforced with long-term AA+ customer contracts.

Adjusted EBITDA

US$ 258m

Our Nation

Supporting the development of UAE Nationals and a powerful UAE space sector.

Contributing to the Abu Dhabi 2030 Vision.

Enhancing the national economy by partnering and creating new opportunities.

Emiratisation[1]

52.5%

1 Emiratisation excluding third party contractors.

Our strategy

Strategic Pillars	Strategic Objectives	2022 Highlights
Expand core government business in infrastructure and managed solutions	• Solidify our core business to deliver more missions, more solutions and more value. • Enrich and expand our portfolio of government products, solutions and services. • Diversify our government business to more entities in the UAE, including civil, and penetrate more strategic international markets. • Explore value accretive adjacencies (e.g. managed solutions, ICT services) to solidify our core proposition.	• Awarded and delivered the first year of a fully managed services and technology management mandate by the UAE Government – a 5 year contract for ground satellite communications services and solutions worth US$ 247.5 million. • Awarded new contracts to enable UAE Government platforms with SatCom capabilities and provide an integrated system and ground control services. • Received the initial US$ 150 million advance payment from the end user post completion of key project milestones of the Thuraya Next Generation Program development phase including completion of critical design review. • Provided additional satellite connectivity services to a major oil & gas customer in the UAE to enable critical connectivity and reliable network capabilities.
Diversify and expand commercial business	• Differentiate through unique products and value-added solutions, as well as deeper distribution relationships. • Accelerate commercial business across Managed Solutions, Mobility Solutions and Data Solutions. • Expand market share in growing Fixed Satellite Services (FSS) and Mobile Satellite Services (MSS) markets and regions, by capitalising on unique relationships, technologies and business models. • Expand into new and disruptive commercial opportunities, such as IoT/M2M and direct-to-device satellite connectivity.	**Managed Solutions** • Accelerated commercial business lines and signed new customers for both FSS and MSS solutions. • Explored opportunity to provide maritime Satcom solutions to ADNOC Logistics' regional vessels and conducted successful proof of concept. • Announced AED 24 Million contract by Abu Dhabi Ship Building to deliver satellite communication solutions. **Mobility Solutions** • Evolved Go-To-Market model with new distribution agreements, including establishment of new partnerships to address multiple verticals including government, maritime and aero. • Launched new products (e.g. maritime tracking and monitoring) and strengthened foundation for future strategic growth portfolio (maritime, IoT, government, enterprise) with new products under development that will be compatible to next generation Thuraya-4 satellite. • Extended our distribution network in 7 countries and signed 8 new partners thus growing our ecosystem of integrators and increasing our visibility. **Data Solutions** • Double digit growth in subscriber base across MEA to approximately 22,000 customers. • Launched services in Morocco and activated capacity in several other countries in Africa. • Signed multiple enterprise and wholesale deals, including for cellular backhaul.
Invest and partner to diversify and grow	• Capitalise on the increasingly critical role played by satellites in the global connectivity and applications ecosystem. • Drive strategic partnerships to invest and diversify into adjacent service areas to better serve customers.	• Acquired a minority stake in eSAT Global and signed a complementary commercial agreement to develop a platform for low-cost low- and very-low data rate (LDR/VLDR) IoT devices with direct-to-satellite connectivity using GEO satellites. • Selected technology partner for the development of a satellite modem system with Tawazun's[1] support. • Agreement with EDGE Group, the UAE's defence industry conglomerate, to line-fit NIMR manufactured armoured vehicles with advanced Comms-On-The-Move (COTM) satellite communications solutions. • Agreement with Al Seer Marine, a UAE marine services company, to test and line-fit unmanned surface vessels with advanced Comms-On-The-Move (COTM) satellite communications solutions. • Thuraya-4 NGS progressing and expected to be launched in the first half of 2024 and enter service in the first half of 2025.
Build on position as the UAE's flagship satellite operator	• Create long-term value by collaboration with other key players in the broader UAE space and technology ecosystem. • Support UAE National Space Strategy 2030 and Abu Dhabi 2030 vision by spurring new in-country development in space, technology and industrialisation.	• Laid foundations for new strategic platforms to serve UAE and international governments and enterprises for 'situational awareness', including remote sensing and earth observation. • Solidified position as a satellite centre of excellence through talent attraction and retention as well as development of national expertise. • Awarded contracts worth AED 28.3 million to design and deliver advanced satellite communications for UAE Government Platforms.

1 Tawazun Council (Tawazun) is the UAE defence and security acquisition authority for the UAE Armed Forces and Abu Dhabi Police.

Future focus	Related risks
• Sustain core business by securing new long-term FSS capacity service agreement with the UAE Government on two new satellites (Al Yah 4 and Al Yah 5). • Expand and sustain core UAE Government Business while expanding commercial base. • Centralise and expand 3rd party Satcom capacity solutions to benefit from continuing demand. • Increase collaboration with other Government departments and large UAE entities. • Continue drive towards fully managed end-to-end services that leverage on specialised internal resources to maximise margins. • Broaden product solutions across SatCom value chain to offer integrated beyond line-of-sight and Information Communication Technology (ICT) systems.	1 2 3 4 5 6 8 9 10 13 14 15
Managed Solutions • Complete final steps of the ongoing transition from previous project delivery function into higher value-add system integrator. • Continue expansion into adjacent government entities and international government customers. **Mobility Solutions** • Enhance products and services portfolio, and expand solution and applications offering (such as an enhanced maritime vessel monitoring solution; and a new handheld dual-mode terminal targeted towards enterprise and government market). • Accelerate strategic M2M/IoT, regional maritime and government business. • Push into major strategic markets within coverage area and continue seeking partnerships to drive and unlock value. • Explore potential Direct-to-Device play leveraging company's unique L-band spectrum rights. **Data Solutions** • Accelerate uptake in wholesale, enterprise and government segments and the MEA region through targeted and customised Go-To-Market models. • Push for selective geographic expansion focusing on customised enterprise solutions and potentially leveraging interim third party capacity where required. • Improve satellite fill rate by driving new segments and increasing market share of cellular backhaul solutions for mobile network operators.	1 2 3 4 5 7 8 9 10 11 13 14 15
• Seek new investment opportunities to build new capabilities across all platforms. • Develop and launch next generation of products on Thuraya 4-NGS platform in collaboration with technology partners. • Launch low power low data rate IoT platform in partnership with eSAT Global. • Embrace complementarity of NewSpace on Yahsat business to capture value and broaden scope. • Continue current trajectory of organic and inorganic growth combined with strategic UAE partnerships, considering potential horizontal or vertical M&A to build scale and increase value proposition.	1 3 5 7 8 9 10 12 13 14 15
• Deliver first phase of the modem system development program through a joint-venture with Tawazun, and expand the scope to reach more customers, including international customers. • Strengthen collaboration within UAE ecosystem to develop and enhance remote sensing capabilities. • Continue focusing on national talent development and further nurture solid UAE G2G relationships. • Support UAE Space agenda and key initiatives including earth observation capabilities and space missions.	1 3 8 12 13 15

Key performance indicators

Revenue
US$ 433m

Adjusted EBITDA
US$ 258m

Normalised Net income
US$ 106m

Discretionary Free Cash Flow
US$ 225m

Contracted future revenues
+US$ 2.0b

Read our key performance indicators on pages 42 and 43

Find a summary of our principal risks on pages 47 to 51

Chief Financial Officer's Review

Andrew Cole
Chief Financial Officer

2022 Highlights

Revenue
US$ 433m

Adjusted EBITDA
US$ 258m

Net income
US$ 66m

Normalised Net Income
US$ 106m

Despite a challenging economic backdrop, the business delivered a strong financial performance in 2022, recording robust year-on-year growth in both revenue and adjusted EBITDA.

Strong Financial Performance

In US$ million

	2022	2021
Revenue	**433**	408
Adjusted EBITDA	**258**	240
Normalised EBITDA	**258**	245
Net Income	**66**	70
Normalised Net Income	**106**	81
Discretionary Free Cash Flow (DFCF)[1]	**225**	180

In 2022, against a backdrop of global economic turbulence caused by geopolitical tensions and rising inflation, Yahsat delivered a strong financial performance with total revenues of US$ 433 million, in line with its guidance of US$ 420–440 million, representing year-on-year growth of over 6%.

The Group's largest segment remained **Infrastructure**, which generated revenues of US$ 238 million, above 2021 (US$ 236 million), accounting for 55% of the Group's consolidated revenues. This mainly comprised the provision of satellite capacity to the UAE Government, under an ongoing 15-year Capacity Services Agreement ('CSA') in relation to services provided on our Al Yah 1 and Al Yah 2 satellites. The revenues from this segment are set to increase significantly following the anticipated launch of the Thuraya-4 NGS satellite, currently under construction, and the commencement of a 15-year agreement with the UAE Government that will contribute additional annual revenues of over US$ 50 million from the first half of 2025.

Managed Solutions, the Group's second largest segment and accounting for 21% of consolidated revenues, delivered a stellar performance in each quarter of the year, with full year revenues surging by more than 41% to US$ 91 million, significantly above 2021 levels (US$ 64 million). The growth was underpinned by the award of a new 5 year Managed Services Mandate by the UAE Government in February 2022, valued at US$ 247.5 million. Under this Mandate service revenue is recognised equally over the 5 years, from 2022 to 2026, at US$ 47.5 million per year, whilst a US$ 10 million additional component was recognised in the first half of 2022. It replaces and expands the scope of the previous smaller contract worth US$ 32 million per year, which was limited to Operations & Maintenance (O&M) services and which expired at the end of 2021.

Mobility Solutions, accounting for 19% of the Group's revenues in 2022, delivered a solid and commendable performance in challenging conditions, with full year revenues of US$ 81 million, an increase of 1% from 2021 with growth recorded across a number of key areas including Voice, Maritime and Data.

1 Discretionary Free Cash Flow (DFCF) is defined as cash flow from operations less maintenance and development capital expenditure, investments, taxes and net finance costs.

Data Solutions, the Group's smallest segment and accounting for 5% of consolidated revenues, delivered full year revenues of US$ 23 million, a decline of 13% vs 2021 (US$ 27 million) with the shortfall largely reflecting the wind down of the capacity leasing contract with Eutelsat, which ended in Q3 2021 and a more prudent approach taken regarding the sale of equipment across core markets in Africa. Despite the shortfall, the business remains well positioned to grow in 2023 with momentum clearly evident in its consumer broadband business in which subscribers grew by 21% year-on-year and a downward trajectory in its cost base. In 2022 this contributed to a substantial improvement in the EBITDA of the business (by more than US$ 4 million), turning positive for the first time.

Adjusted EBITDA of US$ 258 million, generating a margin of 60% (2021: 59%), represented an increase of more than 7% or US$ 17 million vs 2021. This was largely driven by Managed Solutions, which started to recognise revenues under the 5 year managed services mandate with a portion of the related costs shifting from Q4 2022 to Q1 2023. After considering the effect of material one-off items (none in 2022 and US$ 4 million of IPO related costs in 2021), Normalised Adjusted EBITDA of US$ 258 million exceeded 2021 by US$ 13 million or 5%.

Net Income of US$ 66 million decreased by 6% versus 2021 after taking into account a one-off, non-cash impairment of US$ 41 million against the Group's equity-accounted joint-venture HNS Participacoes Empreendimentos S.A. (HPE) in Brazil, in which it owns a non-controlling 20% stake. This impairment reflected a rapid deterioration in the global macro-economic environment, which significantly increased the discount rate used in assessing the recoverable amount of this investment.

In 2021, Net Income included one-off costs of US$ 7 million related to the refinancing of debt with a new term loan and export credit facility (ECA facility) totalling US$ 700.5 million. Adjusting for one-off items in both periods, Normalised Net Income of US$ 106 million exceeded the prior year by US$ 25 million, or 31%, generating a margin of 24.5%.

With dividends expected to reach at least US$ 107 million for 2022, in line with our progressive dividend policy (a minimum annual increase of at least 2%), this would imply a reduction in the pay-out ratio, for the first time, to around 100% of Normalised Net Income for 2022.

Cash Flow and Balance Sheet

Consistent with prior periods the Group's balance sheet remains very strong. At the end of 2022, gross debt (including lease liabilities and excluding unamortised transaction costs) stood at US$ 542 million, whilst cash on balance sheet and short-term deposits were US$ 545 million, resulting in a negative net debt of US$ 3 million. Our net leverage (net debt to Adjusted EBITDA) was also negative. Together with Discretionary Free Cash Flow for the year of US$ 225 million and a cash conversion ratio of 95%, the Group remains well positioned to meet its future dividend and capital expenditure commitments, and retains significant headroom within its existing debt covenant arrangements for further borrowing to fund new programmes (such as Al Yah 4 and Al Yah 5) and to pursue Yahsat's growth strategy.

Capital Expenditure

Consolidated capital expenditure in 2022 was US$ 131 million, of which US$ 120 million related to the ongoing Thuraya-4 NGS programme. Maintenance and Development capital expenditure accounted for the remainder.

Net Finance Costs

Net finance costs of only US$ 1 million were significantly lower than prior year (US$ 17 million), in part due to one-off prior year costs totalling US$ 7 million relating to the debt refinancing exercise, as well as higher levels of interest generated in 2022 on the Group's significant cash deposits. In addition the Group benefited from interest rate swaps entered into and fixed at low rates of interest at the time of the debt refinancing exercise in 2021, prior to the rapid increase in global interest rates.

Equity-accounted Investments

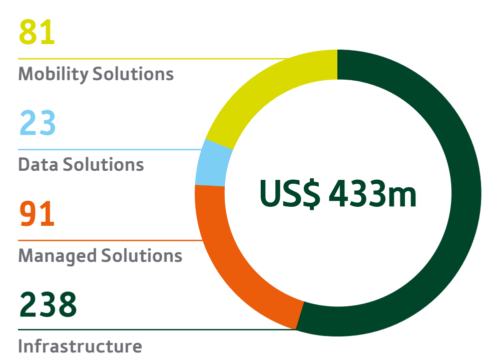
The Group continued to retain an interest in two equity partnerships, Yahlive and HPE with SES and Hughes, respectively. Yahlive performed well with strong levels of EBITDA and more than US$ 4 million returned to the Group during the year. In spite of the impairment recorded in HPE Brazil (see above), the business performed broadly in line with expectations, with future growth expected to arise from a record backlog in the Enterprise segment, a declining churn rate in consumer broadband and new satellite capacity expected following the launch of Jupiter 3 in 2023.

Financial Outlook

Yahsat has recorded a strong financial performance in 2022 and we expect this to continue in 2023 underpinned by the launch of our new growth strategy. Our 2023 guidance for the Group is for total revenues of US$ 435 million – US$ 455 million, implying revenue growth of up to 5% and Adjusted EBITDA of US$ 240 – US$ 260 million, lower than 2022 at mid-point of guidance range reflecting the timing of cost recognition relating to the managed services mandate. We expect our cash flow to remain healthy with Discretionary Free Cash Flow of US$ 130 – US$ 150 million, lower than 2022 reflecting the linear amortisation over the following four years (January 2023 – November 2026) of US$ 291 million previously received during the construction phase of the Al Yah 1 and Al Yah 2 satellites (approximately US$ 75 million per annum). Total capital expenditure and investments are expected to be in the range of US$ 155 – US$ 175 million, mainly relating to the ongoing Thuraya-4 NGS programme.

We remain confident in the underlying health and resilience of the business, underpinned by our contracted future revenues of US$ 2.0 billion as at 31 December 2022. We expect this to grow significantly in the event we finalise a new long-term FSS capacity agreement with the UAE Government for two potential new satellites (Al Yah 4 and Al Yah 5), which are currently under consideration. Accordingly, we remain strongly committed to our progressive dividend policy of a minimum total dividend of US$ 107 million for the 2022 financial year, growing by at least 2% this year and in subsequent years, with an amount of US$ 54 million already paid as an interim dividend for the first half of 2022 in October 2022.

Revenue (US$m)

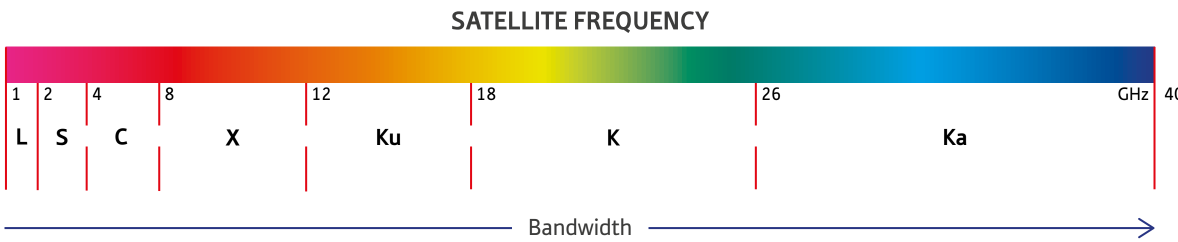


Business review

Industry overview

Satellites	Coverage	**Latency** (time delay from signal broadcast to destination)	Typical lifespan	Typical applications	Competitive positioning
LEO (Low Earth Orbit) Satellites	Global, including polar Inefficient for regional coverage only	25-75 milliseconds	Around 5 years	• Commercial broadband • Time-sensitive apps • Low-latency backhaul	Fibre-like latency More onerous economics and technology challenges as of today
MEO (Medium Earth Orbit) Satellites	Global, including polar Inefficient for regional coverage only	100-150 milliseconds	5-10 years	• Navigation • Communications • Lower-latency broadband and backhaul	Compromise between latency and economics
GEO (Geostationary Orbit) Satellites	Regional (fixed), no polar Efficient for regional coverage	250 milliseconds	15+ years	• Communications • Military and Government • Broadband • Mobility • Broadcasting • Trunking	High availability and reliability, but high latency Highly competitive economics

Frequencies



L-band: (1-2 GHz)

- Highest reliability
- Critical for mobility services

C-band: (4-8 GHz)

- Used for TV distribution, data and voice communication
- Being repurposed for 5G

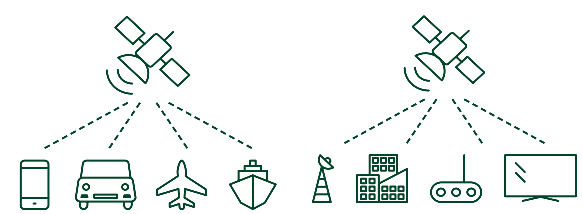
Ku band: (12-18 GHz)

- Used for satellite communications
- Downlink used by direct broadcast satellites to broadcast satellite TV

Ka-band: (27-40 GHz)

- Greatest bandwidth
- Used for broadband communications and VSAT services

Satellite services



Fixed Satellite Services (FSS)
FSS operators rely on higher frequencies (C, Ku, Ka-bands) to connect to directional fixed antennas.

Mobile Satellite Services (MSS)
MSS operators use lower frequencies (L-band) to connect to mobile and non-directional Earth station antennas.

Our businesses

Our brands

Infrastructure		Managed Solutions	Mobility Solutions	Data Solutions	Broadcast Solutions
Yahsat Government Solutions	**YahLink**	**Yahsat Government Solutions**	**Thuraya**	**YahClick**	**Yahlive (JV with SES)**
What we do Leasing of critical satellite capacity to the UAE Government, and satellite operation services	IP trunking solutions, corporate networking and backhauling capacity marketed by Managed Solutions and Data Solutions	Secured end-to-end managed solutions and bespoke turnkey SatCom platforms	Mobile Satellite Services for reliable direct-to-device voice and data solutions	High-speed satellite broadband for consumer, enterprise and government users	Premium services for broadcasters and a select choice of TV channels

Our fleet

The Group's current satellite fleet comprises five GEO satellites and one under construction.

Al Yah 1 Launch date 2011	**Al Yah 2** Launch date 2012	**Al Yah 3** Launch date 2018	**Thuraya-2** Launch date 2003	**Thuraya-3** Launch date 2008	**Thuraya-4 NGS** Launch date 2024
Service Fixed Satellite Services	Fixed Satellite Services	Fixed Satellite Services	Mobile Satellite Services	Mobile Satellite Services	Mobile Satellite Services
What they do Secure government and broadcast	Commercial broadband and secure government	Commercial broadband	Mobile voice and data	Mobile voice and data	Mobile voice and data
Businesses served Yahsat Government Solutions Yahlive Yahlink	Yahsat Government Solutions YahClick	YahClick HNS Participações Empreendimentos (HPE)[1]	Thuraya	Thuraya	Thuraya Yahsat Government Solutions
Frequency used C-band, Ku band and Ka-band	Ka-band	Ka-band	L-band	L-band	L-band

1 Payload on Al Yah 3 over Brazil owned by HPE.

Business review continued

Infrastructure

Long-term satellite capacity leases and satellite operation services

2022 Revenue

US$ 238m

% of Total Yahsat Revenue

55%

Satellite Coverage

- Al Yah 1 and Al Yah 2 Government Coverage
- Al Yah 2 Ka-Band Coverage
- Al Yah 3 Ka-Band Coverage
- Al Yah 2 and Al Yah 3 Coverage
- Thuraya L-Band Coverage
- T4 Extended Coverage

Ka-Band (AY1 & AY2)	L-Band (T4-NGS)	C-Band (AY1)
15-year capacity services agreement with UAE Government (ending in 2026).	15-year contract with the UAE Government for capacity and associated services, expected to commence once T4 is operational in H1 2025.	Dedicated high-speed and high-throughput IP Trunking solutions, corporate networking and backhauling capacity marketed by Managed Solutions and Data Solutions.

Secure satellite infrastructure for mission-critical applications and multi-purpose connectivity requirements

Yahsat provides critical Ka band capacity leasing on its AY1 and AY2 satellites and L-band capacity on its T4-NGS satellite (to commence operations in 2025) under long term contracts to the UAE Government. Additionally, it provides C-band capacity leasing on its AY1 satellite to government and enterprise customers, which is marketed by Managed Solutions and Data Solutions respectively.

T4-NGS Brings Additional Capabilities to UAE Government

Enabling critical advanced applications for Government use

Advanced Technology
Based on the new all-electric Airbus Eurostar Neo platform

Higher Throughput
Wide range of data rates above 1 Mbps

Efficient and smart resource management to support surge in hotspot areas

Unmatched Reliability
Designed with security and resilience in mind

More Value
Affordable, reliable with flexible plans

Wider Satellite Footprint
Europe, Africa, Central Asia and the Middle East

Innovative Design
Advanced routing flexibility of up to 3,200 channels with dynamic power allocation

Versatile Platform For Future Applications
New product development opportunities – IoT Maritime & Government

UAE Government

Provision of raw, secure Ka-band capacity on Al Yah 1 and Al Yah 2 as well as L-band mobility solutions on T4-NGS (satellite currently under construction and due to enter service in H1 2025).

2022 Performance

During 2022, Yahsat Infrastructure segment continued to provide a strong financial revenue base for the company, contributing 55% of total revenue and 69% of Adjusted EBITDA for year. The segment benefits from a key Capacity Services Agreement ("CSA") with the UAE Government, which underpins the stable and predictable revenue and adjusted EBITDA contributions to the Group.

Revenue for the year remained broadly stable at US$ 238 million underpinned by long-term CSA with the UAE Government. 2022 Adjusted EBITDA declined mainly reflecting lower chargebacks to Data Solutions on outsourced services provided and higher other operating expenses.

The segment has contracted future revenue of approximately US$ 1.7 billion as of the end of 2022, including a 15-year contract with the Government for the provision of capacity and associated services on Thuraya 4 Next Generation System. The T4-NGS Government contract is worth US$ 755 million and will support revenue growth from 2025 onwards.

Outlook

Serving the UAE Government's satellite communication needs is core to Yahsat's business and central to its growth strategy, building on an increasing demand for sovereignty and self-reliance over satellite assets. In that respect, the T4-NGS satellite, currently under construction, and the expansion of the Company's fleet with two potential new Fixed Satellite Services ("FSS") satellites (Al Yah 4 and Al Yah 5), present a unique growth opportunity for the Group and further secure Yahsat's long-term financial outlook.

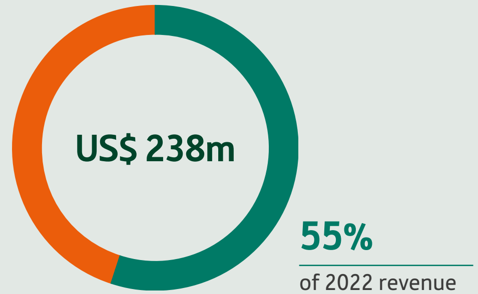
The Group is currently in advanced discussions and planning stages with the Government regarding the potential launch of Al Yah 4 and Al Yah 5. The new satellites would extend and ultimately replace the capacity currently provided to the Government under the CSA due to expire November 2026, which utilises the existing FSS satellites, Al Yah 1 and Al Yah 2. The new satellites would benefit from new coverage, capabilities and higher capacities to meet the next generation demands of the Government. Al Yah 1 and Al Yah 2 are estimated to reach end of life in 2029 and 2030, respectively, and the current CSA may be extended to run in parallel with the procurement and initial deployment phases of the new satellites.

A request for proposal ("RFP") process for Al Yah 4 and Al Yah 5 is currently underway and the Group is evaluating manufacturer responses prior to selecting a preferred satellite manufacturer and presenting a complete proposal to the Government. Should an agreement with the Government be reached, the Group expects to follow a similar approach as for Al Yah 1 and Al Yah 2, whereby the Government would lease capacity on a long term, committed basis, further increasing the Group's contracted future revenues.

The Group expects to finalise negotiations with the Government for Al Yah 4 and Al Yah 5 in 2023.

2022 Revenue

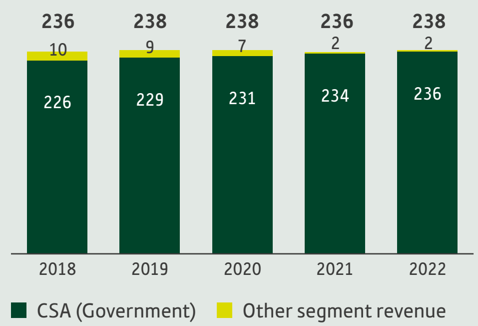
Leases critical satellite capacity to the UAE Government.



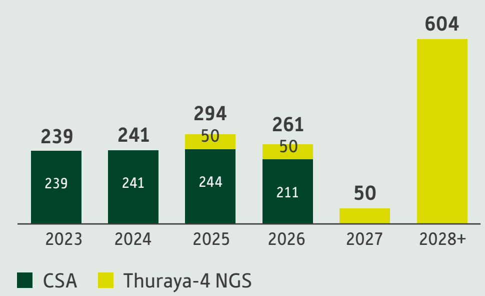
Key Revenue Drivers:

- High-margin business, underpinned by long-term, highly visible, secure contracts.
- Key ongoing contract: 15-year Capacity Service Agreement (CSA) with the UAE Government (remaining contracted future revenues of US$ 935 million[1]).
- Contracts structured as fixed charge paid every year, with a portion of the capacity charge under the CSA contract growing at 3% p.a.[2]
- Key future contract: US$ 755 million contract[3] will start in H1 2025, when Thuraya-4 NGS commences commercial operations.

Revenue Evolution (US$m)



Contracted Future Revenues[1] (US$m)



Key Contracts

Agreement	Counterparty rating[4]	Agreement original tenor (years)	Remaining life as at 31 December 2022 (years)	Contracted future revenues 31 December 2022 (US$m)	Estimated satellite end of service life
Capacity Services Agreement (CSA)	AA (S&P) Aa2 (Moody's) AA- (Fitch)	15	3.9	935	2029 (Al Yah 1) 2030 (Al Yah 2)
T4-NGS Capacity Services Agreement (T4 CSA)			Satellite not yet in service	755[3]	2040 (T4-NGS)
Total				1,690	

1 As of 31 December 2022 and does not include potential contracted revenues for new Al Yah 4 and Al Yah 5 satellites.
2 30% of the total capacity charge at inception of the contract (in 2011) was indexed to a contracted inflation of 3% p.a. reflective of increase in value of services.
3 Under the contract, the Group is entitled to receive US$ 300 million in advance payments, to be offset over the contract period against invoices for capacity services. The Group received US$ 150 million advance in Q3 2022. Under IFRS 15, as a significant part of the contract price is received years ahead of service provision, the contract is deemed to contain a significant financing component and requires the contract value to be adjusted to include the imputed finance cost relating to the advance payments. Accordingly, the future revenue is adjusted to include US$ 46 million (imputed finance cost relating to the US$ 150 million), bringing the total transaction price to $755 million as of the end of Q3 2022 and future annual revenue of US$ 50 million. The imputed finance cost will be recorded as a charge from the date of receipt of advance payment until the advance is fully offset.
4 Reflects the sovereign ratings of the Federal Government of the United Arab Emirates.

Business review continued

Managed Solutions

Managed satellite-based solutions for land, sea, and air

- Secure end-to-end managed solutions for satellite communications, including design, consultancy, implementation, operations & maintenance (O&M) and technology management.
- Bespoke turnkey SatCom platforms.
- Defence, government and mission-critical applications for land, sea, and air.

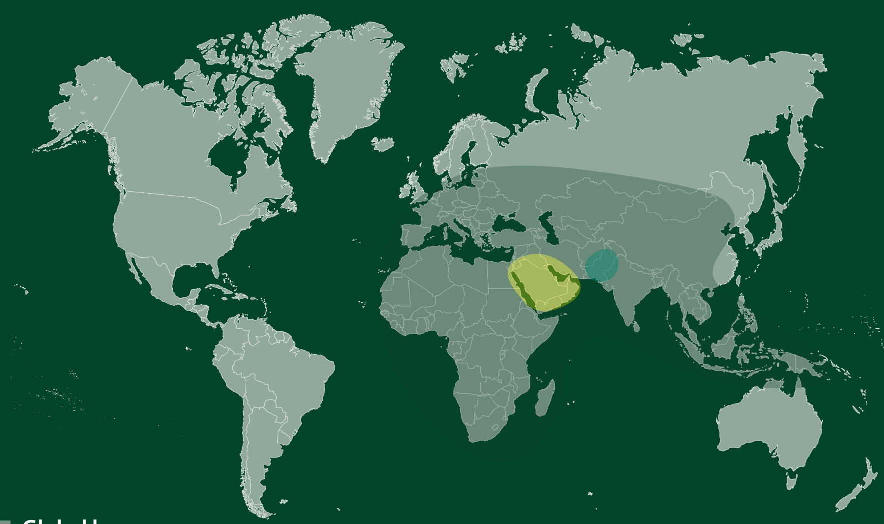
2022 Revenue

US$ 91m

% of Total Yahsat Revenue

21%

Satellite Coverage



Global beam
GCC Beam

Managed Solutions saw accelerated growth, delivering an expanded scope of end-to-end satellite communication solutions primarily to the Government, but also to commercial customers in the oil and gas and other sectors, principally in the UAE, either using its own capacity or that leased from third parties.

Growing our existing portfolios with additional value-added services; expanding into new sectors and focusing on recurring income contracts generated strong growth in Managed Solutions in 2022. Revenue of US$ 91 million, comprising 21% of overall Group revenue, rose 41% compared to 2021. Managed Solution's EBITDA of US$ 53 million increased by 60%, delivering a superior margin of 58% with contracted future revenues increasing significantly by more than 3 times.

2022 Performance

During 2022, Yahsat Managed Solutions continued to expand its portfolio and pivot towards providing end-to-end fully managed solutions and services to its growing customer base across government, military and enterprise, generating recurring revenues and long-term visibility of future cash flows.

The highlight of the year was successfully securing and delivering the first year of a new five-year mandate for fully managed services and technology management to our anchor customer, the UAE Government. The customer was able to realise significant benefits during the year through critical system upgrades, thereby reinforcing Yahsat's value proposition of offering end-to-end

Military
Consultancy, design, procurement, implementation services, including operations and maintenance encompassing technology upgrades to support contracted infrastructure capacity.

Government
National and international consultancy and delivery of managed private satellite network solutions for government entities.

Enterprise
Connectivity and managed private satellite network solutions for enterprises across various sectors (e.g, oil and gas, utilities).

managed services. The mandate, worth $247.5 million, was the key growth driver during the year and is expected to underpin growth in 2023 and beyond.

Meanwhile we continued to expand in oil and gas, securing new clients in the energy and enterprise verticals, including provision of additional VSAT services to one of our major oil & gas customers in the UAE, to enable critical connectivity, reliable network capabilities and optimisation of its operations.

By broadening our product solutions across the SatCom value chain, we were able to develop additional revenue-generating services and offer integrated beyond line-of-sight Satcom solutions and Information Communication Technology (ICT) systems.

We also established an Advanced Program Management unit to develop our own satellite modems in partnership with Tawazun, thus paving the way to secure higher value margin by manufacturing our own products in the UAE.

New Clients and Partnerships

In 2022, we embarked on discussions with national vendors to adopt line fit strategies, which will include the provision of managed services for airborne and land applications under our defence and government verticals.

In this context, we signed a Memorandum of Understanding ('MOU') with NIMR Automotive to build on an existing partnership to provide the UAE Government with advanced vehicular satcom capabilities. A MOU with Al Seer Marine, the leading maritime company in the region, was also agreed to test line-fitting unmanned vessels with advanced Comms-on-the-Move (COTM) satellite communications solutions.

We also advanced discussions with several customers to deploy our airborne products and remain confident that we will make significant progress in this area.

Outlook

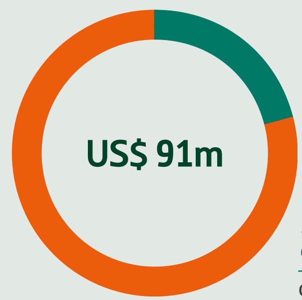
Looking forward we remain committed to creating long-term value by expanding our portfolio of government products, solutions and services to reinforce our core proposition. We are open to collaborating with key players across the UAE space and technology ecosystem in order to seize value accretive opportunities and support the UAE's overall national space agenda and ambitions.

In 2023 our primary objective is to maintain the strong growth momentum of 2022 by:

- Focussing on securing recurring revenue streams.
- Expanding information communication technology services to integrate Command and Control (C2) systems with beyond-line-of-sight Satcom solutions and video, voice, electronic sensors etc. that provide enhanced capabilities for defence forces in the areas of Intelligence, Surveillance and Reconnaissance.
- Enlarging scope of services under our Advanced Programs initiative in order to identify additional value-added products and enhance in-country space technology design and manufacturing capabilities
- Further centralisation and expansion of third-party satellite communications solutions to benefit from continuing demand.
- Continued expansion to grow our energy and enterprise vertical.

2022 Revenue

Under Managed Solutions, Yahsat sells value added O&M and consultancy and managed satellite connectivity solutions to UAE Government and other commercial clients.



21%

of 2022 revenue

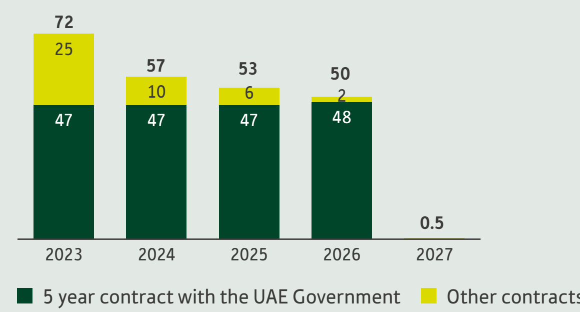
Key Revenue Drivers:

- Short to medium-term contracts.
- Service projects revenue (recurring contracts) recognised on a linear basis, whilst other projects' revenue (turnkey contracts) recognised on the basis of completed milestones.
- Pricing primarily on a cost-plus margin basis with back-to-back arrangement with suppliers.
- Most service-based projects (O&M, consultancy) leverage specialised internal resources, resulting in higher gross margins.

Revenue Evolution (US$m)

89% of revenues over the historical period related to UAE GREs

Contracted Future Revenues[1] (US$m)



Key Contracts

Agreement	Counterparty rating[2]	Tenor (years)	Contracted Future revenue[1] (US$ m)	End year
Operations, Maintenance and Technology Management contract with UAE Government	AA (S&P)/Aa2 (Moody's)/ AA- (Fitch)	5	190	2026
Other Managed Solutions contracts	Various[3]	Contracts of various tenors	43	Up to 2027
Total			233	

1 As at the end of 31 December 2022.
2 Reflects the sovereign ratings of the Federal Government of the United Arab Emirates.
3 Mostly UAE and Abu Dhabi Government entities ultimately backed by the respective Federal and Abu Dhabi governments, but includes other Abu Dhabi and Dubai-related commercial entities, with implied government support.

Mobility Solutions

Mobile satellite operator for L-band voice and data solutions

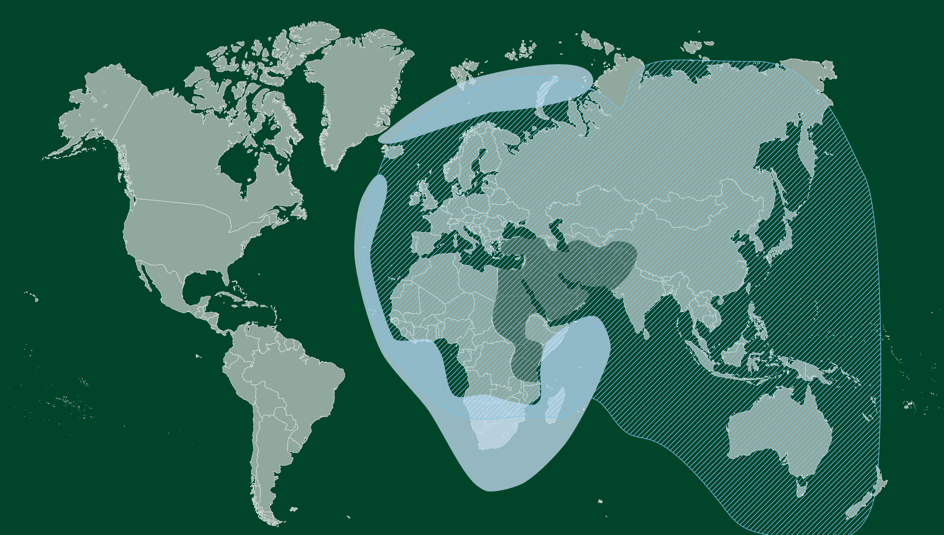
2022 Revenue

US$ 81m

% of Total Yahsat Revenue

19%

Satellite Coverage



Current Thuraya Coverage

Expanded Coverage with Thuraya-4 NGS

Mobility Solutions in 2022

Yahsat provides Mobile Satellite Services (MSS) under its Mobility Solutions business via its approximately 90%-owned subsidiary, Thuraya, using L-band capacity on two satellites, Thuraya-2 and Thuraya-3. In 2022, this business delivered a stable performance amidst challenging trading conditions and supported the wider Group's strategic priorities. This positions it well to capitalise on high growth areas in 2023 and beyond, including IoT, Government and Maritime.

Despite the global economic headwinds 2022, revenue increased marginally by 1% to US$ 81 million (2021: US$ 80 million), underpinned by resilient demand for commercial voice, data and maritime revenue. Equipment sales was marginally lower than 2021 albeit with improved gross margin, resulting in 3.4% growth in net revenue. Whilst Adjusted EBITDA at US$ 27 million (2021:US$ 27 million) was broadly stable, mainly reflecting the impact of provision releases in prior year, the business continued to make an important contribution to overall Group revenue at 19% (2021: 20%).

In US$

	2022	2021
Revenue	**81**	80
Service	**51**	50
Equipment	**30**	31
Adjusted EBITDA	**27**	27
Contribution to the Group Revenue	**19%**	20%
Contribution to the Group Adjusted EBITDA	**11%**	11%

- Coverage in 150+ countries, reaching over 2/3 of world's population across EMEA, Asia and Australasia.
- Serving a variety of sectors including government, consumer, enterprise and NGO, on land, at sea and in the air.
- 390+ roaming agreements globally.
- Addressing the high-growth direct-to-user mobile satellite solutions sector.
- Broad portfolio of solutions with next generation platforms being rolled out to accelerate growth across several sectors including IoT, and maritime.

Innovating to meet customer demand

During the year, we launched Thuraya Push-to-Talk (PTT), a new solution developed in partnership with Cobham Satcom, a market-leading provider of satellite communications solutions to the maritime and land markets. Thuraya PTT's IP-based radio communications solution works with any Thuraya broadband terminal to provide dedicated communications system to users across a wide spectrum of industries to extend the range of their voice communications beyond line of sight (BLOS) wherever their assets and teams are located. The new solution has been designed so that it is simple to use and guarantees secure interoperability among multiple users with different communication systems on land and at sea. The solution manages communications from multiple devices and locations and provide real-time, uninterrupted switching between satellite, cellular and LAN and delivering cost efficient and reliable connectivity.

Our government clients were also introduced to Go Silent in 2022. This new solution employs an encryption technology to enable the use of commercial systems while still satisfying stringent security standard requirements. Our ground stations across two sites in Sharjah and Abu Dhabi and dedicated government gateway continue to bolster network diversity for our Government customers.

In our IoT pillar, we launched our SatTrack application, a web-based tracking and monitoring service, developed for land vehicles fitted with the Thuraya T2M-DUAL tracking and monitoring solution. It is a low-cost turnkey subscription-based application available to users as part of Thuraya's M2M/IoT portfolio. The service enables real time tracking with access to comprehensive data points, dashboard displays, geo-fencing capabilities etc. allowing for critical decision making, improved route planning, higher safety and efficient operations. We also added Core Module SM-3700 that enables development of new products, particularly for the M2M segment, and for specific use cases such as container tracking.

Another significant development in our IoT pillar was our acquisition of a minority stake in eSAT Global, paving the way for us to become a leading IoT player. The eSAT acquisition will allow us to participate in a fast-growing sector that remains significantly under-penetrated.

As part of this new relationship, we also signed a complementary commercial agreement with eSAT to develop and distribute a next-generation IoT platform that will use chipsets, modules, and ground systems, meeting the growing demand for connectivity that uses low-cost, low-power IoT devices over GEO satellites. eSAT's platform and products will be compatible with Yahsat's MSS satellites and we will leverage our strong service partner network to accelerate its distribution over our geographic coverage. This planned platform for low and very low data-rate IoT sensing and tracking devices is an example of the proactive role that Yahsat is playing in shaping the industry's future development.

Alongside our eSAT agreement, we entered other partnerships to develop novel products and services, and to tap into new business streams. In line with this focus, we established a partnership with Jones Group, which will support and advance our initiatives in the government market and with other users in the MENA and North America.

During the year we made excellent progress on building capacity and developing new products for the sixth satellite, T4-NGS, and some of these products will also be compatible with the existing Thuraya 2 satellite in our fleet. T4-NGS, which is set to launch in the first half of 2024, will be an MSS satellite in geostationary earth orbit offering higher capacity and terminal data rates above 1 Mbps (current Thuraya satellites offer only about 0.4 Mbps). We expect T4-NGS to play a substantial role in supporting Mobility Solutions' commercial operations, as well as meeting the UAE Government's increasing demand for advanced satellite communication solutions.

