Docusign Envelope ID: 6A784E3D-F45D-445B-9949-3A3EC5E77CA2

SPACE42 PLC (formerly BAYANAT AI PLC)

Pro forma Financial Information and Consolidated Financial Statements

31 December 2024

Docusign Envelope ID: 6A784E3D-F45D-445B-9949-3A3EC5E77CA2

SPACE42 PLC (formerly BAYANAT AI PLC)

Pro forma Financial Information

31 December 2024

BASIS OF PREPARATION

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

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

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

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

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

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

Docusign Envelope ID: 6A784E3D-F45D-445B-9949-3A3EC5E77CA2

Space42 PLC (formerly Bayanat AI PLC)

Pro forma consolidated statement of profit or loss

for the year ended 31 December 2024 (Unaudited)

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

Space42 PLC (formerly Bayanat AI PLC)

Pro forma consolidated statement of comprehensive income

for the year ended 31 December 2024 (Unaudited)

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

Space42 PLC (formerly Bayanat AI PLC)

Pro forma consolidated statement of financial position

at 31 December 2024 (Unaudited)

	2024 $ 000	2023 $ 000
Assets		
Property, plant and equipment	1,449,455	1,182,760
Right-of-use assets	18,641	5,812
Provisional goodwill/intangible assets relating to business combination (refer basis of preparation)	568,425	568,425
Intangible assets	16,794	15,298
Equity-accounted investments	34,594	49,912
Trade and other receivables	367	10,610
Derivative financial instruments	15,854	22,390
Other financial assets	762	5,865
Contract costs	2,378	-
Deferred income tax assets	3,863	199
Total non-current assets	**2,111,133**	**1,861,271**
Inventories	26,123	14,357
Trade and other receivables	177,642	207,040
Contract assets	301,029	202,144
Contract costs	13,156	1,346
Derivative financial instruments	9,882	12,574
Income tax assets	182	182
Cash and short-term deposits	1,162,610	769,585
	1,690,624	**1,207,228**
Non-current assets classified as held for sale	-	28,040
Total current assets	**1,690,624**	**1,235,268**
Total assets	**3,801,757**	**3,096,539**
Liabilities		
Trade and other payables	348,289	301,568
Contract liabilities	51,885	59,182
Borrowings	388,746	61,327
Lease liabilities	3,301	1,759
Income tax liabilities	19,334	276
Total current liabilities	**811,555**	**424,112**
Trade and other payables	64,483	139,919
Contract liabilities	795,721	310,978
Borrowings	257,913	373,292
Lease liabilities	15,014	4,935
Defined benefit obligations	12,253	11,078
Deferred income tax liabilities	1,575	965
Total non-current liabilities	**1,146,959**	**841,167**
Total liabilities	**1,958,514**	**1,265,279**
Net assets	**1,843,243**	**1,831,260**
Equity		
Share capital	129,664	129,664
Share premium	1,514,253	1,514,253
Hedging reserve	(23,279)	(14,350)
Statutory reserve	22,807	20,556
Translation reserve	(4,173)	3,098
Remeasurement reserve	(478)	(320)
Retained earnings	168,913	115,301
Equity attributable to the Shareholders	**1,807,707**	**1,768,202**
Non-controlling interests	35,536	63,058
Total equity	**1,843,243**	**1,831,260**

Docusign Envelope ID: 6A784E3D-F45D-445B-9949-3A3EC5E77CA2

SPACE42 PLC (formerly BAYANAT AI PLC)

Reports and Consolidated Financial Statements

31 December 2024

Docusign Envelope ID: 6A784E3D-F45D-445B-9949-3A3EC5E77CA2

Space42 PLC (formerly Bayanat AI PLC)

Reports and Consolidated Financial Statements

31 December 2024

Contents

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

Principal activities

The Group is organized into two business units and its principal activities are:
1) Yahsat Space Services (YSS): YSS provides robust, secure satellite communication solutions for government and mission-critical applications; reliable mobility and communication solutions; and high-speed data connectivity solutions

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

Results for the year

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

Transactions with related parties

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

Directors

Current Board members:

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

Past Board members who served during the year:

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

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

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

On behalf of the Board of Directors

Signed by:
06CAB59FD7D6442...
Chairman of the Board
H.E. Mansoor Al Mansoori

Date: 26 February 2025

Deloitte & Touche (M.E.) LLP
Level 11, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 990
Abu Dhabi
United Arab Emirates

Tel: +971 (0) 2 408 2424
Fax:+971 (0) 2 408 2525
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPACE42 PLC (FORMERLY BAYANAT AI PLC)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPACE42 PLC (FORMERLY BAYANAT AI PLC) (continued)

Key Audit Matters (continued)

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

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Key Audit Matters (continued)

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPACE42 PLC (FORMERLY BAYANAT AI PLC) (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Acquisition of Yahsat

On 1 October 2024, the Group acquired Al Yah Satellite Communications Company PJSC ("Yahsat"), which was determined to be a business combination as defined by IFRS Accounting Standards, for a consideration of USD 1.4 billion. The consideration was settled through the issuing of equity to the previous shareholders of Yahsat.

This acquisition required management to identify all assets and liabilities of Yahsat at the acquisition date ("the purchase price allocation"), including those that were not recognised in the accounting records of Yahsat, and measure these assets and liabilities at fair value. The excess of the transaction price over the fair value of the net assets acquired at the acquisition is recognised as goodwill.

An independent external valuation specialist ("valuer") was engaged by the Group to perform the purchase price allocation.

Based on the purchase price allocation for the acquisition, the Group recognised goodwill of USD 173 million and customer contracts and relationships of USD 514 million, which have been presented as part of intangible assets.

We have identified the acquisition of Yahsat as a key audit matter due to the quantitative significance of the transaction relative to the consolidated financial statements and the following significant judgements applied and estimates made by management:

• allocation of purchase price to the identifiable assets acquired and liabilities assumed;
• fair valuation of the assets acquired including the valuation of intangible assets and goodwill; and
• adjustments made to align accounting policies of the newly acquired assets with those of the Group.

Refer to note 37 for the accounting policy and disclosure related to this matter.
</td><td>
We performed the following procedures, inter alia, in relation to the business acquisition and purchase price allocation:

• We obtained an understanding of the process adopted by management to determine the fair value of assets acquired and liabilities assumed of Yahsat and the related accounting for the initial recognition of the acquisition, including the key controls in this process;
• We assessed the abovementioned key controls to determine if they had been appropriately designed and implemented;
• We reviewed the merger agreement to assess if the recording of the acquisition was in accordance with the requirements of IFRS Accounting Standards and that the effective date of the acquisition had been correctly identified.
• We determined if management's assumptions in relation to the initial recognition of the acquisition were in accordance with the requirements of IFRS Accounting Standards;
• We assessed the skills, competence, objectivity and independence of the valuers engaged by the Group to perform the purchase price allocation exercise and reviewed the terms of their engagement with the Group to determine if the scope of their work was sufficient for audit purposes;
• We performed the following procedures, with the assistance of our internal experts, over the purchase price allocation:
  o determined, if all assets acquired and liabilities assumed had been identified;
  o evaluated the valuation methodologies and significant inputs used by the Group including the identification of intangible assets and the determination of the useful lives of the identified intangible assets;
  o assessed if the inputs into the valuation of the assets and liabilities were reasonable;
  o analysed the fair value adjustments recognized by management and evaluated whether the adjustments made were in accordance with the requirements of IFRS Accounting Standards;
  o reperformed the mathematical accuracy of the purchase price allocation; and
  o assessed goodwill and identified intangible assets recognised by management and evaluated whether it was accounted for in accordance with the requirements of IFRS Accounting Standards
• We reconciled the carrying amounts of the assets acquired and liabilities assumed to the audited non-statutory consolidated financial statements of Yahsat as at 30 September 2024;
• We agreed the results of the purchase price allocation to the amounts reported in the consolidated financial statements; and
• We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.
</td></tr>
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Other Information

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPACE42 PLC (FORMERLY BAYANAT AI PLC) (continued)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPACE42 PLC (FORMERLY BAYANAT AI PLC) (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

Deloitte & Touche (M.E.) LLP

Monah Adnan Abou Zaki
Partner
26 February 2025
Abu Dhabi
United Arab Emirates

Space42 PLC (formerly Bayanat AI PLC)

Consolidated statement of profit or loss

for the year ended 31 December 2024

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

[1] Other operating expenses include expected credit losses on trade receivables and contract assets (refer note 21). For the year ended 31 December 2024, there was a net charge of expected credit losses of $8,088 thousand (2023: net reversal of $117 thousand).

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

The accompanying notes form an integral part of these consolidated financial statements.

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

Space42 PLC (formerly Bayanat AI PLC)

Consolidated statement of comprehensive income

for the year ended 31 December 2024

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

The accompanying notes form an integral part of these consolidated financial statements.

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

Space42 PLC (formerly Bayanat AI PLC)

Consolidated statement of financial position

at 31 December 2024

	Notes	2024 $ 000	2023 $ 000
Assets			
Property, plant and equipment	13	1,422,394	60,061
Right-of-use assets	14	18,642	663
Intangible assets	15	693,103	458
Equity-accounted investments	17	28,080	-
Trade and other receivables	21	367	-
Derivative financial instruments	28	15,854	-
Other financial assets	18	762	-
Contract costs	22	2,378	-
Deferred income tax assets	12	5,470	-
Total non-current assets		**2,187,050**	**61,182**
Inventories	19	26,123	-
Trade and other receivables	21	177,643	89,236
Contract assets	21	301,028	180,508
Contract costs	22	13,156	1,265
Derivative financial instruments	28	9,882	-
Income tax assets		181	-
Cash and short-term deposits *	23	1,162,610	207,505
Total current assets		**1,690,623**	**478,514**
Total assets		**3,877,673**	**539,696**
Liabilities			
Trade and other payables	25	348,288	143,370
Contract liabilities	26	51,884	33,684
Borrowings	27	388,746	-
Lease liabilities	14	3,301	334
Income tax liabilities		19,334	-
Total current liabilities		**811,553**	**177,388**
Trade and other payables	25	64,483	-
Contract liabilities	26	795,721	1,820
Borrowings	27	257,913	-
Lease liabilities	14	15,014	271
Defined benefit obligations	30	12,253	2,149
Deferred income tax liabilities	12	47,281	-
Total non-current liabilities		**1,192,665**	**4,240**
Total liabilities		**2,004,218**	**181,628**
Net assets		**1,873,455**	**358,068**
Equity			
Share capital	31	129,664	70,018
Share premium	31	1,514,253	154,339
Hedging reserve	28	2,862	-
Other reserve	32	13,687	11,436
Translation reserve		(2,727)	-
Remeasurement reserve		114	-
Retained earnings		182,335	122,275
Equity attributable to the Owners of Space42 Plc		**1,840,188**	**358,068**
Non-controlling interests	16	33,267	-
Total equity		**1,873,455**	**358,068**

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

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

Signed by: 06CAB59FD7D6442...	Signed by: A3B87D46144843A...	Signed by: Andrew Cole AB968BCF46384E8...
H.E. Mansoor Al Mansoori	**Karim Michel Sabbagh**	**Andrew Francis Cole**
Chairman of the Board	**Managing Director**	**Chief Financial Officer**

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

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Space42 PLC (formerly Bayanat AI PLC)

Consolidated statement of changes in equity

for the year ended 31 December 2024

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

[1] Other reserves include hedging reserve, statutory reserve relating to subsidiaries, translation reserve and actuarial remeasurement reserve.

The accompanying notes form an integral part of these consolidated financial statements.

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

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Space42 PLC (formerly Bayanat AI PLC)

Consolidated statement of cash flows

for the year ended 31 December 2024

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

Non-cash transactions:

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

Loans from related parties set-off against due from related parties	20	-	13,493
Waiver of related party interest payable	20	-	258

The accompanying notes form an integral part of these consolidated financial statements.

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

1 Corporate information

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

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

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

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

The Group is organized into two business units and its principal activities are:
1) Yahsat Space Services (YSS): YSS provides robust, secure satellite communication solutions for government and mission-critical applications; reliable mobility and communication solutions; and high-speed data connectivity solutions

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

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

2 Material accounting policy information

2.1 Basis of preparation

Statement of compliance

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

Basis of measurement

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

Functional and presentation currency

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

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

2.2 Basis of consolidation

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

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

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2 Material accounting policy information (continued)

2.3 Summary of material accounting policy information

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

A) Financial instruments

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

(i) Non-derivative financial assets

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

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

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

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

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

The Group does not have financial assets carried at FVOCI.

