

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