Outlook

We expect to see strong growth momentum in the coming years, building on successful new product launches and partnerships developed in 2022. We will focus on adding new products and services for clients in our three core pillars. In our maritime pillar, we expect our investment in MarineStar, our affordable maritime satellite voice solution with tracking and monitoring capabilities, to deliver strong results, further supported by new features and capabilities.

Our IoT business in low data rate segment is set to start operating commercially at the end of 2023 with the launch of our low power wide area network (LPWAN) IoT platform and portfolio. The launch is expected to boost our performance and support the projected growth in this important pillar which will be strengthened with our efforts to further explore inorganic growth opportunities, seeking out complementary acquisitions.

We are developing new T4-NGS products for our key UAE Government client and for commercial customers that are also compatible to use with our existing satellites. We expect to launch this product portfolio in 2023 and 2024 that would support enhanced capabilities and new applications for our customers.

We see new opportunities in our mobile voice business which continues to grow ahead of the overall sector. We have maintained our customer base, and we are moving into untapped markets and segments to diversify and grow our business.

The land voice product portfolio will witness the relaunch of Thuraya XT PRO Dual product next year following significant demand from users after it was discontinued previously. Our handheld portfolio will also be bolstered by the addition of new products, including new concepts for low-cost handheld and a new satellite smartphone.

Against this backdrop of diverse opportunities for expansion, we believe Mobility Solutions is on track for healthy top-line growth in 2023.

Business review continued

Data Solutions

High-speed satellite broadband for consumers, enterprises, MNOs and governments

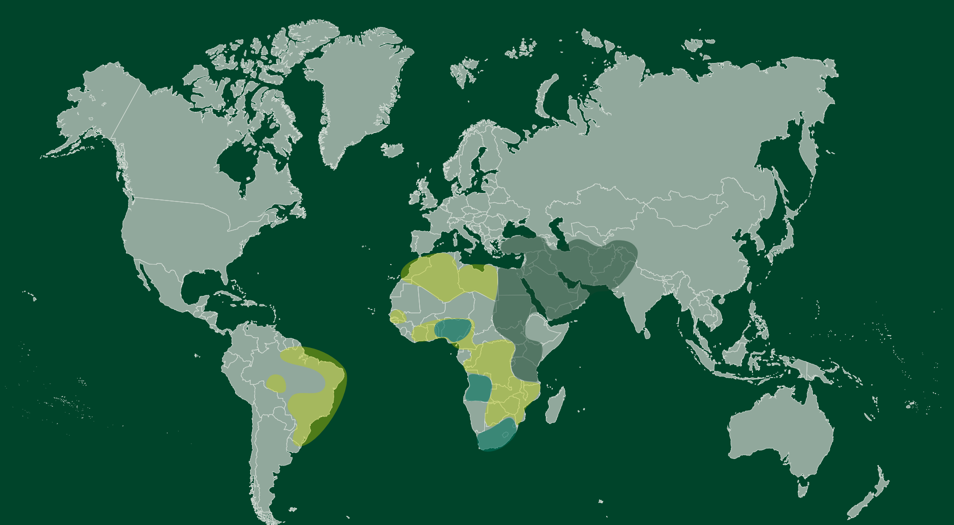
2022 Revenue

US$ 23m

% of Total Yahsat Revenue

5%[1]

Satellite Coverage



- Al Yah 2 Ka-Band Coverage
- Al Yah 3 Ka-Band Coverage
- Al Yah 2 and Al Yah 3 Coverage

2022 Performance

Yahsat's Data Solutions business, YahClick, continued a trend of strong subscriber growth in 2022, posting a double-digit percentage increase reflecting tangible traction across key markets. This momentum was primarily driven by continued growth in key markets across Africa, including Zimbabwe, which rose to become YahClick's second largest market behind only South Africa, as well as continued expansion of our footprint with the launch of services in Morocco, Malawi, Zambia and Mozambique.

Whilst subscribers continued to grow at double digit rates overall revenue growth was restricted by the winding down of capacity sales contract with Eutelsat, a third-party satellite operator that ended in Q3 2021 as well as fewer equipment sales, reflecting a more conservative risk management approach and significantly reduced vendor financing. This reflects a rapid deterioration in the global macro-economic environment and challenges faced in accessing US Dollars in some of our key African markets such as Nigeria. As a result the business recorded a 13% decline in full year revenues to US$ 23 million although was able to substantially improve underlying profitability, generating a positive EBITDA of US$ 1 million, a significant improvement vs. the prior year (loss of US$ 4 million).

In 2022, our equity-accounted joint-venture HPE Brazil continued to perform broadly in line with expectations from a revenue/EBITDA and cash perspective. During the year, the group recorded a non-cash impairment of US$ 41 million in HPE Brazil. This reflected a rapid deterioration in the global macro-economic environment, which significantly increased the discount rate used in assessing the recoverable amount of this investment. We remain confident in outlook for the business, bearing in mind the large areas of unserved and underserved regions in Brazil and strong demand for enterprise solutions such as cellular backhaul.

- Leading satellite internet broadband provider across Africa, Middle East, South West Asia and Brazil enabled through its Ka-band high-throughput satellites.
- Covering over 1 billion people in high-growth, emerging markets throughout our footprint across 45 countries.
- Affordable broadband solutions to consumers, enterprises, MNOs[2] and governments.
- Flexible go-to-market model through a comprehensive network of over 75 in-market service providers.

1 Revenue contribution of 5% is based on the BCS JV only. 10% of 2022 consolidated revenue when incorporating Yahsat's 20% share of HPE.

2 Mobile Network Operators.

New products and solutions launched in 2022

Africa

- Video Uplink on-demand product for radio and television stations with dedicated capacity per site and allowing for remote news reporting and events broadcasting.
- Video streaming for churches with dedicated capacity turnkey solution.
- YahClick Backup Solution to ensure continued connectivity during primary connection outages and disruptions.
- YahClick Security Solutions, a turnkey solution that bundles satellite broadband, smart sensors/alarms and cloud managed security platform for home and business security.
- YahClick Booster Solutions that combines bandwidth and throughput from two separate broadband links into one single connection, providing seamless high-speed connectivity to support bandwidth-intensive applications.

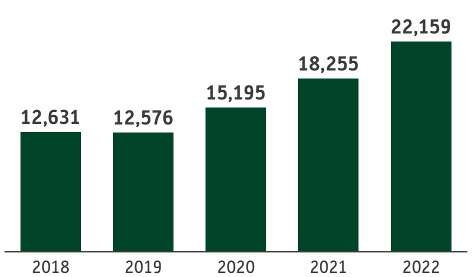
MENA and Asia

- Roll out of YahClick unlimited plans to enhance customer choices and continued connectivity.
- Roll out of upgraded Hughes Jupiter Very Small Aperture Terminal (VSAT) platform (J2) offering higher throughput and performance.

Outlook

Building on the recent trend of strong subscriber growth over the past few years, YahClick remains well positioned to maintain a double-digit growth trajectory during 2023. In addition we aim to aggressively pursue capacity deals in our Enterprise segment and increase the fill rate on our satellites, offer customised solutions to enterprise customers, thereby growing revenues and delivering positive free cash flows for the coming year.

Number of Subscribers (End of period)



Data Solutions business operates across 2 JVs that Yahsat has with Hughes Network systems, wholly-owned subsidiary of EchoStar.

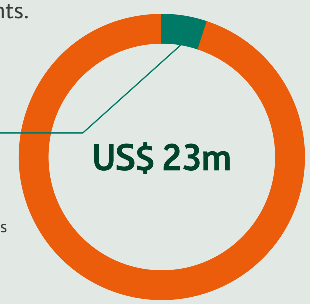
Broadband Connectivity Solutions (BCS) JV		HNS Participações Empreendimentos (HPE[4])JV	
Yahsat (80%)	Hughes (20%)	Yahsat (20%)	Hughes (80%)
Broadband and data to consumers, enterprises and Gov. across MEA and West Asia. Ka-band capacity on AY2 and AY3 is dedicated to, and owned by, BCS.		Broadband and data to consumers, enterprises and Gov. within Brazil. Ka-band capacity and other satellite technologies over Brazil on AY3's payload are dedicated to, owned and leased by, HPE	

2022 Revenue

Through YahClick, the Group provides broadband plans to internet service providers (who in turn offer these services to their customers) and also sells direct capacity to Enterprise clients.

5%[3]

of 2022 Revenue

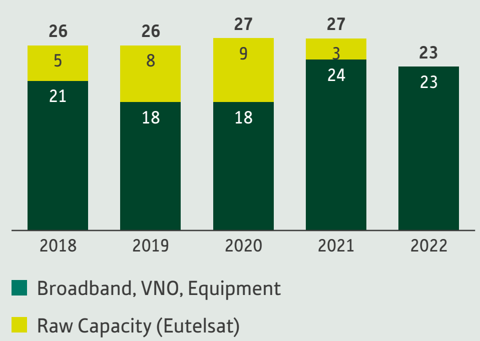


3 10% of 2022 consolidated revenues when incorporating Yahsat's 20% share of HPE.

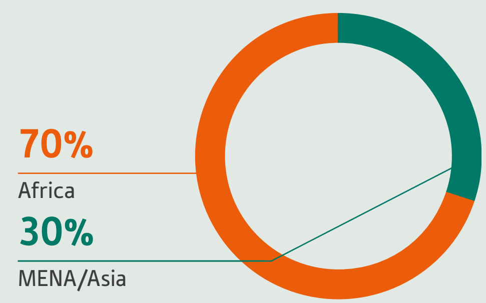
Key Revenue Drivers:

- Revenue generated through fixed subscription fees billed to customers and capacity offered to enterprise clients through managed satellite services.
- Continued growth in broadband subscribers.
- Increased footprint including key markets (i.e. Zimbabwe, Mozambique, Morocco etc.).
- Securing major Enterprise deals.

Revenue Evolution (US$m)



% 2022 Revenue by Geography



4 Yahsat does not consolidate HPE's financials as it is accounted for as an associate.

Case studies

Innovative

Link to strategy

Diversify and expand commercial business

Units sold to date

27,000

Winner of Best Marine Satellite Technology of the Year award

Winner of ESG Impact Innovation Award

Continuous innovation drives our multi award-winning maritime satellite voice solution with tracking and monitoring capabilities, MarineStar, making it the provider of choice for satellite connectivity over the world's busiest sea routes and fishing hotspots.

Supporting a critical industry

The global fishing industry is vital to meeting the world's food supply requirements and is essential in supporting the livelihood of millions of people around the globe. Vast and sometimes dangerous oceans; changing regulation to protect fish stocks; and long periods at sea require increasingly sophisticated, constantly connected communication services, from tracking, monitoring and analytics to SOS reporting.

Innovating for safety and sustainability

MarineStar's affordable voice and monitoring solution responded to these many challenges by providing affordable functionality in extreme maritime environments that:

- helps fishing vessel operators comply with ever-evolving international regulations;
- reports, tracks and monitors seafood catches to meet regulatory requirements;
- provides constant voice connectivity that ensures the safety and welfare of fishermen;
- ensures crew are always within easy reach, even in remote locations;
- delivers geofencing that guarantees the safety and security of vessels; and
- facilitates SOS and crew calling

MarineStar is also backed by a local cellular numbering plan and GSM roaming over the Thuraya satellite network, and Yahsat's nearly 400 roaming agreements in 161 countries. As a result, maritime crews can remain connected on their GSM numbers even when they are outside terrestrial coverage.

Appreciation from our customers and industry

With more than 27,000 units sold to date, MarineStar has been a global success since its 2019 launch. And in 2022, MarineStar won the Best Marine Satellite Technology of the Year award at Middle East Technology Excellence Awards and Mobile Satellite Users Association's ESG Impact Innovation Award in recognition of its technology, and its impact on global maritime safety and fishing sustainability.

Case studies

Unwavering

Link to strategy

Diversify and expand commercial business

Total installations to date

1,000

Total installations expected by 2023

4,500

Our global satellite footprint and market-leading solutions play a vital role in helping communities around the world that lack reliable connectivity. Our unwavering commitment to being a responsible corporate citizen by using our network and solutions to assist those in need encouraged our partnership in Zimbabwe to deliver education via our broadband services.

Connecting the next billion

While many parts of the world have become increasingly connected via superior technology that enables access to almost any service and product at a click, others still lack adequate and reliable communications infrastructure. This has severely curtailed socioeconomic progress in some countries, such as the sub-Saharan nation of Zimbabwe, which has struggled with poor connectivity that has affected the provision of education.

Unwavering support for education

Yahsat is applying its extensive networks and portfolio of solutions to helping Zimbabwe improve broadband infrastructure for critical services. Our satellite broadband subsidiary, YahClick, partnered with ZARNet, Zimbabwe's statutory ICT authority, to provide reliable and sustainable internet to the country's education, healthcare and government sectors on a cost-recovery basis. The service partnership was signed in 2021 with the work beginning on the project in mid-2022.

Under the agreement, YahClick will roll out broadband unlimited service to 4,500 sites as part of the three-year contract, and given the effectiveness of the service and its importance to the Zimbabwean government, there are plans to fast-track the completion of all 4,500 installations by the end of 2023. As at the end of 2022, 1,000 sites had already been enabled with high throughout satellite broadband.

Connecting the future of Africa

YahClick provides high-speed, reliable broadband connectivity, which is a key facilitator of economic and social progress for African nations, particularly when applied to connecting schools with reliable internet and students to the world.

Once fully installed at the 4,500 sites under our mandate, our broadband service will support better education access for more than one million Zimbabwean students and bring its schools in line with global standards.

Case studies

Ambitious

Link to strategy

Invest and partner to diversify and grow

Global IoT market growth[1]

22%

Projected IoT market size[1]

US$ 525b

Expected Satellite IoT revenue[2]

US$ 6b

1 In next five years.
2 Cumulative over next five years.

In line with our ambition to become a leading international Internet of Things (IoT) player with a disruptive, direct-to-satellite service, Yahsat invested in eSAT Global. The resulting partnership is a critical step in establishing our presence in a high-growth sector to deliver low-cost, low-latency, global IoT services to customers across our footprint.

Accelerating connectivity

As technology permeates every aspect of our businesses and lives, billions of physical objects — "things"— are being embedded with sensors, software and other technologies to connect and exchange data with other devices and systems.

In the next five years, the global IoT market is expected to grow 22% on a compounded annual basis to US$ 525 billion, with the satellite-related IoT industry expected to generate US$ 6 billion over the same period.

Building strength for the future

The synergistic opportunities in the rapidly expanding IoT market motivated Yahsat's acquisition of a minority interest in eSAT Global, laying the foundations to launch a commercial IoT business in 2023.

Through our partnership, Yahsat will access eSAT's patented proprietary technology for cost-effective IOT/M2M services, enabling us to scale low data rate (LDR) services over our satellites. This gives us an immediate, competitive presence in a high-growth industry, with a market-leading offering in terms of:

- Lowest cost
- Smallest size, weight and power requirement
- Highest capacity
- More robust services

Disrupting the IoT space

Yahsat and eSAT will also jointly develop a next-generation commercial IoT platform to host low-cost, low-power devices. The platform will use Thuraya's Mobile Satellite Services assets and offer customers a global IoT portfolio across the 150 countries where we operate.

Thuraya's service partners will be able to offer critical IoT support in smart agriculture, live-stock tracking, environmental monitoring, container and cold-chain tracking, and other segments. Looking further ahead, the new platform will rapidly advance our ambition to deploy sensor networks in regions where current communications are unavailable or too expensive.

Our people

At Yahsat, we believe that people with purpose power positive performance. We work hard each day to create a supportive and engaging culture that nurtures the success of every single one of our valued employees. We are focused on driving sustainable progress across the organisation by attracting, empowering, developing and recognising the world-class talent needed to deliver our strategy and achieve our vision for the future.

“When you choose to work at Yahsat, rest assured you’ve chosen an organisation with a great culture. I know I’ve chosen wisely, as my talents have met the right opportunities, allowing me to contribute and grow with this great company. I feel engaged, respected, valued and trusted.”

– Ramakrishnan Natarajan

Attracting

Ensuring gender equity

We seek to create a work environment for our employees that encourages fairness, as well as respect for social inclusiveness and cultural diversity, in line with our principles of growth and fulfillment. We aim to create an equitable, respectful and enabling environment for both men and women, retaining key talent at every level while ensuring a diverse balance.

During 2022, we increased the number of women in senior positions and launched a Gender Equity Policy for the organisation that reflects an inclusive culture focused on nurturing talent regardless of gender, age or disability. We also focused on Women Empowerment by promoting various empowerment initiatives to groom future women leaders and develop women-centric working models that incorporate greater flexibility.

Increasing Emiratisation

Our commitment to Emiratisation is part of our strategic focus to maximise the employment of UAE Nationals, in line with the national strategies and directives of the UAE Government. We aim to attract, develop and retain qualified Emiratis in key positions across the organisation to enrich our business and the Emirati talent pool within the space and satellite industry nationally. We leverage our expertise and resources to develop their knowledge in the satellite and space industries and provide a wide range of development and certification opportunities to further their careers and enrich our sector.

During 2022, we achieved 52.5% Emiratisation rate across Yahsat and continued to attract and engage our Emirati employees in a number of ways. We leveraged our international footprint by deputising six Emiratis to our overseas projects, allowing them to gain deeper industry expertise and global exposure.

We also continued our Train for Work programme this year, which trains unemployed Emirati graduates on the job, providing them with the knowledge and skills needed to thrive. Train to Work participants contribute to Yahsat as regular employees with clear work objectives, as they are groomed to become full-time employees within two years. Following the success of the first two batches of participants in 2018 and 2020, we plan to launch a new batch in 2023.

We also offer a very attractive compensation packages to fresh Emirati graduates and work to plan exciting career paths for high potentials, as well as providing numerous opportunities for secondment to internal or external entities.

Supporting People of Determination (POD)

We believe that attracting and empowering People of Determination contributes to the success of our business. We have developed policies to support employment of People of Determination, providing pathways for long and rewarding careers with Yahsat, and ensure equal and fair rights that ensure their ability to work, grow and learn. In addition, the needs of PODs have been carefully considered across the company’s facility, including the design and capabilities of lifts, corridors, parking spots and washrooms.

In 2022, we continued to attracting POD talent and accelerate our transition from social care to social development, in line with the UAE Government mandate. We succeeded in increasing our POD workforce during the year and provided specialised training to develop their skills, confidence and capabilities so they are positioned to grow into larger roles and take on greater responsibilities in the future.

"Yahsat recognises talent and offers opportunities for career advancement by giving employees accountability and rewarding them for delivering against clear objectives. We're empowered and supported to make decisions and take action to grow the business and meet the various needs of our business partners."

– Danielle Noble

Empowering

Empowering our youth

Our Corporate Youth Council represents the voice of young people in our company, providing them a platform to create initiatives that support the goals of the company while furthering the youth agenda of the UAE. Youth can provide fresh insights and enable creativity, which we seek to unleash through Council programmes, policies and plans, in line with global, national and industry developments.

In 2022, the Yahsat Youth Council hosted the Yahsat Space Summer Camp to introduce the space industry to the youth in our communities. It provided a brief overview on what it's like to be an engineer by building and programming their own picosatellites. In addition, the Council invited guest speakers on various topics for Yahsat staff, including the youth, to benefit from, and are planning on more sessions in the near future.

In addition, Aida Saeed Mubarak Alyaaqoubi was elected to be the UAE Representative of the prestigious International Electrotechnical Commission (IEC) Young Professionals Programme for Asia and the Middle East Region. Aida, who joined Yahsat as a fresh graduate and is today a Senior Spacecraft Analysis Engineer at Yahsat's Technology Division and President of the Yahsat Youth Council, was selected to be a Young Professional Leader for the San Francisco-based programme curated by the IEC for the brightest young minds in tech to educate on topics such as standardisation and conformity.

Giving our people a voice

We promote employee engagement and satisfaction in a number of ways and then make sure to listen to our people to learn what we are doing right and identify areas where improvement is needed. We then take action to tackle areas of concern in order to build trust and loyalty across the company.

In 2022, our Employee Satisfaction Survey had a 97% participation rate, our highest ever response rate, demonstrating the engagement of all our people to the continuous improvement of Yahsat. The engagement score of 82 is above regional benchmarks, and we scored 48 in Employee Net Promoter Score (eNPS), with particular strength in reputation and cooperation. As a result of the survey, many initiatives and changes were introduced, including policy changes, and a greater focus on mental health and wellbeing.

We also introduced new hybrid work policies to promote healthy work-life balance for our employees, including five-day work-from-home per month, enhanced parental leave, five-day paternity leave and 60-day work-from-home post-maternity leave.

One Yahsat

In 2022, we launched the One Yahsat portal, "The Hub", which merged the Yahsat and Thuraya internal intranets onto one location where all important documents are stored. It boosts employee engagement and productivity by supporting our employees to stay connected regardless of nature of work or location and access business-critical applications. We also automated and updated organisational chart to make it accessible to all our employees on our organisation portal, Majarah, and drove continuous optimisation and synergies across the various business functions, including Operations, Commercial, Product Development and Business Intelligence.

Developing

Promoting our talent

Our GROW Executive Development Programme, which completed its five-year run this year, continued to deliver outstanding results for the company. It has been instrumental in grooming many of the leaders of Yahsat today and this year added a fifth Chief-level internally-developed Emirati, Khalid Al Awadhi, who assumed the role of Chief Advanced Programme Management.

Khalid joined Yahsat in 2009 and has contributed to many Yahsat projects over his career, most prominently the development of UAE's first Earth Observation mission. As Yahsat's Senior Satellite Specialist, he was involved in the design & development of three Yahsat satellites. Khalid has been responsible for the inception and leadership of Yahsat's internal R&D-focused division, Advanced Programmes, which is focused on developing advanced technologies, concepts and pre-commercial programmes.

In addition, we launched a Digital Talent Pool in 2022 to better understanding the existing talent pool, skills and capabilities within the organisation; stay abreast of accumulated employee experience, skills and qualifications to support new strategic projects and opportunities internally; support our employees' growth by developing their skills to new levels; and motivating employees to utilise training opportunities to attain their career goals and advancement.

This innovative digital archive of all employee skills and past experiences and knowledge can be accessed and updated anytime. It is aimed at supporting organic growth within the company, assisting with learning and development, and promoting internal knowledge transfer, enabling Yahsat to train employees for specific areas that align with the company's strengths and mission.

Developing our capabilities

We continued to prioritise the development of the knowledge and skills of all our employees during 2022, providing a wide range of training and development opportunities, both physical and virtual.

Our eLearning programme provides self-driven learning opportunities anytime, anywhere to enable a culture of continuous learning. It includes soft skills and niche technical training on demand, as well as promoting knowledge transfer internally by sharing timely course collections. We employ three eLearning platforms:

- LinkedIn Learning: 99% activation, 795 courses completed, 18,998 learning video completions
- Coursera: 409 members, 118 courses completed, 711 estimated learning hours completed
- GVF: Satellite communications courses, 34 licenses, quarterly learning collections published showcasing themed course collections

We also delivered over 6,084 hours of high-impact training courses to over 256 employees, led by internal and third-party experts, on a range of critical topics including AI, risk management, and finance.

In addition, our Graduate Development Programmes immerse qualified graduates in the professional world and provide them with a hands-on experience in their chosen field, along with the skills necessary to be a successful part of a larger team. Over the two years of the programme, graduate trainees benefit from support, guidance and mentoring to bridge the gap between the academic world and the real world of work. During 2022, five graduates completed Batch 2 of the Programme and were assisted in identifying positions that match their skills and interests to launch successful careers with Yahsat.

Developing continued

Building for the future

Our Fekrati programme is an ESG-focused initiative that recognises the most innovative ideas that can have a positive impact on Yahsat and/or society. This year four winners were selected from over 30 submissions:

1) Free Sat Com Training
2) Yahsat Coding Academy
3) Nojoom for enhancing shift employees' work experience)
4) Human Capital leads process to promote a culture of continuous improvement, innovation and sustainability

In addition, we focused on equipping Yahsat employees with the skills and competencies required to support the Thuraya 4 project though knowledge transfer from experts in the field, Airbus Defence and Space and Cobham Satcom. During the year, we carried out training for:

- Satellite Design and Development by Airbus experts to 24 employees over 2.5 months
- Networks and Products by Cobham experts to 40 employees over 10 days

We also assigned eight Project Managers to monitor, assess and gain experience from the T4 project by attending key milestones.

"My journey in Yahsat has been very fruitful and empowering. Yahsat has trained us for success from day one as well as always encouraged self-development. Yahsat has always pushed its employees to step out of their comfort zones with the right supervision and direction in order to change, grow and transform."

– Rawdha Abdulla Murad Al Balooshi

Recognising

Launching our Long-Term Incentive Plan (LTIP)

In order to attract, reward and retain key talent in a highly competitive market and industry, we launched our Long-Term Incentive Plan in 2022 to compensate our people through various incentives and bonuses over fixed long-term periods. The LTIP is a strategic compensation tool to promote long-term retention and alignment with Yahsat's strategic objectives, while demonstrating the value we place to the contributions of key employees across the Group.

HR Leader of the Year

The 'GCC GOV HR Awards' is the region's most coveted HR recognition, celebrating the ground breaking achievements of organisations and individuals who have demonstrated exemplary leadership in manpower planning and management. In 2021, our Chief Human Capital Officer, Muna Almheiri, was honoured for her contributions to building a highly skilled workforce and a diverse, egalitarian working environment at Yahsat. Her win is reflective of the Human Capital team's success in driving organisational and team effectiveness across the Group through innovative people management, diversity and strategic planning.

A key member of Yahsat's leadership team since the beginning, Ms. Muna has been instrumental in shaping Yahsat's unique legacy as the UAE's flagship satellite solutions provider and incubator of homegrown talent. Since assuming the role of Chief Human Capital Officer in 2016, she has taken the lead in investing in our people and driving the growth of the Group as a socially conscious organisation.

Awards for our outstanding talent

Yahsat received several prestigious awards reflecting its ambitious vision and contributions to the UAE's emergence as a space economy, led by innovative Emiratis.

- GCC GOV Youth Empowerment Awards 2022 – Organisation of the Year, for Science & Technology, in appreciation of Yahsat's successful youth development and leadership programmes
- GCC GOV Youth Empowerment Awards 2022 – Women Leader of the Year, for Fatma Al Yammahi's outstanding contributions to the UAE space and satellite industry, and for being a spirited champion of 'Women in Tech' initiatives within the country on behalf of Yahsat

"My space Journey started as an adventure into the unknown. My career with Yahsat has been shaped by a combination of factors: dedication to fulfilling my role, a sense of responsibility to colleagues, reporting to excellent leaders, and many opportunities disguised as challenges. All my hard work has been worth it because of our management that recognises the potential within each individual. I could not be happier to be part of the Yahsat family."

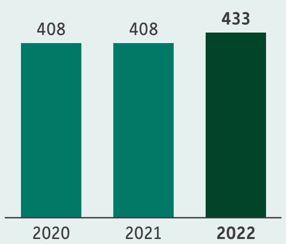
– Rashed Ahmed Al Hammadi

Key Performance Indicators

Revenue (US$m)

US$ 433m

+6% YOY

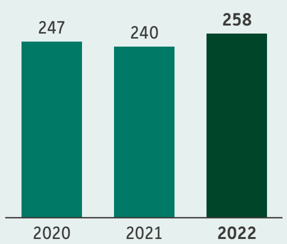


Total income generated by the Company based on nature of services rendered.

Adjusted EBITDA (US$m)

US$ 258m

+7% YOY

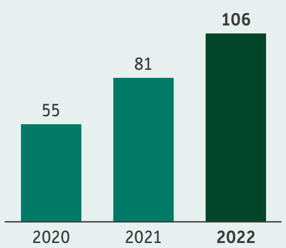


Comprises Earnings from continuing operations before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments.

Normalised net income (US$m)

US$ 106m

+31% YOY



Profit attributable to the shareholders. Includes Yahsat's equity partnerships.

2022 Performance Comment

- 2022 full year revenues of US$ 433 million recorded year-on-year growth of over 6% and came in line with guidance of US$ 420–440 million.
- The strong revenue performance was driven by stellar growth of 41% year-on-year in the Managed Solutions business and stable performance across the Infrastructure and Mobility Solutions businesses.

2022 Performance Comment

- Adjusted EBITDA reached US$ 258 million, up 7% year-on-year, delivering a superior margin of 60% and coming in higher than guidance.
- Staff costs and other operating expenses, in aggregate, increased by 6%. While staff costs remained stable, other operating expenses increased reflecting the release of provisions on certain long-overdue receivables in 2021 as well as due to higher travel, consultancy & additional costs incurred as a listed company in 2022.
- Other income increased due to gain on derecognition of right of use asset and related lease liability amounting to US$ 1.5 million as a result of termination of a lease contract.

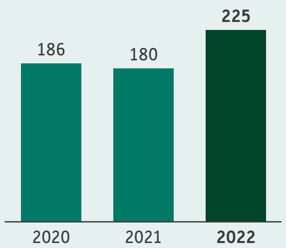
2022 Performance Comment

- Normalised Net Income increased by 31% to US$ 106 million, generating a strong margin of 25%, driven by higher Adjusted EBITDA, fair valuation gains on investment property, lower net finance cost following 2021 debt refinancing and efficient treasury operations.
- Normalised Net Income is net income adjusted for material, one-off items recorded during the current and comparative periods that would otherwise distort the underlying, like-for-like performance of the business. FY 2022 Normalised Net Income of US$ 106 million has been adjusted for a non-cash impairment of US$ 41 million in the Group's equity-accounted joint-venture in HPE Brazil, in which the Group owns a non-controlling 20% stake, reflecting a rapid deterioration in the global macro-economic environment as well as increase in country-related risks specific to Brazil. Similarly, FY 2021 Normalised Net Income of US$ 81 million has been adjusted for one-off costs relating to the prior year debt refinancing (US$ 7 million) and IPO-related costs (US$ 4 million).

Discretionary Free Cash Flow (US$m)

US$ 225m

+25% YOY



Net cashflow from operations less development and maintenance capital expenditure (excluding satellite related capital work-in-progress), additions to intangible assets, net investments in associates, net finance costs plus proceeds from disposals of assets.

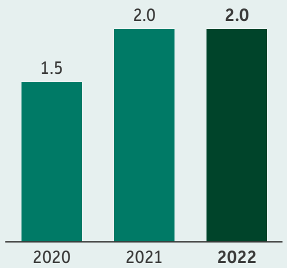
2022 Performance Comment

- DFCF in 2022 reached US$ 225 million, a 25% increase versus the prior year period, driven by higher Adjusted EBITDA, lower net investments and lower net finance costs.
- DFCF covers the dividend in respect of the 2022 financial year by 2.1x.

Contracted future revenues (US$b)

US$ 2.0b

Stable YOY



Total committed contracted future revenues.

2022 Performance Comment

- Contracted future revenues of approximately US$ 2.0 billion as at 31 December 2022, stable versus 2021, representing 4.6 times annual revenue for the year 2022.
- 96% of contracted future revenue with highly rated counterparty (UAE Federal Government, Abu Dhabi Government and related GREs).
- The Group signed a new managed services mandate worth US$ 247.5 million with the UAE Government in 2022. In addition, the Group signed a number of new contracts under its managed solutions, mobility solutions and data solutions businesses, thereby supporting strong contracted future revenue position.

Risk management

This section provides an overview of Yahsat's approach to risk management and internal control, the principal risks facing the organisation, as well as processes and actions to identify, assess and mitigate these risks.

The deployment of effective risk management and internal control is a key success factor for realising Yahsat's objectives. Therefore, Yahsat has implemented a Risk Management & Internal Control framework. The underlying methodology is based on relevant principles as set forth by the Internal Standards Organisation (ISO) and the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Responsibility

Ultimate accountability for risk management, internal control, governance and compliance lies with the Yahsat 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.

Yahsat's Risk Management & Internal Control (RMIC) function is responsible for implementation of 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 have the potential to obstruct Yahsat from achieving its strategic objectives.

Risk Management & Internal Control Framework

The purpose of the RMIC framework is to assist the organisation 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 organisation, including vision, mission, principles, guidelines and policies, objectives, mandate and commitment, plans, relationships, accountabilities, resources, processes and activities.

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 main risks of the Group. Each functional area has its characteristics and requires a tailored approach to risk assessments.

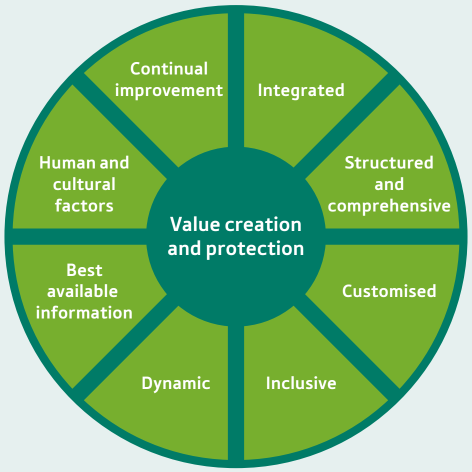
Second line
The Risk Management and Compliance departments support the business functions to assess their risks by the development, communication, training and monitoring of governance, risk and compliance-related policies, processes and frameworks.

Third line
Yahsat's Internal Audit function provides independent objective assurance over Yahsat's Risk Management and Internal Control system.

The EVP Internal Audit & Risk Management heads the RMIC function and reports functionally to the ARCC and administratively to the Yahsat CEO.

RMIC Vision, Mission and Key Beliefs

Risk Management Principles



Source: ISO 31000:2018

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 analyses risk
8. Assesses fraud risk
9. Identifies and analyses 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 & Communication

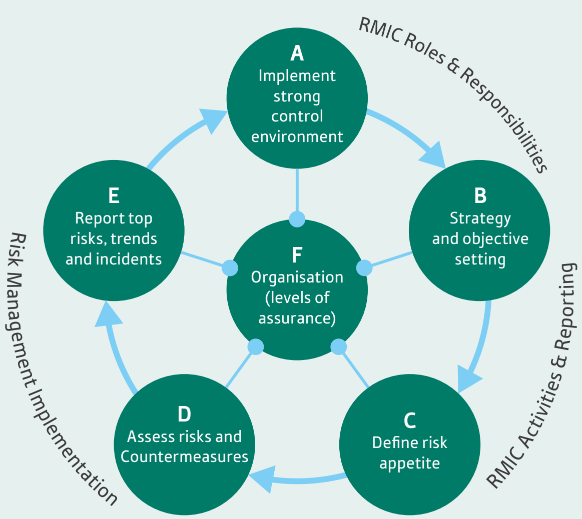
13. Uses relevant information
14. Communicates internally
15. Communicates externally

Monitoring

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

Source: COSO Internal Control – Integrated Framework: 2013

RMIC Roadmap



Risk management continued

Accomplishments and Enhancements

Yahsat continuously strives to strengthen and enhance its risk management, internal control and compliance practices. In 2022, the following activities were performed and enhancements made:

- Regular, periodic reporting to the ARCC on the key uncertainties and threats to Yahsat's strategic priorities.
- Annual fraud risk assessment to identify main fraud risks and assess the effectiveness of fraud controls.
- Quality Assurance over the effectiveness of Internal Control Over Financial Reporting (ICOFR) framework.
- Yahsat's Risk Appetite Statement updated to align with the recent changes in business and approved by the Board.
- Risk Management and Internal Control Policy Manual updated to align with the recent changes in business & department's responsibilities and approved by the Board.
- Training and awareness of Yahsat Group employees on risk and compliance, covering a variety of topics including, but not limited to, fraud, information security, code of ethics, trading Yahsat 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

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

In the pursuit of Yahsat's strategic objectives, the Board is willing to accept measured risks in a responsible way, taking into account our stakeholders' interests. The Board annually reviews and sets Yahsat's strategic objectives, while considering opportunities and threats. All major investment decisions (strategic projects, mergers and acquisitions) require Board endorsement. Yahsat 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.

Yahsat's overall risk profile has not significantly changed compared to 2021. Nevertheless, there have been minor changes in risk ratings, mainly due to increases in an impact and/or probability affected by the macro-economic situation.

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. Yahsat'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.

Mapping our principal risks to our Strategic Pillars

Principal Risks		Strategic Objectives			
		Expand core government business in infrastructure and managed solutions	Diversify and expand commercial business	Invest and partner to diversify and grow	Build on position as the UAE's flagship satellite operator
1	Deteriorating economic and market conditions	✓	✓	✓	✓
2	Increasing business competition	✓	✓		
3	Sustainability challenges	✓	✓	✓	✓
4	Service disruptions	✓	✓		
5	Supplier and supply chain dependency	✓	✓	✓	
6	Customer dependency	✓			
7	Satellite development project risk		✓	✓	
8	Inability to attract and retain qualified people	✓	✓	✓	✓
9	Liquidity risk	✓	✓	✓	
10	Interest rate risk	✓	✓	✓	
11	Currency risk		✓		
12	Credit risk			✓	✓
13	Changes in tax regulation	✓	✓	✓	✓
14	Legal and regulatory challenges	✓	✓	✓	
15	Orbital slots and spectrum risks	✓	✓	✓	✓

Principal Risk	Description	Mitigation	Responsible Manager
Strategic Challenges			
1 **Deteriorating economic and market conditions**	A deterioration in global and regional (MENA) economic conditions may have an adverse effect on the Group's revenue. The 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. The most significant risks are subject to a sensitivity analysis and related mitigating measures are identified and, if required, implemented.	Chief Financial Officer
2 **Increasing business competition**	The 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 Yahsat's services or may render Yahsat's technologies obsolete. These challenges could hinder or prevent the Group from implementing its business strategy and expanding its operations as planned.	• The business case for new satellite programmes is typically underpinned by long-term capacity agreements to justify the cost and ensure long-term utilisation. For example: – A long-term services agreement with UAE Government for managed capacity services over a 15-year period supported the build costs and projected utilisation rate of Thuraya-4 NGS. This contract added more than US$ 700 million to contracted future revenues and provides security of future cash flows. – Two new satellites (Al Yah 4 and Al Yah 5) are under consideration for launch in 2026 for the UAE Government. These are expected to be supported by a new long term-capacity agreement. • The Managed Solutions business was awarded a new 5-year managed services mandate by the UAE Government at the start of 2022. • An investment has been made in eSAT Global, which provides a platform to grow our offering by leveraging our L-band spectrum rights and eSAT's low-power low-data rate IoT products under development. • We have launched attractive and differentiated new mobility products for maritime and increased focus on new IoT and data products to align to customer focus and demand. • Ongoing expansion of Data Solutions consumer subscriber base and investing in the Enterprise segment.	Heads of business lines
3 **Sustainability challenges**	Yahsat 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 and brand and reputational damage.	• A dedicated ESG function has been established in 2022. • A Yahsat sustainability framework, including strategy and performance indicators, has been implemented in 2022 and is being pursued as both a discrete area of focus and a principal consideration when forming other aspects of the Group's strategy. • ESG factors have been incorporated into the overall corporate score card, which has then been cascaded to the departmental KPIs. Group-wide strategy contains tangible action items assigned to each department. Executive compensation is directly impacted by the corporate KPI, including the ESG KPIs.	Chief Executive Officer

Risk management continued

Principal Risk	Description	Mitigation	Responsible Manager
Strategic Challenges continued			
4 Service disruptions	Yahsat's ability to deliver services to its customers depends heavily on its critical network assets, including satellites and ground and IT systems. Yahsat could face service disruption due to technical malfunctions or physical damage caused by either natural uncontrollable events or by manmade events like terrorism and cyber-attacks.	• The Group has effective business continuity and crisis management protocols established, which are regularly reviewed and tested. • 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. • The 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 Technology Officer Chief Operations Officer
5 Supplier and supply chain dependency	The Group relies on a limited number of third parties for key equipment, technology and services, as well on the supply chain to receive and deliver goods. Our 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 Yahsat's reputation.	• Central procurement processes have been established including due diligence screening of potential suppliers. • Each supplier is required to confirm compliance with our Business Partner Code of Conduct, with supporting evidence as appropriate. • Agreements with suppliers include requirements for compliance with Yahsat's 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 Risk 7 (Satellite development project risk). • Procurement department and subject matter experts continuously evaluate alternate options to minimise supply chain lag, as and when required.	Chief Financial Officer (Procurement) Heads of department (Supplier management)

Principal Risk	Description	Mitigation	Responsible Manager
Strategic Challenges continued			
6 **Customer dependency**	The Group is reliant on a single large customer 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 the Al Yah 1 & 2 CSA and the 15-year Thuraya-4 NGS Managed Capacity Services Agreement, commencing in 2025, as well as the five-year mandate to provide enhanced managed services for ground satellite communications services and solutions. • New satellite programmes and associated long-term capacity agreements with UAE Government are under discussion. • Close relationship management activities are undertaken to ensure that the UAE Government's communications needs are understood, anticipated and addressed with industry-leading, cost-effective solutions. • Diversification initiatives in place with focus on other regional government, large enterprises and establishing partnerships in the value chain.	General Manager – Yahsat Government Solutions
7 **Satellite development project risk**	Yahsat is managing high-value, long-term satellite development projects. These projects contribute significantly to sustain and grow our business. In addition to the regular project risks like 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 Thuraya-4 NGS programme, with frequent direct interaction with the constructor and regular in-country reviews of project progress. • Additional time buffer is built into satellite development programmes 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 Technology Officer
8 **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 our ability to achieve growth ambitions and operate effectively.	• Reward and recognition programmes 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 best recruitment agencies to fill vacancies. • Focus on visibility of organisation, being an employer of choice and employees being Yahsat ambassadors.	Chief Human Capital and Administration Officer

Risk management continued

Principal Risk	Description	Mitigation	Responsible Manager
Financial Threats			
9 Liquidity risk	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 that it will have sufficient liquidity to meet its debt and other financial obligations when due and comply with relevant financial covenants. • The 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. • The 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, rolling short- and longer-term cash flow forecasts are regularly prepared and reviewed by the Group's CFO. • The Group has historically maintained a strong cash balance, which as of December 2022 stands at US$ 545 million with negative net leverage. • The Group also maintains long-standing relationships with lenders and banks which can be leveraged for short-term and/or long-term funding needs • Certain liabilities are covered by insurance policies.	Chief Financial Officer
10 Interest rate risk	Changes in market interest rates may have an adverse effect on the Group's borrowings, bank deposits and net finance.	• The Group's interest-rate risk arises mainly in connection with its borrowings which typically bear variable interest rates (e.g. at LIBOR 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 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 ECA facility entered into in June 2021. Under the IRS agreements, the Group received a variable rate of interest equal to LIBOR and pays fixed rate on notional amounts that mirror the drawdown and repayment schedule of the loan. • Before the end of June 2023, the Group will transition its reference rate from US$ LIBOR to US$ SOFR-compounded across all its variable interest rate debt instruments (loans) and derivatives (IRS) • The Group invests surplus cash in short-term bank deposits on a fixed interest rate basis.	Chief Financial Officer
11 Currency risk	Fluctuations in exchange rates of assets and liabilities held in foreign currency or changes to the US$/AED peg can adversely affect Yahsat's results.	• The Group's revenues as well as spend are predominantly priced in US$ (which is also the Group's functional currency) and in AED which is pegged to US$. • The Group is exposed to currency risk in respect of its investment in its Brazilian associate, and regularly monitors the movement in exchange rates to assess the sensitivity and impact on its long-term business plan and valuation.	Chief Financial Officer
12 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 arise principally in relation to the Group's receivables and cash held at bank.	• The Group considers the credit risk as low, with respect to trade receivables and contract assets, given the financial stability and high credit rating of its customers, with nearly half of the receivables due from related parties and government-related entities. • With respect to cash and short-term deposits, the Group minimises 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 the due performance of their obligations.	Chief Financial Officer

Principal Risk	Description	Mitigation	Responsible Manager
Financial Threats continued			
13 Changes in tax regulation	Introduction of corporate income tax in the UAE and any subsequent amendment, could adversely affect the Company's financial results.	• On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses ("UAE Corporate Tax Law" or "Law") to enact a Federal corporate tax regime in the UAE. The Yahsat Group will be subject to UAE corporate tax beginning on January 1, 2024. A rate of 9% will apply to taxable income exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance), a rate of 0% will apply to taxable income not exceeding this threshold. In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and taxable income. Therefore, pending such important decisions, the Group has considered that the Law, as it currently stands, is not substantively enacted as at 31 December 2022. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status. • The Group's corporate income tax exposure in respect of its foreign operations is not material. The Group has historically been tax compliant and regularly reviews changes in local tax legislations to ensure continued compliance.	Chief Financial Officer
Compliance Challenges			
14 Legal and regulatory challenges	The 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 bribery and corruption, fraud, insider trading, data privacy, trade sanctions and competition law. As our 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.	• The Group's Code of Ethics sets out the principles, standards and behaviours necessary to achieve our objectives and uphold our values. It makes clear that we not only follow the law, but strive to operate with the highest levels of ethics and integrity. • The Code of Ethics is supplemented and supported by a number of policies, including policies relating to anti-bribery and corruption, working with governments, insider trading, securities trading, fair competition, export control and sanctions compliance and confidentiality and data privacy. • A comprehensive Ethics and Compliance programme is in place addressing compliance monitoring, reporting, risk assessments, training and investigations. • Key Ethics & 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 our Business Partner Code of Conduct, with supporting evidence as appropriate. • The Group maintains relationships with key legal and other advisors in relevant jurisdictions to seek to remain abreast of legal and regulatory developments.	General Counsel
15 Orbital slots and spectrum risks	Yahsat is subject to orbital slot and spectrum access requirements of the ITU and regulatory and licensing requirements in each of the countries in which the Group provides services. Yahsat could lose access to certain frequency bands or fail to maintain or obtain required orbital slots due to non-adherence with ITU operating procedures, space debris requirements, international satellite regulations, conflicting/overlapping frequency bands or slots becoming unavailable for acquisition. This may result in inability to perform government and commercial business plans, loss of business partners and have a significant adverse revenue impact.	• Yahsat proactively participates in advocacy with the ITU and continuously looks for opportune orbital position filings to make. The Group currently has more than 200 active ITU filings. • The spectrum team has developed a three-year roadmap for filing maintenance, to identify filings in which Yahsat is looking to maintain priority for future use. • Orbital slots for future satellites have been secured. • Yahsat complies with stringent space debris requirements as per ITU and IADC (Inter-Agency Space Debris Coordination Committee).	Chief Strategy Officer

Stakeholder engagement

Delivering sustainable value to our stakeholders

We have identified five main stakeholder groups who are vitally important to the success of the Group – we ensure we are continuously aligned through regular and ongoing communication throughout the year.