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

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

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

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

(ii) Non-derivative financial liabilities

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

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

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

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

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

2 Material accounting policy information (continued)

2.3 Summary of material accounting policy information (continued)

A) Financial instruments (continued)

(iii) Offsetting of financial instruments

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

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

B) Revenue from contract with customers
Refer Note 5.

C) Leases - the Group as a lessor
Refer Note 5.

D) Finance costs and finance income
Refer Note 11.

E) Other income
Refer Note 9.

F) Property, plant and equipment
Refer Note 13.

G) Leases - the Group as a lessee
Refer Note 14.

H) Intangible assets
Refer Note 15.

I) Borrowing costs
Refer Note 11.

J) Impairment

Financial assets

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

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

Financial assets carried at amortised cost

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

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

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2 Material accounting policy information (continued)

2.3 Summary of material accounting policy information (continued)

J) Impairment (continued)

Non-financial assets and equity accounted investments

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

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

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

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

K) Foreign currency

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

L) Employee terminal benefits
Refer Note 7.

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

N) Income tax
Refer Note 12.

O) Government Grants
Refer Note 29.

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

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

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

All other assets are classified as non-current.

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

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

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

2 Material accounting policy information (continued)

2.3 Summary of material accounting policy information (continued)

Q) Fair value measurement

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

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

2.4 Changes in material accounting policies and disclosures

New and amended standards and interpretations

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

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

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

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

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

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

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

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

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

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

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

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

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

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2 Material accounting policy information (continued)

2.5 Standards issued but not yet effective and not early adopted

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

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

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

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

3 Significant accounting judgements, estimates and assumptions

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

Significant accounting judgements

Judgements relating to revenue from contract with customers
Refer Note 5.

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

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

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

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3 Significant accounting judgements, estimates and assumptions (continued)

Significant accounting estimates

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

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

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

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

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

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

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

Fair value of derivative financial instruments
Refer Note 28

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

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

4 Segment information

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

Material accounting policy information

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

Information on segments

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

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

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

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

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

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

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

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

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

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

4 Segment information (continued)

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

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

Geographical information

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

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

	2024	2023
	$ 000	$ 000
United Arab Emirates	309,890	315,752
Asia	14,694	-
Africa	3,833	-
Europe	1,963	-
North America	662	-
Others	167	-
Revenue	**331,209**	**315,752**

The Group's non-current assets other than financial instruments and deferred taxes by geography are presented below. The satellites are allocated to the country where the legal owner of the asset is incorporated.

	2024	2023
	$ 000	$ 000
United Arab Emirates	2,134,979	61,182
South America	17,693	-
Europe	7,933	-
Africa	1,614	-
	2,162,219	**61,182**

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5 Revenue

Material accounting policy information

The Group is in the business of leasing of satellite communication capacity and providing telecommunication services via satellite to customers. The Group also provides services of development, installation and maintenance of various software and artificial intelligence products for specialised business operations which are long term in nature. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Yahsat Space Services segment includes revenue from leasing of satellite capacity and related services including end-to-end integrated satellite communication and managed solutions mainly to government customers. The segment also serves commercial customers by providing narrow-band satellite solutions under the trade name 'Thuraya' and broadband satellite solutions in Africa, Middle East and Asia under the brand name 'Yahclick'. Thuraya provides mobile satellite services (airtime revenue - voice, data and messaging services) and sale of related equipment and accessories. Yahclick revenue includes revenue from provision of satellite broadband services to customers and sale of related equipment and accessories.

Lease revenue is recognised in accordance with IFRS 16 (refer to Leases - the Group as a lessor). Service revenue is recognised over the period in which the services are provided. Revenue is typically recognized in profit or loss based on milestones reached, time elapsed or units delivered. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, the associated costs or the possible return of the goods or the rejection of the services provided.

Revenue from the sale of goods (i.e. equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed. Revenue is recognised net of returns, upfront discounts and sales commissions. Revenue from the sale of prepaid cards is recognized on the actual utilisation of the prepaid card and is deferred (included in contract liabilities) until the customer uses the airtime, or the credit expires.

Bayant Smart Solutions segment includes revenue from development of software and artificial intelligence services which is recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the performance milestones of the contract. Management has assessed that the stage of completion of performance milestones as at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15 - Revenue from Contracts with Customers. In certain short-term contracts, as the transfer of control of a product or service to a customer is immediate, revenue is recognized as point in time.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., discount). In determining the transaction price for the sale of goods or rendering of services, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Generally, the Group receives short-term advances from its customers, the Group uses the practical expedient in IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers in respect of its long-term contracts which includes the provision of capacity services from satellites which are under construction. When a significant financing component is identified. the transaction price for such contracts is adjusted for time value of money, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception. The interest is accrued during the advance period and the transaction price is increased by a corresponding amount. Such interest is accounted for within finance costs in the consolidated statement of profit or loss.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Payment for installation of software services is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation services are performed representing the entity's right to consideration for the services performed to date.

Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

5 Revenue (continued)

Contract Costs

The Group recognises any incremental cost incurred to obtain a contract with customer as an asset (contract cost) where:

- The Group expects to recover such costs from the customer,
- The contract is for a duration of at least 1 year or more, and
- The incremental costs would not have been incurred unless the contract was obtained.

The Group recognises these costs (which includes specific incentives in relation to obtaining the contract) as an asset because these costs would not have incurred if the contract had not been obtained and are expected to be recovered through the revenue earned from the contract.

The Group also recognises costs to fulfill the contract as asset when the cost are directly related to the contract, generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future and these costs are expected to be recovered.

Contract costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Leases - the Group as a lessor

Where the Group leases satellite capacity to customers over a long-term, satellite capacity lease payments are recorded on a straight-line basis over the term of the contract concerned. Advance lease rentals represent the unearned balances remaining from amounts received from customers.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases where the Group transfers substantially all of the risks and benefits of ownership of the asset through its contractual arrangements to the customer are considered as a finance lease. Leases in which the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases.

Income from operating leases are recognised in profit or loss on a straight-line basis over the lease term.

Revenue	Notes	2024 $ 000	2023 $ 000
Services rendered		312,784	315,752
Sale of equipment and accessories		18,425	-
		331,209	**315,752**
Revenue from related parties is disclosed in Note 20.			
Revenue includes:			
Revenue from contracts with customers (IFRS 15)		298,342	315,752
Income from operating leases (IFRS 16)		32,867	-
		331,209	**315,752**
Disaggregation of revenue by reportable segment:	4		
Services rendered:			
Space services		108,523	-
Smart solutions		204,261	315,752
Sale of equipment and accessories:			
Space services		18,425	-
		331,209	**315,752**
Timing of recognition of revenue from contracts with customers:			
Over time		263,618	219,711
At a point in time		34,724	96,041
		298,342	**315,752**

Revenue by geography is disclosed in note 4.

5 Revenue (continued)

	Notes	2024 $ 000	2023 $ 000
Contracted future revenues			
a) Remaining performance obligations from contracts with customers, expected to be recognised as revenue:			
Within one year		425,657	279,548
More than one year		6,334,995	268,586
		6,760,652	**548,134**
b) Future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor	34	241,569	-
Total contracted future revenues		**7,002,221**	**548,134**
Contract balances:			
Trade receivables, net of loss allowance	21	140,672	78,796
Contract assets, net of loss allowance	21	301,028	180,508
Contract liabilities	26	847,605	35,504
Revenue recognised from contract liabilities at the beginning of the year		31,432	3,248

The disclosure on remaining performance obligations does not include the expected consideration related to performance obligations in respect of satellite services for which the Group elects to recognize revenue in the amount it has a right to invoice (e.g. subscription revenue on fixed and mobile satellite services).

Trade receivables including due from related parties are non-interest bearing and are generally on terms ranging from 30 to 60 days.

The future minimum lease payments under operating lease arrangements, where the Group is a lessor, are disclosed in Note 34.

Significant accounting judgements and estimates

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining whether contract awards pending detailed agreements meet the definition of contract under IFRS 15
In relation to certain projects, primarily within Bayanat Smart Solutions, with the UAE Government entities, performance obligations are fulfilled based on contract awards pending detailed agreements. Management considers such contract awards meet the definition of a 'contract with customer' under IFRS 15 since the Group and the customers agree upon the essential elements of a contract and any other lawful conditions. Pending matters of detail to be agreed upon later, the contract is deemed to be binding even in the absence of agreement on these matters of detail.

Determination of transaction price
The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, the existence of any significant financing component, non-cash consideration and consideration payable to the customer (if any).

The Group has a T4-NGS capacity services agreement with a government entity (T4-NGSA) for a total contract value of $708.4 million. The term of the T4-NGSA is 15 years from the date of commencement of Operational services of T4-NGS. Pursuant to the terms of T4-NGSA, the Group is entitled to receive an aggregate amount of $300 million as "Advance Payment" in two equal instalments starting from June 2022. Accordingly, the Group received the two instalments of $150 million each during July 2022 and June 2023, respectively. The Advance Payment will be offset against the quarterly payments for satellite services in equal instalments starting from the date of commencement of Operational services. In January 2025, T4-NGS satellite was successfully launched into orbit and is expected to commence commercial operations in second half of 2025.

5 Revenue (continued)

Significant accounting judgements and estimates (continued)

Determination of transaction price (continued)
Management has determined that the contract contains significant financing component based on the following factors.

- There is a significant time gap between the receipt of the advance payment and the provision of services; and
- There is a significant difference between the amount of promised consideration and the cash selling price of the promised services.

In making its judgement, the Group's management considered the terms and conditions of the T4-NGSA and relevant accounting standard. Hence, as required by IFRS 15, the Group has adjusted the transaction price to include the financing component of $90.4 million bringing the total transaction price to $798.9 million. The significant financing component was calculated using a discount rate of 3.22% p.a. Interest is accrued on the Advance Payment during the term of the contract and revenue will be recognized over time on a straight line basis from the date of commencement of Operational services.

Determining the timing of satisfaction of performance obligations
The Group recognises revenue over time as it performs continuous transfer of control of goods or services to the customers. Because customers simultaneously receive and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation (POs). In determining the method for measuring progress for these POs, the Group considered the nature of these goods and services as well as the nature of its performance.

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group perform;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Contract assets
Contract assets represent amounts relating to work performed which is yet to be billed to customers. The contract assets expected to be realised after a period of one year from the reporting date are classified and presented as non-current. Significant judgments are involved in management's assessment of the amounts of revenue and contract assets recognised and the recoverability of these amounts. These judgments are reviewed as events occur and accordingly any changes thereon may have an impact on the amount of revenue and contract assets recognised in these consolidated financial statements.

The Group receives advance payments from customers. Where contracts do not specify how advances will be recovered against satisfaction of performance obligations, the allocation of proceeds against related contract assets (primarily relating to Bayanat Smart Solutions) is determined based on management's judgment.

Classification of leases
The Group has a Capacity Services Agreement ("CSA") with a government entity, for a period of 15 years. The capacity services include the lease of capacity of satellite transponders on the AY1 and AY2 satellites and provision of services relating to the operation of satellite network. The capacity charges payable under the terms of the CSA include a lease element and a service element which corresponds to the capacity lease and provision of services respectively.

The Group has made various judgements in the process of determining – a) whether this arrangement contains a lease, b) whether it is an operating lease or a finance lease and c) how the capacity charges relating to the lease element and service element will be accounted.

In making its judgements, the Group's management considered the terms and conditions of the CSA, the requirements of relevant standards and the relevant industry practice. The relevant standards include i) IFRS 16 - Leases and ii) IFRS 15 – Revenue from contracts with customers.

Based on the matters mentioned in the preceding paragraphs the Group management has determined that:
a) the arrangement contains a lease, as it conveys a right to use the asset and the fulfilment of the arrangement is dependent on the use of a specified asset
b) the lease element of the arrangement will be accounted as an operating lease as the Group does not transfer substantially risks and rewards incidental to ownership of the assets to the customer and
c) the service element of the arrangement will be accounted as revenue to be recognized over time.

6 Cost of revenue - goods and services

	2024 $ 000	2023 $ 000
Cost of services *	126,279	173,357
Cost of equipment and materials	20,768	33,275
	147,047	**206,632**

* Cost of services relates to supplies procured by Yahsat Space Services (managed solutions and mobility solutions businesses) and Bayanat Smart Solutions (subcontracting costs of various projects).

7 Staff costs

Material accounting policy information

Employee terminal benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

The Group operates unfunded defined benefit plan. Provision for employees' end of service benefits for non-UAE nationals is made in accordance with the Projected Unit Cost method as per IAS 19 Employee Benefits taking into consideration the UAE Labour Laws and ADGM Employment Regulations 2019. The provision is recognised based on the present value of the defined benefit obligations. The calculation of the present value of the defined benefit obligation is performed annually by a qualified actuary using assumptions on the average annual rate of increase in salaries, average period of employment of non-UAE nationals and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate. The discount rates are set in line with the best available estimate of market yields currently available at the reporting date with reference to high quality corporate bonds or other basis, if applicable.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. When there is a plan amendment, curtailment or settlement occurs during the annual reporting period, the Group determines the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability reflecting the benefits offered under the plan after that event. The Group also determines the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability reflecting the benefits offered under the plan after that event, and the discount rate used to remeasure that net defined benefit liability.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Pension contributions, a defined contribution plan, are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to the profit or loss during the employees' period of service.

	Note	2024 $ 000	2023 $ 000
Employee costs		48,651	37,595
Outsourced staff costs		10,822	3,084
		59,473	**40,679**
Employee costs include:			
Pension contributions made in respect of UAE national employees in accordance with the UAE Federal Law No. (2), 2000		1,709	925
Current service cost/charge on defined benefit obligations, net	30	362	824

The average number of persons employed by the Group during the year ended 31 December 2024 is 298 (2023: 220).

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8 Other operating expenses

	Notes	2024 $ 000	2023 $ 000
Satellite services operations costs		2,987	-
Allowance (reversal of allowance) for expected credit losses	21	8,088	(117)
Marketing expenses		5,175	1,679
Consultancy, legal and advisory expenses		7,319	1,142
Insurance expenses		3,753	852
Facilities and asset maintenance costs		2,892	779
IT support costs		5,424	2,674
Business travel expenses		1,272	383
Currency exchange losses - net		(45)	163
Board and committee fees	20	938	-
Registration and filing expenses		360	156
Bank fees and charges		518	698
Learning and development expenses		418	135
Allowance for inventories	19	749	-
Other expenses		1,733	1,003
		41,581	**9,547**

The Group did not make any material social contributions during the current year and prior year.

9 Other income

Material accounting policy information

The Group recognises income from claims for liquidated damages in profit or loss as other income or a reduction to operating costs when a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. When such claims do not relate to compensations for loss of income or are not towards incremental operating costs, the amounts are taken to the consolidated statement of financial position and recorded as a reduction in the cost of the related asset.

Insurance proceeds received from loss claims relating to assets insured is recognised in profit or loss as other income when the Group has an unconditional contractual right to receive the compensation.

Rental income from lease of investment property is recognized on a straight-line basis over the term of the lease.

	Notes	2024 $ 000	2023 $ 000
Gain on sale of non-current assets classified as held for sale	24	12,578	-
Income from insurance claims *		3,390	-
Rental income from investment property		497	-
Reversal of liability no longer required		1,861	-
Grant income	29	2,868	-
Others		159	203
		21,353	**203**

* Represents amount receivable, net of claim fees, resulting from the Group's insurance claim against an anomaly relating to Al Yah 3 satellite.

10 Depreciation and amortisation

	Notes	2024 $ 000	2023 $ 000
Depreciation of property, plant and equipment	13	32,754	3,332
Depreciation of right-of-use assets	14	1,090	29
Amortisation of intangible assets	15	8,377	227
		42,221	**3,588**

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11 Finance costs and Finance income

Material accounting policy information

Finance costs and finance income

The Group's finance costs include interest on borrowings, contract liabilities, reclassification of net gains/losses previously recognised in OCI on derivative financial instruments and other finance costs. Finance income comprises interest income on funds invested with banks.

Finance cost or finance income is recognised as it accrues in consolidated profit or loss using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time the assets are substantially ready for their intended use.

Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. In the case of general borrowings, a capitalisation rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying assets and included in the cost of the asset.

A borrowing originally made to develop a qualifying asset is treated as part of general borrowings when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense when incurred.

Finance costs and Finance income	Notes	2024 $ 000	2023 $ 000
Finance income			
Interest on deposits with banks - third parties		42	-
Interest on deposits with banks - related parties	20	13,547	7,978
Total finance income		**13,589**	**7,978**
Finance costs			
Interest expense on borrowings - term loans		(10,800)	-
Interest expense on borrowings - lease liabilities	14	(402)	(3)
Interest expense on loans from related parties	20	-	(35)
Interest on contract liabilities	20	(2,802)	(110)
Other interest and finance charges		(260)	(64)
Net fair value gain on derivative financial instruments transferred from other comprehensive income		3,984	-
		(10,280)	**(212)**
Capitalised borrowing costs	13	**6,413**	**-**
Total finance cost		**(3,867)**	**(212)**
Net finance income		**9,722**	**7,766**

12 Income tax

Material accounting policy information

The tax expense / credit for the year comprise current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period in the UAE and countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities offset when:

a) a legally enforceable right exists to offset current income tax assets against current income tax liabilities
b) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

UAE Corporate Tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE Corporate Tax Law" or "Law"). The Law became effective on 25 October 2022, and applies to taxable persons for financial years commencing on or after 1 June 2023. The UAE Cabinet of Ministers Decision No. 116/2022, which came into effect in January 2023, confirmed that AED 375,000 is the threshold of income over which the 9% tax rate would apply. Accordingly, the Group's first tax year commenced on 1 January 2024 and the standard corporate tax rate of 9% is applicable.

As required by IAS 12 Income Taxes, the Group assessed deferred tax implications in its consolidated financial statements and recorded deferred tax liabilities arising on taxable temporary differences.

The other income taxes related to the subsidiaries in the Netherlands, Nigeria and South Africa and Japan are not significant.

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

	2024 $ 000	2023 $ 000
Current income tax	10,204	-
Deferred tax (relating to origination and reversal of temporary differences)	(3,612)	-
Income tax expense reported in the consolidated statement of profit or loss	**6,592**	**-**

The total income tax recognised in profit or loss for the year can be reconciled to the profit for the year as follows:

	2024 $ 000	2023 $ 000
Accounting profit before income tax for the year	69,400	63,275
UAE Corporate Income tax at 9% (2023: nil)	6,246	-
Tax effects of different tax rates of subsidiaries operating in other jurisdictions	34	-
Tax effects of other non-deductible / non-taxable items	121	-
Changes in estimates related to prior years	142	-
Others	49	-
Income tax expense reported in the consolidated statement of profit or loss	**6,592**	**-**

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12 Income tax (continued)

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2024 $ 000	**2023 $ 000**	**2024 $ 000**	**2023 $ 000**
Property, plant and equipment *	58	-	709	-
Intangible assets *	(45,607)	-	(652)	-
Others	70	-	(1)	-
Unutilized tax losses **	3,668	-	(3,668)	-
Net deferred tax (liabilities)/assets	**(41,811)**	-	**(3,612)**	-

Reflected in the consolidated statement of financial position as follows:

Deferred tax assets	5,470	-
Deferred tax liabilities	(47,281)	-
Net deferred tax (liabilities)/assets	**(41,811)**	-

Reconciliation of deferred tax (liabilities)/assets, net

	2024 $ 000	**2023 $ 000**
At 1 January	-	-
Acquisition (note 37)	(45,403)	
Recognised in profit or loss	3,612	-
Translation differences	(20)	-
At 31 December	**(41,811)**	**-**

* Deferred tax mainly relates to differences in accounting base and tax base arising from fair valuation of identified assets upon merger (note 37) and consolidation adjustments for borrowing costs capitalized on qualifying assets (PPE).

** The Group has unutilised tax losses relating to a subsidiary that are expected to be utilised in future years against taxable income of the Group. Hence, deferred tax asset has been recognised as at 31 December 2024.

There are no temporary differences associated with investments in the Group's subsidiaries and associates since these investments qualify for participation interest exemption allowed under the UAE Corporate Tax Law pursuant to which substantially all income and expenses related to these investments are exempt except certain scenarios which are not applicable to the Group.

Global Minimum Tax

In an effort to end tax avoidance and to address concerns regarding the erosion of the global corporate tax base, a global framework for corporate taxation has been formed by the OECD/G20 Inclusive Framework and is supported by over 135 jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another, in order to reduce global tax obligations in corporate structures and introduce a minimum 15% tax rate by jurisdiction ("Pillar Two").

On 9 December 2024, the UAE Ministry of Finance has announced a 15% Domestic Minimum Top-up Tax (DMTT) for multinational enterprises (MNE) with global revenues of Euro 750 million at the ultimate parent level, aligning with the OECD Pillar Two framework. Subsequent to the reporting period, the UAE Cabinet resolution no. 142 of 2024 (the "resolution") concerning 'Imposition of UAE Qualified Domestic Minimum Top-up Taxes ("QDMTT") on Multinational Enterprises (MNE)' was issued which is effective from 1 January 2025. The resolution accompanies detailed provisions, rules and procedures on the QDMTT.

Space42 PLC and its subsidiaries will be subject to QDMTT since the global revenues of the Company's ultimate parent entity cross the minimum threshold of EUR 750 million and therefore meet the definition of constituent entities that are member of an MNE Group defined under the resolution. The Group is in the process of assessing the impact of the imposition of QDMTT on its future earnings.

The Group applies mandatory exception to recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes in accordance with amendments to IAS 12 (International Tax Reform – Pillar Two Model Rules). The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information about the Group's exposure arising from Pillar Two income taxes. The legislation of QDMTT is substantively enacted in January 2025 and the Group will provide this disclosure in the financial statements in 2025.

13 Property, plant and equipment

Material accounting policy information

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of a qualifying asset are capitalised.

The Group capitalises all costs relating to assets as capital work in progress, until the date of completion and commissioning of these assets. These costs are transferred from capital work in progress to the appropriate asset category upon completion and commissioning and depreciated over their useful economic lives from the date of such completion and commissioning.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gains or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / other expenses in profit or loss.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the financial year-end and adjusted if appropriate.

The estimated useful lives used in both the current and comparative periods are as follows:

Asset category	**Years**
Buildings	15-40
Satellite systems	5-18
Plant and machinery	10-20
Equipment, vehicles and fixtures	
Furniture and fixtures	3-4
Leasehold improvements	5-10
Office equipment and vehicles	3-5
Computers and software	3

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13 Property, plant and equipment (continued)

	Land and building $ 000	Satellite systems $ 000	Plant and machinery $ 000	Equipment, vehicles and fixtures $ 000	Capital work in progress $ 000	Total $ 000
Cost						
At 1 January 2023	-	-	-	19,092	-	19,092
Additions	-	-	-	31,122	26,505	57,627
Disposals	-	-	-	(4)		(4)
At 31 December 2023	**-**	**-**	**-**	**50,210**	**26,505**	**76,715**
Depreciation						
At 1 January 2023	-	-	-	13,324	-	13,324
Charge for the year	-	-	-	3,332	-	3,332
Disposals	-	-	-	(2)	-	(2)
At 31 December 2023	**-**	**-**	**-**	**16,654**	**-**	**16,654**
Net book value	**-**	**-**	**-**	**33,556**	**26,505**	**60,061**
Cost						
At 1 January 2024	-	-	-	50,210	26,505	76,715
Acquisition (note 37)	64,948	3,023,317	18,292	42,362	753,569	3,902,488
Additions	-	6	-	657	145,766	146,429
Transfers	-	138	639	409	(1,186)	-
Transfer to inventories	-	-	-	-	(37)	(37)
Disposals	-	-	-	(2)	-	(2)
Exchange differences	-	-	-	(356)	(35)	(391)
At 31 December 2024	**64,948**	**3,023,461**	**18,931**	**93,280**	**924,582**	**4,125,202**
Depreciation and impairment						
At 1 January 2024	-	-	-	16,654	-	16,654
Acquisition (note 37)	33,970	2,560,041	12,206	38,130	-	2,644,347
Charge for the year	303	32,717	413	(679)	-	32,754
Capitalised to contract cost	-	-	-	9,327	-	9,327
Disposals	-	-	-	(2)	-	(2)
Exchange differences	-	-	-	(272)	-	(272)
At 31 December 2024	**34,273**	**2,592,758**	**12,619**	**63,158**	**-**	**2,702,808**
Net book value	**30,675**	**430,703**	**6,312**	**30,122**	**924,582**	**1,422,394**

Capital work in progress as of the end of the reporting period mainly relates to satellite systems under construction comprising of the Thuraya 4 satellite (T4-NGS) program, AY4/5 satellites program and development of low earth orbit (LEO) and high-altitude platform systems (HAPS) amounting to $892.3 million (2023: $26.3 million). Additions during the year mainly relate to satellites systems amounting to $119.9 million (2023: $26.3 million). In January 2025, T4-NGS satellite was successfully launched into orbit.

Equipment, vehicles and fixtures include office equipment, computers, vehicles, furniture and fixtures and leasehold improvements.