Our Employees

How we engage
- Through line managers, Group-wide and team-wide internal communications, online hub, campus activity at meetings and key events or celebrations during the year
- Open-door policy

How often we engage
As and when required

Key issues/items discussed
- Key achievements
- Business development
- Quarterly updates
- Individual performance

Any actions from these discussions that Yahsat is/will implement
- Follow-up with changes if necessary, on any areas discussed with employees

How we create value for the stakeholder group
- Enabling more CEO and Senior Management engagement through live and remote internal comms
- Focusing on putting employees at the heart of the organisation

Our Suppliers & Partners

How we engage
- Through account managers at YahClick and Thuraya, Senior Management interactions when required, industry shows and events

How often we engage
As and when required

Key issues/items discussed
- Performance
- Opportunities
- Business status
- Relationship building

Any actions from these discussions that Yahsat is/will implement
- Operational and strategic action taken depending on the discussion

How we create value for the stakeholder group
- Providing an understanding of our business priorities and how they are best suited to deliver against our business needs

Our Customers

How we engage
- Primarily through account managers at YahClick, Thuraya and YGS
- At events throughout the year

How often we engage
As and when required

Key issues/items discussed
- Performance
- Market opportunities
- New products and services
- Relationship building
- New offers, retention offers, bill status for customers of Yahsat products

Any actions from these discussions that Yahsat is/will implement
- Operational and strategic action taken depending on the discussion

How we create value for the stakeholder group
- Providing products and services to meet evolving customer needs
- Ensuring customers are getting the best value

Our Community

How we engage
- Through events and initiatives during the year, partnerships with entities including the Ministry of Education or Healthcare or other government entities

How often we engage
As and when required

Key issues/items discussed
- Fulfilling a need or support for a given initiative
- Partnership opportunities

Any actions from these discussions that Yahsat is/will implement
- Provision of support or services when required

How we create value for the stakeholder group
- Assisting communities in times of need, where and when collaboration and support is most needed
- Bridging the digital divide by providing internet connectivity to underserved or unserved areas

Our Shareholders

How we engage
- Through Investor Relations team, Senior Management and Board of Directors on calls, issuing press releases and earnings presentations, and other communication and at scheduled meetings, including the AGM

How often we engage
As and when required

Key issues/items discussed
- Financial and operational performance
- Growth opportunities
- Business strategy and progress
- Future outlook
- Upcoming events and activities
- Ad hoc events or activities

Any actions from these discussions that Yahsat is/will implement
- Operational and strategic action taken depending on the discussion

How we create value for the stakeholder group
- Keeping shareholders well informed of our business performance and future plans and outlook
- Fostering transparency and openness in all communications

Sustainability

Sustainability at Yahsat

To support Yahsat in becoming a purpose led organisation and recognised global leader in advancing sustainable development, Yahsat has made considerable progress towards institutionalising sustainability throughout its corporate culture and decision-making process.

Please note that the notation ADX XX.XX (e.g. ADX G8.1) refers to the Abu Dhabi Securities Exchange (ADX) ESG disclosure guidelines. The guidelines are available on ADX website at https://bit.ly/ADXESGGuidelines.

To this end, Yahsat has developed a sustainability strategy centred around five pillars that are of utmost importance to Yahsat and its stakeholders. For each of its sustainability framework pillars, Yahsat has defined key objectives along with priority actions to be pursued over the next three years. Each of these objectives serve to improve how Yahsat addresses the most material sustainability areas relevant to its industry, as well as help Yahsat to increase its contributions towards important sustainability-related ambitions, including Abu Dhabi's Economic Vision 2030, the UAE's Space Policy, and the United Nations (UN) Sustainable Development Goals *(ADX G8.2)*.

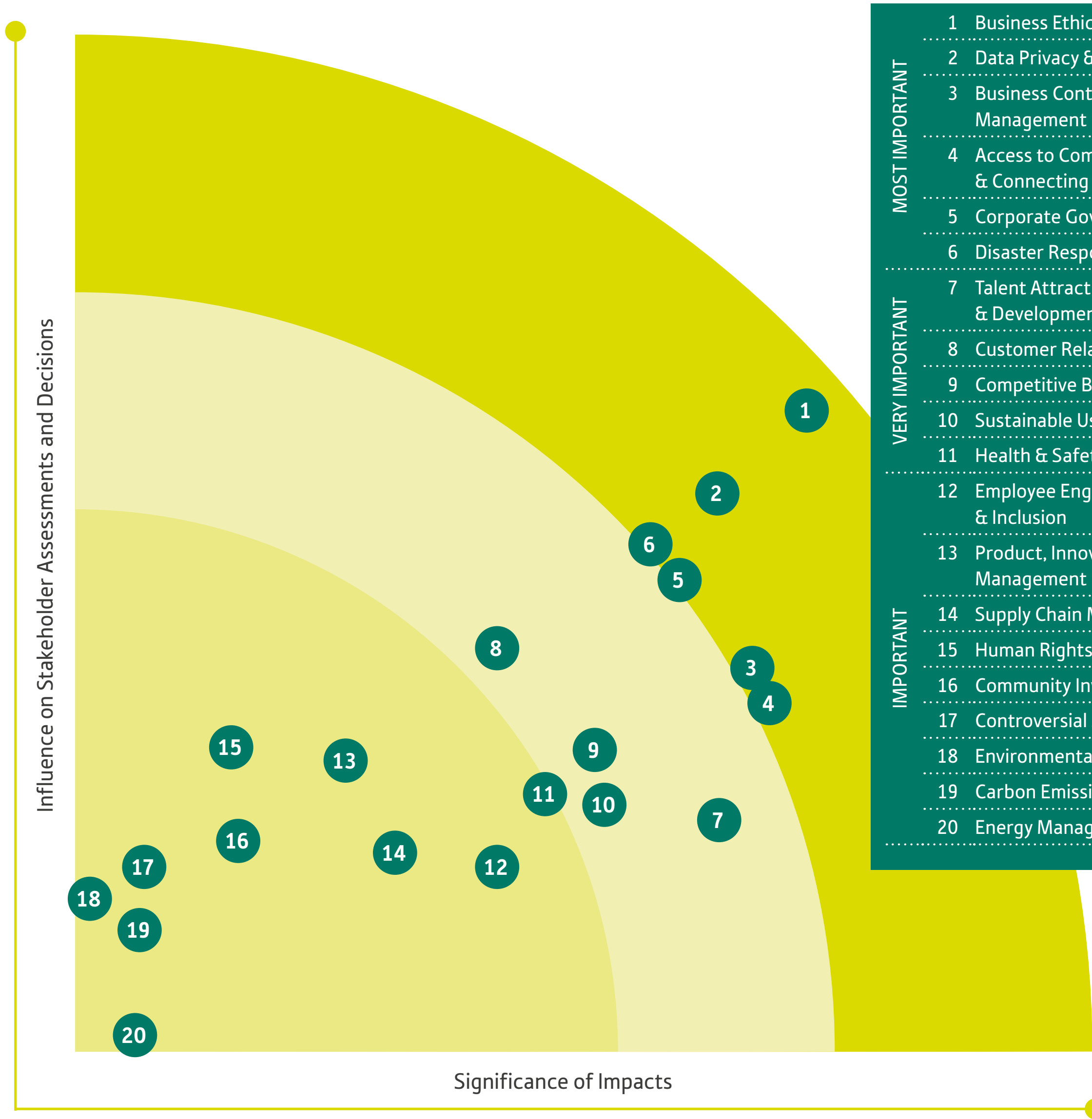
In the near future, Yahsat will be exploring how it can establish targets for the SDGs it currently contributes towards *(ADX G8.3)*. Moreover, Yahsat's sustainability framework helps the company to prioritise its sustainability efforts towards most important sustainability areas.

Stakeholder Engagement & Materiality

By continually engaging with Yahsat's stakeholders, we strive to better understand each stakeholder's expectations and key interests. This helps us to understand if we are sufficiently addressing all relevant material sustainability areas and to identify emerging material sustainability areas.

To understand where Yahsat needs to direct its sustainability efforts, 20 material sustainability areas have been identified and prioritised by Yahsat's executive management. A range of sources were used to identify all such areas, including leading and sector-specific sustainability reporting standards (e.g. GRI, SASB), the sustainability reporting guidance provided by the Abu Dhabi Securities Exchange (ADX), existing national and international sustainability-related ambitions, ESG disclosure expectations from ESG rating agencies, the sustainability areas being addressed by a selection of Yahsat's peers, and the key interests identified from Yahsat's key stakeholders.

Sustainable Areas Materiality Matrix



MOST IMPORTANT	1	Business Ethics
	2	Data Privacy & Security
	3	Business Continuity & Risk Management
	4	Access to Communications & Connecting Communities
	5	Corporate Governance
	6	Disaster Response
VERY IMPORTANT	7	Talent Attraction, Retention & Development
	8	Customer Relationship Management
	9	Competitive Behaviour
	10	Sustainable Use of Space & Clean Tech
	11	Health & Safety
IMPORTANT	12	Employee Engagement, Diversity & Inclusion
	13	Product, Innovation & Lifecycle Management
	14	Supply Chain Management
	15	Human Rights
	16	Community Investment
	17	Controversial Sourcing
	18	Environmental Management
	19	Carbon Emissions & Climate Strategy
	20	Energy Management

Sustainability continued

Yahsat's Sustainability Framework and Future Direction

To focus Yahsat's approach towards effectively managing, reporting progress on, and developing strategies to address all relevant material sustainability areas, a five-pillar sustainability framework was created *(ADX G8.1)*, which essentially defines what sustainability means for Yahsat.

In the future, Yahsat will periodically review its sustainability framework, ensuring it continues to capture relevant material sustainability areas, each of which can evolve and change in priority over time. Regarding Yahsat's existing sustainability strategy, we continue to implement priority actions that have been identified, and we will regularly review and update our strategy to help Yahsat establish and maintain a leadership position in promoting sustainable development across countries it operates in and communities it serves. Some key examples of how Yahsat has been implementing strategic priority actions include the development of Yahsat's ESG policy and position statements for key areas of our business. Although we have not yet obtained any external assurance on our sustainability disclosures *(ADX G9)*, this is an area we are currently exploring. For a more comprehensive discussion on Yahsat's sustainability-related progress, we encourage all readers to please read Yahsat's 2022 sustainability report *(ADX G7)* available on its website (http://bit.ly/3QZ16ex).

Reliable Corporate Governance

We are committed to operating with integrity and maintaining the highest professional and ethical standards in every aspect of our business. Through our established and evolving governance structures, we aim to ensure all of our operational activities are performing as intended, including complying with local and international regulations, improving business performance, and ensuring stakeholder interests continue to be met.

Material Issues Covered	• Business Ethics • Business Continuity & Risk Management • Competitive Behaviour • Corporate Governance • Data Privacy & Security
UAE National Space Strategy 2030	• Ensure a supporting legislative framework and infrastructure to match the future developments in the sector
Abu Dhabi Economic Vision 2030	• Develop a Sufficient and Resilient Infrastructure Capable of Supporting the Anticipated Economic Growth
Sustainable Development Goals	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Corporate Governance

Yahsat's corporate governance structures serve to embed responsible operating practices that successfully facilitate the creation and protection of stakeholder value. As defined in Yahsat's Charter of the Board of Directors ('Board'), the majority of Yahsat's Board must be independent, non-executive, and Emirati citizens. In compliance with the corporate governance guidelines issued by the UAE Securities and Commodities Authority, Yahsat's CEO is prohibited from serving as the Board Chair *(ADX G2.1)*. The Board continues to maintain sufficient and varied industry experience to successfully guide Yahsat towards its vision and has its performance evaluated annually. The Board also receives regular training on multiple areas of importance, including sustainability, and has approved corporate sustainability KPIs to regularly monitor *(ADX E9)* and incentivise executive performance *(ADX G3)*. Moreover, an operations ESG committee has been formed to identify ways (e.g. projects, initiatives) that Yahsat can contribute towards its sustainability framework pillar ambitions; this committee meets on a monthly basis to present and discuss new ideas, as well as monitor the progress of approved projects and initiatives *(ADX E8)*.

Board of Directors	ADX	2020	2021	2022
Total number of Board members	G1	8	9	9
% of Board seats occupied by men	G1.1	75%	89%	89%
% of Board seats occupied by women		25%	11%	11%
% of Board Committees chaired by men	G1.2	–	75%	50%
% of Board Committees chaired by women		–	25%	50%
% of Board seats occupied by independent members	G2.2	N/A	67%	67%

Business Ethics & Competitive Behaviour

The Ethics and Compliance (E&C) function at Yahsat strives to ensure all commercial objectives continue to be met while operating at the highest levels of integrity. The E&C function is empowered through its E&C charter and independent and direct reporting structure to the Audit, Risk and Compliance Board Committee. Yahsat's Code of Ethics *(ADX G5.1)* applies to everyone who works directly for or represents Yahsat, including Yahsat's controlled subsidiaries. It is mandatory for all employees to acknowledge the principles of the Code of Ethics *(ADX G5.2)*; during 2022, 100% of all employees received training on and acknowledged the Code of Ethics.

Through Yahsat's Competition Law Policy, guidance is provided to all employees on how to avoid engaging in anti-competitive behaviour. The policy covers specific areas susceptible to anti-competitive behaviour risks, including the participation in trade associations, conducting business with competitors, obtaining competitive information, conducting business from a dominant market position, mergers, acquisitions, joint ventures, and procurement practices. During 2022, no instances of anti-competitive behaviour were reported.

Data Privacy & Security

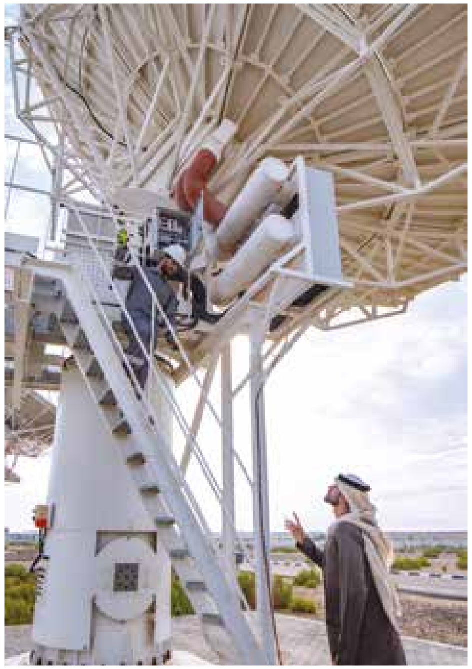
Maintaining highly effective data privacy and information security practices is a priority for Yahsat. Through robust and comprehensive governance structures, which include an information security charter, committee, security programmes and multiple polices, we ensure all data privacy and information security activities are appropriately conducted. More specifically, Yahsat maintains an Information Security Policy, a Data Retention Policy, and a Data Privacy Policy *(ADX G6.1)*, which covers elements related to GDPR requirements *(ADX G6.2)*, to appropriately guide and control our practices.

Throughout 2022, various measures were implemented to strengthen Yahsat's data privacy and information security practices. An information security programme was implemented that specifically enhanced access controls, data protection, vulnerability management, and incident response capabilities. Cybersecurity controls were upgraded and extended to Yahsat's subsidiaries. And incident response capabilities were improved through newly deployed artificial intelligence and machine learning solutions. During 2022, there were zero instances of identified leaks, thefts or losses of customer data.

Sustainability continued

Business Continuity & Risk Management

Yahsat's business continuity management (BCM) practices are periodically reviewed, tested, and enhanced each year, which serve to ensure all business functions and services continue to operate uninterrupted. Our BCM practices enable Yahsat to effectively respond to any key risks should they materialise, including fires, spacecraft anomalies, power outages, unavailability of critical applications, unavailability of personnel, and cybersecurity issues. During 2022, Yahsat successfully resolved one major spacecraft anomaly and one major gateway disruption through its established crises management plans.



Serving Customers & Communities

We are committed to operating with integrity and maintaining the highest professional and ethical standards in every aspect of our business. Through our established and evolving governance structures, we aim to ensure all of our operational activities are performing as intended, including complying with local and international regulations, improving business performance, and ensuring stakeholder interests continue to be met.

Material Issues Covered	• Access to Communications & Connecting Communities • Community Investment • Customer Relationship Management • Disaster Response
UAE National Space Strategy 2030	• Provision of Competitive and Leading Space Services • Development of advanced local capacities in space technology manufacturing and R&D
Abu Dhabi Economic Vision 2030	• Develop a sufficient and resilient infrastructure capable of supporting the anticipated economic growth
Sustainable Development Goals	

Access to Communications, Connecting Communities & Community Investment

Yahsat continues to help underserved communities gain access to the internet and information. These communities typically either lack the necessary telecommunications infrastructure and/or are based in remote areas where it is difficult to access such reliable services. In previous years, Yahsat has provided effective communications solutions to many of these communities, all of which are based across the world, including the United Arab Emirates, Iraq, South Africa, Kenya, Pakistan, and Australia. These communication solutions have also facilitated access to e-learning opportunities, enhanced healthcare services, telemedicine solutions, and information and communication training.

During 2022, YahClick, in partnership with ZARNet, supported rural communities based in Zimbabwe to overcome internet connectivity challenges through the provision of affordable and secure internet connectivity to education, healthcare sectors and other government institutions. As a result, 1,000 government sites gained access to reliable internet connectivity by the end of 2022. Through this partnership, we aim to provide affordable and reliable internet connectivity to total of 4,500 sites as part of the three year contract.

Other ways Yahsat supports local communities is by educating youth on space. Space summer camps were organised to educate youth on space sciences, the basics of space engineering, and space-enabled technologies. In partnership with Dubai Astronomy, virtual workshops were held for over 950 UAE-based students to celebrate World Space Week, which covered trending technologies and the latest developments in the global space and satellite sector. During 2022, Yahsat's community investments totalled approximately AED 38,168 (ADX S12). Moreover, we intend to develop and implement a Corporate Social Responsibility framework during 2023.

Disaster Response

Yahsat supports organisations striving to resolve and abate humanitarian crises, which is made possible through our range of satellite communications solutions. In the past, Yahsat has enabled multiple organisations to address various humanitarian challenges, including those originating from the category five Typhoon Rai in the Philippines. Throughout 2022, thanks to Thuraya's satellite mobile phones, numerous people in distress and needing emergency assistance were successfully rescued, including people stranded at sea near Oman, Malta, and the Philippines.

Customer Relationship Management

Driven by our centralised Customer Care Unit, a customer-centric approach is used to improve all operational and support services provided by Yahsat. Multiple customer-centric programmes continue to be implemented that cover key customer relationship management areas, including quality assurance on service delivery; measuring and understanding customer satisfaction; and quality assessments on customer interactions. Numerous upgrades were made to network components and systems, serving to increase operational efficiencies, provide additional network stability, offer a wider range of services, create resource synergies, and create standardised foundations to further develop integrated operational areas in the future. Enhanced customer satisfaction surveys were created to improve customer feedback and more accurately measure customer satisfaction. Customer satisfaction has shown improvements across our key service offerings, especially for Thuraya and YahClick, which recorded increases in customer satisfaction by 26% and 15%, respectively, when compared to 2021.

Sustainability continued

Investing in People

We know that our achievements at Yahsat are fundamentally built upon the cumulative abilities and attitudes of our workforce. We are committed to empowering our employees to succeed and to become role models in their communities. A key objective is to attract and retain highly talented employees while simultaneously promoting Emiratisation. By building a diverse, egalitarian and safe working environment, we strive to maximise employee well-being.

Material Issues Covered	• Employee Engagement, Diversity & Inclusion • Health & Safety • Human Rights • Talent Attraction, Retention & Development
UAE National Space Strategy 2030	• Creating space culture and expertise
Abu Dhabi Economic Vision 2030	• Drive significant improvement in the efficiency of the labour market • Develop a highly skilled, highly productive workforce
Sustainable Development Goals	

Talent Attraction, Retention & Development

Attracting talented candidates and increasing employee retention is a key success factor in helping Yahsat to achieve its strategic objectives. Yahsat's full-time workforce remained at relatively similar levels compared to 2021, increasing by 0.5%. To help our workforce develop, both professionally and personally, each Yahsat employee undergoes an annual performance review that informs the development needs of each employee and accordingly helps human capital to plan training calendars. The average hours of training received by male and female full-time employees in 2022 was 22 hours and 33.3 hours, respectively, which includes training hours received from our newly introduced Global VSAT Forum platform, an established global standard for satellite communications skills.

Employees	ADX	2020	2021	2022
Total number of full-time employees	S4.1	330	416	418
% of female employees		17%	17%	18%
% of male employees		83%	83%	82%
Total number of part-time employees	S5.1	0	0	0
Total number of contractors and/or consultants	S5.2	59	61	39
Number of full-time employees in senior management	S4.3	50	60	67
% of female employees		8%	8%	12%
% of male employees		92%	92%	88%
Number of full-time employees in middle management	S4.2	65	88	108
% of female employees		9%	9%	12%
% of male employees		91%	91%	88%
Number of full-time employees in remaining positions		215	268	243
% of female employees		21%	21%	22%
% of male employees		79%	79%	78%
Number of full-time employees who left the Company	S3.1	27	25	52
Number of part-time employees who left the Company	S3.2	0	0	0
Number of consultant/contractors who left the Company	S3.3	12	5	13

Employee Engagement, Diversity & Inclusion

Fostering a work environment that understands and addresses employee needs is important. Through our annual people survey, which helps us to assess employee satisfaction levels by collecting employee feedback on existing workplace practices and employee engagement, we received a response rate of 97% (percentage of total full-time employees), an engagement score of 82, and an Employee Net Promoter Score (eNPS) of 48, all of which benchmarks favourably against regional benchmarks. In the future, we seek to continue improving employee engagement through the promotion of flexible work-life balance practices, better aligned job responsibilities with employee grades, focusing on employee wellbeing, and other measures.

Yahsat promotes diversity and inclusion and strives to maintain a workforce that reflects the communities it operates in. As stated in our Code of Ethics, Yahsat believes in equality and that everyone must be treated fairly *(ADX S6)*. Two related targets we had previously established included increasing the percentage of female employees by one per cent, compared to 2021, and maintaining an Emiratisation rate of at least 50 per cent, both of which were achieved by the end of 2022. To support females in the development of their careers, Yahsat strives to hire young female talent and provide them with effective training and development opportunities. To support local talents, as well as align with Abu Dhabi's and the UAE's nationalisation aims, Yahsat supports Emirati employees through its range of training and development programmes, some of which have been developed in collaboration with Mubadala to specifically target UAE nationals. Moreover, in terms of compensation, Yahsat regularly reports on the ratio of its CEO's total compensation to median full-time employee total compensation, which continued to be 6:1 *(ADX S1)*, as well as the ratio of annual median compensation for males to females that also remained stable at 1.2:1 *(ADX S2)*.

National Employees	ADX	2020	2021	2022
Nationals among total full-time workforce	S11	175	175	175
% of female employees		25%	25%	25%
% of male employees		75%	75%	75%

Health, Safety & Human Rights

Creating a safe working environment that promotes healthy workplace practices and respects human rights is very important to Yahsat. Through our robust Health, Safety and Environment (HSE) governance mechanisms, which includes an updated HSE Policy *(ADX S8)* that complies with ISO 45001:2018 requirements, a newly formed HSE Committee, and HSE management systems, all HSE activities are appropriately managed. As a socially responsible business, Yahsat follows the highest international standards and consistently ensures that its facilities are safe and secure. In this respect, Yahsat has been awarded the international standard ISO 45001:2018 certification in Occupational Health & Safety (OH&S) Management Systems. Yahsat achieved the global standard for its consistent efforts to enhance and improve health, safety and environment standards across the Group.

During 2022, zero employee and contractor fatalities and injuries were recorded *(ADX S7)*.

Respecting human rights is explicitly covered in our Code of Ethics, stating that Yahsat must abide by applicable international human rights principles *(ADX S10.1)*. In Yahsat's Business Partner Code of Conduct, we require all Yahsat business partners to also abide the same international human rights principles *(ADX S10.2)*, as well as prohibit child and forced labour practices *(ADX S9.2)*. Additional ways we respect human rights is by strictly adhering to the UAE's labour laws, which incorporates human rights considerations, and prohibits forced labour and the employment of minors below the age of 15, respectively *(ADX S9.1)*. During 2022, two grievances associated with respect and fairness were reported to the Ethics and Compliance function and were subsequently addressed.

Sustainability continued

Promoting Environmental Protection

We are committed to reducing adverse environmental impacts stemming from Yahsat's operational activities. Through reductions in our energy consumption and the exploration of incorporating renewable energy sources where possible, we are working hard to reduce our total carbon emissions. We are also seeking to reduce our resource consumption and increase material resource lifespans wherever possible.

Material Issues Covered	• Carbon Emissions & Climate Strategy • Energy Management • Environmental Management • Product, Innovation & Lifecycle Management • Sustainable Use of Space
UAE National Space Strategy 2030	
Abu Dhabi Economic Vision 2030	• Develop a sufficient and resilient infrastructure capable of supporting the anticipated economic growth
Sustainable Development Goals	

Environmental Management

We strive to systematically implement ways of efficiently consuming material resources and minimising our environmental impacts (ADX E7.1). By predominantly focusing on recycling e-waste, our annual recycling rates increased by more than eight times when compared to 2021. Annual water consumption and the volume of wastewater generated both remained at relatively similar levels compared to 2021.

Product, Innovation & Lifecycle Management

As highlighted by the UN Office for Outer Space Activities, space-based services and technologies have the potential to support the achievement of all UN Sustainable Development Goals. To promote sustainable development, Yahsat continues to innovate and offer sustainable satellite communication services, especially for land, marine and aeronautical applications. One recent innovation we were proud to launch during 2022 was Thuraya's SatTrack for Land, a tracking and monitoring service developed for land vehicles. Key benefits of this service include real-time vehicle monitoring, geo-fencing, driver behaviour monitoring, and creating additional fleet insights, all which can help our customers to adopt more responsible fleet operations, including the reduction of fleet carbon emissions from optimised route planning and improved traffic safety.

Another way Yahsat tries to empower its customers to become more environmentally conscious is by providing instructions on how to appropriately dispose of Yahsat products. Specific products contain recycling instructions and inform our customers to avoid creating e-waste by disposing of the relevant product via municipal waste services.

Sustainable Use of Space

Promoting the sustainable use of space is an important commitment for Yahsat, which also supports the ambitions of the UAE's National Space Policy. Yahsat regularly participates in sustainable use of space forums, both domestically and internationally, including representing the UAE when participating on the UN Committee of the Peaceful Use of Outer Space Activities. Within our operational space asset practices, we adhere to the globally recognised Inter-Agency Space Debris Coordination Committee's (IADC) space debris mitigation guidelines. To further outline our position towards the sustainable use of space, Yahsat is currently developing an associated position statement to be published.

Energy Management, Carbon Emissions & Climate Strategy

Yahsat's building management system (BMS) helps the Company to efficiently manage its overall energy consumption *(ADX E7.3)*. Key ways the BMS reduces energy consumption is by adjusting to seasonal energy changes, using occupancy sensors, adjusting to regular hours of operations, and controlling HVAC operations. Additional ways we were able to reduce energy consumption during 2022 was by replacing older IT equipment with more energy efficient equipment, as well as installing additional LED lights throughout our facilities.

Resource Consumption and Waste Generation	ADX	2020	2021	2022
Materials recycled (Kilograms)	–	10,627	4,030	33,870
Total water consumption (cubic metres)	E6.1	89,880	103,304	104,044
Total water reclaimed (cubic metres)	E6.2	0	0	0
Total volume of waste water generated (cubic metres)	E7.2	3,085	3,167	3,170

Energy Consumption	ADX	2020	2021	2022
Direct Energy Consumption (GJ)	E3.1 & E5	679	679	679
Petrol consumption from operations and vehicles (Litres)		2,255	2,255	2,255
Diesel consumption from operations and vehicles (Litres)		15,764	15,764	15,764
Indirect Energy Consumption (GJ)	E3.2 & E5	72,498	73,797	69,999
Electricity consumption (kWh)		20,138,381	20,488,425	19,444,134
Energy consumption intensity (GJ/employee)	E4	222	179	169

The majority of Yahsat's carbon emissions originate from its indirect energy consumption, which has averaged 20,027,239 kilowatt hours (kWh) over the past three years and remained at relatively similar levels each year. We continue to explore additional ways of reducing our carbon emissions, especially through the exploration of potential renewable energy sources to power our indirect energy consumption. By 2024, we aim to better understand and disclose Yahsat's Scope 3 GHG emissions *(ADX E1.3)*, as well as other air emissions *(ADX E2.2)*.

We also remain conscious of the negative impacts created by greenhouse gas (GHG) emissions and are committed to minimising our carbon footprint across our operations and supply chain. In this respect, Yahsat has joined the UAE Climate-Responsible Companies Pledge, a strategic initiative by the UAE Ministry of Climate Change and Environment aimed at driving the engagement of the private sector in advancing national decarbonisation efforts to support the UAE Net Zero 2050 Strategic Initiative. Yahsat pledged its support to bolster efforts being undertaken to combat climate change – in line with the United Nations Sustainable Development Goal 13 on climate action – by enhancing its measurement and reporting of GHG emissions, developing plans to reduce its carbon footprint, and adopting climate change mitigation measures into the Company's business and operational model. Yahsat has further pledged to incorporate an inclusive approach to its sustainability and climate change action plans through the inclusion of youth, women and vulnerable segments of society.

Carbon Emissions	ADX	2020	2021	2022
Direct (Scope 1) GHG emissions (tons CO_2 eq.)	E1.1	48	48	48
Indirect (Scope 2) GHG emissions (tons CO_2 eq.)	E1.2	13,614	13,857	13,144
Total GHG emissions (tons CO_2 eq.)	E1	13,661	13,905	13,192
GHG emissions intensity (tons CO_2 eq./employee)	E2.1	41	33	32
Total amount invested, annually, in climate-related infrastructure, resilience, and product development (AED)	E10	–	–	59,000

Sustainability continued

Developing Business Partnerships

Business partnerships continue to be a crucial component of Yahsat's success. By prudently forming mutually beneficial partnerships, we strive to ensure all stakeholder concerns and associated risks are sufficiently addressed and monitored, as well as contributing towards national space ambitions.

Material Issues Covered	• Controversial Sourcing & Partnerships • Supply Chain Management
UAE National Space Strategy 2030	• Effective local and international partnerships and investments in the space industry
Abu Dhabi Economic Vision 2030	• Develop a sufficient and resilient infrastructure capable of supporting the anticipated economic growth
Sustainable Development Goals	

Supply Chain Management

Yahsat's procurement activities are guided by its Procurement Policy, which details specific criteria and procedures to be followed when evaluating procurement decision for goods, works, services, and major capital projects. Our Procurement Policy underwent a review and update during 2022 to streamline our associated processes, which are further supported by Yahsat's delegation of authority, Code of Ethics, Business Partner Code of Conduct, and other policies. Compared to 2021.

Supply Chain Management	2020	2021	2022
Total number of local suppliers engaged	302	277	165
Procurement spending on local suppliers (AED millions)	147	179	168
% of procurement spending on local suppliers	21%	16%	11%
Total procurement spending (AED millions)	708	1,100	1,500

Controversial Sourcing & Partnerships

As detailed in Yahsat's Code of Ethics, we have established principles, standards, and behaviours to ensure our strategic objectives are achieved while upholding our values. Similarly, Yahsat expects and requires all business partners to adhere to similar principles, standards, and behaviours, as defined in our Business Partner Code of Conduct *(ADX G4.1)*. All Yahsat suppliers have formally certified their compliance with the Business Partner Code of Conduct, which is a mandatory requirement when registering as a supplier through Yahsat's supplier portal *(ADX G4.2)*. Prior to entering into an agreement with a potential business partner, a due diligence process is followed, which takes into consideration various factors, including contract value, the location of operations, types of services and/or goods provided, politically exposed persons, sanctions lists, watch lists, enforcement lists, court actions, and adverse media monitors. Moreover, we have recently developed a sustainable procurement position statement to further promote sustainable procurement practices.

Corporate Governance Report

Robust corporate governance and risk management has long been a priority and strength for Yahsat. Through a culture of continuous improvement, we develop and apply best practices while embedding responsibility and accountability at every level of our organisation, from our Board of Directors to our Senior Management to every member of our diverse and talented workforce.

Corporate Governance Report

Musabbeh Al Kaabi
Chairman

Chairman's Message

The Yahsat Board aims to promote the Group's long-term success and deliver sustainable value to our shareholders, while cultivating a culture of transparency and inclusion. As a responsible business, we are committed to conducting all our activities with integrity, by following the highest legal, ethical and governance standards. We firmly believe that our strong corporate governance framework, which is aligned to international best practices, makes Yahsat more conducive for growth and expansion both at home and overseas. In 2022, as the world began to recover from the impacts of the COVID-19 pandemic, there remained some restrictions across our markets. It was therefore necessary that our governance framework and practices remained flexible so that we could effectively discharge our duties and continue on the path to sustainable development. Throughout the year, we focused on enhancing our governance practices, placing strong emphasis on our overall purpose, strategy and corporate values.

Introduction

At Yahsat, corporate governance is central to what we do. Since our establishment as a wholly-owned Mubadala asset in 2007 and throughout our journey to becoming a listed company in 2021, we have placed great importance on operating with integrity and adhering to a strong set of core values.

Our approach to corporate governance has always been to go beyond mere compliance with laws and regulations, focussing on the spirit of the laws and regulations to ensure that we are not just ticking boxes, but that we are critically analysing how we do things to ensure that we consistently achieve the highest standards of conduct.

We believe that good corporate citizenship starts with strong values, and that you can only expect high standards of conduct from others if you are willing and able to demonstrate them yourself. As a listed company and a leading global satellite operator, we strive to lead by example, demonstrating strong corporate governance and recognising its importance to our shareholders, customers, employees and the communities we serve.

Our teams have worked over many years to establish a robust framework of values and governance. Our corporate values define how we conduct our business – with integrity and zero tolerance for fraud, bribery and corruption.

This report also tackles the charters, policies and mechanisms that govern the Company's work in the field of governance. It also touches on Yahsat Board of Directors, the Board's Committees, the duties assumed by the Board and by its committees, the Board members' remunerations and their trading in the Company's securities.

What's changed in 2022

2022 has been another transformative year for Yahsat. We undertook a full review of policies, practices and procedures to ensure that they meet the norms expected of a listed company.

Consistent with our general approach to corporate governance, Yahsat policies do not merely comply with the letter of the law or regulations and meet the prescribed standards, but go beyond, looking to international best practice and the levels of conduct, responsibility and accountability that we believe lie at the heart of good corporate citizenship. But the story, of course, does not end there. Policies and practices are only as good as the conviction and actions that support them to ensure their proper and full application in practice. Tone at the top has remained a key factor in ensuring an effective governance environment.

ESG

Yahsat has progressed well in 2022 in the implementation of sustainability at Yahsat. A sustainability strategy was developed that includes a three-year roadmap based on our sustainability framework established on five pillars. The Company has also identified key objectives and action items for each sustainability framework pillar and assigned them to specific departments for implementation. Each of these objectives aids in improving how Yahsat addresses the most material sustainability areas relevant to its industry as well as helps Yahsat to increase its contributions towards significant sustainability-related ambitions, including Abu Dhabi's Economic Vision 2030, the UAE's Space Policy, and the United Nations (UN) Sustainable Development Goals.

The Company also scheduled various ESG training sessions to enhance awareness among all employees and Board of Directors. A dedicated training session for the Board of Directors focusing on their role was organised, inviting industry experts to conduct the session. We also created a formal structure at the management level to monitor the progress of the ESG strategy.

We comply with the UAE SCA regulatory requirements and follow ADX guidelines for sustainability reporting.

Corporate Governance Report continued

Governance Overview

The Company's Board of Directors is committed to standards of corporate governance that are in line with both local capital markets regulations and international best practice. This has led to the creation of Yahsat's Corporate Governance Framework, which plays a key role in shaping Yahsat's culture, business practices and regulatory compliance.

The Corporate Governance Framework:

- is aligned with applicable regulatory guidelines and also reflects Yahsat's strategic objectives;
- accords with the corporate governance requirements applicable to joint stock companies listed on the ADX as set out in 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 Yahsat and to assist Yahsat's management in ensuring that the range of risks facing Yahsat are properly managed and mitigated within an effective internal control framework;
- is centred around a strong and unerring commitment to its Code of Ethics.

Key Constitutional and Governance Documentation

The principal documents that frame Yahsat's corporate governance environment are:

- Yahsat's Articles of Association
- Board of Directors Charter
- Audit, Risk and Compliance Committee Charter
- Nomination and Remuneration Committee Charter
- Delegation of Authority document
- Corporate Policies

Yahsat's Articles of Association

The Company's Articles of Association (AoA) were amended immediately prior to listing of Yahsat's shares in July 2021. At the AGM held in April 2022, shareholders also approved the amendment to Articles 9 and 34 of the Articles of Association of the Company, including the amendment to the introductory part of the Articles of Association and the reference to the resolutions of the general assemblies of the Company amending the Articles of Association and to replace any reference to the repealed commercial companies law with the provisions of the Federal Law by Decree No. (32) of 2021 concerning Commercial Companies, as published at the Company's page at ADX and uploaded to the Company's website.

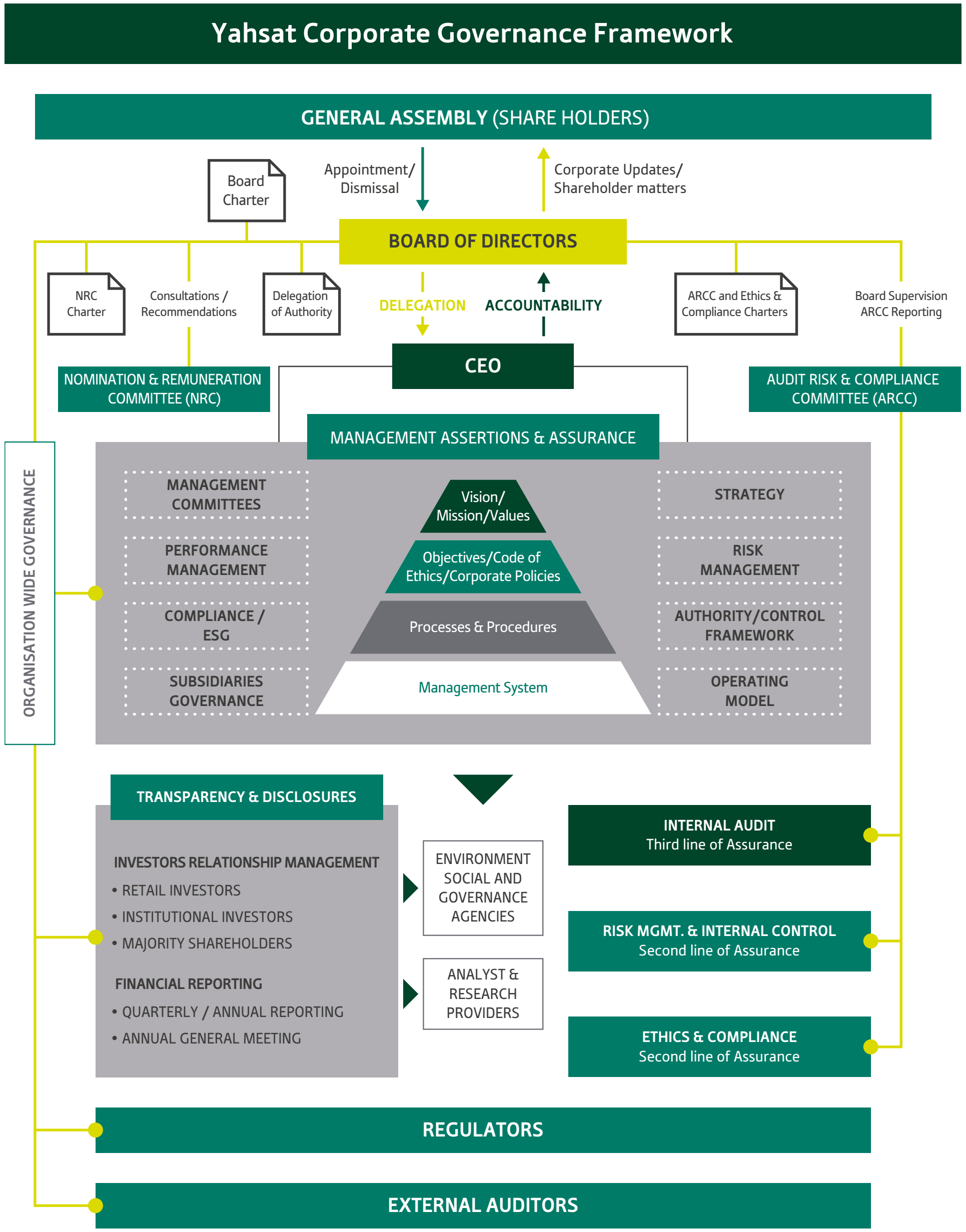
Delegation of Authority

The Company's Delegation of Authority document (DOA) was endorsed by Yahsat's Board of Directors and adopted by Yahsat's sole shareholder, immediately prior to listing of Yahsat's shares in July 2021. It specifies the distribution of authority among the shareholders, the Board of Directors and management for a variety of types of decision, in a manner that aligns with the corporate governance principles and norms applicable to listed companies. The requirements of the DOA apply to Yahsat and all controlled subsidiaries of Yahsat, except where such entity has its own delegation of authority document (for example, equity partnerships that have a specifically tailored and approved delegation of authority pursuant to a shareholders' agreement). The DOA is routinely reviewed and updated to continue to meet the requirements of the organisation and to align with industry best practice.

The DOA allocates the authority to approve commitments and investments among members of the Group's management and the Board of Directors, according to incremental financial thresholds. The financial thresholds were determined according to a data-based quantification of the Group's operational requirements. The DOA lays down a requirement to conduct a competitive tender process for all procurement activities in which a member of the Group is the procuring entity, and provides certain limited exceptions in which a competitive tender need not be conducted (such as customer-directed procurement, exclusive OEM controlled products and an accelerated process for critical operational requirements of UAE Government End Users). Competitive tender exceptions must be clearly evidenced and formally approved before they can be applied.

The DOA also sets out a range of corporate actions, specifying in each case how such action must be initiated, reviewed, endorsed and approved.

The DOA is a policy of Yahsat, owned by the General Counsel. Changes to the DOA require the approval of the Board of Directors, as per the requirements of the DOA itself.



Key Policies

Aside from the DOA, the Group has a full suite of corporate-level policies that define the way in which we conduct ourselves and undertake all our professional activities. These policies are designed to ensure that the highest standards of conduct are applied throughout our internal and external business dealings and to create an internal control environment that provides assurance, transparency and accountability.

At the heart of our policy environment is our Code of Ethics (see also Section entitled "Ethics and Compliance" below), which sets a basis for the positioning of all of our corporate policies.

Code of Ethics

This Code of Ethics sets out the basic principles, standards and behaviours necessary to achieve Yahsat's objectives and uphold its values. It makes clear that employees not only follow the law, but strive to operate with the highest levels of ethics and integrity. The foundation of the Code is built on a culture of integrity, speaking-up, respect and fairness. It also sets out the ethical framework in which business is conducted internally and externally with business partners and in the marketplace in general, in addition to the handling and management of information, data and controlled technology. For more information, please refer to the section entitled "Ethics and Compliance").

Business Partner Code of Conduct

The Yahsat Group maintains the highest ethical standards in its business activities and expects the same from its Business Partners. The Yahsat Group Business Partner Code of Conduct sets forth minimum expectations for Business Partner conduct when performing work for or on behalf of the Yahsat Group. The principles set out in this Code also apply to any contractor or subcontractor engaged or employed by a Business Partner to perform work for or on behalf of the Yahsat Group. The Yahsat Group Business Partner Code of Conduct is primarily centred upon the pillars of respect, confidentiality, integrity, transparency and sustainability:

- Respect covers areas of human rights, ethical employment practices, fair treatment of employees and contractors, provision of a healthy and safe workplace.
- Confidentiality not just covers Yahsat confidential information to be safeguarded, but also seeks to cover any competitive information including obtaining or use of insider material or confidential information belonging to competitors or other third parties.
- Integrity encompasses key elements of anti-bribery and corruption, improper payments, gifts and entertainment, supply chain and competition.
- Transparency requirements include the need to disclose of any conflicts of interest, maintenance of accurate and transparent books and records, cooperation with internal and external investigators or auditors.
- Sustainability covers Yahsat Group's commitment to preserving the environment, complying with applicable environmental laws and regulations, and demonstrating continual improvement in its environmental performance and following industry practices.

Corporate Governance Report continued

Corporate Communications Policy
This policy governs disclosures in external and internal documents, statements made in Yahsat's annual reports, news and earnings releases, communications between the Group and financial or industry analysts, investors and the news media, senior management speeches and presentations as well as information contained on the Group's websites and intranet, and includes discussion of non-public information in public or quasi-public areas where conversations may be overheard. The policy delineates the role and responsibilities of the Corporate Communications and Investor Relations Departments related to financial communications, covering annual reports, earnings releases and financial analyses. It also states Yahsat's position and expectations regarding employees' participation in, hosting or linking to internet chat rooms, bulletin boards, blogs or other similar media that discuss Yahsat and/or its products, services or technology, in any fashion. It details the process applicable to any such disclosures, from conception to approval and dissemination, enabling the Corporate Communications Department to deliver best practice communications across the Group to support business priorities and to build and protect Yahsat's brand and reputation. In 2022, the policy was updated to align with the Investor Relations Policy, highlighting shared activities across key financial communication responsibilities, including annual reports and internal financial reporting.

Investor Relations Policy
Yahsat is committed to providing timely, unbiased and accurate disclosures of material information to the public, in accordance with the rules and regulations stipulated by the SCA, ADX and current best practices. In line with this commitment, Yahsat has a dedicated Investor Relations team to effectively execute the Investor Relations policy. The policy outlines the processes and practices that ensure effective communication of information to shareholders and the investment community in an accurate, fair and timely manner. Please refer also the section entitled "Investor Relations" below.

Export Control and Sanctions Compliance Policy
Yahsat is committed to conducting all activities across the Group in accordance with the Yahsat Code of Ethics and all applicable laws. This includes complying with export control and sanctions laws that govern the exchange of goods, services and technical data between the Yahsat Group and its business partners, customers and service providers. The Yahsat Export Control and Sanctions Compliance programme policies and procedure manual sets forth Yahsat's General Compliance Policy. The manual, and each of the related procedures, applies to all entities within the Yahsat Group and governs all operations conducted by or on their behalf. The programme, which is driven by individuals designated as Export Compliance Champions and are strategically selected from across the Yahsat Group, rests on the following general elements, which apply across all of its businesses and activities, including Senior Management Commitment, Denied Party Screening, Export Control Jurisdiction and Classification, Technical Data, Record-keeping, Training and Internal Audit.

Competition Law Policy
This policy provides guidance on how to conduct day-to-day activities without engaging in prohibited conduct or entering unlawful agreements that limit or restrain trade. Careless interactions with competitors or handling of business sensitive topics can present significant risk and exposure, and this policy helps to identify potentially anti-competitive behaviour, prevent it when possible, and interrupt it when necessary. In particular, it outlines competition law principles that Group personnel should be aware of when (a) participating in trade associations; (b) doing business with competitors; (c) obtaining competitive information; (d) doing business while in a dominant market position; (e) entering mergers, acquisitions, or joint ventures; and (f) engaging in procurement processes.

Related Party Transactions Policy
Related party transactions can present potential or actual conflicts of interest for Yahsat and may create the appearance that business decisions are based on considerations other than the best interests of Yahsat and its shareholders. However, there are also cases where related party transactions may be in the best interest of Yahsat and its shareholders. This policy provides a sound framework for the review and approval of these transactions, in accordance with the requirements of the SCA Corporate Governance Guide and UAE Companies Law.

Risk Management & Internal Control Policy
This policy sets out Yahsat's risk management and internal control requirements and is aligned with good practices, specifically international standards ISO 31000:2018 and COSO Internal Control – Integrated Framework: 2013. The policy defines Yahsat's risk management and internal control principles, describes the underlying processes and overall framework and roles and responsibilities. The policy has been updated in Q4-2022 to include more detailed descriptions of Yahsat's Risk Management and Internal Control processes.

Fraud Risk Management Policy
The fraud risk management policy was established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Group. It applies to any irregularity, or suspected irregularity, involving employees, officers and directors, as well as shareholders, consultants, vendors, contractors, agents, outside agencies, and/or any other parties with a business relationship with Yahsat Group. The policy aims to ensure awareness of responsibilities for identifying exposures to fraudulent activities and establishing controls and procedures to prevent or detect fraudulent activity, giving guidance to all persons (internal and external) as to the action that should be taken where they suspect such activity. It also makes it clear that all suspected fraudulent activity will be fully investigated and appropriate action taken, regardless of the perpetrator's position, length of service or relationship to the Group.

Securities Trading Policy

The purpose of this policy is to reduce the potential risks arising from Directors and employees dealing in Yahsat's shares, setting out the Company's position with respect to such dealing and outlining the framework applicable to Directors and employees seeking to deal in Yahsat's shares. It also clearly states the consequences of failing to adhere to the policy. In addition to expressly stating the requirements and restrictions incumbent, pursuant to the law and applicable regulation, upon anyone with inside information and clearly defining what constitutes "dealing", it sets the process for seeking approval for buying or selling Company shares outside of closed periods, adding an extra layer of control beyond that already provided by the maintenance of an insider list with ADX. The process of granting approval involves the consideration of whether the individual is in possession of inside information and, if this is the case, approval is not granted.

Compliance Guide Relating to Inside Information

The Company is under an obligation to notify SCA and ADX of any material unpublished information (i.e. inside information) as soon as possible upon such information arising, except where the applicable regulations permit it to delay such disclosure. The purpose of the Compliance Guide is to assist Yahsat management (and certain individuals with designated responsibility hereunder) to identify events or circumstances that give rise to an obligation to disclose, identify the regulatory requirements relevant to actions that are being planned and the steps required to comply with them, identify the obligations that arise regularly and routinely and establish effective procedures for complying with those obligations, allocate responsibility for compliance to appropriate individuals, and to create a record of actions taken. The procedures are designed to lead to the identification of information that may be inside information as it arises, to conduct an assessment to determine whether it is inside information and whether an announcement is required, to ensure that any such announcement meets the standards of accuracy and completeness and, where disclosure is to be delayed, an appropriate record of the justification is kept, in all cases while ensuring that appropriate steps are taken to keep the inside information confidential. The Compliance Guide also defines the role of the Disclosure Committee in all of these procedures and as the ultimate arbiter of whether information constitutes inside information and its appropriate handling.

Financial Reporting Manual and Accounting Policies Manual

The objectives of the Financial Reporting team are to provide complete, timely and reliable financial information about the past (which influences business decisions of the future). To achieve this objective the team maintains robust processes, systems, tools and effective internal controls over financial reporting – all elements necessary to deliver high-quality, IFRS-compliant financial statements to stakeholders accompanied by a clean unqualified audit report. The Financial Reporting Manual lays down the reporting framework and guidelines for the reporting function, while the Accounting Policies manual elaborates on the group's accounting policies, including practical guidance on key accounting topics that all Group entities must follow and consistently apply when preparing financial statements.

Information Security Policies

Yahsat's information security framework is designed to comply with a variety of regulatory and customer requirements. It comprises several individual policies which, together, provide a comprehensive framework to secure Yahsat's IT environment and ensure proper handling of information. The framework includes an Information Security Policy, Information Asset Management Policy, Third Party Security Policy, Access Control Policy, Information Security Incident Management Policy, Vulnerability Management Policy and Acceptable Use Policy.

Dividend Policy

The Company aims to provide guidance, when possible, to investors and other stakeholders on future shareholder returns. With dividends being a key component of total returns, the Company has developed a shareholder-approved Dividend Policy. The policy sets out a progressive dividend that increases year-on-year, and which the Board has separately proposed will grow by at least 2% per annum. The policy, however, provides no assurance as to the amount of dividends to be paid, or if dividends will be paid at all, and outlines various financial considerations the Board may raise against the distribution of dividends and for the retention of earnings instead. At the Annual General Meeting on 11 April 2022, shareholders approved the updated Dividend Policy, expressly allowing for the payment of semi-annual dividends from 2022 onwards. As a result, Yahsat intends to pay dividends for each fiscal year in two equal instalments – an interim dividend payment in October of that year and a final dividend in April or May of the following year.

Transparency and Disclosure

Yahsat's legal and regulatory obligation to publicly announce certain material information is defined by the regulations promulgated by the UAE Securities & Commodities Authority (SCA), as further applied and supplemented by the Abu Dhabi Securities Exchange (ADX).

These regulations address the obligation to make both periodic disclosures (such as quarterly financial reporting, annual reporting of audited financial statements and other matters such as governance and sustainability matters) and ad hoc disclosures relating to the occurrence of events and circumstances that are considered by a reasonable investor to be important in making investment decisions in securities issued by Yahsat (so-called "material, non-public information" or "inside information").

The primary forum for all such disclosures is via the ADX Electronic Disclosure Service (E-Service). This ensures that all such disclosures are made available to all shareholders in one place simultaneously. The Group may also release the same information contemporaneously, or immediately thereafter, via other mainstream or industry channels to ensure optimal dissemination of important information, as appropriate according to the type of information. Such channels may include recognised industry/trade news outlets and certain widely-adopted, well-reputed social media outlets or forums, to ensure that as many stakeholders (ranging from shareholders, potential investors, current and potential business partners, existing and potential customers and the media) are reached as possible.

Corporate Governance Report continued

All disclosures made via the ADX E-Service also appear on Yahsat's website.

In all external reporting matters, we adopt a transparent approach that aims to provide full and accurate disclosure. Our Investor Relations Department, under the leadership of VP of Investor Relations, manages a dedicated section of our website where investors are provided with current information relating to Yahsat, ranging from financial reports, public announcements, share-related data and annual reports (comprising our Annual Report, Governance Report and Sustainability Report) accessible from the Investor Relations section of our website.

Disclosure Committee

All public disclosures made by the Company via the ADX E-Service are first reviewed and approved by Yahsat's Disclosure Committee, which is an executive-level committee comprising the Chief Executive Officer, Chief Financial Officer and the General Counsel. The Disclosure Committee determines whether information or circumstances constitute inside information. The Disclosure Committee seeks to operate on the basis of unanimity, but is also empowered to make decisions by simple majority to ensure agility and timely decisions and approvals. The Disclosure Committee's position regarding the existence of inside information is one of the principal factors considered by the General Counsel when considering applications from Directors or Group employees for permission to deal in Yahsat's shares under the Securities Trading Policy.

Board of Directors

The Board of Directors is Yahsat's principal strategy-setting and decision-making body of the Company and has overall responsibility for leading and empowering the management team to deliver against Yahsat's objectives. The Board is also responsible for the implementation and oversight of our Corporate Governance Framework.

Pursuant to the powers granted to it in Yahsat's Articles of Association, the Board of Directors has approved and adopted a comprehensive range of charters, codes and policies to regulate and assure the efficient, proper and compliant conduct of every aspect of the operations and activities of the Group.

(i) Board Composition

The Board of Directors is composed of 9 individuals, representing a compelling and effective balance of skills, experience and perspectives, reflecting the Group's strategic priorities and equipping the Group well to face the opportunities and challenges that are foreseen in a rapidly evolving industry:

Musabbeh Helal Musabbeh Ali Al Kaabi — *Chairman*

Mr. Al Kaabi was the Chief Executive Officer of the UAE Investments Platform and an Investment Committee Member at Mubadala until 15 January, 2023. The UAE Investments Platform is a portfolio that supports the UAE's continued acceleration and transformation by building national champions, fostering vibrant industrial and commercial clusters, and engaging with world-class partners. He previously held the position of CEO of Mubadala Petroleum, Mubadala's wholly owned exploration and production company, from 2014 to 2017. In addition to his roles at Mubadala, Mr. Al Kaabi is the Chairman of Mubadala Energy and is a Board Member of Abu Dhabi Future Energy Company PJSC (Masdar), National Central Cooling Company PJSC (Tabreed), First Abu Dhabi Bank and Emirates Global Aluminium. Mr. Al Kaabi holds a Bachelor of Science degree in Geophysical Engineering from Colorado School of Mines and a Master of Sciences in Petroleum Geoscience from Imperial College, London.

As of 16 January 2023, Mr. Al Kaabi, took on the role of Executive Director, Low Carbon Solution & International Growth, ADNOC Group.

Tareq Abdulraheem Ahmed Rashed Al Hosani — *Vice Chairman*

H.E. Tareq Abdulraheem Al Hosani is the Secretary General of Tawazun Council, the government authority responsible for acquisition management, industrial development and the setting of regulations, standards and governance for the defense and security industry. H.E. Tareq Al Hosani manages the day-to-day business activities of Tawazun Council. He started his career as an officer in the UAE Armed Forces, where he progressed in the ranks to head the flight test centre, commanding a large team working on the development of core avionics systems for fighter aircraft. He then took on the role of Deputy Director General for the National Electronic Security Authority (NESA). Tareq also held the position of Associate Director at Mubadala Investment Company and the Chief Executive Officer of Al Yah Satellite Communications Company (Yahsat), before becoming the Chief Executive Officer of Tawazun Council. Al Hosani holds a number of governance positions in the Defense, Security, Education, Aviation and Health Sectors. He currently serves as Chairman of the Boards of Directors of Bayanat, Munich Health Daman, and Tawazun Technology & Innovation (TTI), and as Vice Chairman of the Boards of Al Forsan Holding and Yahsat. He is a member of Royal Jet and Rabdan Academy Boards. Previously, Tareq Al Hosani served as Chairman of Global Aerospace Logistics (GAL), Vice Chairman of Abu Dhabi Health Services (SEHA), and sat on the Boards of several entities, such as UAE Space Agency, Edge Group, Emirates Defence Industries Company (EDIC), National Health Insurance Company (Daman), Higher Colleges of Technology and Abu Dhabi Airports Company (ADAC). He holds a Master's degree in Electronics & Communication from Université Pierre et Marie Curie in France and a Bachelor's in Aeronautics from Saint Louis University in the United States of America. He is also the holder of an Accelerated Executive Development Diploma from IMD Business School in Switzerland.

Rashed Ahmed Salem Alghanah Al Ghafri — *Director*

Rashed Al Ghafri is a representative on the UAE's Supreme Council of National Security and previously was the President of Strategic Projects at EDGE Group, with more than 30 years' experience in the electrical engineering field. Prior to joining EDGE Group, Rashed was the Director General at the National Electronic Security Authority. Rashed is also currently the Chairman of the Board of Thuraya. Prior to these roles, Rashed was the General Manager of Yahsat's YahService division (now Yahsat Government Solutions) and the Company's Senior Manager for Business Development. Earlier in his career, Rashed held numerous leadership positions in the UAE Armed Forces (UAEAF), notably Head of the Security and Monitoring division, Head of the Network Management Centre for Fibre Optic Network and Head of the Fibre Optic division. Rashed holds a Bachelor's degree in electrical engineering from the University of Miami and a Master's degree in computer engineering from Yarmouk University in Jordan.

Masood Mohamed Mohamed Sharif Mahmood — *Director*
Masood Mahmood is the Chief Executive Officer of Etisalat (UAE) by e&, having previously held the role of Director General at the Department of Finance of the Government of Abu Dhabi and, prior to that, serving as the Chief Executive Officer of Yahsat for nearly nine years. He has well over 20 years' experience in investment management, telecommunications and the space sector. Prior to joining Yahsat, Masood was Vice President at Mubadala's Information and Communications Technology (ICT) Unit, responsible for corporate strategy as well as the asset management of ICT's strategic portfolio, following roles at Dubai Investment Group and the Executive Office of H.H. Sheikh Mohammed bin Rashid Al Maktoum. Masood serves on the boards of Emirates Nuclear Energy Corporation, UAE Space Agency and Wio Bank. He holds a Master's Degree in Finance from McGill University in Canada and a Bachelor's Degree in Computer Systems Engineering from Boston University in the United States.

Maryam Eid Khamis AlMheiri — *Director*
Her Excellency Maryam AlMheiri is Director General of the Abu Dhabi Media Office (ADMO), having overseen its growth from launch to becoming the emirate's central source of news, information and stories about Abu Dhabi for a local and global audience. 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, the Emirates Red Crescent and the Fatima Bint Mubarak Ladies Sports Academy. She is also Honorary Advisor to the Board of Abu Dhabi University. Previously, Maryam was CEO of the Media Zone Authority – Abu Dhabi and both CEO and Vice-Chair of twofour54. She holds a TRIUM Global Executive MBA (jointly issued by New York University Stern School of Business, London School of Economics and Political Science, and HEC Paris). She also holds a Master's in Strategy and National Security Studies from the National Defence College of Abu Dhabi, and completed her undergraduate studies in Accounting and Business Administration at the UAE's Higher Colleges of Technology.

Badr Salim Ahmad Sultan Alolama — *Director*
Badr Al-Olama is the Executive Director of the UAE Clusters unit within Mubadala's UAE Investments platform, which has been formed to accelerate the UAE's economic transformation by investing in national champions, fostering vibrant industrial and commercial clusters, and partnering with world-class global organisations. In addition to his responsibilities in overseeing a diverse portfolio of businesses in multiple sectors spanning across technology, aerospace, and healthcare, Badr is leading a dynamic team that are incubating new sectors and startups to further diversify the UAE's economy, and is also heading the Global Manufacturing and Industrialisation Summit (GMIS) – a pioneering collaborative platform that has been jointly established by the United Arab Emirates and the United Nations Industrial Development Organization (UNIDO).

Badr is the Chairman of Strata Manufacturing (Strata), the Sanad Group (Sanad), and Emirates Post Group, and also serves as a Board Director at Mubadala Health, SHUAA Capital, Oumolat Security Printing, YAS Holding LLC, TASIAP GmbH – a joint venture with Daimler AG, as well as a number of automotive and energy joint ventures in Algeria. Through GMIS, Badr also oversees the Mohammed bin Rashid Initiative for Global Prosperity – an open innovation platform that aims to accelerate solutions that solve real world challenges that are linked to the Sustainable Development Goals of the United Nations. Nominated as a 'Young Global Leader for the Middle East and North Africa Region' by the World Economic Forum in 2016, Badr began his career as a lawyer and holds a degree in Shari'a and Law from the UAE University (2002) as well as an LL.M from Harvard Law School (2005).

Adrian Georges Steckel — *Director*
Adrian Steckel has been focussed on technology and connectivity for the last 20 years. He was the CEO of OneWeb from September 2018 until November 2020, upon its emergence from Chapter 11, with investment from the UK government and Bharti Global. Prior to OneWeb, Mr. Steckel was the CEO of Grupo Iusacell, a mobile company which was acquired by AT&T in 2015. Mr. Steckel is a director and member of the audit committee of CONX and is also a board member of Uphold Ltd. Mr. Steckel is a graduate of Yale University.

Gaston Urda — *Director*
Gaston Urda is Sr. Advisor to the CEO of the UAE investments platform at Mubadala. Since joining Mubadala in 2008, his primary responsibilities have been to oversee and manage investments across different geographies and sectors including logistics, transportation, mining, aerospace services, real estate investment management, renewables and utilities. Prior to joining Mubadala, he worked in the private equity industry, gaining in-depth knowledge in several sectors. Gaston began his 24-year career as an accountant, working at one of the "Big 4" accountancy firms. He currently serves as a board and/or investment committee member of several companies in the Americas, Europe and Asia. Mr. Urda earned his MBA from Columbia Business School in New York and his B.S. in accounting from the University Argentina de la Empresa.

Peng Xiao — *Director*
Mr. Xiao is the Chief Executive Officer of Group 42 Ltd. (G42), where his responsibilities include shaping G42's business and product strategies, and overseeing G42's operating companies across numerous industry verticals, including smart city, healthcare, energy, finance and education. Prior to this, he served as Senior Executive Vice President, Chief Technology Officer and Chief Information Officer of MicroStrategy, where he was responsible for the management of over 1,000 engineers and led the R&D function of MicroStrategy's entire product portfolio, including Business Intelligence, Secure Identity, and Mobile Commerce. He also serves as a member of the Board of Trustees of the Mohamed bin Zayed University of Artificial Intelligence. Mr. Xiao earned his Master's degree in International Affairs from the George Washington University and his Bachelor's degree in Computer Science and International Business from Hawaii Pacific University.

Corporate Governance Report continued

Clint de Barros – *Board Secretary*

Clint de Barros is the Board Secretary of Yahsat and heads the Ethics and Compliance Office for the Group. He joined Yahsat in 2008. In addition to being the secretary on various Board committees and providing corporate governance support to Yahsat Group of companies, Clint's primary responsibilities included providing principal legal support in major procurements, capacity leases, UAE AF projects, joint ventures, and a range of ad hoc day-to-day operational requirements. Clint has previously been actively involved on work-streams relating to Yahsat's listing on ADX, the acquisition of Thuraya, acquisition of landing rights in Brazil, each of Yahsat's 3 equity partnerships (Yahlive, BCS and Hughes do Brasil) and procurement of Al Yah 1, Al Yah 2 and Al Yah 3. Clint has also been responsible for overhauling the Yahsat Export Control and Sanctions Compliance programme, in addition to organically establishing a standalone Ethics and Compliance function for the Yahsat Group. Following his LLB (Hons) from Goa University, India, in 2003, he previously worked at Etisalat/E-marine as Contracts Manager-legal, and in private practice in Mumbai and New Delhi, India.

In line with the requirements of the SCA Corporate Governance Guide, at the end of 2022, there was one female Director on the Board of Directors. There were also two female members (including the Chairman of the Nomination and Remuneration Committee) of the Board's sub-committees. The Company has a strong track record of gender diversity in a traditionally male-dominated environment (see Section entitled "Gender Diversity" below).

The following table sets out some of the key characteristics of the Board composition as at 31 December 2022:

Name	Tenure#	Independent*	Executive/ Non-Executive	Other directorships held**
Musabbeh Al Kaabi	2nd term (since 2 Feb 2021)	✓	Non-Executive	• Mubadala Energy LLC (C) (UAE) • First Abu Dhabi Bank (BM) (UAE) • Abu Dhabi Future Energy Company PJSC (BM) (Masdar) (UAE) • Emirates Global Aluminium PJSC (BM) (UAE) • National Central Cooling Company PJSC (Tabreed) (BM) (UAE)
Tareq Al Hosani	4th term (since 23 Dec 2013)	✗	Non-Executive	• Bayanat (C) (UAE) • Tawazun Technology & Innovation LLC (C) (UAE) • Munich Health Daman Holding Limited (C) (Masdar Free Zone – UAE) • Al Forsan Holding Company LLC (VC) (UAE) • Royal Jet Group (BM) (UAE) • Rabdan Academy (BM) (UAE)
Rashed Al Ghafri	4th term (since 23 Dec 2013)	✗	Non-Executive	• Thuraya Telecommunications Company (C) (UAE)
Masood Mahmood	2nd term (since 2 Feb 2021)	✗	Non-Executive	• Emirates Nuclear Energy Corporation (BM) (UAE) • UAE Space Agency (BM) (UAE) • Wio Bank (BM) (UAE)
Maryam Al Mheiri	1st term (since 12 July 2021)	✓	Non-Executive	• Executive Committee of Executive Council (Member) (UAE) • UAE Special Olympics (VC) (UAE) • Abu Dhabi University Honorary Advisor (BM) (UAE) • Mohamed bin Zayed University for Humanities (BM) (UAE) • Emirates Red Crescent (BM) (UAE) • Fatima Bint Mubarak Ladies Sports Academy (BM) (UAE)
Badr Al Olama	2nd term (since 2 Feb 2021)	✓	Non-Executive	• Emirates Post Group PJSC (C) (UAE) • Strata Manufacturing PJSC (C) (UAE) • The Sanad Group PJSC (C) (UAE) • Shariket Kahraba Hadjret En Nouss SKH spa (C) (Algeria) • Mubadala Health LLC (BM) (UAE) • SHUAA Capital PSC (BM) (UAE) • Oumolat Security Printing LLC (BM) (UAE) • YAS Holding LLC (BM) (UAE) • TASIAP GmbH (BM) (Germany) • SAFAV/SAPPL/SAFMMA/AMS/ RMA (AUTOMOTIVE JV'S), (BM) (ALGERIA)
Adrian Steckel	1st term (since 12 July 2021)	✓	Non-Executive	• CONX Corp (BM) (USA) • InfoBionic, Inc. (BM) (USA) • Hyper Reality Partners, LLC (BM) (USA) • Uphold Limited (BM) (Cayman Islands)

Name	Tenure#	Independent*	Executive/ Non-Executive	Other directorships held**
Gaston Urda	1st term (since 12 July 2021)	✓	Non-Executive	• The Sanad Group PJSC (BM) (UAE and Switzerland) • Virgin Orbit Holdings, Inc.(BM) (USA) (until Jan 2022) • SR Technics Switzerland AG (BM) (Switzerland) • Al Masar Investments LLC (BM) (UAE)
Peng Xiao	1st term (since 12 July 2021)	✓	Non-Executive	• Group 42 Holding Ltd (BM) (UAE) • Various private limited liability subsidiaries of Group 42 Holding Ltd (C/BM) (UAE/Non-UAE)

Board was reconstituted prior to IPO to align all Directors' terms to expire at the AGM in 2024.
* According to the criteria specified in the SCA Corporate Governance Guide.
** C = Chairperson; VC = Vice Chairperson; BM = Board Member. Country of incorporation is in brackets at the end, where relevant.

The assessment of each Director's independence is within the mandate of the Board's Nomination and Remuneration Committee. As noted below, this is supported by a quarterly exercise conducted by the Board Secretary to obtain up-to-date responses to a detailed questionnaire from each Director regarding their independence (among other matters).

(ii) Board of Directors' Mandate and Charter

The Board of Directors obtains its mandate from the provisions of the UAE Companies Law and Yahsat's articles of association. Its role is further defined under the provisions of the SCA Corporate Governance Guide. The articles of association contemplate the roles, responsibilities, structures and processes of the Board being further specified in a charter document, and a revised version of the Board of Directors Charter (the BOD Charter) was accordingly adopted at the time of the IPO. The BOD Charter stipulates that Board's mandate includes (without limitation) endorsing or approving the Company's strategic plan, annual budget, capital expenditures and investments, funding requirements, selecting and evaluating the Chief Executive Officer (or equivalent), developing succession plans for senior management, providing risk oversight, setting the ethical 'tone at the top' and providing oversight of the overall system of internal control, governance and compliance.

The BOD Charter addresses matters related to:

- the composition of the Board (including the requirement that at least a majority of the Board is composed of independent, non-executive Directors);
- the roles and requirements of the Chairperson, executive and non-executive Directors and the Board Secretary;
- the appointment of Board members, their induction, training, performance evaluation, compensation;
- the duties and responsibilities of Board members, including the requirement for disclosure of all conflicts of interest as they arise and a quarterly confirmation by each Board member of their conflicts of interest (if any);
- conduct of meetings and decision-making at Board level; and
- the ability to compose Board committees.

(iii) Strategic Direction Versus Operational Management

As noted in the BOD Charter, and consistent with corporate governance norms, the Board of Directors of Yahsat is responsible for setting the strategic direction of the Group. At Yahsat, the discussion, formulation and refinement of the Company's strategy is performed as a collaborative exercise between the Board and management, with the Board having the responsibility for the ultimate decision-making. In this regard, and in recognition of the fast-paced evolution of the space and satellite services industries, the Board held a strategy retreat in November 2022. This gave the Board an opportunity to spend time together to reflect on our industry and explore the opportunities and challenges facing the Group as well as recommending the Group to explore high growth venues (e.g. D2D, IoT, etc.), taking full advantage of the range of perspectives and insights offered by the Board members and management alike, as well as externally-produced data and insights from industry-leading consultants and thought leaders.

Whilst the Board takes principal responsibility for strategic matters, it has delegated the day-to-day operation of the Group's business to the Group's management. The Board has adopted a detailed Delegation of Authority document that defines the way in which certain decisions are taken and the body or role to which the approval authority is designated. For more information, please see the relevant part of the section entitled "Key Governance Documents").

Corporate Governance Report continued

(iv) Decision-making at Board-level

Decisions of the Board of Directors may be effected in two ways – either at a duly constituted and quorate meeting of the Board or by means of a circulated resolution signed by at least a majority of the Directors. The BOD Charter requires that the Board holds meetings on at least a quarterly basis, with Directors permitted to attend in person or by electronic means. During 2022, the Board held 5 meetings, 3 of which were held virtually. The table below shows the attendance at each of the 5 meetings:

	Board Meeting Date				
Name	28 Feb	10 May	8 Aug	7 Nov	5 Dec
Musabbeh Al Kaabi	✓	✓	✓	Proxy to Tareq Al Hosani	✓
Tareq Al Hosani	✓	✓	✓	✓	✓
Rashed Al Ghafri	✓	✓	✓	✓	Proxy to Masood Mahmood
Badr Al Olama	✓	✓	✓	✓	✓
Masood Mahmood	Proxy to Tareq Al Hosani	✓	✓	✓	✓
Maryam Al Mheiri	✓	Proxy to Badr Al Olama		✓	
Adrian Steckel	✓	✓	✓	✓	✓
Peng Xiao	✓	✓	✓	✓	
Gaston Urda	✓	✓	✓	✓	✓

(v) Circular Resolutions

The following resolutions were passed by the Directors by circulation:

Date	Topic
10 February 2022	To approve the 2021 Preliminary Financial Results.
10 February 2022	To approve the appointment of Adrian Georges Steckel as a member on the NRC.
20 September 2022	To approve the distribution of an interim dividend of 8.06 fils per share (8.06% of the nominal value of the share) for H1-2022, representing AED 196,645,483 to be paid to the shareholders registered as at the closing of business day on Friday, 30 September, 2022
21 November 2022	To approve the execution of a Managed Services Agreement between Star Satellite Communications Company PJSC ("Star"), a wholly owned subsidiary of the Company and UAE Ministry of Defence (UAE MOD) represented by Tawazun Council (Tawazun).

Each of these resolutions was presented at the Board meeting following it being passed by circulation, as per the requirements of the SCA Corporate Governance Guide.

(vi) Director Remuneration and Board Committee Remuneration

Prior to Yahsat's AGM in April 2022, a benchmarking exercise has been conducted with respect to Board remuneration against local and regional peers. Peers were selected according to either their industry or their relative size (in terms of revenues and market capitalisation), and an exercise has been undertaken by the Nomination and Remuneration Committee on behalf of the Board, to determine where Yahsat's proposed Director remuneration should be positioned within such benchmarking data in order to balance shareholder value with the need to attract and retain the most suited candidates to the Board of Directors. The same exercise has been undertaken with regard to Board Committee remuneration. In each case, due account has been taken of the limits placed on the potential level of such fees according to the SCA Corporate Governance Guide.

At Yahsat's Annual General Meeting held in April 2022, the Board of Directors' Remuneration Policy issued by the Company pursuant to the SCA Corporate Governance Guide was approved by the shareholders.

The total remunerations of the Board and committee members for the year 2021 (for the period between listing in July 2021 and 31 December 2021) amounted to AED 3,332,876 (paid in 2022), while the proposed Board and committee remunerations for the year 2022 amounted to AED 6,476,849 covering membership in the Board and its Committees along with the allowances for attendance of the Board Committees' meetings.

Board remunerations constitute 1.7% of the net profit of the Company after deducting the amortisations and reserves.

Director's Name	Title	Board Remuneration 2021 (for the period from listing in July 2021 until 31 December 2021)	Proposed Board Remuneration 2022	ARCC Remuneration 2021 (for the period from listing in July 2021 until 31 December 2021)	Proposed ARCC Remuneration 2022	NRC Remuneration 2021(for the period from listing in July 2021 until 31 December 2021)	Proposed NRC Remuneration 2022
Musabbeh Helal Musabbeh Ali Al Kaabi	Chairman, Yahsat	473,973	1,000,000	n/a	n/a	n/a	n/a
Tareq Al Hosani	Board Member, Yahsat	324,110	700,000	n/a	n/a	n/a	n/a

Director's Name	Title	Board Remuneration 2021 (for the period from listing in July 2021 until 31 December 2021)	Proposed Board Remuneration 2022	ARCC Remuneration 2021 (for the period from listing in July 2021 until 31 December 2021)	Proposed ARCC Remuneration 2022	NRC Remuneration 2021(for the period from listing in July 2021 until 31 December 2021)	Proposed NRC Remuneration 2022
Rashed Al Ghafri	Board Member, Yahsat; NRC Member; NRC Chairperson*	284,384	600,000	n/a	n/a	47,397	55,479
Maryam Al Mheiri	Board Member, NRC member, NRC Chairperson	284,384	600,000	n/a	n/a	23,699	94,521
Masood Mahmood	Board Member, Yahsat; NRC Member	284,384	600,000	n/a	n/a	23,699	50,000
Badr Al Olama	Board Member, ARCC Chairperson	284,384	600,000	47,397	100,000	n/a	n/a
Adrian Steckel	Board Member, Yahsat; ARCC Member; NRC Member	284,384	600,000	23,699	50,000	n/a	44,521
Gaston Urda	Board Member, Yahsat; ARCC Member	284,384	600,000	23,699	50,000	n/a	n/a
Peng Xiao	Board Member, Yahsat	284,384	600,000	n/a	n/a	n/a	n/a
Madian Al Hajji	ARCC Member	n/a	n/a	23,699	50,000	n/a	n/a
Amal Al Ameri	ARCC Member, ARCC Chairperson*	n/a	n/a	23,699	50,000	n/a	n/a
Muna Al Mheiri	NRC Member	n/a	n/a	n/a	n/a	Waived	Waived
Amer Siddiqui	NRC Member**	n/a	n/a	n/a	n/a	n/a	32,329
Khaled Al Qubaisi	Chairman, Yahsat*	n/e	n/a	n/a	n/a	n/a	n/a
Dr. Eng. Mohammad Al Ahbabi	Board Member, Yahsat*; HCC Chairperson*	52,603	n/a	n/a	n/a	n/a	n/a
Sara Musallam	Board Member, Yahsat*	52,603	n/a	n/a	n/a	n/a	n/a
Hisham Malak	Board Member, Yahsat; HCC member*	52,603	n/a	n/a	n/a	n/e	n/a
Mounir Barakat	Board Member, Yahsat*	n/e	n/a	n/e	n/a	n/a	n/a
Michael Holden	ARCC member*	n/a	n/a	n/e	n/a	n/a	n/a
Muhannad Al Qudah	ARCC member*	n/a	n/a	n/e	n/a	n/a	n/a
Ebraheem Budeps	HCC member*	n/a	n/a	n/a	n/a	n/e	n/a
Siraj Aftab	HCC member*	n/a	n/a	n/a	n/a	n/e	n/a

*2021; **2022; n/e: Not eligible, pre-IPO (acting in capacity as Mubadala Employee)

For 2022, a proposal to pay fees for Board and Committee remuneration to all Directors will be placed before shareholders at Yahsat's Annual General Meeting for approval.

Corporate Governance Report continued

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

Rashed Al Ghafri, received an amount of AED 50,000, as Board Fees, in his capacity as Chairman of Thuraya Telecommunications Company PJSC.

No Director received a salary from the Company as part of his or her role as a Director, either in 2022 or any prior year.

No fees other than Board fees (as disclosed above) were paid or payable to any of the Directors during 2022.

Certain expenses were incurred directly by the Company in respect of Adrian Steckel's travel and accommodation expenses, in line with Yahsat's policy, for his attendance at the Board Strategy Retreat held in October 2022. The total amount of these expenses was AED 183,980. The total expenses paid for travels of the Chairman Mussabeh Alkaabi amounted to AED 6,700.

(viii) Interests Held in Yahsat Shares and Transactions in 2022 by Board Members and First Degree Relatives

The Directors and their first degree relatives held the following interests in the Company's shares as at 31 December 2022. Details of any sales of shares in the Company during the year are also stated:

Director's Name	Shareholder (Director/Relative)	Shareholding at 1 January 2022	Shares sold in 2022	Shares purchased in 2022	Shareholding at 31 December 2022
Musabbeh Helal Musabbeh Ali Al Kaabi	Chairman	266,710	Nil	Nil	266,710
	Son (1) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil	Nil	49,282
	Son (2) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil	Nil	49,282
	Daughter (1) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil	Nil	49,282
	Daughter (2) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil	Nil	49,282
	Daughter (3) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil	Nil	49,282
Tareq Al Hosani	Vice-Chairman	227,710	Nil	Nil	227,710
Rashed Al Ghafri	Director	181,818	Nil	Nil	181,818
Maryam AlMheiri	Director	Nil	Nil	Nil	Nil
Masood Mahmood	Director	36,363	Nil	Nil	36,363
Badr Al Olama	Director	109,090	Nil	Nil	109,090
Adrian Steckel	Director	Nil	Nil	Nil	Nil
Gaston Urda	Director	199,950	Nil	Nil	199,950
Peng Xiao	Director	Nil	Nil	Nil	Nil

(ix) Dividend Paid in 2022

Following the AGM held in April 2022, a cash dividend for the second half of the year 2021 amounting to AED 192,741,851 (7.9 fils per share) was distributed. An interim dividend of 8.06 fils per share (8.06% of the nominal value of the share) for H1-2022, representing AED 196,645,483, was also paid in October 2022.

(x) Quarterly and Ad Hoc Disclosures by Board Members

The Directors are asked individually, on a quarterly basis, to provide responses to a detailed questionnaire regarding independence, conflicts of interest and other matters relevant to Yahsat or their continued eligibility or suitability as a Director. This is done as an update to the responses given previously, and is administered by the Board Secretary.

The Directors are also required to disclose to the Board Secretary any conflicts of interest or other relevant matters regarding their eligibility or suitability as a Director on an ad hoc basis as they arise.

The Board received detailed training on directors' duties and conflicts of interest (among other topics) from the General Counsel in December 2022.