Borrowing costs capitalised during the year amounted to $6,413 thousand at a capitalisation rate of 3% per annum (year ended 31 December 2023: nil) (refer note 11).

14 Leases - Group as a Lessee

This note provides information for leases where the group is a lessee, related right-of-use assets and lease liabilities.

Material accounting policy information

Leases, where the Group is a lessee, are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
b) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
c) amounts expected to be payable by the group under residual value guarantees
d) the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
e) payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:
a) where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
b) uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee which does not have recent third party financing, and
c) makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
a) the amount of the initial measurement of lease liability
b) any lease payments made at or before the commencement date less any lease incentives received
c) any initial direct costs, and
d) restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases or lease of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

A lease modification is a change in scope of the lease, or the consideration for the lease that was not part of the original terms of the lease. When a modification increases the scope of the lease adding more underlying assets and the consideration is commensurate, the modification is accounted as a separate lease contract. However, if a modification increases the scope of the lease without adding the right to use of more underlying assets, or the increase in lease consideration is not commensurate, the modification is accounted for by remeasuring the existing lease. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss. The lease liability is remeasured at the effective date of modification, using a revised discount rate, with a corresponding adjustment to the right of use asset. The lessee uses the incremental borrowing rate as the revised discount rate if the rate implicit in the lease for the remainder of the lease term is not readily determinable.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The estimated useful lives of right-of-use assets are as follows:

Asset category	Years
Right-of-use assets - buildings	2-10
Right-of-use assets - satellite capacity	2
Right-of-use assets - naming rights	10

14 Leases - Group as a Lessee (continued)

A) Right-of-use assets

Carrying amounts and movements during the year	Satellite capacity $ 000	Buildings $ 000	Naming rights $ 000	Total $ 000
At 1 January 2023	-	-	-	-
Additions	-	692	-	692
Depreciation expense	-	(29)	-	(29)
At 31 December 2023	**-**	**663**	**-**	**663**
At 1 January 2024	-	663	-	663
Acquisition (note 37)	2,154	4,633	-	6,787
Additions	3,045	1,930	7,307	12,282
Depreciation expense	(144)	(581)	(365)	(1,090)
At 31 December 2024	**5,055**	**6,645**	**6,942**	**18,642**

'Naming rights' represents the Group's right to display its name on a building for advertising and promotion purposes for a period of ten years.

B) Lease liabilities

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

	Notes	2024 $ 000	2023 $ 000
Lease liabilities			
At 1 January		605	-
Acquisition (note 37)		7,149	-
Additions		12,282	692
Accretion of interest	11	402	3
Payments		(2,178)	(90)
Exchange differences		55	-
At 31 December		**18,315**	**605**
of which current		3,301	334
of which non-current		15,014	271
Amounts recognized in consolidated profit or loss in relation to leases			
Depreciation expense of right-of-use assets		1,090	29
Interest expense on lease liabilities		402	3
Expense relating to of short-term leases and low-value assets (included in other operating expenses)		95	269
Total		**1,587**	**301**
Cash flow information			
Total cash outflows for leases		1,224	90

The Group has lease agreements for office premises, warehouse, premises to host its satellite gateway equipment, satellite capacity assets and naming rights. Rental contracts are typically made for fixed periods of 2 years to 10 years, but may have extension options (2023: 2 years).

During the year, the Group entered into lease agreements for satellite capacity leases, office spaces and naming rights for a period ranging from 2 years to 10 years. These additions were non-cash.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased asset may not be used for borrowing purposes.

The maturity analysis of lease liabilities is disclosed in Note 36.

15 Intangible assets

Material accounting policy information

Licenses, representing a right to transmission of telecommunication signals utilizing geo-stationary satellite and use of associated radio frequencies, are capitalized at cost only when future economic benefits are probable. Cost includes purchase price together with any directly attributable expenditure.

Expenditure on research activities is recognised in consolidated profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Refer note 37 Business combinations, for accounting policy on goodwill.

The estimated useful lives for current and comparative periods are as follows:

Asset category	**Years**
Licenses	10
Development costs (user terminal development)	3-5
Software (including operation and billing support systems)	2-10
Customer contracts and relationships	15-19

	Goodwill $ 000	**Development costs $ 000**	**Customer contracts and relationships $ 000**	**Software and licenses $ 000**	**Total $ 000**
Cost					
At 1 January 2023	-	-	-	2,850	2,850
Additions	-	-	-	316	316
At 31 December 2023	**-**	**-**	**-**	**3,166**	**3,166**
Amortisation					
At 1 January 2023	-	-	-	2,481	2,481
Charge for the year	-	-	-	227	227
At 31 December 2023	**-**	**-**	**-**	**2,708**	**2,708**
Net book value at 31 December 2023	**-**	**-**	**-**	**458**	**458**
Cost					
At 1 January 2024	-	-	-	3,166	3,166
Acquisition (note 37)	173,310	75,685	513,986	26,438	789,419
Additions	-	1,625	-	773	2,398
Exchange differences	-	-	-	9	9
At 31 December 2024	**173,310**	**77,310**	**513,986**	**30,386**	**794,992**
Amortisation					
At 1 January 2023	-	-	-	2,708	2,708
Acquisition (note 37)		73,348		17,449	90,797
Charge for the year	-	211	7,243	923	8,377
Exchange differences	-	-	-	7	7
At 31 December 2024	**-**	**73,559**	**7,243**	**21,087**	**101,889**
Net book value at 31 December 2024	**173,310**	**3,751**	**506,743**	**9,299**	**693,103**

15 Intangible assets (continued)

Acquisition during the year

The customer contracts and relationships were acquired as part of the merger (see note 37 for details). The customer contracts were recognized as part of the merger and include the long-term satellite capacity contracts with the UAE Government relating to Yahsat Space Services, while the customer relationships represent the Group's long-term relationships with customers relating to managed solutions business.

The Group recognised goodwill of $173.3 million arising on a business combination during the year (see note 37 for details). For impairment testing, the goodwill is allocated to the respective CGUs where synergies are expected from business combination, as follows.

	Notes	2024 $ 000	2023 $ 000
Infrastructure		46,096	-
Managed solutions		127,214	-
At 31 December	37	**173,310**	-

Infrastructure CGU:

The infrastructure segment primarily provides long-term satellite capacity leases, long-term capacity services and satellite operation services. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows using inputs to the valuation technique that fall under Level 3 of the fair value hierarchy. The recoverable amount as at 31 December 2024 has been determined using cash flow projections from the budget and business plan approved by the Board of Directors for the years 2025-2029. The cash flow projections are discounted using an estimated discount rate of 7.8%. The impairment test at 31 December 2024 determined that the recoverable amount of the Infrastructure CGU far exceeds its carrying value and no impairment was required.

Managed solutions CGU:

Managed solutions segment includes end-to-end managed solutions provided mainly to government customers (Yahsat Government Solutions) and other industry solutions. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows using inputs to the valuation technique that fall under Level 3 of the fair value hierarchy. The recoverable amount as at 31 December 2024 has been determined using cash flow projections from the budget and business plan approved by the Board of Directors for the years 2025-2029. The cash flow projections were extrapolated into perpetuity at a 3% growth rate and discounted using an estimated discount rate of 9.8%. The impairment test at 31 December 2024 determined that the recoverable amount of the Managed solutions CGU far exceeds its carrying value and no impairment was required.

Sensitivity analysis:

Sensitivities to the key assumptions such as discount rate and perpetual growth rate were also tested for the above CGUs and the Group has determined that no reasonably possible changes would give rise to impairment at 31 December 2024.

16 Group information

A) Subsidiaries

Material accounting policy information

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights of an entity that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Adjustments are made to the amounts reported by subsidiaries, when necessary, to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements.

The consolidated financial statements of the Group include:

Name	Principal activities	Country	Equity % 2024	Equity % 2023
Bayanat GIQ PJSC	Geospatial analytics, BPO and smart mobility solutions utilizing artificial intelligence.	UAE	100%	100%
Mira Aerospace Ltd	Unmanned aerial vehicle (drone) services and research and experimental development on natural sciences and engineering	UAE	100%	100%
Bayanat Investments Ltd *	Proprietary investment	UAE	100%	100%
Mira Aerospace Manufacturing – Sole Proprietorship L.L.C.	Airplanes manufacturing and aircrafts parts and accessories manufacturing	UAE	100%	100%
Subsidiaries acquired during the year (note 37):				
Al Yah Advanced Satellite Communication Services PJSC (Al Yah Advanced)	Leasing of satellite communication capacity	UAE	100%	-
Star Satellite Communications Company PJSC (Star)	Telecommunication services via Satellite and integrated satellite communication and managed services	UAE	100%	-
Yahsat Treasury Sole Proprietorship LLC	Group corporate treasury	UAE	100%	-
Thuraya (Mobility solutions business)				-
Thuraya Telecommunications Company PJSC (Thuraya)	Mobile telecommunication services via Satellite	UAE	89.83%	-
Thuraya Telecommunications Japan Co. Ltd.	Mobile telecommunication services via Satellite	Japan	89.83%	-
BCS (Data solutions business)				-
Broadband Connectivity Solutions (Restricted) Limited (BCS Holdco)	Holding company	UAE	80%	-
BCS Investments LLC (BCS Opco)	Telecommunication services via satellite	UAE	80%	-
Star Network Marketing Services Company (Proprietary) Limited (SNMS)	Marketing support office	South Africa	80%	-
Al Najm Communications Company LLC (Al Najm)	Telecommunication services via satellite	UAE	80%	-

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16 Group information (continued)

A) Subsidiaries (continued)

Name	Principal activities	Country	Equity % 2024	Equity % 2023
BCS Group (BCS) (continued)				
Yala B.V. (Yala)	Telecommunication services via satellite	Netherlands	80%	-
Broadband Connectivity Solutions Limited (BCS Nigeria)	Telecommunication services via satellite	Nigeria	80%	-
YahClick - Prestação de Serviços, (SU), LDA (BCS Angola) *	Telecommunication services via satellite	Angola	80%	-

* These subsidiaries are dormant and had no operations in the current year.

B) Material partly-owned subsidiaries

Financial information of subsidiaries that have significant non-controlling interests is provided below.

	31 December 2024		31 December 2023	
	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Proportion of equity interest held by non-controlling interests	10.17%	20.00%	-	-
Non-controlling interests	15,078	18,189	-	-
Profit (loss) attributable to non-controlling interests	1,096	(599)	-	-

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations. The summarised statement of comprehensive income and cash flows relates to the acquired subsidiaries, Thuraya and BCS, for the post-acquisition period.

	31 December 2024		31 December 2023	
Summarised statement of comprehensive income:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Revenue	27,910	5,445	-	-
Adjusted EBITDA	**14,067**	**1,785**	**-**	**-**
Depreciation, amortisation and impairment	(2,955)	(4,564)	-	-
Operating profit (loss)	**11,112**	**(2,779)**	**-**	**-**
Net finance income	119	206	-	-
Income tax expense	(451)	(423)	-	-
Profit (loss) for the year	**10,780**	**(2,996)**	**-**	**-**
Other comprehensive income (loss)	20	(370)	-	-
Total comprehensive income (loss)	**10,800**	**(3,366)**	**-**	**-**
Attributable to:				
Owners of Space42 Plc	9,702	(2,693)	-	-
Non-controlling interests	1,098	(673)	-	-

16 Group information (continued)

B) Material partly-owned subsidiaries (continued)

	31 December 2024		31 December 2023	
Summarised statement of financial position:	**Thuraya $ 000**	**BCS $ 000**	**Thuraya $ 000**	**BCS $ 000**
Current assets (Inventories, receivables and cash balances)	106,165	44,540	-	-
Non-current assets (Property, plant and equipment and other assets)	82,183	57,945	-	-
Current liabilities (Trade and other payables, deferred revenue and borrowings)	(32,969)	(10,845)	-	-
Non-current liabilities (Borrowings and other liabilities)	(7,115)	(694)	-	-
Net assets / Total equity	**148,264**	**90,946**	**-**	**-**
Attributable to:				
Owners of Space42 Plc	133,186	72,757	-	-
Non-controlling interests	15,078	18,189	-	-

Summarised cash flow information:	**Thuraya $ 000**	**BCS $ 000**	**Thuraya $ 000**	**BCS $ 000**
Operating	(3,144)	1,130	-	-
Investing	36,982	7,254	-	-
Financing	(29)	(854)	-	-
Net increase in cash and cash equivalents	**33,809**	**7,530**	**-**	**-**

17 Equity-accounted investments

Material accounting policies

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Please refer to note 37 for the Group's accounting policies on acquisition of an associate in a business combination.