(xi) Board Training

At the time of appointment, Directors were given a full induction, comprising an introduction to the Group's business, the satellite industry, Yahsat's strategy, its financial position and all aspects of corporate governance relating both to the Company/Group and the role of a director of an ADX-listed company.

Training of the Board members is assessed on an as-needed basis, taking account of recent developments and topics of relevance or interest. Training can be formal or may form part of a segment at a Board meeting or retreat. Most recently, the General Counsel provided detailed training to the Board on topics including corporate governance, directors' duties and potential liability, conflicts of interest, disclosure obligations and the principle of equality of information among shareholders, insider trading, and related party transactions in December 2022.

ESG/Sustainability Training was also provided to the Board, by a leading firm in December 2022, covering areas of Yahsat's sustainability journey, ESG drivers and ratings, the Yahsat sustainability framework and 3-year high level ESG strategy and recommendations on how the Board can promote ESG/Sustainability at Yahsat.

(xii) Evaluation of Board Effectiveness

No less than every three years, the Board is required to invite a suitably accredited independent professional entity to carry out an assessment of effectiveness and operation of the Board of Directors, its members and the Board's Committees. The results of the evaluation are to be shared with the Board, and the key findings shall be shared with the shareholders via an appropriate medium (e.g. the Company's Annual Report). Routine evaluation of Corporate Governance is also carried out by assurance functions internally at Yahsat. The Directors are afforded an opportunity to also provide feedback through an annual questionnaire regarding the effectiveness of directors individually, the Board collectively, the functioning of meetings and the quality of information presented.

Committees of the Board of Directors

To support the Board in the discharge of its duties, it has established two permanent committees:

- the Audit, Risk and Compliance Committee; and
- the Nomination and Remuneration Committee.

Audit, Risk and Compliance Committee (the ARCC)

The ARCC has been a committee of the Company's Board, and a long-standing, key part of the Company's corporate governance and compliance environment, since February 2010. The extensive synergies between the topics of audit, risk and compliance, the significant overlap and association between these topics and the common skills and experience required of those who would form part of any committee considering such matters, all strongly support the unification of such matters under one committee, in line with the permissive regime under the SCA Corporate Governance Guide.

(i) Composition

In accordance with the requirements of the SCA Corporate Governance Guide, the ARCC shall consist of at least three non-executive members of the Board of Directors, of which at least two must also be independent (in each case, as such term is defined by the SCA Rules). The Chairman of the Board of Directors may not be a member of the Committee. As per the ARCC's charter, and consistent with international best practice, all members of the ARCC must be financially literate and possess the knowledge and expertise to fulfil their roles as a member of the committee. At least one member must be a financial expert, having have previous work experience in the field of accounting or financial matters, or hold a scientific qualification or professional certificate in accounting or finance or in other related fields.

As at 31 December 2022, the ARCC was composed of 3 independent non-executive Directors (one of whom acts as Chairman) and two non-Director members, as follows:

- Badr Al Olama (Chairman of the ARCC and member of the Board of Directors)
- Adrian Steckel (member of the Board of Directors)
- Gaston Urda (member of the Board of Directors)
- Amal Al Ameri (Senior Vice President, UAE Investments, Mubadala Investment Company PJSC)
- Madian Al Hajji (Director of Internal Audit, UAE Investments, Mubadala Investment Company PJSC)

As a part of his role as the Chairman of the Audit, Risk and Compliance Committee, Badr Al Olama is responsible for ensuring the committee's overall effectiveness, and that the committee properly complies with all of its stated objectives.

The composition of the Audit, Risk and Compliance Committee was carefully considered at the time of the listing in July 2021. Ms. Al Ameri, formerly a Yahsat Board member, with her extensive financial experience, coupled with her role as the former Chairperson of the ARCC, offers an invaluable contribution to the ARCC and complements the skills and experience brought by the other proposed members of the ARCC. Mr. Al Hajji's experience in matters related to internal audit, internal control and risk management in particular, supplements the ARCC's ability to ensure rigorous oversight of all such matters as well as lending an extremely useful insight into local and regional market practice and best practices. For these reasons, the Board considers their position on the ARCC to be highly value-accretive for Yahsat's internal risk and control system.

The Secretary to the ARCC is Ali Al Fahim, the General Counsel of Yahsat.

It is the duty of each member to bring to the attention of the ARCC Chairperson any conflicts of interest that arise in relation to their appointment, whether at the time of appointment or subsequent thereto. The ARCC Chairperson shall then evaluate any such conflict of interest and make recommendations to the Board of Directors and the remaining ARCC members, should the conflict be such that the composition of the ARCC needs to be adjusted. The ARCC Chairperson may refer any conflict of interest directly to the Board of Directors if he/she deems it more appropriate that only the Board of Directors considers such conflict of interest.

(ii) Mandate and Charter

The purpose of the ARCC is to assist the Board of Directors and management in fulfilling their oversight, governance, risk management and internal control responsibilities relating to:

- the Group's accounting policies and financial reporting process, including the integrity and reliability of the financial statements;
- the annual external audit of each member of the Group's financial statements and the external auditor's (including the responsible audit partner's) qualifications and independence;
- adherence to applicable listing and disclosure rules, regulations and other legal requirements related to financial reporting;
- the systems of internal control, including but not limited to all operational and financial reporting controls;
- the risk management framework, process and controls;
- internal audit; and
- compliance with applicable laws and regulations, the Group's Code of Ethics, contractual arrangements and agreements, and the Group's policies and procedures as established by the management and the Board of Directors.

Corporate Governance Report continued

The ARCC's oversight of financial reporting, accounting policies, external and internal audits, risk management and internal control frameworks enables the Board of Directors to evaluate significant risk and compliance exposure. Its mandate is exhaustively detailed in a charter, but typically, this oversight role involves:

- reviewing and endorsing the financial statements (annual and interim) and consider whether they are complete, consistent and comply with appropriate accounting principles and standards;
- supervising and recommending the selection of external auditors and ensuring assessment of external audit qualifications, independence and performance;
- evaluating the qualification, independence and performance of internal audit and approving the annual internal audit master plan;
- overseeing the development and implementation of the Group's governance, risk management, internal control and compliance framework;
- reviewing the status of compliance with applicable laws and regulations, and adherence to the code of conduct.

The Chairperson of the ARCC reports the proceedings of any prior meeting of the ARCC to each meeting of the Board of Directors.

(iii) Meetings Held in 2022

During 2022, the ARCC held 4 duly constituted and quorate meetings.

	ARCC Meeting Date			
Name	24 Feb	9 May	29 Jul	3 Nov
Badr Al Olama	✓	✓	✓	✓
Adrian Steckel	✓	✓	✓	✓
Gaston Urda	✓	✓	✓	✓
Madian Al Hajji	✓	✓		✓
Amal Al Ameri	✓	✓	✓	✓

(iv) Committee Evaluation

As per the terms of the BOD Charter, at least every three years, the Board shall invite a suitably accredited independent professional entity to carry out an assessment of effectiveness and operation of the Board's Committees.

Nomination and Remuneration Committee (the NRC)

The NRC was formed in July 2021 from the Human Capital Committee (HCC) of the Board of Directors, which had been constituted since August 2014. Whilst the mandate of the NRC covers all areas that were previously within the remit of the HCC, the role of the NRC is much more substantial for two principal reasons. On the one hand, the role and mandate of the NRC has been expanded to incorporate formulation, regulation, and oversight of a range of matters relating to the Board and its members (present and future), as per the requirements of the SCA Corporate Governance Guide and in line with best practice; prior to listing, these activities were undertaken by the sole shareholder. On the other hand, with wide-reaching changes having been made to Yahsat's Delegation of Authority document upon listing, placing much greater authority and responsibility with the Board, the ultimate decision-making regarding many matters relating to Yahsat's management and employees now rests with the Board. These are explored in more detail below.

(i) Composition

In accordance with the requirements of the SCA Corporate Governance Guide, the NRC shall consist of at least three non-executive members of the Board of Directors, of which at least two must also be independent (in each case, as such term is defined by the SCA Rules). The Chairman of the Board of Directors may not be a member of the Committee.

As at 31 December 2022, the NRC was composed of 4 non-executive Directors (two of whom are independent and one of whom acts as Chairman) and one non-Director member, as follows:

- Maryam AlMheiri (Chairperson of the NRC and member of the Board of Directors)
- Rashed Al Ghafri (member of the Board of Directors)
- Masood Mahmood (member of the Board of Directors)
- Adrian Steckel (member of the Board of Directors)
- Amer Siddiqui (Director, UAE Clusters, Head of Asset Management, UAE Investments, Mubadala Investment Company PJSC)

As a part of her role as the Chairperson of the Nomination and Remuneration Committee, Maryam AlMheiri is responsible for ensuring the committees overall effectiveness, and that the committee properly complies with all of its stated objectives.

Considering Mr. Al Ghafri ceased to remain independent, Mr.Steckel was added to the Board to ensure that at least two members on the Committee are independent. Accordingly, Ms. Maryam AlMheiri was elevated to the role of Chairperson of the NRC. Mr. Siddiqui's experience in matters related to Human Capital Policy & Procedures, Compensation & Benefits Frameworks, Succession Planning and various other Human Capital developments, in particular, supplements the NRC's ability to ensure rigorous oversight of all such matters, as well as lending an extremely useful insight into local and regional market practice and best practices. Mr. Siddiqui replaced Muna AlMheiri on the NRC.

The Secretary to the NRC is Ali Al Fahim, the General Counsel of Yahsat.

(ii) Mandate and Charter

The role of the NRC is to assist the Board in the efficient management of compensation and general human resources matters. The key responsibilities of the NRC are to:

- verify the ongoing independence of the independent members of the Board;
- regulate and oversee nomination to the membership of the Board;
- set and review Yahsat's human capital policies and procedures;
- formulate and review, on an annual basis, the framework and broad policy for granting remuneration, terms of employment and any changes, benefits, bonuses, pensions, allowances, gratuities, early retirement and redundancy made to or given to Yahsat's employees, senior management, as well as compensation for Yahsat's Chairman and Board of Directors;

- ensure that suitable succession plans are in place at senior executive levels; and
- review and approve the hiring and termination of senior management staff.

The NRC seeks to ensure that the Group attracts the most suitable Board members and Officers, and that such persons are retained, through appropriate structuring of the Group's compensation plans, policies and programmes, providing incentives for such persons to perform to the best of their abilities for the Group and to promote the success of the Group's businesses.

The Chairperson of the NRC reports the proceedings of any prior meeting of the NRC to each meeting of the Board of Directors.

(iii) Meetings Held in 2022

	NRC Meeting Date				
Name	21 Feb	28 April	28 July	1 Nov	Notes
Maryam Al Mheiri	✓	✓	✓	✓	Appointed as a member and Chairperson of the NRC from 10 February 2022.
Masood Mahmood	✓	✓	✓	✓	
Rashed Al Ghafri	✓	✓	✓	✓	Handed Chairpersonship to Maryam AlMheiri on 10 February 2022
Adrian Steckel		✓		✓	Appointed as a member from 10 February 2022
Muna Al Mheiri	✓	✓			Replaced By Amer Siddiqui on 10 May 2022
Amer Siddiqui			✓	✓	Appointed as a member from 10 May 2022

(iv) Committee Evaluation

As per the terms of the BOD Charter, at least every three years, the Board shall invite a suitably accredited independent professional entity to carry out an assessment of effectiveness and operation of the Board's Committees.

Senior Management

The day-to-day management of Yahsat's operations is conducted by the senior management team, as follows:

Name	Year of birth	Nationality	Position	Year of appointment to current role	Notes
Ali Al Hashemi	1981	United Arab Emirates	Chief Executive Officer	2021	
Andrew Cole	1973	United Kingdom	Chief Financial Officer	2020	
Adnan Al Muhairi	1986	United Arab Emirates	Chief Technology Officer	2021	
Farhad Khan	1968	South Africa	Chief Commercial Officer	2016	Resigned w.e.f. 31 July 2022
Amit Somani	1972	United Kingdom	Chief Strategy Officer	2015	Resigned w.e.f. 7 October 2022
Muna Al Mheiri	1971	United Arab Emirates	Chief Human Capital and Administration Officer	2016	
Khalid Al Kaf	1981	United Arab Emirates	Chief Operations Officer	2021	
Eisa Al Shamsi	1983	United Arab Emirates	General Manager, YGS	2021	
Sulaiman Al Ali	1979	United Arab Emirates	Chief Commercial Officer, Thuraya Chief Executive Officer	2022, 2021	Assumed the role of Chief Commercial Officer w.e.f. 1 July, 2022
Khaled Al Awadhi	1984	United Arab Emirates	Chief Advanced Programmes Management Officer	2022	Took on the role of Chief Advance Program Management Officer w.e.f. 1 July, 2022
Paul Andrews	1975	United Kingdom	General Counsel	2019	Resigned w.e.f. 31 August 2022
Ali Al Fahim	1988	United Arab Emirates	General Counsel	2022	Appointed as Deputy General Counsel w.e.f. 6 June 2022 and General Counsel w.e.f. 1 September, 2022

Corporate Governance Report continued

The Company was proud to be able to promote several individuals from within the Group to C-suite roles during 2022, showing the culmination of a highly successful development and succession programme. Each of these individuals has demonstrated an impeccable pedigree, with several years of service within Yahsat and in relevant industries, bringing a wealth of experience and perspectives to their roles and the Group as a whole. These appointments demonstrate Yahsat's commitment to diversifying the UAE's knowledge-based economy by unlocking Emirati potential and attracting and developing a national cadre of experts. The commitment to foster and develop UAE talent, with a long-term vision of creating a diverse and globally competitive workforce, supports Yahsat's long-term strategy by unlocking human potential and strengthening its innovative satellite business globally.

The management expertise and experience of each of the senior management team is set out below.

Ali Al Hashemi — C*hief Executive Officer*

Mr. Ali Al Hashemi was appointed Group Chief Executive Officer with effect from 18 April 2021 (and Chief Executive Officer Designate from 4 February 2021 up to 18 April 2021), having previously served in concurrent roles as the General Manager of Yahsat Government Solutions (YGS) and Chief Executive Officer of Thuraya. He is the Chairman of the Board of Directors of the aerospace services provider, GAL, and the military aircraft MRO services provider, AMMROC – both owned by ADQ, an Abu Dhabi-based investment and holding company with a broad portfolio of major enterprises. He is also a member of the Executive Committee of the UAE International Investors Council (UAEIIC) and the Board of Directors of the National Space Science and Technology Center (NSSTC). Mr. Al Hashemi successfully led the Yahsat Group's initial public offering (IPO) in the second quarter of 2021, and oversaw its listing on the Abu Dhabi Securities Exchange (ADX) as a public company. He joined Yahsat in 2013. With over 22 years of experience and a proven executive management record of driving sales growth in the satellite industry, Mr. Al Hashemi developed Yahsat's managed services capability in the UAE and other key regional markets and spearheaded the establishment of systems and infrastructure to successfully transform YGS from a small business unit to a fully functional regional government business. He has been instrumental in securing and/or maintaining key backlog contracts for the Group, including the Al Yah 1 and Al Yah 2 CSA and the associated O&M contract and the Thuraya 4-NGS managed capacity services agreement with the Government of the UAE. Mr. Al Hashemi holds an MBA from London Business School.

Andrew Francis Cole — *Chief Financial Officer*

Andrew Cole joined Yahsat in March 2020 and was appointed as its Chief Financial Officer in July 2020. He is responsible for the overall financial management of Yahsat including investor relations and procurement. He has over 25 years of cross-sector experience in senior finance, operational and advisory roles. From 2015 to 2019, he was the Group Financial Controller at SES based in Luxembourg, a company with a constellation of Geostationary and Medium Earth Satellites. In this role, his primary functions covered all aspects of Finance including Investor Relations, Financial Planning, Governance, Risk (including satellite insurance) and Compliance, Treasury, M&A, Accounting and Global Controlling operations. Prior to joining SES, he worked for EY and KPMG London as an external auditor and business adviser to many global enterprises across a variety of different sectors. Mr. Cole is a Fellow of the Institute of Chartered Accountants in England and Wales. He has an Executive MBA degree from École Nationale des Ponts et Chaussées, a postgraduate certificate in International Business from the University of Edinburgh and a degree in Modern Languages from the University of Aston.

Adnan Al Muhairi — *Chief Technology Officer*

Mr. Al Muhairi was appointed as Chief Technology Officer in June 2021, having fulfilled the role of Deputy Chief Technology Officer since January 2020. He joined Yahsat in 2009. He is responsible for Yahsat's satellite fleet, as well as designing and developing end-to-end space systems solutions to better serve Yahsat and Thuraya customers. He was part of the development programme in South Korea as a research and development engineer on the UAE's first successful remote sensing spacecraft, Dubaisat-1 and Dubaisat-2. He has also worked on the UAE's first communication spacecraft, Al Yah 1 and Al Yah 2, and was the Programme Director of the Al Yah 3 space communications system, a highly advanced space network that expanded the Group's services into Brazil, and he has worked on several Government space projects. Mr. Al Muhairi has over 16 years of experience in the space and satellite sector. He has a BSc. in Avionics/Engineering Management from the Higher College of Technology, and completed an intensive course in satellite systems engineering in South Korea, before earning an MBA from the McDonough School of Business from Georgetown University in Washington, D.C.

Muna AlMheiri — *Chief Human Capital and Administration Officer*

Ms. AlMheiri joined the Group in 2007, prior to which she was Manager of Employee Services at Thuraya. In her current role, Ms. AlMheiri is responsible for leading the Group's overall human capital strategy, talent acquisition, learning and development and leadership development, Emiratisation, organisational design and culture development, compensation and benefits, human resource operations, employee relations and administration. Under her leadership, the Group was awarded the prestigious Emiratisation Award from Tawteen for 2018 in three out of four categories: Best Emiratisation Supporting Entity; Emiratisation Pioneer and Best Emirati Employee. In 2022 Ms. AlMheiri was awarded HR Leader of the Year (private sector) at GCC GOV HR Summit. She holds a BA in Business Administration from the United Arab Emirates University.

Khalid Al Kaf — *Chief Operations Officer*

Mr. Al Kaf was appointed as Chief Operations Officer in June 2021, having fulfilled the role of Deputy Chief Operations Officer since January 2020, and is focussed on addressing strategic operational issues that influence business performance and efficiencies of cost. Prior to his new appointment, he held the posts of Executive Vice President and Deputy Chief Operations Officer within the Group. Mr. Al Kaf joined Yahsat in 2017 to merge and lead the Yahsat Operations team. Before joining Yahsat, he was Infrastructure and Operations Director at Etisalat, managing IT infrastructure and operations for applications, hardware, network, business-to-business, software, and IT capacity management. He has more than 18 years of experience, working in the regional and international telecommunications sectors across the MENA region. He holds a BSc in computer engineering from Khalifa University (formerly Etisalat College of Engineering) and also has an Executive MBA from INSEAD Business School, France.

Eisa Al Shamsi — *General Manager, Yahsat Government Solutions*

Mr. Al Shamsi is responsible for Yahsat's Government Business involving the engineering and delivery of state-of-the-art turnkey solutions to meet the strategic and tactical needs of various UAE and regional government entities. With his extensive technical and commercial expertise, Mr. Al Shamsi drives the YGS business, delivering both growth through expanding Yahsat's footprint in the region, and value through widening the presence across the value chains. He joined Yahsat in 2010. Prior to his role as General Manager and Deputy General Manager of Yahsat Government Solutions, he was the Executive Vice President of Engineering and Programme Management at YGS, responsible to deliver YGS projects and managing the design of the Yahsat military network. Mr. Al Shamsi has over 18 years of experience. He holds an Executive MBA from INSEAD and a BSc in Electrical and Electronics Engineering.

Sulaiman Al Ali — *Chief Commercial Officer and Chief Executive Officer, Thuraya*

Mr. Al Ali has more than 20 years of experience, working in the regional and international telecommunications sector across the UAE, Nigeria, Pakistan and Ivory Coast, including at Etisalat and Pakistan Telecommunication Company Ltd. (PTCL). He became Executive Vice President of the Commercial Division within YGS in January 2018, was appointed as Deputy Chief Executive Officer of Thuraya at the beginning of 2020 and promoted as Chief Executive Officer of Thuraya in June 2021. Mr. Al Ali was appointed as Chief Commercial Officer of Yahsat in June 2022. Having joined Yahsat in 2014, he holds a Global Executive MBA from INSEAD Business School, France and a Master's in Management of Entrepreneurial Leadership from Hamdan Bin Mohamed Smart University. He also has a BS in Communication Engineering from Khalifa University.

Khalid Al Awadhi — *Chief Advanced Programmes Management Officer*

Khalid Al Awadhi has more than 17 years of experience, working in the development and deployment of telecommunications and earth observation space systems. He joined the Company in 2009 as a Senior Satellite Specialist, participating in the design, procurement, AIT and launch of Al Yah 1 and Al Yah 2 missions. He progressed with assuming various engineering, management and leadership roles while contributing to more than 10 different commercial, defense and scientific/exploration space missions, including leading Yahsat's Falcon Eye programme teams in the delivery of the Government's very high resolution remote sensing system in addition to assuming the role of Director of Space Missions at the UAE Space Agency in his capacity as EVP of Special Projects. He became Chief Advanced Programmes Management Officer in 2022 with a mandate to activate and gear efforts towards preparing advanced space technologies, operational concepts and capabilities for future commercialisation, in-country industrialisation and further business expansion. He holds an MSc Space Science & Engineering – Space Technology from University College London and a BSc in Electrical Engineering from AUS. He also has an MBA Essentials certificate from London School of Economics & Political Science and a Design Thinking certificate from MIT Sloan School of Management.

Ali Al Fahim — *General Counsel*

Ali Al Fahim is responsible for the management of the Group's legal department and corporate governance function. He joined Yahsat in June 2022 as Deputy General Counsel and was elevated to General Counsel in September 2022. He has over 13 years' experience as legal counsel, specialising in mergers and acquisitions and corporate law. Prior to joining the Company on secondment from Mubadala, Mr. Al Fahim occupied senior corporate legal roles within Masdar and Mubadala. Mr. Al Fahim holds a BCL degree in Law from University College Cork, Ireland and is admitted as a solicitor in England and Wales.

Remuneration

The following table sets out the details of the senior management's remuneration for 2022 (AED):

Position	Total salary and allowances in 2022	Any other cash or in-kind benefits for 2022	Long-term incentive plan (payable in 2022)	Total bonus paid in 2022 (for 2021)*	Total bonus paid for 2022	Notes
Chief Executive Officer	2,497,333	200,000	NA	816,950	870,000	
Chief Financial Officer	1,586,565	–	NA	300,000	366,408	
Chief Human Capital and Administration Officer	1,655,394	–	NA	342,239	364,283	
Chief Strategy Officer	1,124,962	33,000	NA	317,027	NA	Until 7 October, 2022
Chief Commercial Officer and Chief Executive Officer, YahClick	1,090,255	–	NA		NA	Until 31 July, 2022
Chief Technology Officer	1,646,675	150,000	NA	425,434	373,268	
Chief Operations Officer	1,637,825	50,000	NA	411,273	372,888	
General Manager, Yahsat Government Solutions	1,706,610	200,000	NA	525,752	472,752	
Chief Commercial Officer, Chief Executive Officer, Thuraya	1,725,639	178,324	NA	446,985	472,752	Additionally appointed to role of Chief Commercial Officer from 1 July 2022
Chief Advanced Programmes Management Officer	729,341	100,000	NA	255,160	299,142	Appointed to role from 1 July 2022

Corporate Governance Report continued

Position	Total salary and allowances in 2022	Any other cash or in-kind benefits for 2022	Long-term incentive plan (payable in 2022)	Total bonus paid in 2022 (for 2021)*	Total bonus paid for 2022	Notes
General Counsel	887,768.20	81,183.00	NA	580,549.07	NA	until 31 August 2022
	525,389.84		NA	NA	NA	Appointed to role from 1 September, 2022

* Bonus paid in 2022 related to 2021 performance;
# Bonus paid in 2023 related to 2022 performance

External Assurance

(i) The Company's External Auditor

KPMG Lower Gulf Limited (KPMG), of Corniche, Nation Tower 2, 19th Floor, PO Box 7613, Abu Dhabi, UAE, was appointed as Yahsat's external auditor for the fiscal year 2022. KPMG provides audit, tax and advisory services to a broad range of domestic and international, public and private sector clients across all major aspects of business and the economy in the United Arab Emirates. The financial year 2022 was the second year of KPMG's appointment as Yahsat's auditors.

Number of years served as Company's external auditor	Two (FY2021 and FY2022)
Partner name	Avtar Jalif
Number of years served as Company's external audit partner	Two (FY2021 and FY2022)
Total fees for auditing the financial statements of 2022 (including provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting) out of which AED 1,459,782 was approved in the last AGM while the remaining amount will be submitted for approval in the upcoming AGM	AED 1,551,595
Fees and costs for 2022 in relation to quarterly reviews and xBRL filings	AED 514,150
Statement of the other services performed by an external auditor other than the Company's auditor in 2022 (if any)	Refer to table below

KPMG has issued an unqualified audit opinion with respect to Yahsat's audited consolidated financial statements for the year 2022. Furthermore, KPMG issued an unqualified opinion regarding its review of each of Yahsat's quarterly and half-year financial statements during 2022.

(ii) Other Services Performed by an External Auditor Other Than the Company's External Auditor in 2022

The fees paid/payable for services by audit firms other than the Company's external auditor in 2022 amounted to AED 1,455,749. These fees were against assurance and advisory services for the Group. The audit firms which delivered these services were:

1. Crowe Peak
2. SNG Grant Thornton
3. NCS and Associates PSC
4. KPMG Auditores Independentes Ltda.
5. Adebayo Adefeegbe & Co
6. PricewaterhouseCoopers
7. Deloitte & Touche ME
8. Ernst & Young
9. Deloitte Limited Liability Partnership

Internal Control and Risk Management

(i) Risk and Controls Systems

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

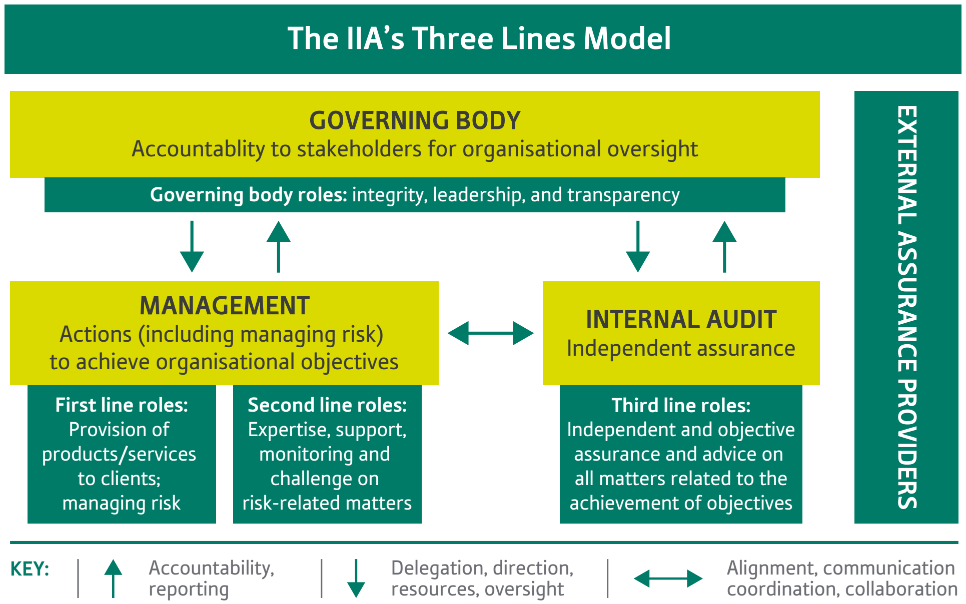
The deployment of effective risk management and internal control is a key success factor towards realising Yahsat's strategic objectives. Therefore, Yahsat has implemented an integrated risk management and internal control approach. The underlying methodology is based on relevant principles set forth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

(ii) Risk and Controls Approach

Yahsat's 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 Yahsat from achieving its strategic objectives.

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

- Management's duty to effectively identify, assess and manage the main risks of Yahsat ('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').
- Yahsat's internal audit function provides independent objective assurance and advice over Yahsat's Risk Management and Internal Control systems ('third line').



(iii) Risk and Controls Organisation

a. Risk Management and Internal Control (Second line)

Yahsat 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 realising Yahsat's 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 in critical processes like strategic planning, financial reporting, business planning, budgeting, investment planning (CAPEX), procurement, information security and satellite operations.

For risk management activities, Yahsat has adopted the ISO 31000:2018 principles. For internal control, Yahsat applies the COSO Internal Control – Integrated Framework: 2013 principles. Yahsat'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.

The RMIC function reports administratively to Yahsat's CEO and functionally to the Audit, Risk and Compliance Committee (ARCC).

b. Ethics and Compliance (Second line)

The Yahsat E&C function is primarily responsible for overseeing compliance with the Yahsat Code of Ethics within the organisation, compliance with applicable laws, regulatory requirements, policies and procedures, and adding value and improving Yahsat's operations and activities. It develops and supports all aspects of the Yahsat Group Ethics and Compliance programme and reports to the ARCC on compliance and integrity in the day-to-day business of Yahsat. For further information regarding Yahsat E&C function, its activities and its achievements, please refer to the section entitled "Ethics and Compliance".

c. Internal Audit (Third line)

Yahsat's Internal Audit function is an independent, objective assurance and consulting activity designed to improve and add value to Yahsat's operations and activities. It provides assurance to the ARCC on the 'in control status' of Yahsat and advises management on risk management, compliance and integrity in the day-to-day business. This encompasses operational, financial, IT, 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 has issued 8 Internal Audit reports and the Internal Audit plan for 2023 to the ARCC during 2022.

The Internal Audit function reports administratively to Yahsat's CEO and functionally to the ARCC.

(iv) Risk and Controls Framework

The Risk Management and Internal Control (RMIC) framework strives to assist the organisation 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 organisation, including vision, mission, principles, guidelines (and policies), objectives, mandate and commitment, plans, relationships, accountabilities, resources, processes and activities.

Yahsat 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 Yahsat's readiness in treatment of the risks and are updated as necessary.

Yahsat has created an enhanced enterprise-wide top risks catalogue 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.

Corporate Governance Report continued

In the pursuit of Yahsat's strategic objectives, it is willing to accept measured risks in a responsible way, taking into account our stakeholders' interests. The Yahsat Board annually reviews and sets Yahsat's strategic objectives, while considering opportunities and threats. All major investment decisions (strategic projects, mergers and acquisitions) need Board endorsement or approval. Yahsat 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, see commentary on Delegation of Authority in the Section entitled "Corporate Governance Overview")), 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 Yahsat Board of Directors for their review and approval.

In line with ADAA Resolution No. 1 of 2017, the Group 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) internally throughout the year, and reviewed by Yahsat's 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 ARCC's scheduled quarterly meetings.

(v) Risk and Controls Enhancements

Yahsat continuously strives to strengthen and enhance its risk management, internal control and compliance practices. In 2022, the following activities were performed and enhancements made:

- Regular, periodic reporting to the ARCC on main uncertainties/threat with regards to strategic priorities was introduced
- Effectiveness of the ICOFR framework was tested
- Several risk assessments were performed to support management decision-making
- Compliance with the SCA Corporate Governance Guide was assessed and relevant corporate policies were updated or drafted and implemented (as appropriate)
- Yahsat Fraud Risk Management framework (including the corresponding fraud risk management policy) was formalised
- Yahsat Risk Appetite Statement and Risk Dashboard were developed
- Created Yahsat Policy Framework to ensure streamlined policies
- Training and awareness of Yahsat Group employees on several risk and compliance topics, including but not limited to fraud, information security, Code of Ethics, trading Yahsat shares and disclosure requirements
- Continuous and ongoing monitoring of the external compliance requirements was conducted and non-compliances were proactively highlighted through various compliance activities
- Yahsat's own Code of Ethics was introduced
- Company-wide Compliance trainings were conducted to build upon the Group's 'ethics and compliance oriented' culture

These enhancements allow focused management, discussion and oversight of each business unit's risk and provide real-time partnership and support to our first line.

(vi) Violations

During 2022, Yahsat 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.

Heads of Risk and Controls Departments

The expertise and experience of each of the risk and control heads is set out below:

Roy Knaven – *Executive Vice President Internal Audit and Risk Management*

Mr. Knaven, who was appointed by the Board in June 2017, heads both the Internal Audit and the Risk Management and Internal Control functions. He has over 22 years of professional experience in the fields of internal audit, technology audit, risk management, internal control, process improvement and investigations in the telecommunication and technology industry, including Royal KPN, VEON and Wolters Kluwer. He began his career as an IT auditor, working at one of the 'Big 4' accountancy firms, EY Netherlands. He holds a master's degree in Information and Technology from the University of Tilburg in the Netherlands and an executive master's degree in IT Auditing from the Tilburg Institute for Advances Studies in the Netherlands. He is a Certified Management Accountant (IMA), Certified Internal Auditor (IIA), Certified Information Systems Auditor (ISACA) and chartered Dutch IT Auditor (NOREA). As a head of Internal Audit, he is responsible for the completion of the annual internal audit plan to provide assurance on the 'in control' situation of Yahsat. His Risk Management and Internal Control responsibilities include the ongoing implementation and enhancement of Yahsat's RMIC Framework.

Clint de Barros – *Compliance Officer*

The Ethics and Compliance function is headed by Clint de Barros, who acts as the Group's Compliance Officer and is also the Board Secretary of Yahsat. In addition to organically establishing and heading the standalone Ethics and Compliance function for the Yahsat Group in July 2021 to ensure Yahsat has a robust compliance programme in place as a publicly listed company, Clint has led the Yahsat Ethics and Compliance function under the auspices of the Mubadala Ethics and Compliance Office since 2018, as the primary compliance resource for the Yahsat Group. In addition to primarily supporting Export Compliance initiatives since 2009, Clint has also been responsible for overhauling the Yahsat Export Control and Sanctions Compliance programme. Since joining Yahsat in 2008, Clint's primary responsibilities included providing principal legal support in corporate governance, major procurements, joint ventures, capacity leases, UAE AF projects, and a range of ad hoc day-to-day operational requirements. Following his LLB (Hons) from Goa University, India, in 2003, he previously worked at Etisalat/E-marine as Contracts Manager-legal, and in private practice in Mumbai and New Delhi, India.

Ethics and Compliance

(i) Introduction

Prior to Yahsat becoming a listed company, the Group's Ethics and Compliance (E&C) Office operated as a discrete Yahsat function ultimately under the auspices of the Mubadala Ethics and Compliance Office. Following the listing, the Group's E&C Office became entirely independent and standalone and the Group adopted its own Code of Ethics. The Yahsat Code of Ethics is a comprehensive statement of ethics and conduct requirements, setting out the basic principles, standards and behaviours necessary to achieve our objectives and uphold our values. It makes clear that we not only follow the law, but strive to operate with the highest levels of ethics and integrity.

This Code applies to everyone who works directly for or represents the Yahsat Group, including all employees, directors and officers of Yahsat and its controlled subsidiaries. We also require our contractors, partners, consultants and suppliers to adhere to certain elements of the Code of Ethics, including the Yahsat Business Partner Code of Conduct.

The Code of Ethics is supplemented and supported by a number of policies, which prescribe standards of conduct and offer further detailed guidance on how the principles enshrined in the Code of Ethics are to be applied. Although we strive to provide clear guidance regarding our ethical obligations, and create a principles-based E&C environment, no policy can ever address every scenario. The absence of direct guidance to address a particular situation does not relieve the Group or any of those to whom the Code of Ethics (and associated policies) applies from the responsibility to act consistently with the law and highest ethical standards of business conduct at all times.

The Company's Board of Directors is responsible for ensuring that there is an effective E&C programme in place. At the direction of the ARCC, the Yahsat Group CEO established an E&C Office that is independent of management, to develop, coordinate and support the E&C programme across the Yahsat Group. The E&C Office reports functionally to the ARCC.

(ii) The Yahsat Code of Ethics

The Code of Ethics is intended to enable the Group to achieve its commercial goals while operating with the highest levels of integrity. It contains provisions requiring the employees and officers to act ethically and in compliance with all applicable laws and regulations, specifically addressing the following areas:

- **Integrity.** The Group is committed to a culture of ethics and compliance by which it conducts global business with integrity and in accordance with applicable laws, rules and regulations.
- **Speaking up.** The Group's management encourages people to speak up when they see or suspect violations of the law, rules, regulations, policies or the Code of Ethics.
- **Respect and Fairness.** Everyone is to be treated with respect, and unfair treatment, harassment, discrimination, abuse or retaliation within the workplace will not be tolerated.
- **Conflicts of Interest.** Conflicts of interest, or perceived conflicts of interest, are required to be disclosed, in order that appropriate action or safeguards can be effected to eliminate any inference of, or actual, impact or prejudice resulting therefrom.
- **Confidentiality and Data Privacy.** Sensitive, confidential and material confidential information and personal data, as defined under the Code of Ethics, is protected.
- **Business Partners.** Customers, partners and suppliers are carefully selected and must conduct their business activities professionally, ethically, and in compliance with applicable laws, rules and regulations.
- **Anti-Bribery and Corruption.** Only gifts and hospitality that are reasonable and appropriate may be accepted, following global anti-bribery and corruption laws, and to avoid the appearance of any conflict of interest that might violate applicable laws or harm relationships or reputations.
- **Working with Governments.** The Group is mindful of forming strategic partnerships with governments and of the special risks and responsibilities those relationships carry.
- **Asset Management and Controls.** Assets and reputation are protected by observing internal controls and recognised financial and accounting practices.
- **Insider Trading, Securities Trading, Fair Competition and Commercial Information.** The Group follows international commercial laws and standards, including intellectual property protections, prohibitions on insider trading and anti-competitive conduct.
- **Export Control and Sanctions Compliance.** The Group is committed to maintaining an effective and continually improving system of export and sanctions compliance tailored to Yahsat's business, governing imports, exports, and international trade. As part of this commitment, Yahsat has developed policies, written materials and training that reflect the Company's procedures in support of export and sanctions compliance.

(iii) The Yahsat E&C Office

Yahsat E&C Office is led by the Head of E&C (or Compliance Officer), who is also charged with implementation of Corporate Governance for the Group. The E&C Office also has three E&C Champions supporting the function. These E&C Champions are embedded across the organisation and from diverse backgrounds to assist the E&C Office in having its ears to the ground and addressing concerns of employees across the organisation. E&C Champions not only support in identifying training needs across the organisation, but also assist in investigations from time to time, annual E&C e-learning and acknowledgements and business partner due diligence.

a. Primary Functions of the E&C Office

The E&C Office leads, develops and supports all aspects of the Group's E&C programme. Its responsibilities include, among other things:

- Empowering a culture of ethics and compliance
- Ensuring everyone, especially leadership, is committed to ethical conduct
- Creating and administering a comprehensive ethics and compliance programme, designed to prevent unlawful or unethical business conduct, and to detect it if it occurs
- Assessing ethics and compliance risks and testing to ensure that internal controls are responsive to those risks
- Investigating and remediating alleged violations of law, regulation or policies and procedures, and ensuring that improper conduct is held consistently and fairly to account

Corporate Governance Report continued

b. E&C Charter

The E&C Office ensures that Group personnel undertake and commit to exercise the levels of integrity and compliance consistent with the Code of Ethics and applicable laws, regulatory requirements, policies and procedures. The scope and core activities carried out by the E&C Office are set out in the Yahsat E&C Charter, and include:

a. Planning: Developing an annual E&C programme plan that reflects the Group's unique characteristics (including an annual employee engagement plan, training, budgeting, risk management, etc.)
b. Policy Procedure and Control Development:
   I. Development of E&C Policies and Procedures as well as design and implementation of associated controls
   II. Reviewing the E&C programme plan periodically in light of any changes
   III. Working in partnership with the Yahsat Internal Audit team to establish policies and programmes that encourage employees of all levels to report suspected fraud and other inappropriate business conduct. The identification and prevention of fraud is the responsibility of management
c. Monitoring
   I. Monitoring compliance with the Code of Ethics and incidental policies
   II. Administering and monitoring the E&C programme
   III. Coordinating internal E&C audit and oversight activities, including periodic reviews of departments. Working in partnership with the Yahsat Internal Audit team on audits with scopes relevant to E&C
   IV. Monitoring, reviewing and approving disclosures as follows:
      i. Conflicts of Interest: Management of Conflicts of Interest disclosures by Board members and employees
      ii. Gifts Entertainment and Hospitality: Assessing and, where appropriate, granting approvals for the receiving or providing of gifts or entertainment in relation to external parties
      iii. Sponsorships: Assessing and, where appropriate, granting approvals for the receiving or providing of sponsorships in relation to external parties
d. Risk Assessment:
   I. Carrying out annual E&C risk assessments in conjunction with the Risk Management Officer
   II. Providing strategic advice and guidance to the Group's management regarding E&C matters
   III. Coordination of efforts related to audits, reviews and checks
e. Training:
   I. Carrying out general E&C training on an annual basis, and as required on an ad hoc basis.
   II. Providing guidance, training and/or educational programmes to improve the Group's understanding of relevant laws and statutory requirements
   III. Determining the necessary level of knowledge regarding the existing and potential regulatory compliance requirements of the Group
f. Reporting:
   I. Preparing clear and concise E&C reports to the ARCC and the Company's Board of Directors
   II. Providing quarterly reports and annual reports to the ARCC and other stakeholders
   III. Communicating with regulatory authorities on E&C matters
g. Investigations: Initiating, leading or assigning independent investigations based on E&C related issues (including cases of potential fraud) in response to reports made to the E&C Office or as otherwise mandated by management or other functions (e.g. Internal Audit, Enterprise Security, or Human Capital), as appropriate
h. Policy updates: Undertaking (or, overseeing) policy updates or improvements based on changes in laws or regulations advised by the legal department, as an outcome of audit recommendations or ARCC recommendations or to address gaps identified in any policies or any incidents that occur.

(iv) Reporting Externally

The E&C Office is also responsible for reporting serious incidents to external regulators to whose jurisdiction Yahsat submits, in line with applicable regulatory requirements. Any reporting to external bodies shall take place in accordance with applicable regulations and shall be done in consultation with the Disclosure Committee, and the ARCC will be informed of and/or consulted regarding requirements to report externally and prior to the external release of any associated reports.

(v) Investigation Reports

Investigation reports are strictly confidential and will only be shared with Yahsat CEO (and, where appropriate, the ARCC), and on a need-to-know basis to the Chief Human Capital Officer, the General Counsel and the Head of Internal Audit. All E&C investigations will result in an E&C Investigation Report being approved by Yahsat CEO.

A summary of critical matters, i.e. matters of serious concern, will be reported by the E&C Office to the ARCC, in addition to statistical updates and trends on non-critical matters.

(vi) Activities Carried out by the E&C Office in 2022

The E&C Office operates on the basis of a charter that established the framework within which the independent E&C function at Yahsat would function, based largely on the Mubadala E&C Programme (which itself is ISO 37001 accredited).

As a part of its mandate, the E&C Office constantly engaged with employees through different media over the course of the year.

Trainings are an integral channel of employee engagement. The trainings conducted by the E&C Office targeted various audiences across the organisation, covering a range of topics including ethical leadership, business partner due diligence, fraud awareness, securities trading, delegation of authority and export control and sanctions compliance.

Annual general E&C training was also conducted for all Group employees, and was attended mandatorily (e-learning) by all employees. During the introduction to this training, the Yahsat CEO emphasised the tone at the top, highlighted the need for employees to be accountable for upholding the Yahsat Code of Ethics and following all applicable laws, regulations and company policies, ensuring that values remain fundamental to their work, emphasising also employee commitment and enthusiasm for "doing the right thing, the right way... and if you see it, say it." A recording of this training has been placed on the Group's intranet to ensure that it is easily available, and at all times, to anyone requiring training or guidance.

The Yahsat E&C Office also obtained an acknowledgement from all employees to ensure that everyone across the Group is fully committed to our values and ethical principles. The acknowledgement covered areas including conflicts of interest disclosures as well as acknowledgement of the Code of Ethics and associated policies.

The E&C Office has an independent helpline dedicated to receiving any concerns that employees might have, or to facilitate the reporting of any matters of concern anonymously. In addition to this, there is a dedicated email address through which employees can raise concerns or seek clarifications. An external-facing email address has also been set up, to enable external parties or business partners to raise any concerns. An E&C mobile application was also introduced in 2022 to enable all employees report concerns and request approval for gifts, entertainment, sponsorships, conflicts of interest, etc., effortlessly and seamlessly.

Through any of the various channels (e.g. helpline, email or direct reporting via line managers), areas of concern are reported to the E&C Office from time to time. The E&C Office reviews all matters placed before it, and forms a committee as appropriate to investigate concerns that might prejudice the ethical framework within which the Company operates. Reports are submitted to the Yahsat CEO, who in-turn authorises disciplinary or corrective actions, as appropriate.

The E&C Office routinely receives disclosures of potential or perceived conflicts of interest for approval. Conflicts of interest can include Financial Interest in an Outside Concern, Holding a Position as Officer or Director in an Outside Concern, Other Associations with Outside Concerns, Employment of a Related Person at the Yahsat Group, Family Members, Friends & Other Personal Relationships (Related Persons), or Use of Confidential Information or Yahsat Group Resources. These disclosures are reviewed on a case-by-case basis in conjunction with management and adjudicated upon appropriately.

From time to time, gifts, entertainment and sponsorships, provided or received, by members of the Group are reported to the E&C Office for review, and where approved, appropriate controls are put in place and monitored to ensure that even the slightest perception of bias or impropriety is neutralised. Only gifts and hospitality that are reasonable and appropriate are approved in line with global anti-bribery and corruption laws and the SCA Corporate Governance Guide, and to avoid the appearance of any conflict of interest that might violate applicable laws or harm relationships or reputations.

The E&C Office, in conjunction with the Yahsat Internal Audit team, conducts risk assessments in relation to the E&C matters on a biannual basis.

(vii) Export Control and Sanctions Compliance

The Head of E&C, under the guidance and oversight of the General Counsel, also supports the Group's Export Control and Sanctions Compliance activities. The Export Control and Sanctions Compliance Office is supported by a spectrum of champions embedded across various key departments throughout the organisation. Export Control champions, trained on various issues related to export control and sanctions are able to assist team members in ensuring compliance with regulatory requirements associated with the day-to-day work, including the preparation of technology control plans, ensuring controlled transfer and storage of physical and electronic control technology, classifying technology, identifying export classification codes and determining what products are permitted to go to which country.

Screening Champions, trained on using the various screening software to identify any SDNs, have also been strategically placed within the organisation to ensure that all business partners are effectively screened to eliminate the risk of anyone within the Yahsat Group ever having to deal with a sanctioned person or entity.

While general Export Control and Sanctions Awareness training was provided as an e-learning module mandatorily for all staff, more detailed training was conducted using specialist external law firm, to a select group of employees including employees dealing with technology and in sensitive jurisdictions, to ensure that they are made aware of the risks, red-flags, obligations and controls in doing their day to day jobs. Recording of this training and Group's Export Control and Sanctions Compliance Policy and Procedure manual are accessible to all staff at all times on the Group's intranet.

Corporate Governance Report continued

Related Party Transactions

The Company aims to operate at the highest level of integrity and transparency. The laws of the UAE and the SCA regulations lay down rules relating to Related Party Transactions. Related Party Transactions can present potential or actual conflicts of interest for Yahsat and may create the appearance that business decisions are based on considerations other than the best interests of Yahsat and its shareholders. However, there are also cases where Related Party Transactions may be in the best interest of Yahsat and its shareholders, and hence the Company has a policy in place to provide a sound framework for the review and approval of these transactions, in accordance with the requirements of the SCA Corporate Governance Guide and UAE Companies Law.

The Company did not conduct any transactions with Related Parties in the year 2022, according to the provisions governing transactions and Related Parties stipulated under the SCA Corporate Governance Guide, which is the authoritative text from a UAE-listed company perspective and pursuant to the UAE Companies Law.

Gender Diversity

The Group is committed to equality, non-discrimination and advancing gender diversity, with a view to increasing the ratio of female representation in all areas of our business. We value diversity in all respects, recognising the benefits that an inclusive and diverse organisation can offer, to our employees, customers, investors and all other stakeholders, and how this can contribute to the formulation and execution of our strategy and operations and ultimately to the success of the Group.

The Board and the Group's management believe that gender diversity should be promoted within a "level playing field" environment. The concept of equality does not imply positive discrimination; the Group aims to increase gender diversity whilst maintaining all of the characteristics and benefits of being a merit-based organisation; only in this way such policies be successfully implemented across the business, ensuring that productivity and results are maintained (and preferably enhanced) against a backdrop of fairness and equality.

To increase, and then maintain, greater gender diversity, one must continually consider the barriers that might exist in the working environment (or challenges outside the working environment) that could otherwise discourage female participation, and address these accordingly to create the aforementioned "level playing field". Actions to address such barriers may include:

- supporting women in the workplace by providing additional benefits to support their growth while maintaining their personal livelihood;
- continuing to actively apply a non-discrimination policy in terms of pay, benefits, employment, promotion;
- supporting initiatives that recognise issues that employees with young families may face, such as flexible working, an extended Working From Home policy for employees with family responsibilities, applying a progressive and modern maternity leave policy with appropriate concessions and benefits (including accommodating nursing mothers wishing to continue nursing after returning to work);
- hosting events in support of women in the workplace and tackling issues faced by female workers that may not apply to their male counterparts;
- ensuring training is accessible for all in the workplace to help individuals to develop their skills and maximise their potential, facilitating more equal representation across all levels of the Company, including management level positions; and
- provide an equal chance for University Interns in all fields of the business and will strive to achieve a 50/50 ratio between applications.

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

At the beginning of 2022 until the end of the year, the number of female Directors amounted to 11% (1 out of 9). The Company's senior management includes one female at C-Level, the Chief Human Capital Officer, Muna AlMheiri.

Health and Safety in the Uncertain Times of COVID

The Corporate Governance of Health and Safety, (HS) at Yahsat is the process by which the board, seeks to secure adequate direction and oversight of HS. This includes the activity of the board and its supporting committees. It is common understanding that the relationship between board members and senior management of safety leadership at Yahsat led by the Chief Executive Officer and followed by the Chief Operations Officer; 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.

Year 2022 was a successful year for Health and Safety in this context considering Yahsat was evolving dynamically internally which came with its own set of challenges and HS was up to the challenge by achieving 100% on their Key Performance Indicators (KPI). Some of the achievements on Corporate Governance are highlighted below:

- Key Performance Indicators (KPIs)
  - Zero fatalities
  - Zero lost time incidents
  - Zero recordable incidents
  - Zero environmental incidents
- **Yahsat was certified for ISO 45001:2018 (Occupational Health and Safety Management System standard)**
- HSE Policy was reviewed and updated to comply with the ISO Standard requirements.
- HSE Management System was reviewed and updated to comply with the ISO Standard requirements.
- Legal Register was prepared to ensure compliance with applicable laws.

On Covid Management, Yahsat has successfully returned to 100% occupancy this year with more than 98% of staff vaccinated, Yahsat Covid Committee has ensured staff returning to work feel safe and secure at the work place.

Investor Relations – Engagement with Shareholders

Since the listing of Yahsat's shares in July 2021, the Investor Relations Department has become the Company's first point of contact for capital market participants. The team communicates with investors and sell-side analysts to update these stakeholders on the Group's activities, strategy and financial performance.

Yahsat is committed to cultivating long-term relationships with its financial stakeholders by engaging in two-way communications with current and potential investors, analysts and other members of the financial community. This is achieved through a variety of communication channels and media: one-on-one and group meetings and conference calls; participation in regional and international investor conferences; undertaking non-deal roadshows; the publication of quarterly financial results, management discussion and analysis reports, and earnings presentations according to a pre-announced calendar; conducting live earnings webinars, replays and transcripts of which are subsequently offered within the Investor Relations section of the Company's corporate website; the regular publication of investor presentations; the publication of the Company's annual, governance and sustainability reports; and the publication of any other material ad hoc announcements throughout the year.

Yahsat strives to disseminate pertinent information to its shareholders and the investment community in an accurate, fair and timely manner, in accordance with its regulatory obligations and industry best practices.

All reports, presentations, releases and investor information is available on Yahsat's Investor Relations website. The website can be accessed via the following link: https://www.yahsat.com/en/investor-relations. All regulatory disclosures are published on the ADX website in the first instance.

The Investor Relations Department of Yahsat is led by Mr. Chadi Salman, Head of Investor Relations, who brings over 15 years of experience working in capital markets and investor relations.

Investor Relations Contact:
Investor Relations Department
Al Yah Satellite Communications Company PJSC
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Abu Dhabi, United Arab Emirates
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Engagement with Regulatory Bodies

In the carrying out of its business, Yahsat and Thuraya interact principally with the following regulatory bodies:

Telecommunication & Digital Government Regulatory Authority (TDRA) – The TDRA is the spectrum and telecommunications regulator for the United Arab Emirates. As a UAE entity, Yahsat has secured licenses as a telecommunication provider, which regulate the services it provides in the UAE as well as the use of spectrum by its satellites and Earth stations.

International Telecommunication Union (ITU) – The ITU is an agency of the United Nations responsible for radiocommunications and telecommunications worldwide. As it pertains to radiocommunications, satellites make use of spectrum, which covers multiple nations and the ITU consequentially serves as the focal point for the management of satellite spectrum used by member states. The work of the ITU in this regard is governed by the Radio Regulations, an international treaty amended every three to four years by means of a World Radiocommunication Conference (WRC). Spectrum rights that have been made available to Yahsat by way of the TDRA were obtained in compliance with the process established in the Radio Regulations. Furthermore, Yahsat supports the TDRA at the WRC to ensure that satellite interests are considered in its deliberations.

As it pertains to telecommunications, the ITU is responsible for standards relating to telephony. As the Thuraya system is part of the public switched telephone network, the country code and mobile operator code assigned to Thuraya is provided by the ITU. Furthermore, Thuraya ensures that call switching and dialling is done in compliance with ITU standards so as to ensure that customer calls are carried out seamlessly.

United Arab Emirates Space Agency (UAESA) – The UAESA is the organisation within the UAE Government responsible for the regulation of operations in outer space. As Yahsat owns assets and operates in space, it looks to the UAESA as its regulator on matters relating to the physical objects it has placed in space. The regulatory oversight of the UAESA focuses on the safe operation of Yahsat Group's satellites and their orderly disposal at the end of their life, in a manner that does not create a risk to other operators.

United Nations Office of Outer Space Affairs (UNOOSA) – The UNOOSA is the branch of the United Nations responsible for application of conventions relating to the use of outer space by all nations that have ratified these conventions. As the UAE has ratified these conventions, Yahsat ensures that its satellites are appropriately registered with the UNOOSA. Furthermore, Yahsat has supported the UAESA in its participation in the Committee on the Peaceful use of Outer Space (COPUOS), a deliberative body seeking the improvement in the conventions and guidelines surrounding the use of space.

Corporate Governance Report continued

Other National Regulators – As Yahsat companies offer services in various countries in Europe, Africa, the Middle East, and Asia, it must ensure that appropriate authorisations are received in each territory. The steps required to obtain these authorisations vary widely from country to country consequential to variations in statute, rules applying these statutes, as well as domestic standards and guidelines. These obligations typically encompass obtaining landing rights, licensing spectrum used by earth stations located on national territory, market access authorisations and equipment certification of compliance with national standards.

Violations – No member of the Group has been notified of any material violations of the regulations promulgated by the above regulatory bodies, and no fines or other sanctions have been imposed.

Statement of Deals (with related parties, which equal or exceed 5% of the Company's share capital)

The Company did not conduct any transactions with Related Parties in the year 2022, according to the provisions governing transactions and Related Parties stipulated under the SCA Corporate Governance Guide, which is the authoritative text from a UAE-listed company perspective and pursuant to the UAE Companies Law.

Statement of Other Significant Events

Changes to Senior Executive Management

On 1 July 2022, Mr. Sulaiman Al Ali was appointed as the Chief Commercial Officer of the Yahsat Group to replace Mr. Farhad Khan, who stepped down from his position. In his new capacity, Mr. Sulaiman Al Ali serves as Chief Executive Officer of both YahClick, Yahsat's data solutions arm, and Thuraya, its mobility business.

On 8 September 2022, Mr. Amit Somani resigned as Chief Strategy Officer of Yahsat (effective from 7 October 2022).

Innovative projects and initiatives undertaken or under development in 2022

In previous years, Yahsat has provided effective communications and connectivity solutions to many of the communities, which lack reliable access to internet. These communication solutions have facilitated access to e-learning opportunities, enhanced healthcare services, telemedicine solutions and information and communication training as well as supported humanitarian and government organisations in disaster and emergency response.

To promote sustainable development, Yahsat continues to innovate and offer sustainable satellite communication services for land, marine and aeronautical applications. During 2022, our data solutions business (YahClick), in partnership with ZARNet, supported rural communities based in Zimbabwe to overcome internet connectivity challenges through the provision of affordable and secure internet connectivity. As a result, 4,500 government sites will gain access to reliable internet connectivity as part of the three-year agreement.

Some of our other innovative product launches last year included Thuraya Push-to-Talk (PTT) that allows users across a wide spectrum of industries to extend the range of their voice communications beyond line of sight (BLOS),

We also acquired a minority stake in eSAT Global, a promising start-up with valuable patented and patent-pending technology, to develop a next-generation platform to cater for fast-growing low-cost, low power and low-data-rate IoT services over GEO satellites. In addition to Yahsat's investment in eSAT, we signed a commercial agreement with eSAT, which will provide us with secure and long-term access to an end-to-end Low Power Wide Area Network (LPWAN) IoT system and portfolio. The system will work over Thuraya's Mobile Satellite Services (MSS) GEO assets and provide customers with IoT portfolio access on a global scale, by leveraging Yahsat's group's presence in over 150 countries. During the year, we also established an Advanced Programmes Management unit to develop and manufacture satellite modems in partnership with Tawazun, thereby enhancing in-country manufacturing capabilities in the area of space technology.

Yahsat continues to innovate and offer sustainable satellite communication services, especially for land, marine and aeronautical applications. In 2022, Yahsat launched the Thuraya SatTrack for Land, a tracking and monitoring service developed for land vehicles. Key benefits of this service include real-time vehicle monitoring, geo-fencing, driver behaviour monitoring, and creating additional fleet insights, all of which can help our customers to adopt more responsible fleet operations, including the reduction of fleet carbon emissions from optimised route planning and improved traffic safety.

During 2022, Yahsat made excellent progress on building capacity and developing new products for the sixth satellite, T4-NGS, and some of these products will also be compatible with the existing Thuraya 2 satellite in Yahsat's fleet. T4-NGS, which is set to launch in the first half of 2024, will be an MSS satellite in geostationary earth orbit offering higher capacity and terminal data rates above 1 Mbps (current Thuraya satellites offer only about 0.4 Mbps).

Yahsat is developing new T4-NGS products for its key UAE Government client and for commercial customers that are also compatible to use with existing satellites. Yahsat expects to launch this product portfolio in 2023 and 2024 that would support enhanced capabilities and new applications for customers.

Contracts Awarded & Agreements

On 14 February 2022, Yahsat's dedicated government arm, Yahsat Government Solutions, was awarded an AED 909.5 million (US$ 247.5 million) mandate to provide enhanced managed services to the UAE Government for its satellite communications capabilities. The agreement augments the previous operations and maintenance services provided, to include technology management support, from January 2022 until the end of 2026. The Agreement represents an important milestone that further strengthens Yahsat's contracted future revenues and reiterates its long-term strategic relationship as the preferred satellite solutions partner for the UAE Government.

In 2022, Yahsat was awarded AED 24 million contract by Abu Dhabi Ship Building (ADSB) to deliver advanced and secure satellite communication solutions. Yahsat will design, deliver and integrate the satellite communication systems in vessels produced by ADSB.

Yahsat was awarded contracts totalling AED 28.3 million in value to enable UAE Government platforms with satcom capabilities and provide an integrated system and ground control services.

In 2022, Yahsat and EDGE joined forces to equip NIMR Vehicles with interoperable satellite connectivity solutions. Yahsat and EDGE agreed to line-fit pre-qualified Comms-On-The-Move (COTM) solutions on NIMR's vehicular systems.

Also, Al Seer Marine and Yahsat joined forces in 2022 to offer interoperable next generation satellite communications capabilities for maritime vessels. The agreement with Al Seer Marine, a UAE marine services company, aims to test and line-fit unmanned surface vessels with advanced Comms-On-The-Move (COTM) satellite communications solutions.

In 2022, Hub71 and Yahsat signed an agreement to advance innovative technologies supporting satellite operations from Abu Dhabi. The agreement establishes HUB71 as Yahsat's Innovation Partner to support Abu Dhabi-based startups with commercial opportunities to advance mobile satellite solutions. Hub71 startup, Mental VR, secured first contract resulting from new partnership to support Yahsat with remote learning.

Contributions to the Development of Local Communities and to Environmental Protection

In 2022, Yahsat provided free online training on satellite communications to empower communities with skills to deploy and operate satellite-enabled critical communications solutions during emergencies such as natural disasters and create awareness about emergency preparedness.

In 2022, Yahsat also supported local communities by educating youth on space. In partnership with Dubai Astronomy, virtual workshops were held for over 950 UAE-based students to celebrate World Space Week, which covered trending technologies and the latest developments in the global space and satellite sector. Space summer camps were also organised to educate youth on space sciences, the basics of space engineering, and space-enabled technologies. During 2022, Yahsat's community investments totalled approximately AED 38,168.

Yahsat contributed in kind to the UAE's 1 Billion Meals initiative, which was the biggest food distribution campaign in the region organised by Mohammed Bin Rashid Al Maktoum Global Initiatives in partnership with the World Food Programme, UNHCR and Food Banking Network.

Yahsat additionally has a commitment to its Saving Lives initiative as a signatory to the United Nations Crisis Connectivity Charter. Through Yahsat Saving Lives, the Group has helped address distress calls involving earthquakes and at sea that have contributed to saving the lives of nearly 130 people in 2022 across Europe, the Middle East and Asia. In November 2022, Yahsat's mobility solution – Thuraya XT-LITE – was utilised to save the lives of seven fishermen who were stranded in waters between the Philippines and Indonesia. During an honorary ceremony held in Manila, Yahsat donated a Thuraya XT-LITE satellite phone to the fishermen and Thuraya MarineStar terminals, which enable data and tracking services, to the Coast Guard.

Emiratisation

Yahsat has consistently maintained Emiratisation targets as part of its corporate KPIs, in line with its commitment to the development of UAE national talent and capability, and in accordance with the UAE Government decrees promulgated by the Executive Council of Abu Dhabi to all government and semi-government companies in the UAE. The broad aim of the national Emiratisation agenda is to reduce unemployment among UAE nationals and to increase the competency levels of the UAE national workforce. Pursuant to these decrees, government and semi-government companies are required to create Emiratisation sections that specialise in executing the UAE National employee development strategy, and Emiratisation statistics and programmes are monitored by the Human Resource Authority on a quarterly basis. Yahsat has always strongly supported this cause and the proportion of the full time workforce at both Yahsat and Thuraya (combined) stood at 52.5% as at 31 December 2022. This amount was up from 52% in 2021 and 51.5% in 2020.

Yahsat provides UAE National employees with opportunities to rotate between roles within the Group to get exposure to the various lines of the business and to build expertise and suitably diverse skillsets. The aim is to develop well-rounded individuals who can make a genuine and valuable contribution to the long-term success of the business, constantly challenging them and pushing their boundaries, hence preparing them for senior positions within Yahsat or the satellite industry. To further the aims of Emiratisation, priority is given to UAE National employees for internal vacancies provided that their performance merits such role and they fulfil the pre-defined selection criteria.

The Human Capital and Administration team, in collaboration with Yahsat management, has also conducted workshops throughout the UAE's educational institutes to provide Emirati undergraduates and graduates with access to the resources needed to develop their knowledge of the satellite and space industries and to promote a career path in this exciting and fast-evolving industry.

Corporate Governance Report continued

Annual General Meeting 2022

The Annual General Meeting (AGM) of the Company on 11 April 2022 was Yahsat's first general meeting of the shareholders as a listed company. The Agenda included the following:

1. Approve the report of the Board of Directors on the Company's activities and its financial position for the year ended 31 December 2021
2. Approve the report of the Company's auditor for the year ended 31 December 2021
3. Approve the Company's balance sheet and profit and loss account for the year ended 31 December 2021
4. Approve the Board of Directors' recommendation to distribute a cash dividend for the second half of the year 2021 amounting to AED 192,741,851 (7.9 fils per share)
5. Approve the payment of AED 3,285,479 (plus any applicable UAE VAT) to the Board of Directors as remuneration for the year ended 31 December 2021
6. Release the Board of Directors from liability for their activities for the year ended 31 December 2021
7. Release the independent auditors from liability for their activities for the year ended 31 December 2021
8. To appoint KPMG Lower Gulf Limited as external auditors for the year 2022 and determine their remuneration for the audit at AED 1,459,786 plus any applicable UAE VAT
9. Approve the Board of Directors' Remuneration Policy issued by the Company pursuant to the Chairman of Authority's Board of Directors' Decision no. (3/R.M) of 2020 concerning the Approval of Joint Stock Companies Governance Guide
10. Approve the Board of Directors' recommendation to amend the dividend policy of the Company as published on the Company's website

All resolutions presented to Yahsat's AGM were passed by majority of the shares represented at the meeting. These included the approval of the Company's financial statements, the auditor's report, the appointment of the Company's external auditor for the year beginning 1 January 2022 and the auditor's fees, the release of the Board and the auditors of any responsibility or liability for any claims that may arise in respect of the financial year ended 31 December 2021, distribution of cash dividend, Board of Directors' Remuneration Policy issued pursuant to the Chairman of the Authority's Board of Directors' Decision no. (3/R.M) of 2020 concerning the Approval of Joint Stock Companies Governance Guide and amend the Company's dividend policy.

Special Resolutions:

The special resolution, as defined in the Company's Articles of Association, is the resolution that requires approval of the Company's General Assembly by votes of a majority of 75% of the shares represented in the Company's General Assembly. Special Resolutions are passed for specific matters defined and specified in the Company's Articles of Association, which are also in conformity with the relevant laws and regulations taking effect in UAE. The Company held one General Assembly meetings during 2022 and passed the following Special Resolutions:

1. To approve the amendment to Articles 9 and 34 of the Articles of Association of the Company as published at the Company's page at ADX and uploaded to the Company's website.
2. To authorise the Board of Directors of the Company, and/or any person so authorised by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement the ordinary and special resolutions to be adopted by the general assembly in this meeting including agreeing any changes to any of the above amendments to the Articles of Association of the Company which the SCA or other regulatory authorities may request and to effect any changes to the Articles of Association or which may be required to prepare and certify a full set of the Articles of Association incorporating all the amendments including the introductory part of the Articles of Association and reference to the resolutions of the general assemblies of the Company amending the Articles of Association and to replace any reference to the repealed commercial companies law with the provisions of the Federal Law by Decree No. (32) of 2021 concerning Commercial Companies.

The Annual General Meeting (AGM) of the Company in April 2023 will be Yahsat's second general meeting of the shareholders as a listed company.

General Information Regarding the Company's Shares

As at 31 December 2022, Yahsat had an issued share capital of AED 2,439,770,265 divided into 2,439,770,265 shares of AED 1.00 each. All of these shares have been admitted to trading on the Abu Dhabi Securities Exchange, ADX, since 14 July 2021.

From 1 December 2021, the Company's shares were included as a constituent of the MSCI Small Cap Indices, including the MSCI All Country World Index (ACWI) Small Cap Index, MSCI Emerging Markets Small Cap Index, and the MSCI UAE Small Cap Index after fulfilling the necessary listing requirements.

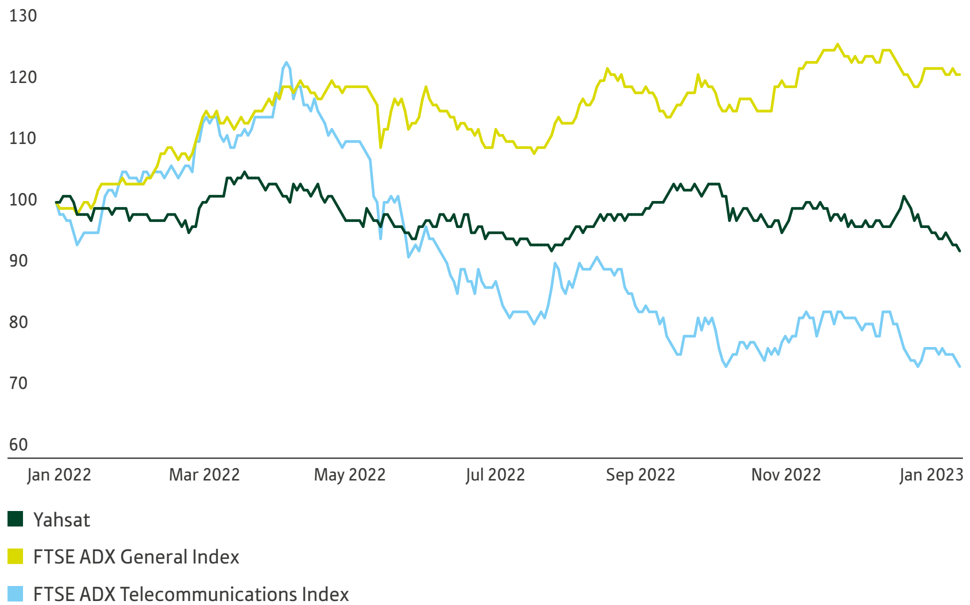
From 20 December 2021, the Company's shares were also added to the FTSE UAE Small Cap Index. By virtue of being a constituent of the FTSE UAE Small Cap Index, Yahsat has also been added to the FTSE Global Small Cap Index, FTSE Global All Cap Index, FTSE Middle East & Africa Small Cap Index, FTSE Middle East & Africa All Cap Index, among others.

(i) Share Price Evolution During 2022

The following table sets forth the share price evolution on a monthly basis during 2022 (shown in AED per share). Changes in Yahsat's share price result from a range of factors, some of which are attributable or related to Yahsat and others that are external in nature, unrelated to the Company:

Month (2022)	Highest closing	Lowest closing	Closing price
January	2.75	2.66	2.69
February	2.68	2.60	2.63
March	2.87	2.70	2.80
April	2.81	2.65	2.66
May	2.69	2.56	2.64
June	2.68	2.57	2.58
July	2.62	2.52	2.62
August	2.73	2.60	2.72
September	2.82	2.64	2.71
October	2.74	2.60	2.74
November	2.73	2.61	2.61
December	2.75	2.50	2.50

The below graph shows the Yahsat's share price performance comparative to the ADX Index and ADX Telecommunication Sector Index during 2022.



(ii) Share Ownership Distribution as at 31 December 2022

The following table sets out the distribution of Yahsat's shares among certain disclosed demographics of shareholder, as at 31 December 2022:

	Percentage of Shares Held			
Shareholder category	Individuals	Corporate	Government	Total
UAE	10.87%	75.12%	5.68%	91.67%
GCC	0.30%	1.04%	0.00%	1.34%
Arab	0.59%	0.02%	0.00%	0.61%
Foreign	0.44%	5.93%	0.00%	6.37%
Total	**12.21%**	**82.11%**	**5.68%**	**100.00%**

Corporate Governance Report continued

(iii) Shareholders Holding 5% or More as at 31 December

The table below shows the shareholders holding 5% or more of the Company's shares and the percentage of their shareholdings in 2022:

Name	Number of Shares Held	Percentage of Shares Held of Yahsat's Capital
Mamoura Diversified Global Holding PJSC	1,536,605,267	62.98%

(iv) Statement of Distribution of Equity According to Size of Holding as at 31 December 2022

The following table illustrates the distribution of shareholdings, according to the number of shares held:

Shareholding	Number of Shareholders	Total Number of Shares Held	Shareholding Percentage
Less than 50,000	1,602	16,801,077	0.69%
50,000 to 500,000	474	80,798,270	3.31%
500,001 to 5,000,000	150	245,087,151	10.05%
5,000,001 or more	36	2,097,083,767	85.95%
Total	**2,262**	**2,439,770,265**	**100.00%**

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; 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", "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 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 realise 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 Group operates; the impact of legal or other proceedings against the Group.

No assurances can be given that the forward-looking statements in this document will be realised. Subject to compliance with applicable law and regulations, Yahsat 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

Supported by the strength of our balance sheet, solid financial performance that saw continued revenue and EBITDA growth during 2022 and positive outlook, Yahsat is well placed to deliver sustainable long-term growth, reward its shareholders through a progressive dividend policy and create value for all its stakeholders.

Board of Directors' Report

31 December 2022

The Directors have pleasure in presenting their report, together with the audited consolidated financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022.

Principal activity

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 and appropriations

For the year ended 31 December 2022, the Group reported revenue of $432,540 thousand (2021: $407,569 thousand) and profit for the year attributable to the shareholders of $65,564 thousand (2021: $69,762 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 21 of the consolidated financial statements.

Directors

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

Auditors

The consolidated financial statements for the year ended 31 December 2022 have been audited by M/s KPMG Lower Gulf Limited.

On behalf of the Board of Directors

Chairman of the Board
Musabbeh Al Kaabi

Date: 27 February 2023

Independent Auditors' Report

to the Shareholders of Al Yah Satellite Communications Company PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Yah Satellite Communications Company PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable requirements of Financial Statements Auditing Standards for the Subject Entities issued vide ADAA Chairman's Resolution No. (88) of 2021 in the United Arab Emirates (ADAA Auditing Standards). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical and independence requirements of ADAA that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

See note 5 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Revenue recognition is considered a key audit matter because of the: • judgments and estimates involved in identification of the lease and non-lease components, classification of lease and recognizing revenue in accordance with the provisions of IFRS 16 and IFRS 15; • reliance on multiple, complex information technology (IT) systems and tools used in the initiation, authorization, processing and recording of mobility & data solutions revenue transactions; • volume of transactions; and • the application of revenue recognition standards is complex and involves the exercise of a number of key judgments and estimates in identification of the performance obligations that the Group has in its variety of contracts with the large number of customers and the timing of fulfilling those obligations. We also identified a risk of management override through inappropriate manual topside revenue journal entries as revenue is a key performance indicator for management and Group performance.	Our procedures included, amongst others: • We held discussions with management on IFRS accounting analysis, performed testing of revenue contracts on sample basis and tested that the underlying revenue transactions were accounted in accordance with the relevant IFRS standards; • We obtained an understanding of the significant revenue processes and performed walkthroughs to identify key systems and applications, IT controls and manual controls that are relevant to revenue recognition; • We evaluated the design and implementation and tested the operating effectiveness of the Group's manual and IT controls relating to the initiation, processing and recording of the above revenue transactions. In doing so, we involved our IT specialists to assist in the audit of general IT environment and the key controls in relevant IT applications and supporting tools, including interface controls between different IT systems; • On a sample basis, we tested that the revenue recognised during the year agrees with underlying contractual arrangements; • We tested the reconciliations between the general ledgers and the IT systems for all the key revenue streams; • We undertook analytical reviews and performed substantive analytical procedures on key revenue streams; • On a sample basis, we evaluated the lease and non-lease elements included in infrastructure contracts in accordance with IFRS 16 and 15; and • On a sample basis, we tested supporting evidence for manual journal entries posted to revenue accounts.

Impairment of non-financial assets

See Notes 3 and 18 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The carrying value of the Group's non-financial assets amounted to USD 1,229 million as of 31 December 2022, which represents 61% of the Group's total assets as of that date. The Group considers non-financial assets relating to key revenue segments (which are infrastructure, mobility and data solutions) and equity accounted investments to be separate cash-generating units ("CGU"). Consequently, if there are triggers for an impairment assessment for any of these CGUs in accordance with the relevant accounting standards, then these are conducted by the Group on a CGU basis. Such assessments consider the recoverability of these assets by comparing their respective estimated fair value with carrying amounts. The estimated fair value of the non-financial assets might be impacted by events that may or may not be under the Group's control. Their recoverable amount is also dependent on the remaining useful economic life of the non-financial assets, particularly satellites. The estimation of these fair values is arrived by projecting the cash flows for the CGUs, discounted at an appropriate rate, using various assumptions, which involves significant judgment. Given the significance of these non-financial assets and the significant level of estimation and judgment applied to assess their recoverability, impairment of non-financial assets has been considered as a key audit matter.	Our procedures included, amongst others: • We obtained an understanding of the impairment assessment process, including assessment of triggering events, and identified key controls that are relevant to impairment assessment process; • We evaluated the design and implementation of the controls over the Group's impairment assessment process; • We challenged the Group's methodology in relation to identification of CGUs given our understanding of its operating and business structure, process of management review and reporting and the independence of the cash flows associated with the respective CGUs; • We discussed with management and in particular, the engineering team about any health issues pertaining to satellites of the respective CGUs and evaluated their impact on the satellites' capability to generate future cash inflows, and on the recoverable amount of the respective CGUs. In doing so, we involved our technical specialists to assess the satellites' health reports of key revenue segments; • We engaged our valuation specialists to test the reasonableness of the key assumptions underpinning the valuation of the respective CGUs, including the discount and terminal growth rates; • We reconciled the cash flows used in the valuation workings to business plans prepared by the Group or approved by the respective Board of Directors reflecting management's best estimate as at 31 December 2022; • We assessed the reasonableness of the assumptions underpinning the cash flow projections used in the impairment models including the sensitivity analysis; • We evaluated the adequacy of impairments that were recognized during the year; • We tested the reasonableness of the Group estimates by undertaking a retrospective review of its estimates made in the prior period; and • We assessed the adequacy of disclosures in the consolidated financial statements in accordance with the applicable financial reporting framework.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report and information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Directors' Report, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of the auditors' report.

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, 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 read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Independent Auditors’ Report continued

to the Shareholders of Al Yah Satellite Communications Company PJSC

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 Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, and the applicable provisions of Law No. (1) of 2017 (as amended) concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance and applicable provisions of the laws and regulations 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.

Auditors’ 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 auditors’ 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 ADAA Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and ADAA Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditors’ 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 auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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

Further, as required by the UAE Federal Decree Law No. 32 of 2021 we report that for the year ended 31 December 2022:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;
iii) the Group has maintained proper books of account;
iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
v) as disclosed in note 19 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2022;
vi) note 21 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2022; and
viii) note 8 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2022.

Further, as required by the Abu Dhabi Accountability Authority's Chairman Resolution No.(88) of 2021 pertaining to Financial Statements Auditing Standards for the Subject Entities, we report that based on the procedures performed and information provided to us by management and those charged with governance, nothing has come to our attention that causes us to believe that the Company has not complied, in all material aspects, with any of the provisions of the following laws applicable to its activities, regulations and circulars as applicable, which would have a material impact on the consolidated financial statements as at 31 December 2022:

i) Law No. (1) of 2017 (as amended) concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities;
ii) its Memorandum/Articles of Association or the UAE Federal Decree Law No. 32 of 2021 which would materially affect its activities or its financial position as at 31 December 2022; and
iii) relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Company's consolidated financial statements.

KPMG Lower Gulf Limited

Avtar Singh Jalif
Registration number: 5413
Abu Dhabi, United Arab Emirates
27 February 2023

Consolidated Statement of Profit or Loss

for the year ended 31 December 2022

	Notes	2022 $ 000	2021 $ 000
Revenue	5	**432,540**	407,569
Cost of revenue	6	**(48,296)**	(45,478)
Staff costs	7	**(85,474)**	(85,506)
Other operating expenses[(1)]	8	**(44,974)**	(38,427)
Other income	9	**3,884**	2,323
Adjusted EBITDA[(2)]		**257,680**	240,481
Depreciation, amortisation and impairment	10	**(144,471)**	(148,590)
Fair value adjustment on investment property	14	**1,584**	(1,906)
Operating profit		**114,793**	89,985
Finance income	11	**8,497**	395
Finance costs	11	**(9,595)**	(17,703)
Net finance costs		**(1,098)**	(17,308)
Share of results of equity-accounted investments[(3)]	18	**(53,303)**	(9,589)
Profit before income tax		**60,392**	63,088
Income tax expense		**(175)**	(215)
Profit for the year		**60,217**	62,873
Loss for the year attributable to non-controlling interests	17	**(5,347)**	(6,889)
Profit for the year attributable to the Shareholders		**65,564**	69,762
Earnings per share			
Basic and diluted (cents per share)	35	**2.687**	2.859

(1) Other operating expenses include expected credit losses on trade receivables and contract assets. For the year ended 31 December 2022, there was a net reversal of expected credit losses of $859 thousand (2021: $2,418 thousand).
(2) Adjusted EBITDA is a non-GAAP measure and refers to earnings before interest, tax, depreciation, amortisation, impairment, fair value adjustment on investment property and share of results of equity-accounted investments. Refer to Note 4 for a reconciliation of Adjusted EBITDA to profit for the year.
(3) Share of results of equity-accounted investments for the year include impairment loss of $40,575 thousand (2021: nil) in respect of the Group's investment in HPE Brazil.

The notes on pages 109 to 163 form part of these consolidated financial statements.
The independent auditors' report is set out on pages 100 to 103.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	2022 $ 000	2021 $ 000
Profit for the year		**60,217**	62,873
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Cash flow hedge – effective portion of changes in fair value		**46,409**	3,488
Cash flow hedge – (gain)/loss reclassified to profit or loss	11	**(3,430)**	11,595
Foreign operations – currency translation differences		**5,300**	(7,485)
		48,279	7,598
Items that may not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation	29	**1,929**	–
Other comprehensive income for the year		**50,208**	7,598
Total comprehensive income for the year		**110,425**	70,471
Total comprehensive loss attributable to non-controlling interests	17	**(5,353)**	(6,889)
Total comprehensive income attributable to the Shareholders		**115,778**	77,360

The notes on pages 109 to 163 form part of these consolidated financial statements.
The independent auditors' report is set out on pages 100 to 103.

Consolidated Statement of Financial Position

at 31 December 2022

	Notes	2022 $ 000	2021 $ 000
Assets			
Property, plant and equipment	13	**1,144,224**	1,131,294
Investment property	14	**19,981**	20,231
Right-of-use assets	15	**5,852**	15,288
Intangible assets	16	**7,210**	9,828
Equity-accounted investments	18	**64,054**	116,203
Trade and other receivables	22	**10,382**	10,382
Derivative financial instruments	26	**32,214**	3,210
Other investments	19	**2,950**	–
Deferred income tax assets		**132**	129
Total non-current assets		**1,286,999**	1,306,565
Inventories	20	**7,232**	5,863
Trade and other receivables	22	**168,259**	147,625
Derivative financial instruments	26	**17,202**	1,644
Income tax assets		**182**	187
Cash and short-term deposits*	23	**544,699**	400,274
Total current assets		**737,574**	555,593
Total assets		**2,024,573**	1,862,158
Liabilities			
Trade and other payables	24	**171,161**	82,253
Borrowings	25	**121,077**	62,669
Derivative financial instruments	26	**–**	193
Deferred revenue	27	**24,809**	26,988
Income tax liabilities		**215**	163
Total current liabilities		**317,262**	172,266
Trade and other payables	24	**367,679**	291,000
Borrowings	25	**407,251**	469,568
Provision for employees' end of service benefits	29	**9,897**	11,238
Total non-current liabilities		**784,827**	771,806
Total liabilities		**1,102,089**	944,072
Net assets		**922,484**	918,086
Equity			
Share capital	30	**664,334**	664,334
Hedging reserve	26	**48,405**	5,426
Statutory reserve	32	**20,929**	9,567
Translation reserve		**(24,353)**	(29,687)
Remeasurement reserve		**1,901**	–
Retained earnings		**139,919**	191,744
Equity attributable to the Shareholders		**851,135**	841,384
Non-controlling interests	17	**71,349**	76,702
Total equity		**922,484**	918,086

* Cash and short term deposits include cash and cash equivalents of $213,994 thousand (31 December 2021: US$ 277,738 thousand).