The group's associates are:

Name	Principal activities	Country	Equity % 2024	Equity % 2023
Sindan-Additive Manufacturing Center of Excellence L.L.C *	Engineering, design and consultancy using 3D printing technology	UAE	25%	25%
Associates acquired during the year (note 37):				
Al Maisan Satellite Communication Company LLC (Al Maisan) **	Leasing of satellite capacity primarily for broadcasting customers	UAE	65%	-
HNS Participações Empreendimentos S.A. (HPE; Brazil JV Co)	Telecommunication services via satellite	Brazil	20%	-

17 Equity-accounted investments (continued)

* The Group has 25% ownership in Sindan-Additive Manufacturing Center of Excellence ("Sindan" or the "Associate") which was incorporated on 15 June 2023 as a Limited Liability Company in Abu Dhabi, UAE. The shares were allocated to the Group in consideration for the contribution of the necessary know-how to Sindan. During the year, the shareholders of Sindan approved to transfer their owernship in Sindan to another party for nil consideration. As at 31 December 2024, the legal formalities for the transfer of shares were in progress and were completed on 23 January 2025. The commercial operations of Sindan have not commenced and the Group has not contributed its know-how or any other contribution to Sindan as at the year end.

** Although the Group holds more than 50% of the equity in Al Maisan, it does not control the financial and/or operating policies of Al Maisan. This is pursuant to an agreement, which provides the majority board representation to other shareholder of Al Maisan. However, as the Group has the power to participate in the financial and operating policy decisions of Al Maisan due to its representation on the board, it accounts for its investment as an associate.

Movement in the investments in associates:	**2024** **$ 000**	**2023** **$ 000**
At 1 January	-	-
Acquisition (note 37)	34,893	-
Return of investment from Al Maisan	(3,250)	-
Share of results for the year	(1,178)	-
Exchange differences	(2,385)	-
At 31 December	**28,080**	**-**

	31 December 2024		**31 December 2023**	
Aggregate financial information of associates:	**HPE** **$ 000**	**Al Maisan** **$ 000**	**HPE** **$ 000**	**Al Maisan** **$ 000**
Proportion of equity interests held by the Group	20%	65%	20%	65%
Statement of comprehensive income (from the date of acquisition (100%))				
Revenue	28,643	2,795	-	-
Loss for the year	(2,590)	(1,015)	-	-
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	**(2,590)**	**(1,015)**	**-**	**-**
Group's share of total comprehensive loss	**(518)**	**(660)**	**-**	**-**
Statement of financial position (100%)				
Current assets	47,466	4,196	-	-
Non-current assets	63,336	14,005	-	-
Current liabilities	(18,598)	(1,408)	-	-
Non-current liabilities	(4,934)	(813)	-	-
Net assets 100%	**87,270**	**15,980**	**-**	**-**
Group's share in net assets	17,454	10,387	-	-
Other costs relating to the investment	239	-	-	-
Carrying amount of the investments	**17,693**	**10,387**	**-**	**-**

18 Other financial assets

	Notes	2024 $ 000	2023 $ 000
Promissory note (i)		762	-
		762	**-**

Movement in the other financial assets:	Notes	2024 $ 000	2023 $ 000
At 1 January		-	-
Acquisition (note 37)		2,146	-
Fair value changes		(1,384)	-
At 31 December		**762**	**-**

i) The Group had investment in convertible preference shares ("preferred stock") of a start-up venture which aims to provide direct-to-satellite, ultra-low power, two-way, and low-latency narrowband connectivity solutions for IoT devices anywhere on earth. The preferred stock (Series-A) were non-cumulative, carried an option to convert into common stock and certain preferential rights upon dissolution. As the preferred stock did not carry any residual interest, the Group accounted for the investment at fair value through profit or loss.

During the year, the Group's preference shares were exchanged for a promissory note with substantially different terms which led to derecognition of preference shares and recognition of a promissory note at fair value. The difference between the fair value of the preference shares and the fair value of the promissory note amounting to $1,384 thousand was recognised in the consolidated profit or loss for the year ended 31 December 2024. The promissory note is subsequently measured at amortized cost. The principal amount of the promissory note is $4 million which carries simple interest of 3.7% per annum and is repayable in October 2033.

ii) The Group has a Convertible Loan Agreement ("CLA") with a customer for a total Convertible Loan ("Loan") amount of $17,500 thousand. The Loan has a maturity date of 31 December 2026 and carries an option to convert into equity. As at 31 December 2024, the fair value of the CLA is nil due to the prevailing critical financial situation of the customer.

19 Inventories

Material accounting policy information

Inventories are stated at the lower of cost and net realisable value, after making loss allowance to account for obsolete or slow moving items. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories	Notes	2024 $ 000	2023 $ 000
Equipment and accessories - satellite services		31,993	-
Ground operations spares		1,606	-
		33,599	-
Loss allowance		(7,476)	-
		26,123	-
Movement in loss allowance for inventories:			
At 1 January		-	-
Acquisition (note 37)		6,727	-
Charge during the year		749	-
At 31 December		**7,476**	-

During the year, $14,226 thousand (2023: nil) of inventories were recognised as cost of equipment and accessories sold.

20 Related party transactions and balances

Identity of related parties

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in International Accounting Standard 24 Related Party Disclosures.

The Group has a related party relationship with the Parent Company and business entities over which the Parent Company can exercise control or significant influence; entities which are under common control of the shareholders of the Parent Company and associates. The Group has assessed that the Government of Abu Dhabi and its entities meet the definition of related party and hence has disclosed them under 'Government entities'.

The Group maintains significant balances with these related parties, which arise from commercial transactions.

a) Related party transactions:

Transaction with key management personnel	2024 $ 000	2023 $ 000
Key management personnel compensation:		
Short term employment benefits *	9,253	3,596
Post-employment benefits	239	214

* Includes Board of directors and committee fees charged to consolidated profit or loss during the year amounting to $938 thousand (2023: nil) (note 8).

Transaction with other related parties	Notes	2024 $ 000	2023 $ 000
Revenue			
Government entities		228,412	148,235
Entities under common control		57,260	165,802
Associate		369	-
Total		**286,041**	**314,037**
Purchase of services and materials			
Government entities		109	-
Entities under common control		50,880	49,225
Associate		416	-
Total		**51,405**	**49,225**
Interest income on short term deposits - with banks			
Other related parties	11	13,547	7,978
Interest on term loans from banks, net of hedges			
Other related parties		(3,072)	-
Interest on loans from related parties			
Other related parties	11	-	(35)
Interest on contract liability			
Government entities	11	2,802	110
Bank charges incurred on behalf of a related party			
Entities under common control		-	355
Outsourced expenses, office lease rent, systems support			
Parent Company		3,555	-
Entities under common control		4,834	2,680
Other related parties		167	-
		8,556	**2,680**
Acquisition of property and equipment			
Entities under common control		-	28,000
Acquisition of intangible assets			
Entities under common control		-	49

During the year ended 31 December 2023, the Group entered into a settlement agreement with the lender (an entity under common control) to offset the loan facility outstanding amount of $10 million against a receivable balance due from another entity under common control (a related party). Interest accrued on the loan facility amounting to $258 thousand has been waived under the same settlement agreement.

During the year ended 31 December 2023, the Group has entered into another settlement agreement with the lender (a shareholder) to partially offset the loan facility balance amounting to $3,263 thousand and the interest accrued of $229 thousand against a receivable balance due from another entity under common control (a related party).

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20 Related party transactions and balances (continued)

b) Related party balances

	Notes	2024 $ 000	2023 $ 000
Trade and other receivables due from related parties			
Government entities		53,248	63,910
Entities under common control		31,990	13,955
Parent Company		2,868	-
Other related parties		3,609	-
Associate		176	-
	21	**91,891**	**77,865**
Less: expected credit loss allowance		(1,960)	(1,431)
		89,931	**76,434**
Contract assets due from related parties			
Government entities		185,381	98,737
Entities under common control		117,213	86,634
Associate		167	-
		302,761	**185,371**
Less: expected credit loss allowance		(8,341)	(4,892)
	21	**294,420**	**180,479**
Wakala and other short-term deposits with related party banks			
Entities under common control	23	676,361	186,219
Current account balances with related party banks			
Entities under common control	23	468,954	21,283
Trade and other payables due to related parties			
Government entities		141,441	8,400
Entities under common control		4,304	1,861
Other related parties		197	-
Associate		3	-
Total	25	**145,945**	**10,261**
Contract liabilities due to related parties			
Government entities		824,304	31,298
Entities under common control		29	140
Associate		202	-
Total	26	**824,535**	**31,438**

(i) Transactions with a government entity

a) The Group provides capacity services pursuant to the Capacity Services Agreement ("CSA") with a government entity. The capacity charges payable under the CSA are billed semi-annually in advance. The future payments pertaining to the lease element included in the capacity charges, where the Group is the lessor, are provided in the table below.

In terms of the CSA, an aggregate amount of $291 million (the "Down Payment") was payable by the customer in three annual instalments starting June 2008, as an advance. Accordingly, the Group received the first instalment of $116.4 million in June 2008 and further two instalments of $87.3 million, in June 2009 and June 2010, respectively from the customer. The Down Payment is being set off against the capacity charges in equal instalments from 1 January 2023 until the termination of the agreement.

The Group has a T4-NGS capacity services agreement with a government entity (T4-NGSA) for a total contract value of $708.4 million. The term of the T4-NGSA is 15 years from the date of commencement of Operational services of T4-NGS which is expected in the first half of 2025. Pursuant to the terms of T4-NGSA, the Group is entitled to receive an aggregate amount of $300 million as "Advance Payment" in two equal instalments starting from June 2022. Accordingly, the Group received the two instalments of $150 million each during July 2022 and June 2023, respectively. The Advance Payment will be offset against the quarterly payments for satellite services in equal instalments starting from the date of commencement of Operational services. Management has determined that the contract contains a significant financing component (see note 5).

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20 Related party transactions and balances (continued)

b) Related party balances (continued)

(i) Transactions with a government entity (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 as revenue from government entities. The balance due from the government entity at the reporting date, includes amounts invoiced to date in relation to the afore-mentioned contracts.

c) The Government has allocated a plot of land (Secondary site in the emirate of Abu Dhabi) to the Company and has granted permission to the Company to construct and access a Satellite Ground Control Station on the plot. Title to the plot of land has not been transferred to the Company and accordingly the plot has not been recognized in the consolidated financial statements. In addition, refer to note 29 to the consolidated financial statements which discloses information about another plot of land (Primary site) received by the Company.

Future revenue from capacity charges pertaining to lease element	2024 $ 000	2023 $ 000
Year 1	128,184	-
Year 2	109,723	-
At 31 December	**237,907**	**-**

(ii) Transactions with other government entities and entities under common control

Star has also entered into contracts with various entities under common control for the provision of managed services.

(iii) Transactions with associates

a) Star charges both associates, Al Maisan and HPE for satellite operations support services.

b) Star also leases satellite capacity from Al Maisan to facilitate the requirements of its customers relating to managed services contracts.

The outstanding amounts at year end, except for advance from related parties which carry specific terms as specified above, are expected to be settled in cash.

Also refer note 27 for other related party transactions.

21 Trade and other receivables and contract assets

Trade and other receivables

	Notes	2024 $ 000	2023 $ 000
Trade receivables - third parties		80,751	2,362
Trade receivables - related parties*		85,363	77,865
Sub total		**166,114**	**80,227**
Allowance for expected credit losses		(25,442)	(1,431)
Trade receivables, net of allowance		**140,672**	**78,796**
Prepayments		4,605	571
Advances to suppliers - third parties		9,123	2,355
Advances to suppliers - related parties*		30	-
Other receivables - third parties		17,082	7,514
Other receivables - related parties*		6,498	-
Sub total		**37,338**	**10,440**
Total trade and other receivables		**178,010**	**89,236**
of which non-current		367	-
of which current		177,643	89,236
Additional information:			
*Total due from related parties	20	91,891	77,865

21 Trade and other receivables and contract assets (continued)

Trade and other receivables (continued)

Movement in the allowance for expected credit losses (trade receivables):	2024 $ 000	2023 $ 000
At 1 January	1,431	5,194
Acquisition (note 37)	19,294	-
Allowance for expected credit losses, net	4,733	15
Written off during the year as uncollectible	-	(3,778)
Exchange differences	(16)	-
At 31 December	**25,442**	**1,431**

The ageing of trade receivables is as follows:	2024 $ 000	2023 $ 000
Not past due	63,767	886
Past due 0 to 90 days	27,994	50,853
Past due 91 to 180 days	12,365	1,500
Past due above 180 days	61,988	26,988
	166,114	**80,227**

Advances to suppliers represent advances paid for procurement of goods and services mainly relating to managed solutions business.