These consolidated financial statements were authorised for issue by the Board of Directors on 27 February 2023 and approved on their behalf by:

Chairman of the Board
Musabbeh Al Kaabi

Chief Executive Officer
Ali Hashem Al Hashemi

Chief Financial Officer
Andrew Francis Cole

The notes on pages 109 to 163 form part of these consolidated financial statements.
The independent auditors' report is set out on pages 100 to 103.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Attributable to the Shareholders							
	Share capital $ 000 (Note 30)	Additional paid-in capital $ 000 (Note 30)	Hedging reserve $ 000 (Note 26)	Other Reserves(1) $ 000	Retained earnings $ 000	Total $ 000	Non-controlling interests $ 000 (Note 17)	Total equity $ 000
At 1 January 2021	2,722	661,612	(9,657)	(18,099)	259,946	896,524	83,591	980,115
Profit for the year	–	–	–	–	69,762	69,762	(6,889)	62,873
Other comprehensive income:								
Currency translation differences	–	–	–	(7,485)	–	(7,485)	–	(7,485)
Cash flow hedge – effective portion of changes in fair value	–	–	3,488	–	–	3,488	–	3,488
Cash flow hedge – net loss reclassified to profit or loss (Note 11)(2)	–	–	11,595	–	–	11,595	–	11,595
Other comprehensive income/(loss) for the year	–	–	15,083	(7,485)	–	7,598	–	7,598
Total comprehensive income/(loss) for the year	–	–	15,083	(7,485)	69,762	77,360	(6,889)	70,471
Conversion of additional paid-in capital to share capital (Note 30)	661,612	(661,612)	–	–	–	–	–	–
Transfer to statutory reserve	–	–	–	5,464	(5,464)	–	–	–
Transactions with the Shareholder:								
Dividends (Note 31)	–	–	–	–	(132,500)	(132,500)	–	(132,500)
At 31 December 2021	664,334	–	5,426	(20,120)	191,744	841,384	76,702	918,086
At 1 January 2022	**664,334**	**–**	**5,426**	**(20,120)**	**191,744**	**841,384**	**76,702**	**918,086**
Profit for the year	**–**	**–**	**–**	**–**	**65,564**	**65,564**	**(5,347)**	**60,217**
Other comprehensive income:								
Currency translation differences	**–**	**–**	**–**	**5,334**	**–**	**5,334**	**(34)**	**5,300**
Cash flow hedge – effective portion of changes in fair value	**–**	**–**	**46,409**	**–**	**–**	**46,409**	**–**	**46,409**
Cash flow hedge – net gain reclassified to profit or loss (Note 11)	**–**	**–**	**(3,430)**	**–**	**–**	**(3,430)**	**–**	**(3,430)**
Remeasurement of defined benefit obligation	**–**	**–**	**–**	**1,901**	**–**	**1,901**	**28**	**1,929**
Other comprehensive income/(loss) for the year	**–**	**–**	**42,979**	**7,235**	**–**	**50,214**	**(6)**	**50,208**
Total comprehensive income/(loss) for the year	**–**	**–**	**42,979**	**7,235**	**65,564**	**115,778**	**(5,353)**	**110,425**
Transfer to statutory reserve	**–**	**–**	**–**	**11,362**	**(11,362)**	**–**	**–**	**–**
Transactions with the Shareholders:								
Dividends (Note 31)	**–**	**–**	**–**	**–**	**(106,027)**	**(106,027)**	**–**	**(106,027)**
At 31 December 2022	**664,334**	**–**	**48,405**	**(1,523)**	**139,919**	**851,135**	**71,349**	**922,484**

(1) Other reserves include statutory reserve, translation reserve and IAS 19 remeasurement reserve.
(2) The amount includes $5,156 thousand on account of discontinuance of hedge accounting (Note 26) and $6,439 thousand relating to periodic reclassifications to profit or loss.

The notes on pages 109 to 163 form part of these consolidated financial statements.
The independent auditors' report is set out on pages 100 to 103.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Notes	2022 $ 000	2021 $ 000
Operating activities			
Profit before income tax		**60,392**	63,088
Adjustments for:			
Share of results of equity-accounted investments	18	**53,303**	9,589
Depreciation, amortisation and impairment	10	**144,471**	148,590
Reversal of allowance for expected credit losses	22	**(859)**	(2,418)
Allowance (reversal of allowance) for inventories	20	**168**	(1,087)
Fair value adjustment to investment property	14	**(1,584)**	1,906
Finance income	11	**(8,497)**	(395)
Finance costs	11	**9,595**	17,703
Gain on termination of lease		**(1,548)**	–
Gain on disposal of property, plant and equipment		**–**	(31)
Provision for employees' end of service benefits	29	**1,757**	2,148
Write-off of property, plant and equipment	13	**17**	5
Operating profit before working capital changes		**257,215**	239,098
Working capital changes:			
Trade and other receivables		**(19,775)**	(17,066)
Inventories		**(1,537)**	8,514
Trade and other payables[1]		**154,815**	(6,305)
Deferred revenue		**(2,179)**	4,893
Employee end of service payments	29	**(1,612)**	(1,418)
Income tax paid		**(121)**	(381)
Net cash from operating activities		**386,806**	227,335
Investing activities			
Purchases of property, plant and equipment	13	**(131,164)**	(152,426)
Additions to intangible assets	16	**(1,006)**	(520)
Proceeds on disposal of property, plant and equipment		**–**	49
Investment in an associate	18	**–**	(9,880)
Return of investment in an associate	18	**4,225**	2,080
Acquisition of other investments		**(2,950)**	–
Receipts of short-term deposits with original maturity of over three months		**288,030**	120,000
Investments in short-term deposits with original maturity of over three months		**(496,199)**	(122,536)
Interest received		**8,497**	395
Net cash used in investing activities		**(330,567)**	(162,838)
Financing activities			
Proceeds from term loans	25	**61,687**	532,819
Repayment of term loans	25	**(60,969)**	(255,717)
Payment of lease liabilities	15	**(4,824)**	(4,254)
Interest paid		**(10,910)**	(7,497)
Transaction costs on borrowings refunded/(paid)	25	**969**	(16,290)
Settlement of derivative contract liabilities	26	**–**	(8,555)
Dividend paid to the Shareholders	31	**(106,027)**	(132,500)
Net cash (used in)/from financing activities		**(120,074)**	108,006
Net (decrease)/increase in cash and cash equivalents		**(63,835)**	172,503
Net foreign exchange difference		**91**	320
Cash and cash equivalents at 1 January		**277,738**	104,915
Cash and cash equivalents as at 31 December	23	**213,994**	277,738

(1) Amount for the year ended 31 December 2022 includes receipt of the first instalment of the T4-NGSA Advance Payment of $150 million.

The notes on pages 109 to 163 form part of these consolidated financial statements. The independent auditors' report is set out on pages 100 to 103.

Notes to Consolidated Financial Statements

for the year ended 31 December 2022

1 Corporate 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 (refer to Note 30).

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 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’s principal activity is the leasing of satellite communication capacity and providing telecommunication services via satellite to customers. Details of the Company’s subsidiaries and its equity-accounted investees are set out in Notes 17 and 18.

2 Significant accounting policies

2.1 Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB) and comply where appropriate, with the Articles of Association and applicable requirements of the laws of the UAE.

The Group is required, for the year ended 31 December 2022, to be in compliance with the provisions of UAE Federal Decree Law No. 32 of 2021 on Commercial Companies or Commercial Companies Law, which was issued on 20 September 2021 and came into effect on 2 January 2022. The Commercial Companies Law replaced the previously applicable UAE Federal Decree-Law No. 2 of 2015 on Commercial Companies, as amended.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, other investments and investment property, 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 consolidated financial statements are presented in United States Dollars (“US$” or “$”), 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 US$ has been rounded to the nearest thousand (“$ 000”), unless stated otherwise.

2 Significant accounting policies continued

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. The basis of consolidation is referred in the following notes:

Basis of consolidation	Note
(i) Subsidiaries	17
(ii) Investments in associates	18
(iii) Transactions eliminated on consolidation	17,18
(iv) Business combinations	37
(v) Transfer of entities under common control	37
(vi) Loss of control of a subsidiary	37
(vii) Acquisition of an associate in a business combination	37

2.3 Summary of significant accounting policies

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

Non-derivative financial assets comprise loans and 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 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 at fair value through OCI.

2 Significant accounting policies continued

2.3 Summary of significant accounting policies continued

A) Financial instruments continued

(i) Non-derivative financial assets continued

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.

Financial assets and liabilities are offset and the net amount presented in the consolidated 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.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, where the time value of money is material, receivables are measured at amortised cost using the effective interest method, less impairment losses, if any.

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

(ii) Non-derivative financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such 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 the obligation under the liability is discharged or cancelled or expires. 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.

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.

Non-derivative financial liabilities comprise trade payables, amounts due to related parties, borrowings and other payables and accruals.

(iii) Derivative financial instruments including hedge accounting: Refer to Note 26.

B) Revenue from contract with customers

Refer Note 5.

C) Leases – the Group as a lessor

Refer Note 5 (Infrastructure services) and Note 14 (Investment property).

2 Significant accounting policies continued

2.3 Summary of significant accounting policies continued

(iii) Derivative financial instruments including hedge accounting: Refer to Note 26. continued

D) Finance income
Refer Note 11.

E) Other income
Refer Note 9.

F) Property, plant and equipment
Refer Note 13.

G) Investment property
Refer Note 14.

H) Leases – the Group as a lessee
Refer Note 15.

I) Intangible assets
Refer Note 16.

J) Borrowing costs
Refer Note 11.

K) 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 recognises 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 recognised 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.

2 Significant accounting policies continued

2.3 Summary of significant accounting policies continued

(iii) Derivative financial instruments including hedge accounting: Refer to Note 26. continued

K) Impairment continued

Non-financial assets and investment in associates

The carrying amounts of the Group's non-financial assets and investments in associates 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.

The recoverable amount of an asset or cash-generating unit 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 asset. For the purpose of impairment testing, 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").

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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss on investment in associates is recognised if its carrying amount exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss and included within share of results.

Impairment losses recognised 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.

L) Foreign currency

Transactions in foreign currencies are translated to US$ at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to US$ at the exchange rate at that date. The resultant foreign exchange gains and losses are recognised in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Where functional currencies of subsidiaries are different from US$, income and cash flow statements of subsidiaries are translated into US$ at average exchange rates for the year that approximate the cumulative effect of rates prevailing on the transaction dates and their assets and liabilities are translated at the exchange date ruling at the end of the reporting period. The resulting exchange differences are recognised in the consolidated statement of other comprehensive income.

The Group's share of results and share of movement in other comprehensive income of equity accounted investments are translated into US$ at average exchange rates for the year. Translation differences relating to investments in associates and monetary assets and liabilities that form part of a net investment in a foreign operation are 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.

M) Employee terminal benefits

Refer Note 7.

N) 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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

2 Significant accounting policies continued

2.3 Summary of significant accounting policies continued

(iii) Derivative financial instruments including hedge accounting: Refer to Note 26. continued

O) Income tax

Refer Note 12.

P) Government Grants

Refer Note 28.

Q) 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.

R) 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.

2 Significant accounting policies continued

2.4 Changes in 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 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 orIFRIC 21 Levies, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments did not have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group applied these amendments to contracts for which it had not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applied the amendments. The amendment did not have a material impact on the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. These amendments had no impact on the consolidated financial statements of the Group as it is not a first time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the year.

IFRS 16 Leases – Lease incentives

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments did not have a material impact on the Group.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

2 Significant accounting policies continued

2.5 Standards issued but not yet effective

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.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and are to be applied retrospectively. The Group is assessing the potential impact of this amendment.

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 with earlier adoption permitted. The amendment is not expected to have a material impact on the Group.

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 is not expected to 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 is not expected to have a material impact on the Group.

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.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

i) Capital management (Note 36)
ii) Financial instrument risk management (Note 36)

Significant accounting judgements

Judgements relating to revenue from contract with customers

Refer Note 5.

3 Significant accounting judgements, estimates and assumptions continued

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period in the lease term for a) satellite capacity leases where the intention to renew is supported by an approved business case and b) for lease of buildings housing satellite gateways where there are no approved plans for relocation of gateways or cancellation of leases. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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 of 31 December 2022.

Significant accounting estimates

Impairment of non-financial assets

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. 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.

During the year, the Group identified indicators that its BCS cash generating unit ('BCS CGU') may be impaired. Accordingly, the recoverable amount was calculated based on BCS CGU's estimated fair value less costs of disposal, calculated by discounting its projected cash flows from approved financial forecasts – a Level 3 fair value hierarchy assessment. The cash flow projections cover the period from 2023 to 2031 extrapolated into perpetuity at a 2.4% growth rate and discounted using a discount rate of 15.5%. The recoverable amount of the BCS CGU exceeded the carrying value by $7,272 thousand as of 31 December 2022, indicating the CGU is not impaired. An increase of 0.5% in the discount rate would result in a lower recoverable amount by $6,710 thousand.

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.

3 Significant accounting judgements, estimates and assumptions continued

Significant accounting estimates continued

Impairment of equity-accounted investments continued

During the year, the Group identified indicators that its investment in HPE ('HPE cash generating unit' or 'HPE CGU'), which is an operating segment included in 'Others' (refer Note 4), may be impaired due to a rapid deterioration in the global macro-economic environment which primarily impacted the discount rate used in assessing the recoverable amount of this investment. The recoverable amount was calculated based on HPE CGU's estimated fair value less costs of disposal, calculated by discounting its projected cash flows – a Level 3 fair value hierarchy assessment. These cash flows reflect HPE CGU's approved business plan which include assumptions that are broadly in line with what a market participant would make. The cash flow projections cover the period from 2023 to 2037 considering various qualitative factors, extrapolated into perpetuity at a 3.0% growth rate and discounted using an estimated discount rate. The significant increases in interest rates, a significant strengthening of the US Dollar against a number of currencies and a general repricing of risk premiums led to a significant increase in the discount rate during this period to 14.0%. This impairment assessment resulted in a (non-cash) impairment loss of $40,575 (2021: nil) which has been recorded within the share of results of equity accounted investments (Note 18). Following the recognition of this impairment loss the carrying value of the Group's investment in the HPE CGU is equal to this estimated recoverable amount. An increase of 0.5% in the discount rate would result in a higher impairment loss of $3,850 thousand.

At the end of the year, management has not identified any indicator that suggests that the Group's investment in Al Maisan is impaired.

Impairment of goodwill allocated to Thuraya CGU

At the end of the year, the Group performed its annual impairment test of goodwill which is allocated to the Thuraya CGU. 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 2022 has been determined using the budget and business plan approved by Thuraya's Board of Directors for the years 2023-2027. The cash flow projections are extrapolated into perpetuity at a 2.0% growth rate and discounted using an estimated discount rate of 10.9%. The recoverable amount of the CGU exceeded the carrying value by $335,074 thousand as of 31 December 2022, indicating the CGU is not impaired. An increase of 0.5% in the discount rate would result in a lower recoverable amount by $29,357 thousand.

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 other 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 and customer type). 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 of forecast economic conditions.

As at 31 December 2022, the Group is carrying an allowance of US$ 16.2 million (2021: US$ 21.2 million).

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. Effective 1 November 2022, the Group reduced useful lives of certain items of plant and machinery and accounted for the change prospectively as a change in accounting estimate in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The change increased depreciation for the year by $187 thousand and is expected to result to an increased depreciation in the subsequent year by $829 thousand. 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. For other items of property, plant and equipment and intangible assets management has reviewed the useful lives of major items and determined that no adjustment is necessary.

3 Significant accounting judgements, estimates and assumptions continued

Significant accounting estimates continued

Fair value of derivative financial instruments

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. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment 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.

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 4.1% to 6.3% to the lease liabilities.

Fair value of investment property

The fair valuation of the Group's investment property is performed by an independent valuer, specialising in real estate, using Investment method (also known as Income approach), which is typically adopted for income producing assets. The method involves the capitalisation of an income stream at a given rate. The capitalisation rate applied to the lease income is determined based on factors such as rental growth, perceived covenant strength, in addition to the specification and location of the property. The key valuation inputs and assumptions relate to market rent, capitalization rates, leasing costs, operational expenditure and letting periods. Any changes to the key valuation inputs could affect the reported fair value of investment property.

4 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.

4 Segment information continued

Information on segments continued

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 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 segment Adjusted EBITDA and segment profit or loss which is measured consistently with profit for the year in the consolidated 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 5.

The segment information for the year ended 31 December 2022 is as follows:

	Infrastructure $ 000	Managed solutions $ 000	Mobility solutions $ 000	Data solutions (BCS) $ 000	Others $ 000	Reconciliation $ 000	Total $ 000
External revenue	237,528	90,606	80,983	23,423	–	–	432,540
Inter-segment revenue	3,087	602	254	634	–	(4,577)	–
Total revenue	240,615	91,208	81,237	24,057	–	(4,577)	432,540
Adjusted EBITDA	176,643	52,985	27,243	809	–	–	257,680
Depreciation, amortisation and impairment	(91,074)	(367)	(19,585)	(33,445)	–	–	(144,471)
Fair value adjustment on investment property	–	–	1,584	–	–	–	1,584
Finance income	18,753	–	331	1,713	–	(12,300)	8,497
Finance costs	(20,960)	–	(873)	(62)	–	12,300	(9,595)
Share of results – HPE	–	–	–	–	(54,600)	–	(54,600)
Share of results – Al Maisan	–	–	–	–	1,297	–	1,297
Income tax expense	–	–	(5)	(170)	–	–	(175)
Profit/(loss) for the year	83,362	52,618	8,695	(31,155)	(53,303)	–	60,217
Profit/(loss) for the year attributable to non-controlling interests	–	–	884	(6,231)	–	–	(5,347)
Profit/(loss) for the year attributable to the Shareholders	83,362	52,618	7,811	(24,924)	(53,303)	–	65,564
Capital expenditure	123,610	148	25,978	2,449	–	–	152,185

4 Segment information continued

Information on segments continued

The segment information for the year ended 31 December 2021 is as follows:

	Infrastructure $ 000	Managed solutions $ 000	Mobility solutions $ 000	Data solutions (BCS) $ 000	Others $ 000	Reconciliation $ 000	Total $ 000
External revenue	236,020	64,227	80,330	26,992	–	–	407,569
Inter-segment revenue	3,300	1,574	680	742	–	(6,296)	–
Total revenue	239,320	65,801	81,010	27,734	–	(6,296)	407,569
Adjusted EBITDA	183,335	33,184	27,477	(3,515)	–	–	240,481
Depreciation, amortisation and impairment	(90,918)	(115)	(24,581)	(32,976)	–	–	(148,590)
Fair value adjustment on investment property	–	–	(1,906)	–	–	–	(1,906)
Finance income	2,819	–	8	2,366	–	(4,798)	395
Finance costs	(21,380)	–	(956)	(165)	–	4,798	(17,703)
Share of results – HPE	–	–	–	–	(11,486)	–	(11,486)
Share of results – Al Maisan	–	–	–	–	1,897	–	1,897
Income tax expense	(31)	–	(13)	(171)	–	–	(215)
Profit/(loss) for the year	73,825	33,069	29	(34,461)	(9,589)	–	62,873
Loss for the year attributable to non-controlling interests	–	–	3	(6,892)	–	–	(6,889)
Profit/(loss) for the year attributable to the Shareholders	73,825	33,069	26	(27,569)	(9,589)	–	69,762
Capital expenditure	143,339	467	5,579	5,621	–	–	155,006

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 21.

	2022 $ 000	2021 $ 000
United Arab Emirates	**370,299**	337,292
Europe	**19,194**	23,732
Asia	**21,355**	23,510
Africa	**16,806**	15,084
North America	**3,729**	7,024
Others	**1,157**	927
Revenue	**432,540**	407,569

5 Revenue

Accounting policies

The Group has applied the following accounting policy for revenue recognition in the preparation of its consolidated financial statements.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. Contracts can be written, oral or implied by the Group's customary business practices.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time.

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. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.
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.

The Group is in the business of leasing of satellite communication capacity and providing telecommunication services via satellite to customers. 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.

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.

5 Revenue continued

Accounting policies continued

The Group also receives long-term advances from customers for the satellite communication services. 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.

Infrastructure revenue primarily represents revenue from leasing of satellite capacity and related services. Lease revenue is recognised in accordance with IFRS 16 (refer to Leases – the Group as a lessor). Service revenue is recognised over time as rendered.

Managed solutions revenue represents end-to-end integrated satellite communication and managed solutions provided to customers (which includes supply of services, goods or both). Revenue is typically recognised 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.

Mobility solutions revenue includes revenue from mobile satellite services (airtime revenue – voice, data and messaging services) and sale of related equipment and accessories. Service revenue is recognised over the period in which the services are 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 recognised on the actual utilisation of the prepaid card and is deferred in deferred revenue until the customer uses the airtime, or the credit expires.

Data solutions revenue includes revenue from provision of satellite broadband services to customers and sale of related equipment and accessories. Service revenue is recognised as rendered. 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.

Leases – the Group as a lessor

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.

The amounts due from lessees are recorded in the consolidated statement of financial position as financial assets (finance lease receivables) and are carried at the amount of the net investment in the lease after making provision for impairment.

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.

Infrastructure revenue primarily represents revenue from leasing of satellite capacity and related services. Satellite capacity lease payments are recorded on a straight-line basis over the term of the contract concerned. Deferred revenue represents the unearned balances remaining from amounts received from customers.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

5 Revenue continued

Leases – the Group as a lessor continued

Revenue	Notes	2022 $ 000	2021 $ 000
Service rendered		**400,523**	373,756
Sale of equipment and accessories		**32,017**	33,813
		432,540	407,569
Revenue from related parties is disclosed in Note 21.			
Revenue includes:			
Revenue from contracts with customers (IFRS 15)		**300,541**	276,648
Income from operating leases (IFRS 16)		**131,999**	130,921
		432,540	407,569
Disaggregation of revenue by operating segment:			
Services rendered:			
Infrastructure		**237,528**	236,020
Managed solutions*		**90,606**	64,227
Mobility solutions		**50,977**	49,472
Data solutions – BCS		**21,412**	24,037
Sale of equipment and accessories (recognised at a point in time)			
Mobility solutions		**30,006**	30,858
Data solutions – BCS		**2,011**	2,955
	4	**432,540**	407,569

* Managed solutions includes revenue recognised at a point in time of $10.8 million (2021: $0.9 million).

	Notes	2022 $ 000	2021 $ 000
Timing of recognition of revenue from contracts with customers:			
Over time		**257,751**	241,967
At a point in time		**42,790**	34,681
		300,541	276,648
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		**203,818**	162,401
More than one year		**1,284,190**	1,241,145
		1,494,008	1,403,546
b) Future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor (excluding investment property)	34	**497,723**	624,624
Total contracted future revenues		**1,991,731**	2,028,170
Contract balances:			
Trade receivables, net of loss allowance	22	**87,584**	110,651
Contract assets	22	**55,332**	17,836
Contract liabilities:			
Advances from customers – related parties	21	**280,157**	128,040
Advances from customers – others	24	**1,460**	1,592
Deferred revenue	27	**24,809**	26,988
Revenue recognised from contract liabilities at the beginning of the year		**4,397**	3,632

5 Revenue continued

Leases – the Group as a lessor continued

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 recognise revenue in the amount it has a right to invoice (e.g. subscription revenue on fixed and mobile satellite services).

Trade receivables and amounts 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 unsigned agreements meet the definition of contract under IFRS 15

In relation to certain projects with the UAE Government, its department or related parties performance obligations are fulfilled based on unsigned agreements. Management considers such unsigned contracts to 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. In addition, under Article 132 of the UAE Civil Code, a contract can be oral or written; a contract can also result from acts, which demonstrate the presence of mutual consent between the relevant parties.

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).

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 the year amounting to $150 million plus applicable UAE value-added taxes. 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 significant financing component based on the following factors.

a) There is a significant time gap between the receipt of the advance payment and the provision of services; and
b) There is a significant difference between the amount of promised consideration and the cash selling price of the promised services.

In making its judgment, 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 $46.3 million bringing the total transaction price to $754.7 million as of 31 December 2022. Revenue will be recognised over time on a straight line basis from the date of commencement of Operational services.

5 Revenue continued

Classification of leases

The Group entered into 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 (Note 21) and
c) the service element of the arrangement will be accounted as revenue to be recognised over time.

6 Cost of revenue

	2022 $ 000	2021 $ 000
Cost of services sold*	**24,392**	18,636
Cost of equipment and accessories sold	**23,904**	26,842
	48,296	45,478

* Cost of services sold mainly represents supplies procured for managed services and mobile satellite services.

7 Staff costs

Accounting policies

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. 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.

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 and the plan assets 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.

	Notes	2022 $ 000	2021 $ 000
Employee costs		**73,193**	73,384
Outsourced staff costs		**12,281**	12,122
		85,474	85,506
Employee costs include:			
Pension contributions made in respect of UAE national employees in accordance with the UAE Federal Law No. (2), 2000		**2,843**	2,768
Charged during the year towards employee end of service benefits	29	**1,757**	2,148

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

8 Other operating expenses

	Notes	2022 $ 000	2021 $ 000
Satellite services operations costs		**10,400**	13,601
Insurance expenses		**5,872**	7,394
Facilities and asset maintenance costs		**4,553**	4,378
IT support costs		**4,472**	3,362
Marketing expenses		**3,934**	2,895
Consultancy, legal and advisory expenses		**3,473**	2,511
Business travel expenses		**2,599**	1,318
Board and committee fees	21	**2,473**	198
Registration and filing expenses		**1,459**	1,388
Currency exchange losses – net		**1,156**	916
Bank fees and charges		**516**	506
Learning and development expenses		**415**	312
Inventory obsolescence (reversal)	20	**168**	(1,087)
Reversal of allowance for expected credit losses	22	**(859)**	(2,418)
Other expenses		**4,343**	3,153
		44,974	38,427

The Group did not make any material social contributions during the current year and prior year.

9 Other income

Accounting policies

Income from claims for liquidated damages is recognised 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.

Gain arising from transfer of Orbital rights is recognised in profit or loss, as other income, when:
a) Yahsat has fulfilled all its material obligations that allow the transfer of the rights and
b) any remaining Yahsat obligation(s), is merely administrative with a low risk of failure.

For the purpose of calculating the gain arising from transfer of Orbital rights, if the consideration for transfer comprises both cash and non-cash elements, the fair value of consideration is
a) The consideration agreed in cash plus
b) Fair value of non-monetary consideration. Where the non-monetary consideration is in the form of services to be rendered (either by the buyer of the orbital rights or by another third party), recent market transactions or quotations obtained from other service providers for a similar service forms the basis for estimating the fair value.

Rental income from lease of investment property is recognised on a straight-line basis over the term of the lease.

9 Other income continued

Accounting policies continued

	Notes	2022 $ 000	2021 $ 000
Rental income from investment property	14	**1,602**	1,287
Others*		**2,282**	1,036
		3,884	2,323

* Includes gain on derecognition of right of use asset and related lease liability amounting to $1,548 thousand as a result of termination of a lease contract (Note 15).

10 Depreciation, amortisation and impairment

	Notes	2022 $ 000	2021 $ 000
Depreciation of property, plant and equipment	13	**135,238**	139,307
Depreciation of right-of-use assets	15	**5,611**	5,377
Amortisation of intangible assets	16	**3,622**	3,906
		144,471	148,590

11 Finance costs and Finance income

Accounting policies

Finance income

Finance income comprises interest income on funds invested and is recognised as it accrues in 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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

11 Finance costs and Finance income continued

Accounting policies continued

Finance costs and Finance income	Notes	2022 $ 000	2021 $ 000
Finance income			
Interest on deposits with banks – third parties		**3,598**	204
Interest on deposits with banks – related parties	21	**4,899**	191
Total finance income		**8,497**	395
Finance costs			
Interest expense on borrowings – term loans		**(18,459)**	(9,019)
Interest expense on borrowings – lease liabilities	15	**(836)**	(973)
Interest on contract liabilities	21	**(2,096)**	–
Other interest and finance charges		**(742)**	(425)
Net fair value gain/(losses) on derivative financial instruments transferred from other comprehensive income		**3,430**	(11,595)
		(18,703)	(22,012)
Capitalised borrowing costs		**9,108**	4,309
Total finance cost		**(9,595)**	(17,703)
Net finance costs		**(1,098)**	(17,308)

12 Income tax expense

Accounting policies

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 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.

12 Income tax expense continued

Accounting policies continued

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.

The taxes mainly relate to the subsidiaries in the Netherlands and South Africa and are not significant. Hence no further disclosures are provided.

UAE Corporate Tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

A rate of 9% will apply to taxable income exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance), a rate of 0% will apply to taxable income not exceeding this threshold. In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and taxable income. Therefore, pending such important decisions, the Group has considered that the Law, as it currently stands, is not substantively enacted as at 31 December 2022 from the perspective of IAS 12 – Income Taxes. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Group will assess the possible impact on the consolidated financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

13 Property, plant and equipment

Accounting policies

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.

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.

Notes to the Consolidated Financial Statements continued

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13 Property, plant and equipment continued

Accounting policies continued

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 the current and comparative periods are as follows:

Asset category	Years
Buildings	15-40
Leasehold improvements (included in buildings)	5-10
Satellite systems	5-18 (2021: 9-18)
Plant and machinery	10-20 (2021: 15-40)
Furniture and fixtures	3-4
Office equipment and vehicles	3-5
Computers and software	3

	Land and building $ 000	Satellite systems $ 000	Plant and machinery $ 000	Other equipment $ 000	Capital work in progress $ 000	Total $ 000
Cost						
At 1 January 2021	100,534	2,979,982	16,840	34,726	98,531	3,230,613
Additions	59	4,265	128	3,163	146,851	154,466
Transfers	–	18,273	–	161	(18,434)	–
Transfer to intangible assets (Note 16)	–	–	–	(597)	–	(597)
Disposals	–	–	–	(159)	–	(159)
Write-offs	–	–	–	–	(5)	(5)
Exchange differences	–	–	–	(284)	–	(284)
At 31 December 2021	100,593	3,002,520	16,968	37,010	226,943	3,384,034
Depreciation						
At 1 January 2021	25,316	1,861,526	7,332	30,356	–	1,924,530
Charge for the year	2,674	133,642	853	2,138	–	139,307
Disposals	–	–	–	(141)	–	(141)
Exchange differences	–	–	–	(41)	–	(41)
Transfer to intangible assets (Note 17)	–	–	–	(464)	–	(464)
At 31 December 2021	27,990	1,995,168	8,185	31,848	–	2,063,191
Impairment						
At 1 January and 31 December 2021	5,485	184,064	–	–	–	189,549
Net book value	67,118	823,288	8,783	5,162	226,943	1,131,294

13 Property, plant and equipment continued

Accounting policies continued

Depreciation continued

	Land and building $ 000	Satellite systems $ 000	Plant and machinery $ 000	Other equipment $ 000	Capital work in progress $ 000	Total $ 000
Cost						
At 1 January 2022	100,593	3,002,520	16,968	37,010	226,943	3,384,034
Additions	169	608	49	2,440	143,268	146,534
Transfers	–	10,000	–	439	(10,439)	–
Transfer from investment property (Note 14)	1,834	–	–	–	–	1,834
Disposals	–	(1,221)	–	(124)	–	(1,345)
Write-offs	(213)	(9)	–	–	(8)	(230)
Exchange differences	–	–	–	(261)	–	(261)
At 31 December 2022	**102,383**	**3,011,898**	**17,017**	**39,504**	**359,764**	**3,530,566**
Depreciation						
At 1 January 2022	27,990	1,995,168	8,185	31,848	–	2,063,191
Charge for the year	2,703	129,005	989	2,541	–	135,238
Disposals	–	(1,221)	–	(124)	–	(1,345)
Exchange differences	–	(3)	–	(75)	–	(78)
At 31 December 2022	**30,693**	**2,122,949**	**9,174**	**34,190**	**–**	**2,197,006**
Impairment						
At 1 January 2022	5,485	184,064	–	–	–	189,549
Write-offs	(213)	–	–	–	–	(213)
At 1 January and 31 December 2022	**5,272**	**184,064**	**–**	**–**	**–**	**189,336**
Net book value	**66,418**	**704,885**	**7,843**	**5,314**	**359,764**	**1,144,224**

Capital work in progress as of the end of the reporting period comprise mainly of satellite systems of which $349.7 million (31 December 2021: $218.4 million) relates to the Thuraya 4 satellite (T4-NGS) under construction. Additions during the year relating to T4-NGS amounted to $131.3 million (2021: $141.6 million). Other equipment includes furniture and fixtures, office equipment, vehicles and computers.

Borrowing costs capitalised during the year relating to T4-NGS amounted to $9.1 million at a capitalisation rate of 2.7% per annum (2021: $4.3 million at a capitalisation rate of 3.7% per annum).

During the year, the Group received a government grant relating to the T4-NGS and has accounted for such grant as a grant related to an asset (refer to Note 28).

14 Investment property

Accounting policies

Investment properties are properties which are held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost including transaction costs and for properties under development all direct costs attributable to the design and construction including related staff costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the statement of profit or loss in the period in which they arise.

Transfers between investment property and owner-occupied property are made only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

Notes to the Consolidated Financial Statements continued

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14 Investment property continued

Accounting policies continued

In case of transfer to investment property, the group depreciates the owner-occupied property up to the date when the property becomes an investment property carried at fair value and recognizes any impairment losses that have occurred relating to the property transferred.

In case of transfer to owner-occupied property, the fair value of the property units on the date of the transfer becomes the carrying value of the owner-occupied property unit, and are depreciated over the remaining useful life of the property.

	Notes	Land $ 000	Building $ 000	Total $ 000
Investment property accounted at fair value				
At 1 January 2021		16,911	5,226	22,137
Net loss from fair value adjustment		(1,446)	(460)	(1,906)
At 31 December 2021		15,465	4,766	20,231
At 1 January 2022		**15,465**	**4,766**	**20,231**
Transfer to property, plant and equipment	13	**(1,244)**	**(590)**	**(1,834)**
Net gain from fair value adjustment		**937**	**647**	**1,584**
At 31 December 2022		**15,158**	**4,823**	**19,981**

The investment property relates to the Dubai building and associated land (property) of Thuraya. The fair value measurement for the investment property is classified as Level 2. The fair value has been determined by an external valuer based on transactions observable in the market.

Leasing arrangements

The investment properties are leased to tenants under operating leases with rents payable periodically. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Rental income from investment property is recognised in other income (Note 9). Direct operating expenses incurred on investment property during the year amounted to $585 thousand (2021: $606 thousand).

	2022 $ 000	2021 $ 000
Minimum lease payments receivable on leases of investment properties are as follows:		
Year 1	**1,676**	891
Year 2	**1,067**	301
Year 3	**847**	265
Year 4	**678**	188
Year 5	**262**	188
Beyond Year 5	**–**	62
	4,530	1,895

15 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.

Accounting policies

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 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.

15 Leases – Group as a Lessee continued

Accounting policies continued

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.

The estimated useful lives of right-of-use assets are as follows:

Asset category	Years
Right-of-use assets – satellite capacity	3.5
Right-of-use assets – buildings	4-10

A) Right-of-use assets

Carrying amounts and movements during the period	Satellite capacity $ 000	Buildings $ 000	Total $ 000
At 1 January 2021	7,303	13,342	20,645
Additions	–	20	20
Depreciation expense	(3,659)	(1,718)	(5,377)
At 31 December 2021	3,644	11,644	15,288
At 1 January 2022	**3,644**	**11,644**	**15,288**
Additions	**–**	**5,886**	**5,886**
Retirement	**–**	**(9,710)**	**(9,710)**
Depreciation expense	**(3,644)**	**(1,967)**	**(5,611)**
Exchange differences	**–**	**(1)**	**(1)**
At 31 December 2022	**–**	**5,852**	**5,852**

15 Leases – Group as a Lessee continued

Accounting policies continued

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	2022 $ 000	2021 $ 000
Lease liabilities			
At 1 January		**16,536**	19,797
Additions		**5,886**	20
Accretion of interest	11	**836**	973
Termination		**(11,258)**	–
Payments		**(4,824)**	(4,254)
Exchange differences		**(11)**	–
At 31 December	25	**7,165**	16,536
of which current		**2,001**	4,773
of which non-current		**5,164**	11,763
Amounts recognised in profit or loss in relation to leases			
Depreciation expense of right-of-use assets		**5,611**	5,377
Interest expense on lease liabilities		**836**	973
Expense relating to of low-value assets (included in other operating expenses)		**256**	196
Total		**6,703**	6,546
Cash flow information			
Total cash outflows for leases		**4,824**	4,254

The Group leases premises to host its satellite gateway equipment and leases satellite capacity assets. Rental contracts are typically made for fixed periods of 3 years to 10 years, but may have extension options.

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 Group has lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset and align with the Group's business needs. The extension and termination options held are usually exercisable only by the group and not by the respective lessor.

Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

During the year, the property lease relating to one of the Group's gateway premises in UAE, which was previously expected to renew, expired as the Group entered into a new lease agreement for the same premises directly from the main lessor for a 10-year period. Accordingly, the Group:
a) derecognised the carrying amounts of the right of use asset and the lease liability relating to the expired lease and recognised a gain of $1,548 thousand in other income (note 9).
b) recognised a new right of use asset and lease liability in respect of the 10-year lease at the lease commencement date.

During the year, the lease relating to satellite systems (satellite capacity) expired at the end of the term.

16 Intangible assets

Accounting policies

Licenses, representing a right to transmission of telecommunication signals utilising geo-stationary satellite and use of associated radio frequencies, are capitalised 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 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.

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

	Development costs $ 000	Licenses $ 000	Software $ 000	Goodwill $ 000	Total $ 000
Cost					
At 1 January 2021	72,569	180	14,921	3,745	91,415
Additions	–	–	520	–	520
Exchange differences	–	–	(6)	–	(6)
Transfer from property, plant and equipment (Note 13)	–	–	597	–	597
At 31 December 2021	72,569	180	16,032	3,745	92,526
Amortisation					
At 1 January 2021	67,049	128	11,155	–	78,332
Charge for the year	2,758	52	1,096	–	3,906
Exchange differences	–	–	(4)	–	(4)
Transfer from property, plant and equipment (Note 13)	–	–	464	–	464
At 31 December 2021	69,807	180	12,711	–	82,698
Net book value at 31 December 2021	2,762	–	3,321	3,745	9,828

16 Intangible assets continued
Accounting policies continued

	Development costs $ 000	Licenses $ 000	Software $ 000	Goodwill $ 000	Total $ 000
Cost					
At 1 January 2022	72,569	180	16,032	3,745	92,526
Additions	609	–	397	–	1,006
Exchange differences	–	–	(5)	–	(5)
At 31 December 2022	**73,178**	**180**	**16,424**	**3,745**	**93,527**
Amortisation					
At 1 January 2022	69,807	180	12,711	–	82,698
Charge for the year	2,413	–	1,209	–	3,622
Exchange differences	–	–	(3)	–	(3)
At 31 December 2022	**72,220**	**180**	**13,917**	**–**	**86,317**
Net book value at 31 December 2022	**958**	**–**	**2,507**	**3,745**	**7,210**

17 Group information
A) Subsidiaries
Accounting policies
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 % 2022	Equity % 2021
Al Yah Advanced Satellite Communication Services PJSC (Al Yah Advanced)	Leasing of satellite communication capacity	UAE	**100%**	100%
Star Satellite Communications Company PJSC (Star)	Telecommunication services via Satellite and integrated satellite communication and managed services	UAE	**100%**	100%
Yahsat Treasury Sole Proprietorship LLC	Group corporate treasury	UAE	**100%**	100%
Thuraya Telecommunications Company PJSC (Thuraya)	Mobile telecommunication services via Satellite	UAE	**89.83%**	89.83%
Thuraya Telecommunications Japan Co. Ltd.	Mobile telecommunication services via Satellite	Japan	**89.83%**	89.83%
BCS Group (BCS)				
Broadband Connectivity Solutions (Restricted) Limited (BCS Holdco)	Holding company	UAE	**80%**	80%
BCS Investments LLC (BCS Opco)	Telecommunication services via satellite	UAE	**80%**	80%
Star Network Marketing Services Company (Proprietary) Limited (SNMS)	Marketing support office	South Africa	**80%**	80%
Al Najm Communications Company LLC (Al Najm)	Telecommunication services via satellite	UAE	**80%**	80%
Yala B.V. (Yala)	Telecommunication services via satellite	Netherlands	**80%**	80%
Broadband Connectivity Solutions Limited (BCS Nigeria)	Telecommunication services via satellite	Nigeria	**80%**	80%
YahClick – Prestação de Serviços, (SU), LDA, (BCS Angola)[i]	Telecommunication services via satellite	Angola	**80%**	–

(i) During the year, the Group incorporated a subsidiary, BCS Angola, on 30 August 2022.

Notes to the Consolidated Financial Statements continued

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17 Group information continued

B) Material partly-owned subsidiaries

Financial information of subsidiaries that have significant non-controlling interests is provided below.

	31 December 2022		31 December 2021	
	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Proportion of equity interest held by non-controlling interests	**10.17%**	**20.00%**	10.17%	20.00%
Non-controlling interests	**14,028**	**57,321**	13,111	63,591
Profit attributable to non-controlling interests	**884**	**(6,231)**	3	(6,892)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

	31 December 2022		31 December 2021	
Summarised statement of profit or loss:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Revenue	**81,237**	**24,057**	81,010	27,734
Adjusted EBITDA	**27,243**	**810**	27,477	(3,515)
Depreciation, amortisation and impairment	**(19,585)**	**(33,445)**	(24,581)	(32,976)
Fair value adjustments on investment property	**1,584**	**–**	(1,906)	–
Operating profit/(loss)	**9,242**	**(32,635)**	990	(36,491)
Net finance income/(cost)	**(542)**	**1,651**	(948)	2,201
Income tax expense	**(4)**	**(170)**	(13)	(171)
Profit/(loss) for the year	**8,696**	**(31,154)**	29	(34,461)
Other comprehensive income	**314**	**(193)**	196	(99)
Total comprehensive (loss)/income	**9,010**	**(31,347)**	225	(34,560)
Attributable to non-controlling interests	**916**	**(6,269)**	23	(6,912)

Summarised statement of financial position:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Current assets (Inventories, receivables and cash balances)	**94,062**	**136,070**	86,935	142,875
Non-current assets (Property, plant and equipment and other assets)	**91,905**	**163,225**	93,648	194,405
Current liabilities (Trade and other payables, deferred revenue and borrowings)	**(41,369)**	**(12,279)**	(37,329)	(18,560)
Non-current liabilities (Borrowings and other liabilities)	**(6,658)**	**(410)**	(14,323)	(766)
Net assets/Total Equity	**137,940**	**286,606**	128,931	317,954
Attributable to:				
The Shareholders	**123,912**	**229,285**	115,820	254,363
Non-controlling interests	**14,028**	**57,321**	13,111	63,591

18 Equity-accounted investments

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 associate, 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 an obligation 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 % 2022	Equity % 2021
Al Maisan Satellite Communication Company LLC (Al Maisan)	Leasing of satellite capacity primarily for broadcasting customers	UAE	**65%**	65%
HNS Participações Empreendimentos S.A. (HPE; Brazil JV Co)	Telecommunication services via satellite	Brazil	**20%**	20%

Although Star 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 Star has the power to participate in the financial and operating policy decisions of Al Maisan due its representation on the board, it accounts for its investment as an associate.

Movement in the investments in associates:	2022 $ 000	2021 $ 000
At 1 January	**116,203**	125,574
Contributions made during the year	**–**	9,880
Return of investment from Al Maisan	**(4,225)**	(2,080)
Share of results for the year	**(53,303)**	(9,589)
Exchange differences	**5,379**	(7,582)
At 31 December	**64,054**	116,203

Share of results from Al Maisan:	2022 $ 000	2021 $ 000
Share of results of equity-accounted investee	**1,297**	1,897
Share of total comprehensive income of equity-accounted investee	**1,297**	1,897

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18 Equity-accounted investments continued

Transactions eliminated on consolidation continued

Aggregate financial information of HPE:	2022 $ 000	2021 $ 000
Statement of comprehensive income (100%)		
Revenue	**106,605**	107,165
Loss for the year	**(70,124)**	(57,432)
Other comprehensive income	**–**	–
Total comprehensive loss	**(70,124)**	(57,432)
Group's share of total comprehensive loss (20%)	**(14,025)**	(11,486)
Impairment loss during the year[(i)]	**(40,575)**	–
Group's share of results in HPE after impairment	**(54,600)**	(11,486)
Statement of financial position (100%)		
Current assets	**54,149**	54,731
Non-current assets	**209,540**	451,323
Current liabilities	**(22,792)**	(19,103)
Non-current liabilities	**(8,110)**	(8,059)
Net assets 100%	**232,787**	478,892
Group's share in net assets (20%)	**46,557**	95,779
Other costs relating to the investment	**239**	239
Carrying amount of the investment in HPE	**46,796**	96,018

(i) During the year, the Group identified indicators that its investment in HPE ('HPE cash generating unit' or 'HPE CGU'), which is an operating segment included in 'Others' (refer Note 4), may be impaired due to a rapid deterioration in the global macro-economic environment which primarily impacted the discount rate used in assessing the recoverable amount of this investment. This impairment assessment resulted in a (non-cash) impairment loss of $40,575 thousand (2021: nil) which has been recorded within the share of results of equity accounted investments (see Note 3 for significant accounting estimates used in the impairment assessment).

19 Other investments

During the year, the Group invested in shares of eSAT Global Inc. ("eSAT Global"), which will provide direct-to-satellite, ultra-low power, two-way, and low-latency narrowband connectivity solutions for IoT devices anywhere on earth. The Group's investment consists of Series-A non-cumulative convertible preference shares ("preferred stock") which carry conversion option into common stock in addition to certain preferential right upon dissolution. The Group has concluded that the preferred stock does not carry residual interest and is not an equity instrument, and accordingly accounted for the investment at fair value through profit or loss. The fair value as at the reporting date of $2,950 thousand approximates its initial purchase price which represents recent market transaction.

20 Inventories

Accounting policies

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	2022 $ 000	2021 $ 000
Equipment and accessories – satellite services	**16,597**	14,952
Ground operations spares	**1,589**	1,732
	18,186	16,684
Loss allowance	**(10,954)**	(10,821)
	7,232	5,863
Movement in loss allowance for inventories:		
At 1 January	**10,821**	11,908
Charge/(reversal) during the year, net	**168**	(1,087)
Write-off	**(35)**	–
At 31 December	**10,954**	10,821

During 2022, US$ 23.9 million (2021: US$ 26.8 million) of inventories were recognised as cost of equipment and accessories sold (Note 6).

21 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.

Notes to the Consolidated Financial Statements continued

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21 Related party transactions and balances continued

Identity of related parties continued

a) Related party transactions:

Transaction with key management personnel	2022 $ 000	2021 $ 000
Key management personnel compensation:		
Short-term employment benefits	**4,630**	6,625
Post-employment benefits	**396**	344

Board of directors and committee fees charged to profit or loss during the year were $2,473 thousand (2021: $198 thousand) (Note 8).

Transaction with other related parties	Notes	2022 $ 000	2021 $ 000
Revenue			
Entities under common control*		**314,833**	283,972
Associate		**1,471**	1,379
Total		**316,304**	285,351
* Revenue from entities under common control includes US$ 305 million (2021: US$ 275 million) from a single customer (refer to Note 21 b)(i) below). 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.			
Interest income on short-term deposits			
Entities under common control	11	**4,899**	191
Interest on contract liability			
Entities under common control		**2,096**	–
Outsourced expenses, office lease rent, systems support			
Entities under common control		**1,152**	1,337
Cost of sales			
Entities under common control		**132**	443
Associate		**1,271**	1,952
Total		**1,403**	2,395

21 Related party transactions and balances continued

Identity of related parties continued

b) Related party balances

	Notes	2022 $ 000	2021 $ 000
Trade and other receivables due from related parties			
Entities under common control		**82,745**	71,307
Associates		**214**	157
Parent company		**5**	1,118
Total	22	**82,964**	72,582
Short-term deposits with related party banks			
Entities under common control	23	**266,172**	–
Current account balances with related party banks			
Entities under common control	23	**125,620**	215,587
Trade and other payables due to related parties			
Entities under common control		**4,860**	4,830
Associate		**242**	376
Parent company		**–**	74
Total	24	**5,102**	5,280
Deferred revenue			
Entities under common control		**2,677**	3,380
Associate		**189**	183
Total	27	**2,866**	3,563
Advances from related parties			
Entities under common control	24	**443,115**	291,000

(i) Transactions with an entity under common control

a) The Group provides capacity services pursuant to the Capacity Services Agreement ("CSA") with a government entity. The capacity charges payable under the CSA is 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 US$ 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 US$ 116.4 million in June 2008 and further two instalments of US$ 87.3 million, in June 2009 and June 2010, respectively from the customer.
The Down Payment will be set off against the capacity charges in equal instalments from 1 January 2023 until the termination of the agreement. The advance is attributable to the lease element at US$ 163 million (2021: US$ 163 million), and to service element (contract with customers) at US$ 128 million (2021: US$ 128 million) (see Note 5).

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 the year amounting to $150 million plus applicable UAE value-added taxes. 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).

21 Related party transactions and balances continued

Identity of related parties continued

b) Related party balances continued

(i) Transactions with an entity under common control continued

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 under managed services. 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 recognised in the consolidated financial statements. In addition, refer to Note 28 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	2022 $ 000	2021 $ 000
Year 1	**128,184**	128,184
Year 2	**128,184**	128,184
Year 3	**128,184**	128,184
Year 4	**109,723**	128,184
Year 5	**–**	109,723
At 31 December	**494,275**	622,459

(ii) Transactions with other 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 repayment terms as specified above, are expected to be settled in cash. No impairment charge has been recognised during the year in respect of amounts owed by related parties.

Also refer Note 25 for other related party transactions.

22 Trade and other receivables

	Reference	Notes	2022 $ 000	2021 $ 000
Trade receivables – third parties			**76,639**	70,096
Trade receivables – related parties*			**27,187**	61,747
Sub total	a		**103,826**	131,843
Allowance for expected credit losses	b		**(16,242)**	(21,192)
Trade receivables, net of allowance	c		**87,584**	110,651
Accrued income – third parties			**2,368**	7,031
Accrued income – related parties*			**52,964**	10,805
Contract assets	d		**55,332**	17,836
Prepayments – orbital services			**10,000**	10,000
Prepayments – others			**1,936**	2,686
Advances – third parties			**13,354**	11,348
Advances – related parties*			**30**	30
Other receivables – third parties			**7,622**	5,456
Other receivables – related parties*			**2,783**	–
Sub total	e		**35,725**	29,520
Total trade and other receivables	c+d+e		**178,641**	158,007
of which non-current			**10,382**	10,382
of which current			**168,259**	147,625
Additional information:				
*Total due from related parties	y	21	**82,964**	72,582
Total contract balances, net of allowance	a+b+d		**142,916**	128,487
Total contract balances, excluding allowance	a+d		**159,158**	149,679

	2022		2021	
	Gross carrying amount $ 000	Loss allowance $ 000	Gross carrying amount $ 000	Loss allowance $ 000
Categories of trade receivables and contract assets				
Managed solutions, government customers	**73,890**	**(611)**	64,689	(535)
Managed solutions, general category	**2,825**	**(428)**	6,326	(472)
Infrastructure services, government customers	**5,957**	**–**	5,892	–
Infrastructure services, general category	**–**	**–**	3,395	(3,395)
Data solutions, general category	**19,481**	**(8,979)**	19,648	(10,151)
Data solutions, high risk category	**888**	**(888)**	990	(990)
Mobility solutions, general category	**56,091**	**(5,336)**	47,555	(5,649)
Others	**26**	**–**	1,184	–
	159,158	**(16,242)**	149,679	(21,192)

Notes to the Consolidated Financial Statements continued

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22 Trade and other receivables continued

	2022 $ 000	2021 $ 000
Movement in the allowance for expected credit losses:		
At 1 January	**21,192**	24,864
Reversal of allowance for expected credit losses, net	**(859)**	(2,418)
Written off during the year as uncollectible	**(4,088)**	(1,254)
Exchange differences	**(3)**	–
At 31 December	**16,242**	21,192
The ageing of trade receivables is as follows:		
Not past due	**30,844**	40,960
Past due 0 to 90 days	**19,421**	23,579
Past due 91 to 180 days	**10,522**	17,964
Past due above 180 days	**43,039**	49,340
	103,826	131,843

The Group's exposure to credit risk is disclosed in Note 36.

Advances represent advances paid to suppliers for procurement of goods and services mainly relating to managed services contracts.

Other receivables include staff-related receivables of US$ 5.4 million (2021: US$ 3.8 million).

23 Cash and short-term deposits

	Notes	2022 $ 000	2021 $ 000
Cash on hand and in banks		**27,222**	62,151
Cash in banks – related parties	21	**125,620**	215,587
Short-term deposits with banks – others		**125,685**	122,536
Short-term deposits with banks – related parties	21	**266,172**	–
Cash and short-term deposits		**544,699**	400,274
Less: Short-term deposits with original maturities of over three months		**(330,705)**	(122,536)
Cash and cash equivalents		**213,994**	277,738

During the year, the Group a) placed short term deposits with banks (related parties $626,659 thousand and others $592,928 thousand) and b) received maturity proceeds on short term deposits (related parties $360,487 thousand and others $589,762 thousand). These deposits carry interest rates ranging from 1.95% to 9.00% per annum.

The short-term deposits earn interest at prevailing commercial rates.

For purposes of the consolidated statement of cash flows, changes in lease liabilities and borrowings arising from financing activities are disclosed in Notes 15(B) and 25, respectively.

24 Trade and other payables

	Notes	2022 $ 000	2021 $ 000
Trade payables – third parties		**47,980**	37,404
Trade payables – related parties*		**650**	677
Accruals		**35,699**	31,886
Other payables – third parties		**5,484**	6,091
Other payables – related parties*		**4,452**	4,603
Advances from customers – related parties	21	**443,115**	291,000
Advances from customers – others		**1,460**	1,592
Total trade and other payables		**538,840**	373,253
of which non-current		**367,679**	291,000
of which current		**171,161**	82,253
* Trade and other payables due to related parties	21	**5,102**	5,280
Contract liability:			
Included in advances from customers – related parties		**280,157**	128,040
Included in advances from other customers – others		**1,460**	1,592

Accruals include employee-related accruals of US$ 9.2 million (2021: US$ 10.3 million).

25 Borrowings

	Notes	2022 $ 000	2021 $ 000
The carrying amount of borrowings are as follows:			
A) Term loans			
Principal amounts		**535,208**	532,819
Unamortised transaction costs		**(14,045)**	(17,118)
Term loans – net of unamortised transaction costs		**521,163**	515,701
B) Lease liabilities	15	**7,165**	16,536
Total borrowings		**528,328**	532,237
of which current		**121,077**	62,669
of which non-current		**407,251**	469,568

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

25 Borrowings continued

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 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**
At 31 December 2021				
Term loan 5	2022-2026	400,000	(4,135)	395,865
Term loan 6	2024-2032	132,819	(12,983)	119,836
		532,819	(17,118)	515,701

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

	2022 $ 000	2021 $ 000
At 1 January	**515,701**	252,972
Additions (cash)	**61,687**	532,819
Additions (interest capitalised)	**1,671**	–
Transaction costs	**969**	(18,043)
Amortisation of transaction costs (non-cash)	**2,104**	3,670
Repayments (cash)	**(60,969)**	(255,717)
At 31 December	**521,163**	515,701

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

	Term loan 5 $ 000	Term loan 6 $ 000	Total $ 000
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**
At 31 December 2021			
Within one year	60,000	–	60,000
1 – 2 years	120,000	–	120,000
2 – 5 years	220,000	39,065	259,065
Beyond 5 years	–	93,754	93,754
	400,000	132,819	532,819

25 Borrowings continued

A) Term loans continued

Term loan 5: On 14 June 2021, the Group entered into a Term Facility Agreement for a facility amount of $400 million (Term loan 5 or 2021 Term Loan $400m Facility). Term loan 5 has a tenor of five years and is repayable in eight semi-annual installments starting from 14 December 2022. Term loan 5 bears interest at LIBOR plus margin of 1.30% per annum. During the year, the Group repaid first instalment of $60 million.

Term loan 6: On 14 June 2021, the Group entered into an export credit agency facility through a BPIFAE Facility Agreement (Term loan 6 or ECA Facility) to partly fund the capital expenditure relating to the T4-NGS. The total facility amount is $300.5 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. On 19 August 2022, the ECA Facility was amended to reduce the total facility amount from $300.5 million to $273 million as a result of reduction in the purchase price of the T4-NGS satellite by way of government grant of $30 million (Note 28). The amendment was subject to completion of certain conditions precedent which were satisfied on 10 November 2022 being the effective date of the amendment. During the year, the Group repaid an amount of $969 thousand against the loan.

The ECA Facility bears interest at LIBOR plus margin of 0.60% per annum. During the year, an amount of $61.7 million was drawn from this facility. As of 31 December 2022, the unutilised facility amounted to $76.84 million (2021: $167.7 million).

Both Term loan 5 and Term loan 6 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 save, in each case, as permitted under the terms of the facility documents. In both facilities, 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).

Borrowings include outstanding balances due to related party banks aggregating to US$ 97.75 million (2021: US$ 95 million). The net interest on loans from related party banks was negative (net credit) of US$ 548 thousand as a result of significant increase in fair value of derivative financial assets (2021: US$ 4.2 million expense).

B) Lease liabilities – Refer to Note 15 B.

26 Derivatives used for hedging

Accounting policies

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:

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

26 Derivatives used for hedging continued

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.

Interest rate exposure

The Group has an obligation to pay interest at variable rates (LIBOR plus margin) in connection with its borrowings.

Previously, the Group entered into a cash flow hedge, by acquiring an interest rate swap (IRS), to hedge the variability in interest rate with respect to Term Loan 1. Under the IRS agreement, the Group received a variable rate of interest equal to LIBOR and pays fixed rate on notional amounts that mirror the drawdown and repayment schedule of the loan. The IRS settlements were made semi-annually until its termination in June 2021 as described below.

On 15 June 2021, the Group entered into interest rate swap (IRS) agreements to hedge the variability in interest rates with respect to Term loan 5 and the ECA Facility which the Group entered into during the year (refer to Note 24 A). The effective date for both IRS agreements is 14 July 2021.

On 22 June 2021, the Group terminated all, but one, IRS agreements relating to Term Loan 1 resulting in a total settlement of $8.6 million. Consequently, the Group discontinued hedge accounting which resulted in the reclassification of the related balance in the accumulated hedging reserve to profit or loss amounting to $5.2 million. The remaining IRS formed part of the new hedging arrangement relating to Term loan 5.

Interest rate swaps – fair value	2022 $ 000	2021 $ 000
A) Derivative financial assets	**49,416**	4,854
B) Derivative financial liabilities	**–**	(193)
C) Hedge reserve	**48,405**	5,426
A) Derivative financial assets		
Contractual maturities		
Within one year	**17,202**	1,644
1 – 2 years	**11,286**	1,280
2 – 5 years	**14,879**	1,699
After 5 years	**6,049**	231
	49,416	4,854
Notional amount outstanding	**490,801**	504,044
B) Derivative financial liabilities		
Contractual maturities		
Within one year	**–**	193
1 – 2 years	**–**	–
	–	193
Notional amount outstanding	**–**	8,196

26 Derivatives used for hedging continued

C) 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

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 judgment 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.

27 Deferred revenue

	Notes	2022 $ 000	2021 $ 000
Unutilised airtime balances from prepaid scratch cards		**14,149**	18,001
Others		**10,660**	8,987
Total deferred revenue		**24,809**	26,988
of which contract liabilities – related parties	21	**2,866**	3,563

28 Government grants

Accounting policies

As the Government of the Emirate of Abu Dhabi is the ultimate parent of the Parent Company of the Company, on receipt of any assistance from the Government of Abu Dhabi, the Group evaluates the assistance to determine if the transaction is a transaction with the Government in their capacity as the ultimate parent and therefore treated as equity contribution, or if not, then as a government grant. This determination is done after considering various factors not limited to the following:

- if the purpose of the assistance was a restricted purpose;
- are there conditions associated with the receipt of the assistance;
- is there evidence of an equity transaction;
- the legal form and documentation of assistance; and
- would similar support or assistance be given by the Government to an entity not owned by the Government.

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.

28 Government grants continued

Monetary government grants continued

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. Monetary government grants for investments in other business enterprises are credited directly to the consolidated statement of changes in equity.

During 2009, the Company received a plot of land (Primary site) 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. Both the grant and the land have been recorded at nominal value in the consolidated financial statements.

During the year, the Group signed a commitment letter with the Government, whereby the Group was awarded $30 million as a grant in relation to the procurement of T4-NGS programme, in the form of reduction in the purchase price of the T4-NGS satellite (Note 13). The supplier has adjusted the future milestone payments in respect of the satellite by the grant amount. The grant is in recognition of the Group signing the T4-NGS capacity services agreement with a government entity at an agreed discounted price of $708.4 million included in the contract value. The grant is also subject to few conditions including the completion of the T4-NGS programme and the training of UAE National trainees in the T4-NGS design and manufacturing process. As of the reporting date, management believes that the conditions to the grant will be met and accordingly, the Group eligible for the grant. As the grant is in the form of a purchase credit, reducing the total purchase price of the satellite, no separate grant receivable is required to be recognised. The future milestone payments to the satellite will be recorded, as incurred, as capital-work-in-progress at the reduced purchase price. Accordingly, the capital commitments under the T4-NGS procurement contract have been reduced by $30 million (Note 33).

29 Provision for employees' end of service benefits

Accounting policies

For accounting policies on provision for employees' end of service benefits, refer Note 7.

The Group provides end of service benefits (defined benefit obligations) to its eligible employees. In the prior years, the provision for end of service benefits for non-UAE nationals was being calculated in accordance with the UAE Labour and was determined as the liability that would arise if the employment of all staff were terminated at the reporting date. An actuarial valuation was not performed on staff terminal and other benefits as the net impact of the discount rate and future salary and benefits level on the present value of the defined benefit obligations were not expected by management to be significant. Given significant rise in the interest rates during the year, the Group carried out actuarial valuation of the present value of the defined benefit obligations as at 31 December 2022 and for each prior period presented i.e. 31 December 2021 and 1 January 2021 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.

	31 December 2022 $ 000	31 December 2021 $ 000
Unfunded plan		
Present value of defined benefit obligation	**9,897**	11,238

29 Provision for employees' end of service benefits continued

Accounting policies continued

The movement in defined benefit obligation is as follows:

	2022 $ 000	2021 $ 000
At 1 January	**11,238**	10,515
Current service cost/charge for the year	**1,757**	2,148
Interest cost	**416**	–
Benefits paid	**(1,612)**	(1,418)
Other movements	**31**	15
Actuarial gain	**(1,929)**	–
Exchange differences	**(4)**	(22)
At 31 December	**9,897**	11,238

The amounts recognised in the consolidated statement of profit or loss are as follows:

	2022 $ 000	2021 $ 000
Current service cost/charge for the year	**1,757**	2,148
Interest cost	**416**	–
	2,173	2,148

Following are the significant assumptions used in the actuarial valuation:

	2022 $ 000	2021 $ 000
Discount rate	**4.64%**	2.53%
Price inflation	**2.00%**	2.00%
Salary growth rate	**2.25%**	2.25%

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 2022 $ 000	Impact on defined benefit obligation 2021 $ 000
Discount rate		
0.5% increase	**–4.10%**	**-4.70%**
0.5% decrease	**4.40%**	**5.00%**
Salary growth rate		
0.5% increase	**4.80%**	**5.20%**
0.5% decrease	**-4.50%**	**-4.90%**

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

29 Provision for employees' end of service benefits continued

Sensitivity analysis continued

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 2022, the weighted average duration of the defined benefit obligation was 8.72 years (2021: 10.21 years).

30 Share capital and additional paid-in capital

The movement in the share capital is as follows:

	2022		2021	
	Shares (000)	$ 000	Shares (000)	$ 000
At 1 January	**2,439,770**	**664,334**	10,000	2,722
Conversion of additional paid-in capital	**–**	**–**	2,429,770	661,612
At 31 December	**2,439,770**	**664,334**	2,439,770	664,334

On 17 June 2021, the Company's share capital increased from AED 10,000,000 to AED 2,439,770,265 by conversion of additional paid-in capital into share capital. Share capital is converted into US$ at the rate of AED 3.6725 to US$ 1.

On 14 July 2021, the Parent Company completed the secondary offering to the public of 975,908,106 shares representing 40% of the Company's share capital, upon which all of the Company's shares were listed on the Abu Dhabi Securities Exchange. Subsequent to the listing, the Parent Company continues to own 60% of the Company's share capital.

31 Dividends

	2022 $ 000	2021 $ 000
Cash dividends declared and paid:		
Final dividend for 2020:		
a) $3.60 (AED 13.22) per share prior to increase in the Company's share capital	**–**	36,000
b) 1.80 cents (6.62 fils) per share after increase in the Company's share capital	**–**	44,000
Interim dividend 2021: 2.15 cents (7.90 fils) per share)	**–**	52,500
Final dividend for 2021: 2.15 cents (7.90 fils) per share	**52,482**	–
Interim dividend for 2022: 2.19 cents (8.06 fils) per share	**53,545**	–
	106,027	132,500
Proposed dividend:		
Final dividend for 2022: 2.19 cents (8.05 fils) per share (2021: 2.15 cents (7.90 fils) per share)	**53,500**	52,482

The proposed dividend is subject to approval of the shareholders at the annual general assembly.

32 Statutory reserve

Article 241 of the UAE Federal Decree-Law No.32 of 2021 requires that 10% of the Company's profit be transferred to a non-distributable statutory reserve until the amount of the statutory reserve becomes equal to 50% of the paid-up share capital. The consolidated financial statements include statutory reserve of the Company and of its subsidiaries.

33 Capital commitments and contingent liabilities

	2022 $ 000	2021 $ 000
Capital commitments – committed and contracted	**157,836**	259,305
Contingent liabilities – performance bonds provided by banks in the normal course of business	**36,439**	30,956

Capital commitments mainly relate to T4-NGS project. During the year, the Group received a grant of $30 million in the form of reduction in the purchase price of T4-NGS. Accordingly, capital commitments as of 31 December 2022 have been reduced by $30 million (refer to Note 28).

34 Leases – Group as a Lessor

The future minimum lease rental receivables under non-cancellable operating leases are as follows:

	Notes	2022 $ 000	2021 $ 000
Satellite capacity leases – related party	21(i)	**494,275**	622,459
Investment property leases – third parties	14	**4,530**	1,895
Other leases:*			
Satellite capacity leases – third parties		**340**	353
Gateway hosting – third parties		**3,108**	1,812
At 31 December		**502,253**	626,519

* The future minimum lease rental receivables under non–cancellable operating leases relating to other leases are as follows:

	2022 $ 000	2021 $ 000
Year 1	**2,104**	1,033
Year 2	**672**	604
Year 3	**672**	528
At 31 December	**3,448**	2,165

35 Earnings per share

	2022 $ 000	2021 $ 000
Profit for the period attributable to the shareholders (in $'000)	**65,564**	69,762
Weighted average number of ordinary shares outstanding ('000)	**2,439,770**	2,439,770
Basic and diluted earnings per share (cents)	**2.687**	2.859
Basic and diluted earnings per share (fils)	**9.869**	10.501

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 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	2022 $ 000	2021 $ 000
Derivative financial assets	26	**49,416**	4,854
Trade receivables and contract assets	22	**142,916**	128,487
Other receivables	22	**10,405**	5,456
Cash and short-term deposits	23	**544,699**	400,274
		747,436	539,071

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 and customer type). 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 separately for each of the revenue streams, namely, data and mobility solutions satellite services, infrastructure services and managed solutions.

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 52% (2021: 48%) are related parties or government related entities. Moreover, a substantial portion of the remaining customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

The Group had credit risk arising from its derivatives used for hedging, which are settled on a net basis. With respect to cash and short-term deposits, management manages its credit risk by only dealing with reputable banks.

36 Financial risk management continued

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 expected operational 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	1 – 2 years	2 – 5 years	Beyond 5 years	Total
2022					
Term loans	**139,236**	**76,796**	**268,677**	**139,594**	**621,303**
Lease liabilities	**2,223**	**679**	**1,911**	**3,588**	**8,401**
Trade and other payables (excluding advances from customers)	**94,265**	**–**	**–**	**–**	**94,265**
At 31 December 2022	**235,724**	**77,475**	**270,588**	**140,182**	**723,969**
2021					
Term loans	65,713	124,426	267,662	98,206	556,007
Lease liabilities	5,569	2,322	6,743	4,415	19,049
Derivative financial liabilities	193	–	–	–	193
Trade and other payables (excluding advances from customers)	80,662	–	–	–	80,662
At 31 December 2021	152,137	126,748	274,405	102,621	655,911

The facility amounts relating to the Group's term loans are disclosed in Note 25.

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 US$. In respect of transactions denominated in the UAE Dirham ("AED"), the Group is currently not exposed to currency risk as the AED is pegged to US$. For significant transactions denominated in currency other than US$ and AED the Group utilises forward exchange contracts to reduce its currency risk exposure.

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.

36 Financial risk management continued

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.

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.

Interest expense	2022 $ 000	2021 $ 000
- 25 basis points	**64**	57
+ 25 basis points	**(64)**	(57)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including replacement of some interbank offered rates (IBORS) with alternative nearly risk-free rates (referred to as 'IBOR reform'). In 2021, the Group undertook amendments to most financial instruments with contractual terms indexed to IBORs such that they incorporate new benchmark rates e.g Sterling Over Night Index Average (SONIA). As at 31 December 2022, the Group's remaining IBOR exposure is indexed to US Dollar LIBOR. The alternative reference rate for US Dollar LIBOR is the Secured Overnight Financing Rate (SOFR). The Group has engaged professional law firms to document the transition and process of implementing appropriate fallback clauses for all US Dollar LIBOR indexed exposures, in accordance with clause 22.7 (replacement of Screen Rate) and 22.8 (Replacement of Benchmark) under the Common Term Agreement. These clauses automatically switch the instrument from USD LIBOR to SOFR as and when US Dollar LIBOR ceases. As announced by Financial Conduct Authority (FCA) in early 2022, the panel bank submissions for US Dollar LIBOR will cease in mid-2023.

Both the Phase 1 and Phase 2 amendments of Interest Rate Benchmark Reform are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures and in the current period modifications in response to the reform are being considered to the Group's derivative. The amendments are relevant for the cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked cash flows. When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship. The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including FCA) and the US Commodity Futures Trading Commission) regarding the transition from LIBOR (including GBP LIBOR, USD LIBOR and JPY LIBOR) to the Sterling Overnight Index Average rate (SONIA), the Secured Overnight Financing Rate (SOFR), and the Tokyo Overnight Average rate (TONA) respectively. In response to the announcements, the Group has in place an interest rate benchmark transition programme comprised of the following work streams: risk management, tax, treasury, legal, accounting and systems. The Group is engaged and working closely with the global agent and the counterparties to mitigate the risk arising from the transition and looking at the options of early adoption of the replacement benchmark (SOFR).

The carrying amounts of Term loan 5 and Term loan 6 are disclosed in Note 25 while the fair value and notional amounts of the IRS are disclosed in Note 26.

Fair values

The fair value measurements of borrowings and derivative financial instruments are classified as 'Level 2' within the fair valuation hierarchy i.e. wherein fair value is determined using valuation techniques in which significant inputs are based on observable market data.

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).

36 Financial risk management continued

Non-derivative financial liabilities continued

The fair values of borrowings and other financial assets and financial liabilities approximate their carrying values.

There were no transfers between Level 1 and Level 2 during 2022 and 2021.

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	2022 $ 000	2021 $ 000
Interest bearing borrowings (excluding unamortised transaction costs)	25	**542,373**	549,355
Less: cash and short-term deposits	23	**(544,699)**	(400,274)
Net (cash)/debt		**(2,326)**	149,081
Total equity		**922,484**	918,086
Total equity and net debt		**920,158**	1,067,167
Gearing ratio (%)		**N/A**	14%

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 significant accounting policies followed by the Group. There were no significant changes to the group structure in the current year and prior year.

Accounting policies

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.

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.

37 Business combinations and changes in ownership interests continued

Accounting policies continued

Business combinations continued

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 recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Transfer of entities under common control

Transfers giving rise to transfer of interests in entities that are under the common control of the shareholders are accounted for at the date that transfer occurred, without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of equity of the acquired entities are added to the same components within Group entity. Any cash paid for the acquisition is recognised directly in equity.

Loss of control of subsidiary

When the Group loses control of a subsidiary, the Group

a) derecognises the assets and liabilities of the former subsidiary at the carrying amounts at the date when control is lost
b) recognise the fair value of the consideration received from the event or transaction that resulted in the loss of control and recognise any interest retained in the former subsidiary at its fair value when the control is lost
c) reclassify to profit or loss the amounts recognised in other comprehensive income (OCI), including any cumulative exchange differences previously recognised in OCI, in relation to the subsidiary and
d) recognise any resulting difference as a gain or loss in profit or loss.

The fair value at the date that control is lost in b) above shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or the deemed cost on initial recognition of an investment in an associate or joint venture, if applicable.

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.

37 Business combinations and changes in ownership interests continued

Accounting policies continued

Acquisition of an associate in a business combination

On acquisition of an associate, the Group undertakes a notional purchase price allocation (PPA), identifying and valuing assets and liabilities of the associate, as if it had acquired a business. These fair value adjustments are not recorded separately, because the investment itself is a single line item. However, the fair values identified form the basis for additional depreciation, amortisation and similar adjustments that are reflected in the investor's share of the results in subsequent years. Adjustments in the notional purchase price allocation include assets not recognised by the associate or joint venture (such as internally developed intangible assets, reserves of natural resources and similar assets). Adjustments might also be made to recognise the fair value of assets carried by the investee at cost (such as property, plant and equipment) and to recognise liabilities at appropriate values.

Where the Group acquires an associate, it might be necessary to use provisional figures to undertake a provisional PPA to report the acquisition at the reporting date. Within one-year from the date of acquisition, the Group finalises the fair values and PPA, and reports in the following reporting period.

On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

a) Goodwill relating to an associate is included in the carrying amount of the investment.
b) Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made in order to account, for example, for depreciation of the depreciable assets based on their fair values at the acquisition date. Similarly, appropriate adjustments to the entity's share of the associate's profit or loss after acquisition are made for impairment losses such as for goodwill or property, plant and equipment.

38 Comparatives

Comparative numbers have been rearranged and reclassified to conform to the current year presentation, the effects of which are not material.

Supplemental Information to the Consolidated Financial Statements

for the year ended 31 December 2022

The consolidated financial statements are presented in United States Dollars ("US$" or "$"), 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 US$ 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

	2022 AED 000	2021 AED 000
Revenue	**1,588,503**	1,496,797
Cost of revenue	**(177,367)**	(167,018)
Staff costs	**(313,903)**	(314,021)
Other operating expenses(1)	**(165,167)**	(141,122)
Other income	**14,264**	8,531
Adjusted EBITDA(2)	**946,330**	883,167
Depreciation, amortisation and impairment	**(530,570)**	(545,697)
Fair value adjustment on investment property	**5,817**	(7,000)
Operating profit	**421,577**	330,470
Finance income	**31,205**	1,451
Finance costs	**(35,238)**	(65,014)
Net Finance costs	**(4,033)**	(63,563)
Share of results of equity-accounted investments(3)	**(195,755)**	(35,216)
Profit before income tax	**221,789**	231,691
Income tax expense	**(643)**	(790)
Profit for the year	**221,146**	230,901
Loss for the year attributable to non-controlling interests	**(19,637)**	(25,300)
Profit for the year attributable to the Shareholders	**240,783**	256,201
Earnings per share		
Basic and diluted (fils per share)	**9.87**	10.50

(1) Other operating expenses include expected credit losses on trade receivables and contract assets. For the year ended 31 December 2022, there was a net reversal of expected credit losses of AED 3,155 thousand (2021: AED 8,880 thousand).
(2) Earnings before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity accounted investments. Refer to Note 4 for a reconciliation of Adjusted EBITDA to profit for the year. Adjusted EBITDA is a non-GAAP measure.
(3) Share of results of equity-accounted investments for the year include impairment loss of AED 149 million (2021: nil) in respect of the Group's investment in HPE Brazil.

ii) Consolidated statement of comprehensive income

	2022 AED 000	2021 AED 000
Profit for the year	**221,146**	230,901
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Cash flow hedge – effective portion of changes in fair value	**170,437**	12,810
Cash flow hedge – (gain)/loss reclassified to profit or loss	**(12,597)**	42,583
Foreign operations – currency translation differences	**19,464**	(27,489)
Items that may not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	**7,084**	–
Other comprehensive income for the year	**184,388**	27,904
Total comprehensive income for the year	**405,534**	258,805
Total comprehensive loss attributable to non-controlling interests	**(19,659)**	(25,300)
Total comprehensive income attributable to the Shareholders	**425,193**	284,105

Supplemental Information to the Consolidated Financial Statements continued

for the year ended 31 December 2022

iii) Consolidated statement of financial position

	2022 AED 000	2021 AED 000
Assets		
Property, plant and equipment	**4,202,163**	4,154,677
Investment property	**73,380**	74,298
Right-of-use assets	**21,491**	56,145
Intangible assets	**26,479**	36,093
Equity-accounted investments	**235,238**	426,756
Trade and other receivables	**38,128**	38,128
Derivative financial instruments	**118,306**	11,789
Other investments	**10,834**	–
Deferred income tax assets	**485**	474
Total non-current assets	**4,726,504**	4,798,360
Inventories	**26,560**	21,532
Trade and other receivables	**617,931**	542,152
Derivative financial instruments	**63,174**	6,038
Income tax assets	**668**	687
Cash and short-term deposits*	**2,000,407**	1,470,006
Total current assets	**2,708,740**	2,040,415
Total assets	**7,435,244**	6,838,775
Liabilities		
Trade and other payables	**628,590**	302,074
Borrowings	**444,655**	230,152
Derivative financial instruments	**–**	709
Deferred revenue	**91,111**	99,113
Income tax liabilities	**790**	599
Total current liabilities	**1,165,146**	632,647

iii) Consolidated statement of financial position continued

	2022 AED 000	2021 AED 000
Trade and other payables	**1,350,301**	1,068,697
Borrowings	**1,495,629**	1,724,488
Provision for employees' end of service benefits	**36,347**	41,272
Total non-current liabilities	**2,882,277**	2,834,457
Total liabilities	**4,047,423**	3,467,104
Net assets	**3,387,821**	3,371,671
Equity		
Share capital	**2,439,770**	2,439,770
Hedging reserve	**177,767**	19,927
Statutory reserve	**76,862**	35,135
Translation reserve	**(89,440)**	(109,029)
Remeasurement reserve	**7,084**	–
Retained earnings	**513,852**	704,180
Equity attributable to the Shareholders	**3,125,895**	3,089,983
Non-controlling interests	**261,926**	281,688
Total equity	**3,387,821**	3,371,671

* Cash and short term deposits include cash and cash equivalents of AED 785,893 thousand (31 December 2021: AED 1,019,993 thousand).

Supplemental Information to the Consolidated Financial Statements continued

for the year ended 31 December 2022

iv) Consolidated statement of changes in equity

	Attributable to the Shareholders							
	Share capital AED 000	Additional paid-in capital AED 000	Hedging reserve 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 2021	10,000	2,429,770	(35,466)	(66,472)	954,652	3,292,484	306,988	3,599,472
Profit for the year	–	–	–	–	256,201	256,201	(25,300)	230,901
Other comprehensive income:								
Currency translation differences	–	–	–	(27,489)	–	(27,489)	–	(27,489)
Cash flow hedge – effective portion of changes in fair value	–	–	12,810	–	–	12,810	–	12,810
Cash flow hedge – net loss reclassified to profit or loss (Note 11)[2]	–	–	42,583	–	–	42,583	–	42,583
Other comprehensive income/(loss) for the year	–	–	55,393	(27,489)	–	27,904	–	27,904
Total comprehensive income/(loss) for the year	–	–	55,393	(27,489)	256,201	284,105	(25,300)	258,805
Conversion of additional paid-in capital to share capital (Note 30)	2,429,770	(2,429,770)	–	–	–	–	–	–
Transfer to statutory reserve				20,067	(20,067)	–	–	–
Transactions with the Shareholder:								
Dividends (Note 31)	–	–	–	–	(486,606)	(486,606)	–	(486,606)
At 31 December 2021	2,439,770	–	19,927	(73,894)	704,180	3,089,983	281,688	3,371,671
At 1 January 2022	**2,439,770**	**–**	**19,927**	**(73,894)**	**704,180**	**3,089,983**	**281,688**	**3,371,671**
Profit for the year	**–**	**–**	**–**	**–**	**240,783**	**240,783**	**(19,637)**	**221,146**
Other comprehensive income:								
Currency translation differences	**–**	**–**	**–**	**19,589**	**–**	**19,589**	**(125)**	**19,464**
Cash flow hedge – effective portion of changes in fair value	**–**	**–**	**170,437**	**–**	**–**	**170,437**	**–**	**170,437**
Cash flow hedge – net gain reclassified to profit or loss (Note 11)	**–**	**–**	**(12,597)**	**–**	**–**	**(12,597)**	**–**	**(12,597)**
Remeasurement of defined benefit obligation	**–**	**–**	**–**	**7,084**	**–**	**7,084**	**–**	**7,084**
Other comprehensive income/(loss) for the year	**–**	**–**	**157,840**	**26,673**	**–**	**184,513**	**(125)**	**184,388**
Total comprehensive income/(loss) for the year	**–**	**–**	**157,840**	**26,673**	**240,783**	**425,296**	**(19,762)**	**405,534**
Transfer to statutory reserve	**–**	**–**	**–**	**41,727**	**(41,727)**	**–**	**–**	**–**
Transactions with the Shareholders:								
Dividends (Note 31)	**–**	**–**	**–**	**–**	**(389,384)**	**(389,384)**	**–**	**(389,384)**
At 31 December 2022	**2,439,770**	**–**	**177,767**	**(5,494)**	**513,852**	**3,125,895**	**261,926**	**3,387,821**

(1) Other reserves include statutory reserve, translation reserve and actuarial remeasurement reserve.
(2) The amount includes AED 18,935 thousand on account of discontinuance of hedge accounting (Note 26) and AED 23,647 thousand relating to periodic reclassifications to profit or loss.

v) Consolidated statement of cash flows

	2022 AED 000	2021 AED 000
Operating activities		
Profit before income tax	**221,790**	231,691
Adjustments for:		
Share of results of equity-accounted investments	**195,755**	35,216
Depreciation, amortisation and impairment	**530,570**	545,697
Reversal of allowance for expected credit losses	**(3,155)**	(8,880)
Allowance (reversal of allowance) for inventories	**617**	(3,996)
Fair value adjustment to investment property	**(5,817)**	7,000
Finance income	**(31,205)**	(1,451)
Finance costs	**35,238**	65,014
Gain on termination of lease	**(5,685)**	–
Gain on disposal of property, plant and equipment	**–**	(114)
Provision for employees' end of service benefits	**6,453**	7,889
Write-off of property, plant and equipment	**62**	18
Operating profit before working capital changes	**944,623**	878,084
Working capital changes:		
Trade and other receivables	**(72,624)**	(62,675)
Inventories	**(5,645)**	31,272
Trade and other payables[1]	**568,558**	(23,155)
Deferred revenue	**(8,002)**	17,970
Employee end of service payments	**(5,920)**	(5,208)
Income tax paid	**(444)**	(1,399)
Net cash from operating activities	**1,420,546**	834,889
Investing activities		
Purchases of property, plant and equipment	**(481,700)**	(559,784)
Additions to intangible assets	**(3,695)**	(1,910)
Proceeds on disposal of property, plant and equipment	**–**	180
Investment in an associate	**–**	(36,284)
Return of investment in an associate	**15,516**	7,639
Acquisition of other investments	**(10,834)**	–
Receipts of short-term deposits with original maturity of over three months	**1,057,790**	440,700
Investments in short-term deposits with original maturity of over three months	**(1,822,291)**	(450,013)
Interest received	**31,205**	1,451
Net cash used in investing activities	**(1,214,009)**	(598,021)

Supplemental Information to the Consolidated Financial Statements continued

for the year ended 31 December 2022

v) Consolidated statement of cash flows continued

	2022 AED 000	2021 AED 000
Financing activities		
Proceeds from term loans	**226,546**	1,956,778
Repayment of term loans	**(223,909)**	(939,121)
Payment of lease liabilities	**(17,716)**	(15,623)
Interest paid	**(40,067)**	(27,533)
Transaction costs on borrowings refunded/(paid)	**3,559**	(59,825)
Settlement of derivative contract liabilities	**–**	(31,418)
Dividend paid to the Shareholders	**(389,384)**	(486,606)
Net cash (used in)/from financing activities	**(440,971)**	396,652
Net (decrease)/increase in cash and cash equivalents	**(234,434)**	633,520
Net foreign exchange difference	**334**	1,172
Cash and cash equivalents at 1 January	**1,019,993**	385,300
Cash and cash equivalents as at 31 December	**785,893**	1,019,992

(1) Amount for the year ended 31 December 2022 includes receipt of the first instalment of the T4-NGSA Advance Payment of AED 550.95 million.

Glossary of Financial Terms

The following glossary of financial terms applies to the Annual Report and the Consolidated Financial Statements.

Financial Term	Definition
Adjusted EBITDA	Earnings from continuing operations before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments
Cash Conversion Ratio	Operating Free Cash Flow divided by Normalised Adjusted EBITDA
Contracted Future Revenues	Remaining performance obligations from contracts with customers and future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor (excluding investment property)
Discretionary Free Cash Flow (‘DFCF’)	Net cash-flow from operations less (a) advances from customers on long-term capacity contracts (e.g., T4-NGS), (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, and plus (e) proceeds from disposals of assets
Equity	Equity attributable to the shareholders
Investments	Investments in associates, net of any dividends received and capital returned
Net Debt	Gross debt (Principal amounts outstanding on Term Loans and Lease Liabilities) less cash and short-term deposits
Net Income margin	Net Income (profit attributable to shareholders) divided by Revenue
Net Income or Profit	Profit for the year attributable to the shareholders
Net Leverage	Net Debt divided by Adjusted EBITDA
Normalised Adjusted EBITDA	Adjusted EBITDA excluding material one-off items recorded during the current and comparative periods that would otherwise distort the underlying, like-for-like performance of the business
Normalised Adjusted EBITDA Margin	Normalised Adjusted EBITDA divided by Revenue
Normalised Net Income	Profit attributable to the shareholders, adjusted for material one-off items recorded during the current and comparative periods that would otherwise distort the underlying, like-for-like performance of the business
Normalised Net Income margin	Normalised Adjusted Net Income divided by Revenue
Operating Free Cash Flow	Normalised Adjusted EBITDA minus additions to intangible assets, development and maintenance related capital expenditure, excluding additions to satellite related capital work in progress
Revenue or Gross Revenue	Revenue from contracts with customers
Total Assets	Sum of total non-current assets and total current assets

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