Other receivables include staff-related receivables of $6,489 thousand (2023: $9 thousand). As at 31 December 2023, other receivables included refundable deposits placed with a bank against performance guarantees issued to customers amounting to $6,761 thousand which were refunded during the year.

Contract assets

	Notes	2024 $ 000	2023 $ 000
Related parties			
Contract assets - space services		33,430	-
Contract assets - smart solutions		269,331	185,372
Less: allowance for expected credit losses		(8,341)	(4,893)
		294,420	**180,479**
Third parties			
Contract assets - space services		4,753	-
Contract assets - smart solutions		1,882	164
Less: allowance for expected credit losses		(27)	(135)
		6,608	**29**
Contract assets		**301,028**	**180,508**

Contract assets relate to the Group's right on consideration for goods and services provided but not billed at the reporting date. Contract assets are recognised for any work performed in line with a series of performance related milestones under software development, installation and support service contracts and managed services contracts in excess of amounts billed to the customer. The contract assets are transferred to receivables when the rights become unconditional which usually occurs when the Group issues an invoice to the customer. All the contract assets are expected to be realized within one year hence classified under current assets.

Movement in the allowance for expected credit losses (contract assets):	2024 $ 000	2023 $ 000
At 1 January	5,028	5,160
Allowance (reversal of allowance) for expected credit losses, net	3,355	(132)
Exchange differences	(15)	-
At 31 December	**8,368**	**5,028**

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21 Trade and other receivables and contract assets (continued)

The table below provides customer segmentation of trade receivables and contract assets along with loss allowance:

	2024		2023	
	Gross carrying amount $ 000	Loss allowance $ 000	Gross carrying amount $ 000	Loss allowance $ 000
Categories of trade receivables and contract assets				
Smart solutions, government customers	192,180	(7,589)	165,160	(6,459)
Smart solutions, general category	151,178	(1,585)	100,603	-
Space services, infrastructure and managed solutions business	55,385	(1,507)	-	-
Space services, mobility and data solutions business	76,767	(23,129)	-	-
	475,510	**(33,810)**	**265,763**	**(6,459)**

The Group's exposure to credit risk is disclosed in note 36.

22 Contract costs

	Notes	2024 $ 000	2023 $ 000
Cost to fulfil the contract		12,450	1,097
Cost to obtain the contract		3,084	168
Contract costs		**15,534**	**1,265**
of which non-current		2,378	-
of which current		13,156	1,265

Costs to obtain a contract relates to specific incentives in relation to obtaining a certain contract with a customer.

23 Cash and short-term deposits

	Notes	2024 $ 000	2023 $ 000
Cash on hand and in banks		17,210	3
Cash at banks - related parties	20	468,954	21,283
Short-term deposits with banks - third parties		85	-
Short-term deposits with banks - related parties	20	578,996	-
Wakala deposits - related parties	20	97,365	186,219
Cash and short-term deposits		**1,162,610**	**207,505**
Less: Short-term deposits with original maturities of over three months		(430,065)	-
Cash and cash equivalents		**732,545**	**207,505**

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group have assessed that there is no impairment loss required to be recorded against balances with banks.

Wakala deposits have maturities of 2 weeks to 3 months (31 December 2023: 2 weeks to 3 months) from the date of placement and carry profit rates ranging on average from 4.0% to 5.2% (31 December 2023: 4.7% to 5.2%). Deposits are placed on recurring basis and can be terminated anytime without prior notice and with a deduction of Wakala fee and a performance incentive from the actual realised investment profit. Income on Wakala deposits for the year ended 31 December 2023 amounted to $6,943 thousand (2023: $4,415 thousand).

During the year, the Group a) placed short term deposits with banks (related parties $654,112 thousand and others $5,446 thousand) and b) received maturity proceeds on short term deposits (related parties $532,500 thousand and others $8,169 thousand). These deposits have maturities of 1 month to 12 months and carry interest rates on average ranging from 3.15% to 5.5% per annum (2023: nil).

Bank account under the name of a related party with balance of $5 thousand (2023: $5 thousand) has been assigned for the beneficial interest of the Group.

For purposes of the consolidated statement of cash flows, changes in lease liabilities and borrowings arising from financing activities are disclosed in notes 14(B) and 27, respectively.

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24 Non-current assets classified as held for sale

Material accounting policy information

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. The measurement requirements of IFRS 5 do not apply to investment property which continues to be measured at fair value as per the requirements of IAS 40 'Investment Properties'.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

	Notes	2024 $ 000	2023 $ 000
At 1 January		-	-
Acquisition (note 37)		28,390	-
Disposed off during the year		(28,390)	-
At 31 December		**-**	**-**

During the year, the Group disposed off non-current assets classified as held for sale comprising an investment property and property, plant and equipment related to a building which was acquired as part of the merger transaction (note 37). The disposal resulted in gain of $12,578 thousand, net of broker commission of $1,200 thousand, recognised in the consolidated statement of profit or loss for the year ended 31 December 2024.

25 Trade and other payables

	Notes	2024 $ 000	2023 $ 000
Trade payables - third parties		121,736	82,091
Trade payables - related parties*		828	10,261
Accruals		138,169	48,915
Other payables - third parties		6,921	2,103
Other payables - related parties*		4,991	-
Advance lease rentals - related parties*	20	140,126	-
Total trade and other payables		**412,771**	**143,370**
of which non-current		64,483	-
of which current		348,288	143,370
Additional information:			
*Trade and other payables due to related parties	20	145,945	10,261

The average credit period on the purchase of goods is 30-60 days (2023: 30-60 days). The Group has financial risk management policies in place to ensure that all payables are paid within credit period.

Accruals include employee-related accruals of $9,902 thousand (2023: $8,093 thousand).

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26 Contract liabilities

	Notes	2024 $ 000	2023 $ 000
Space services - related parties * [1]		821,054	-
Space services - third parties		20,815	-
Smart solutions - related parties *		3,481	31,438
Smart solutions - third parties		2,255	4,066
Contract liabilities		**847,605**	**35,504**
of which non-current		795,721	1,820
of which current		51,884	33,684
* Contract liabilities with related parties	20	824,535	31,438

The contract liabilities primarily relate to advance consideration received from customers for satellite communication services, managed services, orbital resources (Channel bandwidth), airtime contracts, unutilized airtime balances from prepaid scratch cards and SIM cards and software development, installation and support services.

[1] Represents advances received by Yahsat Space Services from the UAE Government under a) the T4-NGSA contract $318.6 million and b) the 17-year contract for provision of capacity services, operation & maintenance services using the Government payload in the existing fleet of satellites and the Al Yah 4 and Al Yah 5 satellites which are under construction. As per the terms of this contract, the Group received the first instalment of $500 million in December 2024. The Advance Payment will be offset against the quarterly payments for services commencing from 9 November 2026 in equal instalments during the first eight years.

27 Borrowings

	Notes	2024 $ 000	2023 $ 000
The carrying amount of borrowings are as follows:			
Principal amounts		657,360	-
Unamortised transaction costs		(10,701)	-
Term loans - net of unamortised transaction costs		**646,659**	**-**
of which current		388,746	-
of which non-current		257,913	-

The breakdown of the carrying amounts of the term loans is as follows:

	Repayment tenor Years	Principal amount $ 000	Unamortised transaction costs $ 000	Carrying amount $ 000
At 31 December 2024				
Term loan 1	2022-2026	170,000	(1,646)	168,354
Term loan 2	2024-2032	237,360	(9,055)	228,305
Term loan 3	2024-2025	250,000	-	250,000
		657,360	**(10,701)**	**646,659**

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

	2024 $ 000	2023 $ 000
At 1 January	-	-
Acquisition (note 37)	662,814	-
Additions (cash)	23,106	-
Additions (interest capitalised)	12	-
Amortisation of transaction costs (non-cash)	562	-
Repayments (cash)	(39,835)	-
At 31 December	**646,659**	**-**

27 Borrowings (continued)

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

	Term loan 1 $ 000	Term loan 2 $ 000	Term loan 3 $ 000	Total $ 000
At 31 December 2024				
Within one year	110,000	29,670	250,000	389,670
1 - 2 years	60,000	29,670	-	89,670
2 - 5 years	-	89,010	-	89,010
Beyond 5 years	-	89,010	-	89,010
	170,000	**237,360**	**250,000**	**657,360**

Term loan 1: The Group has a Term Facility of $400 million (Term loan 1 or 2021 Term Loan $400m Facility) with a tenor of five years and is repayable in eight semi-annual instalments starting from 14 December 2022. Term loan 1 bears interest at compounded reference rate plus margin of 1.30%. The compounded reference rate is based on Secured Overnight Financing Rate (SOFR) and credit adjustment spread. During the year, the Group repaid $25,000 thousand.

Term loan 2: The Group has an export credit agency facility through a BPIFAE Facility Agreement (Term loan 2 or ECA Facility) to partly fund the capital expenditure relating to the T4-NGS. The total amended facility amount is $273 million with a tenor of 8.5 years and an availability period starting from 14 June 2021 until the date falling 5 months after the starting point of credit. During the year, the Group repaid an amount of $14,835 thousand against the loan.

The ECA Facility bears interest at compounded reference rate plus margin of 0.60%. During the year, an amount of $23,118 thousand was drawn from this facility including interest capitalization of 12 thousand. As of 31 December 2024, the unutilised facility amounted to $19,855 thousand (2023: nil).

Term loan 3: The Group has a short-term Bridge Facility Agreement (Bridge Facility) to finance the capital expenditure relating to AY4/5 Satellite Program. The total facility amount is $300 million with a repayment period of 12 to 18 months from the date of the agreement. The Bridge Facility bears interest at SOFR plus margin of 0.68% per annum. As of 31 December 2024, the Group has drawn $250 million (2023: nil). Subsequent to the year end, the Group has fully repaid this loan.

Term loan 1, 2 and 3 contain customary representations, warranties, covenants and undertakings including limitations on incurrence of financial indebtedness, mergers, acquisitions, disposals and negative pledge in relation to certain assets of the Group except, in each case, as permitted under the terms of the facility documents. The Group is required to maintain an interest cover ratio of not less than 4.00:1 and a net leverage ratio of no more than 3.00:1, in each case on a calculation date (which occurs on 30 June and 31 December in each financial year).

Borrowings include outstanding balances due to related party banks aggregating to $48,875 thousand (2023: nil). The net interest on loans from related party banks was net credit of $3,072 thousand as a result of 'in the money' position of derivative financial assets (2023: nil).

28 Derivative financial instruments

Material accounting policy information

Derivative financial instruments including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.
Interest rate exposure

The Group has an obligation to pay interest at variable rates in connection with its borrowings. Interest rate sensitivity is disclosed in note 36.

Interest rate swaps - fair value	**2024** **$ 000**	**2023** **$ 000**
A) Derivative financial assets	25,736	-
of which current	9,882	-
of which non-current	15,854	-
B) Hedge reserve	2,862	-
A) Derivative financial assets		
Contractual maturities		
Within one year	9,882	-
1 - 2 years	4,960	-
2 - 5 years	8,189	-
After 5 years	2,705	-
	25,736	**-**
Notional amount outstanding	387,635	-

28 Derivative financial instruments (continued)

B) Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash-flow hedging instruments related to forecasted transactions.

Accounting estimates and judgements

Fair value of derivative financial instruments

The fair value of derivative financial instruments is based on their quoted market price, if available. Where the fair value of such instruments cannot be derived from active markets, it is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of derivative financial instruments.

The fair value measurement classification of the derivative financial instruments is disclosed in note 36.

29 Government grants

Material accounting policy information

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Non-monetary government grants

The Group receives certain assets, primarily in the form of land, from entities related to the Government of the Emirate of Abu Dhabi, as grants to carry out its operations. When it is probable that future economic benefits will flow to the Group, such land received is recognised in the consolidated financial statements at nominal value.

Monetary government grants

Monetary grants that compensate the Group for expenses to be incurred are initially recognised in the consolidated statement of financial position as a deferred liability. Subsequent to initial recognition, such grants are released to profit or loss on a systematic basis over the periods in which the related expenses are recognised.

Where monetary government grants compensate for the cost of assets, such assets are carried at cost, less the value of the monetary government grants received. Asset values so derived are depreciated over the useful life of the relevant asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The Group has a plot of land (Primary site) received from the Urban Planning Council, of the Government of Abu Dhabi as a government grant. The plot of land has been used to construct the Satellite Ground Control Station, which forms an integral part of the satellite system. Accordingly, the plot of land has been classified as property, plant and equipment.

During the year, the Group recognised reimbursement of expenses of $2,868 thousand as a result of an incentive to enhance artificial intelligence capabilities of the Group. There are no unfulfilled conditions or other contingencies attaching to this incentive (note 9).

30 Defined benefit obligations

Material accounting policies

For material accounting policies on defined benefit obligations, refer note 7.

In the prior years, the Company was calculating the provision for end of service benefits for non-UAE nationals in accordance with the UAE Labour i.e. the liability represented the amount that would arise if the employment of all staff were terminated at the reporting date. However, after the merger, the Group carried out an actuarial valuation of the present value of the defined benefit obligations as at 31 December 2024 and for each prior period presented i.e. 31 December 2023 and 1 January 2023 by engaging an independent actuarial valuation specialist. The present value of defined benefit obligations and the related current and past service cost, were measured using the Projected Unit Credit Method. As a result of the actuarial valuation, management determined that the impact on the equity and comparative amounts disclosed for each prior period presented is not material and hence did not restate the comparative information.

30 Defined benefit obligations (continued)

	2024 $ 000	2023 $ 000
Unfunded plan		
Present value of defined benefit obligation	**12,253**	2,149

The movement in defined benefit obligation is as follows:	2024 $ 000	2023 $ 000
At 1 January	2,149	1,550
Acquisition (note 37)	10,178	-
Current service cost	792	824
Past service cost	(430)	-
Interest cost	202	-
Benefits paid	(795)	(225)
Transfers	117	-
Other movements	161	-
Actuarial gain	(121)	-
At 31 December	**12,253**	**2,149**

The amounts recognised in the consolidated statement of profit or loss are as follows:	2024 $ 000	2023 $ 000
Current service cost	792	824
Past service cost	(430)	-
Interest cost	202	-
	564	**824**

Following are the significant assumptions used in the actuarial valuation:	2024 $ 000	2023 $ 000
Discount rate	5.13%	-
Price inflation	2.00%	-
Salary growth rate	2.25%	-

Sensitivity analysis

The calculations of the defined benefit obligations are sensitive to the significant actuarial assumptions set out above. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the percentages shown below:

	Impact on defined benefit obligation	
	2024 $ 000	2023 $ 000
Discount rate		
0.5% increase	-3.80%	-
0.5% decrease	4.00%	-
Salary growth rate		
0.5% increase	4.30%	-
0.5% decrease	-4.10%	-

The sensitivity analyses above may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

As at 31 December 2024, the weighted average duration of the defined benefit obligation was 8.17 years (2023: nil).

31 Share capital

	2024 $ 000	2023 $ 000
Issued and fully paid:		
4,761,905,551 shares of $0.027 each (AED 0.10 each) (2023: 2,571,428,572 shares of $0.027 each (AED 0.10 each))	**129,664**	**70,018**

The movement in the share capital is as follows:

	2024 $ 000	2023 $ 000
At 1 January	70,018	70,018
Issue of new shares *	59,646	-
At 31 December	**129,664**	**70,018**

* On 1 October 2024, the Company merged with Yahsat and its name was changed to Space42 Plc. Consequently, Yahsat was delisted and its assets and liabilities were transferred to the Company in exchange for the issuance of 2,190,476,979 new ordinary shares of AED 0.1 each to former Yahsat shareholders (note 1 and note 37) resulting into share premium of $1,359,914 thousand. As at 31 December 2024, the Company's share premium amounts to $1,514,253 thousand (2023: $154,339 thousand).

On 13 October 2022, pursuant to the public offering, the share capital of the Company was increased to $70,018 thousand (AED 257,143 thousand divided into 2,571,428,572 shares of AED 0.1 each), with 571,428,572 shares being offered for public subscription. The Company's offer price was set at AED 1.1 per share and was fully subscribed, resulting into share premium of $154,339 thousand (AED 571,429 thousand). Share issue costs amounted to $1,258 thousand (AED 4,620 thousand).

32 Other reserve

The UAE Federal Decree-Law No.32 of 2021 requires that 10% of the Public Companies' profit (5% of the Limited Liability Companies' profit) be transferred to a non-distributable reserve until the amount of the reserve becomes equal to 50% of the paid-up share capital. The consolidated financial statements include statutory reserve of the Company's subsidiaries since the Company is not required by ADGM regulations to transfer its profits to statutory reserve.

33 Capital commitments and contingent liabilities

	2024 $ 000	2023 $ 000
Capital commitments - committed and contracted	639,670	60,605
Contingent liabilities - performance bonds and letter of credits provided by banks in the normal course of business	136,600	108,680

Capital commitments mainly relate to T4-NGS project, AY4/5 Satellite Program and low earth orbit (LEO) and high-altitude platform systems (HAPS) assets under construction.

34 Leases - Group as a Lessor

The future minimum lease rental receivables under non-cancellable operating leases are as follows:

	Note	2024 $ 000	2023 $ 000
Satellite capacity leases - related party	20 (i)	237,907	-
Other leases: *			
Satellite capacity leases - third parties		254	-
Gateway hosting - third parties		3,408	-
At 31 December		**241,569**	-
* The future minimum lease rental receivables under non-cancellable operating leases relating to other leases are as follows:			
Year 1		2,856	-
Year 2		806	-
At 31 December		**3,662**	-

35 Earnings per share

	2024	2023
Profit for the year attributable to the Owners of Space42 Plc (in $'000)	62,311	63,275
Weighted average number of ordinary shares outstanding ('000)	3,119,048	2,571,429
Basic and diluted earnings per share (cents)	1.998	2.461
Basic and diluted earnings per share (fils)	7.337	9.037

On 1 October 2024, the Company issued 2,190,476,979 new ordinary shares of AED 0.1 each (note 31), accordingly the number of shares have been adjusted for the purpose of calculating weightage average number of ordinary shares.

36 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables, derivative financial instruments, other financial assets and cash held at bank.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	2024 $ 000	2023 $ 000
Derivative financial assets	28	25,736	-
Other financial assets	18	762	-
Trade receivables	21	140,672	78,796
Other receivables	21	23,580	7,514
Contract assets	21	301,028	180,508
Cash and short-term deposits	23	1,162,610	207,505
		1,654,388	**474,323**

36 Financial risk management (continued)

Credit risk (continued)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. New customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using loss rates applied against each customer segment to measure expected credit losses. The provision rates are based on historical patterns of default for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and age profile). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The analysis and segmentation of customers is determined for Yahsat Space Services by business (infrastructure, managed solutions, mobility solutions and data solutions) and for Smart solutions by customer (Government, others).

The Group does not hold collateral as security. The Group considers the risk of concentration as low, with respect to trade receivables and contract assets, since credit risk is mitigated by the financial stability of its customers of which approximately 50% (2023: 61%) are government related entities. Moreover, a substantial portion of the remaining customers are located in several jurisdictions and industries and operate in largely independent markets.

Derivative financial instruments and bank balances

The Group has credit risk arising from its derivatives used for hedging, which are settled on a net basis. With respect to these derivatives and cash and short-term deposits, management manages its credit risk by only dealing with reputable banks.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it has sufficient cash and liquid assets on demand to meet its operational and capital expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Summarised below in the table is the maturity profile of financial liabilities based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Within one year $ 000	1 - 2 years $ 000	2 - 5 years $ 000	Beyond 5 years $ 000	Total $ 000
2024					
Term loans	409,796	101,252	110,517	97,038	718,603
Lease liabilities	4,853	2,210	3,367	2,903	13,333
Trade and other payables (excluding advances)	272,645	-	-	-	272,645
At 31 December 2024	**687,294**	**103,462**	**113,884**	**99,941**	**1,004,581**
2023					
Lease liabilities	362	278	-	-	640
Trade and other payables	143,370	-	-	-	143,370
At 31 December 2023	**143,732**	**278**	**-**	**-**	**144,010**

The facility amounts relating to the Group's term loans are disclosed in note 27.

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36 Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Group is exposed to currency risk in respect of transactions denominated in currencies other than USD. In respect of transactions denominated in the UAE Dirham ("AED"), the Group is currently not exposed to currency risk as the AED is pegged to USD. There are no significant transactions denominated in currency other than USD and AED.

The Group is also exposed to currency risk in respect of its investment in its Brazilian associate. The Group regularly monitors the movement in exchange rates to assess the sensitivity and impact to its long term business plan.

ii) Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps. Short-term deposits earn fixed rates of interest.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting.

The Group's profit before tax for the year is affected through the impact on floating rate borrowings as follows. Amounts shown represent impact on profit if the market risk variables had been different at the end of the reporting period with all other variables held constant and has been computed on the basis of assumptions and indices used and considered by other market participants.

	2024 $ 000	2023 $ 000
Interest expense		
- 25 basis points	100	-
+ 25 basis points	(100)	-

Fair values

Derivatives

The fair value of interest rate swaps is based on broker quotes, which are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Derivatives fall into Level 2 of the fair value hierarchy.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2 of fair value hierarchy).

The fair values of borrowings and other financial assets and financial liabilities approximate their carrying values.

There were no transfers between Level 1, Level 2 and Level 3 during 2024 and 2023.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio within a range to meet the business needs of the Group. The Group includes within net debt, interest bearing borrowings and cash and short-term deposits. Capital includes share capital, reserves and retained earnings.

	Notes	2024 $ 000	2023 $ 000
Interest bearing borrowings (excluding unamortised transaction costs)	27	657,360	-
Less: cash and short-term deposits	23	(1,162,610)	(207,505)
Net cash		(505,250)	(207,505)
Total equity		1,873,455	358,068
Total equity and net debt		**1,368,205**	**150,563**
Gearing ratio (%)		N/A	N/A

Since the Group has net cash position as at the end of the current and prior reporting periods, gearing ratio has not been calculated.

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37 Business combinations and changes in ownership interests

This note provides information on changes to the group structure in the current and previous years and the material accounting policies followed by the Group.

Material accounting policy information

Business combinations
Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognized less (when appropriate) cumulative amortisation recognized in accordance with the requirements for revenue recognition.

Discontinued operation
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
a) Represents a separate major line of business or geographical area of operations
b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
c) Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

37 Business combinations and changes in ownership interests (continued)

Merger with Al Yah Satellite Communications Company PJSC (Yahsat):

On 1 October 2024, the Company and Yahsat, a global satellite operator, merged to create Space 42, a UAE-based AI-powered SpaceTech company with a global reach, integrating satellite communications, geospatial analytics, and artificial intelligence capabilities.

On the date of the merger, Yahsat was dissolved and its shares de-listed from Abu Dhabi Securities Exchange (ADX). All assets and liabilities of Yahsat were transferred to the Company in exchange for newly issued shares of the Company, which were allocated to former Yahsat shareholders at a ratio of 0.897821 new shares in the Company for every one Yahsat share. Following the merger, the legal name of the Company was changed from Bayanat AI PLC to Space42 PLC.

The acquisition of Yahsat's assets and liabilities qualifies as a business combination in accordance with IFRS 3 Business Combinations. The Group has elected to measure the non-controlling interests in the acquiree at their proportionate share of the acquired net identifiable assets. The fair values of the identifiable assets and liabilities of Yahsat as at the date of acquisition were:

	Notes	Fair value recognised on acquisition $ 000
Assets		
Property, plant and equipment	13	1,258,141
Right-of-use assets	14	6,787
Intangible assets	15	525,312
Equity-accounted investments	17	34,893
Other financial assets	18	2,146
Deferred income tax assets	12	233
Inventories		30,605
Contract costs		2,378
Trade and other receivables (net of allowance for ECL of $19,294 thousand)		123,692
Contract assets		23,793
Derivative financial instruments		27,603
Income tax assets		182
Cash and short-term deposits		594,359
Non-current assets classified as held for sale	24	28,390
		2,658,514
Liabilities		
Trade and other payables		477,752
Contract liabilities		166,637
Borrowings	27	662,814
Lease liabilities	14	7,149
Income tax liabilities		9,256
Defined benefit obligations	30	10,178
Deferred income tax liabilities	12	45,636
		1,379,422
Total identifiable net assets at fair value		**1,279,092**
Less: Non-controlling interests		(32,842)
Goodwill arising on acquisition	15	173,310
Purchase consideration transferred		**1,419,560**

The goodwill of $173,310 thousand is attributed to the expected synergies arising from the acquisition. Goodwill has been allocated to the Group's Infrastructure and Managed solutions CGUs (see note 15 for details). None of the goodwill is expected to be deductible for income tax purposes.

The Company issued 2,190,476,979 ordinary shares as consideration for the acquisition of assets and liabilities of Yahsat. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was AED 2.38 per share ($0.65 per share). The fair value of the consideration given was therefore $1,419,560 thousand (AED 5,213,335 thousand).

From the date of acquisition, the acquired business contributed $126,948 thousand of revenue and $50,376 thousand to profit before tax of the Group. If the business combination had taken place at the beginning of the year, consolidated pro forma revenue and profit before tax of the Group for the year ended 31 December 2024 would have been $629,255 thousand and $175,319 thousand respectively.

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37 Business combinations and changes in ownership interests (continued)

Merger with Al Yah Satellite Communications Company PJSC (Yahsat) (continued):

Analysis of cash inflows on acquisition:

	2024 $ 000
Cash and short-term deposits acquired	594,359
Less: Short-term deposits with original maturities of over three months	(347,463)
Net cash and cash equivalents acquired (included in cash flows from investing activities)	**246,896**

38 Changes in presentation of comparatives

Prior to the merger, the Group adopted 'analysis of expenses by function' method of presentation of the statement of profit or loss in accordance with IAS 1. During the year, management reassessed the presentation of profit or loss after merger with Yahsat (note 37) and adopted 'analysis of expenses by nature' method of presentation as it is more relevant to the users of the consolidated financial statements of the Group. As a result, the comparative figures have also been reclassified to conform to the current year presentation.

	Year ended 31 December 2023		
	As previously reported $ 000	Reclassification $ 000	As presented $ 000
Revenue	315,752	-	315,752
Cost of revenue	-	(206,632)	(206,632)
Direct Cost	(219,028)	219,028	-
Gross Profit	**96,724**	**(96,724)**	**-**
Staff costs	-	(40,679)	(40,679)
Other operating expenses	-	(9,547)	(9,547)
Other income	203	-	203
Adjusted EBITDA	**-**	**59,097**	**59,097**
General and administrative expenses	(40,674)	40,674	-
Expected credit loss on financial assets	117	(117)	-
Depreciation and amortisation	-	(3,588)	(3,588)
Operating profit	-	**55,509**	**55,509**
Finance costs	(1,073)	861	(212)
Finance income	3,563	4,415	7,978
Income from Wakala deposits	4,415	(4,415)	-
Net finance income	-	**7,766**	**7,766**
Profit for the year	**63,275**	**-**	**63,275**

38 Changes in presentation of comparatives (continued)

Certain items of the consolidated statement of financial position have also been reclassified to conform to the current year presentation.

	31 December 2023		
	As previously reported	Reclassification	As presented
	$ 000	$ 000	$ 000
Assets			
Property, plant and equipment	60,061	-	60,061
Right-of-use assets	663	-	663
Intangible assets	458	-	458
Total non-current assets	**61,182**	**-**	**61,182**
Trade and other receivables	5,633	83,603	89,236
Due from related parties	76,842	(76,842)	-
Contract assets	180,508	-	180,508
Contract costs	1,265	-	1,265
Refundable deposits	6,761	(6,761)	-
Cash and short-term deposits	207,505	-	207,505
Total current assets	**478,514**	**-**	**478,514**
Total assets	**539,696**	**-**	**539,696**
Liabilities			
Trade and other payables	166,793	(23,423)	143,370
Due to related parties	10,261	(10,261)	-
Contract liabilities	-	33,684	33,684
Lease liabilities	334	-	334
Total current liabilities	**177,388**	**-**	**177,388**
Trade and other payables	1,820	(1,820)	-
Contract liabilities	-	1,820	1,820
Lease liabilities	271	-	271
Defined benefit obligations	2,149	-	2,149
Total non-current liabilities	**4,240**	**-**	**4,240**
Total liabilities	**181,628**	**-**	**181,628**
Net assets	**358,068**	**-**	**358,068**
Equity			
Share capital	70,018	-	70,018
Share premium	154,339	-	154,339
Other reserves	11,436	-	11,436
Retained earnings	122,275	-	122,275
Total equity	**358,068**	**-**	**358,068**

Space42 PLC (formerly Bayanat AI PLC)

Supplemental information to the consolidated financial statements

for the year ended 31 December 2024

The consolidated financial statements are presented in United States Dollars ("USD" or "$"), the functional currency of the Company and the presentation currency of the Group. The following selected supplemental information is presented in United Arab Emirates Dirhams (AED) solely for convenience. AED amounts have been translated at the rate of AED 3.6725 to USD 1, except for share capital and additional paid-in capital which are translated using historical rates. For the purpose of this translation, numbers have been rounded where necessary.

i) Consolidated statement of profit or loss

	2024 AED 000	2023 AED 000
Revenue	1,216,365	1,159,599
Cost of revenue - goods and services	(540,030)	(758,856)
Staff costs	(218,415)	(149,394)
Other operating expenses	(152,706)	(35,061)
Other income	78,419	746
Adjusted EBITDA	**383,633**	**217,034**
Depreciation and amortisation	(155,057)	(13,177)
Fair value losses	(5,083)	-
Operating profit	**223,493**	**203,857**
Finance income	49,906	29,299
Finance costs	(14,202)	(779)
Net finance income	**35,704**	**28,520**
Share of results of equity-accounted investments	(4,326)	-
Profit before income tax	**254,871**	**232,377**
Income tax expense	(24,209)	-
Profit for the year	**230,662**	**232,377**
Profit for the year attributable to non-controlling interests	1,825	-
Profit for the year attributable to the Owners of Space42 Plc	**228,837**	**232,377**
Earnings per share		
Basic and diluted (fils per share)	7.338	9.038

ii) Consolidated statement of comprehensive income

	2024 AED 000	2023 AED 000
Profit for the year	**230,662**	**232,377**
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge - effective portion of changes in fair value	25,142	-
Cash flow hedge - gain reclassified to profit or loss	(14,631)	-
Foreign operations - currency translation differences	(10,305)	-
	206	-
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	**444**	-
Other comprehensive income for the year	**650**	-
Total comprehensive income for the year	**231,312**	232,377
Total comprehensive income attributable to non-controlling interests	**1,561**	**-**
Total comprehensive income attributable to the Owners of Space42 Plc	229,751	232,377

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Space42 PLC (formerly Bayanat AI PLC)

Supplemental information to the consolidated financial statements

for the year ended 31 December 2024

ii) Consolidated statement of financial position

	2024 AED 000	2023 AED 000
Assets		
Property, plant and equipment	5,223,742	220,574
Right-of-use assets	68,463	2,433
Intangible assets	2,545,421	1,684
Equity-accounted investments	103,124	-
Trade and other receivables	1,348	-
Derivative financial instruments	58,224	-
Other financial assets	2,798	-
Contract costs	8,733	-
Deferred income tax assets	20,089	-
Total non-current assets	**8,031,942**	**224,691**
Inventories	95,937	-
Trade and other receivables	652,394	327,719
Contract assets	1,105,525	662,916
Contract costs	48,315	4,646
Derivative financial instruments	36,292	-
Income tax assets	665	-
Cash and short-term deposits	4,269,685	762,062
Total current assets	**6,208,813**	**1,757,343**
Total assets	**14,240,755**	**1,982,034**
Liabilities		
Trade and other payables	1,279,089	526,527
Contract liabilities	190,544	123,704
Borrowings	1,427,670	-
Lease liabilities	12,123	1,227
Income tax liabilities	71,004	-
Total current liabilities	**2,980,430**	**651,458**
Trade and other payables	236,814	-
Contract liabilities	2,922,285	6,684
Borrowings	947,185	-
Lease liabilities	55,139	995
Defined benefit obligations	44,999	7,892
Deferred income tax liabilities	173,639	-
Total non-current liabilities	**4,380,061**	**15,571**
Total liabilities	**7,360,491**	**667,029**
Net assets	**6,880,264**	**1,315,005**
Equity		
Share capital	476,191	257,141
Share premium	5,561,094	566,810
Hedging reserve	10,511	-
Other reserve	50,266	41,999
Translation reserve	(10,015)	-
Remeasurement reserve	419	-
Retained earnings	669,625	449,055
Equity attributable to the Owners of Space42 Plc	**6,758,091**	**1,315,005**
Non-controlling interests	122,173	-
Total equity	**6,880,264**	**1,315,005**

Space42 PLC (formerly Bayanat AI PLC)

Supplemental information to the consolidated financial statements

for the year ended 31 December 2024

iii) Consolidated statement of changes in equity

	Attributable to the owners of Space42 Plc						
	Share capital	**Share premium**	**Other Reserves (1)**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
At 1 January 2023	**257,141**	**566,810**	**21,367**	**236,362**	**1,081,680**	**-**	**1,081,680**
Total comprehensive income for the year	-	-	-	232,377	232,377	-	232,377
Transfer to statutory reserve	-	-	20,632	(20,632)	-	-	-
Waiver of interest payable to a related party	-	-	-	948	948	-	948
At 31 December 2023	**257,141**	**566,810**	**41,999**	**449,055**	**1,315,005**	**-**	**1,315,005**
At 1 January 2024	**257,141**	**566,810**	**41,999**	**449,055**	**1,315,005**	**-**	**1,315,005**
Profit for the year	-	-	-	228,837	228,837	1,825	230,662
Other comprehensive income (loss):							
Currency translation differences	-	-	(10,015)	-	(10,015)	(290)	(10,305)
Cash flow hedge - effective portion of changes in fair value	-	-	25,142	-	25,142	-	25,142
Cash flow hedge - net gain reclassified to profit or loss	-	-	(14,631)	-	(14,631)	-	(14,631)
Remeasurement of defined benefit obligation	-	-	419	-	419	26	445
Other comprehensive income (loss) for the year	**-**	**-**	**915**	**-**	**915**	**(264)**	**651**
Total comprehensive income for the year	**-**	**-**	**915**	**228,837**	**229,752**	**1,561**	**231,313**
Transfer to statutory reserve	-	-	8,267	(8,267)	-	-	-
Issuance of new shares	219,050	4,994,284	-	-	5,213,334	-	5,213,334
Non-controlling interests arising on business combination	-	-	-	-	-	120,612	120,612
At 31 December 2024	**476,191**	**5,561,094**	**51,181**	**669,625**	**6,758,091**	**122,173**	**6,880,264**

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Space42 PLC (formerly Bayanat AI PLC)

Supplemental information to the consolidated financial statements

for the year ended 31 December 2024

iv) Consolidated statement of cash flows

	2024 AED 000	2023 AED 000
Operating activities		
Profit before income tax	254,872	232,377
Adjustments for:	-	-
Share of results of equity-accounted investments	4,326	-
Depreciation and amortisation	155,057	13,177
Allowance for expected credit losses	29,703	(430)
Allowance for inventories	2,751	-
Fair value losses	5,083	-
Finance income	(49,906)	(29,299)
Finance costs	14,202	779
Gain on disposal of non-current assets classified as held for sale	(46,193)	-
Current service cost	1,329	3,026
Loss on disposal of property, plant and equipment	-	7
Operating profit before working capital changes	**371,224**	**219,637**
Working capital changes:		
Trade and other receivables	107,204	(2,045)
Contract assets	(367,551)	(390,163)
Contract costs	(9,427)	(4,106)
Inventories	13,845	-
Trade and other payables	(858,788)	199,957
Contract liabilities	2,370,467	111,446
Cash generated from operations	**1,626,974**	**134,726**
Payments for defined benefit obligations	(2,920)	(826)
Income tax paid	(459)	-
Net cash from operating activities	**1,623,595**	**133,900**
Investing activities		
Purchases of property, plant and equipment	(418,092)	(211,639)
Additions to intangible assets	(8,807)	(1,161)
Proceeds on disposal of non current assets classified as held for sale	151,652	-
Proceeds on disposal of property, plant and equipment	-	4
Proceeds of term deposits with original maturities more than three months	817,131	500,000
Term deposits placed with original maturities more than three months	(1,120,487)	-
Return of investment in an associate	11,936	-
Business acquisition, net of cash acquired	906,726	-
Interest received	53,615	30,717
Net cash from investing activities	**393,674**	**317,921**
Financing activities		
Proceeds from term loans	84,857	-
Repayment of term loans	(146,294)	-
Repayment of loans from related parties	-	(8,583)
Payment of lease liabilities	(7,999)	(331)
Interest paid including derivative settlements	(18,726)	(364)
Net cash used in financing activities	**(88,162)**	**(9,278)**
Net increase in cash and cash equivalents	**1,929,107**	**442,543**
Net foreign exchange difference	(897)	-
Cash and cash equivalents at 1 January	762,062	319,519
Cash and cash equivalents as at 31 December	**2,690,272**	**762,062**

Non-cash transactions:

Loans from related parties set-off against due from related parties	-	49,553
Waiver of related party interest payable	-	948